MDB Group Limited

Pillar 3 disclosures – Annual report
31 December 2025

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1 Introduction

(Article 431 (1), (2) CRR, 433 CRR and 433a CRR)

The Pillar 3 Disclosures ("the Disclosures") are aimed at providing the stakeholders of MDB Group Limited ("MeDirect" or "the Group"), with a Legal Entity Identifier code of 213800TC9PZRBHMJW403, further insight to its capital structure, adequacy, and risk management practices. This Pillar 3 report provides disclosures for the consolidated Group as required by the global regulatory framework for capital and liquidity, which was established by the Basel Committee on Banking Supervision ("BCBS"), also known as Basel III. The Basel III capital adequacy framework consist of three complementary pillars:

- Pillar 1 ('minimum capital requirements') provides a framework for measuring minimum capital requirements for the credit, market and operational risks faced by banks;

- Pillar 2 ('supervisory review') addresses the principles of the supervisory review process, emphasising the need for a qualitative approach to supervising banks. This requires banks to estimate their own capital through an Internal Capital Adequacy Assessment Process ("ICAAP"). The ICAAP and Internal Liquidity Adequacy Assessment Process ("ILAAP") are subject to supervisory review from the Regulator, through the Supervisory Review and Evaluation Process ("SREP").

- Pillar 3 ('market discipline') requires banks to publish a range of qualitative and quantitative disclosures to the market aimed at providing further insight on the capital structure, capital adequacy and risk management practices.

The Pillar 3 Disclosures have been prepared in accordance with Article 433 of Part Eight of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, which amended Regulation (EU) No 575/2013 (CRR).

The Group is classified as a listed large institution and is therefore subject to mandatory Pillar 3 disclosure requirements. However, as MeDirect is a subsidiary of the Creditas B.V. Group ("Creditas Group"), which publishes full consolidated Pillar 3 disclosures, in accordance with Article 13 of the CRR, MeDirect, as a large subsidiary of an EU parent institution, is only required to disclose the information set out in Articles 437, 438, 440, 442, 449a, 449b, 450, 451, 451a and 453 of the CRR.

Creditas B.V.'s Pillar 3 Disclosures Annual Report is available on the Creditas Group Mandatory Publication Information website.

The Group's Pillar 3 Disclosures Annual Report presents information about the Group's exposure to risks and the Group's objectives, policies and processes for measuring and managing risks and the Group's management of capital. These risks principally relate to the MDB Group and are managed by the Board of directors of MeDirect Bank (Malta) plc ("MeDirect Malta"). As a result, the Group's Pillar 3 Disclosures Annual Report provide information about the financial risk management of MeDirect Malta and its principal subsidiary MeDirect Belgium.

A reference has been added in cases where the information addressing Pillar 3 requirements is included in other parts of the Annual Report. The frequency of Pillar 3 disclosures is determined by the Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 ("Regulation (EU) 2024/3072") laying down Implementing Technical Standards ("ITS") with regard to public disclosures by institutions. In this respect, refer to the Group's Semi-Annual and Quarterly Pillar 3 disclosure reports.

Appendix A contains a list of tables and templates disclosed and indicates the section in which they are integrated into the report. All tables and templates are defined according to the names as per the European Banking Authority's ("EBA") guidelines. Appendix B provides a list of non-applicable disclosures, whilst Appendix C provides a list of regulatory references and Appendix D provides a list of abbreviations.

The Pillar 3 Disclosures complement the Annual Report focusing primarily on the supervisory perspective, providing an overview of the Group's capital adequacy, Risk Weighted Assets ("RWAs"), leverage and other material risks such as but not limited to: credit risk, Counterparty Credit Risk ("CCR"), market risk, liquidity risk, and operational risk.

The disclosure requirements emanating from Articles 441, 437a, 445, 452, 454 and 455 of the CRR are not applicable to the Group.

The Group is required to disclose its return on assets pursuant to Banking Rule BR/07 "Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised under the Maltese Banking Act (Cap. 371)" ("BR/07"). In this respect, the Group's return on assets for the financial year ended 31 December 2025 amounted to negative 0.2%.

Significant events – Change in ultimate shareholder

On 28 November 2024, MDB Group's immediate parent company, Medifin Finance Limited, entered into a share purchase agreement with Banka CREDITAS a.s. ("Banka CREDITAS"), pursuant to which Banka CREDITAS agreed to purchase 100% of the share capital of the Company, subject to receiving all required regulatory approvals. On 29 August 2025, MeDirect Malta reported that the European Central Bank ("ECB") had informed Bank CREDITAS a.s. that it had no objections to the proposed acquisition. The successful acquisition of all shares in MDB Group Limited by Banka CREDITAS a.s., was effective as from 9 September 2025

Banka CREDITAS is part of the privately-owned CREDITAS Group, a diversified investment group with interests in financial services, real estate and energy. Through this acquisition, MeDirect gains a financially strong and strategically aligned controlling shareholder, one with the same challenger bank DNA and a shared commitment to customer-centricity and innovation.

As part of its strategic vision for the Group, Banka CREDITAS invested €40 million of new capital in 2025, with a further €25 million to be injected prior to July 2026. This provides the Group with the financial resources to accelerate its existing growth strategy across its core markets of Malta and Belgium, whilst continuing to enhance its market-leading digital banking platform. Notwithstanding this change in ownership, MeDirect's brand and identity remain fully intact. MeDirect continues to be headquartered in Malta and remains firmly committed to serving its retail and corporate customers across all markets in which it operates

1.1 Pillar 3 Disclosure Policy and regulatory framework for disclosures

(Article 431 (3) CRR)

As required under Article 431 (3) of CRR, the Group maintains a Pillar 3 Disclosures Policy, in order to comply with the requirements laid down in Part Eight of the CRR, the Malta Financial Services Authority ("MFSA") BR/07 and any associated EBA guidelines and technical standards. The Pillar 3 Disclosures Policy defines overall objectives, roles, and responsibilities with regards to preparation, verification, and approval processes. The policy is reviewed every twelve months, last approved in December 2025.

Basis of preparation

This Pillar 3 Disclosures Annual Report (the "Disclosures") has been prepared in accordance with the Group's Pillar 3 Disclosures Policy, which requires that this report be prepared in accordance with requirements of Part Eight of the CRR, the MFSA BR/07 and other associated EBA guidelines and technical standards. The EBA released detailed guidelines on disclosure requirements which aim to improve the comparability and consistency of Pillar 3 disclosures across the banking industry. These guidelines provide detailed disclosure requirements for credit risk, CCR, market risk and capital requirements.

The consolidation of the Group's Financial Statements is based on International Financial Reporting Standards ("IFRS") requirements, whereas the prudential consolidation in the statement of capital is based on CRR. All entities within the Group are subject to full consolidation both for accounting and regulatory purposes.

The information provided in this Pillar 3 report is unaudited by the External Auditors (except where they are included within the Financial Statements) but subject to Group Management validation and Board Audit Committee review. Refer to Section "Governance process – verification and sign-off".

Unless otherwise stated the amounts have been rounded to euro millions. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. In the tables, parts that have been greyed out indicate information that is not required.

In all tables where the term 'capital requirements' is used, this represents the minimum total capital charge set at 8% of RWAs by article 92 of the CRR.

Key regulatory developments

Basel III Reforms

The revised Capital Requirements Regulation (CRR 3), which implements the final elements of the Basel III reforms in the European Union ("EU"), became applicable on 1 January 2025. One notable exception concerns the updated market risk framework stemming from the Basel Committee's Fundamental Review of the Trading Book (FRTB). In September 2025, EU co-legislators agreed to defer the introduction of the FRTB requirements by an additional year, moving their application date to 1 January 2027. Following this decision, the European Commission launched a consultation on a set of temporary and targeted adjustments, including the use of specific multipliers, to mitigate the impact of the new market risk rules on institutions that may face a significant increase in capital requirements. These measures are intended to preserve competitive balance for EU banks, particularly given the uncertainty surrounding the timing and scope of FRTB implementation in other major jurisdictions.

Alongside these legislative developments, the EBA and the ECB continue to issue the technical standards, guidelines and supporting materials required to operationalise the CRR 3 framework. Their ongoing work ensures that institutions have the necessary regulatory clarity to implement the revised prudential regime effectively.

Capital Requirements Directive (CRD6)

CRD 6 forms a central component of the EU's latest package of reforms to strengthen the prudential framework for credit institutions. The Directive introduces a range of new requirements, including enhanced expectations for the management and supervision of Environmental, Social and Governance ("ESG") risks, as well as a more structured approach to addressing risks linked to crypto-assets. It also brings targeted amendments to the Pillar 2 framework and updates the capital buffer regime to ensure consistency with the revised Pillar 1 rules introduced under CRR 3. In addition, CRD 6 expands the powers available to national supervisory authorities, particularly in relation to the oversight of cross-border services provided by non-EU banking groups to clients within the Union, subject to specific exemptions.

Member States are required to transpose CRD 6 into their national legislation during 2026. Certain provisions—most notably those concerning cross-border activities and the supervision of third-country branches—will benefit from an additional one-year transitional period before becoming fully effective.

Capital Buffers – Sectoral Systemic Risk Buffer ("sSyRB")

The Central Bank of Malta ("CBM") has announced that, effective June 2026, the sSyRB of 1.5% will be applied more broadly to all exposures secured by residential immovable property in Malta.

Previously, the buffer primarily targeted domestic residential mortgage lending to individuals, including buy-to-let arrangements. The revised approach expands its application to include all lending secured by immovable property in Malta, covering exposures to both individuals and corporate entities. In addition, Non-Performing Exposures ("NPEs") backed by domestic residential real estate are now included within the scope of the buffer.

The implications of this enhancement had already been factored into the Group's Capital Plan.

Simplification Reforms

In December 2025, the ECB Governing Council endorsed recommendations aimed at simplifying the EU banking regulatory, supervisory and reporting framework while maintaining financial resilience and alignment with Basel III standards. During 2026, the simplification agenda progressed further, with the European Commission assessing the competitiveness and effectiveness of the EU banking framework and the European Banking Authority launching a consultation on a major simplification of supervisory reporting requirements. These initiatives seek to reduce complexity, enhance proportionality and lower compliance burdens while preserving prudent risk management and supervisory oversight.

Integrated Reporting Framework (IReF)

During 2026, the ECB provided further clarity on the implementation of the Integrated Reporting Framework (IReF), a Eurosystem initiative aimed at harmonising statistical reporting requirements across euro area banks and supporting the longer-term integration of regulatory reporting. The ECB announced key implementation milestones, including a planned public consultation in 2027, a pilot phase commencing in 2030 and the start of official reporting in 2031. IReF is expected to enhance data consistency, improve reporting efficiency and contribute to a gradual reduction in reporting complexity and duplication across the banking sector.

Scope of application

These Pillar 3 disclosures are in respect of MDB Group Limited, and its subsidiaries, together referred to as the "Group" or "MDB Group". The Group is regulated under the Single Supervisory Mechanism ("SSM"). The SSM is the system of banking supervision in Europe, the main aim of which is to ensure the safety and soundness of the European banking system and to increase financial integration, stability and consistency of supervision. Under the SSM, the Group is regulated by a Joint Supervisory Team ("JST") comprising the ECB, the National Bank of Belgium ("NBB") and the MFSA. The Group is classified as an "Other Systemically Important Institution" ("O-SII"), and MeDirect Bank (Malta) plc ("MeDirect Malta") is considered a core domestic bank by the CBM.

MDB Group Limited's subsidiary, MeDirect Malta has been authorised to waive its requirement to comply with Part Eight of the CRR on an individual basis, in terms of Article 6 (3) of the CRR. On the other hand, MeDirect Bank SA ("MeDirect Belgium") is exempt from full disclosure requirements laid down in Part Eight of the CRR, however being a "small and non-complex" institution" it is required to publish the disclosure requirements as per Article 433b CRR on an annual basis.

These disclosures present information about the Group's exposure to risks and the Group's objectives, policies and processes for measuring and managing risks and the Group's management of capital.

These risks principally relate to the MeDirect Malta Group and are managed by MeDirect Malta's Board of Directors. As a result, these disclosures present information about the financial risk management of MeDirect Malta and its principal subsidiary MeDirect Belgium.

The JST receives information on the capital adequacy requirements and sets capital requirements for the Group. At a consolidated Group level, capital is calculated for prudential regulatory reporting purposes using the Basel III framework of the BCBS, as implemented by the EU in the revisions to the CRR.

Frequency of disclosures and comparatives (Article 433 and 433a CRR)

In November 2024, the Commission Implementing Regulation (EU) 2024/2172 was published to replace and modernise the EU's Pillar 3 disclosure framework so that it aligns with the new prudential rules introduced by CRR 3 and the latest Basel Committee Pillar 3 standards. Its introduction became necessary following the adoption of the revised CRR3, which significantly reshaped prudential requirements across key risk categories, including credit risk, market risk, operational risk and the output floor.

The Regulation also aims to improve the clarity, usability and comparability of Pillar 3 disclosures. The EBA has reorganised templates, streamlined instructions and removed duplications to make disclosures more accessible for users such as investors, analysts and other market participants. This restructuring supports the broader objective of enhancing market discipline by ensuring that disclosures are easier to interpret and more consistent across institutions.

Finally, the Regulation updates the rules governing the frequency of disclosures. It introduces a clearer and more risk-aligned structure for quarterly, semi-annual, annual and event-driven disclosures. This ensures that the most critical prudential information is provided to the market with appropriate regularity, reflecting both the materiality of the information and the expectations set out under CRR 3.

The MDB Group publishes these disclosures according to the frequency required for large and listed institutions. In line with Article 4 (146) CRR, the Group is defined as a large institution since 'it has been identified as an O-SII in accordance with Article 131(1) and (3) of Directive 2013/36/EU of the European Parliament and of the Council of June 2013 (Capital Requirements Directive ("CRD")) and is one of the three largest institutions in terms of total value of assets.

The EBA has also published an updated mapping between quantitative Pillar 3 disclosure requirements and the corresponding supervisory reporting templates. This mapping is intended to support institutions in ensuring consistency between the information they disclose publicly and the data they report to supervisors, thereby enhancing the overall quality, coherence and reliability of prudential disclosures. In addition, the EBA has issued a comprehensive overview of the disclosure frequency applicable to each template and table under the new Pillar 3 framework. This document clarifies how often different categories of institutions—ranging from small and non-complex institutions to large and systemic banks—are required to publish each disclosure, in line with the proportionality principles embedded in the CRR and the updated ITS.

Disclosures in this Pillar 3 include comparative periods in accordance with the requirements of EBA ITS. For those disclosures required only on an annual basis, the comparative period will be to the prior year. For those disclosures only required on a semi-annual basis, the comparative period is 30 June 2025. Disclosures required on a quarterly basis generally include comparative information for 30 September 2025.

Unless stated otherwise, throughout this document 31 December 2024 numbers reflect the position on a CRR2 basis, except for the operational risk tables. Current and prior periods reported in operational risk tables EU-OR1 and EU-OR2 have been prepared on a CRR3 basis.

In alignment with the ECB guidance and requirements, we have shaded cells where no information is required to be disclosed.

In line with regulatory requirements and the Group's policy, the Pillar 3 Disclosures are published on the Group's website within a reasonable period after the publication of the Group's Annual Financial Statements as well on EBA's "Pillar 3 Data HUB" website at edap-public.eba.europa.eu.

Means of disclosures (Article 434 CRR)

As required by the CRR, the Group will continue to make available its Annual Report and Financial Statements and the Pillar 3 disclosure reports in the Investor Relations section of the Group's website (https://www.medirect.com.mt/about-us/investor-relations).

Non-material, proprietary or confidential information (Article 432 CRR)

In line with the Group's Policy based on Article 432 CRR, the Group may omit certain disclosures due to these disclosures being immaterial, proprietary, or confidential. No information was omitted due to being considered proprietary or confidential.

Governance process – verification and sign-off

Consistent with the banking regulations, these Disclosures are not subject to external audit review, except where they are included within the Financial Statements. However, these Disclosures have been appropriately verified and approved internally by the Group's management and the Group Board Audit Committee ("BAC"). Subsequent to the approval of the BAC, these disclosures are then submitted to the Board of Directors for authorisation prior to public dissemination.

Based upon the Group's assessment and verification the risk and regulatory disclosures presented throughout this Pillar 3 Report appropriately and comprehensively convey the Group's overall risk profile as of December 31, 2025.

1.2 Key metrics

(Article 447 (a - g) and Article 438 (b) CRR)

Table EU KM1 provides key regulatory metrics and ratios as well as related input components as defined by the amended versions of CRR and CRD. They comprise own funds, RWAs, capital ratios, additional requirements based on SREP, capital buffer requirements, leverage ratio, Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"). They serve as high level metrics and form part of the holistic risk management across individual risk types in addition to the Group's specific internal risk metrics. Based on this they are fully integrated across strategic planning, Risk Appetite Framework ("RAF") and stress testing concepts and are reviewed and approved by the Management Board at least annually.

EU KM1 - Key metrics

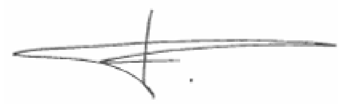
Amounts in €millions	a. T 31-Dec-25	b. T-1 30-Sep-25	c. T-2 30-Jun-25	d. T-3 31-Mar-25	e. T-4 31-Dec-24
Available own funds (amounts)					
1. Common Equity Tier 1 (CET1) capital	248	247	214	213	218
2. Tier 1 capital	248	247	214	213	218
3. Total capital	281	282	255	253	263
Risk-weighted exposure amounts					
4. Total risk-weighted exposure amount	1,193	1,193	1,261	1,196	1,329
4a. Total risk exposure amount pre-floor	1,193	1,193	1,261	1,196	1,329
Capital ratios (as a percentage of risk-weighted exposure amount)					
5. Common Equity Tier 1 ratio (%)	20.8%	20.7%	17.0%	17.8%	16.4%
5b. Common Equity Tier 1 ratio considering unfloored TREA (%)	20.8%	20.7%	17.0%	17.8%	16.4%
6. Tier 1 ratio (%)	20.8%	20.7%	17.0%	17.8%	16.4%
6b. Tier 1 ratio considering unfloored TREA (%)	20.8%	20.7%	17.0%	17.8%	16.4%
7. Total capital ratio (%)	23.5%	23.6%	20.2%	21.1%	19.8%
7b. Total capital ratio considering unfloored TREA(%)	23.5%	23.6%	20.2%	21.1%	19.8%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
EU 7d. Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.4%	3.4%	3.4%	3.2%	3.2%
EU 7e. of which: to be made up of CET1 capital (percentage points)	1.9%	1.9%	1.9%	1.8%	1.8%
EU 7f. of which: to be made up of Tier 1 capital (percentage points)	2.6%	2.6%	2.6%	2.4%	2.4%
EU 7g. Total SREP own funds requirements (%)	11.4%	11.4%	11.4%	11.2%	11.2%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8. Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a. Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9. Institution specific countercyclical capital buffer (%)	0.98%	1.02%	1.07%	1.09%	1.07%
EU 9a. Systemic risk buffer (%)	0.03%	0.03%	0.03%	0.03%	0.05%
10. Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a. Other Systemically Important Institution buffer (%)	1.0%	1.0%	1.0%	1.0%	0.9%
11. Combined buffer requirement (%)	4.5%	4.6%	4.6%	4.6%	4.5%
EU 11a. Overall capital requirements (%)	15.9%	16.0%	16.0%	15.8%	15.7%
12. CET1 available after meeting the total SREP own funds requirements (%)	12.1%	12.1%	8.4%	9.4%	8.0%
Leverage ratio					
13. Total exposure measure	5,186	5,105	4,990	4,942	4,925
14. Leverage ratio (%)	4.8%	4.8%	4.3%	4.3%	4.4%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a . Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b. of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c. Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d. Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e. Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio					
15. Total high-quality liquid assets (HQLA) (Weighted value -average)	879	857	850	836	804
EU 16a. Cash outflows - Total weighted value	546	551	524	499	465
EU 16b.Cash inflows - Total weighted value	51	63	63	67	68
16. Total net cash outflows (adjusted value)	495	488	461	432	398
17. Liquidity coverage ratio (%)[1]	178%	176%	186%	196%	203%
Net Stable Funding Ratio					
18. Total available stable funding	4,378	4,238	4,271	4,251	4,255
19. Total required stable funding	3,284	3,374	3,497	3,559	3,487
20. NSFR ratio (%)	133%	126%	122%	119%	122%

[1] The LCR uses the simple average of the preceding 12 monthly periods ending on the quarterly reporting date as specified in the table. The Actual LCR reported in December 2025 was 196%.

1.3 Attestation by the Directors

The directors confirm that this Pillar 3 Disclosures Annual Report, to the best of their knowledge, complies with Part Eight of the CRR, including, where relevant, any associated EBA guidelines and technical standards, and has been prepared in compliance with the Group's internal governance process including formal policies, internal processes and systems and internal control environment.

On behalf of the Board of Directors



Bart Bronselaer
Chairman

Jean-Claude Maher
Chief Executive Officer

26 June 2026

2 Risk Management

(Article 435 (1) (b) CRR) (EU OVA)

Risk management is at the core of MeDirect's strategic planning and management processes and plays an important role in empowering customers to navigate the financial world with confidence and autonomy. All business activities involve some degree of risk; therefore, to protect stakeholders and customers, risks arising from business activities must be appropriately identified, assessed and managed by:

- identifying risks through a robust assessment of the principal risks and uncertainties facing MeDirect, including those that would threaten its business model, future performance, solvency or liquidity, or increase the potential for customer harm;
- supporting effective decision making, to ensure that the right risks are taken, in a way that is aligned and supports the Group's strategy, maintaining a reputation for high standards of business conduct;
- ensuring that risks undertaken are properly understood, monitored, controlled and mitigated; and
- maintaining an appropriate balance between delivering value to customers and operating as a prudent and responsible lender.

To ensure that risks are managed consistently and rigorously, the Bank operates a Board approved Enterprise Risk Management Framework (ERMF) which defines how risks are identified, assessed, managed and monitored across the Group's risk categories. The framework also sets out the risk management responsibilities within a Three Lines of Defence model.

The first Line of Defence ("LOD") is responsible for the day-to-day management of risks; the second LOD, which is led by the Chief Risk Officer ("CRO") through the independent Risk Management Function, provides oversight and challenge of the Group's risk management practices; and the Internal Audit Function ("IAF"), in the context of their audit cycle coverage, provides assurance to the Board on the design, adequacy and operating effectiveness of the control environment.

Through the ERMF, the Board formally sets the Bank's risk appetite, defining the level and types of risks the Group is willing to accept in pursuit of its strategic objectives. This risk appetite is supported by a comprehensive suite of policies, standards and procedures that translate this appetite into the localised risk management activities and controls which are operated on a day-to-day basis to protect MeDirect's customers and their money.

The Board and Management committees receive regular reporting on the Bank's risk profile and key risk metrics to enable effective monitoring the Group's position relative to its risk appetite. To support this process, MeDirect applies a structured categorisation of financial and non-financial risks covering the principal risks described below.

Principal Risk	Definition	Risk Committee
	FINANCIAL RISK	
Business Model & Strategy Risk	Strategic Risk is the risk to the Group's current or projected financial position resulting from changes in the macroeconomic environment, competitive landscape, regulatory changes, adverse business decisions, poor implementation, lack of resources, processes and technology to deliver products and services. The Group's risk taxonomy is embedded in all strategic decision making and financial forecasting activities.	Enterprise Risk Management Committee
Capital Adequacy Risk	The risk that the Group fails to maintain sufficient capital to absorb losses throughout a full economic cycle and to maintain the confidence of current and prospective investors, customers, the Board, and regulators.	Assets and Liabilities Committee
Liquidity & Funding Risk	Liquidity risk is the risk of the Group being unable to generate sufficient funding resources to meet financial obligations as they fall due in business as usual and stress scenarios. Funding risk arises from higher funding costs or lack of availability of funds.	Assets and Liabilities Committee
Credit Risk	The risk of loss as a result of a customer or counterparty failing to meet their financial obligations.	Management Credit Committee
Market Risk	The risk of an adverse change in its financial situation resulting directly or indirectly, from fluctuations in the level or volatility of market prices of assets and liabilities and from adverse movements in interest rates, credit spreads and foreign exchange rates. This can affect the Group's profitability (Net Interest Income ("NII")) and capital measures.	Assets and Liabilities Committee
	NON-FINANCIAL RISK	
Operational Risk	Operational risks that can arise and impact operational processes, systems and controls, disruptions to customers, damage to reputation and detrimental impact on financial performance.	Enterprise Risk Management Committee
IT & Information Security Risk	IT and Information Security Risk is defined as the loss due to breach of confidentiality, failure of integrity of systems and data, unavailability of systems and data or inability to change IT within a reasonable time and costs when the environment or business requirements change. This includes security risks resulting from inadequate or failed internal processes or external events including cyber-attacks or inadequate physical security.	Enterprise Risk Management Committee
Compliance & Financial Crime Risk	Compliance Risk arises due to risk of financial costs and reputational damage associated with non-compliance with internal policies, procedures and code of business, as well as consequences from non-compliance with specific local or international rules, regulations, prescribed practices or ethical standards.	Compliance and Financial Crime Committee
Regulatory Risk	Risks that may arise as consequences from non-compliance with specific local or international rules, regulations, prescribed practices or ethical standards. Regulatory risks may also arise from the failure to meet deadlines for regulatory submissions, queries and/or requests for information from different regulatory bodies and supervisors.	Compliance and Financial Crime Committee

Reputational Risk	Reputational risk is the risk of loss resulting from damages to a firm's reputation, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value, consequent to an adverse or potentially criminal event even if the Group is not found guilty.	Enterprise Risk Management Committee
Sustainability Risk	Sustainability risk ("ESG risk") refers to an ESG event or condition that, if it had to occur, could cause an actual or a potential material negative impact on the value of the investment" impacting directly or indirectly the financial value of the business. Sustainability risks might have a negative consequence for MeDirect and its customers and counterparties impacting its financial and market position.	ESG Committee

The Group's risk appetite is established by the Board of Directors and defines the type and level of risks the Group is willing to accept in achieving its strategic objectives. It ensures that business activities deliver an appropriate balance between risk and return, while remaining within prudent levels consistent with the Group's risk profile.

The Group has in place a RAF that sets out the overall approach, governance processes, controls and systems through which risk appetite, risk limits and thresholds are defined, communicated and monitored. The RAF is aligned to the principal risks the Group manages in pursuit of its strategy.

A central component of the RAF is the Risk Appetite Statement ("RAS") which is interlinked with the Group's strategic and financial planning, as well as its remuneration practices. In line with the Group's Risk Appetite Policy, the RAS evaluates material risks of the Group in order to produce both qualitative and quantitative metrics, covering financial risks and non-financial risks, and providing both entity and business lines specific details. Additionally, Climate-related & Environmental Risk ("CER") are not considered as a stand-alone risk category, but are embedded within the different risk themes. This ensures that CER are integrated into the Group's overall RAF.

Risk Appetite Limits ("RALs") define quantitative thresholds associated with specific risks, where quantification is viable, to ensure that the actual risk exposure remains within the agreed-upon risk appetite. The risk appetite notification thresholds determine the level of risk exposure that require escalation and senior management attention, while exposures within these thresholds may be managed at Executive Management level.

Performance and adherence to risk appetite is performed at the Board Committee level (supported by the Board Risk and Compliance Committee ("BRCC"), BAC, and Nomination and Remuneration Committee) and at Executive Committee level through the Management Executive Committee ("EXCO"), and its various sub-committees

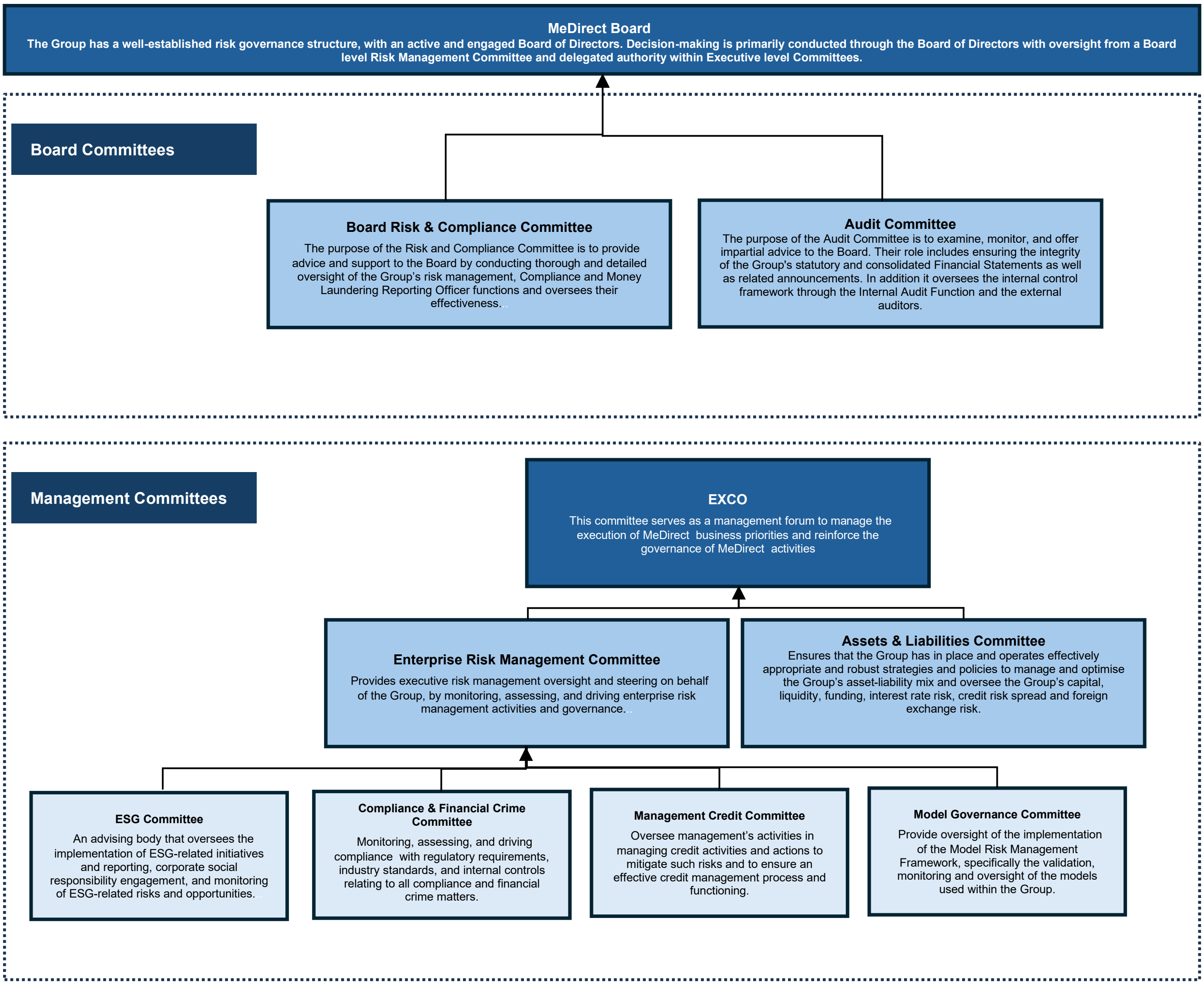
The Group has also established a set of Key Risk Indicators ("KRIs") that are additional risk metrics intended to supplement the RALs and which are primarily used to indicate potential risks to the Group's financial standing. These are monitored as part of the holistic risk management across risk types and are intended to measure and reflect the negative impact on the Group's performance.

2.1 Risk Governance

Point (b) of Article 435(1) CRR

The Group maintains a well-established risk governance structure, supported by an active and engaged Board of Directors, an experienced senior management team and a centralised Risk Management Function that operates independently from the business lines. Decision-making is primarily undertaken by the Board of Directors supported by the BRCC and delegated authority through Executive level Committees.

The key elements of the Group's risk governance framework are set out in its Corporate Governance Memorandum. This governance memorandum supports other internal documents such as the Group's Articles of Association, Terms of Reference for the Board of Directors and its board committees, and the Code of Business Conduct and Ethics.



The Board of Directors

The Malta Board of Directors of the parent and subsidiary are composed of both executive and non-executive Directors. The Board of Directors, either directly or through its committees, ensure that decision-making is aligned with the Group's strategies and risk appetite. For each Board meeting, the members are provided with reports covering the key risks of the Group, as well as updates on the Group's financial performance. The Board of Directors approve key policies, business and sustainability strategy and risk appetite.

The list of members who served on the Board of Directors can be found in the respective "Board of Directors" section of the MDB Group Limited Annual Report and Financial Statements, for the financial year ended 31 December 2025.

The Board has established committees to assist it in carrying out its responsibilities, where each committee must act in accordance with a Terms of Reference document as approved by the Board, setting out matters relevant to the composition, responsibilities, authority and reporting of the committee, and such other matters as the Board considers appropriate. The Board-level committees may only act with delegated authority from the full Board, within the limits of the authority reserved by the Board itself.

The Board has established the following committees:

- Audit Committee;
- Risk and Compliance Committee; and
- Nominations and Remuneration Committee ("NRC").

Board Audit Committee

The purpose of the BAC is to thoroughly examine, monitor, and offer impartial advice to the Board. The BAC monitors the quality and integrity of the Group's statutory and consolidated Financial Statements and related announcements, and reviews key financial judgments and accounting policies. In addition, the BAC oversees the design adequacy and operating effectiveness of the Bank's internal control framework and governance structure and its financial reporting processes, through the activities of the IAF and the External Auditors, as well as issues related to values, ethics, and governance.

In this context, the BAC steers the Group's relationship with the External Auditors and other external assurance providers and monitors values, ethics, and governance topics. The MeDirect Finance function, IAF, External Auditors and other assurance providers present their activities and reports to the BAC for review and discussion.

Board Risk and Compliance committee (Article 435 (2)(d) CRR) (EU OVB)

The BRCC is delegated with the authority from the Board to monitor the execution of the Group's overall actual and future risk strategy, with the Board oversight through the review of Management Information packs, and verbal updates from the Chair of the Risk and Compliance Committee and the CRO.

The BRCC is tasked with reviewing and advising on the strategies and policies related to risk management, monitoring, and mitigation for the Group. It conducts thorough oversight of the Group's risk management and compliance practices, presenting summaries and recommendations to the Board for action. Additionally, the Committee evaluates the Group's high-level controls and reporting frameworks to ensure they align with the Group's risk appetite. It also oversees compliance functions and related party transactions, with separate committees established for MeDirect Malta and MeDirect Belgium to address specific risk and compliance issues.

The BRCC met eleven times during the financial year.

Nominations and remuneration committee

This committee is responsible for making recommendations to the Board regarding key appointments, which include:

- Board appointments including re-elections and succession planning, particularly in respect of Executive Directors;
- Membership of board committees; and
- Endorsement of senior executive appointments.

Additionally, the committee monitors the performance of directors and ensures that their professional development is adequately supported.

The committee also reviews the establishment of remuneration levels - both fixed and variable - as well as the structure of variable remuneration for senior executives and material risk-takers (MRTs) within the Group, as defined in the Group's Remuneration Policy. In this context, it receives recommendations from the executive management of the Group for consideration and approval.

Furthermore, the committee ensures that the Group's Remuneration Policy, along with the structure and levels of remuneration, complies with applicable laws and regulatory guidance, aligns with best practices, and supports the long-term sound and prudent management of the Group.

Executive Management Committee

The Board entrusts the Group Chief Executive Officer ("CEO") with the day-to-day management of the Regulated Group, who also leads the EXCO. This committee is tasked with overseeing the execution and implementation of the strategy approved by the Board. In accordance with the Belgium Banking Act, a dedicated EXCO for MeDirect Belgium has also been established. The EXCO serves as the primary forum responsible for managing the Group's business model and regulatory environment across various jurisdictions, ensuring the efficient operation of activities, reporting directly to the Board through the CEO.

While the EXCO maintains ultimate responsibility for its actions, it has the authority to delegate responsibilities to various management committees, each operating under their own defined terms of reference.

- Enterprise Risk Management Committees;
- Assets and Liability Committee;
- Investment Services and Commercial Committee;
- Operations Committee; and
- Project Delivery Oversight Committee.

Internal control functions

The Internal Control Framework is implemented through the three LOD model. The 1st LOD comprises the business line management, and the internal control functions represent the 2nd and 3rd LOD. The internal control functions are independent of the 1st LOD with the Heads either being a member of the Board or reporting directly to the Board and its Committees.

A) Risk team

The Risk Management Function, under the leadership of the Group CRO is responsible for the execution of the Group's risk strategy and ensuring it is effectively communicated to all relevant stakeholders. These stakeholders include business lines as well as internal control functions such as (together with the Risk Function) the Compliance Function and the IAF. The risk strategy as approved by the Group Board, is also shared with the subsidiaries of the Group, enabling them to operate independently while remaining aligned with the parameters of the risk strategy as approved by the Group.

The Risk Management Function ensures that each component of the risk strategy is subject to an appropriate governance and escalation process. The governance processes are primarily described and documented in the following documents:

- The Risk Management Framework ("RMF");
- The Risk Appetite Framework;
- Corporate Governance Framework;
- ICAAP & ILAAP Governance Framework; and
- Stress Testing Framework ("STF").

To ensure the continued appropriateness and effectiveness of the Group's risk management strategy, the risk management function conducts a systematic review of the risk strategy at least annually, and more frequently when warranted by material changes in the Group's business model, risk profile, regulatory environment, or market conditions. The review process includes an assessment of the effectiveness of the RMF, risk appetite metrics, risk governance arrangements, stress testing outcomes, and ICAAP and ILAAP results, amongst others.

The outcomes of these assessments are presented to the relevant management committees, and the BRCC and Board for consideration and approval, as appropriate. Where deficiencies, emerging risks, or improvement opportunities are identified, the risk strategy and related frameworks are updated accordingly. The process is designed to ensure that the Group's risk management approach remains effective, proportionate to its risk profiles, and aligned with its strategic objectives and regulatory requirements.

B) Compliance team

MeDirect Bank is committed to maintaining a robust compliance framework in line with applicable regulatory requirements, including those set by Regulators which supervise the Bank. The Compliance Function ensures adherence to conduct and anti-financial crime regulations by implementing comprehensive policies, procedures, and monitoring mechanisms. As part of its risk management strategy, MeDirect continuously assesses regulatory developments and integrates them into its internal governance framework to enhance transparency and customer protection.

The Compliance Function which covers both Regulatory and Financial Crime Compliance, has increased in size over the last three years, and has also grown significantly in terms of expertise and resource allocation.

The Compliance Function is positioned independently from the business they supervise. This independent position is characterised by, amongst other things, independent reporting, unrestricted access to Board of Directors and senior management as well as periodic meetings with their respective reporting lines as well as the BRCC.

C) Internal audit team

Over the past years the Group has gradually strengthened the IAF by not only adding more expert and management staff but also by introducing a fully integrated audit process model.

Keeping pace with the expansion of the mortgage loan and wealth management business lines across various jurisdictions, the growing importance of ESG/CER and the continued integration of the intra-group internal control framework, recourse is by the IAF, when relevant, made to external co-sourcing to add specific expertise and capacity.

The Group Chief Internal Audit Officer has a direct reporting line to the BAC, attends the MeDirect Belgium Board Audit Committee (as a permanent invitee) and has an administrative reporting line to the Group CEO. The MeDirect Belgium Head of Internal Audit directly reports into the Belgian Audit Committee, is an administrative report of the Belgium CEO and liaises on a functional level with the Group Chief Internal Audit Officer.

Operational audit processes (audit plan, tools, methodology and resource/expertise pool) are fully integrated and shared. Also, the interaction between the respective (Group/Malta and MeDirect Belgium) Board Audit Committees was stepped up since 2024 to catalyse a more holistic monitoring of the MeDirect audit universe and steer the internal audit activity in a more efficient and effective way through Joint Board Audit Committee sessions.

D) Legal team

The Legal team is headed by the Bank's General counsel, who is supported by a number of inhouse lawyers having the requisite qualifications, experience and expertise to support and advise on the Bank's business activities, internal controls and adherence to its regulatory requirements.

E) Finance team

The finance team fosters a culture of accountability. Through dashboards, and regular reporting, key data is shared with operational teams to empower them to understand the financial implications of their actions, while maintaining the independence needed to challenge decisions when necessary. The finance team does not just support the business, but they safeguard it, ensuring that financial integrity and risk awareness are embedded across MeDirect.

F) Regulatory Affairs and Sustainability function

The Regulatory Affairs and Sustainability areas were merged into one consolidated function in 2024, given the regulatory importance that the Sustainability field has been gaining in the international sphere.

The Regulatory Affairs function is responsible for the coordination of responses to information requests or queries that the Group, including MeDirect Belgium, receives from various regulatory bodies, including the JST, the NBB, the MFSA, the CBM, and the Single Resolution Board. It acts as the main liaison between the Group and the JST, as well as other regulatory/supervisory bodies. The Regulatory Affairs function coordinates the supervisory dialogue meetings that are held periodically between the Group and the JST. The Group is subject to an annual SREP by the JST, and may also be subject to On-Site Inspections ("OSIs") where the function acts as the main point of contact on behalf of the Group. The Regulatory Affairs team ensures that action plans to address regulatory requests are endorsed internally and that remedial action is being taken accordingly.

Corporate Governance Memorandum

The Corporate Governance Memorandum details the structure, management, and transparency of the Group's banking entities. This includes internal frameworks and policies that promote effective governance, ensuring compliance with national and EU laws. The framework undergoes an annual review or reassessment with significant changes in the business model or internal structure. This memorandum is essential for maintaining sound governance practices, managing risks, and ensuring legal compliance, serving as a reference for the board, management, and stakeholders.

Policy standards

The Group upholds a centralised policy library designed to provide internal stakeholders with essential transparency, thereby supporting the operational integrity of the organisation. A standardised policy framework delineates the Group's strategies and best practices for creating new internal documents or revising existing ones. To ensure continued relevance and compliance with current regulations and developments, internal documents are reviewed and updated periodically as needed. Additionally, training and awareness sessions are organised each year to ensure that staff are informed about any new developments or changes to existing internal processes and controls.

2.2 Risk Management Function

Article 435 (1) (b) CRR) (EU OVA)

The Group has adopted a risk management and internal control structure, referred to as the 'Three Lines of Defence', to ensure it achieves its strategic objectives while meeting regulatory and legal requirements and fulfilling its responsibilities to shareholders, customers and staff.

In the three lines of defence model, business line management is the first LOD (including those functions that are responsible for day-to-day operations and treasury function), the various risk control and compliance oversight functions established by management represent the second LOD, and the independent IAF is the third. Each of these three "lines" play a distinct role within the Group's wider governance framework.

Although neither governing bodies nor senior management are considered to be among the three "lines" in this model, these bodies are the primary stakeholders served by the "lines", and they are the parties best positioned to help ensure that the Three Lines of Defence model is reflected in the Group's risk management and control processes.

The responsibilities of the Risk Management Function are to protect consumers and stakeholders. Risk Management ensures that MeDirect has a robust RMF and strategy covering all areas of risk: Business, Credit, Financial, Operational, Conduct and Regulatory. This is supported by a positive culture where the identification and management of risk is ingrained to protect the Bank from unforeseen losses and financial instability.

The Risk Management Functions objectives are to:

PROMOTE SUSTAINABLE GROWTH	- Proactive oversight of capital, liquidity, IRRBB and ALM risks to protect balance-sheet resilience - Forward-looking stress testing and scenario analysis covering macro-financial, geopolitical, cyber and, IRRBB and ALM risks - Clear integration of regulatory commitments into strategic planning and delivery timelines
ENABLE STRATEGIC OBJECTIVES	- Further integration of forward-looking projections into budget exercises, ICAAP/ILAAP and stress testing frameworks, enabling continuous challenge of business plans, and early identification of deviations from the approved risk appetite - Anticipatory second-line challenge on strategic initiatives and growth plans - Timely, decision-useful risk data and MI to support executive and board decisions
STRONG RISK CULTURE	- Clear first-line ownership of risk reinforced through objectives and performance management - Consistent tone from the top and constructive challenge across all levels - Clear accountability for data ownership, quality and remediation across the first line
ROBUST RISK MANAGEMENT PRACTICES	- Increased automation and standardisation of key risk processes - Active second-line oversight and independent challenge of ECL methodologies and assumptions - Support in the transition from the excel-based liquidity and IRRBB calcs to a more automated tool allowing the Bank to reduce operational risk and improve efficiency
SOUND RISK IDENTIFICATION & MEASUREMENT	- Enhanced portfolio level analytics across material risk types - Broader use of scenario analysis and emerging risk assessments - Clear understanding and monitoring of key model risks and critical EuCs
EFFECTIVE RISK CONTROLS	- Ongoing testing and validation of control effectiveness - Strong oversight of outsourcing, ICT dependencies and critical service providers - Enhanced controls over critical risk data, models, EuCs and key assumptions
EXCEPTIONAL PEOPLE	- Continued development of leadership depth and succession within the Risk function - Targeted capability uplift in specialist risk areas - A well-resourced, engaged, and scalable Risk team

The Group's Risk Management Function falls under the responsibility of the CRO who is independent from the business lines. The CRO is responsible for a number of sub-functions that represent different risk areas as follows:

Risk Management Function	Main responsibilities
Risk Analytics	Oversight of the Group's capital and liquidity risk, stress testing and performance tracking of the Group's asset and liability portfolios, including off-balance sheet commitments. The team also oversees regulatory reporting methodology The team is responsible for key internal capital and liquidity risk management documents, specifically the Group's ICAAP and ILAAP.
ALM Risk & Model Governance	Oversight of all Interest Rate Risk in the Banking Book ("IRRBB"), Credit Spread Risk in the Banking Book ("CSRBB") and Foreign Exchange ("FX") risk, including assessment and analysis of respective asset and liability behavioural modelling related assumptions. They are responsible for overseeing the ongoing development of IRRBB and behavioural models including model design, calibration, stress testing and shock analysis of both earnings and income related interest rate risk scenarios, risk reporting and related model governance. Their main focus includes the development of the IRRBB framework, stress testing methodologies, scenario assumptions and Economic Capital assumptions.
Credit Risk	Independent review of the corporate credits both when they are initially proposed to the Credit Committee and throughout their lifecycle. It is the role of the Credit Risk team to discuss and challenge credit proposals, credit monitoring and other credit related information presented by the Corporate Credit team. The Credit Risk function is additionally responsible for reviewing and assigning internal credit classifications, making recommendations for credit provisioning and/or write offs and the annual review of the Group's credit policy and associated credit framework
Operational Risk	The Operational Risk Management ("ORM") function provides the framework for the business to identify, assess, mitigate and monitor operational risks. The team is responsible for the ongoing management of the Group's Operational RMF covering five main pillars, namely: the identification and categorisation of operational risks, measurement and monitoring of operational risks, reporting of operational risks, incident management process and business continuity. The function also facilitates the Risk & Control Self-Assessments ("RCSAs") process and the control testing methodology. The ORM Function is also responsible to manage the Reputational RMF and the Anti-Fraud Policy.
Information Security Risk	The team is primarily responsible for implementing the Information security strategy of the Group by ensuring that the Group adheres to international information security best practices, which includes identifying and keeping visibility of IT security risks affecting the Group. Responsibilities include the implementation and ongoing management of IT security technologies, coordinating and following up on vulnerability assessments and penetration tests, and managing information security incidents.
Data Protection Risk	The Data Protection function holds the responsibility of the Group's Data Protection Officer who is responsible for the Group's Data Protection Policy, the Group Voice and Teams Recording Policy and the Group's Data Retention and Archiving Policy. The Data Protection Officer focusses on advising the Group and all its employees about their obligations to comply with Data Protection Regulations, namely 'General Data Protection Regulation, train its staff and conduct internal controls. This function shall maintain a data inventory for all its key business processes where there is extensive processing of personal data.

The CRO is a standing attendee of the Group BRCC, a member of the Group Board and also has the unchallenged authority to meet members of the BRCC or other Non-Executive Directors without the presence of the CEO or other Executive Directors. Among the list of responsibilities, the CRO is:

- Responsible for promoting a strong risk culture;
- Ensuring that the risk management function is adequately resourced, taking into account the complexity and risks of the Group and Belgian Bank as well as their RAF and strategy;
- Actively involved in key strategic decision-making processes from a risk perspective, challenge management's decisions and recommendations, and retains a right of veto for declining transactional decisions such as credit risk originations;
- Responsible for assessing and controlling financial and non-financial risks;
- Involved in the design and setting of risk appetite, risk limits, notification thresholds and KRIs; and
- One of the key contacts for regulatory matters, including supervisory dialogue.

In line with the EBA guidelines on internal governance, the Group's Risk Management Function has direct access to the members of the Board and the Group BRCC, as well as all business lines and other internal units that have potential to generate risk as well as oversight of all relevant subsidiaries. Nevertheless, the Risk Management Function is independent of the business lines and units whose risks it controls.

The CRO is a member of various EXCOs, including the Enterprise Risk Management Committee ("ERMC"), MCCs and Model Governance Committee; as well as being a standing member of the Malta EXCO; Operations Committee and Asset and Liability Committee ("ALCO") and Compliance and Financial Crime Committee. The CRO is also involved in various Steering Committees and has delegated approval responsibilities when required.

2.3 Management of key risks

(Article 435 (1) (b) CRR) (EU OVA)

Risks are identified in the context of the business model and strategy of the Group, and within the boundaries of the risk appetite set by the Board. In addition to strategic objectives, other objectives are also taken into consideration, including operational objectives and business targets; financial reporting objectives and compliance objectives.

The Risk Management Function has developed methodologies to identify the exposure of the Group to risks and uncertainties. Each of the Group's risk functions are responsible for assessing and identifying key risks and emerging themes within their respective areas of responsibility. Once key risk exposures have been identified, each risk function also evaluates the ability of the Group to adequately control, mitigate, avoid or transfer this risk where appropriate. The Risk Management Function also actively engages with business lines and support functions to ensure a comprehensive risk identification process, combining both top-down and bottom-up approaches.

The Group has established a comprehensive risk management reporting framework that places strong emphasis on regular and transparent reporting mechanisms. This framework enables the members of the Board, its committees and relevant management functions to understand the Group's risk profile to take timely corrective actions, where necessary.

The Group's risk monitoring and reporting is consistently applied at a consolidated level, as well as on a solo level for MeDirect Malta and MeDirect Belgium. The risk reporting for MeDirect Belgium is conducted jointly by the Group and MeDirect Belgium's Risk Management functions with oversight and direction from the MeDirect Belgium's CRO. Monitoring of the different risk pillars is carried out by specialised teams within the Risk Management Function. These risk teams are also responsible for reviewing and updating policies and associated frameworks which set out internal processes and risk reporting responsibilities.

The Group's risk reporting framework comprises a range of risk management reports. Where possible, trend analysis is incorporated into the risk reports, to highlight the evolution of risk themes within the portfolio and to enhance confidence in the reliability and completeness of the information presented.

<u>Board oversight</u>

The BRCC is responsible for reviewing the Group's risk profile in sufficient detail to assess whether it remains consistent with the Group's risk appetite. Where risks exceed or approach the defined risk appetite, the BRCC reviews management's proposed course of action and may endorse the proposed plans or require further adjustments as appropriate. The BRCC is also responsible for assessing the Group's high-level control environment, risk limits, and the effectiveness of the risk aggregation and reporting framework to ensure that these remain adequate to maintain the level of risk within the Board's approved appetite.

In addition, the Group has also in place a set of Key Performance Indicators ("KPIs") that are quantifiable metrics designed to enable decision-makers to support timely and informed decision-making and to monitor the Group's performance against its strategic objectives. The financial KPIs are aligned with the Group's RAF and are benchmarked against relevant industry standards. These KPIs are reviewed and approved by the Board.

Reporting to the Board and Board Risk and Compliance Committee

Monthly Risk report

The Board and the BRCC receive a comprehensive Group monthly risk report, compiled by the Risk Management Function which includes an executive summary provided by the CRO. The content, scope and frequency of the risk reporting provided to the Board and the BRCC were determined in consultation with the Board and the BRCC to ensure that the information provided supports effective oversight of the Bank's risk profile.

The CRO's executive summary provides a qualitative assessment of the Group's material risks and highlights key developments during the reporting period. This commentary is complemented by a detailed risk management report, which is prepared on a consolidated basis as well as for MeDirect Belgium. The risk management reports is structured around two main sections: Risk Shaping Matters and Risk Oversight.

Weekly Risk report

In addition to the monthly Group risk management report, members of the Board and the BRCC receive a weekly risk report that provides an overview of the Group's risk indicators and developments. This report includes updates on the Bank's regulatory capital and liquidity position. The weekly risk report is prepared on a consolidated basis as well as for MeDirect Belgium. Together, these reports form part of the Group's comprehensive risk reporting framework, providing a centralised and timely view of enterprise-wide risks faced by the Group.

Risk culture

The Group recognises that a strong risk-aware culture is fundamental to sound risk management. This culture is characterised by employees of the Group understanding their responsibilities towards customers, colleagues, the institution itself and other related stakeholders, and by their ability to manage risks effectively in their day-to-day activities while adhering to the Group's policies, procedures and controls.

The Group is aware that instilling a risk culture is key to delivering sustainable growth and profitability and strives to continuously improve its risk culture through policies, communication and training of staff, which is done through a number of initiatives. These are namely, continuous training events, risk awareness notifications and campaigns, eLearning and mandatory Employee Training programmes, as well as embedding a culture of speaking-up being encouraged across the institution.

Internal escalation process

The Group has escalation processes in place that ensure that any information concerning RAL breaches is escalated without delay, to both the Board and the regulatory supervisors. Governance arrangements and escalation procedures are adequately specified for the Group, MeDirect Malta and MeDirect Belgium.

The Group, MeDirect Malta and MeDirect Belgium make a distinction between RALs and KRIs. Breaches of RALs require prompt notification and escalation to the Board.

While setting RALs, the Group adopts a 'traffic light approach' in which each stage of alert triggers a predetermined escalation process. This approach also features two additional stages of alert beyond RALs to inform the Group's management that the recovery plan could potentially be invoked.

If the Group were to breach its risk appetite, the Group has Capital Conservation Plans and a Liquidity Contingency Plan. In certain cases, the Crisis Management Group may also be convened. Breaches of any of the risk policies are reported to the Committee that oversees the policy such as ERMC, MCC or ALCO, with the possibility of escalation to Board Committees as outlined in the respective policies. Furthermore, in line with Article 7 of the BRRD, and following the acquisition of MDB Group by Banka CREDITAS, the Group is no longer subject to a standalone recovery plan requirement. The Group will instead feed into the consolidated Banka CREDITAS recovery planning framework who will be responsible for the set-up of an appropriate escalation procedure in response to a breach in critical thresholds.

Stress testing

Stress testing is an integral element of the Group's risk management process, strategic planning, capital planning and liquidity planning. The Group applies various degrees of severity whilst ensuring the plausibility of the assumptions and scenarios. The stress testing methodology covers both idiosyncratic and macro-economic scenarios as well as a combination of both.

Stress testing is used to assess the effect of a given scenario, or shock, on the Group's statement of financial position, income statement and regulatory capital, leverage and liquidity ratios, and as a result the Group's ability to sustain any potential loss. In addition, stress testing is also used as a complementary framework to other measures of risk such as economic capital.

The outcome of the stress testing determines the Group's capacity to sustain any potential loss in an adverse scenario and circumstances in the context of the ICAAP and the ILAAP.

In addition to the traditional internal and regulatory stress testing exercises, the Group also engages in reverse stress testing by addressing the related question of how severe an adverse event is before the Group is not able to survive it. Reverse stress testing is used as a regular risk management tool in order to improve the awareness of current and potential vulnerabilities faced by the Group. Reverse stress tests are also used as part of the Group's business planning and risk management to understand the viability and sustainability of the Group's business model and strategy.

These stress testing processes within the ICAAP and ILAAP are primarily conducted by the Group Risk Management Function, under the responsibility of the CRO. The elements of the assumptions and scenarios that are used during the stress testing are discussed during the ALCO and the ERMC, and are then reviewed by the BRCC and approved at Board level.

2.4 Information on risk management, objectives and policies by category of risks

(Article 435 (1) (a) – (d) CRR)

Risks are identified in the context of the business model and strategy of the Group, and within the parameters of the risk appetite of the Board. Other objectives are also taken into consideration:

- *Financial reporting objectives:* these relate to the preparation of reliable published Financial Statements and regulatory reporting;
- *Operational objectives and business targets:* these relate to the achievement of the Group's mission statement and address the effectiveness and efficiency of the Group's operations; and
- *Compliance objectives*: these relate to adherence to laws, rules and regulations to which the Group is subject, as well as prudential regulatory requirements.

The Risk Management Function has developed methodologies to identify the exposure of the Group to risk and uncertainty. Each of the Group's risk functions are responsible for assessing and identifying key risks and themes within their areas of responsibility. Once the key risk exposures and themes are identified, each respective risk function also evaluates the ability of the Group to adequately control or mitigate the risk, avoid the risk, or transfer the risk where possible. The Risk Management Function also actively involves both business lines and functions to ensure a holistic assessment of risk identification is undertaken, otherwise referred to as top-down and bottom-up approaches.

2.4.1 Credit risk

(Article 442 (a) – (b) CRR [EU CRB] and Article 435(1) – As required by Annex XV for the Template EU CRA: 'General qualitative information about credit risk')

Credit risk is the risk of loss for the Group's business or of an adverse change in the financial position, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors in the form of default or other significant credit loss event (e.g. downgrade or default). The willingness to take on credit risk is focussed on risk-adjusted returns, in that the interest margin received after operational costs will outweigh any credit losses incurred, is a key part of the Group's business model.

Credit risk profile

The Group's credit risk emanates from four main sources: from its mortgage lending activities, its investment in the Securitisation portfolio, and from its treasury activities and its corporate lending activities. As at 31 December 2025, the Group's corporate lending activity was mainly composed of a portfolio of corporate lending in Malta mainly backed by real estate property and a couple of on-balance sheet exposures and a revolving credit facility in the Group's legacy international syndicated corporate loans portfolio.

Credit risk arises primarily in the form of deterioration in credit quality leading to an obligor defaulting on debt instruments held in the Group's investments portfolio or on loans extended to corporate counterparties or mortgage borrowers in the Netherlands, Belgium, and in Malta.

Apart from these main sources of credit risk, the Group does take on credit risk in other areas too; these are listed in the following table along with the key risk mitigants. To the extent that new products and services are offered to the Group's customers that involve the extension of credit, the Group's approach is to require similar controls and mitigants to be put in place.

Source	Mitigant
Secured financing (high-quality liquid asset securities)	Being a securities lender/cash borrower: intrinsically a risk mitigant since correlation leads to a "right-way" exposure.
	Execution under market-standard Global Master Repurchase Agreement ("GMRA") documentation with major counterparties, or at Eurex Clearing AG ("Eurex"), CBM or NBB; with daily margining.
	Concentration limits embedded in the RAS.
Secured financing and revolving credit facilities (less liquid assets)	Execution only with top-tier international counterparties.
	Limits by counterparty.
Exposure to hedging counterparties	Execution under market-standard International Swaps and Derivatives Association ("ISDA") documentation with major counterparties; daily margining. All Interest rate swaps are cleared through Eurex which limits counterparty risk.
	All hedging instruments are highly liquid and based on easily observable market data.
Lending to local corporate customers	Malta corporate lending is extended against tangible collateral, notably residential and commercial real estate, subject to prudent haircuts and contractual covenants.
Encroachment (Group effects a foreign-currency client payment before euro funds have cleared)	Exposure very short-term in nature.

Counterparty credit risk

The CRR defines CCR as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.

Limits on counterparty exposure are established by the MCC. Such limits relate to net exposure, after application of cash (and cash equivalent) collateral, as provided in industry-standard documentation such as the ISDA and GMRA agreements, and the Group Credit Policy.

The Group has not established any accounting provisions in relation to CCR.

Credit risk quantification and assessment

The Group adopts the standardised approach to credit risk as outlined in the CRR in order to apply its capital requirement for credit risk.

Besides allocating capital against its Pillar 1 risks that are based on the Group's accounting records, the Group carries out an assessment of any additional capital that is necessary to be set aside in order to withstand economic effects of risk-taking activities based on a capital add-on to the Pillar 1 capital requirements. This assessment is carried out at least on an annual basis as part of the ICAAP.

Credit risk management and control

The Group's lending activities are governed by the Group credit risk policy and associated credit frameworks, covering the international corporate lending portfolio, securities portfolio, securitisation portfolio (including AAA Collateralised Loan Obligation ("CLO") and AAA ABS investments), the Maltese Corporate lending portfolio and the Dutch, Belgian and Maltese Mortgages portfolios. The Group's Corporate Credit Framework, the Credit Risk Policies and procedures are applied uniformly across the Group and its subsidiaries.

The Group's Credit Framework sets out a series of controls on how the Group mitigates its credit risk, covering:

- Credit governance;
- Credit approvals;
- Credit classifications and staging criteria;
- Credit monitoring;
- Deteriorating credits and forborne exposures; and
- Non-performing and default exposures.

All portfolio specific credit policies are approved by the CRO and overseen by the BRCC. At minimum, all credit policies incorporate the following credit risk themes:

- asset restrictions and definitions, including minimum credit quality, permitted obligor domiciles as well as any required structural features such as seniority or collateral type;
- any limits, restrictions or conditions to the MCC's or delegated approval authority;
- proposed credit monitoring processes and frequency;
- any specific provisioning approaches over and above the Group's standard credit provisioning policy (incorporating the accounting principles of IFRS 9), including the treatment of non-performing, default and forborne loans; and
- documentation standards, including in particular the expected contents of credit memorandum and the extent (in respect of obligors with a public credit rating) to which third-party credit ratings may be used as a substitute for, or support the business unit's own analysis.

The Group also operates with a Management Credit Committee ("MCC") that is responsible for approving credit and investment recommendations and making other credit and investment decisions within its authority as delegated by the Board. Its purpose is to approve credit and investment recommendations and oversee the credit and investment strategies and objectives of the Group's lending portfolios.

As part of the Group's robust approach to credit risk management, the Group ensures that close and continuous oversight of each of its respective lending and securities portfolios is undertaken.

The Risk Management Function (2nd LOD) is responsible for ensuring that all significant credit risks are appropriately being identified and managed by the respective business functions (1st LOD) and clearly incorporated into the Group's risk management and reporting framework. Additionally, the risk management function is responsible for overseeing that appropriate monitoring of the credit performance of each lending portfolio, including, amongst other things, monitoring portfolio risk and concentration risk, monitoring credit quality trends and provision levels and reviewing and taking appropriate action in connection with any violations of credit limits and policies.

The CRO assigns ownership and responsibility for the monitoring of such risks and is responsible for ensuring that adequate controls are in place to ensure that risk management is in compliance with regulatory requirements and with the Group's risk appetite as approved by the Board of Directors.

In addition to allocating specific concentration limits for all Malta asset portfolio it manages, the Group employs various quantitative credit risk metrics to monitor its lending portfolios, including:

- Single name limits;
- Portfolio limits;
- Leverage limits; and
- Incremental lending limits.

Retail Lending:

- Single name concentration;
- Loan-to-Value ("LTV") at origination; and
- Debt service to income ratio at origination, amongst others.

The Group's credit policy outlines the Group's approach to identifying non-performing, impaired and default exposures, as well as provisioning and write-off criteria as defined in accordance with EBA Guidelines Article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 ("Regulation (EU) No 575/2013"), the ECB guidance to banks on non-performing loans (March 2017) and the EBA report for non-performing and forborne exposures (EBA/GL/2018/06).

The Group is required to identify NPEs and to assess the recoverability of the recognised exposure. Assessment is made at an obligor (rather than facility) level. This implies that in those cases where a particular debtor has multiple facilities with the Group, the Group considers whether there are indications of unlikeliness to pay at the level of the debtor, irrespective of the different levels of losses that can be incurred in respect of the different facilities resulting from different levels of seniority. Therefore, the Probability of Default ("PD") is measured at the level of the debtor, while the Loss Given Default ("LGD") measures the loss incurred by the different tranches.

The governance of assessing NPEs and Default triggers is undertaken as part of the ongoing credit monitoring processes. Where NPEs or Default indicators are observed, immediate assessment by the respective MCC is required and a ratification of the internal credit classification conducted.

In accordance with the definition of defaulted exposures, provided under Article 178 of the CRR, the Group identifies a "default" where a financial asset is 90-days past due its contractual repayment for any material amount. However, the Group relies on the definitions of "Unlikeliness-to-Pay" for additional default criteria in terms of article 178 (3) of the CRR, which aligns closely with the definition of NPEs specified above.

Where a non-performing or default trigger has been identified and applied to a financial asset, the obligor's related facilities must also be assessed to determine whether they are also impaired for the same reason and/or are unlikely to pay.

Collateral valuation

LTV limits are applied to any credit extended to real estate related transactions or where real estate is pledged as collateral, given that underlying asset values can be subject to market volatility. LTV limits are defined for retail mortgages across Belgium and the Netherlands, reflecting the different risks associated with the portfolios, in line with market standards.

The Group is active in the Belgian Residential Mortgage Loans market through a collaboration with Allianz Benelux ("AZB"), acting as Lender of Record ("LoR"). In its role as the LOR, AZB formulates guidelines regarding the minimum requirements for collateral valuations ("Onroerende Goederen Waardebepaling Richtlijnen"). The market approach is the primary valuation method, supported where relevant by the cost or income approach depending on the property type and availability of market data. All property valuations are performed on site by an approved appraiser. The drafting and management of a list of appraisers also falls under the responsibility of AZB. Valuation reports have a maximum validity of 12 months.

Revaluations are performed quarterly for all properties serving as collateral by indexing the original on-site valuation to Statbel's (Belgian statistical office) most recent median transaction prices, segmented by province and by property type (houses vs apartments).

The Group is active in the Dutch residential Buy-to-Let Mortgage market through a collaboration with Build Finance, acting as LOR. Receivables ("participating loans") are acquired through silent assignment. In its role as the LOR, Build formulates guidelines regarding the minimum requirements for collateral valuations ("Beleidskader Kredietacceptatie"). The primary valuation method is the Net Initial Yield (NAR) approach, which is based on market rent and capitalization yields derived from comparable transactions; where relevant, a Discounted Cash Flow ("DCF") analysis is also used to support the valuation. All property valuations are performed on site by an approved appraiser. Every appraiser is registered with the Dutch Register of Real Estate Appraisers (NRVT) in the Commercial Real Estate section and is committed to complying with the NRVT regulations. Valuation reports have a maximum validity of 6 months.

Build conducts quarterly indexation of all properties using the regional Corop WWS-based index. The indexed property values are reported to the bank together with the corresponding Indexed LTV ratio.

In addition to quarterly indexation, full revaluations are performed every three years for specific asset classes, including commercial real estate, non-self-contained residential units, and unsplit properties with an original valuation above €3 million. A new valuation is also required at loan renewal or when loan terms are amended, where the most recent report is older than one year. Build may require earlier or more frequent revaluations if market conditions materially change or if other risks indicators justify such action.

The Group is active in the Dutch residential (owner occupied) mortgage loan market through a collaboration with Blauwtrust Group, acting as LOR via its subsidiary HollandWoont. Receivables ("participating loans") are acquired through silent assignment. In its role as the LoR, HollandWoont formulates the minimum requirements for collateral valuations. Collateral valuations must comply with NHG standards. The NHG criteria stipulate that the value of a dwelling must be established by a valuation report issued by a certified valuation institution. This valuation report may not precede the date of the binding offer for the loan by more than six months. Three types of valuation reports are accepted in the underwriting process of NHG-backed mortgage loans: a valuation by a qualified appraiser, a desktop valuation or a building and purchase agreement in the context of newly built properties. In the case of a validated valuation, the Netherlands Woning Waarde Instituut (the Dutch Property Value Institute) assesses whether the appraiser and the valuation report meet the established guidelines. Once the valuation report has been approved, the report receives a unique code and the appraiser is no longer able to adjust the report without permission from the institute. In a desktop valuation, the mortgage amount may not exceed 90% of the market value. NHG only considers the lower of the collateral value and the purchase price of the property to mitigate the impact caused by inaccurate collateral valuation.

The value of the dwellings of the portfolio is reviewed on a quarterly basis through an automated indexation method. Indexation is based on Governmental data developed for this purpose on a regional basis (regional NUTS3 average WOZ value).

The market value of the collateral is based on an assessment carried out by the lending unit to determine whether the 'market value' of the collateral is the best estimate of the net realisable value of the said asset. The unit assesses the valuation in the context of market impact of liquidation of the said collateral on liquidity, buy-sell spread and market float of the same class of assets. For immovable property, forced sales discounts are applied to reflect the particular characteristics and conditions of the local market (e.g. type of property, time factor to realise collateral and location) so as to arrive at the best prudent estimate of the realisable value of the collateral.

For the other lending portfolios where the lending is underwritten directly by the Group, haircuts are applied in respect of the property valuation carried out by the independent valuer determined on a case-by-case basis and taking into account particular characteristics such as expertise and experience, valuation/s of similar collateral and, locations and conditions of property as stipulated in the Group's collateral policy. Haircuts are applied to arrive at the best prudent estimate of the realisable value of the collateral and are documented in the credit memorandum together with an explanation of the suitability of chosen haircut. The haircut is discussed and ratified at the MCC. Different collateral haircuts apply to the same collateral type for the retail mortgages portfolios.

The value of collateral that is commercial real estate is monitored at least annually, while the value of RRE is reviewed once every three years. The value is monitored through local Property Price Indices as well as by gauging asking prices of similar properties available on the market.

For individually significant loans, including but not limited to those exceeding €3 million or 5% of the Group's own funds, the value of the property securing such loans shall be reviewed by an independent valuer at least every three years.

If the market is subject to significant changes in conditions and publicly available information indicates that the value of the property may have declined materially relative to general market prices, an update of the valuation of the collateral shall be required.

2.4.2 Capital adequacy

(Article 438 CRR)

Capital adequacy is a measure of the financial strength of the Group. This is usually expressed as a ratio of its Common Equity Tier 1 Capital ("CET1") capital, Tier 1 Capital (Tier 1), or its Total Capital (Tier 1 + Tier 2 capital) to its total RWAs.

Capital adequacy requirements have increased in importance as regulators seek to ensure that banks and financial institutions have sufficient capital to keep them out of difficulty, even during periods of heightened cyclicality. The Group has always sought to maintain an appropriate level and quality of capital to support its prudential requirements with sufficient contingency to withstand severe but plausible stress scenarios.

The Group and its subsidiaries are subject to prudential requirements under the ECB SREP and are bound by the terms of the capital requirements outlined within the SREP decision. The Group's management has a significant level of control and oversight over its capital ratios. It uses the capital base as its main constraint for curbing asset growth in reaction to market changes whilst aiming to strike an appropriate balance between risk and sustainable returns.

The Group has developed an ICAAP to consider the capital required given its businesses and risk profile, both from a normative and economic perspective. This is defined by sound, effective and comprehensive strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that the Group considers adequate to cover its nature and level of risks to which it is or might be exposed to.

The Group's ICAAP is aligned with regulatory requirements, as well as best commercial and governance practice, and are demonstrated through the Group's internal reporting.

The Group's risk appetite covers capital adequacy and has established a number of RALs and KRIs in order to manage and monitor this risk. Actual performance is monitored against these pre-set limits and are disclosed in the daily, weekly and monthly risk reports.

The Group actively monitors the following capital ratios and leverage ratios, allocating specific risk appetites supported by quantitative RALs. The ratios below represent the capital metrics the Group is willing to commit to limiting its appetite to:

- CET1 ratio;
- Tier 1 capital ratio;
- Total capital ratio;
- Leverage ratio; and
- Minimum Requirement for Own Funds and Eligible Liabilities ("MREL").

The Group has no appetite for breaches of the formal minimum capital ratios as set out by the Governing Council of the ECB under Article 26(8) of Council Regulation (EU) No 1024/2013 of 15 October 2013 (“Regulation (EU) No 1024/2013”), pursuant to Article 16 of Regulation (EU) No 1024/2013, to fulfil the prudential requirements and comply with the Pillar 2 requirements. In addition, the Group has no appetite for breaching minimum capital requirements as part of the SREP process and designed to supplement any of these measures with institution specific (Pillar 2) capital.

The Group has zero tolerance for breaching its Overall Capital Requirement (“OCR”) plus the Pillar 2 Guidance (“P2G”) as a result of actions that are within its control. The Group additionally has a very-low risk appetite for breaching its OCR in stressed conditions, although it accepts that in sufficiently adverse scenarios, it might not be able to meet its P2G and combined buffer requirements. The Group therefore ensures that an adequate management buffer is in place to allow it to comply with the OCR and P2G in business-as-usual conditions, and to stay above its Total SREP Capital Requirement (“TSCR”) under adverse conditions. The Group adopts very stringent procedures and processes to ensure that these minimum requirements are met, and it has therefore set RALs above its OCR and P2G.

Moreover, under the Basel III framework, banks must meet a 3% leverage ratio minimum requirement at all times. The Group has maintained a Leverage Ratio above the Basel III minimum and its Leverage Ratio P2G.

The Group has no appetite of breaching its MREL requirements and will hence monitor its MREL position to ensure it is able to manage MREL compliance on a forward-looking basis and ensure clear and timely communication to the resolution authority to support the Group’s resolvability.

2.4.3 Liquidity and Funding risk

<u>Liquidity risk management strategies and processes</u> *(Article 435 (1) (a) CRR) (EU OVA & EU LIQA)*

Liquidity risk is the risk of the Group being unable to generate sufficient funding resources to meet financial obligations as they fall due in business as usual and stress scenarios. Funding risk arises from higher funding costs or lack of availability of funds.

The Group’s liquidity risk management principles are documented in the Liquidity Risk Management Policy. The Liquidity RMF defines the related roles and responsibilities, liquidity and funding risk appetite and escalation process, KPIs, risk management techniques and how it is integrated within risk management and decision making of the Group. It covers the oversight of liquidity risk across business lines and legal entities, risk analysis of the composition and maturity of assets and liabilities, oversight of intraday liquidity management and risk assumptions on the liquidity and marketability of assets.

<u>Policies for hedging and mitigating liquidity risk</u> *(Article 435 (1) (d) CRR) (EU OVA & EU LIQA)*

The Group actively manages stable and efficient access to funding and liquidity to support its ongoing operations. The Group’s appetite for liquidity and funding risk is embedded through the Liquidity RMF and Policy, which stipulates the funding restrictions of the Group, and the approval thresholds for usage of certain funding instruments.

Liquidity and funding RALs inform the Group of the potential for, or an actual deterioration of its capacity to meet its current and foreseen liquidity and funding needs. In addition, certain liquidity risk appetite metrics measure and oversee the contingency funding capacity and availability of such management actions, in order to assess and oversee that the Group has appropriate liquidity buffers in place to mitigate both adverse and severe liquidity scenarios.

The ALCO is responsible for the development and update of the hedging strategy which takes into consideration the Bank’s funding and liquidity strategy. The process is supervised by the risk function to assess the appropriateness of the hedging strategy.

<u>Liquidity risk management structure and organisation</u> *(Article 435 (1) (b) CRR) (EU OVA & EU LIQA)*

Liquidity risk identification

The Risk Management Function is responsible for designing the RAS that is presented for discussion and challenge by the BRCC members, and ultimately approved by the Board of Directors. This process leads to the creation of granular liquidity RALs that are monitored across the internal functions of the Group. Notification and escalation processes are in place in order to ensure timely and adequate flow of information up to Committee and Board levels.

The Group makes use of RCSAs to identify, document and assess its key risk and controls, as is clearly described within the Group’s Risk Register. This bottom-up approach to risk identification is also applied to liquidity risks across the Group. The RCSA results are then used to help identify KRIs and define risk appetite metrics.

The Group has identified the following risk drivers related to liquidity:

- *Retail funding risk:* The risk of a potential demand on liquidity from customer deposit flight;
- *Wholesale funding risk:* The risk that wholesale funding is reduced or withdrawn suddenly;
- *Off balance sheet risk:* The risk of an unexpectedly heavy series of utilisation on committed undrawn credit facilities or unexpected volume of collateral required to be posted as variation margin;
- *Maturity mismatch:* A mismatch occurs as banks borrow short-term and lend on a much longer-term basis. This mismatch can become more pronounced under conditions of stress as counterparties might require roll-over at shorter maturities;
- *Currency mismatch:* Liquidity risk exposures arising from the use of foreign currency deposits to fund domestic currency assets as well as the funding of foreign currency assets with domestic currency;
- *Intraday liquidity risk:* The risk that the Group is unable to meet payment obligations at the time expected, thereby affecting its own liquidity and that of other parties;

- *Intragroup liquidity risk:* The risk that the entity that provides funding to another entity may be unable to continue providing this funding;
- *Contingency liquidity risk:* The risk of not having enough contingency funding options in stressed situations. It is also, the risk that assets cannot be sold in the market quickly or only by incurring a heavy discount, or the risk that funding cannot be raised against these assets, and the risk that committed funding lines are impacted/reduced/with higher haircuts;
- *Short-term liquidity risk:* The risk of an inadequate level of assets with the potential to be used as collateral or are eligible at central banks and as such may potentially be additional sources of liquidity; and
- *Funding concentration risk:* The risk that the Group is overly reliant on one/small number of funding sources or tenor/structure.

Liquidity risk quantification and assessment

Following the identification of liquidity and funding risks, the Risk Management Function performs a risk analysis to assess the significance and likelihood of these risks. The Group's assessment of risks to liquidity and funding is primarily done through the ILAAP.

For the ILAAP, the Group models liquidity stress scenarios on the basis of idiosyncratic, market-wide, and combined idiosyncratic and market-wide narratives. This also forms part of the Group's risk reports. The Group has also extended the range of liquidity stress scenarios in order to explore in more detail the range of liquidity sensitivities the Group may experience in stress scenarios.

Principle 12 in the BCBS "Principles for Sound Liquidity Risk Management and Supervision" requires banks to maintain a cushion of unencumbered, High-Quality Liquid Assets ("HQLA") to be held as insurance against a range of liquidity stress scenarios. The outcome of the liquidity stress testing is used to determine this cushion or liquidity buffer. In relation to this, the Group has a Survival Period Risk Appetite Limit which requires the Group and its subsidiaries to maintain a cushion of cash and unencumbered HQLAs in order to withstand a targeted length of stress without needing to resort to other sources of contingency funding to maintain a positive cash position. Furthermore, the Group also has in place a Risk Appetite Limit for the ratio of unencumbered assets eligible for central bank funding to non-maturing deposits as well as Risk Appetite Limit for the ratio of its unencumbered counterbalancing capacity to net liquidity outflows over one year. These three metrics have been calibrated utilising stress testing in order to ensure adequate levels of contingencies against liquidity and funding vulnerabilities.

In line with Principle 17 in the BCBS guidelines, the Group is also required to maintain a prudent funding structure drawn from diverse funding sources in the short-, medium- and long-term. The Group's funding plan provides a detailed description and quantitative overview of the various funding sources. The Group has also in place a liquidity contingency funding plan that identifies the various funding sources that the Group can rely on during a distressed situation.

An analysis of asset encumbrance is also an important consideration and is critical to assess the ability of the Group to handle funding stress, and its ability to switch from unsecured to secured funding under stressed conditions.

Mismatching of assets and liabilities, and currencies may also lead to a degree of liquidity risk.

The Group has in place a Liquidity RMF and Policy, that are complemented by other policies such as the Stress Testing Policy, the Liquidity Contingency Plan Policy, the Risk Appetite Policy and the ICAAP and ILAAP Policy. These policies set the standards and rules around liquidity risk management for the Group. By definition, they provide a cornerstone of the Group's Risk Management Controls.

Funding strategy

The Group's funding profile has evolved over the years from a reliance on wholesale funding to deposit funding. The evolution of the funding profile was, in part, a result of a strategic shift on the asset side of the balance sheet. The Group's intention going forward is to remain mainly deposit funded as it gives more long-term stability to the Group. In 2020, the Group entered into its diversification strategy by adding on balance sheet securitisation as part of the funding plan of the new asset class - Nationale Hypotheek Garantie ("NHG") mortgages, as well as developing a broader range of wholesale funding options for contingency funding capacity. MeDirect Belgium entered into four Dutch residential mortgages securitisations to serve as a long-term funding source through the sale to third parties or as collateral that is posted with the NBB as a potential source of contingency central bank funding if required. Other funding sources such as repo facilities and third-party warehouse lines on mortgages may also be used as bridging instruments to deposits or securitisation in the short to medium-term. The Group considers bilateral repurchase agreements (i.e. not executed via Eurex) and central bank facilities as alternative sources of funding, which are not intended to be utilised extensively under business-as-usual conditions.

For liquidity management purposes, the Group's balance sheet, both assets and liabilities, is managed on a day-to-day basis by the Treasury and Asset and Liability Management ("ALM") function, under the leadership of the Group and MeDirect Belgium Chief Financial Officers ("CFOs"). The Group's funding strategy is that management of its day-to-day liquidity position should not require actions that potentially compromise its medium-term or long-term objectives.

The Group establishes a funding strategy that provides effective diversification in the sources and tenor of funding. The Group diversifies available funding sources in the short-, medium- and long-term as part of its funding plan, in conjunction with its budgeting and planning processes. The Group's funding plan takes into account correlations between sources of funds and market conditions.

The Group's funding strategy for business-as-usual activities is facilitated by maintaining a positive funding gap and by monitoring the Group's maturity ladder, which is used by the Group to determine the availability of liquid assets to meet the liquidity gaps across a range of time buckets. The Group ensures it maintains a significant buffer of HQLAs that can be readily converted into cash or are eligible to be pledged as collateral in order to raise wholesale repo funding to meet liabilities as they fall due. Additionally, the Group may choose to widen the composition of its contingency buffer to hold other unencumbered liquid assets which can be sold or used as collateral without resulting in excessive losses or discounts.

Liquidity risk management buffers

The Group's Liquidity Risk profile is also a key consideration of the Group's RALs and KRIs. The Group controls the appetite it is willing to accept in terms of liquidity risk by ensuring adequate management buffers exist, in conjunction with early notification thresholds, to help avoid the Group taking on liquidity risk outside of its agreed risk appetite. These liquidity management buffers are additionally embedded into the Liquidity and Funding RAS to ensure regular oversight is in place.

Liquidity stress testing and Contingency funding planning

In conjunction with the above controls, the Group's Risk Management Function performs regular stress testing of its liquidity profile, as well as the availability and viability of contingency funding options through both its ILAAP and monthly risk report each month. These reinforce the Group's oversight of liquidity risk, by not only focussing its risk reporting on the 'current' state, but also providing regular and timely reporting of the potential 'stress' liquidity profile of the Group. The monthly risk reports are also a standing agenda item at Executive level for the Group's ALCO and BRCC.

Liquidity risk governance

The Group's overall liquidity and funding position is managed in the normal course of business by its Treasury and ALM team, under the oversight of the ALCO, the ERMC and the BRCC.

The Group's Risk Management Function ensures that all liquidity risks are identified, measured, overseen and appropriately reported. Additionally, the Risk Management Function has the responsibility of defining potential adverse liquidity scenarios that should be considered for assessing the Group's exposure to these scenarios and for assessing the effectiveness of contingency funding plan measures. Risk is also responsible for ensuring that all significant risks related to liquidity are appropriately identified and clearly incorporated in the Group's risk management and reporting framework. The Group's Risk Management Function is actively involved in all material risk management decisions and is adequately structured to deliver a holistic view of the whole range of risks faced by the Group in its strategic decision-making. Analysis of liquidity risk is the joint responsibility of the Group's ALM and Risk functions under the oversight of the ALCO and of the BRCC.

<u>Scope and nature of liquidity risk measurement and reporting system</u> *(Article 435 (1) (d) CRR) (EU OVA & EU LIQA)*

The Group's intention is to be able to adhere to its RALs as well as satisfy any regulatory or statutory minimum liquidity requirements even during times of stress. The Group also seeks to project key liquidity ratios forward through time. While acknowledging that the principal liquidity ratios cover a range of time horizons from one day to one year, the Group does not solely rely on the regulatory liquidity ratios to ensure it has adequate liquidity when these ratios are above their minimum regulatory levels. In part, this reflects the fact that the Group's own assumptions on deposit withdrawal or haircuts may differ and are generally more conservative than those mandated by the LCR and NSFR.

Consistent with its practice in other areas of risk analysis and reporting, and also consistent with Principle 10 of Basel's "Principles for effective risk data aggregation and risk reporting", the Group performs and reports on these projections monthly, to allow for in-depth review and analysis at ALCO and the BRCC. Reliable management reporting provides the EXCO and the Board with timely and forward-looking information on its liquidity position. Reporting of risk measures is done on a frequent basis and compares current liquidity exposures to established limits to identify any emerging pressures and limit breaches.

The Group has in place a number of quantitative risk appetite metrics and KRI to be able to monitor liquidity risk:
- LCR;
- NSFR;
- ECB-Eligible Assets/NMDs;
- Counterbalancing Capacity/Net Contractual Outflows in 1 Year;
- Survival Period (Adverse/Extreme);
- Net Deposit Outflows in 1 day and over 1 week; and
- Encumbrance Ratio.

MeDirect Malta and MeDirect Belgium are subject to liquidity regulatory requirements and other restrictions such as those emanating from the large exposures framework that may limit their ability to transact with affiliates. Thus, the ability of the Group to transfer liquidity between entities is subject to regulatory restrictions, which may limit the availability of liquidity for the Group as a whole.

The Group will at all times ensure that it is in full compliance with all applicable regulatory requirements.

<u>Qualitative information on LCR</u> *(Article 451a CRR) (EU LIQB)*

The Liquidity Coverage Ratio

The LCR is intended to promote the short-term resilience of a bank's liquidity risk profile over a 30-day stress scenario. The ratio is defined as the amount of HQLA that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both contractual and modelled exposures, in a stress scenario.

This requirement has been implemented into European law, via the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 ("Regulation (EU) 2015/61").

All items in the Group's LCR calculation have been included in the EU LIQ1 table.

Funding and liquidity sources

In line with Principle 17 in the BCBS guidelines, the Group's objective is to maintain a prudent funding structure drawn from diverse funding sources in the short, medium and long-term. Potential funding sources may include, but are not limited to:

- Deposits from retail and corporate customers;
- Bond issuance, either secured (for example through Residential mortgage-backed security ("RMBS") structures), senior unsecured or subordinated;
- Issuance of capital instruments;
- Interbank funding (either secured, for example through repo or Total Return Swaps, or unsecured); and
- Central bank funding (although it is the Group's strategy not to rely on the Central Bank for funding in the normal course of events, but instead only used as a secondary source of financing).

Each subsidiary manages its own capital and liquidity position in a manner consistent with its own strategy and planned business growth and with local regulatory requirements, and within the context of the group-level strategy. Capital or liquidity requirements that are necessary to support planned growth, rather than arising from the subsidiary's current position, will normally be determined by the subsidiary's Board itself as part of the subsidiary's budgeting process. If the subsidiary's Board determines that an increase in the entity's capital or intercompany borrowing is desirable, either to address current weakness or to support future growth, then it would request such an increase from MeDirect Malta.

The Group generates the majority of its deposit growth through MeDirect Belgium. MeDirect Belgium holds its liquidity reserve with MeDirect Malta, the NBB and correspondent banks. MeDirect Malta is provided liquidity from MeDirect Belgium through interbank deposit balances; however, intragroup liquidity management is thereby constrained due to the application of Large Exposure Rules under Articles 387-403 of the CRR.

MeDirect Malta also used deposit platforms to originate additional deposit funding capacity. The vast proportion of the deposits raised are 12-month fixed term deposits, therefore adding longer-term funding stability to both the Group and MeDirect Malta. This funding represents a small proportion of the Group's total funding but it conforms MeDirect's ability to avail from relatively easily accessible and flexible source of funding.

Derivative exposures

With respect to derivatives, as noted in the table EU LIQ1, as part of the Group's liquidity outflows, an amount is included in relation to additional liquidity outflows corresponding to collateral needs from the impact of an adverse market scenario on derivative transactions, as required in Commission Delegated Regulation (EU) 2017/208 of 31 October 2016 ("Regulation (EU) 2017/208"). This amount corresponds to the largest absolute net 30-day collateral flow realised during the 24 months preceding the reporting date of the LCR calculation.

Currency mismatch in the LCR

The Group LCR is calculated for Euro which has been identified as significant currency (having liabilities >5% of total group liabilities excluding regulatory capital and off-balance sheet liabilities, with approximately 98% of total liabilities being in Euro) in accordance with the Regulation (EU) 2015/61. In this respect, the LCR Regulation only requires the LCR to be met on a total currency basis, and is not required to be met on a currency-by-currency basis.

Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

The Pillar 3 disclosure obligations require Banks to disclose the 12 months rolling averages each quarter. Nothing else is considered relevant for disclosure.

Quantitative information on LCR (Article 451a CRR)

The following table provides an analysis of the data points used in the calculation of the LCR:

EU LIQ1 - Quantitative information of LCR

Amounts in €millions		Total unweighted value (average)				Total weighted value (average)			
		a. T	b. T-1	c. T-2	d. T-3	e. T	f. T-1	g. T-2	h. T-3
EU 1a. Quarter ending on:		31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2025	30 September 2025	30 June 2025	31 March 2025
EU 1b. Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
1. Total high-quality liquid assets (HQLA)						879	857	850	836
CASH – OUTFLOWS									
2. Retail deposits and deposits from small business customers, of which:		3,737	3,664	3,577	3,470	339	328	312	298
3. Stable deposits		45	9	8	8	2	-	-	-
4. Less stable deposits		3,148	3,075	2,970	2,875	337	328	312	298
5. Unsecured wholesale funding		141	147	144	137	79	86	81	75
6. Operational deposits (all counterparties) and deposits in networks of cooperative banks		-	-	-	-	-	-	-	-
7. Non-operational deposits (all counterparties)		141	147	144	137	*79*	*86*	*81*	*75*
8. Unsecured debt		-	-	-	-	-	-	-	-
9. Secured wholesale funding						10	9	7	6
10. Additional requirements		257	248	235	223	90	91	87	84
11. Outflows related to derivative exposures and other collateral requirements		*53*	*55*	*51*	*49*	*53*	*55*	*51*	*49*
12. Outflows related to loss of funding on debt products		-	-	-	-	-	-	-	-.
13. Credit and liquidity facilities		*204*	*194*	*184*	*175*	*37*	*36*	*35*	*35*
14. Other contractual funding obligations		33	43	43	42	27	37	37	36
15. Other contingent funding obligations		-	-	-	-	-	-	-	-
16. TOTAL CASH OUTFLOWS						546	551	524	499
CASH – INFLOWS									
17. Secured lending (e.g. reverse repos)		-	1	1	1	0	1	1	1
18. Inflows from fully performing exposures		54	64	60	63	51	61	57	60
19. Other cash inflows		3	4	8	8	1	2	6	6
EU-19a. (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)						-	-	-	-
EU-19b. (Excess inflows from a related specialised credit institution)						-	-	-	-
20. TOTAL CASH INFLOWS		57	69	69	73	51	63	63	67
EU-20a. Fully exempt inflows		-	-	-	-	-	-	-	-
EU-20b. Inflows subject to 90% cap		-	-	-	-	-	-	-	-
EU-20c. *Inflows subject to 75% cap*		57	69	69	73	51	63	63	67
TOTAL ADJUSTED BUFFER									
21. LIQUIDITY BUFFER						879	857	850	836
22. TOTAL NET CASH OUTFLOWS						495	488	461	432
23. LIQUIDITY COVERAGE RATIO						178%	176%	186%	196%

In accordance with Regulation EU 2019/876 of the European Parliament, the LIQ 1 table represents the average of the previous twelve month-end balances for each reporting date. As such therefore, the LCR values reported in this table do not represent the point-in-time ratios at the end of each period.

The Net Stable Funding Ratio

The NSFR requires banks to maintain a stable funding profile in relation to their on- and off- balance sheet activities. The ratio is defined as the amount of Available Stable Funding (the portion of capital and liquidities expected to be a stable source of funding), relative to the amount of Required Stable Funding (a function of the liquidity characteristics of various assets held).

The following tables provide an analysis of the data points used in the calculation of NSFR.

EU LIQ2: Net Stable Funding Ratio

As at 31 December 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	158	-	-	145	302
2. Own funds	*158*	*-*	*-*	*145*	*302*
3. Other capital instruments		*-*	*-*	*-*	*-*
4. Retail deposits		3,642	145	101	3,520
5. Stable deposits		*206*	*24*	*8*	*227*
6. Less stable deposits		*3,435*	*121*	*93*	*3,293*
7. Wholesale funding:		370	300	319	555
8. Operational deposits		*-*	*-*	*-*	*-*
9. Other wholesale funding		*370*	*300*	*319*	*555*
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	11	277	-	-	-
12. NSFR derivative liabilities	*11*				
13. All other liabilities and capital instruments not included in the above categories		*277*	*-*	*-*	*-*
14. Total available stable funding (ASF)					**4,378**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					180
EU-15a. Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16. Deposits held at other financial institutions for operational purposes		-	-	-	-
17. Performing loans and securities:		123	43	3,469	2,712
18. Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		*-*	*-*	*-*	*-*
19. Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		*58*	*-*		*6*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*41*	*23*	*1,374*	*608*
21. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*-*	*-*	*-*	*-*
22. Performing residential mortgages, of which:		*24*	*20*	*1,706*	*1,767*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*30*	*31*	*2,274*	*1,658*
24. Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		*-*	*-*	*389*	*331*
25. Interdependent assets		-	-	-	-
26. Other assets:	-	448	2	76	376
27. Physical traded commodities				*-*	*-*
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		*-*	*-*	*5*	*5*
29. NSFR derivative assets		*177*	*-*	*-*	*177*
30. NSFR derivative liabilities before deduction of variation margin posted		*11*	*-*	*-*	*1*
31. All other assets not included in the above categories		*259*	*2*	*70*	*193*
32. Off-balance sheet items		309	-	-	16
33. Total RSF					**3,284**
34. Net Stable Funding Ratio (%)					**133.33%**

As at 30 September 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	168	-	-	141	309
2. Own funds	*168*	-	-	*141*	*309*
3. Other capital instruments		-	-	-	-
4. Retail deposits		3,517	141	89	3,382
5. Stable deposits		*11*	-	-	*11*
6. Less stable deposits		*3,506*	*140*	*89*	*3,371*
7. Wholesale funding:		405	295	319	547
8. Operational deposits		-	-	-	-
9. Other wholesale funding		405	295	319	547
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	19	215	-	-	-
12. NSFR derivative liabilities	*19*				
13. All other liabilities and capital instruments not included in the above categories		215	-	-	-
14. Total available stable funding (ASF)					**4,238**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					196
EU-15a. Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16. Deposits held at other financial institutions for operational purposes		-	-	-	-
17. Performing loans and securities:		137	43	3,491	2,737
18. Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19. Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		*44*	-	*42*	*46*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*40*	*21*	*1,260*	*514*
21. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22. Performing residential mortgages, of which:		*24*	*21*	*1,759*	*1,797*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*28*	*32*	*2,336*	*1,698*
24. Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		*29*	-	*430*	*380*
25. Interdependent assets		-	-	-	-
26. Other assets:	-	503	1	105	423
27. Physical traded commodities				-	-
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	*5*	*5*
29. NSFR derivative assets		*159*	-	-	*159*
30. NSFR derivative liabilities before deduction of variation margin posted		*19*	-	-	*1*
31. All other assets not included in the above categories		*325*	*1*	*99*	*258*
32. Off-balance sheet items		354	-	-	19
33. Total RSF					**3,374**
34. Net Stable Funding Ratio (%)					**125.60%**

As at 30 June 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	150	-	-	129	279
2. Own funds	*150*	-	-	*129*	*279*
3. Other capital instruments		-	-	-	-
4. Retail deposits		3,428	129	91	3,293
5. Stable deposits		*11*	-	-	*11*
6. Less stable deposits		*3,416*	*129*	*91*	*3,281*
7. Wholesale funding:		410	22	611	699
8. Operational deposits		-	-	-	-
9. Other wholesale funding		*410*	*22*	*611*	*699*
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	25	207	-	-	-
12. NSFR derivative liabilities	*25*				
13. All other liabilities and capital instruments not included in the above categories		*207*	-	-	-
14. Total available stable funding (ASF)					**4,271**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					185
EU-15a. Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16. Deposits held at other financial institutions for operational purposes		-	-	-	-
17. Performing loans and securities:		89	55	3,522	2,858
18. Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19. Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		*40*	-	*33*	*37*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*23*	*34*	*1,301*	*541*
21. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22. Performing residential mortgages, of which:		*26*	*21*	*1,699*	*1,865*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*43*	*31*	*2,303*	*1,785*
24. Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	-	*489*	*415*
25. Interdependent assets		-	-	-	-
26. Other assets:		501	2	105	438
27. Physical traded commodities				-	-
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	*5*	*5*
29. NSFR derivative assets		*156*	-	-	*156*
30. NSFR derivative liabilities before deduction of variation margin posted		*25*	-	-	*1*
31. All other assets not included in the above categories		*320*	*2*	*99*	*276*
32. Off-balance sheet items		305	-	-	16
33. Total RSF					**3,497**
34. Net Stable Funding Ratio (%)					**122.13%**

As at 31 March 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	166	-	-	114	280
2. Own funds	*166*	-	-	*114*	*280*
3. Other capital instruments		-	-	-	-
4. Retail deposits		3,403	114	103	3,268
5. Stable deposits		*9*	*1*	-	*10*
6. Less stable deposits		*3,394*	*112*	*102*	*3,258*
7. Wholesale funding:		235	28	611	704
8. Operational deposits		-	-	-	-
9. Other wholesale funding		*235*	*28*	*611*	*704*
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	21	248	-	-	-
12. NSFR derivative liabilities	*21*				
13. All other liabilities and capital instruments not included in the above categories		248	-	-	-
14. Total available stable funding (ASF)					**4,251**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					189
EU-15a. Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16. Deposits held at other financial institutions for operational purposes		-	-	-	-
17. Performing loans and securities:		102	48	3,465	2,921
18. Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19. Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		*43*	-	*32*	*37*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*40*	*32*	*1,538*	*545*
21. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22. Performing residential mortgages, of which:		*19*	*16*	*1,398*	*1,917*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*31*	*31*	*2,254*	*1,841*
24. Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	-	*497*	*422*
25. Interdependent assets		-	-	-	-
26. Other assets:	-	522	2	96	437
27. Physical traded commodities				-	-
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	*5*	*5*
29. NSFR derivative assets		*166*	-	-	*166*
30. NSFR derivative liabilities before deduction of variation margin posted		*21*	-	-	*1*
31. All other assets not included in the above categories		*335*	*2*	*91*	*265*
32. Off-balance sheet items		254	-	-	13
33. Total RSF					**3,559**
34. Net Stable Funding Ratio (%)					**119.44%**

2.4.4 Business model and strategy risk

The Group defines strategic risk as the risk to both its current and projected financial position resulting from changes in the macroeconomic environments, competitive landscape, regulatory changes, adverse business decisions, poor implementation, lack of resources, processes or technology to deliver product and services. To ensure integration with business strategy, the Group's risk taxonomy is considered and embedded in all strategic decision making and financial forecasting activities. The Group's strategic risk profile is assessed on a forward-looking basis through the Group's strategic planning, ICAAP and stress testing processes, which consider multi-year financial projections, macroeconomic scenarios and potential changes in the competitive and regulatory environment. These assessments evaluate the resilience of the Bank's business model under adverse but plausible scenarios and support the identification of emerging strategic risks and mitigating actions. The forward-looking approach ensures that the strategic risk assessment reflects not only the current risk profile but also the potential evolution of risks over the strategic planning horizon.

Strategic risk is directly linked to the business model of an institution and how effectively the institution manages to translate its budget and forecasts into actual performance. Another consideration is the challenging environment that banks operate in and the various factors that each bank has to face, such as declining margins, loss of market position or customers, and higher costs such as reorganisation costs.

The Group acknowledges that reported earnings inherently carry some level of volatility and sensitivity to macroeconomic conditions. Hence, even though they are not always the best indicator of the Group's performance, they do represent a useful risk metric. As many of the risk factors have inter-dependencies and will be influenced primarily as a result of other risks covered elsewhere in the RAS, KPIs are governed by the Group's Financial KPI Policy.

In addition, the Group's business model is influenced by the ongoing integration with Banka CREDITAS, which introduces both strategic opportunities and execution risks. The transition to a new ownership structure requires effective alignment of operating models, risk frameworks, systems, and governance processes across jurisdictions. Post-transaction execution risk remains during the initial period of integration, particularly in relation to change management, resource allocation, technology harmonisation, and cultural alignment. Moreover, the Group is exposed to external macroeconomic and geopolitical developments, such as persistently high inflation, interest rate volatility, shifts in regulatory priorities, and geopolitical tensions, that may impact strategic planning, funding conditions, customer behaviour, and long-term value creation. These factors are considered within the Group's strategic risk assessment and are incorporated into ICAAP scenario analysis.

The Group's KPIs include what the Group considers to be an adequate range of risk-adjusted-return indicators that are proportionate to the size and business model of the Group. The KPIs are monitored and reported within the Group's monthly financial reporting process and overseen by the Board of Directors. The monitoring of these measures ensures that the business model performance is consistent with the expectations of the stakeholders; to withstand unexpected shocks; and earnings (and cash flows) are consistent with funding strategies.

Different factors that could affect the business model and strategy of the Group are also taken into consideration in the scenario analysis for the ICAAP.

2.4.5 Market risk

(Disclosures related to market risk according to EU MRA)

The Group is exposed to the risk of an adverse change in its financial situation, resulting, directly or indirectly, from fluctuations in the level or volatility of market prices of assets and liabilities and from adverse movements in interest rates, credit spreads and FX rates. This can affect the Group's profitability (i.e. NII) and capital measures.

The Group has a portfolio of securities (held mainly as HQLA) and other low credit risk bearing assets which give rise to the CSRBB. Exposure to movements in securities prices can be decomposed into the exposure to interest rates and to spreads which fluctuate on a daily basis as a result of the changes in the market demand and liquidity for certain securities. Additionally, the Group gathers funds in foreign currencies (other currencies than Euro) that are not always offset, creating a small exposure to the FX liquidity risk in the Group.

The Group does not run a Trading Book and accordingly has limited exposure to market risk in the normal sense that shifts in market variables drive the Group's income. The Group is, of course, not entirely immune to the effects of market movements and manages this exposure accordingly.

Market risk identification, quantification and assessment

The Group assumes three types of market risk, namely:

A) Interest Rate Risk

IRRBB refers to the current or prospective risk to the Group's net Economic Value of Equity ("EVE") and NII earnings arising from adverse movements in interest rates that affect the Group's banking book positions.

Exposure to the IRRBB is differentiated by various sub-categories such as:
- Gap risk (repricing risk);
- Option risk;
- Basis risk; and
- Yield risk (exposure to the parallel and non-parallel interest rate curve shifts).

The Group measures its exposure adopting both contractual and behavioural views (where items without deterministic maturity are assigned certain level of stickiness). The impact of the automatic options embedded in the banking book structure is assessed under ∆NII, ∆EVE and Price Value of a Basis Point ("PV01") sensitivity.

The Group's exposure to interest rate risk arises predominantly from repricing risk emanating from its asset/liability structure. Specifically, a lag exists between the Group's loans which reprice periodically, the mortgage loans portfolio characterised by its long-term structure and its associated hedging portfolio and the term structure of customer deposits. This results in a sensitivity of the EVE and of the earnings affected by the repricing, reinvestment and funding risks.

The exposure to interest rate risk is managed using a hedging strategy involving a series of plain vanilla interest rate swaps, which match the run-off profile of the mortgage portfolio with behavioural prepayment assumptions. There is also the possibility of an impact arising from the mark-to-market value of fixed-rate assets if interest rates were to increase upon realisation. As the balance sheet management strategy is not to realise those investments by setting an adequate liquidity and hedging strategy, the materialisation of this risk in the income statement remains low. The hedging strategy considers exposure to automatic and behavioural options within the banking book, particularly prepayment options and customers' right to withdraw sight deposits. Additionally, the presence of interest rate floors embedded in the majority of the loans enable the Group to mitigate the repricing risk of its asset/liability structure.

Exposure to basis risk is very limited, as the Belgian mortgage lending business only issues fixed-rate loans and the repricing rates of balance sheet positions mostly refer to Euribor rates.

The Group considers the materiality of IRRBB to be relevant enough to assess the level of Internal Capital required to mitigate such risks. This risk is assessed separately within the IRRBB Internal Capital section of the Group's ICAAP.

CSRBB refers to the risk driven by changes in the market perception about the price of credit risk, liquidity premium and potentially other components of credit-risk instruments inducing fluctuations in the price of credit risk, liquidity premium and other potential components, which is not explained by IRRBB or by expected credit/(jump-to-) default risk

The Group quantifies the credit spread through the difference between the security's market yield at the valuation date and the risk free rate, and includes metrics related to the Marked-to-Market value sensitivity to spreads. The credit spread is an important market risk category for the Group given the existence of the securities, mainly held for liquidity purposes which could potentially be used as contingency assets in case of severe liquidity stress. This risk is however mitigated by the high credit quality of these investments, the relatively short-spread duration of those securities and the hold-to-maturity oriented strategy of the Group.

B) FX Risk

The Group is mainly exposed to currency risk from customer deposits in foreign currencies, mainly in GB Pound and US Dollar. The Group ensures that its foreign currency-denominated liabilities are systematically hedged. Any mismatches that arise are monitored closely within strict RALs.

FX risk is not considered sufficiently material to warrant the calculation of EC for Pillar 2 internal capital. The Group's principal deposits and credit portfolio are both concentrated in Euro and the Group's appetite for taking on FX risk is very low. The Treasury function is responsible for maintaining FX risk for unhedged positions within tight limits set out in the RAS of the Group. In substance, in the case of FX risk, the threshold is so tight that the associated EC requirement would be negligible.

C) Credit Valuation Adjustment Risk

Under CRD V/CRR 3, institutions are required to hold additional own funds due to the Credit Valuation Adjustment ("CVA") risk arising from over-the-counter derivatives, thus resulting in an additional capital charge when entering into such trades. This charge is designed to cover losses arising from the situation where a counterparty's financial position would worsen and thereby the market value of its derivatives obligation would decline, even though there is no actual default. Thus, the CVA charge tries to cover the risk of deterioration in the creditworthiness of a counterparty.

Given the negligible level of Pillar 1 capital requirements for CVA, no EC calculation is performed and hence no add-on assigned. The Group has no trading book and no derivatives of the various forms that led to the importance of CVA risk to be recognised.

Market risk management and controls

Treasury, under the oversight of the CFO, are responsible as 1st LOD for managing interest rate risk within the prevailing interest rate risk strategy as set by the ALCO, and subject to internal limits. In order to manage its interest rate risk, the Group may establish trading lines with counterparties that enable it to execute derivatives transactions approved for this purpose.

The Group Risk Management Function owns the IRRBB and CSRBB policy and provides 2nd LOD oversight to ensure the controls are operating adequately and the risk is managed within the Board approved RAL. The Group Risk Management Function is responsible for ensuring that the model is reviewed and validated in accordance with the Group's Model Governance Policy.

The IAF, as 3rd LOD, is responsible for periodic reviews in order to assess and review design, effectiveness and adherence to this policy.

Market risk monitoring and reporting

The Group has established a number of metrics related to IRRBB that are monitored and reported to ALCO on a monthly basis and to the senior management on a weekly basis. Actual performance is assessed against the pre-set limits of these metrics. These metrics are also included in the monthly Group risk management reports that are circulated to the BRCC and Board members.

The Group monitors the following quantitative market risk metrics:

- Primary FX unhedged exposure;
- ∆NII under two regulatory scenarios and eight management scenarios;
- ∆EVE under six regulatory scenarios and four management scenarios; and
- PV01 to Own Funds.

On a monthly basis, the historical evolution of the ΔNII and ΔEVE are examined and reported in the monthly risk pack. The market risk metrics are presented with additional explanatory variables on the variations and sensitive areas to interest rate risks such as maturity and repricing gap analysis and FX unhedged exposure which is marginal.

Although the investments are held at amortised cost (Held-to-maturity), the sensitivity to spread shocks of tradable assets is measured on a periodic basis.

2.4.6 Operational risk
(Article 435 (1) [EU ORA])

Operational risks can arise from all business lines and from all activities which are carried out by the Group. Failure to manage these risks may result in a direct or indirect financial loss, reputational damage, regulatory breaches or may even have a negative impact on the management of other risks such as credit, liquidity or market risk.

ORM encompasses the process of identifying operational risks across all areas including Compliance, Financial Crime, Third Party Management, IT, Data Protection, Model and EUC risk, Regulatory risk, Fraud risk, ESG risk, Reputation and Information Security, measuring the Group's exposures to these risks, ensuring that effective capital planning and monitoring is in place, taking steps to control or mitigate risk exposures, and reporting the Group's risk exposures and capital positions. It also ensures that the Group's risk appetite for operational risk is translated in a form that can be implemented and managed in practice, by allocating risk appetite levels to the different sub-risk categories.

The Group seeks to minimise operational risks through its control environment. The ORM team proactively assists the business, operations, technology and other departments in enhancing the effectiveness of controls and managing operational risk across products and business lines. Furthermore, operational risks are considered as new products and business activities are developed and processes are designed or modified.

The objective is to keep operational risk at appropriate levels relative to the characteristics of MeDirect's strategy, its capital and liquidity, and the competitive, economic, and regulatory environment. ORM is an independent, second line function within the Group's risk management function and actively participates in various governance forums to ensure the Operational Risk Framework is fully embedded in the day-to-day activities of the Group, whilst providing independent risk challenge across the entities. This is primarily achieved through a collaborative approach to managing operational risks between the first, second and third lines of defence. An Operational Risk Policy is in place, which covers areas related to the identification and categorisation of operational risks, the measurement and monitoring of operational risk, control testing, operational risk reporting and business continuity.

The Group's ORM Policy establishes a consistent framework designed to balance strong corporate oversight with well-defined independent Risk Management, for assessing and communicating operational risk and the overall effectiveness of the internal control environment across the organisation. This framework is consistent with the Group's three LOD approach to risk management. To anticipate, mitigate and control operational risk, the Group maintains a system of policies and standards and has established a consistent framework for monitoring, assessing, and communicating operational risks and the overall effectiveness of the internal control environment across the Group.

The process established by the ORM Framework is expected to lead to effective anticipation and mitigation of operational risk and improved operational risk loss experience and includes the following steps:

- Identify and assess the risks it undertakes;
- Design controls to mitigate identified risks;
- Establish KRIs and KPIs;
- Implement a process for early problem recognition and timely escalation;
- Produce comprehensive operational risk reporting; and
- Ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

Operational risk identification and categorisation

The Group carries out a structured analysis of the current and emerging risks that the Group is facing, in order to understand and manage these risks as appropriate. There are various operational risk subtypes, including but not limited to fraud (internal/external), business disruption due to reduced or non-availability of a system, inadequate outsourcing arrangements, the Group's inability to attract, retain, train and develop the right people, failed or inadequate business processes, data risk and project execution risk.

In terms of key risks, the business opportunities arising from digital focus in MeDirect bring with them a host of new risks, such as technology risks, cyber risks and increasing dependence on suppliers, which increases potential exposure to events that could affect the delivery of services to customers. The Group has taken numerous initiatives to mitigate these risks and adapt to changes in the regulatory framework, the focus being on strengthening its ability to recover from disruptive events affecting its core operations.

The business and support functions of all group entities are responsible for identifying, assessing and communicating their operational risks and are supported by the Operational Risk team. The Operational Risk team collects information from all business and support functions and reports on it in established local forums and consolidates the information available from each department in order to provide a comprehensive and complete overview of the Group's operational risk profile.

Risk control self-assessments

RCSAs are used to identify the Group's key operational risks. The Operational Risk function is primarily responsible for driving the completion of this process. The Operational Risk Policy lists the overall objectives of the RCSAs as follows:

- Identify the key current and emerging operational risks to the business, with risk identification based on both risks that the business has experienced in the past and plausible risks that the business has yet to experience;
- Understand and evaluate the main drivers of the operational risks;
- Consider market trends of top and emerging risks across the industry;
- Assess the operational risks in terms of their overall significance for the business – based on both the likelihood and impact (frequency and severity) of potential losses;
- Drive improvement actions to address control weaknesses; and
- Provide consistent information on operational risks that can be aggregated and reported to senior management to inform decision-making.

The outputs from the RCSA process are reviewed and challenged by the ORM Function and final outcomes are presented to ERMC. This output is also shared with the BRCC annually.

Operational risk assessment and measurement *(Article 446 CRR)*

The results of the RCSA analysis are also used to assess and measure the various inherent risks and the effectiveness of the corresponding controls, to derive to the residual risks that the Group is facing. The RCSAs are often presented as matrices of operational risks by business unit i.e. heat maps indicating where the greatest areas of operational risk lie at a given point in time.

The RCSA results and documentation are leveraged for creating KRIs. The risk themes identified during the RCSA process are also used when coordinating the Group's ICAAP regulatory deliverable and to calculate the internal capital add-on for operational risk. One or more scenarios are assigned to each operational risk category. The operational risk team ensures that each scenario corresponds to plausible risk event or issue that the Group could expect to face in a stressed environment.

Operational risk control testing

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- Strategic planning and estimation of operational risk losses, including setting of risk appetite;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development; and
- Risk mitigation and risk transfer measures: once the Operational Risk assessment has been carried out, it is important to identify risk mitigation measures to prevent risks from occurring and, if necessary, to take corrective measures to minimise the economic impact of the risks that have occurred. The identification and implementation of such risk mitigating measures is an ongoing process and particularly important for adequate risk management.

Control maintenance / adherence responsibility fall dually within the remit of the risk owner (i.e. 1st LOD) and testing/challenge falls under the operational risk function (2nd LOD). Following the periodic RCSA process, key controls linked to 'very high' and 'high' inherent risks are tested to assess their effectiveness. Testing of key controls associated to inherently medium and low risks is not mandatory. However, these are monitored to ensure that inherent risk rating remains low.

1st LOD is required to provide mitigating actions to address any control weaknesses identified through the control testing. The Operational Risk team will in turn monitor the implementation of these mitigating actions.

Operational risk monitoring and reporting

Monitoring of operational risks is key to assessing how much the Group could lose in terms of both the income statement and capital cost due to operational risk losses at various levels of certainty. The Group's Operational risk reporting covers the following objectives:

- Provides the heads of business units and support functions with the data they need to manage their risks and meet their objectives and strategies;
- Provides senior management with the information it needs to establish, review and, where appropriate, modify business strategies and risk profiles;
- Provides the operational risk function with the information necessary to efficiently discharge its duties; and
- Complies with the information requests of supervisory and regulatory bodies.

The Group has in place a number of quantitative RALs to monitor operational risk. The actual performance against RALs and KRIs is tracked on a monthly basis, and disclosed in the monthly Group risk management reports.

2.5 Risk statement

Declaration on the adequacy of risk management arrangements approved by the Board (Article 435 (1)(e) CRR) (EU OVA)

The Board confirms, for the purpose of Article 435 CRR, that the risk management systems and arrangements are adequate with regard to the risk profile and strategy, and maintains appropriate resources to implement selected enhancements.

Concise risk statement approved by the Board (Article 435 (1)(f) CRR) (EU OVA & EU LIQA)

The Board is committed to set the tone from above by instilling a risk-aware culture across the Group where everyone is aware of the different risks that the Group faces as well as the risk management processes that should be embedded in key decision-making.

The Group's risk management approach focuses on ensuring continued financial soundness and safeguarding the interests of the stakeholders, while remaining agile to seize value-creating business opportunities in a fast-changing environment. The Group is committed to upholding high standards of corporate governance, sound risk management principles and business practices to achieve sustainable, long-term growth.

The Group has a comprehensive enterprise-wide RMF in place that is robust and fit-for-purpose, which outlines the steps to assess, manage and monitor all risks faced today and in the future. The risk management practices continue to evolve and improve to enable better outcomes for all stakeholders and to consider any changes and new and emerging risks. At the centre of the RMF is a strong risk culture and continuously increasing the overall maturity of risk awareness. The Group continues to focus on ESG initiatives with the creation of a new Sustainability principal risk category.

MeDirect has ensured the ongoing effectiveness of its RMF, especially to support and enable the current diversification and transformation strategy, including the successful delivery of the International Corporate Lending de-risking strategy. This RMF has ensured that new and proposed business lines, areas of growth, changes in technology and management decisions are well governed and sustainable. The Group's RMF has been robustly delivered despite the wider external economic challenges faced and the capital and liquidity positions continue to be above the minimum regulatory requirements.

The Board is aware that it faces an inherent level of strategy execution risk, however the Board believes that the risk management process includes adequate policies, procedures, risk limits and risk controls that ensure timely and continuous identification, measurement and assessment, management, monitoring and reporting of these risks at the business line, consolidated and sub-consolidated levels.

Information on capital and risk measurement is based on the principles of consolidation. Intragroup transactions and transactions with related parties do not have any material impact on the Group's capital risk profile. For the Group's consolidated LCR, available surplus that resides in entities with restriction to transfer liquidity to other group entities, for example due to regulatory requirements, is considered to be trapped and as such not counted in the calculation of the consolidated group liquidity surplus.

Detailed information on the credit portfolio is found in section 2.2 – Information on risk management, objectives and policies by category of risks.

3 Scope of application of the regulatory framework

Name of the institution (Article 436 (a) CRR)

MDB Group Limited is the parent company of the MDB Group (the "regulatory group"). The MDB Group is subject to the CRR and all subsidiaries are fully consolidated.

Reconciliation of regulatory own funds to the balance sheet according to IFRS (Article 437 (a) CRR)

The consolidation of the Group's Financial Statements is based on the IFRS requirements, whereas the prudential consolidation in the statement of capital is based on the CRR. All entities within the Group are subject to full consolidation both for accounting and regulatory purposes. There is no difference in the basis of consolidation for accounting and prudential purposes.

The following table shows the balance sheet in the IFRS financial statements and under the regulatory scope of consolidation.

EU CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

31 December 2025		Balance sheet as in published financial statements	Under regulatory scope of consolidation	c Reference
Amounts in €millions		a. As at period end	b. As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
Type of assets				
Balances with central banks and cash		273	273	
Derivative financial instruments		186	186	
Loans and advances to financial institutions		329	329	
Loans and advances to customers		3,023	3,023	
Investments - Securities portfolio		890	890	
Investments – Securitisation portfolio		392	392	
Investments – Asset-Backed Securitisation portfolio		159	159	
Property and equipment		2	2	
Intangible assets		16	16	D
Current tax assets		1	1	
Deferred tax assets		18	18	E
Prepayments and accrued income		8	8	
Other assets		39	39	
Total assets		**5,338**	**5,338**	
Type of liabilities				
Derivative financial instruments		11	11	
Amounts owed to financial institutions		210	210	
Amounts owed to customers		4,139	4,139	
Debt securities in issue		602	602	
Subordinated liabilities		67	67	F
Accruals and deferred income		14	14	
Other liabilities		13	13	
Total liabilities		**5,057**	**5,057**	
Shareholders' Equity[2]				
Type of equity				
Called up issued share capital		56	56	A
Share premium		14	14	A
Shareholders' contributions		173	173	B
Other reserves		1	1	
Retained earnings		37	37	C
Total shareholders' equity		**280**	**280**	

[2] The balance sheet components are used in the calculation of the regulatory capital in table EU CC1 - Own funds disclosure. This table shows items at their accounting values which might be subject to adjustments in the calculation of regulatory capital.

30 June 2025	**Balance sheet as in published financial statements**	**Under regulatory scope of consolidation**	**c Reference**
Amounts in €millions	**b. As at period end**	**b. As at period end**	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Type of assets			
Balances with central banks and cash	174	174	
Derivative financial instruments	177	177	
Loans and advances to financial institutions	303	303	
Loans and advances to customers	2,998	2,998	
Investments - Securities portfolio	735	735	
Investments – Securitisation portfolio	492	492	
Investments – Asset-Backed Securitisation portfolio	148	148	
Property and equipment	4	4	
Intangible assets	17	17	D
Investment property	17	17	
Current tax assets	1	1	
Deferred tax assets	18	18	E
Prepayments and accrued income	8	8	
Other assets	28	28	
Total assets	**5,119**	**5,119**	
Type of liabilities			
Derivative financial instruments	25	25	
Amounts owed to financial institutions	228	228	
Amounts owed to customers	3,921	3,921	
Debt securities in issue	612	612	
Subordinated liabilities	68	68	F
Accruals and deferred income	11	11	
Other liabilities	7	7	
Total liabilities	**4,872**	**4,872**	
Shareholders' Equity			
Type of equity			
Called up issued share capital	56	56	A
Share premium	14	14	A
Shareholders' contributions	136	136	B
Other reserves	-	-	
Retained earnings	42	42	C
Total shareholders' equity	**247**	**247**	

Differences in the scopes of consolidation *(Article 436 (b) CRR)*

The principles of consolidation for the regulatory group are identical to those applied in the IFRS Financial Statements.

The following table provides an overview of the accounting and regulatory consolidation methods for each entity within the Group. Any company or associate that cannot be consolidated based on their business activities are accounted for using the equity method. Further information on the Group's equity accounted investees and subsidiaries can be found in note 9 to the Financial Statements.

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

a. Name of the entity	b. Method of accounting consolidation	Method of prudential consolidation					h. Description of the entity
		c. Full consolidation	d. Proportional consolidation	e. Equity method	f. Neither consolidated nor deducted	g. Deducted	
MDB Group Limited	*Full consolidation*	*X*					*Holding company*
MeDirect Bank (Malta) plc	*Full consolidation*	*X*					*Credit institution*
MeDirect Bank SA	*Full consolidation*	*X*					*Credit institution*
MeDirect Tech Limited	*Full consolidation*	*X*					*IT leasing and support*
Medifin Estates	*Full consolidation*	*X*					*Property leasing*
BASTION 2021-1 NHG B.V.	*Full consolidation*	*X*					*Dutch mortgages securitisation vehicle*
BASTION 2022-1 NHG B.V.	*Full consolidation*	*X*					*Dutch mortgages securitisation vehicle*
BASTION 2025-1 NHG B.V.	*Full consolidation*	*X*					*Dutch mortgages securitisation vehicle*

EU LIA - Explanations of differences between accounting and regulatory exposure amounts:

- Off-balance sheet amounts and potential future exposure for counterparty risk: Off-balance sheet amounts subject to credit risk and securitisation regulatory frameworks include undrawn portions of committed facilities, various trade finance commitments and guarantees. A Credit Conversion Factor ("CCF") is applied to these items and potential future exposures are added for CCR.
- Differences in valuation: Impact of any value adjustment on the carrying amount of assets measured at fair value as per CRR article 34.
- Differences due to CRM: Exposure value under the standardised approach is calculated after deducting CRM whereas accounting value is before such deductions.
- Differences due to CCFs: The effect of CCFs in the exposure amounts for regulatory purposes.

Impediments to fund transfers (Article 436 (f) CRR) (EU LIB)

In line with the requirement of Article 436 of the CRR in accordance with Directive 2013/36/EU, there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries. The ability of subsidiaries to pay dividends or advance monies to MDB Group Limited depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

4 Credit risk and credit risk mitigation ("CRM")

The Group RAS and internal policies governing the treasury and the lending portfolios, include a list of permitted asset classes, countries and currencies, whilst a high degree of diversification is implemented through single issuer, industry and geography concentration limits.

4.1 Credit quality analysis

The following tables provide a comprehensive picture of the credit quality of the Group's assets by exposure class in line with EBA guidelines on disclosures, by exposure class, industry and geography.

<u>Performing and non-performing exposures and related provisions</u> *(Article 442 (c) CRR)*

Table EU CR1 provides asset quality information of the Group's Debt Instruments and Off-Balance Sheet exposures broken down by Supervisory Reporting counterparty classes.

The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation. The gross carrying amount reflects the exposure value including accumulated impairment, provisions and accumulated negative changes due to credit risk for NPEs. An exposure is being classified as non-performing (defaulted) according to the criteria in Article 47a (3) (Article 178) of the CRR.

EU CR1: Performing and non-performing exposures and related provisions.

As at 31 December 2025	**Gross carrying amount/nominal amount**					
Amounts in €millions	a. Performing exposures			d. Non-performing exposures		
		b. Of which stage 1	c. Of which stage 2		e. Of which stage 2	f. Of which stage 3
005 Cash balances at central banks and other demand deposits	**472**	**472**	**-**	**-**	**-**	**-**
010 Loans and advances	**3,306**	**3,268**	**38**	**30**	**-**	**30**
020 Central banks	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-
040 Credit institutions	*84*	*84*	-	-	-	-
050 Other financial corporations	*120*	*103*	*17*	*16*	-	*16*
060 Non-financial corporations	*256*	*254*	*2*	*7*	-	*7*
070 Of which SMEs	*191*	*189*	*2*	*7*	-	*7*
080 Households	*2,845*	*2,826*	*19*	*8*	-	*8*
090 Debt securities	**1,443**	**1,443**	**-**	**-**	**-**	**-**
100 Central banks	-	-	-	-	-	-
110 General governments	*430*	*430*	-	-	-	-
120 Credit institutions	*460*	*460*	-	-	-	-
130 Other financial corporations	*553*	*553*	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-
150 Off-balance-sheet exposures	**321**	**316**	**5**	**-**	**-**	**-**
160 Central banks	-	-	-	-	-	-
170 General governments	-	-	-	-	-	-
180 Credit institutions	-	-	-	-	-	-
190 Other financial corporations	*32*	*30*	*2*	-	-	-
200 Non-financial corporations	*145*	*142*	*2*	-	-	-
210 Households	*144*	*144*	-	-	-	-
220 Total	**5,542**	**5,499**	**42**	**30**	**-**	**30**

As at 31 December 2025	**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**						**m. Accumulated partial write-off**	**Collateral and financial guarantees received**	
Amounts in €millions	g. Performing exposures – accumulated impairment and provisions			j. Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				n. On performing exposures	o. On non-performing exposures
		h. Of which stage 1	i. Of which stage 2		k. Of which stage 2	l. Of which stage 3			
005 Cash balances at central banks and other demand deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010 Loans and advances	**(2)**	**(1)**	**(1)**	**(7)**	**-**	**(7)**	**-**	**-**	**-**
020 Central banks	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-		-	-	-	-
050 Other financial corporations	-	-	-	*(5)*	-	*(5)*	-	-	-
060 Non-financial corporations		-	-	*(1)*	-	*(1)*	-	-	-
070 Of which SMEs	-	-	-	*(1)*	-	*(1)*	-	-	-
080 Households	*(1)*	*(1)*	-	*(2)*	-	*(2)*	-	-	-
090 Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**-**
100 Central banks	-	-	-	-	-	-	-	-	-
110 General governments	-	-	-	-	-	-	-	*10*	-
120 Credit institutions	-	-	-	-	-	-	-	-	-
130 Other financial corporations	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	**-**	**-**	**-**	**-**	**-**	**-**		**28**	**-**
160 Central banks	-	-	-		-	-		-	-
170 General governments	-	-	-	-	-	-		-	-
180 Credit institutions	-	-	-	-	-	-		-	-
190 Other financial corporations	-	-	-	-	-	-		*1*	-
200 Non-financial corporations	-	-	-	-	-	-		*18*	-
210 Households	-	-	-	-	-	-		*10*	-
220 Total	**(2)**	**(1)**	**(1)**	**(7)**	**-**	**(7)**	**-**	**38**	**-**

Note: The above table excludes NPEs which are allocated to stage 1 – such exposures would be classified as non-performing but still part of stage 1 due to the non-performing exit criteria as required under EBA Final draft ITS on Supervisory reporting on forbearance and NPEs.

As at 30 June 2025	**Gross carrying amount/nominal amount**					
Amounts in €millions	a. Performing exposures			d. Non-performing exposures		
		b. Of which stage 1	c. Of which stage 2		e. Of which stage 2	f. Of which stage 3
005 Cash balances at central banks and other demand deposits	**356**	**356**	**-**	**-**	**-**	**-**
010 Loans and advances	**3,196**	**3,127**	**69**	**51**	**-**	**51**
020 Central banks	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-
040 Credit institutions	*79*	*79*	-	-	-	-
050 Other financial corporations	*170*	*143*	*27*	*17*	-	*17*
060 Non-financial corporations	*294*	*266*	*28*	*29*	-	*29*
070 Of which SMEs	*198*	*196*	*2*	*7*	-	*7*
080 Households	*2,653*	*2,639*	*14*	*5*	-	*5*
090 Debt securities	**1,374**	**1,374**	**-**	**-**	**-**	**-**
100 Central banks	-	-	-	-	-	-
110 General governments	*281*	*281*	-	-	-	-
120 Credit institutions	*453*	*453*	-	-	-	-
130 Other financial corporations	*640*	*640*	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-
150 Off-balance-sheet exposures	**320**	**319**	**-**	**-**	**-**	**-**
160 Central banks	-	-	-	-	-	-
170 General governments	-	-	-	-	-	-
180 Credit institutions	-	-	-	-	-	-
190 Other financial corporations	*27*	*27*	-	-	-	-
200 Non-financial corporations	*164*	*164*	-	-	-	-
210 Households	*129*	*129*	-	-	-	-
220 Total	**5,246**	**5,177**	**70**	**51**	**-**	**51**

As at 30 June 2025		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						m. Accumulated partial write-off	Collateral and financial guarantees received	
Amounts in €millions		g. Performing exposures – accumulated impairment and provisions			j. Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				n. On performing exposures	o. On non-performing exposures
			h. Of which stage 1	i. Of which stage 2		k. Of which stage 2	l. Of which stage 3			
005 Cash balances at central banks and other demand deposits		-	-	-	-	-	-	-	-	-
010 Loans and advances		**(3)**	**(1)**	**(1)**	**(5)**	**-**	**(5)**	**(20)**	**-**	**-**
020 Central banks		-	-	-	-	-	-	-	-	-
030 General governments		-	-	-	-	-	-	-	-	-
040 Credit institutions		-	-	-	-		-	-	-	-
050 Other financial corporations		*(1)*	-	*(1)*	*(1)*	-	*(1)*	*(5)*	-	-
060 Non-financial corporations		-	*1*	-	*(3)*	-	*(3)*	*(15)*	-	-
070 Of which SMEs		-	-	-	*(1)*	-	*(1)*	-	-	-
080 Households		*(1)*	*(1)*	-	-	-	-	-	-	-
090 Debt securities		-	-	-	-	-	-	-	9	-
100 Central banks		-	-	-	-	-	-	-	-	-
110 General governments		-	-	-	-	-	-	-	*9*	-
120 Credit institutions		-	-	-	-	-	-	-	-	-
130 Other financial corporations		-	-	-	-	-	-	-	-	-
140 Non-financial corporations		-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures		-	-	-	-	-	-		28	-
160 Central banks		-	-	-		-	-		-	-
170 General governments		-	-	-	-	-	-		-	-
180 Credit institutions		-	-	-	-	-	-		-	-
190 Other financial corporations		-	-	-	-	-	-		*2*	-
200 Non-financial corporations		-	-	-	-	-	-		*14*	-
210 Households		-	-	-	-	-	-		*13*	-
220 Total		**(3)**	**(1)**	**(1)**	**(5)**	**-**	**(5)**	**(2)**	**37**	**-**

Residual maturity breakdown of credit exposure (Article 442 (g) CRR)

The table EU CR1-A represents the net credit exposure by maturity and financial instrument. Here exposures refer to on-balance sheet items wherein the "net value of exposure" is calculated by deducting credit risk adjustments from the gross amount. The net exposure is split into 5 categories based on the residual contractual maturity. Below are the categories:

- On demand: where the counterparty has a choice of when the amount is repaid.
- Bucketing:
  - 0 to 1 year;
  - 1 to 5 years; and
  - more than 5 years.
- No stated maturity: where an exposure has no stated maturity for reasons other than the counterparty having the choice of the repayment date.

The following table provides an ageing analysis of exposures:

EU CR1-A: Maturity of exposures

As at 31 December 2025		Net exposure value[3]					
Amounts in €millions		a. On demand	b. <= 1 year	c. > 1 year <= 5 years	d. > 5 years	e. No stated maturity	f. Total
1 Loans and advances		25	44	242	2,815	-	3,127
2 Debt securities		-	8	492	920	-	1,419
3 Total		25	52	734	3,735	-	4,546

[3] Net exposure value: For on-balance-sheet items, the net value is the gross carrying value of the exposure less allowances/impairments. For off-balance-sheet items, the net value is the gross carrying value of exposure less provisions.

As at 30 June 2025		Net exposure value					
Amounts in €millions		a. On demand	b. <= 1 year	c. > 1 year <= 5 years	d. > 5 years	e. No stated maturity	f. Total
1 Loans and advances		34	107	223	2,876	-	3,240
2 Debt securities		-	121	427	827	-	1,374
3 Total		34	227	650	3,703	-	4,614

In 2025, the Group broadly concluded its derisking strategy, marking a significant milestone in the ongoing enhancement of its asset quality. Through the active management of its Non-performing loans ("NPL") portfolio, including the selective divestment of NPLs predominantly within the ICL portfolio, the Group achieved a material reduction in its NPL ratio.

As of 31 December 2025, the NPL ratio stood at 0.9%, compared to 2.2% in the previous year, representing a reduction of 130 basis points year-on-year and reflecting the Group's disciplined approach to credit risk management.

<u>Quality of non-performing exposures by geography</u> (Article 442 (c+e) CRR)

Table EU CQ4 provides asset quality information on the Group's On-Balance Sheet exposures and Off-Balance Sheet exposures broken down by significant countries. The first column in this table represents the total Gross carrying/nominal amount and performing and NPEs. The geographical distribution is based on the legal domicile of the counterparty or issuer.

The amounts shown are based on IFRS accounting values. The gross carrying amount reflects the exposure value including accumulated impairment, provisions and accumulated negative changes due to credit risk for NPEs. An exposure is being classified as non-performing (defaulted) if it meets to the criteria in Article 47a (3) (Article 178) of the CRR.

EU CQ4: Quality of non-performing exposures by geography

31 December 2025		**a. Gross carrying/nominal amount**				**e. Accumulated impairment**	**f. Provisions on off-balance-sheet commitments and financial guarantees given**	**g. Accumulated negative changes in fair value due to credit risk on non-performing exposures**
Amounts in €millions			b. Of which non-performing		d. Of which subject to impairment			
Residence of counterparty				c. Of which defaulted				
010 On-balance-sheet exposures		**5,252**		**30**		**(10)**		**-**
020 Malta		*455*		*9*		*(3)*		-
030 Belgium		*908*		*5*		*(1)*		-
040 Germany		*345*		-		-		-
050 Netherlands		*2,541*		*1*		-		-
060 Ireland		*393*		-		-		-
070 France		*160*		-		-		-
080 Australia		*107*		-		-		-
090 Luxembourg		*31*		*15*		*(5)*		-
100 Norway		*37*		-		-		-
110 Sweden		*10*		-		-		-
120 United Kingdom		*44*		-		-		-
130 Slovakia		*31*		-		-		-
140 Other countries		*190*		-		-		-
150 Off-balance-sheet exposures		**321**		**-**			**-**	
160 Malta		*196*		-			-	
170 Belgium		*38*		-			-	
180 Netherlands		*73*		-			-	
190 Austria		-		-			-	
200 Sweden		-		-			-	
210 United States		*14*		-			-	
220 Other countries		-		-			-	
230 Total		**5,572**		**30**		**(10)**	**-**	**-**

Disclosure of columns b and d of template EU CQ4 is not required given that the NPL ratio was lower than 5% throughout 2025.

The top 10 countries by exposure are listed in the preceding table, representing more than 96% of total exposure. Immaterial exposure to remaining countries is reflected in the 'other countries' category, with individual exposure of less than approximately €190 million.

30 June 2025		a. Gross carrying/nominal amount				e. Accumulated impairment	f. Provisions on off-balance-sheet commitments and financial guarantees given	g. Accumulated negative changes in fair value due to credit risk on non-performing exposures
Amounts in €millions			b. Of which non-performing		d. Of which subject to impairment			
Residence of counterparty				c. Of which defaulted				
010 On-balance-sheet exposures		**4,978**		**51**		**(8)**		**-**
020 Malta		*376*		*8*		*(1)*		**-**
030 Belgium		*666*		*3*		*(1)*		**-**
040 Germany		*326*		*-*		*-*		**-**
050 Netherlands		*2,538*		*1*		*(1)*		**-**
060 Ireland		*492*		*-*		*-*		**-**
070 France		*135*		*-*		*-*		**-**
080 Australia		*107*		*-*		*-*		**-**
090 Luxembourg		*29*		*16*		*(2)*		**-**
100 Norway		*36*		*-*		*-*		**-**
110 Sweden		*35*		*-*		*-*		**-**
120 United Kingdom		*61*		*23*		*(2)*		**-**
130 Slovakia		*31*		*-*		*-*		**-**
140 Other countries		*146*		*-*		*(1)*		**-**
150 Off-balance-sheet exposures		**320**		**-**			**-**	
160 Malta		*196*		**-**			**-**	
170 Belgium		*38*		**-**			**-**	
180 Netherlands		*73*		**-**			**-**	
210 United States		*14*		**-**			**-**	
220 Other countries		*-*		**-**			**-**	
230 Total		**5,298**		**51**		**(8)**	**-**	**-**

<u>Credit quality of loans and advances to non-financial corporations by industry</u> *(Article 442 (c+e) CRR)*

Table EU CQ5 provides asset quality information on the Group's loans and advances to non-financial corporations broken down by industries. The first column in this table represents the total Gross carrying/nominal amount and performing and NPEs. The industry classification is based on NACE codes. NACE is a European industry standard classification system for classifying business activities.

The amounts shown are based on IFRS accounting values. The gross carrying amount reflects the exposure value including accumulated impairment, provisions and accumulated negative changes due to credit risk for NPEs. An exposure is being classified as non-performing (defaulted) if it meets to the criteria in Article 47a (3) (Article 178) of the CRR.

EU CQ5: Credit quality of loans and advances by industry

31 December 2025		**a. Gross carrying**				**e. Accumulated impairment**	**f. Accumulated negative changes in fair value due to credit risk on non-performing exposures**
Amounts in €millions			b. Of which non-performing	c. Of which defaulted	d. Of which loans and advances subject to impairment		
010 Agriculture, forestry and fishing		-		-		-	-
020 Mining and quarrying		-		-		-	-
030 Manufacturing		2		2		-	-
040 Electricity, gas, steam and air conditioning supply		-		-		-	-
050 Water supply		-		-		-	-
060 Construction		87		1		-	-
070 Wholesale and retail trade		10		-		-	-
080 Transport and storage		-		-		-	-
090 Accommodation and food service activities		3		-		-	
100 Information and communication		-		-		-	-
110 Professional, scientific and technical activities		10		-		-	-
120 Financial and insurance activities		122		4		(1)	-
130 Real estate activities		28		-		-	
140 Administrative and support service activities		2		-		-	-
150 Public administration and defence, compulsory social security		-		-		-	-
160 Education		-		-		-	-
170 Human health services and social work activities		-		-		-	-
180 Arts, entertainment and recreation		-		-		-	-
190 Others		-		-		-	-
200 Total		**264**		**7**		**(1)**	**-**

Disclosure of columns b and d of template EU CQ5 is not required given that the NPL ratio was lower than 5% throughout 2025.

30 June 2025		**a. Gross carrying**				**e. Accumulated impairment**	**f. Accumulated negative changes in fair value due to credit risk on non-performing exposures**
Amounts in €millions			b. Of which non-performing	c. Of which defaulted	d. Of which loans and advances subject to impairment		
010 Agriculture, forestry and fishing		-		-		-	-
020 Mining and quarrying		-		-		-	-
030 Manufacturing		7		-		-	-
040 Electricity, gas, steam and air conditioning supply		-		-		-	-
050 Water supply		-		-		-	-
060 Construction		84		2		-	-
070 Wholesale and retail trade		5		-		-	-
080 Transport and storage		-		-		-	-
090 Accommodation and food service activities		25		22		(2)	
100 Information and communication		1		1		-	-
110 Professional, scientific and technical activities		6		-		-	-
120 Financial and insurance activities		129		5		(1)	-
130 Real estate activities		23		-		-	
140 Administrative and support service activities		-		-		-	-
150 Public administration and defence, compulsory social security		-		-		-	-
160 Education		-		-		-	-
170 Human health services and social work activities		-		-		-	-
180 Arts, entertainment and recreation		43		-		-	-
190 Others		-		-		-	-
200 Total		**323**		**29**		**(4)**	**-**

Credit quality of forborne exposures (Article 442 (c) CRR)

Table EU CQ1 provides an overview of asset quality information for forborne exposures broken down by supervisory reporting counterparty classes.

The amounts shown are based on IFRS accounting values. The gross carrying amount reflects the exposure value including accumulated impairment, provisions and accumulated negative changes due to credit risk for NPEs. Exposures are being classified as forborne according to the criteria in Article 47b of the CRR. An exposure is being classified as non-performing (defaulted) according to the criteria in Article 47a (3) (Article 178) of the CRR.

EU CQ1: Credit quality of forborne exposures

31 December 2025	**Gross carrying amount/nominal amount of exposures with forbearance measures**				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**g. Collateral received and financial guarantees received on forborne exposures**	
Amounts in €millions	a. Performing forborne	b. Non-performing forborne			e. On performing forborne exposures	f. On non-performing forborne exposures		h. Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			c. Of which defaulted	d. Of which impaired				
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	9	25	25	25	-	(6)	14	5
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	*16*	*16*	*16*	-	*(5)*	-	-
060 Non-financial corporations	-	*6*	*6*	*6*	-	*(1)*	*3*	*3*
070 Households	*9*	*3*	*3*	*3*	-	-	*11*	*3*
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	-	-	-	-	-	-	-	-
100 Total	**9**	**25**	**25**	**25**	**-**	**(6)**	**14**	**5**

30 June 2025	**Gross carrying amount/nominal amount of exposures with forbearance measures**				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**g. Collateral received and financial guarantees received on forborne exposures**	
Amounts in €millions	a. Performing forborne	b. Non-performing forborne			e. On performing forborne exposures	f. On non-performing forborne exposures		h. Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			c. Of which defaulted	d. Of which impaired				
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	8	47	46	47	-	(4)	14	7
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	*17*	*17*	*17*	-	*(1)*	-	-
060 Non-financial corporations	-	*28*	*28*	*28*	-	*(3)*	*5*	*5*
070 Households	*8*	*2*	*2*	*2*	-	-	*9*	*2*
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given		-	-	-	-	-	-	-
100 Total	**8**	**47**	**47**	**47**	**-**	**(4)**	**14**	**7**

Disclosure of template EU CQ2 showing the quality of forbearance through the loans and advances that have been forborne more than twice and the non-performing forborne loans and advances that failed to meet the non-performing exit criteria is not required given that the NPL ratio was lower than 5% throughout 2025.

4.2 Exposures with renegotiated terms and the Group's forbearance policy

The contractual terms of an exposure may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified would be derecognised in certain circumstances and the renegotiated loan recognised as a new loan at fair value.

Forbearance measures always aim to return the exposure to a situation of sustainable repayment. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties").

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities'), to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

A concession is defined in CRR Article 47b and refers to either of the following actions:

- A modification of the previous terms and conditions of a contract which the debtor was considered unable to comply with due to its financial difficulties ("troubled debt") to allow for sufficient debt service ability, that would not have been granted had the debtor not been in financial difficulties; or
- A total or partial refinancing of a troubled debt contract, that would not have been granted had the debtor not been in financial difficulties.

The revised terms usually applied by the Group include extending the maturity, amending the terms of loan covenants and partial write-offs where there is reasonable financial evidence to demonstrate the borrower's inability to repay the loan in full. The Group's Credit Committees regularly review underlying trading trends on obligors who have availed of on forbearance measures in order to assess potential 'curing' of such measures and document the 'curing' eligibility periods for each name.

The Group considers using a combination of different forbearance measures, including both short-term and long-term time horizons in line with the nature and maturity of the credit facility.

The Group defines 'restructured exposures' as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off, unless certain prescriptive conditions are met.

Typically, the Group initially categorises a forborne exposure as performing and classifies the exposure as forborne non-performing at a later date once unlikely-to-pay indicators are evidenced, as outlined in the Non-Performing and Default Exposure section of the Group's Credit Policy.

For the purposes of supervisory reporting, the definition of forbearance is designed to be reported when credit institutions offer specific measures to help a specific borrower who is experiencing or likely to experience temporary financial difficulties with their repayment obligations. The individual assessment of the borrower's financial difficulties and granting measures tailored to this financial situation of the borrower are critical in terms EBA's definition of forbearance.

4.3 Impairment loss measurement guidelines

(Article 442 (a) – (b) CRR [EU CRB])

The scope of the impairment loss measurement guidelines is to establish effective provisioning standards, internal controls, reporting requirements and approval processes that will govern the on-going monitoring of credit risk exposures inherent in the investment securities and loan and advances portfolios.

An exposure is "past due" when any amount of principal, interest or fee has not been paid at the date it was due. Past due but not impaired loans, as disclosed in note 2.2.4 of the December 2025 Annual Report and Financial Statements, are those loans and advances for which contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Group.

In accordance with the policy, impaired investment securities and loans are either those material exposures that are more than 90 days past due, or those for which the Group establishes that it is unlikely that it will collect the full principal and/or interest due in accordance with the contractual terms of the underlying agreement(s).

However, as outlined previously where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Group, such facilities are considered as past due but not impaired loans. Related credit losses, which may arise, are partly covered by Stage 1 and Stage 2 Expected Credit Loss ("ECL") allowances.

The Group's provisioning approach is forward looking with a view of capturing current and future difficulties of borrowers. The Group carries out a comprehensive review of its International Corporate Lending portfolio. Such reviews evaluate the portfolio to identify problematic exposures, and impairments are booked to cover all expected future losses. This assessment is conducted based on a thorough review of all borrowers on a name-by-name basis, often involving direct communication with the senior management of individual borrowers and, where applicable, the examination of detailed reviews performed by independent experts. Such reviews are undertaken conservatively with the aim of identifying and providing for all currently ECLs. As at 31 December 2025, with de-risking broadly completed, leaves MeDirect Malta with a couple of exposures remaining in its International Corporate Lending Portfolio of senior secured loans and MeDirect Belgium holding one revolving credit facility which is in the process of being wound down.

For Local Business Lending assets, the Group is unable to use external credit ratings as all exposures are unrated. Exposures within the Local Business Lending portfolio are therefore managed at an individual exposure level for credit purposes, through relationship managers who have access to the customers and their financial information on a regular basis.

Therefore, for loans in the International Corporate Lending and Local Business Lending portfolios, the Group estimates ECL on an individual basis. When assessing impairment for these assets, the recoverable amount corresponds to the present value of estimated future cash flows. In the case of collateralised exposures, typically within the Local Business Lending portfolio, the estimation of the recoverable amount reflects the cash flows that may result from the liquidation of the collateral discounted at the original effective interest rate.

For exposures in the International Corporate Lending portfolio, these were very rarely secured by assets whose value is easily observable. Therefore, recoverable amounts were calculated by projecting expected cash flows using a DCF approach to determine the Enterprise Value ("EV") under multiple scenarios. The recoverable amount under each scenario was estimated as the EV, plus available cash, less exit fees, discounted using the estimated Weighted Average Cost of Capital ("WACC") at a borrower level. The latter was determined using multiple assumptions in respect of the cost of debt and cost of equity. The recoverable amount was then compared to the Exposure at Default ("EAD") in order to determine any expected shortfalls / credit losses.

For exposures in the Local Business Lending portfolio, these are typically secured by real estate assets, cash collateral or tradeable equities whose value is more easily observable. In this respect, the recoverable amount is usually calculated on the basis of the present value of the estimated future cash flows of a collateralised financial asset, reflecting the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

In respect of the Dutch, Belgian and Maltese Mortgage portfolios, the key indicator of credit-impairment arises when exposures are past due by more than 90 days taking into account the materiality threshold for Retail exposures as per the EBA regulatory definition of default, with other unlikeliness to pay indicators, such as the extension of forbearance measures, also being taken into consideration. The ECL on Stage 3 exposures is equivalent to the LGD parameter multiplied by the exposure amount, with PD equivalent to 100%.

With respect to the Dutch Mortgages, Securitisation Investment and Securities Investment portfolios, the ECLs on all assets (irrespective of staging) are modelled using statistical models developed by an external vendor. For the Belgian and Maltese Mortgage Lending portfolios, the ECL for the mortgage portfolios is determined using internally developed statistical models. For the Asset Backed Securitisation Investment portfolio and the Consumer Finance receivables portfolio, ECLs are determined utilising historical information and applying applicable credit enhancements.

For the Securities Investment portfolio, recoverable amounts are assessed on a Mark-to-Market ("MtM") basis, using observable market prices for the instruments held.

Financial assets purchased or originated at a deep discount, classified as Purchased or Originated Credit-Impaired (“POCI”), are seen to reflect incurred credit losses. A lifetime ECL is recognised on POCI assets. The Group does not expect to originate or purchase any financial assets that are credit-impaired. However, there might be rare instances where the Group originates new assets following a renegotiation or restructure for reasons relating to a borrower’s distressed financial circumstances that otherwise would not have been considered, and which may result in the new assets to be deemed POCI. As at 31 December 2025 there were no financial instruments that were classified as POCI given that the POCI exposure as at 31 December 2024 is no longer held by the Group.

Credit quality of performing and non-performing exposures by past due days (Article 442 (c-d) CRR)

Table EU CQ3 provides asset quality information of the Group’s on-balance sheet exposures and off-balance sheet exposures by past due days broken down by Supervisory Reporting counterparty classes.

The amounts shown are based on IFRS accounting values. The gross carrying amount reflects the exposure value including accumulated impairment, provisions and accumulated negative changes due to credit risk for NPEs.

EU CQ3: Credit quality of performing and non-performing exposures by past due days

Assessments of lending portfolios and the underlying obligors continue to be made on an ongoing basis, and impairments revisited in light of the changed outlook. During 2025 MeDirect incurred €2.8 million of ECL. This was driven primarily by the amounts written off on loans in the International Corporate Lending portfolio.

Based on the Group’s detailed name by name portfolio analysis, provisions were taken on all borrowers whom have defaulted, as well as all non-defaulted borrowers that showed potential future characteristics of unlikeliness to pay. The Group also amended Stage 1 and Stage 2 provisions to reflect rating migrations and updates to the macroeconomic outlook. As a result of its forward-looking approach to impairments, the Group believes that it has accounted for all currently ECL as at the end of the reporting period.

Out of the €8 million past due more than 90 days stated in the EU CQ3 table, all are considered as credit impaired. As stated earlier, those exposures classified as past due but not impaired, as disclosed in note 2.2.4 of the December 2025 Annual Report and Financial Statements, would be treated as such as although contractual interest or principal payments is past due, the Group believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Group. However, related credit losses, which may arise, would be partly covered by Stage 1 and Stage 2 credit loss allowances.

31 December 2025	Gross carrying amount/nominal amount											
Amounts in €millions	a. Performing exposures			d. Non-performing exposures								
		b. Not past due or past due ≤ 30 days	c. Past due > 30 days ≤ 90 days		e. Unlikely to pay that are not past due or are past due ≤ 90 days	f. Past due > 90 days ≤ 180 days	g. Past due > 180 days ≤ 1 year	h. Past due > 1 year ≤ 2 years	i. Past due > 2 years ≤ 5 years	j. Past due > 5 years ≤ 7 years	k. Past due > 7 years	i. Of which defaulted
005 Cash balances at central banks and other demand deposits	**472**	**472**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010 Loans and advances	**3,306**	**3,300**	**6**	**30**	**22**	**-**	**1**	**2**	**5**	**-**	**-**	**30**
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	84	84	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	120	120	-	16	15	-	-	-	-	-	-	16
060 Non-financial corporations	256	256	-	7	2	-	-	1	4	-	-	7
070 Of which SMEs	191	191	-	7	2	-	-	1	4	-	-	7
080 Households	2,845	2,839	6	8	5	-	1	1	-	-	-	8
090 Debt securities	**1,443**	**1,443**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	430	430	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	460	460	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	553	553	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	**321**			**-**								**-**
160 Central banks	-			-								-
170 General governments	-			-								-
180 Credit institutions	-			-								-
190 Other financial corporations	32			-								-
200 Non-financial corporations	145			-								-
210 Households	144			-								-
220 Total	**5,542**	**5,215**	**6**	**30**	**22**	**0**	**1**	**2**	**5**	**0**	**0**	**30**

31 December 2024	Gross carrying amount/nominal amount											
Amounts in €millions	a. Performing exposures			d. Non-performing exposures								
		b. Not past due or past due ≤ 30 days	c. Past due > 30 days ≤ 90 days		e. Unlikely to pay that are not past due or are past due ≤ 90 days	f. Past due > 90 days ≤ 180 days	g. Past due > 180 days ≤ 1 year	h. Past due > 1 year ≤ 2 years	i. Past due > 2 years ≤ 5 years	j. Past due > 5 years ≤ 7 years	k. Past due > 7 years	i. Of which defaulted
005 Cash balances at central banks and other demand deposits	**460**	**460**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010 Loans and advances	**3,063**	**3,059**	**4**	**70**	**60**	**-**	**2**	**-**	**8**	**-**	**-**	**70**
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	37	37	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	161	161	-	38	37	-	-	-	1	-	-	38
060 Non-financial corporations	279	279	-	29	22	-	1	-	6	-	-	29
070 Of which SMEs	164	164	-	7	-	-	1	-	6	-	-	7
080 Households	2,586	2,581	4	3	1	-	1	-	-	-	-	3
090 Debt securities	**1,359**	**1,359**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	223	223	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	476	476	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	660	660	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	**284**			**1**								**1**
160 Central banks	-			-								-
170 General governments	-			-								-
180 Credit institutions	-			-								-
190 Other financial corporations	29			-								-
200 Non-financial corporations	129			1								1
210 Households	126			-								-
220 Total	**5,165**	**4,878**	**4**	**71**	**61**	**0**	**2**	**0**	**8**	**0**	**0**	**71**

As per the Article 111 of CRR, the exposure values of assets shall be their accounting values remaining after specific credit risk adjustments while any general credit risk adjustments are treated as part of Tier 2 capital. Commission Delegated Regulation (EU) No 183/2014 of 20 December 2013 (“Regulation (EU) No 183/2014”) defines what should be treated as general or specific credit risk adjustments, which can result from impairments, value adjustments or other provisions.

Such adjustments shall be equal to all amounts by which the CET1 capital has been reduced in order to reflect losses exclusively related to credit risk according to the applicable accounting framework and recognised as such in the income statement. Losses which are a result of current or past events affecting certain exposures and losses for which historical experience (on the basis of current observable data) indicates that the loss has occurred but it is not yet known which individual exposure suffered these losses, are treated as specific credit risk adjustments.

Amounts which are freely and fully available, as regards to timing and amount, to meet credit risk losses that have not yet materialised and amounts which reflect credit risk losses for a group of exposures for which there is currently no evidence that a loss event has occurred, are treated as general credit risk adjustments.

According to these definitions, the Group's specific and general impairment allowances as calculated under IFRS 9, are classified as specific credit risk adjustments and are deducted from the accounting values to determine the exposure amounts.

The Group operates a Standardised Approach for credit risk under its CRD V regulatory requirements. For the purpose of calculating IFRS 9 Stage 1 and Stage 2 ECLs, the Group used both for the International Corporate Lending portfolio, Treasury portfolio and the AAA CLO:

- Moody’s Risk Calc and Impairment Calc tools to generate internal implied rating; and
- Public ratings from the point of origination and through the lifetime of the financial asset for monitoring and capital calculation.

For Dutch Mortgages the Bank utilises loan and borrower characteristics (LTV & LTI) as inputs adjusted to incorporate current and forward-looking macroeconomic variables. For the Retail Mortgage portfolios, the Bank utilises NPL data issued by the NBB adjusted to incorporate forward-looking macroeconomic variables, as well as incorporate LTVs, with historical reference to loss-rates made to determine LGDs.

If an asset is transferred from IFRS 9 Stage 2 to Stage 3, a specific lifetime ECL Impairment Assessment is undertaken. The International Corporate Lending Portfolio utilises a DCF model for assessing EV and in turn expected recovery amounts and level of specific impairment provision. As outlined in the internal policy, exposures are rarely secured by assets with an easily observable value, moreover the most likely exit strategy for the distressed business is the sale of the enterprise as a Going Concern. Considering this, the specific impairments are calculated based on the prudent assessment of a going concern EV rather than an estimation of any collateral held. The DCF model output is derived from the following inputs:

- WACC;
- 3-year P&L and cashflow forecasts; and
- The current debt structure.

For exposures in the Maltese Business Lending portfolio, these are typically secured by real estate assets, cash collateral or tradeable equities whose value is more easily observable. In this respect, the recoverable amount is usually calculated on the basis of the present value of the estimated future cash flows of a collateralised financial asset, reflecting the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

There are no other amounts apart from the impairment allowances that are classified as specific or general credit risk adjustments. The Group does not account for any general credit risk adjustments.

The Group's impaired and past due but not impaired loans and advances to customers were primarily concentrated in Europe.

There were no other adjustments including those determined by business combinations, acquisitions and disposals of subsidiaries, and transfers between credit risk adjustments.

The same approach for Stage 3 mortgages is utilised as for Stage 1 and 2 ECLs, but PDs are floored to 100%.

Changes in stock of non-performing loans and advances (Article 442 (f) CRR)

The following table provides an analysis of the changes in stock of NPL and advances throughout the financial year. The gross carrying value is inclusive of accrued interest.

EU CR2: Changes in the stock of non-performing loans and advances

		Period from 1 January to 31 December 2025	**Period from 1 January to 31 December 2024**
		a. Gross carrying amount	**a. Gross carrying amount**
010 Initial stock of non-performing loans and advances		70	76
020 Inflows to non-performing portfolios		8	53
030 Outflows from non-performing portfolios		(47)	(59)
040 Outflows due write-offs		*0*	*0*
050 Outflow due to other situations		*(47)*	*(59)*
060 Final stock of non-performing loans and advances		**30**	**70**

The decrease in the loans and debt securities that have defaulted or impaired since the last reporting period is attributable to write offs of NPEs in the International Corporate Lending portfolio and the exit from this portfolio.

Disclosure of template EU CR2a showing changes in the stock of NPL and advances and related net accumulated recoveries is not required given that the NPL ratio was lower than 5% throughout 2025.

4.4 Credit risk mitigation

General qualitative information on credit risk mitigation (Article 453 (a-e) CRR) (EU CRC)

It is the Group's practice to lend on the basis of the customers' ability to meet their obligations out of their cash flow resources rather than rely on the value of security offered.

The Group holds collateral against loans and advances to customers classified under the Maltese Business Lending and the Dutch, Belgian and Maltese Mortgage portfolios in the form of hypothecary rights over immovable assets, and registered rights over movable assets and guarantees. The immovable property collateral received in respect of exposures within the Maltese Business Lending and Maltese Mortgage portfolios, the Dutch Mortgage portfolios and the Belgian Mortgage portfolios are mainly located in Malta, the Netherlands and Belgium respectively.

The Group's does mortgage lending in the Netherlands that is guaranteed by the NHG that absorbs 90% of the losses.

When applying risk weights to mortgage loans under the Standardised Approach, the Group takes into account eligible CRM in accordance with the CRM framework set out in Part Three, Title II, Chapter 4 of the CRR. Where guarantees or other forms of credit protection meet the relevant eligibility requirements (including Articles 213 to 215), the risk weight of the protected portion of the exposure is adjusted accordingly, with the protected amount determined using the relevant parameters, including the GA factor as defined in Article 233(3).

In addition to the Pillar 1 treatment, the Group assesses mortgage-related risks under Pillar 2 as part of its Internal Capital Adequacy Assessment Process (ICAAP), taking into account potential residual risks not fully captured under the regulatory framework.

4.4.1 Capital allocation and capital buffers for credit risk

The Group applies the standardised approach to determine its capital requirements for credit risk under the CRR.

The risk-weights for exposures secured by mortgages on residential property are set by Articles 123 to 125 of the CRR. As these risk weights depend on the extent to which an exposure is secured by eligible residential property, the valuation of the collateral is a key factor in determining the portion of the exposure that qualifies for treatment as a mortgage exposure, whether the exposure is deemed to be an Acquisition, Development and Construction ("ADC") exposure or an Income-Producing Real Estate ("IPRE") exposure and, where applicable, the portion that is treated as a retail exposure under Article 123.

The Group's credit risk framework specifies how risk weights are assigned to exposures, including the application of regulatory options and discretions, where permitted under the CRR. In addition to the minimum capital requirements for credit risk under Pillar 1, the Group assesses the need for additional capital to cover risks not fully captured by the regulatory framework as part of its Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP includes a dedicated assessment of economic capital for credit risk, outlining the Group's approach to ensuring adequate capital coverage under Pillar 2.

As the Group does not have an external credit rating, it is not subject to rating-dependent requirements, such as the allocation of additional capital or collateral linked to potential rating downgrades.

4.4.2 Use of On- and off-balance sheet netting and set-off
(Article 453 (a) CRR)

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is the intention to settle on a net basis or realise the asset and settle the liability simultaneously. The of offsetting within the Group is deemed to be minimal. Further information regarding the offsetting policies of the Group can be found in the MDB Group Annual Report and Financial Statements for the financial year ended 31 December 2025.

4.4.3 Main types of collateral, guarantor and credit derivative counterparties
(Article 453 (c-d) CRR)

For the Malta Lending portfolios, collateral held by the Group includes Special Hypothecs and Privileges over residential and commercial real estate, as well financial collateral such as debt securities, insurance and cash on deposit. Generally, the Group also takes a charge over all the borrowers existing and future assets under a General Hypothec.

The Group also holds collateral against mortgage loans under the Belgian and Dutch mortgage portfolios (NHG and Buy-to-Let) in the form of hypothecary rights over immovable assets.

The financial guarantees received by the Group relates to the Dutch NHG mortgage portfolio business as the loans are covered by the NHG which covers up to 90% of the losses that remain after a foreclosure. The NHG Guarantee assumes that a mortgage loan amortises over a 30-year period regardless of the actual loan amortisation profile. Consequently, the credit protection amount of the NHG guarantee on mortgage loans decreases over time, assuming repayment of the guaranteed residential mortgage loan within 30 years and according to the annuity method. Thus, depending on the NHG terms and conditions that apply to the individual mortgage loan, the credit protection provided by the NHG guarantee may only be partial and is decreasing over time.

The Group was not involved in any credit derivative transactions during the year.

4.4.4 Collateral evaluation and management
(Article 453 (b) CRR)

The most common method of mitigating credit risk is to take collateral. Most of the immovable property collateral received is located in Malta, in the Netherlands (in the frame of the Dutch Mortgage business) and in Belgium (in the frame of the Belgian Mortgage business). This collateral gives MeDirect the right to liquidate them in the event where the customer is unable to fulfil its financial obligations. As such, the proceeds can be applied towards full or partial payments of the customer's outstanding exposure.

For credit risk mitigants in the form of immovable property, the key determinant of concentration at Group level is geography.

In relation to the Malta lending portfolio, collateral is considered as part of the credit decision process and pricing. In the event of a default, the Group may utilise the collateral as a source of repayment. Depending on its form, collateral can have a significant financial effect in mitigating exposure to credit risk. The Group follows Articles 123 to 126 of the CRR in order to determine whether exposures are fully and completely secured by commercial or residential immovable property, and which risk weight to apply in order to calculate the own funds requirement. In order to make use of the financial collateral for CRM purposes, the Group follows the conditions set out in Chapter 4, Title I, Part Three of CRR, in particular applying Article 222 of the said regulation. Collateral that is not eligible in terms of CRR is not taken into consideration for CRM.

To determine the overall credit exposure limit, the Group applies a number of limits to the Maltese Lending portfolio both at Portfolio level and at Single Name level. These limits are decided by the Group's board and disclosed as part of the Group's RAS which is revised on an annual basis.

LTV limits are applied to any credit extended to real estate related transactions or where real estate is pledged as collateral, given that underlying asset values can be subject to market volatility. These limits are calculated on the market value of the security, prior to the application of the relative haircut as described below. A range of LTV RALs are applied to the Corporate and Retail portfolios, reflecting the different risks associated with the borrower type and purpose.

General guidelines are in place that require that collateral valuation is monitored on a regular basis. Valuation strategies are established to monitor collateral mitigants to ensure that they continue to provide the anticipated secure secondary repayment source. The value of collateral that is commercial real estate is monitored at a minimum once a year, while the value of Residential Real Estate ("RRE") is reviewed at least once every three years. The Group monitors the value of all property held as collateral against the local Property Price Index as well by gauging asking prices of similar properties available on the market at origination and credit review stage.

In relation to the Dutch NHG mortgages receivables portfolio, collateral is considered as part of the credit decision process by the LoR, but not in the pricing, as the pricing is based on the NHG guarantee.

In the event of a default of Dutch and Belgian mortgages, the LoR may utilise the collateral as a source of repayment. Depending on its form, collateral can have a significant financial effect in mitigating exposure to credit risk. The Group follows Articles 123 to 126 of the CRR in order to determine whether exposures are fully and completely secured by immovable property, and which risk weight to apply in order to calculate the own funds requirement.

Overview of credit risk mitigation techniques (Article 453 (f) CRR)

The following table EU CR3 shows a breakdown of unsecured and secured credit risk exposures and credit risk exposures secured by various CRM for all loans and debt securities including the carrying amounts of the total population which are in default. Unsecured exposures represent the carrying amount of credit risk exposures (net of credit risk adjustments) that do not benefit from a CRM technique, regardless of whether this technique is recognised in the CRR. Secured exposures represent the carrying amount of exposures that have at least one CRM mechanism (e.g. collateral and financial guarantees) associated with them. Exposure secured by various CRM analysed in the other columns are the carrying amount of exposures (net of credit risk adjustments) partly or totally secured by collateral and financial guarantees (no credit derivatives in place), whereby only the secured potion of the overall exposure is presented. No overcollateralization is considered.

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

31 December 2025	a. Unsecured carrying amount	b. Secured carrying amount			
Amounts in €millions			c. Of which secured by collateral	d. Of which secured by financial guarantees	e. Of which secured by credit derivatives
1. Loans and advances	3,799	3,160	3,160	-	-
2. Debt securities	1,309	134	124	10	
3. Total (CRR3)	**5,108**	**3,294**	**3,284**	**10**	**-**
4. Of which non-performing exposures	15	8	8	-	-
EU-5. *Of which defaulted*	15	8			

31 December 2024	a. Unsecured carrying amount	b. Secured carrying amount			
Amounts in €millions			c. Of which secured by collateral	d. Of which secured by financial guarantees	e. Of which secured by credit derivatives
1. Loans and advances	3,578	2,487	2,487	-	-
2. Debt securities	1,350	9	-	9	
3. Total (CRR 2)	**4,927**	**2,497**	**2,487**	**9**	**-**
4. Of which non-performing exposures	52	6	6	-	-
EU-5. *Of which defaulted*	52	6			

Disclosure of template EU CQ6: Collateral valuation - loans and advances, showing an analysis of loans and advances that are secured by immovable property, split by the LTV of the respective loans and advances, in line with the EBA Guidelines on disclosure of non-performing and forborne exposures, is not required given that the NPL ratio was lower than 5% throughout 2025 and 2024.

Collateral obtained by taking possession and execution processes (Article 442 (c) CRR)

No collateral was obtained by taking possession of tangible assets.

Quantitative information on the use of the standardised approach

Standardised approach exposure by risk weight before and after credit risk mitigation (Article 444 (e) CRR and Article 453 (g-i) CRR)

The following table shows the credit risk exposure before and post CCFs and CRM obtained in the form of eligible financial collateral and guarantees (no credit derivatives in place) based on the EAD in the standardised approach as well as related RWA and average risk wights broken done by regulatory exposure classes and a split in on- and off-balance sheet exposures. RWAs have been calculated on the new CRR3 methodology and comparatives have not been restated.

EU CR4 – standardised approach – Credit risk exposure and CRM effects

31 December 2025	Exposures before CCF and before CRM[4]		Exposures post CCF and post CRM		RWAs and RWAs density	
Amounts in €millions	a. On-balance-sheet exposures	b. Off-balance-sheet exposures	c. On-balance-sheet exposures	d. Off-balance-sheet exposures	e. RWAs	f. RWAs density (%)
Exposure classes						
1. Central governments or central banks	**444**	**-**	**1,964**	**4**	**15**	**1%**
2. Non-central government public sector entities	**256**	**-**	**256**	**-**	**-**	**-**
EU 2a. Regional government or local authorities	256	-	256	-	-	-
EU 2b. Public sector entities	-	-	-	-	-	-
3. Multilateral development banks	**-**	**-**	**-**	**-**	**-**	**-**
EU 3a. International organisations	-	-	-	-	-	-
4. Institutions	**216**	**-**	**206**	**-**	**63**	**31%**
5. Covered bonds	**457**	**-**	**457**	**-**	**46**	**10%**
6. Corporates	**12**	**46**	**12**	**7**	**18**	**98%**
Of which: Specialised Lending	-	-	-	-	-	-
7. Subordinated debt exposures and equity	**-**	**-**	**-**	**-**	**-**	**-**
EU 7a. Subordinated debt exposures	-	-	-	-	-	-
EU 7b. Equity	-	-	-	-	-	-
8. Retail	**714**	**84**	**394**	**20**	**311**	**75%**
9. Secured by mortgages on immovable property and ADC exposures	**2,276**	**195**	**1,087**	**22**	**443**	**40%**
9.1. Secured by mortgages on residential immovable property - non IPRE	1,845	60	656	19	136	20%
9.2. Secured by mortgages on residential immovable property - IPRE	259	12	259	2	102	39%
9.3. Secured by mortgages on commercial immovable property - non IPRE	-	2	-	1	1	60%
9.4. Secured by mortgages on commercial immovable property - IPRE	48	7	48	-	35	73%
9.5. Acquisition, Development and Construction ADC	123	114	123	1	169	137%
10. Exposures in default	**21**	**-**	**20**	**-**	**32**	**162%**
EU 10a. Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b. Collective investment undertakings	-	-	-	-	-	-
EU 10c. Other items	**53**	**-**	**55**	**-**	**53**	**96%**
11. Not applicable						
12. TOTAL	**4,450**	**325**	**4,450**	**53**	**982**	**22**

[4] **Exposures before CCF and CRM**: This represents the Group's on-balance-sheet and off-balance exposures (respectively) under the regulatory scope of consolidation (in accordance with Article 111 in the CRR), net of specific credit risk adjustments (as defined in the Commission Delegated Regulation (EU) No 183/2014) and write-offs (as defined in the applicable accounting framework), but before (i) the application of CCFs as specified in the same article and (ii) the application of CRM techniques specified in Part Three, Title II, Chapter 4 of the CRR.

31 December 2024						
Amounts in €millions	**Exposures before CCF and before CRM**		**Exposures post CCF and post CRM**		**RWAs and RWAs density**	
	a. On-balance-sheet exposures	**b. Off-balance-sheet exposures**	**c. On-balance-sheet exposures**	**d. Off-balance-sheet exposures**	**e. RWAs**	**f. RWAs density (%)**
Exposure classes						
1. Central governments or central banks	212	-	1,831	3	7	-
2. Regional government or local authorities	212	-	212	-	-	-
3. Public sector entities	-	-	-	-	-	-
4. Multilateral development banks	10	-	10	-	-	-
5. International organisations	11	-	11	-	-	-
6. Institutions	187	-	177	-	42	24%
7. Corporates	163	39	163	8	171	100%
8. Retail	161	57	137	6	107	75%
9. Secured by mortgages on immovable property	2,454	95	868	17	439	50%
10. Exposures in default	53	1	52	-	69	132%
11. Exposures associated with particularly high risk	94	92	94	-	141	150%
12. Covered bonds	457	-	457	-	45	10%
13. Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14. Collective investment undertakings	-	-	-	-	-	-
15. Equity	-	-	-	-	-	-
16. Other items	53	-	54	-	53	98%
17. TOTAL	**4,066**	**284**	**4,066**	**34**	**1,075**	**26%**

4.5 Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

Mitigation of settlement risk

For all types of investment transactions, the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process. Furthermore, the Group has a number of master netting agreements covering repurchase transactions and securities with its counterparties.

4.6 Equity exposures in the banking book
(Article 438 (e) CRR)

The Group did not hold any equity exposures on its balance sheet as at the reporting date.

5 Counterparty credit risk

Internal capital and credit limits for CCR exposures (Article 439 (a) CRR) (EU CCRA)

CCR refers to the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows such as derivatives and securities financing transactions (including repos and reverse repos). CCR exposures relating to derivatives and securities financing transactions create a bilateral risk of loss because the market value of the transaction can be positive or negative to either counterparty to the transaction. An economic loss to the Group would occur on derivatives and securities financing transactions if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default.

The Group is exposed to CCR through derivative exposures, which have largely been limited to interest rate and currency hedges of the Group's investment portfolio, and to other derivatives exposures that can be priced on a real time basis. As the Group has no trading book and derivatives operations are limited to risk management purpose, the exposure of the Group to counterparty risk due to derivative exposures is very limited with 99% of the exposure on Eurex, a Central Counterparty ("CCP") which is required to manage its exposure towards each of their counterparties as defined in the Regulation of European Market Infrastructure (European Market Infrastructure Regulation) and in the European Securities and Markets Authority Technical Standards.

Four approaches may be used under CRR to calculate exposure values for CCR:

– the Standardised Approach ("SA-CCR") – for derivatives and long settlement transactions;

– the Internal Model Method ("IMM");

– the simple/comprehensive approach to recognition of collateral with Securities financing transactions ("SFTs"); and

– the VaR approach, applicable for SFTs.

Exposure values calculated under these approaches are used to determine RWAs.

As at the reporting date, the Group reported the CCR calculations for derivatives using the - Simplified SA-CCR Method (as defined in CRR, Article 281) and the financial collateral simple approach for SFTs.

Under the SA-CCR approach, the EAD is calculated as the sum of replacement cost and potential future exposure multiplied by an alpha factor of 1.4. This approach is applied for all derivative transactions.

Under the simple approach that is applied for SFTs, exposures secured by eligible financial collateral are assigned the risk weight of the collateral rather than that of the counterparty, subject to the requirements set out in the CRR. Collateral recognised under this approach consists primarily of high-quality securities meeting eligibility criteria. The substitution effect is applied directly, whereby the portion of the exposure covered by collateral receives the risk weight applicable to the collateral issuer, while the unsecured portion retains the counterparty's risk weight.

Limits for CCR exposures are established on the basis of the principles for assigning credit limits as described in the sections "General qualitative information on credit risk (Article 435 (1) (a d) CRR (EU OCA and EU CRA)" and "General qualitative information on CRM (Article 452 (1-e) CRR) (EU CRC)". CCR exposures are also considered in the context of the overall credit exposure to the obligor and the group of borrowers under the one obligor principle.

Management of wrong-way risk exposures (Article 439 (c) CRR (EU CCRA)

The regulation sets-out principles for prudent management of concentration risks and defines strict requirements for monitoring wrong-way risks by the CCPs. Wrong-way risk occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty. Thus, the counterparty exposure and the riskiness of the counterparty increases simultaneously.

The Group's approach is to avoid entering transactions with an obvious elevated level of wrong way risk. In compliance with Article 291 (2) and (4) CRR the Group monitors wrong way risk, that is those situations where the PD of a particular counterparty is positively correlated to the exposure with the same counterparty.

Credit derivative exposures (Article 439 (j) CRR)

The Group was not involved in any credit derivative transactions during the year, and the derivative transactions falling under intermediation activities were immaterial in relation to the total derivative transactions undertaken by the Group. Due to this, the Group does not allocate a capital add-on for counterparty concentration. A description of the methodology used by the Group to allocate internal capital for concentration risk is given in section 4 'Credit risk and credit risk mitigation".

Collateral and credit reserves for counterparty credit risk (Article 439 (b) CRR) (EU CCRA)

Settlement and delivery risk are mitigated by the use of industry-standard documentation such as Loan Management Association and ISDA agreements, alongside associated Credit Support Annex. A bilateral secured financing transaction bearing any CCR not executed under a signed GMRA or ISDA agreement, is outside the Group's Risk Appetite. A master agreement allows for the close-out netting of rights and obligations arising under derivative transactions that have been entered into under such a master agreement upon the counterparty's default, resulting in a single net claim owed by or to the counterparty.

In line with the Group's Collateral Management Framework, the Group's Treasury Function ensures that margin calls arising from repo and derivatives obligations are monitored and exchanged on a daily basis. Exposure to derivative counterparties and the related credit risk is mitigated through the use of netting and collateralisation agreements.

Any new counterparties and associated limits may be approved by the MCC. This list of approved derivative counterparties and associated limits is included in the Group's RAS. The Group's Treasury function monitors market feeds on a daily basis to ensure that any potential downgrade to credit ratings of its counterparties is captured in a timely manner. This ensures that exposure to such counterparties is limited to the current exposure, if necessary.

The RAS covering the credit risk for the Securities portfolio ensures wrong-way risk is mitigated. Wrong way risk results when the PD of a counterparty is positively correlated to the exposure with the same counterparty, The RAS sets out the limits on the maximum exposures held in deposits and derivate exposures to counterparties. Limits are primarily based on the long-term credit rating of the counterparty.

Collateral in the event of a rating downgrade (Article 439 (d) CRR) (EU CCRA)

As the Group is not an externally rated entity, the Group does not carry any exposure to CCR impact given a downgrade in its credit rating.

CCR exposures by model approach and development (Article 439 (f,g,k) CRR)

In order to determine the potential future credit exposure, the notional amounts or underlying values, as applicable, are multiplied by the percentages stipulated in the CRR, Table 1 of Article 274(2)(c). These are based on contract type and residual maturities. The following table shows the methods used for calculating the regulatory requirements for CCR exposure including the main parameters for each method.

EU CCR1 – Analysis of CCR exposure by approach

As at 31 December 2025	a. Replacement cost (RC)	b. Potential future exposure (PFE)	c. EEPE	d. Alpha used for computing regulatory exposure value	e. Exposure value pre-CRM	f. Exposure value post-CRM	g. Exposure value	h. RWEA
Amounts in €millions								
EU1.EU. Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2.EU. - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1. SA-CCR (for derivatives)	-	-		1.4	-	-	-	
2. IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a. Of which securities financing transactions netting sets			-		-	-	-	-
2b. Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c. Of which from contractual cross-product netting sets			-		-	-	-	-
3. Financial collateral simple method (for SFTs)					84	84	84	-
4. Financial collateral comprehensive method (for SFTs)					-	-	-	-
5. VaR for SFTs					-	-	-	-
6. Total					**84**	**84**	**84**	**-**

As at 31 December 2024	a. Replacement cost (RC)	b. Potential future exposure (PFE)	c. EEPE	d. Alpha used for computing regulatory exposure value	e. Exposure value pre-CRM	f. Exposure value post-CRM	g. Exposure value	h. RWEA
Amounts in €millions								
EU1.EU. Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2.EU. - Simplified SA-CCR (for derivatives)	-	-		1.4	1	1	1	-
1. SA-CCR (for derivatives)	-	-		1.4	-	-	-	
2. IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a. Of which securities financing transactions netting sets			-		-	-	-	-
2b. Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c. Of which from contractual cross-product netting sets			-		-	-	-	-
3. Financial collateral simple method (for SFTs)					-	-	-	-
4. Financial collateral comprehensive method (for SFTs)					-	-	-	-
5. VaR for SFTs					-	-	-	-
6. Total					**-**	**-**	**-**	**-**

<u>CCR Credit Valuation Adjustment capital charge</u> (Article 439 (h) CRR)

Under the EU CRR framework, CVA represents an adjustment to the mid-market valuation of a counterparty portfolio, reflecting the market's assessment of the counterparty's credit risk at a given point in time. The purpose of CVA capital requirements is to capture potential losses stemming from fluctuations in CVA over the life of the exposure.

With the introduction of CRR3, the CVA risk framework has been updated and now provides three calculation methodologies: the basic approach, the standardised approach, and the simplified approach.

The Bank applies the Reduced Basic Approach (Reduced BA-CVA) in accordance with Article 384 CRR. This method assigns each counterparty to a supervisory risk category based on its sector, which determines the applicable risk weight. The calculation also incorporates adjustments for effective maturity and a supervisory discount factor to derive the final capital requirement. The own funds requirement in relation to the CVA risk is not deemed to be significant.

The Group does not meet the conditions set out in Article 273a(2) CRR for the application of the simplified approach for CVA risk, primarily due to the level of its derivative activity. Consequently, the Group does not use the simplified approach under Article 385 CRR and calculates its own funds requirements for CVA risk under the reduced basic approach.

EU CVA1 – Credit valuation adjustment risk under the Reduced Basic Approach

31 December 2025		a. Components of Own Funds Requirements	b. Own funds requirements
Amounts in €millions			
1. Aggregation of systematic components of CVA risk		-	
2. Aggregation of idiosyncratic components of CVA risk		-	
3. Total			-

6 External credit assessment institutions

(Qualitative disclosure requirements on institutions' use of external credit ratings under the standardised approach for credit risk according to Table 8 EU CRD)

In accordance with the standardised approach, the Group uses credit assessments issued by External Credit Assessment Institutions ("ECAI's") in order to calculate the risk weighted exposure amounts for certain exposure classes, wherever such a credit assessment is available, in accordance with Part Three, Title II, Chapter 2 of the CRR. During the financial year ended 31 December 2025, the Group used the external ratings issued by reputable credit rating agencies. The relevant ratings to use were determined in particular by Article 138 of the CRR, and these were mapped to the credit quality steps according to Commission Implementing Regulation (EU) 2019/2028 of 29 November 2019 ("Regulation (EU) 2019/2028").

The Group applies the Moody's ECAI ratings to the following exposure classes:

- Central governments or central banks;
- Regional governments or local authorities;
- Public sector entities;
- Multilateral development banks;
- International organisations;
- Institutions; and
- Covered bonds.

The Group applies the Standard & Poor's ("S&P") ECAI ratings in respect of its Asset-Backed Securitisation ("ABS") portfolio.

When calculating the risk-weighted value of the above exposures using ECAI risk assessments, the Group's systems identify the instrument in question and looks up the available ratings in the database according to the rating section rules. The systems then apply the following prescribed credit quality step mapping to derive from the rating the relative risk weight.

The following is a table used by the Group to map the relevant ratings bands to the appropriate credit quality steps as per the above mentioned regulation:

Moody's Investors Service Rating	Credit Quality Step		S&P Global Ratings Europe Limited Rating	Credit Quality Step		Risk Weight
Aaa	1		AAA	1		0%
Aa	1		AA	1		0%
A	2		A	2		20%
Baa	3		BBB	3		50%
Ba	4		BB	4		100%
B	5		B	5		100%
Caa	6		CCC	6		150%
Ca	6		CC	6		150%
C	6		C	6		150%
			D	6		150%

7 Exposure to interest rate risk in the banking book

Qualitative information on interest rate risk in the banking book (Article 448 (1) (c-g) CRR (EU IRRBBA)

IRRBB is the current or prospective risk, to both the Group's capital and earnings arising from movements in interest rates, which affect the Group's non-trading book exposures. This includes gap risk, which arises from the term structure of banking book instruments and basis risk that describes the impact of retained earnings in interest rate for financial instruments that are priced using different interest rate curves.

All interest rate risks must be identified, measured, managed and monitored with robust policies and frameworks in place. Key metrics to monitor IRRBB are projected NII and EVE sensitivities ('Δ') under varying interest rate scenarios as prescribed by the regulators.

Interest rate risk that can be economically hedged is transferred to the Treasury team. Hedging is generally executed through natural hedging or through interest rate derivatives. Any interest rate risk that the Treasury team cannot economically hedge remains within the business.

The Group assesses and measures hedge effectiveness of a hedging relationship based on the change in the fair value of the derivative hedging instrument relative to the change in the fair value of the hedged item attributable to the hedged risk.

The Group manages its IRRBB exposures using economic as well as earnings-based measures. The Treasury team is mandated to manage the interest rate risk with the Risk team as 2nd LOD independently assessing and challenging the implementation of the framework and adherence to the risk appetite. The IAF in its role as the 3rd LOD is responsible for providing independent and objective reasonable assurance on the adequacy of the design, operating effectiveness and efficiency of the risk management and internal control systems. The framework is subject to review across the multi-year internal audit cycle. The Group ALCO monitors the sensitivity of financial resources and associated metrics to key market parameters such as interest rate curves and oversees adherence to financial resources limits.

A summary of the Group's interest rate gap position on non-trading portfolios is found in the MDB Group Limited Annual Report and Financial Statements for the financial year ended 31 December 2025, in section 2.4.3 - Interest rate risk.

The management of interest rate risk attributable to interest rate repricing gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various interest rate scenarios under the STF meanwhile the extent of the difference between risk factors on the asset side and liability side is monitored through the re-fixing gap analysis. As detailed in Section 2.4.3 on Market Risks, the metrics related to IRRBB are monitored and reported to ALCO on a monthly basis and to senior management on a weekly basis.

Changes in the economic value of equity and net interest income (Article 448 (a-b,d) CRR)

Sensitivity of NII reflects the Group's sensitivity of earnings due to changes in market interest rates. An EVE sensitivity represents the expected movement in EVE due to pre-specified interest rate shocks, where all other economic variables are held constant. EVE represents the present value of the Banking Book Assets and Liabilities excluding equity, based on a run-off balance sheet. This equates to the current book value of equity plus the present value of future NII in this scenario. EVE can be used to assess the economic capital required to support interest rate risk in the banking book and provides a comprehensive view of the potential long-term effects of changes in interest rates. EVE sensitivity measures the impact to EVE from a movement in interest rates including the assumed term profile of non-maturing deposits having adjusted for stability and price sensitivity. EVE provides a comprehensive view of the potential long-term effects of changes in interest rates. It is measured and reported as part of internal risk metrics, regulatory rules and external Pillar 3 disclosures.

The following table shows the impact on the Group's NII in the non-trading book as well as the change in economic value for the banking book positions from interest rate changes under the six standard scenarios defined by the EBA.

The ΔNII and ΔEVE are based on scenarios and assumptions prescribed by the EBA Guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2022/14):

- Parallel Up;
- Parallel Down;
- Steepener;
- Flattener;
- Short rates shock up; and
- Short rates shock down.

The hypothetical base case projection of the NII follows the currency specific Parallel Up and Down EBA shock scenarios (200bps for EUR).

The main assumptions used in the model utilised to measure the benchmarks referred to above are:

- Interest bearing assets are assumed to mature on their expected maturity and are not replaced for the ΔEVE purposes (run off balance sheet);
- Interest bearing assets are assumed to mature on their expected maturity and are replaced on like for like basis for the ΔNII purposes (constant balance sheet);
- The Dutch NHG and Belgian Retail mortgages are assumed to follow a conditional prepayment rate curve over and above the contractual principal payment schedule; Belgian retail mortgages prepayment is conditional on the interest rate scenario.
- In addition to the legal floor on Regulated Savings Accounts of MeDirect Belgium, there is an implicit zero floor option on retail customer deposits as the Group will not charge negative rates to the retail segment of its customer base;

- The ∆ NII and ∆ EVE metrics includes the effect of changes in value of the contractual automatic options embedded in the banking book assets;

- Customer deposits follow their behavioural schedule; and

- Sensitivities to behavioural assumptions are measured on a quarterly basis as part of the ICAAP whereas the IRRBB measurement has been validated and adapted to cater for novel characteristics of new product lines.

These assumptions are in line with the general guidelines defined by the EBA.

EVE denotes the current worth of future cash flows in the banking book, reflecting what could be distributed to equity providers under controlled runoff conditions. EVE serves as a regulatory gauge, monitored alongside Total Capital and the Standard Outlier test for sensitivity limits. IRRBB induces fluctuations in expected NII due to interest rate shifts. One method to gauge this risk is through NII sensitivity analysis, which is also a regulatory metric monitored against the Large Decline of NII threshold.

EU IRRBB1 – Changes in the economic value of equity and net interest income under six supervisory shock scenarios

		Changes of the economic value of equity		**Changes if the net interest income**	
		a. Current period	b. Last period	a. Current period	b. Last period
Amounts in €millions		31 December 2025	30 June 2025	31 December 2025	30 June 2025
Supervisory shock scenarios					
1. Parallel up		(10.4)	(8.3)	1.2	(0.2)
2. Parallel down		(10.6)	1.8	(11.2)	(7.6)
3. Steepener		7.3	3.8		
4. Flattener		(3.4)	(2.2)		
5. Short rates up		(6.9)	(5.7)		
6. Short rates down		3.2	2.7		

In line with Article 448(1), point (d) of the CRR, in 2025 the Group introduced prepayment rate for Belgium retail mortgage portfolio conditional on the interest rate scenarios other than that there have been no significant changes in assumptions, methodology, or calculation in the IRRBB measurement.

In accordance with Article 448(1), point (g) CRR, the average repricing maturity assigned to non-maturity deposits from retail and non-financial wholesale counterparties inclusive/exclusive of non-core balance is 2.2/6.4 years respectively. The longest repricing maturity is 10 years.

The tables in Section 2.4.3 “Interest rate risk” of the Group’s Annual Report and Financial Statements disclose the mismatch of the dates on which interest on financial assets and financial liabilities either will reset to market rates levels or the date on which the instruments mature. Actual cash-flows on reset dates may differ from contractual dates owing possible exercise of behavioural options such as prepayments. In addition, contractual terms may not be representative of the behaviour in respect of financial assets and liabilities.

8 Operational risk exposure

(Article 446 CRR [EU ORA])

8.1 Operational risk – own funds requirements

Operational risk is the risk of loss resulting from people, inadequate or failed internal processes, data or systems, or external events. These risks arise during the day-to-day operations while taking financial risks. Non-financial risks may have an impact on the management of financial risks, for example, inaccurate financial reporting may lead to unexpected capital or liquidity risk, or a trading process failure may result in higher market risk taking. Notable sources of non-financial risks include external, non-authorised activities, errors and omissions including events characterised by a low probability but with a high impact in case of occurrence.

Regulation (EU) No 575/2013 (CRR), as updated by Regulation (EU) 2024/1623, introduces a revised methodology for determining operational risk capital requirements. Under this updated framework, all previous regulatory approaches have been withdrawn and replaced with a single measure based on the Business Indicator Component ("BIC"). The BIC is derived from the business indicator, which reflects the scale and intensity of an institution's activities. The Group uses the standardised approach to calculate the BIC to assess the operational risk regulatory capital requirements

The following table presents the annual operational risk losses incurred over the past 10 years

EU OR1 - Operational risk losses

Amounts in €millions, Number of losses in events		a. T	b. T-1	c. T-2	d. T-3	e. T-4	f. T-5	g. T-6	h. T-7	i. T-8	j. T-9	k. Ten-year average
		2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	
Using €20,000 threshold												
1. Total amount of operational risk losses net of recoveries (no exclusions)		-	-	-	-	-	-	-	-	-	-	-
2. Total number of operational risk losses		3	-	-	-	1	1	1	-	-	-	1
3. Total amount of excluded operational risk losses		-	-	-	-	-	-	-	-	-	-	-
4. Total number of excluded operational risk events		-	-	-	-	-	-	-	-	-	-	-
5. Total amount of operational risk losses net of recoveries and net of excluded losses		-	-	-	-	-	-	-	-	-	-	-
Using €100,000 threshold												
6. Total amount of operational risk losses net of recoveries (no exclusions)		-	-	-	-	-	-	-	-	-	-	-
7. Total number of operational risk losses		-	-	-	-	-	-	-	-	-	-	-
8. Total amount of excluded operational risk losses		-	-	-	-	-	-	-	-	-	-	-
9. Total number of excluded operational risk events		-	-	-	-	-	-	-	-	-	-	-
10. Total amount of operational risk losses net of recoveries and net of excluded losses		-	-	-	-	-	-	-	-	-	-	-
Details of operational risk capital calculation												
11. not applicable		-	-	-	-	-	-	-	-	-	-	-
12. not applicable		-	-	-	-	-	-	-	-	-	-	-
13. not applicable		-	-	-	-	-	-	-	-	-	-	-

The following table presents a detailed breakdown of the items included within each component of Business Indicator calculation under the Standardised Measurement approach. It also outlines ECB approved divested activities as applicable to the calculation framework.

EU OR2 – Business Indicator, components and subcomponents

Amounts in €millions		a. T 2025	b. T-1 2024	c. T-2 2023	d. Average value
1. Interest, lease and dividend component (ILDC)					74
EU 1. ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(3)					74
1a. Interest and lease income		210	216	187	204
1b. Interest and lease expense		148	139	104	130
1c. Total assets/Asset component		5,437	5,126	5,101	5,221
1d. Dividend income/ dividend component		-	-	-	-
2. Services component (SC)					11
2a. Fee and commission income		12	12	10	11
2b. Fee and commission expense		7	8	7	7
2c. Other operating income		-	-	-	-
2d. Other operating expense		-	-	-	-
3. Financial component (FC)					2
3a. Net profit or loss applicable to trading book (TB)		-	-	1	-
3b. Net profit or loss applicable to banking book (BB)		3	2	1	2
EU-3c. Approach followed to determine the TB/BB boundary (PBA or accounting approach)					Accounting Approach
4. Business Indicator (BI)					87
5. Business indicator component (BIC)					10
		a. Disclosure on the BI			
6a. BI gross of excluded divested activities		87			
6b. Reduction in BI due to excluded divested activities		-			
EU-6c. Impact in BI of mergers/acquisitions		-			

The following table reports the BIC and the resulting operational risk capital requirement that are used in the operational risk calculation. The internal loss multiplier for 2025 is set at 1 by the EBA.

EU OR3 - Operational risk own funds requirements and risk exposure amounts

Amounts in €millions		A
1. Business Indicator Component (BIC)		10
EU 1. Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)		-
2. Not applicable		
3. Minimum Required Operational Risk Own Funds Requirements (OROF)		10
4. Operational Risk Exposure Amounts (REA)		131

In the Group's ICAAP, the Group assigned a scenario for the identified operational risk themes as identified during the RCSAs. Each of these scenarios were assigned a risk add-on which represented the financial costs the Group could expect to incur if the respective scenarios were to materialise in isolation. This approach is used to inform the final internal capital add-on. Internal data is used to complement the scenario analysis along with expert judgment from within the Group's 1st LOD.

9 Own funds

<u>Own Funds composition, prudential filters and deduction items</u> *(Article 437 (a, d-f) CRR)*

9.1 Total available capital

The Group adopts the appropriate processes to ensure that the minimum regulatory requirements are met at all times, through the assessment of its capital resources and requirements given current financial projections. The Group has a strong track record of robust capital ratios and is confident that it will be positioned to maintain its overall capital strength. For regulatory purposes, the Group's capital base is divided in two main categories, namely CET1 capital and Tier 2 capital.

9.1.1 Common Equity Tier 1 capital – composition

As at the end of the financial year, CET1 capital includes:

- Ordinary share capital;
- Share premium;
- Shareholders' contribution;
- Retained earnings;
- Reserves; and
- Other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

9.1.2 Common Equity Tier 1 capital – terms and conditions

i. Ordinary share capital includes equity instruments which fall under the definition of Article 28(1) of the CRR, *Common Equity Tier 1 instruments*. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of MDB Group Limited. MDB Group Limited did not issue multiple classes of shares, but only issued ordinary shares of equal value with equal voting rights and equal profit rights.

ii. Share premium reserve is made up of premium paid by shareholders in excess of the nominal value of the ordinary shares. This reserve can only be applied in the paying up of unissued shares to be issued to members of MDB Group as fully paid bonus shares.

iii. Shareholders' contributions are amounts granted by the shareholders to MDB Group whereby MDB Group has no obligation to bear any servicing cost or transfer any economic benefits of any kind to the contributor or any other person in return and has no obligation to repay the Shareholders' contributions. These terms and conditions of such Shareholders' contributions render this instrument equity in nature in accordance with the requirements of International Accounting Standard 32: Financial Instruments – Presentation.

iv. Retained earnings are part of the distributable items as per the CRR Article (4)(1)(128) definition, which are amounts of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the institution's bye-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of MDB Group Limited. The balance in this reserve is net of tax.

   Subject to MDB Group's dividend policy, the directors of MDB Group, in the annual general meeting, may from time to time recommend dividends to be paid from the retained earnings of MDB Group Limited. Such dividends may be in the form of capitalisation of retained earnings to ordinary shares.

v. Reserves: These consist of a reserve arising from the acquisition of a subsidiary by the Group in prior years and the legal reserve of MeDirect Belgium. In Belgium in accordance with article 616 of the Belgium Company Code a company must assign at least 5% of its net retained profits to the legal reserve until such legal reserve amounts to 10% of the share capital.

9.1.3 Tier 2 capital

Tier 2 capital consists of subordinated liabilities in issue, which rank after the claims of all depositors (including financial institutions) and all other creditors.

As at the end of the financial year, subordinated liabilities included within Tier 2 capital comprised the following debt securities issued which are unsecured and in the event of the winding-up of the issuer, these are subordinated to the claims of depositors and all other creditors of the issuer:

- Debt securities, bearing interest payable at 5%, repayable on 13 October 2027, with a 13 October 2026 early redemption option held by the Group.
- Debt securities, bearing interest payable at 4%, repayable on 5 November 2029, with a 5 November 2026 early redemption option held by the Group.

In February 2021 MDB Group Limited issued €11 million fixed rate reset callable subordinated notes due on 10 February 2031, with an early redemption date option starting 10 February 2026. The notes bore a fixed rate of 9.75% per annum until 10 February 2026 and thereafter will bear interest at a fixed rate which was set by the Agent Bank at 12.6%. The proceeds of such Tier 2 Capital issuance were immediately delivered to MeDirect Malta through a qualifying Tier 2 loan instrument to MeDirect Malta for general corporate purposes, including to further reinforce and optimise the regulatory capital and to support the execution of the business strategy.

9.2 Own funds – other disclosures

The Group does not have items included in the 'Total capital' which have values differing from those reported within IFRS compliant Statement of Financial Position, with the exception of Subordinated liabilities included as part of Tier 2 capital, since these are amortised in line with Article 64 of the CRR. Furthermore, given that these liabilities were issued by the subsidiary, MeDirect Malta, these subordinated liabilities are subject to a haircut in accordance with article 87 under Regulation (EU) No 575/2013

Retained earnings form part of (regulatory) own funds only if those profits have been verified by persons independent of the Group that are responsible for the auditing of the Group's Financial Statements and the Group has demonstrated to the satisfaction of the competent authority that any foreseeable charge or dividend has been deducted from the amount of those profits.

9.2.1 Composition of Own Funds

(Article 437 (a, d-f) CRR)

MDB Group Limited is the primary provider of equity capital to its subsidiaries. These investments are substantially funded through the issuance of equity, shareholder's contribution and by profit retention. As part of its capital management process, MDB Group Limited seeks to maintain a balance between the composition of its capital and its investment in subsidiaries.

The following shows the composition of the own funds of the Bank in accordance with Article 437 of the CRR. The table provides a detailed breakdown of the key components of the CET1, Tier1 and Tier 2 capital, and the regulatory adjustments impacting the capital base. The minimum deductions for holdings of own CET1, AT1 and Tier 2 capital instruments are set by the EBA.

RWAs have been calculated in the new CRR 3 methodology and comparatives have not been restated.

EU CC1 - Composition of regulatory own funds

Amounts in €millions		**a. Amounts**	**a. Amounts**	**b. Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
		31 December 2025	**30 June 2025**	
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1. Capital instruments and the related share premium accounts		69	69	A
Of which: Called up issued ordinary share capital		56	56	
Of which: Shared premium		14	14	
2. Retained earnings		45	46	C
3. Accumulated other comprehensive income (and other reserves)		174	134	B
EU-3a. Funds for general banking risk		-	-	
4. Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		-	-	
5. Minority interests (amount allowed in consolidated CET1)		-	-	
EU-5a. Independently reviewed interim profits net of any foreseeable charge or dividend		-	-	
6. Common Equity Tier 1 (CET1) capital before regulatory adjustments		**288**	**249**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7. Additional value adjustments (negative amount)		-	-	
8. Intangible assets (net of related tax liability) (negative amount)		(10)	(10)	D
10. Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		(12)	(14)	E
11. Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		-	-	
12. Negative amounts resulting from the calculation of expected loss amounts		-	-	
13. Any increase in equity that results from securitised assets (negative amount)		-	-	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		-	-	
15. Defined-benefit pension fund assets (negative amount)		-	-	
16. Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		-	-	
17. Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		-	-	
18. Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		-	-	
19. Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		-	-	
Not applicable				
EU-20a. Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		-	-	

EU-20b. of which: qualifying holdings outside the financial sector (negative amount)		-	-	
EU-20c. of which: securitisation positions (negative amount)		-	-	
EU-20d. of which: free deliveries (negative amount)		-	-	
21.Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		-	-	
22. Amount exceeding the 17,65% threshold (negative amount)		-	-	
23. of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		-	-	
24. of which: deferred tax assets arising from temporary differences		-	-	
EU-25a. Losses for the current financial year (negative amount)		(8)	(4)	
EU-25b. Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		-	-	
27. Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		-	-	
27a. Other regulatory adjustments		(10)	(6)	
28. Total regulatory adjustments to Common Equity Tier 1 (CET1)		**(40)**	**(35)**	
29. Common Equity Tier 1 (CET1) capital		**248**	**214**	
Additional Tier 1 (AT1) capital: instruments				
30.Capital instruments and the related share premium accounts		-	-	
31. of which: classified as equity under applicable accounting standards		-	-	
32. of which: classified as liabilities under applicable accounting standards		-	-	
33. Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		-	-	
EU-33a. Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		-	-	
EU-33b. Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		-	-	
34. Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		-	-	
35. of which: instruments issued by subsidiaries subject to phase out		-	-	
36. Additional Tier 1 (AT1) capital before regulatory adjustments		**-**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37. Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		-	-	
38. Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		-	-	
39. Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		-	-	
40. Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		-	-	
41. Not applicable				
42. Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		-	-	
42a. Other regulatory adjustments to AT1 capital		-	-	
43. Total regulatory adjustments to Additional Tier 1 (AT1) capital		**-**	**-**	
44. Additional Tier 1 (AT1) capital		**-**	**-**	
45. Tier 1 capital (T1 = CET1 + AT1)		**248**	**214**	
Tier 2 (T2) capital: instruments				
46. Capital instruments and the related share premium accounts		12	11	F
47. Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		-	-	
EU-47a. Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		-	-	
EU-47b. Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		-	-	
48. Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		21	29	
49. of which: instruments issued by subsidiaries subject to phase out		-	-	
50. Credit risk adjustments		-	-	
51. Tier 2 (T2) capital before regulatory adjustments		**33**	**41**	
Tier 2 (T2) capital: regulatory adjustments				
52. Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		-	-	
53. Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have		-	-	

reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)				
54. Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		-	-	
54a. Not applicable		-	-	
55. Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		-	-	
EU-56a. Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		-	-	
EU-56b. Other regulatory adjustments to T2 capital		-	-	
57. Total regulatory adjustments to Tier 2 (T2) capital		**-**	**-**	
58. Tier 2 (T2) capital		**33**	**41**	
59. Total capital (TC = T1 + T2)		**281**	**255**	
60. Total Risk exposure amount		**1,193**	**1,261**	
Capital ratios and requirements including buffers				
61. Common Equity Tier 1 capital		20.8%	17.0%	
62. Tier 1 capital		20.8%	17.0%	
63. Total capital		23.5%	20.2%	
64. Institution CET1 overall capital requirements		10.9%	11.0%	
65. of which: capital conservation buffer requirement		2.5%	2.5%	
66. of which: countercyclical capital buffer requirement		1.0%	1.07%	
67. of which: systemic risk buffer requirement		0.0%	0.0%	
EU-67a. of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement		1.0%	1.0%	
EU-67b. of which: additional own funds requirements to address the risks other than the risk of excessive leverage		1.9%	1.9%	
68. Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements		12.1%	8.4%	
National minima if different from Basel III.				
69. Not applicable		-	-	
70. Not applicable		-	-	
71. Not applicable		-	-	
Amounts below the thresholds for deduction (before risk weighting)				
72. Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		-	-	
73. Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		-	-	
74. Not applicable		-	-	
75. Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		6	4	
Applicable caps on the inclusion of provisions in Tier 2				
76. Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		-	-	
77. Cap on inclusion of credit risk adjustments in T2 under standardised approach		-	-	
78. Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		-	-	
79. Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		-	-	
Capital instruments subject to phase-out arrangements only applicable between 1 Jan 2014 and 1 Jan 2022				
80. Current cap on CET1 instruments subject to phase out arrangements		-	-	
81. Amount excluded from CET1 due to cap excess over cap after redemptions and maturities		-	-	
82. Current cap on AT1 instruments subject to phase out arrangements		-	-	
83. Amount excluded from AT1 due to cap excess over cap after redemptions and maturities		-	-	
84. Current cap on T2 instruments subject to phase out arrangements		-	-	
85. Amount excluded from T2 due to cap excess over cap after redemptions and maturities		-	-	

The Group’s total capital ratio was 23.5% as at 31 December 2025. The Group’s total capital ratio remain above the TSCR benchmark of 11.4%.

The intangible assets in the above table, were in particular recalculated in terms of the Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020 (“Regulation (EU) 2020/2176”), whereby a portion of the prudential valued software asset would be risk-weighted at 100% and the remainder is subject to a CET1 deduction. Under the old rules, software assets were deducted in full from CET1.

In line with Article 437 (e) of the Regulation (EU) No 575/2013, MeDirect confirms that no restrictions have been applied to the calculation of own funds.

Furthermore as shown in the preceding table, there were no other items requiring deduction that were not deducted from the own funds in accordance with Section 3, Chapter 2, Title I, Part Two of CRR. In particular, in terms of article 48 and 473a (7) of CRR, the Group's deferred tax assets dependent on future profitability and arising from temporary differences did not exceed the 10% threshold and therefore were not required to be deducted from own funds.

The CBM in collaboration with the MFSA under the auspices of the Joint Financial Stability Board decided to set a sSyRB of 1.5% which is to be applied on the amount of risk-weighted assets held against domestic mortgages exposures to natural persons and secured by RRE. Exposures also include buy-to-let loans (for residential purposes) secured by RRE, granted to natural persons. The sSyRB addresses potential risks emanating from the increasing concentration of the Maltese banking sector's exposures to mortgage loans.

The CBM has announced that, effective June 2026, the sSyRB of 1.5% will be applied more broadly to all exposures secured by residential immovable property in Malta.

Capital ratios different to CRR *(Article 437 (f) CRR)*

The own funds capital ratios of the MDB Group are built upon the CRR regulations.

Main features of capital instruments *(Article 437 (b-c) CRR)*

In line with Part Eight Article 437 of the CRR the following table discloses the main features and the terms and conditions of Tier 1 and Tier 2 instruments issued by the MDB Group.

EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

Instruments	**MDB Group Limited Ordinary shares**	**MDB Group Limited Share premium**	**MeDirect Bank (Malta) plc 5% Subordinated Unsecured Bonds EUR 2027**	**MeDirect Bank (Malta) plc 5% Subordinated Unsecured Bonds GBP 2027**
1. Issuer	MDB Group Limited	MDB Group Limited	MeDirect Bank (Malta) plc	MeDirect Bank (Malta) plc
2. Unique identifier	N/A	N/A	MT0000551284	MT0000551292
EU 2a. Public or private placement	Private	Private	Public	Public
3. Governing law(s) of the instrument	Maltese Law	Maltese Law	Maltese Law	Maltese Law
3a. Contractual recognition of write down and conversion powers of resolution authorities	No	No	No (but extensive disclosure in offering documents as to write down and conversion powers of resolutions authorities under BRRD)	No (but extensive disclosure in offering documents as to write down and conversion powers of resolutions authorities under BRRD)
Regulatory treatment				
4. Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Tier 2	Tier 2
5. Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Tier 2	Tier 2
6. Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & (Sub) Consolidated	Solo & (Sub) Consolidated	Solo & (Sub) Consolidated	Solo & (Sub) Consolidated
7. Instrument type	Tier 1 as published in Regulation (EU) No 575/2013 articles 26 and 28	Tier 1 as published in Regulation (EU) No 575/2013 articles 26 and 28	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8. Amount recognised in regulatory capital	EUR55.7 million	EUR13.8 million	EUR4.1 million	EUR0.3 million
9. Nominal amount of instrument	EUR55.7 million	EUR13.8 million	EUR18.7 million	EUR1.4 million
EU-9a. Issue price	EUR1 per share	EUR0.335 per share	EUR100 per EUR Bond	GBP100 per GBP Bond
EU-9b. Redemption price	N/A	N/A	EUR100 per EUR Bond	GBP100 per GBP Bond
10. Accounting classification	Share capital	Share premium	Liability - amortised cost	Liability - amortised cost
11. Original date of issuance	10 June 2004	10 June 2004	13 October 2017 (Note 1)	13 October 2017 (Note 1)
12. Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13. Original maturity date	N/A	N/A	13 October 2027	13 October 2027
14. Issuer call subject to prior supervisory approval	No	No	N/A (Note 2)	N/A (Note 2)
15. Optional call date, contingent call dates, and redemption amount	No	No	N/A (Note 2)	N/A (Note 2)
16. Subsequent call dates, if applicable	No	No	N/A (Note 2)	N/A (Note 2)
Coupons/dividends				
17. Fixed or floating dividend/coupon	Floating	N/A	Fixed	Fixed
18. Coupon rate and any related index	N/A	N/A	5% per annum	5% per annum
19. Existence of a dividend stopper	No	No	No	No
EU20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/A	Mandatory	Mandatory
EU20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/A	Mandatory	Mandatory
21. Existence of step up or other incentive to redeem	N/A	N/A	No	No
22. Noncumulative or cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative
23. Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24. If convertible, conversion trigger (s)	N/A	N/A	N/A	N/A
25. If convertible, fully or partially	N/A	N/A	N/A	N/A
26. If convertible, conversion rate	N/A	N/A	N/A	N/A
27. If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28. If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29. If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30. Write-down features	No	No	No	No
31. If write-down, write-down trigger (s)	N/A	N/A	N/A	N/A
32. If write-down, full or partial	N/A	N/A	N/A	N/A
33. If write-down, permanent or temporary	N/A	N/A	N/A	N/A
34. If temporary write-down, description of writeup mechanism	N/A	N/A	N/A	N/A
34a. Type of subordination (only for eligible liabilities)	N/A	N/A	N/A	N/A
EU-34b. Ranking of the instrument in normal insolvency proceedings	1	2 (b)	2 (b)	2 (b)
35. Position in subordination hierarchy in liquidation	Subordinated to MeDirect Bank Malta plc subordinated bonds	Subordinated to MeDirect Bank Malta plc subordinated bonds	Subordinated to senior creditors and depositors	Subordinated to senior creditors and depositors
36. Non-compliant transitioned features	No	No	No	No

37. If yes, specify non-compliant features	N/A	N/A	N/A	N/A
37a. Link to the full term and conditions of the instrument (signposting)	https://www.medirect.com.mt/about-us/investor-relations/			

Note (1): The subordinated loan capital in Tier 2 capital represents the subordinated unsecured bonds of MeDirect Bank (Malta) plc. They are included as part of Tier II Capital as they fully qualify for the provisions listed under Regulation (EU) No 575/2013 Part Two, Title 1, Chapter 4, Article 63. Specifically, they rank after the claim of all other creditors and are not to be repaid until all other debts outstanding at the time have been settled. As at 31 December 2025, the subordinated bonds listed above had a remaining maturity of less than 5 years and had all been fully paid up. These securities are included in the Group's Own Funds figure following amortisation in accordance with article 64 equivalent to €12.5 million.

Note (2): Redemption of the subordinated loan capital shall take place on 13 October 2027, provided that in the event that a Regulatory Change Event occurs, the Group shall at its sole discretion but subject to the prior approval of the JST, have the option to redeem the subordinated loan capital in full prior to the scheduled redemption date.

Instruments	MeDirect Bank (Malta) plc 4% Subordinated Unsecured Bonds EUR 2029	MeDirect Bank (Malta) plc 4% Subordinated Unsecured Bonds GBP 2029	MDB Group 9.75% subordinated notes EUR 2031
1. Issuer	MeDirect Bank (Malta) plc	MeDirect Bank (Malta) plc	MDB Group Limited
2. Unique identifier	MT0000551300	MT0000551318	XS2296173540
EU 2a. Public or private placement	Public	Public	Public
3. Governing law(s) of the instrument	Maltese Law	Maltese Law	England Law, except conditions 4 and 16(d) that are governed by the law of Malta
3a. Contractual recognition of write down and conversion powers of resolution authorities	No (but extensive disclosure in offering documents as to write down and conversion powers of resolutions authorities under BRRD)	No (but extensive disclosure in offering documents as to write down and conversion powers of resolutions authorities under BRRD)	Yes
Regulatory treatment			
4. Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2	Tier 2
5. Post-transitional CRR rules	Tier 2	Tier 2	Tier 2
6. Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & (Sub) Consolidated	Solo & (Sub) Consolidated	Solo & (Sub) Consolidated
7. Instrument type	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8. Amount recognised in regulatory capital	EUR15.1 million	EUR1.3 million	EUR11.9 million
9. Nominal amount of instrument	EUR32.2 million	EUR2.8 million	EUR11 million
EU-9a. Issue price	EUR1,000 per EUR Bond	GBP1,000 per GBP Bond	99.052% of face amount
EU-9b. Redemption price	EUR1,000 per EUR Bond	GBP1,000 per GBP Bond	100% of face amount
10. Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11. Original date of issuance	5 November 2019 (Note 1)	5 November 2019 (Note 1)	10 February 2021 (Note 3)
12. Perpetual or dated	Dated	Dated	Dated
13. Original maturity date	5 November 2029	5 November 2029	10 February 2031
14. Issuer call subject to prior supervisory approval	N/A (Note 2)	N/A (Note 2)	N/A (Note 4)
15. Optional call date, contingent call dates, and redemption amount	N/A (Note 2)	N/A (Note 2)	N/A (Note 4)
16. Subsequent call dates, if applicable	N/A (Note 2)	N/A (Note 2)	N/A
Coupons / dividends			
17. Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18. Coupon rate and any related index	4% per annum	4% per annum	9.75% per annum (Note 5)
19. Existence of a dividend stopper	No	No	No
EU20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
EU20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21. Existence of step up or other incentive to redeem	No	No	No
22. Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23. Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24. If convertible, conversion trigger (s)	N/A	N/A	N/A
25. If convertible, fully or partially	N/A	N/A	N/A
26. If convertible, conversion rate	N/A	N/A	N/A
27. If convertible, mandatory or optional conversion	N/A	N/A	N/A
28. If convertible, specify instrument type convertible into	N/A	N/A	N/A
29. If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30. Write-down features	No	No	No
31. If write-down, write-down trigger (s)	N/A	N/A	N/A
32. If write-down, full or partial	N/A	N/A	N/A
33. If write-down, permanent or temporary	N/A	N/A	N/A
34. If temporary write-down, description of writeup mechanism	N/A	N/A	N/A
EU-34b. Ranking of the instrument in normal insolvency proceedings	2 (b)	2 (b)	2 (b)
35. Position in subordination hierarchy in liquidation	Subordinated to senior creditors and depositors	Subordinated to senior creditors and depositors	Subordinated to senior creditors and depositors

36. Non-compliant transitioned features	No	No	No
37. If yes, specify non-compliant features	N/A	N/A	N/A
37a. Link to the full term and conditions of the instrument (signposting)	https://www.medirect.com.mt/about-us/investor-relations/		https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/ListingParticulars_0c664be4-187d-4b87-892b-7b47dde379b4.PDF

Note (1): The subordinated loan capital in Tier 2 capital represents the subordinated unsecured bonds of MeDirect Bank (Malta) plc. They are included as part of Tier II Capital as they fully qualify for the provisions listed under Regulation (EU) No 575/2013 Part Two, Title 1, Chapter 4, Article 63. Specifically, they rank after the claim of all other creditors and are not to be repaid until all other debts outstanding at the time have been settled. As at 31 December 2025, the subordinated bonds listed above had a remaining maturity of less than 5 years and had all been fully paid up. These securities are included in the Group's Own Funds figure following amortisation in accordance with article 64 equivalent to €7.9 million.
Note (2): Redemption of the subordinated loan capital shall take place on 5 November 2029, provided that in the event that a Regulatory Change Event occurs, the Group shall at its sole discretion but subject to the prior approval of the JST, have the option to redeem the subordinated loan capital in full prior to the scheduled redemption date.
Note (3): The fixed rate reset callable subordinated notes due 2031 were issued by MDB Group Limited on 10 February 2031. They are included as part of Tier II Capital as they fully qualify for the provisions listed under Regulation (EU) No 575/2013 Part Two, Title 1, Chapter 4, Article 63. Specifically, they rank pari passu and without any preference amongst themselves, and will, in the event of a Winding-Up, be subordinated to the claims of all Senior Creditors. As at 31 December 2025, the subordinated notes listed above had a remaining maturity of more than 5 years and had all been fully paid up.
Note (4): MDB Group Limited may, in its sole discretion but subject to the conditions set out under "Conditions to Early Redemption, Substitution, Variation and Purchase" section in the Information Memorandum and upon notice to the Holders, elect to redeem all (but not some only), of the Notes on the Reset Date or any Interest Payment Date thereafter at their principal.
Note (5): These notes bore a fixed rate of 9.75% per annum until 10 February 2026 and thereafter a fixed rate set by the Agent Bank at 12.6%.

The Tier 2 securities in the preceding table are included in the Group's Own Funds figure following a haircut in accordance with article 87 under Regulation (EU) No 575/2013 equivalent to €13.7 million.

10 Capital requirements

Capital requirements represent the amount of capital resources that a bank must hold as required by the regulator. In line with CRR, the Group is placing much of its emphasis and monitoring on CET1 capital.

The scope of permissible CRR approaches and those adopted by the Group are described below.

- Credit risk – The Group calculates its risk weighted credit risk exposure in accordance with the Standardised Approach, described in Chapter 2 of Title II of Part Three of the CRR. To calculate the risk-weighted exposure amounts, risk weights are applied based on the exposure class and the related credit quality. Credit quality may be determined by reference to the credit assessments of ECAIs that have been determined as eligible by the EBA. In the Group's calculations, senior secured loans and other corporate credit exposures are assigned risk weights corresponding to unrated positions and for the remainder of its securities investment portfolio and the ABS portfolio the Group has nominated a well-known risk rating agency. Accordingly, the Group complies with the standard association of the external ratings of ECAIs with the credit quality steps prescribed in CRR.

- Operational risk – The Group calculates its capital requirement using the Standardised Approach, in terms of Article 312 of the CRR. The own funds requirement is the BIC, which is derived from the Business Indicator (BI), which serves as a proxy for the institution's operational risk exposure. The BI is calculated as the average over three years of three key components:

    - Interest, Leasing and Dividend Component (ILDC): Includes NII, lease income, and dividend income.
    - Services Component (SC): Reflects fee and commission income and expenses, and other service-related revenues and costs.
    - Financial Component (FC): Captures the institution's trading and fair value gains/losses, and other financial income.

  Each component is calculated using specific line items from the Group's audited financial statements, adjusted to align with regulatory definitions.

- CCR – As at the reporting date, the Group reported the CCR calculations for derivatives using the - Simplified SA-CCR Method (as defined in CRR, Article 281) and the financial collateral simple approach for SFTs.

- Foreign exchange risk – The Group has adopted the Basic Method to determine its FX risk requirement in accordance with Article 351 of the CRR. In terms of this Article, the Group does not calculate the capital requirement for FX risk as its net FX position is less than 2% of its own funds.

- CVA risk – The Group uses the reduced basic approach, as per Article 384 of the CRR.

Overview of capital requirements (Article 438 (d) CRR)

The following table provides an overview of the total RWA and the capital requirement for credit risk (derived from the RWA by an 8% capital ratio) split by the different exposure classes as well as capital for operational risk, FX risk and CVA risk. No capital is allocated to market risk as the Group does not operate a trading book. Moreover, the capital allocated to settlement risk and commodities risk is nought. The exposure value is equal to the total on-balance sheet and off-balance sheet net of value adjustments and provisions and post CCF. The most significant changes between the two periods were the decrease in RWA in the International Corporate Lending portfolio mitigated by an increase in the size of the mortgage portfolios.

EU OV1 – Overview of total risk exposure amounts

Amounts in €millions	Total risk exposure amounts (TREA)		Total own funds requirements
	A. T	**b. T-1**	**c. T**
	31 December 2025	**30 September 2025**	**31 December 2025**
1. Credit risk (excluding CCR)	976	967	78
2. Of which the standardised approach	976	967	78
3. Of which the Foundation IRB (F-IRB) approach	-	-	-
4.Of which slotting approach	-	-	-
EU4a.Of which: equities under the simple risk weighted approach	-	-	-
5. Of which the Advanced IRB (A-IRB) approach	-	-	-
6. Counterparty credit risk – CCR	12	12	1
7. Of which the standardised approach	-	-	-
8. Of which internal model method (IMM)	-	-	-
EU 8a. Of which exposures to a CCP	11	11	1
9. Of which other CCR	-	1	-
10. Credit valuation adjustments risk - CVA risk	-	-	-
EU 10a. Of which the standardised approach	-	-	-
EU 10b. Of which the basic approach (F-BA and R-BA)	-	-	-
EU 10c. Of which the simplified approach	-	-	-
11. Not applicable	-	-	-
12. Not applicable	-	-	-
13. Not applicable	-	-	-
14. Not applicable	-	-	-
15. Not applicable	-	-	-
16. Securitisation exposures in the non-trading book (after the cap)	75	83	6
17. Of which SEC-IRBA approach	-	-	-
18. Of which SEC-ERBA (including IAA)	6	14	-
19. Of which SEC-SA approach	69	69	6
EU 19a. Of which 1250% deduction	-	-	-
20. Position, foreign exchange and commodities risks (Market risk)	-	-	-
21. Of which the Alternative standardised approach (A-SA)	-	-	-
EU 21a. Of which the Simplified standardised approach (S-SA)	-	-	-
22. Of which the Alternative Internal Models Approach (A-IMA)	-	-	-
EU 22a. Large exposures	-	-	-
23. Reclassifications between the trading and non-trading books	-	-	-
24. Operational risk	131	131	10
25. Amounts below the thresholds for deduction (subject to 250% risk weight)	15	10	1
26. Output floor applied (%)	-	-	-
27. Floor adjustment (before application of transitional cap)	-	-	-
28. Floor adjustment (after application of transitional cap)	-	-	-
29. Total	**1,193**	**1,193**	**95**

Capital buffers (Article 440 CRR)

Minimum capital requirements and additional capital buffers

In light of the fact that the Group is supervised by the ECB as part of the SSM, MDB Group is subject to the SREP, which determines the capital requirement by the ECB.

MDB Group is required to meet a TSCR of 11.4% on a consolidated level. The TSCR of 11.4% is composed of a minimum own funds requirement of 8% to be maintained at all times in accordance with Article 92(1) of the CRR, and an own funds requirement of 3.4% required to be held in excess of the minimum own funds requirement and to be maintained at all times. Banks are allowed to partially use capital instruments that do not qualify as CET1, to meet the Pillar 2 Requirement. In fact, institutions shall meet the additional own funds requirements imposed by the ECB with own funds that satisfy the following conditions: i) at least 75% shall be met with Tier 1 capital; and ii) at least 56.25% with CET1 capital. The Group is also subject to the OCR, in addition to TSCR, which includes the Combined Buffer Requirement.

The SREP decision also included a P2G in addition to the OCR. The ECB has stated that it expects banks to meet the P2G although it is not legally binding, and failure to meet the P2G does not lead to automatic restrictions of capital distributions.

In respect of the Group, Banking Rule BR/15 “Capital Buffers of Credit Institutions authorised under the Maltese Banking Act (Cap. 371)” (“BR/15”), requires additional buffers, namely the ‘capital conservation buffer’, the ‘O-SII buffer’, the ‘countercyclical buffer’, and the ‘systemic risk buffer’. Automatic restrictions on capital distributions apply if the Group’s CET1 capital falls below the level of its CRD V combined buffer.

The Group is required to maintain a capital conservation buffer of 2.5%, made up of CET1 capital, on its risk weighted exposures.

Given the Group's position and its systemic relevance to the financial system in Malta, the Group is also required to maintain an O-SII buffer also made up of CET1 capital. This buffer is also institution specific and may be set at a maximum of 2% of a systemically important institution's total risk exposure amount. The Group's O-SII buffer is set at 1%.

In addition to the measures above, CRD V sets out a 'systemic risk buffer' for the financial sector as a whole, or one or more sub-sectors, to be deployed as necessary by each EU member state with a view to mitigate structural macro-prudential risk. The 'systemic risk buffer' may range between 0% and 5%. The CBM set a sSyRB of 1.5% which is to be applied on the amount of risk-weighted assets held against domestic mortgages exposures to natural persons and secured by RRE. The CBM communicated that with effect from June 2026 the sSyRB of 1.5% shall be extended on all Residential Real Estate exposures to encompass all mortgages backed by immovable property in Malta.

Geographical distribution of credit exposures (Article 440 (a) CRR)

CRD V also contemplates a countercyclical buffer in line with Basel III, in the form of an institution-specific countercyclical buffer and the application of increased requirements to address macro-prudential or systemic risk.

The countercyclical capital buffer is an additional capital buffer and is designed to counter pro-cyclicality in the financial system. When cyclical systemic risk is judged to be increasing, the national authorities would increase the CCyB rate so institutions would accumulate capital to create buffers that strengthen the resilience of the banking sector during period of stress when losses materialise.

This is expected to be set in the range of 0 – 2.5% of relevant credit exposure RWAs, whereby the rate shall consist of the weighted average of the 'countercyclical buffer' rates that apply in the jurisdiction where the relevant exposures are located.

The Group held a countercyclical buffer requirement of 0.98% as at 31 December 2025.

The following table represents the Group's geographical distribution of credit exposures relevant for the calculation of the institution-specific countercyclical capital buffer rate and the amount of institution-specific countercyclical capital buffer.

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer[5]

31 December 2025	**General credit exposures**	**Securitisation exposures**		**Own funds requirement**					
Breakdown by country (*Amounts in €millions*)	*a. Exposure value under the standardised approach*	*e. Exposure value for non-trading book*	*f. Total exposure value*	*g. Relevant credit exposures – Credit risk*	*i. Relevant credit exposures - Securitisation positions in the non-trading book*	*j. Total*	*k. Risk weighted exposure amounts*	*l. Own funds requirement weights %*	*m. Counter cyclical capital buffer rate %*
Austria	98	1	99	1	-	1	10	1.03%	0.00%
Belgium	518	4	522	14	-	14	181	18.72%	1.00%
Canada	-	1	1	-	-	-	-	0.02%	0.00%
Czech Republic	-	1	1	-	-	-	-	0.02%	1.25%
Denmark	5	1	6	-	-	-	1	0.06%	2.50%
Finland	20	5	25	-	-	-	3	0.28%	0.00%
France	129	88	217	1	1	2	26	2.69%	1.00%
Germany	102	48	150	1	1	1	17	1.80%	0.75%
Ireland	-	4	4	-	-	-	1	0.07%	1.50%
Italy	15	21	36	-	-	-	5	0.47%	0.00%
Luxembourg	17	24	41	2	-	2	26	2.66%	0.50%
Malta	429	-	429	26	-	26	324	33.42%	0.00%
Netherlands	2,311	31	2,342	26	-	27	333	34.41%	2.00%
Norway	37	-	37	-	-	-	4	0.38%	2.50%
Portugal	-	-	1	-	-	-	-	0.01%	0.00%
Hong Kong	-	-	-	-	-	-	-	0.00%	0.50%
Spain	13	16	29	-	-	-	4	0.45%	0.50%
Sweden	10	8	18	-	-	-	2	0.23%	2.00%
Switzerland	-	7	7	-	-	-	1	0.11%	0.00%
United Kingdom	-	71	72	-	1	1	11	1.11%	2.00%
United States	8	60	67	1	1	1	17	1.72%	0.00%
Slovakia	31	-	31	-	-	-	3	0.33%	1.50%
Total	**3,742**	**392**	**4,134**	**73**	**5**	**77**	**968**	**100.00%**	

[5] Missing columns since the Group does not use the IRB approach, does not hold a trading book and does not have market risk RWA.

30 June 2025		General credit exposures	Securitisation exposures		Own funds requirement					
Breakdown by country (*Amounts in €millions)*		*a. Exposure value under the standardised approach*	*e. Exposure value for non-trading book*	*f. Total exposure value*	*g. Relevant credit exposures – Credit risk*	*i. Relevant credit exposures - Securitisation positions in the non-trading book*	*j. Total*	*k. Risk weighted exposure amounts*	*l. Own funds requirement weights %*	*m. Counter cyclical capital buffer rate %*
Austria		98	2	99	1	-	1	10	0.98%	0.00%
Belgium		423	7	430	12	-	12	154	15.01%	1.00%
Canada		-	1	1	-	-	-	-	0.01%	0.00%
Czech Republic		-	1	1	-	-	-	-	0.02%	1.25%
Denmark		5	2	7	-	-	-	1	0.08%	2.50%
Finland		20	6	26	-	-	-	3	0.28%	0.00%
France		134	100	234	2	1	3	42	4.10%	1.00%
Germany		96	67	164	1	1	2	27	2.62%	0.75%
Ireland		-	7	7	-	-	-	1	0.1%	1.50%
Italy		25	22	47	1	-	1	15	1.42%	0.00%
Luxembourg		24	32	56	3	-	3	36	3.52%	0.50%
Malta		369	-	370	22	-	22	270	26.25%	0.00%
Netherlands		2,203	60	2,263	28	1	28	354	34.46%	2.00%
Norway		36	2	38	-	-	-	4	0.38%	2.50%
Portugal		1	1	2	-	-	-	-	0.03%	0.00%
Spain		21	22	42	1	-	1	13	1.28%	0.00%
Sweden		35	19	54	2	-	2	29	2.83%	2.00%
Switzerland		-	7	7	-	-	-	1	0.10%	0.00%
United Kingdom		19	82	101	2	1	3	41	3.97%	2.00%
United States		13	62	76	1	1	2	23	2.22%	0.00%
Japan		-	1	1	-	-	-	-	0.01%	0.00%
Slovakia		31	-	31	-	-	-	3	0.30%	1.50%
Total		**3,555**	**503**	**4,059**	**76**	**6**	**82**	**1,029**	**100.00%**	

<u>*Institution specific countercyclical buffer*</u> *(Article 440 (b) CRR)*

The following table shows an overview of the institution specific countercyclical exposure and buffer requirements:

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	As at 31 December 2025	**As at 30 June 2025**
	a	**a**
1. Total risk exposure amount (€millions)	1,193	1,261
2. Institution specific countercyclical buffer rate (%)	0.98%	1.07%
3. Institution specific countercyclical buffer requirement (€millions)	12	14

11 Exposure to securitisation positions

(Article 449 CRR)

Objectives in relation to securitisation activity (Article 449 (a) CRR) (EU SECA)

Article 4 (1) (61) CRR defines which types of transactions and positions must be classified as securitisation transactions and securitisation positions for regulatory reporting.

The CRR defines a securitisation as a transaction or scheme where the credit risk of an exposure or pool of exposures is tranched, where the payments arising from the transaction or scheme are dependent upon the performance of the underlying exposure(s) and where the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

The Group acts as an investor on the securitisation markets as it invests in AAA rated CLO and ABS transactions originated and managed by third-party entities. While the Group has the intention to grow its ABS portfolio, it has no appetite to invest in new CLOs .These investments in third party securitisations through the purchase of tranches from the third party-issued securitisations together with the structured notes referred to above constitute the Group's Securitisation Investments portfolio and the ABS portfolio. The Group does not have any securitisation positions in a trading book.

The due diligence process before committing to investments in securitisation transaction tranches usually includes all of the following: a) a comparison and review of the proposed securitisation investment against the Group's risk thresholds b) a review of the reputation and track record of the collateral manager c) an assessment of the risk characteristics associated with the underlying collateral pool d) an analysis of all the structural features of the securitisation transaction that could materially impact its performance. The result of this due diligence is summarised in a credit review document (the 'credit memo') which then requires approval by an appropriate level of credit authority.

Monitoring of investment in tranches within a publicly rated securitisation transaction originated and managed by a third party, with a public investment grade rating assigned by reputable agency

AAA CLO risks and AAA ABS risks are monitored on an ongoing basis and in a timely manner, including performance information, exposures type, the percentage of loans at each rating level in particular proportion of CCC assets, default rates, prepayment rates, collateral quality tests (such as Weighted Average Rating Factor and Diversity Score), portfolio profile tests and coverage tests.

As part of its monthly risk management report, the Risk function provides an overview of all its investments portfolio where the credit quality of all investments is monitored and the deterioration of the asset base, if any, is reported. Furthermore, on a quarterly basis as part of risk weight calculation the Treasury team obtains from the Moody's structured finance portal the default percentage as well as the attachment and detachment points. Furthermore, bi-annually as part of the credit review, the AAA CLO and ABS portfolio is reviewed. Monthly risk threshold metrics are also distributed in the monthly risk report to senior management.

RWA calculation approaches for securitisation positions (Article 449 I CRR) (EU SECA)

The approach for the calculation of the regulatory capital requirements for banking book securitisation positions is prescribed by the CRR. The securitisation framework determines the regulatory capital requirements for the credit risk of banking book securitisations pursuant to Articles 242 to 270e CRR, and distinguishes between the Securitisation Internal Ratings-Based Approach ("SEC-IRBA"), the Securitisation Standardised Approach ("SEC-SA") and the Securitisation External Ratings-Based Approach ("SEC-ERBA").

The SEC-ERBA is used to calculate all of the risk-weighted exposure amounts for the ABS portfolio that are backed by pools of auto loans. The SEC-SA is used to calculate the risk-weighted exposure amounts for the Securitisation portfolio and the remaining exposures in the ABS portfolio that are not backed by pools of auto loans. None of the securitisation positions of the Group are deducted from Own Funds or risk weighted at 1250%.

From a regulatory point of view the investment in securitisations is risk weighted by looking through to the underlying assets of the securitisation structure.

External rating agencies used for securitisations (Article 449 (h) CRR (EU SECA)

With respect to the CLO securitisation portfolio, the Group does not rely on credit assessments provided by ECAIs, as it has not nominated any ECAI for the calculation of risk-weighted exposure amounts relating to corporate exposures that constitute the underlying assets of these securitisation positions.

In relation to the ABS portfolio, the Group has nominated Standard & Poor's and therefore uses the credit assessments assigned by this ECAI when calculating the risk-weighted exposure amounts of its ABS exposures.

Nature of other risks in securitised assets (Article 449 (b) CRR) (EU SECA)

Overall, the securitisation positions are exposed to the performance of diverse asset classes, including primarily corporate senior secured loans for the CLO Securitisation investments portfolio and consumer finance, auto loans and mortgage loans receivables for the ABS investments portfolio. MeDirect is active in the more senior tranches. Similar to other credit assets, securitised trading volume is linked to global growth and geopolitical events which affect liquidity and can lead to lower trading volume, as observed during the crisis. Current and proposed changes to regulation and uncertainty over final implementation may lead to increased volatility and decreased liquidity/trading volumes across securitised products. Other potential risks that exist in securitised assets are prepayments, default and loss severity.

Securitisation Special Purpose Entity (“SSPE”)-related activities *(Article 449 (d + f) CRR) (EU SECA)*

In respect of securitisation tranches to which an investment-grade Implied Rating is assigned, the Group makes use of the low credit risk exemption. As a result, the Group assumes that no Significant increase in credit risk (“SICR”) has occurred since initial recognition as long as the tranche retains an investment-grade Implied Rating. Hence, the Group assumes that the credit risk attributable to tranches to which the low credit risk exemption is applied has not increased significantly since initial recognition, and therefore does not perform an SICR assessment for such tranches unless their Implied Rating falls to sub-investment grade.

A*) Investment in tranches within a publicly rated securitisation transaction originated and managed by a third party, with a public investment grade rating assigned by reputable agency*

Similar to the Securities Portfolio criteria, investment grade rating is an example of a financial instrument that may be considered as having low credit risk; therefore the Group only needs to measure 12-month ECL for publicly rated investment grade tranches of CLOs.

The Group only invests in AAA CLO rated bonds and AAA ABS, with pricing monitored monthly together with ratings. The Group uses the Moody’s Structured Finance portal to extract all the relevant monitoring data, such as underlying loans as well as information on defaults, in order to work out the risk weighting and consequently closely monitor for any changes. As part of the ICAAP process, the portfolio is stress tested with price haircuts and risk weights increasing as stress scenario would assume increased defaults in the underlying loan book. Risk appetite for investment in the senior tranches of securitisation transactions managed by 3rd parties is expressed through a number of limits and indicators.

B) Securitisation vehicles originated by the Group and included in the regulatory scope of consolidation

These consist of Dutch Mortgage special purpose securitisation vehicles originated by the Bank.

In May 2020, January 2021, November 2022 and April 2025, MeDirect Belgium successfully securitised part of its Dutch Mortgage portfolio through a RMBS. As part of these transactions, a sub-portfolio of the Dutch Mortgage portfolio was sold to Bastion 2020-1, Bastion 2021-1, Bastion 2022-1 and Bastion 2025-1 respectively, special purpose securitisation vehicles established in the Netherlands, which are controlled by MeDirect Belgium. Further details on these special purposed securitisation vehicles is provided in note 20 to the MDB Group financial statements. In the financial year ended 31 December 2024, MeDirect repurchased the notes of Bastion 2020-1 from the institutional investor and was then placed into liquidation in 2025.

MeDirect Belgium, in line with article 6 of the EU Securitisation Regulation, undertook to retain, on an ongoing basis, a material net economic interest in the securitisation transactions. This implies that the Group retains substantially all risks and rewards pertaining to the activities of these securitisation structures and hence to the assets, liabilities and related income and expenditure attributable to the structures and as such, all assets, liabilities and related income and expenditure of the SSPEs are reflected in the Group’s Financial Statements.

The Group has retained substantially all risks and rewards pertaining to the activities of Bastion 2021-1, Bastion 2022-1 and Bastion 2025-1 and hence to assets, liabilities and related income and expenditure attributable to these entities, and as such, all assets, liabilities and related income and expenditure have been reflected within the Group’s consolidated Financial Statements and thus the exposures held by MeDirect Malta and MeDirect Belgium in these entities are eliminated on consolidation.

Financial support to securitisation vehicle *(Article 449 (e) CRR)*

Throughout the current and preceding financial years, the Group did not provide any implicit support to securitisations vehicles it has originated in terms of Article 248(1). In consequence, there was no need to report any position according to Article 250 (3) CRR.

Accounting policies for securitisations *(Article 449 (g) CRR) (EU SECA)*

A*) Investment in tranches within a publicly rated securitisation transaction originated and managed by a third party, with a public investment grade rating assigned by reputable agency*

The most relevant accounting policies for the securitisations and ABS purchased and the securitisation originated by the Group, are disclosed in the Annual Report and Financial Statements and are mainly “Consolidation”, “Financial Assets” and “Financial liabilities”.

The Group determines classification and measurement of financial assets based on the assessment of both the business model within which the financial assets are held as well as through a review of the contractual terms of each financial asset to determine if cash flows are solely payments of principal and interest (“SPPI”) as per IFRS 9. Financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at amortised cost.

These financial assets are initially measured at fair value, which is generally the cash consideration to originate or purchase the asset including any direct and incremental transaction costs, upon recognition. Financial assets measured at amortised cost comprise the Group’s investments in securitisations managed by third-party entities. All these investments are classified under the Securitisation Investment and ABS portfolio.

On disposal of any investments under the Securitisation Investment and ABS portfolio, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

As at 31 December 2025, the Group’s Securitisation Investment portfolio measured at amortised cost, inclusive of accrued interest, consisting of CLO transactions managed by third-party entities, amounted to €392 million (2024: €515 million) and the Group’s ABS Investment portfolio measured at amortised cost, inclusive of accrued interest, amounted to €159 (2024: €145 million).

As at 31 December 2025, credit loss allowances in respect of exposures classified under these investments measured at amortised cost amounted to €138 thousand (2024: €146 thousand) for the Group. None of the above exposures are past due.

As disclosed in note 8 to the consolidated Financial Statements for the financial year ended 31 December 2025, during the year investments in tranches within publicly rated CLO SE originated and managed by a third party with an amortised cost of €121 million (2024: €131 thousand) matured and tranches within the ABS portfolio with an amortised cost of €22 million (2024: nil) matured.

There were no disposals of investments in tranches within publicly rated CLO SE originated and managed by a third party. Thus, there were no realised gains or losses in respect of such investments.

B) Securitisation vehicles originated by the Group and included in the regulatory scope of consolidation

As regards the securitisation vehicles originated by the Group and included in the regulatory scope of consolidation, the Group has retained substantially all risks and rewards pertaining to the activities of Bastion 2020-1, Bastion 2021-1, Bastion 2022-1 and Bastion 2025-1. MeDirect Belgium, in line with article 6 of the Securitisation Regulation (EU) No 2017/2402 of the European Parliament and of the Council of 12 December 2017, undertook to retain, on an ongoing basis, a material net economic interest in the Bastion securitisation transactions. This implies that the Group retains substantially all risks and rewards pertaining to the activities of these securitisation structures and hence to the assets, liabilities and related income and expenditure attributable to the structures and as such, all assets, liabilities and related income and expenditure of the securitisation special purpose entities are reflected in the Group's financial statements.

Internal assessment approach (Article 449 (i) CRR (EU SECA)

There are no securitisations positions subject to the Internal Assessment Approach during the current and preceding financial years. For a description of the RWA calculation approaches used for securitisation positions please refer to the Section "RWA calculation approaches for securitisation positions (Article 449 (c) CRR) (EU SECA)".

Banking book securitisation exposures (Article 449 (j) CRR)

The following tables provide an analysis of the securitisation exposures by looking through to the underlying exposures. It details the total non-trading book securitisation exposures which have been purchased through investment activities as investor. The exposures held by the Group all consist of traditional securitisation exposures. The Group invests into:

- 'AAA' rated Class A notes of securitisation transactions, that represent portions in CLO transactions corresponding to tranches with the highest credit rating in such CLO structures which are managed by third party entities, that are listed on recognised exchanges but not centrally traded. The underlying assets for these CLO transactions are leveraged loans, predominantly senior secured leveraged loans, and high yield corporate bonds.
- The Group's ABS Investment portfolio consists of investments in 'AAA' rated Class A notes of securitisation transactions (ABS / RMBS) of consumer finance, auto loans and mortgage loans receivables from Dutch and German markets.

The decrease in securitisation exposures in the six-month period ending 31 December 2025 is attributable to a reduction in exposures where the underlying assets of such CLO transactions are leveraged loans.

EU-SEC1 - Securitisation exposures in the non-trading book[6]

31 December 2025	Institution acts as originator							Institution acts as investor			
Amounts in €millions	Traditional				e. Synthetic		g. Sub-total	Traditional		n. Synthetic	o. Sub-total
	a. STS		c. Non-STS			f. of which SRT		l. STS	m. Non-STS		
		b. Of which SRT		d. Of which SRT							
1. Total exposures	-	-	-	-	-	-	-	-	551	-	551
2. Retail (total)	-	-	-	-	-	-	-	-	169	-	169
3. residential mortgage	-	-	-	-	-	-	-	-	52	-	52
4. credit card	-	-	-	-	-	-	-	-	-	-	-
5. other retail exposures	-	-	-	-	-	-	-	-	117	-	117
6. re-securitisation	-	-	-	-	-	-	-	-	-	-	-
7. Wholesale (total)	-	-	-	-	-	-	-	-	382	-	382
8. loans to corporates	-	-	-	-	-	-	-	-	382	-	382
9. commercial mortgage	-	-	-	-	-	-	-	-	-	-	-
10. lease and receivables	-	-	-	-	-	-	-	-	-	-	-
11. other wholesale	-	-	-	-	-	-	-	-	-	-	-
12. re-securitisation	-	-	-	-	-	-	-	-	-	-	-

6 Columns h – k in relation to "Institution acts as sponsor" are not included as not applicable.

30 June 2025	Institution acts as originator							Institution acts as investor			
Amounts in €millions	Traditional				e. Synthetic		g. Sub-total	Traditional		n. Synthetic	o. Sub-total
	a. STS	b. Of which SRT	c. Non-STS	d. Of which SRT		f. of which SRT		l. STS	m. Non-STS		
1. Total exposures	-	-	-	-	-	-	-	-	639	-	639
2. Retail (total)	-	-	-	-	-	-	-	-	148	-	148
3. residential mortgage	-	-	-	-	-	-	-	-	41	-	41
4. credit card	-	-	-	-	-	-	-	-	-	-	-
5. other retail exposures	-	-	-	-	-	-	-	-	106	-	106
6. re-securitisation	-	-	-	-	-	-	-	-	-	-	-
7. Wholesale (total)	-	-	-	-	-	-	-	-	492	-	492
8. loans to corporates	-	-	-	-	-	-	-	-	492	-	492
9. commercial mortgage	-	-	-	-	-	-	-	-	-	-	-
10. lease and receivables	-	-	-	-	-	-	-	-	-	-	-
11. other wholesale	-	-	-	-	-	-	-	-	-	-	-
12. re-securitisation	-	-	-	-	-	-	-	-	-	-	-

__Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor__ (Article 449 (k) (ii) CRR)

The following table presents the purchased non-trading book securitisations, where the group acts as investor i.e. wherever the Group is not acting as originator or sponsor. Firstly, it provides the exposure values broken down by risk-weight bands. Additionally, it presents the exposure values, risk weighted exposure amounts and capital requirements for securitisation positions provided separately for each RWA calculation approach. All just mentioned values are broken down by traditional and synthetic transactions, securitisation and re-securitisation, as well as by retail or wholesale. The exposures held by the Group all consist of traditional securitisation exposures.

Compared to 30 June 2025, the overall securitisation exposure volume in the non-trading book decreased by €88 million as a result of the decrease in exposures where the underlying assets of such CLO transactions are leveraged loans. All the securitisation exposures held by the Group consist of securitisation exposures in the lowest risk-weight bucket, with risk-weights below 20%.

EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor [7]

31 December 2025	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)	Exposure values (by regulatory approach)	RWEA (by regulatory approach)	RWEA (by regulatory approach)	Capital charge after cap	Capital charge after cap
Amounts in €millions	a. ≤20% RW	b. >20% to 50% RW	c. >50 % to 100 % RW	d. >100 % to <1250% RW	e. 1250% RW/ deductions	g. SEC-ERBA (including IAA)	h. SEC-SA	k. SEC-ERBA (including IAA)	l. SEC-SA	o. SEC-ERBA	EU-p. SEC-SA
1.Total exposures	**551**	-	-	-	-	**169**	**382**	**17**	**57**	**1**	**5**
2. Traditional transactions	551	-	-	-	-	169	382	17	57	1	5
3. Securitisation	551	-	-	-	-	169	382	17	57	1	5
4. Retail	169	-	-	-	-	169	-	17	-	1	-
5. Of which STS	-	-	-	-	-	-	-	-	-		-
6. Wholesale	382	-	-	-	-	-	382	-	57	-	5
7. Of which STS	-	-	-	-	-	-	-		-		-
8. Re-securitisation	-	-	-	-	-	-	-	-	-	-	-
9. Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-
10. Securitisation	-	-	-	-	-	-	-	-	-	-	-
11. Retail underlying	-	-	-	-	-	-	-	-	-	-	-
12. Wholesale	-	-	-	-	-	-	-	-	-	-	-
13. Re-securitisation	-	-	-	-	-	-	-	-	-	-	-

7 Columns in relation to SEC-IRBA and 1250% RW/deductions approach were not included as not applicable.

30 June 2025	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)	Exposure values (by regulatory approach)	RWEA (by regulatory approach)	RWEA (by regulatory approach)	Capital charge after cap	Capital charge after cap
Amounts in €millions	a. ≤20% RW	b. >20% to 50% RW	c. >50 % to 100 % RW	d. >100 % to <1250% RW	e. 1250% RW/ deductions	g. SEC-ERBA (including IAA)	h. SEC-SA	k. SEC-ERBA (including IAA)	l. SEC-SA	o. SEC-ERBA	EU-p. SEC-SA
1.Total exposures	**639**	-	-	-	-	**148**	**492**	**15**	**74**	**1**	**6**
2. Traditional transactions	639	-	-	-	-	148	492	15	74	1	6
3. Securitisation	639	-	-	-	-	148	492	15	74	1	6
4. Retail	148	-	-	-	-	148	-	15	-	1	-
5. Of which STS	-	-	-	-	-	-	-	-	-	-	-
6. Wholesale	492	-	-	-	-	-	492	-	74	-	6
7. Of which STS	-	-	-	-	-	-	-	-	-	-	-
8. Re-securitisation	-	-	-	-	-	-	-	-	-	-	-
9. Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-
10. Securitisation	-	-	-	-	-	-	-	-	-	-	-
11. Retail underlying	-	-	-	-	-	-	-	-	-	-	-
12. Wholesale	-	-	-	-	-	-	-	-	-	-	-
13. Re-securitisation	-	-	-	-	-	-	-	-	-	-	-

12 Leverage

Leverage ratio according to CRR/CRD framework

Article 429 of CRR requires financial institutions to calculate a non-risk based leverage ratio, to supplement risk-based capital requirements. The leverage ratio measures the relationship between the capital resources of the organisation and its total assets. The leverage ratio is a regulatory supervisory tool for the Regulator, to constrain the build-up of excessive leverage in the banking sector – one of the drivers of the banking crisis – previously not captured within Basel II. It helps to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy, and to reinforce the risk-based requirements with a simple non-risk based "backstop measure".

The leverage ratio is calculated by taking capital as a proportion of total exposures at the end of each quarter. Capital is defined as Tier 1 capital in line with Article 25 of the CRR, whilst total exposure relates to the total on and off-balance sheet exposures, less deductions applied to Tier 1 capital.

The CRD V package introduced a binding 3% leverage ratio. CRR broadly reflects the Basel leverage ratio. It sets the Tier 1 capital-based leverage ratio requirement at 3% for all EU banks as per the EBA's recommendation. The final framework confirmed that firms are allowed to use any CET1 capital that they use to meet their leverage ratio requirements to also meet their Pillar 1 and Pillar 2 capital requirements.

The total leverage ratio exposures includes derivatives, SFTs, off-balance sheet exposure and other on-balance sheet exposure (excluding derivatives and SFTs).

Leverage ratio (Article 451 (1) (a-c), (2) and (3) CRR)

The following table provides a summary of the Group's leverage ratio exposure and the leverage ratio calculation determined in accordance with the requirements stipulated by Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 ("Regulation (EU) 2021/637").

The EU LR1 - LRSum table provides a reconciliation between accounting assets as per IFRS and the leverage ratio exposures.

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

Amounts in €millions		a. Applicable amount	
		31 December 2025	**30 June 2025**
1. Total assets as per published financial statements		5,338	5,119
2. Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation		-	-
3. (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		-	-
4. (Adjustment for temporary exemption of exposures to central banks (if applicable))		-	-
5. (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)		-	-
6. Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		-	-
7. Adjustment for eligible cash pooling transactions		-	-
8. Adjustment for derivative financial instruments		-	-
9. Adjustment for securities financing transactions (SFTs)		22	27
10. Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)		73	74
11. (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		-	-
EU-11a. (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)		-	-
EU-11b. (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a (1) CRR)		-	-
12. Other adjustments		(247)	(229)
13. Total exposure measure		**5,186**	4,990

The following table presents the constituents of the leverage exposure, including the split of the on- and off-balance sheet exposures, leverage ratios, minimum requirements and buffers on an IFRS9 transitional basis (transitional period ended on 31 December 2024). This table has been calculated on the new CRR3 methodology and comparatives have not been restated.

EU LR2 - LRCom: Leverage ratio common disclosure

Amounts in €millions		CRR leverage ratio exposures	
		a.T	b.T-1
		31 December 2025	30 June 2025
On-balance sheet exposures (excluding derivatives and SFTs)			
1. On-balance sheet items (excluding derivatives, SFTs, but including collateral)		5,113	4,914
2. Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		-	-
3. (Deductions of receivables assets for cash variation margin provided in derivatives transactions)		-	-
4. (Adjustment for securities received under securities financing transactions that are recognised as an asset)		-	-
5. (General credit risk adjustments to on-balance sheet items)		-	-
6. (Asset amounts deducted in determining Tier 1 capital)		(23)	(25)
7. Total on-balance sheet exposures (excluding derivatives and SFTs)		**5,091**	**4,889**
Derivative exposures			
8. Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		-	-
EU-8a. Derogation for derivatives: replacement costs contribution under the simplified standardised approach		260	247
9. Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		-	-
EU-9a. Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		38	39
EU-9b. Exposure determined under Original Exposure Method		-	-
10. (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		-	-
EU-10a. (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		(298)	(286)
EU-10b. (Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		-	-
11. Adjusted effective notional amount of written credit derivatives		-	-
12. (Adjusted effective notional offsets and add-on deductions for written credit derivatives)		-	-
13. **Total derivatives exposures**		**-**	**-**
Securities financing transaction (SFT) exposures			
14. Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		-	-
15. (Netted amounts of cash payables and cash receivables of gross SFT assets)		-	-
16. Counterparty credit risk exposure for SFT assets		22	27
EU-16a. Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		-	-
17. Agent transaction exposures		-	-
EU-17a. (Exempted CCP leg of client-cleared SFT exposure)		-	-
18. **Total securities financing transaction exposures**		**22**	**27**
Other off-balance sheet exposures			
19. Off-balance sheet exposures at gross notional amount		327	333
20. (Adjustments for conversion to credit equivalent amounts)		(254)	(258)
21. (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		-	-
22. Off-balance sheet exposures		**73**	**74**
Excluded exposures			
EU-22a. (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)		-	-
EU-22b. (Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off-balance sheet))		-	-
EU-22c. (Excluded exposures of public development banks (or units) - Public sector investments)		-	-
EU-22d. (Excluded exposures of public development banks (or units) - Promotional loans)		-	-
EU-22e. (Excluded passing-through promotional loan exposures by non-public development banks (or units))		-	-
EU-22f. (Excluded guaranteed parts of exposures arising from export credits)		-	-
EU-22g. (Excluded excess collateral deposited at triparty agents)		-	-
EU-22h. (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)		-	-
EU-22i. (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)		-	-
EU-22j. (Reduction of the exposure value of pre-financing or intermediate loans)		-	-
EU-22k. (Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)		-	-
EU-22l. (Exposures deducted in accordance with point (q) of Article 429a(1) CRR)		-	-
EU-22m. (Total exempted exposures)		-	-
23. Tier 1 capital		248	214
24. Total exposure measure		**5,186**	**4,990**
Leverage ratio			
25. Leverage ratio (%)		**4.8%**	**4.3%**
EU-25. Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)		4.8%	4.3%
25a. Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)		4.8%	4.3%
26. Regulatory minimum leverage ratio requirement (%)		3.0%	3.0%
EU-26a. Additional own funds requirements to address the risk of excessive leverage (%)		-	-
EU-26b. of which: to be made up of CET1 capital		-	-
27. Leverage ratio buffer requirement (%)		-	-

EU-27a. Overall leverage ratio requirement (%)		3.0%	3.0%
Choice on transitional arrangements and relevant exposures			
EU-27b. Choice on transitional arrangements for the definition of the capital measure		Fully phased-in definition	Transitional definition
Disclosure of mean values			
28. Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		-	-
29. Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		-	-
30. Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		5,186	4,990
30a. Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		5,186	4,990
31. Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		4.8%	4.3%
31a. Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		4.8%	4.3%

The following table provides a split of the on-balance sheet exposures by asset class in relation to the calculation of the leverage ratio (excluding derivatives, SFTs and exempted exposures).

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

Amounts in €millions		a. CRR leverage ratio exposures	
		31 December 2025	**30 June 2025**
EU-1. Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:		5,135	4,941
EU-2. Trading book exposures		-	-
EU-3. Banking book exposures, of which:		5,135	4,941
EU-4. Covered bonds		457	453
EU-5. Exposures treated as sovereigns		701	451
EU-6. Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns		-	-
EU-7. Institutions		327	315
EU-8. Secured by mortgages of immovable properties		2,276	2,133
EU-9. Retail exposures		714	709
EU-10. Corporates		12	119
EU-11, Exposures in default		21	42
EU-12. Other exposures (eg equity, securitisations, and other non-credit obligation assets)		628	718

Factors that had an impact on the leverage ratio (Article 451 (1) (e) CRR) (EU LRA)

Compared to the ratio as at June 2025, the leverage ratio has increased by 0.5% during the six-month period ended 31 December 2025. This increase is attributable to the capital contributions, classified as CET1 capital, by the Creditas Group in September 2025 following the acquisition of MeDirect by the Creditas Group.

Process used to manage the risk of excessive leverage (Article 451 (1) (d) CRR) (EU LRA)

The Group has maintained a leverage ratio above the 3% minimum requirement. The Group has no appetite for approaching this threshold, however, is willing to accept some volatility to this ratio if suitable lending or investment opportunities arise to allow the Group to diversify its lending portfolio, provided that the overall goal of maintaining significant headroom to the regulatory minimum is not threatened. The RAS includes early warning indicators and limits for the leverage ratio with a defined escalation process in case of risk of excessive leverage. In such instances, management is required to provide an action plan whilst keeping the Board updated with progress as outline in the Group's RAF. The leverage ratio is reported to ALCO, EXCO and the Group's Board on a regular basis. This ensures senior management are kept informed of any changes, in particular deterioration of the leverage ratio.

13 Remuneration policy and practices

(Article 450 CRR [EU REMA])

Information on Remuneration Policy and practices is disclosed in the Remuneration Report within the Annual Report.

The Group's Remuneration Policy was developed in conjunction with the Group's principal shareholder and the Nomination and Remuneration Committee of the Group. The Board of Directors, management functions and the Nomination and Remuneration Committee of the Group worked closely to ensure that the Remuneration Policy is consistent with and promotes sound and effective risk management.

The remuneration elements for all Group MRTs are detailed in the tables below in accordance with Article 450 CRR.

MRTs are classified as follows:

• Supervisory function

The supervisory function consists of non-executive directors of the board of the banks in the scope of consolidation. They are responsible for providing a monitoring role and thus their remuneration is not performance based and is not linked to the Group's results. Non-executive directors are not employees and receive a fee for their services as directors. They are not eligible to receive a base salary, fixed pay allowance, pension or any variable remuneration.

The fee levels payable reflect the time commitment and responsibilities required of a non-executive director. The fee levels are determined based on remuneration levels for directors of similar financial companies and takes into account factors such as time invested and responsibilities.

• Management function

The management function consists of members of the Board of Directors who have executive responsibilities, would be responsible for specific business units and includes all executive directors of any Board of the banks within the scope of consolidation. Throughout the year, members of the management function were awarded a performance bonus delivered in cash and share linked instruments. For the purposes of meeting the requirements of Appendix 5.1 of the Listing rules, senior executives represent the executive directors.

• Retail and Corporate Banking

This category includes the following people that are eligible to receive a performance bonus delivered in cash and at times instruments.
- Chief Officer, Heads and key personnel of retail and corporate banking material business units/business lines.
- Staff members responsible for initiating credit proposals or structuring credit products which relate to material credit risk exposures.

• Corporate functions

Heads and key personnel within Finance, Administration, Treasury and Human Resources are included in this category. They are eligible to receive a performance bonus delivered in cash. This category includes all functions that have responsibilities for the whole institution at the consolidated level and for subsidiaries with such functions at the solo level.

• Independent control functions

As described in the EBA's guidelines on internal governance, this category would consist of the Heads and key personnel active in the independent control functions such as the Internal Audit, Compliance and Risk functions of the Group and subsidiaries. They are eligible to receive a performance bonus, however compensation of control functions is not directly tied to the results of any business unit in order to provide incentives for such staff to deliver the best performance in their role, and ensuring independence and objectivity.

The Group's remuneration practices ensures that no material conflicts of interest arise in respect of remuneration for staff in the Group's control functions.

EU REM1 - Remuneration awarded for the financial year

Year ended 31 December 2025						
Remuneration in €millions			a. MB Supervisory function	b. MB Management function	c. Other senior management	d. Other identified staff
Fixed remuneration	1. Number of identified staff		7	7	12	5
	2. Total fixed remuneration		1	3	2	1
	3. Of which: cash-based		1	2	2	1
	EU-4a. Of which: shares or equivalent ownership interests		-	-	-	-
	5. Of which: share-linked instruments or equivalent non-cash instruments		-	-	-	-
	EU-5x. Of which: other instruments		-	-	-	-
	7. Of which: other forms		-	-	-	-
Variable remuneration	9. Number of identified staff		-	6	9	5
	10. Total variable remuneration		-	1	-	-
	11. Of which: cash-based		-	1	-	-
	12. Of which: deferred		-	-	-	-
	EU-13a. Of which: shares or equivalent ownership interests		-	-	-	-
	EU-14a. Of which: deferred		-	-	-	-
	EU-13b. Of which: share-linked instruments or equivalent non-cash instruments		-	-	-	-
	EU-14b. Of which: deferred		-	-	-	-
	EU-14x. Of which: other instruments		-	-	-	-
	EU-14y. Of which: deferred		-	-	-	-
	15. Of which: other forms		-	-	-	-
	16. Of which: deferred		-	-	-	-
17. Total remuneration			1	4	2	1

Year ended 31 December 2024						
Remuneration in €millions			a. MB Supervisory function	b. MB Management function	c. Other senior management	d. Other identified staff
Fixed remuneration	1. Number of identified staff		8	8	13	6
	2. Total fixed remuneration		1	3	2	1
	3. Of which: cash-based		1	3	2	1
	EU-4a. Of which: shares or equivalent ownership interests		-	-	-	-
	5. Of which: share-linked instruments or equivalent non-cash instruments		-	-	-	-
	EU-5x. Of which: other instruments		-	-	-	-
	7. Of which: other forms		-	-	-	-
Variable remuneration	9. Number of identified staff		1	5	11	6
	10. Total variable remuneration		-	-	-	-
	11. Of which: cash-based		-	-	-	-
	12. Of which: deferred		-	-	-	-
	EU-13a. Of which: shares or equivalent ownership interests		-	-	-	-
	EU-14a. Of which: deferred		-	-	-	-
	EU-13b. Of which: share-linked instruments or equivalent non-cash instruments		-	-	-	-
	EU-14b. Of which: deferred		-	-	-	-
	EU-14x. Of which: other instruments		-	-	-	-
	EU-14y. Of which: deferred		-	-	-	-
	15. Of which: other forms		-	-	-	-
	16. Of which: deferred		-	-	-	-
17. Total remuneration			1	3	3	1

In the financial year ended 31 December 2025, the Group's total salary costs (Directors' emoluments and staff costs) amounted to €28.9 million (2024: €26.8 million) with variable remuneration accounting for 10.6% (2024: 10.4%) of these amounts.

EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Year ended 31 December 2025					
Remuneration in €millions		a. MB Supervisory function	b. MB Management function	c. Other senior management	d. Other identified staff
Guaranteed variable remuneration awards					
1. Guaranteed variable remuneration awards - Number of identified staff		-	-	-	-
2. Guaranteed variable remuneration awards -Total amount		-	-	-	-
3. Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap		-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year					
4. Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff		-	-	-	-
5. Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount		-	-	-	-
Severance payments awarded during the financial year					
6. Severance payments awarded during the financial year - Number of identified staff		-	1	1	-
7. Severance payments awarded during the financial year - Total amount		-	1	-	-
8. Of which paid during the financial year		-	1	-	-
9. Of which deferred		-	-	-	-
10. Of which severance payments paid during the financial year, that are not taken into account in the bonus cap		-	-	-	-
11. Of which highest payment that has been awarded to a single person		-	1	-	-

Year ended 31 December 2024					
Remuneration in €millions		a. MB Supervisory function	b. MB Management function	c. Other senior management	d. Other identified staff
Guaranteed variable remuneration awards					
1. Guaranteed variable remuneration awards - Number of identified staff		-	-	1	-
2. Guaranteed variable remuneration awards -Total amount		-	-	-	-
3. Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap		-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year					
4. Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff		-	-	-	-
5. Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount		-	-	-	-
Severance payments awarded during the financial year					
6. Severance payments awarded during the financial year - Number of identified staff		1	-	-	1
7. Severance payments awarded during the financial year - Total amount		-	-	-	-
8. Of which paid during the financial year		-	-	-	-
9. Of which deferred		-	-	-	-
10. Of which severance payments paid during the financial year, that are not taken into account in the bonus cap		-	-	-	-
11. Of which highest payment that has been awarded to a single person		-	-	-	-

As per Article 450 of the CRR, MeDirect confirms that there was remuneration that was subject to deferral, that will vest over a maximum period of five years and that is subject to malus or clawback provisions.

EU REM3 - Deferred remuneration

Year ended 31 December 2025

Remuneration in €millions

Deferred and retained remuneration	a. Total amount of deferred remuneration awarded for previous performance periods	b. Of which due to vest in the financial year	c. Of which vesting in subsequent financial years	d. Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e. Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f. Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g. Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year[8]	EU – h. Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1. MB Supervisory function	-	-	-	-	-	-	-	-
2. Cash-based	-	-	-	-	-	-	-	-
3. Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4. Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5. Other instruments	-	-	-	-	-	-	-	-
6. Other forms	-	-	-	-	-	-	-	-
7. MB Management function	1	-	1	-	-	-	-	-
8. Cash-based	-	-	-	-	-	-	-	-
9. Shares or equivalent ownership interests	1	-	1	-	-	-	-	-
10. Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11. Other instruments	-	-	-	-	-	-	-	-
12. Other forms	-	-	-	-	-	-	-	-
13. Other senior management	-	-	-	-	-	-	-	-
14. Cash-based	-	-	-	-	-	-	-	-
15. Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16. Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17. Other instruments	-	-	-	-	-	-	-	-
18. Other forms	-	-	-	-	-	-	-	-
19. Other identified staff	-	-	-	-	-	-	-	-
20. Cash-based	-	-	-	-	-	-	-	-
21. Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22. Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23. Other instruments	-	-	-	-	-	-	-	-
24. Other forms	-	-	-	-	-	-	-	-
25. Total amount	1	-	1	-	-	-	-	-

* Defined as remuneration awarded before the financial year which vested in the financial year (including where subject to a retention period).

8 Defined as remuneration awarded before the financial year which vested in the financial year (including where subject to a retention period).

Year ended 31 December 2024								
Remuneration in €millions								
Deferred and retained remuneration	a. Total amount of deferred remuneration awarded for previous performance periods	b. Of which due to vest in the financial year	c. Of which vesting in subsequent financial years	d. Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e. Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f. Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g. Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year *	EU – h. Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1. MB Supervisory function	-	-	-	-	-	-	-	-
2. Cash-based	-	-	-	-	-	-	-	-
3. Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4. Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5. Other instruments	-	-	-	-	-	-	-	-
6. Other forms	-	-	-	-	-	-	-	-
7. MB Management function	1	-	-	-	-	-	1	-
8. Cash-based	-	-	-	-	-	-	-	-
9. Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10. Share-linked instruments or equivalent non-cash instruments	1	-	-	-	-	-	1	-
11. Other instruments	-	-	-	-	-	-	-	-
12. Other forms	-	-	-	-	-	-	-	-
13. Other senior management	-	-	-	-	-	-	-	-
14. Cash-based	-	-	-	-	-	-	-	-
15. Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16. Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17. Other instruments	-	-	-	-	-	-	-	-
18. Other forms	-	-	-	-	-	-	-	-
19. Other identified staff	-	-	-	-	-	-	-	-
20. Cash-based	-	-	-	-	-	-	-	-
21. Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22. Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23. Other instruments	-	-	-	-	-	-	-	-
24. Other forms	-	-	-	-	-	-	-	-
25. Total amount	1	-	-	-	-	-	1	-

EU REM4 - Remuneration of 1 million EUR or more per year

Year ended 31 December 2025	
Total remuneration: Remuneration payment band	a. Identified staff that are high earners as set out in Article 450(i) CRR
>= 1,000,000 and < 1 500,000	1

Year ended 31 December 2024	
Total remuneration: Remuneration payment band	a. Identified staff that are high earners as set out in Article 450(i) CRR
>= 1,000,000 and < 1 500,000	1

EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Year ended 31 December 2025		Management body remuneration			Business areas						
Remuneration in €millions		**a. MB Supervisory function**	**b. MB Management function**	**c. Total MB**	**d. Investment banking**	**e. Retail banking**	**f. Asset management**	**g. Corporate functions**	**h. Independent internal control functions**	**i. All other**	**j. Total**
1. Total number of identified staff		7	7	14							**31**
2. Of which: members of the MB		7	7	14	-	-	-	-	-	-	
3. Of which: other senior management					-	8	-	4	-	-	
4. Of which: other identified staff					-	-	-	1	4	-	
5. Total remuneration of identified staff		1	4	5	-	1	-	1	1	-	
6. Of which: variable remuneration		-	1	1	-	-	-	-	-	-	
7. Of which: fixed remuneration		1	3	3	-	1	-	1	1	-	

Year ended 31 December 2024		Management body remuneration			Business areas						
Remuneration in €millions		**a. MB Supervisory function**	**b. MB Management function**	**c. Total MB**	**d. Investment banking**	**e. Retail banking**	**f. Asset management**	**g. Corporate functions**	**h. Independent internal control functions**	**i. All other**	**j. Total**
1. Total number of identified staff		8	8	16							**35**
2. Of which: members of the MB		8	8	16	-	-	-	-	-	-	
3. Of which: other senior management					-	7	-	6	-	-	
4. Of which: other identified staff					-	-	-	1	5	-	
5. Total remuneration of identified staff		1	3	4	-	1	-	1	1	-	
6. Of which: variable remuneration		-	-	-	-	-	-	-	-	-	
7. Of which: fixed remuneration		1	3	4	-	1	-	1	1	-	

14 Recruitment and diversity policy statement

The Group recognises that a robust and professional approach to recruitment and selection helps it to attract and appoint individuals with the necessary skills and attributes to support its business goals. All prospective staff members are subject to a rigorous selection process, taking into account the key activities, tasks and skills required for the position. Multiple interviews are conducted, and the candidate's knowledge, experience, skills, temperament and competency are evaluated in comparison with other candidates.

The Group's aim is to develop an effective and efficient recruitment process that attracts the best talent, helps employees identify their potential, promotes a transparent, merit-based selection process and ensures a cost-effective recruitment process. The Group endeavours to ensure that all appointments (at any level) are made based on the knowledge, skills, expertise and merit of the individual, in compliance with local legislation and in adherence to the Group diversity policy.

The Group's Diversity Policy states that its objectives are to ensure that the Group:

- has a workforce profile that delivers competitive advantage through the ability to develop a deep understanding of customer needs;
- has an inclusive workplace where every individual can succeed regardless of gender, cultural identity, age, physical ability, religious beliefs, family status and sexual orientation; and
- leverages the value of diversity for all the Group's stakeholders to deliver the best customer experience, improved financial performance and a stronger corporate reputation.

To achieve these objectives the Group sets goals for achieving diversity and the Board will:

- assess annually both the objectives and progress towards achieving them;
- assess pay equity on an annual basis;
- encourage and support the application of diversity in practice across the business; and
- endeavour to provide employment opportunities for people with disabilities.

With these goals in mind, the Group aims to promote equal opportunities for all employees and to ensure that they are treated fairly and consistently. All candidates are assessed against various selection criteria designed to match the requirements of the position to the skills and experience of an applicant, including professional qualifications and expertise, any relevant work experience in relation to the requirements of the job, key capabilities, adaptability and flexibility, cultural fit, open-mindedness, level of self-motivation and proactivity. The Group is committed to attracting, developing and retaining diverse leaders. Diversity of thought provides tangible business benefits, including innovation, risk mitigation, better problem solving and improved customer service. To ensure that the Group can foster these talents in an inclusive culture, it continues to recruit and develop the best person for the job, regardless of gender, age, race, family or caring responsibilities, disability and sexual orientation, identity or preference.

Kindly refer to the Non-Financial Information Report available on the Group's website.

Recruitment and diversity policy for board members (Article 435 (2) (b) and (c) CRR) (EU OVB)

All Board appointments are made based on merit, taking into account the skills, experience, independence, and knowledge required for the Board to function effectively as a whole. The Group acknowledges and values the advantages of establishing a diverse and inclusive Board, viewing diversity as a crucial element in sustaining a competitive edge. A diverse Board leverages the differences in skills, industry experience, backgrounds, and other distinctions amongst the Directors. These differences are considered when determining the optimal composition of the Board, and efforts are made to achieve a balanced representation whenever feasible.

Regarding the representation of underrepresented genders, the Group is committed to ensuring that female representation on both the Group and Belgium Boards meets a minimum of 20%. Continuous efforts are being made to enhance female representation through replacements or additions. If necessary, search firms are engaged to help meet these diversity objectives. It is important to note that these targets may be adjusted in response to any structural changes arising from the revised strategic plan.

The following outlines the changes in directorships that occurred during the financial year and subsequent to the end of the reporting period:

MDB Group Limited and MeDirect Bank (Malta) plc

Jean-Claude Maher resigned from his position as Executive Director and COO of MeDirect Belgium, effective from 1 February 2025. He was appointed as Group CEO on 13 March 2025 and appointed as a director of MeDirect Malta on 13 March 2025 and of MDB Group Limited on 17 March 2025. The resignation of the previous CEO Arnaud Denis was effective as of January 31, 2025.

Lisa Fergus stepped down from her role as Group CRO and member of the Board, effective on 10 October 2025. On 17 November 2025, Martin Kubíček was nominated as Group CRO and Executive Director of the Bank and MDB Group, subject to regulatory approval. Eduardo Pereiras Navas was identified as the successor for the Malta CRO role. At the same time, Josef Holub and Steve Agius were nominated as Non-Executive Directors of the Bank and MDB Group, subject to regulatory approval. Josef Holub was nominated as a member of the NRC and Steve Agius was nominated a member of the BRCC, subject to regulatory approval.

Josef Holub's appointment as a Non-Executive Director of the Bank and of its parent company, MDB Group Limited, became effective as of 1 April 2026 and 15 April 2026 respectively. Steve Agius's appointment as a Non-Executive Director of the Bank and of its parent company, MDB Group Limited, became effective as of 30 April 2026 and 13 May 2026 respectively. Martin Kubíček appointment as an Executive Director of the Bank and of its parent company and as Group Chief Risk Officer, became effective as of 3 June 2026 and 8 June 2026 respectively.

It is further noted that Philip English, the previous shareholder representative, resigned on 27 May 2026, and John Zarb is expected to step down from his roles during 2026, following the approval and appointment of the successor Board member.

On 6 February 2026, Chris Portelli, the Group Chief Technology, was nominates as an executive director, subject to regulatory approval.
On 16 April 2026, the Bank announced that Maria Micallef has been appointed as an independent Non-Executive Director of the Bank and its parent company, MDB Group Limited

MeDirect Bank SA

Jean-Claude Maher resigned from his position as Executive Director and COO of MeDirect Belgium, effective from 1 February 2025. He was appointed as Group CEO on 13 March 2025.

Jean Dessain was appointed as an Independent Non-Executive director on 19 February 2025. John Zarb ceased to be a director of MeDirect Belgium given that his term expired on 29 May 2025. Marcia de Wachter also ceased to be a director of MeDirect Belgium given that her term expired on 28 May 2026.

With respect to the Belgium Board, changes are anticipated during 2026, including both the appointment of additional Board members, subject to regulatory approval and ongoing governance requirements, and the planned departure of certain existing board members due to the expiry of their term.

For an overview of the directors and other key officers of the Group and MeDirect Belgium, their expertise, actual knowledge and skills, kindly refer to the following links:

https://www.medirect.com.mt/about-us/our-team/

https://www.medirect.be/about-medirect/our-team

15 Number of directorships held by board members

(Article 435 (2) (a) CRR) (EU OVB)

The following table below outlines the number of additional directorships held by members of MeDirect Malta's Board, as of 31 December 2025. It is important to note that executive and non-executive directorships within the same group are considered as a single directorship.

Directors as at 31 December 2025		**Number of other directorships held [9]**
Bart Bronselaer[10]	Independent Non-Executive Chairman	3 NED
John Zarb	Independent Non-Executive Director	3 NED
Dina Quraishi	Independent Non-Executive Director	1 NED
Philip Campbell English	Non-Executive Director	2 NED
Jean-Claude Maher	Executive Director	1 ED
Izabela Banas	Executive Director	1 ED

NED stands for Non-Executive Director
ED stands for Executive Director

[9] All the directors were directors of both MDB Group Limited and MeDirect Bank (Malta) plc. As at 31 December 2025, Bart Bronselaer was also a director on the board of MeDirect Bank SA. In accordance with Article 91 (4) (a) of the CRD these count as a single directorship.
[10] One of the directorships approved by the Financial Services and Markets Authority (FSMA).

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Appendix B – Non-applicable disclosures

Table reference	Table name	Reason
EU AE1	Encumbered and unencumbered assets	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table.
EU AE2	Collateral received and own debt securities issued	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table.
EU AE3	Sources of encumbrance	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table.
EU INS1	Insurance participations	MeDirect does not hold any insurance participations.
EU INS2	Financial conglomerates information on own funds and capital adequacy ratio	MeDirect does not hold any insurance participations.
EU LI1	Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table.
EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table.
EU CMS1	Comparison of modelled and standardised risk weighted exposure amounts at risk level	MeDirect does not apply internal models
EU CMS2	Comparison of modelled and standardised risk weighted exposure amounts for credit risk at asset class level	MeDirect does not apply internal models
EU CR5	Standardised approach	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table
EU CR6	IRB approach – Credit risk exposures by exposure class and PD range	MeDirect does not apply the IRB approach
EU CR6-A	Scope of the use of IRB and SA approaches	MeDirect does not apply the IRB approach
EU CR7	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	MeDirect does not apply the IRB approach
EU CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques	MeDirect does not apply the IRB approach
EU CR8	RWEA flow statements of credit risk exposures under the IRB approach	MeDirect does not apply the IRB approach
EU CR9	IRB approach – Back-testing of PD per exposure class (fixed PD scale)	MeDirect does not apply the IRB approach
EU CR9.1	IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	MeDirect does not apply the IRB approach
EU CR10	Specialised lending and equity exposures under the simple risk weighted approach	MeDirect does not carry out specialised lending and does not hold equity exposures
EU CQ2	Quality of forbearance	MeDirect's NPE ratio is less than the 5% threshold.
EU CQ6	Collateral valuation - loans and advances	MeDirect's NPE ratio is less than the 5%threshold.
EU CQ7	Collateral obtained by taking possession and execution processes	No collateral was obtained by taking possession of tangible assets.
EU CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	MeDirect's NPE ratio is less than the 5%threshold.
EU CR2-A	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	MeDirect's NPE ratio is less than the 5%threshold.
EU CCR3	Standardised approach – CCR exposures by regulatory exposure class and risk weights	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table
EU CCR4	IRB approach – CCR exposures by exposure class and PD scale	MeDirect does not apply the IRB approach
EU CCR5	Composition of collateral for CCR exposures	No collateral for CCR exposures
EU CCR6	Credit derivatives exposures	MeDirect does not have credit derivatives exposures
EU CCR7	RWEA flow statements of CCR exposures under the IMM	MeDirect does not apply the IMM approach
EU CCR8	Exposures to CCPs	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table
EU CAE1	Exposures to crypto-assets	MeDirect does not have exposures to crypto-assets
EU MR1	Market risk under the alternative standardised approach (ASA)	MeDirect does not apply the ASA approach
EU MR2	Market risk under the alternative internal model approach (AIMA)	MeDirect does not apply the AIMA approach
EU MR2-A	Market risk under the internal Model Approach (IMA)	MeDirect does not apply the IMA approach
EU MR2-B	RWA flow statements of market risk exposures under the IMA	MeDirect does not apply the IMA approach

EU MR3	Market risk under the simplified standardised approach (SSA)	MeDirect does not apply the SSA approach
EU MR4	Comparison of VaR estimates with gains/losses	MeDirect does not apply internal models
EU PV1	Prudent valuation adjustments ('PVA')	As a subsidiary of Creditas B.V., MeDirect is subject to light disclosures and therefore exempted from publishing this table.
EU CVA2	Credit valuation adjustment risk under the Full Basic Approach	MeDirect does not apply the Full Basic Approach
EU CVA3	Credit valuation adjustment risk under the Standardised Approach	MeDirect does not apply the Standardised Approach
EU CVA4	RWEA flow statements of credit valuation adjustment risk under the Standardised Approach	MeDirect does not apply the Standardised Approach
EU-SEC2	Securitisation exposures in the trading book	MeDirect does not hold a trading book
EU-SEC3	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	No securitisation exposures where MeDirect is acting as originator or sponsor
EU-SEC5	Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	No securitisation exposures where MeDirect is acting as originator or sponsor
EU KM 2	Key metrics for MREL and TLAC	MeDirect is not a resolution entity
EU TLAC1	Composition - MREL and, where applicable, GSII requirement for own funds and eligible liabilities	MeDirect is not a G-SII or an entity being part of a G-SII
EU TLAC2	Creditor ranking (entity that is not a resolution entity)	MeDirect is not a G-SII or an entity being part of a G-SII
EU TLAC3	Creditor ranking - resolution entity	MeDirect is not a G-SII or an entity being part of a G-SII
EU ILAC	Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs	MeDirect is not a G-SII or an entity being part of a G-SII

Appendix C – List of Regulatory References

Reference	Full regulatory description
BR/07	Banking Rule BR/07 "Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised under the Maltese Banking Act (Cap. 371)"
BR/09	Banking Rule BR/09 "Measures Addressing Non-Performing Exposures and Forborne Exposures"
BR/15	Banking Rule BR/15 "Capital Buffers of Credit Institutions authorised under the Maltese Banking Act (Cap. 371)"
Regulation (EU) No 183/2014	Commission Delegated Regulation (EU) No 183/2014 of 20 December 2013 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments
Regulation (EU) 2015/61	Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions
Regulation (EU) 2016/101	Commission Delegated Regulation (EU) 2016/101 of 26 October 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation under Article 105(14)
Regulation (EU) 2017/208	Commission Delegated Regulation (EU) 2017/208 of 31 October 2016 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for additional liquidity outflows corresponding to collateral needs resulting from the impact of an adverse market scenario on an institution's derivatives transactions
Regulation (EU) 2017/2295	Commission Delegated Regulation (EU) 2017/2295 of 4 September 2017 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets
Regulation (EU) 2020/2176	Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020 amending Delegated Regulation (EU) No 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items
Regulation (EU) No 680/2014	Commission Delegated Regulation (EU) No 183/2014 of 20 December 2013 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments
Regulation (EU) 2021/637	Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council
Regulation (EU) 2019/2028	Commission Implementing Regulation (EU) 2019/2028 of 29 November 2019 amending Implementing Regulation (EU) 2016/1799 as regards the mapping tables specifying the correspondence between the credit risk assessments of external credit assessment institutions and the credit quality steps set out in Regulation (EU) No 575/2013 of the European Parliament and of the Council
Regulation (EU) 2024/3172	Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions of the information referred to in Part Eight, Titles II and III, of that Regulation, and repealing Commission Implementing Regulation (EU) 2021/637
Regulation (EU) No 1024/2013	Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions
CRD	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC
CRD V	Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures
EBA/GL/2014/14	Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013
EBA/GL/2018/06	EBA Guidelines on management of non-performing and forborne exposures
EBA/GL/2020/12	Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic
EBA/GL/2022/14	Guidelines issued on the basis of Article 84 (6) of Directive 2013/36/EU specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities
Regulation (EC) No 1745/2003	Regulation (EC) No 1745/2003 of the European Central Bank of 12 September 2003 on the application of minimum reserves
Regulation (EU) No 575/2013	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC
Regulation (EU) 2017/2395	Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State
EU Securitisation Regulation	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012

CRR	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012
Regulation (EU) 2020/873	Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic

Appendix D – List of Abbreviations

ADC	Acquisition, Development and Construction	JST	Joint Supervisory Team
ABS	Asset-Backed Securities	KPI	Key Performance Indicator
ALCO	Asset & Liability Committee	KRI	Key Risk Indicator
Allianz / AZB	Allianz Benelux S.A/N.V.	LCR	Liquidity coverage ratio
ALM	Asset and Liability Management	LGD	Loss Given Default
BAC	Board Audit Committee	LOD	Line of Defence
BCBS	Basel Committee on Banking Supervision	LoR	Lender of Record
BIC	Business Indicator Component	LTV	Loan-To-Value
BRCC	Board Risk and Compliance Committee	MCC	Management Credit Committee
CBM	Central Bank of Malta	MFSA	Malta Financial Services Authority
CCF	Credit conversion factor	MREL	Minimum Requirement for Own Funds and Eligible Liabilities
CCP	Central Counterparty	MRTs	Material risk-takers
CCR	Counterparty Credit Risk	MtM	Mark-to-Market
CRR	Capital Requirements Regulation	NBB	National Bank of Belgium
CEO	Chief Executive Officer	NHG	Nationale Hypotheek Garantie
CER	Climate-related & Environmental Risk	NII	Net Interest Income
CET 1	Common Equity Tier 1	NPEs	Non-Performing Exposures
CFO	Chief Financial Officer	NPL	Non-performing loans
CLO	Collateralised Loan Obligation	NRC	Nominations and Remuneration Committee
CLO SE	Collateralised Loan Obligation Structured Entity	NSFR	Net Stable Funding Ratio
CRM	Credit Risk Mitigation	OCR	Overall Capital Requirement
CRO	Chief Risk Officer	ORM	Operational Risk Management
CSRBB	Credit Spread Risk in the Banking Book	OSI	On-site Inspection
CVA	Credit Valuation Adjustment	O-SII	Other Systemically Important Institution
DCF	Discounted Cash Flow	P2G	Pillar 2 Guidance
EAD	Exposure at Default	PD	Probability of Default
EBA	European Banking Authority	POCI	Purchased or Originated Credit-Impaired
EC	Economic Capital	PV01	Price Value of a Basis Point
ECAIs	External Credit Assessment Institutions	RAF	Risk Appetite Framework
ECB	European Central Bank	RAL	Risk Appetite Limit
ECL	Expected Credit Loss	RAS	Risk Appetite Statement
ESG	Environmental, Social and Governance	RCSA	Risk & Control Self-Assessment
EU	European Union	RMBS	Residential Mortgage-Backed Securities
Eurex	Eurex Clearing AG	RMF	Risk Management Framework
EV	Enterprise Value	RRE	Residential Real Estate
EVE	Economic Value of Equity	RWAs	Risk weighted assets
EXCO	Executive Committee	S&P	Standard & Poor's
FX	Foreign Exchange	SA-CCR	Standardized Approach for Counterparty Credit Risk
GMRA	Global Master Repurchase Agreement	SEC-ERBA	Securitisation External Ratings-Based Approach
G-SII	Global Systemically Important Institution	SEC-IRBA	Securitisation Internal Ratings-Based Approach
HQLA	High-Quality Liquid Assets	SEC-SA	Securitisation Standardised Approach
IAF	Internal Audit Function	SFTs	Securities Financing Transactions
ICAAP	Internal Capital Adequacy Assessment Process	SICR	Significant increase in credit risk

IFRS	International Financial Reporting Standards	SPPI	Solely Payments of Principal and Interest
ILAAP	Internal Liquidity Adequacy Assessment Process	SREP	Supervisory Review and Evaluation Process
IMM	Internal Model Method	SSM	Single Supervisory Mechanism
IRRBB	Interest Rate Risk in the Banking Book	SSPE	Securitisation Special Purpose Entity
ISDA	International Swaps and Derivatives Association	sSyRB	Sectoral Systemic Risk Buffer
IPRE	Income-Producing Real Estate	STF	Stress Testing Framework
ITS	Implementing Technical Standards	TSCR	Total SREP Capital Requirement
IReF	Integrated Reporting Framework	WACC	Weighted Average Cost of Capital

MDB Group Limited

Pillar III disclosures report
– Environmental, Social and Governance Risks

31 December 2025

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Glossary

Abbreviation / Terminology	Description
Business environmental scan	It is a strategic assessment that financial institutions undertake to understand the impact of CER on their operating environment. The main purpose of a business environment scan is to gain insights into how climate change and environmental factors may affect the institutions' operations, profitability, and long-term sustainability.
Capital Requirements Regulation ("CRR")	Regulation 575/2013, dated on 27.06.2013, amended by "CRR" II (2019/8769, May 2019) and "CRR" III (2024/163, May 2024)
Carbon Disclosure Project ("CPD")	Globally recognised not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Home - CDP
Carbon Neutrality	It refers to the idea of having a balance between emitting carbon and absorbing carbon from the atmosphere in carbon sinks.
CER materiality assessment	The CER materiality assessment is a strategic climate and environmental impact scan that maps the main CER identified to institutions' strategic objectives.
Climate Neutrality	It refers to the idea of achieving net zero greenhouse gas emissions by balancing those emissions, so they are equal (or less than) the emissions that get removed through the planet's natural absorption. It means to only emit as much greenhouse gas into the atmosphere as can be absorbed by nature, that is forests, oceans and soil. Climate neutrality can be achieved by emitting greenhouse gases at an equal rate to its removal from the atmosphere.
Climate-related and environmental risks ("CER" / "C&E risks")	**Physical risk** refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss (species extinction) and deforestation. Physical risk is therefore categorised as "acute" when it arises from extreme events, such as droughts, floods and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity. This can directly result in, for example, damage to property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of supply chains. **Transition risk** refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences. Examples: CO_2/GHG emission, energy certificate labels, carbon (CO_2) price, taxes on emissions (GHG equivalent), local taxation, additional energy certificates, state subsidies, additional capex/opex, change of customer preferences, change in asset valuation and collateral, reputation effect, change in business models, reporting, litigation risks, technology replacement, increased price of supplies (e.g. water, energy, etc.), mitigation actions (transfer of charges to clients), EU business restrictions, taxes and levies, bank restrictions, sectors interdependences.
Corporate Sustainability Reporting Directive ("CSRD")	Corporate Sustainability Reporting Directive, Regulation (EU) 2021/0104, dated on 21.04.2021 EUR-Lex - 52021PC0189 - EN - EUR-Lex (europa.eu) Directive on regular reporting on environmental and social impact of their business activities, and on the business impact of their environmental, social and governance (ESG) efforts and initiatives. This replaced the Non-Financial Reporting Directive, and is applicable to large companies based in the EU or with an annual turnover of above €150 million in the EU. Companies meeting at least two of the following three conditions will have to comply with the CSRD: 1) €40 million in net turnover 2) €20 million in assets 3) 250 or more employees. The CSRD introduces a phased application across different "waves", based on criteria such as size, listing status and type of entity (e.g. public-interest entities), which determine the timing of application of reporting requirements. The Omnibus package is a set of proposed legislative changes introduced by the European Commission in early 2025 to simplify and recalibrate the EU sustainability reporting framework, in particular under the CSRD. In February 2026, the EU formally adopted the Omnibus "Stop the Clock" Regulation, which defers the application of CSRD requirements by two years for entities outside the Wave 1 scope.

	Other elements of the Omnibus package, including potential changes to applicability thresholds, scope and reporting simplifications, continue to be negotiated at EU level and are not yet final. These proposals aim to reduce administrative burden and streamline reporting obligations, but remain subject to the outcome of the ongoing legislative process and formal adoption.
Double materiality assessment	Double materiality assessment is performed by assessing the potential impact of the institutions' operations on ESG matters (inside-out perspective) and the potential financial and non-financial impact of ESG risks on the institutions' operations and activities (outside-in perspective). This assessment identifies which sustainability matters are most material to the organisation and its stakeholders.
EBA/GL/2025/01: EBA Guidelines on ESG Risk Management	These are a set of guidelines issued by the European Banking Authority (EBA) on the management of environmental, social and governance (ESG) risks. The guidelines set out expectations for institutions on the management of ESG risks, including their integration into governance, business strategy and risk management frameworks. The EBA publishes its final Guidelines on the management of ESG risks | European Banking Authority
EBA ITS 2022/01: ITS on prudential disclosures of ESG risks	Implementing Technical Standards issued by the European Banking Authority (EBA) on prudential disclosures of environmental, social and governance (ESG) risks in accordance with Article 449a of Regulation (EU) No 575/2013 (CRR). The standards specify uniform templates, tables and related instructions for disclosures. Implementing Technical Standards (ITS) on prudential disclosures on ESG risks in accordance with Article 449a CRR | European Banking Authority
European Central Bank ("ECB") Guide to climate-related and environmental risks	The guide explains how the ECB expects banks to prudently manage and transparently disclose C&E risks under existing prudential rules. ECB publishes final guide on climate-related and environmental risks for banks (europa.eu)
European Green Deal	European Green Deal (2019/20) - a set of policy initiatives by the European Commission with the overarching aim of making the European continent climate neutral by 2050.
European Reporting Standards ("ESRS")	These are set of rules and requirements for companies to report on sustainability-related impacts, opportunities and risks under the EU's CSRD. The ESRS consist of two cross-cutting standards and 10 topical standards that cover environmental, social and governance (ESG) topics. The ESRS aim to standardise and improve the quality and comparability of non-financial reporting in Europe.
Fit for 55 data collection exercise	Fit for 55 package isa set of policy initiatives by the European Commission with the overarching aim to reduce greenhouse gas emissions by 55% by 2030 when compared to pre-industrial levels. In 2023/4, a sample of European banks were in scope of the one-off Fit-for-55 climate risk scenario analysis that aimed at assessing the resilience of the financial sector in line with the Fit-for-55 package, and to gain insights into the capacity of the financial system to support the transition to a lower carbon economy under conditions of stress. One-off Fit-for-55 climate risk scenario analysis | European Banking Authority (europa.eu)
Global Reporting Initiative ("GRI") Standards	Global Reporting Initiative (GRI), a non-profit entity that provides a widely recognised framework for sustainability reporting. It helps organisations by providing them with the global common language to communicate sustainability impacts. GRI - About GRI
Greenhouse Gas (GHG) Protocol	GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. About Us | GHG Protocol
Net Zero Emissions ("NZE")	The Net Zero Emissions by 2050 Scenario (NZE Scenario) is a normative scenario that shows a pathway for the global energy sector to achieve net zero CO2 emissions by 2050. International Energy Agency – Net Zero Emissions
Omnibus Package	The Omnibus package is a set of proposed legislative changes introduced by the European Commission in early 2025, aiming to streamline and reduce the regulatory burden of EU sustainability rules, particularly the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Taxonomy.
Paris Agreement Capital Transition Assessment ("PACTA")	It measures the alignment of financial portfolios to climate change scenarios, including Paris-aligned scenarios, across climate critical sectors. Home – PACTA (rmi.org)

Paris Climate Accords	Paris Climate Agreement (2015) – International treaty setting out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C.
Partnership for Carbon Accounting Financials ("PCAF") Standards	PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. It is a harmonised accounting approach that provides financial institutions with the starting point required to set science-based targets and align their portfolio with the Paris Climate Agreement. carbonaccountingfinancials.com
Scope emissions	**Scope 1 emissions**: direct emissions that a company generates from sources it owns or controls, like burning fuel for heating, using vehicles, or leaks from equipment like refrigeration units. Essentially, Scope 1 emissions are emissions that come directly from the company's activities. **Scope 2 emissions**: indirect emissions resulting from the generation of purchased energy used by the company, such as electricity, heating, and cooling. These emissions are associated with the energy the company buys and consumes, not from sources it directly controls. **Scope 3 emissions**: all other indirect emissions that occur in the company's value chain, including activities the company does not own or control. This category includes emissions from the supply chain, use of sold products, and waste disposal. Scope 3 emissions are often the largest share of a company's carbon footprint and are crucial for understanding the full environmental impact beyond direct operations.
Sustainable Finance Disclosure Regulation ("SFDR")	Regulation 2019/2088, dated on 09.12.2019 Regulation introduced to improve transparency in the market for sustainability investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants ("FMPs"), including financial advisors and portfolio management. SFDR V2.0 is currently being discussed at EU level. While discussions are ongoing regarding potential reforms, including product categorisation, clarification of sustainable investment concepts and simplification of disclosures, no legislative amendments have yet been adopted.
Task Force on Climate-related Financial Disclosure	It provides information to investors about what companies are doing to mitigate the risks of climate change. It provides recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing risks related to climate change. Task Force on Climate-Related Financial Disclosures | TCFD) (fsb-tcfd.org)
Taxonomy Regulation	Regulation 2020/852, dated on 18.06.2020 Taxonomy Regulation introduced a comprehensive classification system on sustainable activities. Under Article 8 of the Taxonomy Regulation, in-scope companies will have to report their contribution to the 6 environmental objectives (taxonomy eligibility and alignment): • Climate change mitigation • Climate change adaptation • Sustainable use and protection of water and marine resources • Transition to a circular economy • Pollution prevention and control, • Protection and restoration of biodiversity and ecosystems **Taxonomy Eligible Activities:** economic activities that meet specific criteria outlined in the EU Taxonomy. For an activity to be considered taxonomy eligible, it must align with environmental objectives such as climate change mitigation, adaptation, sustainable water use, circular economy practices, pollution prevention, and biodiversity protection. Essentially, these activities are deemed environmentally sustainable according to the EU's standards. **Taxonomy Aligned Activities:** eligible economic activities that not only meet the criteria for sustainability but also make a substantial positive impact on at least one environmental objective while avoiding significant harm to others. Additionally, they must comply with minimum social safeguards, ensuring they adhere to human rights, labour rights, and anti-corruption standards.
United Nations Sustainable Development Goals principles	United Nations Sustainability Development Agenda (2015) – United Nations member states agreement on facing global problems including extreme poverty and hunger, access to education, protection of the planet to ensure sustainable development.

1. General overview

MDB Group Limited (the “Group” or “MeDirect”), together with its consolidated subsidiaries, MeDirect Bank (Malta) plc (“MeDirect Malta”) and MeDirect Bank SA (“MeDirect Belgium”), is required to disclose information on environmental, social and governance risks (“ESG risks”) in accordance with Article 449a of Regulation (EU) No 575/2013 (the Capital Requirements Regulation, “CRR”). ESG risk disclosures are governed by Commission Implementing Regulation (EU) 2024/3172, which entered into force on 1 January 2025 and repealed Implementing Regulation (EU) 2021/637, establishing updated and standardised Pillar 3 disclosure requirements aligned with the CRR3 framework.

MeDirect is committed to continue integrating ESG principles into its day-to-day operations and increase awareness on ESG matters across the Group. To do this, the Group promotes the observance of high standards of good corporate governance and business ethics. It is committed to continue growing its business in a responsible and sustainable manner, based on sound corporate values and ESG principles. Moreover, it is committed to continuing to build a trusted and distinctive brand in the markets it operates in. To ensure proper and sustainable business conduct, the Group focuses on skills and development of all employees, as well as yearly training programmes for employees and Board of Directors. The Group also ensures that the wider society is educated on topics concerning financial literacy, and other topics that helps make MeDirect a more inclusive and responsible bank.

The MeDirect Group Sustainability Risk Policy defines ESG risk as environmental, social or governance events or conditions that, if they occur, could result in an actual or a potential negative impact on the value of investment, as defined in the Sustainable Finance Disclosure Regulation (“SFDR”), which would directly or indirectly affect the value of the organisation.

ESG risk factors include the following:

- Environmental: climate change risks/opportunities, air pollution, ecosystem change, unsustainable practices, environmental remediation, carbon emissions, resource depletion, energy inefficiency, water pollution, increased water scarcity, harm to biodiversity, deforestation, poor waste management practices, rising sea levels/coastal flooding and wildfires/bushfires. Within environmental risks, the Group considers the risks relating to the climate and environmental risks (“C&E risks” / “CER”).
- Social: human rights violations, unethical and illegal working conditions, modern slavery/forced labour, breach of employee rights/labour rights, child labour, discrimination, social cohesion and stability, product safety, restrictions on or abuse of consumers' rights, restricted access to clean water, reliable food supply, and/or sanitary living environment, and infringements on the rights of local communities/indigenous populations.
- Governance: lack of diversity at board or governing body level, inadequate external or internal audit, transparency and integrity concerning remuneration, tax and bribery and corruption, lack of appropriate board oversight, lack of scrutiny of executive pay, poor safeguards on personal data / IT security (of employees and/or customers), discriminatory employment practices, inadequate protection for whistle-blowers, workplace harassment, discrimination and bullying, and health and safety concerns for the workforce.

These ESG factors should be properly managed within the organisation as they might have negative consequences on the Group and its counterparties, including clients, suppliers or business partners, affecting its or their financial or market position in the short, medium- or long-term.

To ensure proper sustainable business conduct by the Group, a yearly training programme has been initiated back in 2022 for Board of Directors and key stakeholders. As from 2024 onwards, yearly mandatory e-learning module on ESG was also introduced for all employees. Moreover, specific departmental training is provided, as deemed necessary by the Sustainability function. This is in addition to the ongoing training and workshops that the Sustainability team attend on a regular basis on topics related to ESG, to keep abreast with ongoing changes and obligations within the regulatory sphere.

Group ESG Strategy - On the path to sustainability

MeDirect monitors evolving ESG trends as part of the horizon scanning process. In 2022, the Group performed the first double materiality assessment by considering the potential impact of the Group’s operations on ESG matters (inside-out) and the potential financial and non-financial impact of ESG risks on the Group's operations and activities (outside-in). This assessment was carried out to determine the relevance and materiality of individual non-financial topics across ESG in accordance with the market and its stakeholders’ expectations. The results of the double materiality assessment have guided the Group's ESG Strategy, and the selection of topics reported in its first Non-Financial Report in accordance with the GRI standards.

MeDirect has been implementing the Group ESG Strategy - On the path to sustainability for 2022-2025 - that is based on four strategy pillars.

For each strategic pillar, several specific sustainability-driven objectives were identified, with each objective translating into a firm commitment on the part of the Group. As part of its pursuit of sustainability objectives, MeDirect is committed to continue making ESG factors key components of its decision-making processes and internal organisation.

The main objectives and commitments stemming from the ESG Strategy that are relevant for the management of ESG risks are included in this report. For more information, refer to the Sustainability section[11] on the MeDirect's website.

During 2025, the Group reviewed the ESG Strategy on a bi-annual basis to ensure continued consistency with the CER Materiality Assessment, which ensures a business environment scan is conducted on a yearly basis, and ongoing tracking of the set commitments. As at 31 December 2025, the Group has completed 77% of its 2022-2025 ESG Strategy.

During the first half of 2025, the Group conducted a double materiality assessment in accordance with the CSRD. The outcome of this assessment was intended to inform both the identification of material sustainability topics for CSRD-compliant reporting and the development of a new ESG Strategy. Notwithstanding this, the Group continues to closely monitor regulatory developments arising from the CSRD Omnibus I legislative package. In this context, MeDirect Group will apply the "stop-the-clock" provision approved in February 2026 and, accordingly, will not publish a CSRD-compliant Sustainability (Non-Financial) Report for the financial year 2025.

Furthermore, during 2026, MeDirect Group will align its sustainability reporting approach with that of its shareholder, following the acquisition of MeDirect Group by BANKA Creditas a.s. The planned alignment shall also cover the Group ESG Strategy and list of KPIs expected to be formulated for implementation as from 2026.

International Recognition

Market recognition of the ESG efforts is an important reflection of the quality of the Group's sustainability practices and implementation of the ESG Strategy. MeDirect's goal is to further enhance its sustainability rating through implementation of its ESG strategy.

In recent years, the Group participated in sustainability assessments conducted by EcoVadis[12], one of the most trusted providers of business sustainability ratings with a global network of more than 130,000+ rated companies. Starting from 2022, the Group continued to improve its sustainability rating score year on year, moving from a Silver medal rating in 2022 and 2023 to a Platinum medal rating in 2024, providing clear evidence of the Group's success in implementing its ESG strategy. In 2025, MeDirect was awarded the Gold medal and ranked among the top 5% of companies best-rated by EcoVadis, recording substantial improvement in all areas since the implementation of its ESG strategy in 2022.

In 2025, MeDirect started considering other accredited sustainability rating providers, such as the Carbon Disclosure Project ("CPD") Climate Change questionnaire.

Nevertheless, in light of the planned integration with its parent company, MeDirect Group will not undertake external sustainability assessments in 2026. This approach is intended to allow sufficient time for the integration process to progress and for the ESG frameworks and processes implemented during 2025 to become fully embedded within the Group.

For further details related to ESG qualitative information, please refer to section 2 - Qualitative information on environmental, social and governance risks - of this report, and the Sustainability Risk Policy that are published on the bank's website.

2. Qualitative information on environmental, social and governance risks

2.1. Qualitative information on environmental risks

2.1.1 Business strategy and processes

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 1 (a-d)

MeDirect Group has incorporated ESG criteria into its main business processes, including credit, wealth, procurement, remuneration and governance processes, with the aim of managing sustainability risks and raising ESG/CER awareness in the organisation. For more information, refer to the Sustainability Risk Policy that is published on the bank's website.

Commitment towards Climate Neutrality

Financial institutions might be exposed to C&E risks associated with their physical operations, business portfolios and counterparties that may affect their financial standing and reputation. Moreover, the business activity of financial institutions can have an impact on the climate and the environment.

In its ESG strategy, MeDirect is committed to reduce or limit the impact of its business operations on the environment. The Group follows international initiatives such as the Paris Climate Accords and the European Green Deal.

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[11] ESG and Sustainability Strategy - MeDirect

[12] Global, Trusted, Actionable Business Sustainability Solutions | EcoVadis

The Group defined in its ESG Strategy 2024/2025 (pillar III) its short-medium-long term commitments related to its direct and indirect environmental impact:

1. Direct impact[13]
   - Measure its own carbon emissions (1-3Y)
   - Measure financed portfolio carbon emissions (1-3Y)
   - Reduce its own carbon emissions by 5% vs. 2022 (3-5Y)
   - Achieve carbon neutral operation (5-10Y)
   - Achieve a climate neutral Group (own and corporate clients' emissions) by 2050

2. Indirect impact
   - Exclusion list of environmentally sensitive sectors for which no financing will be provided
   - Maximum 12% limit of Group assets relate to sectors highly contributing to climate change[14]
   - Minimum 5% share of green home loan sales in Malta and Belgium
   - Minimum 45% share of green mutual fund and ETFs offered by MeDirect Group
   - Minimum 10% share of fixed income Treasury assets invested in green bonds
   - Minimum 50% of funds on the Malta Financial Advisory Whitelist with sustainability objectives

In Q4 2023-Q1 2024, the Group engaged in a project to measure the Greenhouse Gas ("GHG") emissions for 2022 and 2023, both for its Scope 1, 2 and 3 own emissions and for its Scope 3 financed emissions, including the Group's residential and corporate lending portfolios, and treasury portfolio. The measurement of GHG emissions was carried out in alignment with the Greenhouse Gas Protocol ("GHG Protocol") and Partnership for Carbon Accounting Financials ("PCAF") Standards, to ensure transparent and accountable reporting of its environmental impact. In Q1 2025, the Group measured its GHG emissions for 2024 following the aforementioned methodology. The GHG emissions for 2025 will be calculated during the course of 2026.

Between 2023 and 2024, the Group has managed to decrease its scope 1 carbon emissions by 1.1% and its scope 1 and 2 (own) direct and indirect emissions by 15.1% using the location-based methodology. However, following the market-based methodology the sum of the scope 1 and 2 emissions increased by 2.5%. In its ESG Strategy, the Group set a commitment to reduce its scope 1 carbon emissions by 5% when compared to its 2022 level. As of 2024, the scope 1 emissions decreased 7.8% vs. 2022.

As part of the 2024 ESG Strategy update, a specific (sub) strategy was adopted in relation to the transition towards decarbonisation and climate neutrality of the Group by 2050. In the last quarter of 2024, the Group started considering the adoption of science-based intermediate targets for its financed emissions. Nevertheless, the formulation of a holistic ESG Strategy, including a decarbonisation strategy with intermediate emission targets for the material portfolios in accordance with the Science Based Targets Initiative Financial Institutions Near-Term Criteria, that was initially planned for the second half of 2025 was postponed to 2026, to ensure full alignment and integration with the new shareholder.

The Group also assessed the sectoral alignment of its portfolios with Paris Agreement Capital Transition Assessment ("PACTA") forward-looking scenario-based transition pathways.

As of June 2025, the Group had one corporate borrowers engaged in activities that fall under the scope of the climate change transition risk alignment metrics: a borrower in its International Corporate Lending portfolio engaged in activities classified under NACE code C29.10 - which falls under the scope of the PACTA climate change transition risk alignment metrics - with a gross carrying amount exposure of 5.38 million euro. In Q1 2025, the NACE code of a Maltese borrower that operates a fuel station and distributes fuel to contractors and to ships onshore was reassessed and reclassified to a NACE code G47.99, which is PACTA excluded sector. For more information, refer to the quantitative section, template 3 of this report.

Green financing and investments

In its retail lending process, MeDirect has launched green residential home loans in Malta and Belgium to promote energy-efficient homes, which support the emission reduction strategy of the Group in an effort to reduce global warming. During the second half of 2025, 21.89% of the new home loans in Belgium and 3.69% of the home loans in Malta were green.

The Group also requests an EPC certificate from its retail and Maltese corporate borrowers. On a regular basis, an internal assessment is carried out to analyse the nature of unknown share of EPC certificates in the portfolios of loans collateralised with immovable properties. During the first half of 2025, the Risk Management Function carried out an assessment on the methodology used to determine unknown EPCs. As of December 2025, there were 37 Malta Corporate Lending facilities collateralised with immovable property with unknown EPCs.

[13] In light with the planned alignment with its parent company, MeDirect Group will be revising the list of KPIs expected to be formulated for implementation as from 2026. This revision shall involve the reconsideration of intermediate decarbonisation targets for the MeDirect Group.

[14] Board decision to increase the limit to 12% on 30th May 2024. Revision to the limit reflects the methodological change in accordance with the Pillar III reporting instructions (inclusion of allocation of the holding company's' exposure based on the NACE code of the operating company and its underlaying business activity) and the inclusion of Buy-To-Let (legal entities) as corporate lending, in addition to the Malta corporate lending portfolio and the ICL portfolio.

Efforts are ongoing to retrieve the remaining unknown EPCs with the implementation of an EPC remediation map that is updated on a monthly basis and reported to the Management Credit Committee. In the Malta mortgage lending portfolio, 3 loans with unknown EPCs are legacy loans 7, with the other remaining 19 loans with unknown EPCs mainly relating to refinancing facilities. For the Malta mortgage lending portfolio, the EPC rating of residential real estate held as collateral forms part of the Risk Appetite Framework and is monitored and reported on a monthly basis as part of the monthly risk report. As part of the monthly risk monitoring and reporting, any missing EPC ratings are queried with Lending Operations for retrieval and updated where necessary.

In addition, specific pre-defined post-loan origination conditions linked to CER have been introduced for all retail lending portfolios with the aim of improving the green home loan offerings to retail clients even post origination. MeDirect Malta launched the Green Project Milestone in January 2025, which provides preferential rates to clients who enhance their properties to achieve greater energy efficiency. As of December 2025, no clients were reported under this scheme.

The Group also measures and monitors the range of green products offered to its clients in the Wealth Management Investment business and has implemented a green filter for Maltese investments. Moreover, the Group is integrating the sustainability preferences of its clients into the suitability assessments carried out prior to the provision of financial advisory and portfolio management services in order to be able to ultimately match the sustainability preferences of its clients.

At product-level, MeDirect Malta is presently able to match specific client sustainability preferences in its provision of advisory services to clients. This is supported mainly by the positive evolution of the Sustainability agenda in the EU, leading to increasingly reliable and available reportable ESG and sustainability data published by fund managers, allowing the Bank to offer these sustainability-focused investment options with more confidence. Work is still in progress for the Group to match specific sustainability preferences in its provision of portfolio management services to clients.

The Group also delivered on its goal to offer 45% share of green mutual funds and ETFs on its platform. The share of green mutual funds (article 8 and 9 of the SFDR) offered by the Group to its customers reached 49%[15] as of December 2025. Moreover, as of December 2025, approximately 48% of the funds included on the Maltese Bank entity's advisory whitelist incorporate sustainability objectives in accordance with SFDR Articles 8 and 9, compared to the commitment of 50%[16].

At the end of December 2025, 10.24% of the Group's treasury portfolio was invested in green bonds[17], above the 10% target for 2024/2025. The Group is committed to continue investing in treasury instruments in least susceptible sovereign jurisdictions, with the exception of selective and limited investments in Maltese sovereign instruments, where required for regulatory purposes, due to its home market status.

In the first half of 2025, a new ESG risk screening process for the treasury book was introduced to assess the environmental, social and governance risk profiles of the individual holdings in the Treasury portfolio.

Clients' engagement approach

The Group has integrated climate risks into its risk management framework and business processes to develop a more resilient business model, as defined in pillar III of its ESG Strategy. In line with its ESG Strategy, the Group introduced ESG assessments for corporate clients as part of the credit process. However, as of the reporting date, no corporate clients have reported EU Taxonomy-related information through the ESG questionnaire, and therefore no Taxonomy-aligned or Taxonomy-eligible assets have been identified within the MeDirect corporate credit portfolio. In this regard, the Group did not define any absolute targets related to EU taxonomy aligned/eligible assets, as the current disclosures of its corporate clients do not include such measurement. Most of its corporate clients are small to medium-sized unlisted companies that do not report under the Non-Financial Reporting Directive and therefore, data availability is limited. Nevertheless, an internal clients' engagement process was set up to start collecting relevant sustainability-related information from corporate clients during the loan origination process and for post-transaction analysis.

The Group's clients' engagement approach aims to facilitate the achievement of MeDirect's ESG Strategy targets, meet regulatory requirements and mitigate CER as a result of better understanding of the ESG profile of the Group's counterparties.

For this purpose, the Group distributes an ESG questionnaire among its corporate borrowers to obtain sustainability-related information. Ad-hoc meetings upon request of its Maltese corporate clients are being organised to assist them with the completion of the ESG questionnaire. Moreover, the Group relies on the information/data it obtains from ongoing dialogue with its clients, as well as the public disclosures of its clients.

With reference date December 2024, the Group started reporting on the Banking Book Taxonomy Alignment Ratio ("BTAR"), template 9, for all its corporate borrowers, irrespective of whether the clients are subject to NFRD reporting. From the ESG questionnaires distributed as of December 2025, it can be reported that limited data is available on taxonomy eligible and taxonomy aligned assets.

As a result, in the second half of 2025 the Group planned to start a dedicated engagement process with Maltese corporate borrowers to provide information on Taxonomy eligible and aligned assets and on transition pathways for high ESG risk rated clients. This approach aims to improve the taxonomy information reported by the MeDirect Malta corporate counterparties and also assist its corporate borrowers in their decarbonisation efforts. This approach is part of the action plan prepared by the Group to address the EBA Guidelines on ESG Risk Management that will be implemented during the course of 2026.

[15] Percentages for 2022, 2023 and 2024 restated after discrepancies in the calculation methodology. An internal assessment was carried out in the first half of 2025 to ensure more accurate reporting by the Group.

[16] The decline largely reflects the addition of a substantial number of ETFs to the platform in 2025, which are predominantly not classified as Article 8 or Article 9 products. The appropriateness of the related commitment will be reviewed as part of the new ESG Strategy to be developed in 2026.

[17] Bonds are classified as green by Bloomberg if 100% of the net proceeds or amount equal to the net proceeds are used for eligible green and/or social projects. For their assessment, Bloomberg reviews offering documents including term sheets, prospectus and offering circular; and any framework or second party opinion documents made available by the issuer.

Suppliers' engagement approach

In the procurement process, whenever applicable and possible given its business profile and model, the Group requires its suppliers and any of its vendors to meet MeDirect's standards in the area of environmental awareness, amongst other things. This is ensured through the verification of compliance with the MeDirect Suppliers and Business Partners Code of Conduct that sets out the fundamental sustainability standards and principles expected from MeDirect vendors.

In 2025, the Group has revised its approach and started incorporating ESG due diligence during the review cycle of key suppliers and business partners. The Group incorporates ESG due diligence at pre-contractual and contractual stages, with ESG criteria embedded in the risk assessment process. Moreover, standard ESG clauses may be considered by the Legal department for incorporation in legal contracts with key suppliers and business partners, whenever relevant. The aim of the ESG due diligence is to ensure compliance with the MeDirect Suppliers and Business Partners Code of Conduct.

Integration of C&E events into operational frameworks

The Group has integrated adverse climate-related and environmental events into its business continuity and incident management procedures, including relevant communication plans in the occurrence of an event of adverse physical and transition risks. Further assessments of the impacts of CER into the Group's Business Continuity Plan ("BCP") and incident response planning will be included in annual updates of these frameworks. The Group also incorporated in its operational framework CER impacting its operational centres and reputation.

The Group Business Continuity Policy includes an extreme natural disaster scenario (e.g. Flooding / Storms / Earthquake, Pandemic Hazard) that could significantly disrupt operations in Malta as well as in Belgium. The Group incorporated in its Operational Risk Procedure damage to physical assets and operational losses resulting from, for example, natural disaster, flood or damage caused by controversial activities of the clients, suppliers and business partners associated with severe social and environmental damage. The impact on capital of such events is considered to be marginal.

The Business Continuity Plan ("BCP") includes scenarios related to physical risk attacks / insider threats / political & social instability risk that may result in the inability to operate from offices/branches (e.g. earthquake, fire, and other natural hazards) with the escalation, communication messages and scenarios related to the reputation of counterparties affected by C&E risk.

The Operational & Reputational Risk Appetite Statement includes CER impact of the Group counterparties and Reputational Risk Management Policy includes C&E risk affecting reputation. The Group incorporated in Group Operational Risk Procedure damage to physical assets driven by e.g. natural disaster, flood or damage and vendor management driven by controversial activities of the clients, suppliers and business partners associated with severe social and environmental damage impacting operational loss. Moreover, the Group has incorporated CER related risks under mortgage business Risk and Control Self-Assessment (RCSA) to track the controls effectiveness and monitor the action plan raised in case of any weaknesses identified.

All policies, procedures and scenarios are reviewed and updated, if necessary, at least annually in accordance with the Group's Policy Standard.

2.1.2 Governance

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 1 (e-i)

The Group continuously integrates CER/ESG risks and criteria in its risk framework by regularly updating relevant internal policies and procedures.

Governance bodies involved in ESG management and oversight

By setting the ESG agenda at the parent level, the Board ensures a common ESG strategic framework which can be deployed and implemented across the Group. The Corporate Governance Memorandum incorporates key ESG risk factors to be incorporated in the Board Collective Suitability Assessment and Board Effectiveness Review that is conducted periodically for MeDirect Malta and MeDirect Belgium.

The Group ESG Committee has the overall responsibility for ESG matters, including CER. It oversees MeDirect ESG strategy and agenda implementation whilst providing advice and support to the Board of Directors on ESG-related matters. The Committee includes key managers of the Group representing the main areas critical to the effective management of ESG and C&E risks. The Internal Audit function is a permanent invitee to the Committee as an observer in order to maintain its independent status. The Committee can invite any other internal or external parties to attend the Committee on an ad hoc basis to provide advice and/or information. The Committee meets at least quarterly.

Periodically, and at least on an annual basis, the Group ESG Committee terms of reference are reviewed. Last review conducted in 2025 reflected the new governance structure of the Group, with the Committee reporting to the Group Enterprise Risk Management Committee ("ERMC") as of 2025.

For more information on the governance bodies involved in the ESG management and oversight, including the responsibility and reporting/frequency of reporting at each governance body level, please refer to the Group Sustainability Risk Policy that is published on the MeDirect website[18].

[18] MeDirect-Group-Sustainability-Risk-Policy.pdf

Integration of ESG principles across all three lines of defence

The Group's independent control functions (Compliance, Risk Management, and Internal Audit) monitors and reports on the integration and proper implementation of ESG, including CER, principles across the governance, business, operational and internal control processes of the Group.

These results are periodically collated and made available to the Sustainability function and ESG Committee.

Business functions (first line of defence) are responsible for identifying, assessing and managing sustainability risks in the various stages of their business processes. They implement the Group's procedures and policies related to sustainability risks in their day-to-day business operations.

The Risk Management function (second line of defence) is responsible for developing and tracking a dashboard of relevant CER and ESG risk indicators within the existing risk management and reporting frameworks of the Group. The Risk Management function ensures continuous enhancement of such indicators over time to ensure effective sustainability risk management across the entire Group. It integrates CER and ESG risks (both financial and non-financial) in its risk identification process, including the setting of risk appetite limits and tolerance thresholds. By doing so, the Group aims to analyse comprehensively the ways in which CER and ESG risk may affect different (risk) areas of the Group. Moreover, the Risk function is responsible for reviewing and updating on an annual basis the Group CER Materiality Assessment that analyses the sensitivity of the Group's business, operations and activities to climate (physical and transition) and environmental risks using a forward-looking approach.

Additionally, the Compliance functions (second line of defence) of both MeDirect Malta and MeDirect Belgium prepare a Compliance Monitoring plan, which is approved by the respective Board Risk and Compliance Committee, taking into account sustainability-related regulations, as appropriate. The Compliance function operates independently from the business units but advises/challenges business units and other internal functions to ensure that operations are in line with policies, procedures, and regulations.

The Sustainability function, as an advisory function, is the primary coordination point driving the ESG strategy and agenda, engaging with the MeDirect Boards and interacting with the Group's business, support and control functions on ESG-related matters.

The Internal Audit function ("IAF") (third line of defence) is responsible for the execution of a (risk and priority based) multi-year audit plan across the Group. In addition to a periodic review of internal control elements which encompass specific business segments and support processes, the IAF also covers the activities and performance of independent control functions (such as Risk Management and Compliance), ongoing projects and relevant third-party outsourcing and other intra-group business arrangements. In this context, the IAF considers ESG (governance) as a separate audit topic in its multi-year audit plan and embeds ESG/CER (where relevant) as a specific attention point in the audit scope and approach for specific business activity, support process and control function reviews. As the multi-year audit plan progresses, the IAF incrementally provide assurance that ESG/CER policies and procedures are adhered to and that related residual risks are appropriately addressed. Internal audit report observations and conclusions are made available to the Head of Regulatory Affairs and Sustainability, as appropriate.

Reporting and Disclosures

As a significant institution, the Group is subject to reporting and disclosing requirements stemming from different EU Regulations such as, the Supervisory Review and Evaluation Process ("SREP") ESG data collection, the SFDR disclosures, and the Pillar III ESG report that is disclosed twice a year.

The Group has also disclosed the Non-Financial report based on GRI standards on a voluntary basis as from 2022. In 2026, MeDirect Group plans to align its sustainability reporting approach with that of its shareholder, following the acquisition of MeDirect Group by BANKA Creditas a.s.

The Group will most likely be out of scope of Article 8 Taxonomy reporting and the Corporate Sustainability Reporting Directive, following the adoption of the Omnibus I and hence its potential changes to applicability thresholds, scope and reporting simplifications. In February 2026, the EU formally adopted the Omnibus "Stop the Clock" Regulation, which defers the application of CSRD requirements by two years for entities outside the Wave 1 scope. MeDirect Group falls under Wave 2 scope.

The Group used different data sources to assess the individual physical risks and transition risks. For the analyses of individual physical risks, the Group used the European Climate Risk Typology, European Environment Agency maps and Moody's Investor Services analysis, including sectoral heatmaps. Moody's analytics research and publicly available Grantham Research Institute on Climate Change and the Environment research papers were used as data sources for the assessment of transition risk.

In the second half of 2025, the Group implemented MunichRe Location Risk Intelligence tool to assess the acute and chronic environmental hazards of the loans collateralised by immovable property. Whereas the previous model granularity was at NUTS3 code level, with the new tool the granularity will be enhanced. This new tool was used for the revisions to the CER materiality assessment performed and approved in December 2025.

Moreover, the Group engages with Morningstar, Inc. for the data on ETFs and Mutual Funds for Advisory and Discretionary services offered by the Group.

Publicly available data, particularly published by Morningstar, Inc, and Moody's, is also used for the assessments performed on Treasury and Wealth Management instruments.

Refer to the section 2.1.1 for more information regarding the clients' and suppliers' engagement approach to obtain sustainability-related information, as well as environmental data, including GHG emissions and taxonomy information, that is used for reporting purposes. In addition to the limited client disclosures described in section 2.1.1, publicly available statistics in different jurisdictions that the Group is operating in do not necessarily include required data to calculate proxy information to estimate client data.

The Group follows the ESG Data Collection Procedure to identify any ESG-related data gaps and implement a data collection process to address the identified gaps.

ESG-related objectives integrated within the Group's Remuneration Policy

Starting in 2022, the Group has incorporated sustainability objectives into its Remuneration Policy. Qualitative and quantitative ESG objectives for key employees are intended to encourage active engagement in the ESG transformation and support the implementation of the ESG strategy, while also discouraging excessive risk-taking related to sustainability risks. The Group commits to review the ESG qualitative and quantitative performance objectives set for key employees at least on an annual basis.

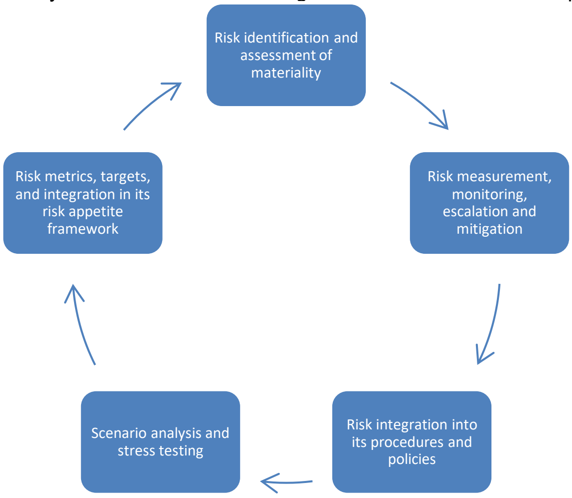
As of 2026, the Group aims to more formally demonstrate the impact of individual performance on total variable compensation of key employees' against both qualitative and quantitative ESG objectives outlined in the ESG Strategy. This evaluation will be tailored to reflect the specific nature and responsibilities of each individual's role.

2.1.3 Risk management

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 1 (j-r)

Integration of sustainability criteria, including environmental factors, in the Risk Management Framework

As part of the incorporation of sustainability criteria into its risk management framework, the Group considers:



MeDirect defines sustainability risks, including climate and environment-related risks, in its Group Sustainability Risk Policy as described in Section 1 of this report. Special attention is paid to the physical and transition risks linked to climate change as such risks might affect the sustainability of the Group and its counterparties if these are not properly monitored and managed.

Linkage between C&E risks with traditional risk categories

C&E risks can be either stand-alone risks or embedded within other risks, as they may contribute to other financial and non-financial risk categories, such as credit risk, operational risk, liquidity risk, counterparty risk or market risk, among other risks.

Taxonomy As part of the 2025 ICAAP process, the Group enhanced its Sustainability Risk framework through updates to the Group Sustainability Risk Policy. These updates included the introduction of a dedicated ESG risk category within the risk universe, supported by an ESG risk taxonomy designed to improve understanding of the types of ESG risks to which the Group may be exposed in the course of its business activities.

The revised policy also strengthened the articulation of ESG risk transmission channels, clearly outlining the relationship between climate and environmental (C&E) risks and traditional financial and non-financial risk categories. The ESG Risk Taxonomy and transmission channels framework were updated during the second half of 2025 to reflect how ESG risks may influence established risk types, including credit, market, liquidity, operational and reputational risks.

In addition, the Sustainability Risk Appetite Statement and the transmission channels framework explicitly address greenwashing risk, outlining its potential to contribute to or exacerbate other risk categories.

For more information on the ESG Risk Taxonomy and ESG transmission channels, please refer to the Group Sustainability Risk Policy that is published on the MeDirect website[19].

The Group incorporates CER in a number of policies and procedures, in particular its Risk Management Framework, Risk Appetite Framework, Risk Appetite Statement, Lending Credit Frameworks and procedures, as well as the Stress Testing Framework, as part of internal capital adequacy assessment process ("ICAAP") and internal liquidity adequacy assessment process ("ILAAP"). This is to ensure that C&E risks are properly identified, measured, monitored and mitigated, and if required, properly escalated and reported if breached, as stipulated in the Group Risk Appetite Framework.

[19] MeDirect-Group-Sustainability-Risk-Policy.pdf

During this process, the Group takes into consideration its business profile and strategic direction as well as regulatory requirements as stipulated in the European Central Bank ("ECB") Guide to climate-related and environmental risks, United Nations Sustainable Development Goals principles, and Task Force on Climate-related Financial Disclosure recommendations, among others.

Incorporation of CER in the lending process

As outlined in the Sustainability Risk Policy, the Group incorporates CER principles in its main business processes with the aim of managing C&E risks and raising CER awareness within the organisation and amongst its clients and counterparties. As described in Section 2.1.2, the three lines of defence are responsible for identifying, assessing and managing C&E risks across the Group, applying relevant mitigating and controlling actions.

The Group restricts and/or prohibits the establishment of a banking relationship with certain types of clients operating in ESG sensitive geographic locations or industries, as described in the Client Acceptance Policy. In the corporate loan origination process, the Group implemented an exclusion list specifying the activities that the Group will not finance as a result of potentially negative effects on the environment. In the first half of 2025, the scope of the exclusion list was extended to cover all corporate customers in Malta, not only corporate lending customers. A new process was adopted for MeDirect Malta to assess ESG risk of corporate customers at onboarding stage.

One of the commitments in the Group's ESG Strategy is to continue monitoring CER KPIs and undertake mitigating actions where necessary. The Group has also committed in its ESG Strategy that direct exposure to sectors contributing significantly to climate change that might have potentially negative impact on the environment will not exceed 12% of the Group's assets by 2024/25. As of December 2025, the exposure to sectors contributing significantly to climate change is 5.59% of Group's assets.

To assess CER in its lending process, an ESG questionnaire is used during loan origination for Maltese corporate lending clients. Following the de-risking plan for the international syndicated lending portfolio, no new exposures were added in the portfolio in 2025. The questionnaire is designed to assess the ESG profile of the client and ESG risks related to the financing, including environmental risks. For BTL loans to Dutch legal entities, MeDirect is not the lender of record and therefore, it is not possible for the borrowers to complete the ESG questionnaire. For further information on ESG questionnaires, refer to section 2.1.1 Business strategy and processes.

Following the distribution of the ESG questionnaire, the Group then evaluates environmental factors in its corporate lending process. This evaluation is carried out by using an internal sectoral heatmap or an ESG scorecard for the Maltese corporate lending portfolio. ESG assessments on the international syndicated lending portfolio were halted in 2025 due to the de-risking plan.

The implementation of the scorecard for the Malta corporate lending portfolio was incorporated in 2025. In the second half of 2025, the Group planned to start a dedicated engagement process with Maltese corporate borrowers to provide information on Taxonomy eligible and aligned assets and on transition pathways for high ESG risk rated clients. This approach aims to improve the taxonomy information reported by the MeDirect Malta corporate counterparties and also assist its corporate borrowers in their decarbonisation efforts. This approach is part of the action plan prepared by the Group to address the EBA Guidelines on ESG Risk Management that will be implemented during the course of 2026.

For the Maltese residential mortgages business, the incorporation of an ESG scorecard was planned for the second half of 2025 however, this was not implemented following the management decision taken to pause this business as from December 2025. For the Belgian and Dutch mortgage portfolios, MeDirect is not the lender of record, hence all interactions with the borrowers and data requests are done by the service providers.

Reputational and litigation risks that may arise from the business activity of MeDirect linked to CER (impact on climate/environment) is limited to indirect impact through the business activity of its clients. This risk may arise from environmentally sensitive activities of the Group's corporate clients.

MeDirect's procedures require tracking of negative news flow relating to prospective corporate borrowers using external, public data providers information. In the first half of 2025, negative news checks were also incorporated as part of the corporate client screening process at onboarding stage. During the second half of the year, an IT tool was then developed to automate the negative news searches conducted by the corporate banking unit. In 2026, this tool was also incorporated as part of the ESG assessment on suppliers and business partners during the review cycle.

Litigation risk is treated as an ancillary, inter-related risk insofar as the risk of litigation is directly linked (and ultimately largely determined by) to the adherence or lack thereof, to properly identify, monitor and mitigate all other risks forming part of the Group's risk horizon (e.g. CER, compliance risk, social risks, etc.,). MeDirect will continue ensuring that effective controls are in place to prevent and/or significantly mitigate any potential litigation risks.

Impact of environmental risks on capital and liquidity risks

A number of key risk indicators ("KRIs") are monitored periodically by the Risk function relating to the monitoring of concentration risk to high CER sectors, flood and sea hazard risk, yearly energy efficiency of the properties, among others, in relation to the retail and corporate lending portfolios.

In addition to the existing KRIs, MeDirect has incorporated as from 2023, risk appetite limits relating to CER to its lending portfolios, particularly limits relating to poor EPC, flood risk limits, concentration risk and exclusion list. These limits have been included in the Risk Appetite Statements of the respective portfolios and are being managed, monitored and reported in line with the Risk Appetite Framework.

Starting from 2022, MeDirect conducted a CER materiality assessment to analyse the main CER factors that may affect the Group. This assessment is reviewed on a yearly basis to ensure alignment with the wider business strategy. The refresh of the materiality assessment ensures a business environment scan is carried out annually, by assessing the main C&E risks that may affect its strategy, business model, asset portfolios, funding sources, wealth management services and business operating centres. The materiality assessment is led by the Risk function in collaboration with the various business units and is presented at the appropriate management and Board Committees for discussion and approval.

The assessment evaluates climate-related risks across physical and transition risk categories. It considers both acute and chronic physical risks, alongside transition risks driven by behavioural shifts, policy and regulatory change, and technological developments. Risks are assessed over short-, medium-, and long-term horizons to capture the timing and impact of potential risk materialisation. The assessment is conducted using a proportional and risk-based methodology, leveraging available data and sources**.** The Group evaluates climate-related risks through the use of climate heatmaps, ESG questionnaires and scorecards, as well as other relevant research and geospatial datasets. In the second half of 2025, the Group implemented the Munich Re Location Risk Intelligence tool to enhance the assessment of acute and chronic environmental hazards for loans collateralised by immovable property.

The latest assessment concluded that the Group's exposure to CER is limited, with the Group's exposure to C&E risk derived primarily from:

- credit risk (deterioration of collateral value, deterioration of credit profiles of borrowers),
- retail funding primarily as a result of reputational risk (deposit outflows),
- wholesale funding primarily as a result counterparty/country risk and deterioration of collateral value,
- wealth management services as a result of deteriorating market sentiment (fund classes), and
- operational centres as a result of operational risk (higher energy requirements, physical risk of destruction or business failure).

Notwithstanding these risks, the Group has assessed its residual risk as low, particularly in the short-to medium-term and concluded that based on its current CER/ESG risk profile, no additional capital or liquidity buffer is required to cover potential impact of C&E risk.

The Group updates this assessment in the last quarter of each year to be aligned with the budgetary/financial plan for the upcoming year. This will ensure that any additional capital or liquidity buffer that may be required to cover potential impact of C&E risks are taken into consideration during the budgetary/financial review. Moreover, in accordance with the EBA Final Guidelines on ESG Risk Management, the Group integrate social and governance factors in the next review of the ESG materiality assessment planned during the last quarter of 2026, as part of the wider action plan planned for implementation during the course of 2026.

The Group will continue to monitor and reassess the evolution of CER regularly and update its assessments at least on an annual basis.

As a result of the assessment, the Group has defined a list of Key Performance Indicators ("KPIs") to measure, monitor and report CER faced by the Group and its core portfolios on a quarterly basis. KPIs include:

- Mortgage Portfolio Flood Risk – % of Netherlands/Belgium Buy-To-Ley/mortgage portfolio exposure in higher flood risk areas
- Corporate Lending Portfolios - Concentration Risk in high CER sectors
- Mortgage Portfolio - Concentration Risk in EPC ratings
- Green Lending – Absolute value of the Group green lending
- Wealth Platform – Number of green investment funds distributed by MeDirect
- Treasury Portfolio - Value of green bond investments

Moreover, C&E risk is assessed from both the normative and economic perspectives of the ICAAP, which assesses its impact on P&L, capital requirements and solvency (PD and LGD). In relation to the provisioning framework, the Group applies climate-adjusted scenarios for the estimation of the climate-adjusted credit loss allowances of its exposures classified within the Maltese Corporate Lending, Dutch and Belgian Mortgages, and Buy-to-Let portfolios. These scenarios stress the returns of the underlying borrowers under different regulatory scenarios and adjust the expected risks for the Group. The Group applies stresses on the collateral pledged as security for the estimation of the climate-adjusted credit loss allowances of its exposures classified within its mortgage portfolios. For more information, refer to the Group Annual Report for the year end December 2025.

The Group continues to evolve its stress testing processes to be able to conduct adequate and plausible Climate Risk Stress Tests that will allow the Group to make informed decisions. The CER stress tests are conducted on the annual basis by the Group, as part of the ICAAP and ILAAP process. The stress scenarios from a CER perspective cover operational and credit losses, deposit flight and operational damage, among others.

The Group commits to continue improving its ESG, including CER-related, stress tests to ensure full compliance with the supervisory expectations outlined in the ECB Guide on climate-related and environmental risks and the EBA Guidelines on ESG Risk Management.

Data availability, quality and collection

Refer to the section 2.1.1 for more information regarding the clients' and suppliers' engagement to obtain sustainability-related information, as well as environmental data, including GHG emissions. Environmental data is used for reporting and disclosures purposes, as stipulated in section 2.1.2. Governance.

Information on data collection capabilities, data quality and data gaps is covered by the Group Data Collection Procedure.

Reported data points in Section 3, quantitative information, were collected on a best-effort basis.

2.2. Qualitative information on social risks

2.2.1 Business strategy and processes

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 2 (a-c)

The Group's employees, counterparties and society in general are an important pillar of the ESG Strategy, as confirmed by the double materiality assessment conducted in 2022 during the preparation of the first Non-Financial Report.

As indicated in Section 1 of this report, the Group will continue focusing on the following key elements:

Employees:

- Continued creation of a unique corporate culture and an attractive workplace with high employee satisfaction
- Continuation of promotion of diversity, equity and inclusion as core principles guiding MeDirect's multi-cultural organisation
- Professional development of its employees will closely follow the changing business environment and will remain an important element of its business strategy

Society:

- Active engagement in local communities by participating in voluntary and charitable activities
- Support social inclusion through education, accessible banking and cooperation, raising public awareness and building a sustainable society
- Play an important role in developing and supporting society by offering innovative financial solutions, safe banking and social support schemes

The Group's employees are its most important asset. Helping employees to develop and ensuring attractive working conditions is crucial to the achievement of the Group's business goals and to increase employee satisfaction. In 2025, the Group carried out an equal pay assessment across its workforce in accordance with the EU Gender Pay Gap Transparency Directive to prepare ahead of the national transposition deadline of June 2026.

MeDirect is also aware of its role in society and will therefore continue to engage in community initiatives that promote inclusion, development and support future prosperity. In January 2025, MeDirect Malta became a signatory of the Malta Diversity and Inclusion Charter, bringing a commitment to uphold the values of the charter of inclusivity and equality. Moreover, the Group will continue to contribute to the economic and social development of the countries in which it operates through its financial activity, delivery of digital solutions, participation in governmental support schemes and being a recognised employer and taxpayer. MeDirect is a member of the Malta ESG Alliance, a private sector initiative that brings together leading Maltese companies to foster and achieve national ESG goals.

Objectives and Commitments to address Social Risks

The Group defined in its ESG Strategy 2024/2025 (pillar 2: Employees and pillar 4: Society) a list of its medium-term commitments related to its employees and society as follows:

Employees:

- Further improvement of employee job satisfaction, with a minimum target of 80%[20]
- Key senior management having specific and relevant ESG/CER objectives
- Maintain Board gender diversity with a minimum 20%[21] representation of the under-represented gender
- Ensure Leadership gender diversity with the goal of achieving a minimum of 40% representation of the under-represented gender
- Maintain a gender-neutral recruitment process
- Minimum one ESG training per year
- Ensure gender diversity in the succession programme for managerial positions with the goal of achieving a minimum of 40% representation of the under-represented gender
- Increase number of training/development hours per employee by 25%

Society:

- Increase the number of Group-sponsored volunteer events to two person days annually
- Increase attendance at Group-sponsored volunteer events to a minimum of 75 employees
- Minimum five voluntary initiatives per year, focused on community, environment and other areas
- Maintain regular participation in charitable donations and sponsorships
- Minimum five Corporate Social Responsibility initiatives conducted each year
- Quarterly training for the general public, including seniors, to eliminate financial/digital illiteracy
- Regular training/events for students
- Revamping of current Internship programme and implementation of a graduate programme
- Maintain high exposure to social support schemes with a goal of 50% of Group lending

In the 2024 refresh of the ESG Strategy, additional commitments relating to pillars 2 (employees) and 4 (society) were adopted, including, among others:

- Equal pay gap assessment and monitoring
- Selection of ESG Champion/s through ESG hackathons
- Implementation of a two-way communication system between the employees and HR representatives
- Compliance with the European Accessibility Act ("EAA") principles
- Implementation of career plans and personal development plans for employees

[20] Replaced with the introduction of the eNPS analysis every 6 months (target: +10 to +30 or higher) and the monthly wellbeing survey (target: average score in all four categories of 3.5 or higher).

[21] The target shall be revised as from 2026 as follows: members of the underrepresented gender hold at least 33% of all (executive and non-executive) director positions. This is in accordance with the EU Directive 2022/2381, also known as the "Women on Boards" Directive.

Moreover, the Group committed in its ESG Strategy 2024/2025 (Pillar 1 Governance) to achieve the following targets with regard to its counterparties:

- Maintain the policy of not onboarding clients from controversial industries and geographical locations (in line with the Group's Customer Acceptance Policy)
- Incorporate, if appropriate, ESG clauses in new contracts with suppliers and corporate lending clients
- Ensure that a minimum of 50% of key suppliers with contracts that exceed €1m have ESG verification (to be determined by using questionnaires, vendors' statements and other techniques)[22]
- Ensure that close to 100% of corporate lending clients have ESG verification (to be determined by using questionnaires, review of annual reports, corporate websites and media news flow, where available, and other methods)
- Maintain a high Net Promotor Score (customer recommendation factor) score with a minimum score of 30

Social risk management is integrated within the wider Risk Management Framework, as defined in the Sustainability Risk Policy. Refer to Section 2.2.3 of this report.

Consideration of social factors when conducting business

The Group is aware of its responsibility to protect the health and safety of employees and visitors to its premises, as outlined in the Group's Occupational Health and Safety policy. The policy sets out the basic rules relating to health and safety, in line with applicable environmental and occupational health and safety laws and regulations.

The Group designs products that are easy to understand and simple to use. It aims to ensure that any fees and charges are transparent, fair and reasonable. The Group also aims to provide its clients will all necessary information to enable them to understand the Group's products and services as well as related costs. MeDirect treats its clients fairly. Staff members should not take unfair advantage of its clients or counterparties through manipulation, concealment, misinterpretation of material facts, unfair dealings and practices, or abuse of confidential information. As referenced in section 2.1.2, the RAPS is responsible for assessing new products and services, as part of the new products and services review and approval process.

Client complaints are an extremely important source of information to the Group, and staff members are required to ensure that all complaints are handled in line with the Group Complaints Handling Policy. Internal procedures and policies regarding complaints require staff members to inform its customers in a transparent way about procedures for filing complaints as well as terms and conditions and time limits applicable to complaint handling. The procedures describe how complaints are recorded, acknowledged and resolved.

The Group also protects the confidentiality of client information and ensures that such information is used only for the purpose for which it was collected and is not misused. The Group has a Data Protection Policy, prepared in accordance with the EU General Data Protection Regulation and consistent with other applicable national data protection legislation. In addition, the Information and Communication Technology ("ICT") and Security Risk Management Framework document the Group's approach to monitoring and mitigating ICT risks, including cyber risks.

In relation to the wider community, the Group's social ambitions and strategic pillars are incorporated into its financial planning exercise through financial contribution to society by means of donations and sponsorships. Each year, the Group prepares a plan for voluntary and charitable activities and sponsorships with the aim of actively engaging in local community initiatives.

In accordance with the Group's Anti-Bribery and Corruption policy and procedures, the Group seeks to ensure that payments for sponsorships and donations are not used for purposes of bribery. Due diligence is performed on sponsorship and donation recipients, with consideration given to potential affiliation with public officials.

Refer to the 2024 Non-Financial report[23], sections 4 and 6 on Employees and Society respectively, for information on the treatment of discrimination and harassment, health and safety, data management and protection, and other social factors. A number of metrics on different social factors are reported within the same Non-Financial report.

2.2.2 Governance

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 2 (d-g)

The same governance process applies as stipulated in section 2.1.2 Governance. All Management and Board Committees are required to assess any (potential) conflicts of interest before the start of the meeting. If required, the secretary of the Committee would then report any arising conflicts of interest to the Compliance department.

Business units and internal control functions provide periodic updates to the appropriate Board/Management Committees on social risk issues. Updates might include information about management of employee and counterparty relations, pay gap monitoring, customer complaints, data protection and security, violations of ethical standards or labour rights, employees' development, and remuneration.

The Group has implemented policies and procedures to manage risk related to its employees by defining staff relationships and a labour standards framework while developing an organisational culture which supports internationally recognised human rights. MeDirect's compliance with these policies is a process of continuous improvement, and that is why MeDirect commits to review all of its policies and procedures at least on an annual basis, in line with its policy standard.

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[22] Refer to the Suppliers' engagement approach section for more information on the new approach adopted in 2025 in relation to the ESG assessment on suppliers.

[23] The Group has also disclosed the Non-Financial report based on GRI standards on a voluntary basis as from 2022. In 2026, MeDirect Group plans to align its sustainability reporting approach with that of its shareholder, following the acquisition of MeDirect Group by BANKA Creditas a.s.

Investor Relations and Financial Results - MeDirect

Among the most relevant policies relating to social aspects, particularly related to MeDirect's employees, include the Group Code of Conduct and Ethics, Diversity Policy, Discrimination and Harassment Policy, Whistleblowing Policy, Relationship at Work Policy, Recruitment Policy, Succession Policy, Conflict of Interest Policy, Reputation Risk Management Policy, Anti-Fraud Policy, and Anti-Bribery and Corruption Policy. In order to analyse employee's satisfaction, MeDirect conducts periodic surveys.

The ESG Strategy objectives relating to social matters focus on the short- to medium-term. Pillar 2 - Employees of the ESG Strategy establishes the primary objectives in this area:

- Attractive workplace
- Diversity, equity and inclusion
- Professional development

The Group also implemented policies and procedures related to counterparty management, including in respect of clients, suppliers and business partners, outlining the Group's approach to relationship management, product and service delivery, human rights protection and sponsorships.

With respect to key business partners and suppliers, MeDirect's policies are aimed to ensure the highest standards of business conduct, business ethics and integrity, as well as social responsibility from its business partners and suppliers. Such policies and procedures include the Group Code of Conduct and Ethics, Clients Acceptance Policy, Risk Appetite Statements, Anti-Money Laundering and Countering of Terrorism Policy, Reputation Risk Management Policy, Procurement Policy, Group Outsourcing framework, and the Supplier and Business Partner Code of Conduct, among others.

The Group defined in its ESG Strategy the primary objectives related to society (pillar 4):

- Community engagement
- Social inclusion
- Societal development and support

During this process, the Group considered its business profile and strategic direction as well as regulatory requirements, including, among others:

- Universal Declaration of Human Rights of the United Nations, International Labour Organisation's Declaration of Fundamental Principles and Rights at Work, the United Nations Sustainable Development Goals, Guidelines on Internal Governance
- EBA Guidelines on sound remuneration policies (EBA/GL/2021/04), ESMA Guidelines on certain aspects of the MiFID II remuneration requirements
- Fifth Money Laundering Directive, Criminal Codes
- GRI Standards

Alignment of Remuneration Policy with social risk objectives

The Group Remuneration Policy establishes a framework for defining roles, measuring performance, and adjusting compensation to take into account risk management. The Group's Remuneration Policy is designed to align with the Group's business strategy, risk tolerance, objectives, values and long-term interests, including social matters such as employees, clients and supplier relations, regulatory or community affairs and compliance with codes of conduct and other internal policies and procedures.

The Group Remuneration Policy includes fixed and variable components of employee remuneration, which are applied in a gender-neutral manner. Fixed remuneration consists of non-discretionary payments tied to the specific role and organisational responsibilities and benefits which do not depend on performance. It may depend on professional qualifications, expertise and experience required for the position, role, complexity of responsibilities, responsibility for team management, impact on financial results of the Group, among other factors.

The Group aims to determine variable compensation of its key employees based on individual performance in relation to agreed qualitative and quantitative objectives established in line with the Group's strategy and its performance. Objectives depending on the role in the organisation include social aspects. Moreover, the Group has established ESG performance objectives for key employees as described in Section 2.1.2. Governance.

The Group is committed to maintain a gender-neutral recruitment process. During the recruitment process, the Group undertakes rigorous checks on prospective employees in relation to technical and soft skills as well as cultural fit. The Group adopts an unbiased approach in the hiring process and ensures that prospective employees meet with a minimum of three different Group employees.

2.2.3 Risk management

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 2 (h-m)

Social risk management is integrated within the wider Risk Management Framework, as defined in the Group Sustainability Risk Policy. Refer to Section 1 of this report.

The MeDirect Group Sustainability Risk Policy defines ESG risk to include the social risk, events or conditions that, if they occur, could result in an actual or a potential negative impact on the value of investment, as defined in the SFDR Regulation, which would directly or indirectly affect the value of the organisation. Social risks mainly relate to human rights violations, unethical behaviour, controversial sectors, violations of employees' rights and working conditions, including lack of diversity, inequality and discrimination, lack of health and safety, breaches to data protection and information security.

Section 2.1.3 Risk Management of this report describes the ESG Risk Taxonomy, including social risks, that the Group may be exposed to. In the second half of 2025, the Group updated the transmission channel table to cover the relationship between ESG risks, in addition to CER, and traditional risk categories. The influence of social risks on credit, market, liquidity/funding, operational or reputational risk may depend on the severity of non-compliance with regulations, market standards or stakeholders' expectations, regulatory actions, the severity of human rights violations, or impact on employees and counterparties.

As described in Section 2.1.2. Governance, the three lines of defence are responsible for identifying, managing and overseeing social risks across the organisation in accordance with relevant policies and procedures.

Integration of social factors into the Risk Management

The Group integrates social factors into its risk management framework with the aim to identify areas in which it might be exposed to potential social issues and to mitigate the impact of such issues. A dedicated Sustainability Risk Appetite Statement was adopted as part of the 2025 ICAAP and ILAAP process to guide the Group's appetite for ESG risks, including social risks.

Internal policies and procedures that address the Group's exposure to social risk in relation to its employees, clients, suppliers and business partners are referenced in Section 2.2.2 Governance.

The Group manages and mitigates social risks by restricting and/or prohibiting the establishment of banking relationships with clients from sanctioned countries, controversial industries or industries applying questionable business practices. Moreover, certain socially sensitive activities might require enhanced due diligence to be carried out by the bank. Onboarding of new clients or continuation of existing relationships with clients is evaluated based on several assessment criteria, including the direct or indirect reputational risk associated with the potential/existing client.

The Group has also incorporated in the due diligence of its portfolios the monitoring of its corporate clients for any controversial activity associated with severe environmental or social damage that might impact the Group's stability, reputation and future liability and litigation risks. In 2025, the scope of the exclusion list applied on corporate lending customers was extended to cover all corporate clients in Malta. This was complemented by a new process for MeDirect Malta to assess ESG risk of corporate clients at onboarding stage.

In its corporate lending business procedures, the Group has adopted sectoral ESG heatmaps to assess the impact of ESG risk, including social risk. In addition, the Group incorporated ESG questionnaires requiring its clients to share information on their approach to ESG and sustainability risks, including social aspects such as impact on society, employee-related issues (health & safety, labour relations) and community engagement, among other information. ESG factors are also analysed during annual corporate portfolio reviews and screening where data is publicly available.

In the first half of 2025, MeDirect Bank Malta implemented an ESG scorecard to assess the ESG risk of the Maltese corporate borrowers (for real estate and construction sectors only). For the treasury portfolio, in the first half of 2025, the Bank introduced the assessment of ESG risk of the counterparties in the credit memo of covered bonds and sovereign bonds, including social risks such as the enforcement of labour rights in the supply chain for private covered bonds and human rights for sovereign bonds. Moreover, for the wealth platform, in the second half of 2025, the Bank formulated an ESG due diligence for the financial instruments by assessing both geographical (AML and Social factors) and sectoral (Environmental factors) levels.

All risks, including ESG risks, follow the same monitoring and escalation process as outlined in the Risk Appetite Framework.

Reputational and Operational, including litigation, risk management

All clients are onboarded in accordance with the Client Acceptance Policy. The Group conducts due diligence related to Bribery and Corruption risk when establishing and maintaining relationships with counterparties. Reputational damage is covered within the Group's obligation under the AML/CFT and Anti-Bribery and Corruption policy requirements, which stipulate that proper due diligence checks are required when dealing with customers and third parties, respectively. Requirements are further managed through the AML/CFT and Anti-Bribery and Corruption procedures that stipulate the processes in place, which include screening and negative news checks to be performed to ensure the bank is not involved with any relationships that could potentially lead to a reputational damage to the bank.

All Group employees are required to identify, manage and mitigate reputational and operational, including litigation, risks that may affect the Group's reputation and financial standing of the Group resulting from business activities undertaken by MeDirect and its counterparties. The following table presents examples of such risks:

Misconduct	Weak Governance	Operational Failings	External events
• Illegal or fraudulent activities by individuals • Employee behaviour and conduct • Misuse of client information • Doing business in an unethical manner • Greenwashing practices	• Breach of regulatory requirements, including labour law and employee practices • Business activities that contradict brand core values • Inappropriate controls and internal governance of key decisions and processes	• Poor customer relations • Non-performance of core infrastructure and controls • Business disruption and inadequate continuity plans	• Incorrect or unfounded rumours • Negative public remarks by public institutions/figures • Industry, market or jurisdictional contagion risk

The Group Code of Conduct and Ethics sets forth principles to be applied by the Group in relation to human rights, customer protection and product responsibility. The Group applies a zero-tolerance policy to any kind of human rights abuses, including (but not limited to) any form of harassment, discrimination, child labour, forced labour or slavery and inhumane or degrading treatment.

Since the conduct of the Group's suppliers could adversely affect the Group's reputation and standing in the market, the Group has extended this approach to its business relationships and, whenever applicable and possible, the Group requires its suppliers and any of its contractors to meet MeDirect's standards in the following areas: code of conduct including human rights, environmental awareness, social responsibility, labour practices and work environment. The Group has in place a Suppliers and Business Partners Code of Conduct website. Refer to section 2.1.1. Business strategy and processes, for more information on the suppliers' engagement approach.

Greenwashing practices may lead to reputational and operational, including litigation, risk due to miscommunication to the public, mis-selling of green products, and ongoing litigation or legal actions due to alleged greenwashing by clients. It may lead to litigation or legal actions against the Bank and associated losses, fines or penalties imposed through regulatory or judicial proceedings. The impact on other financial and non-financial risks can arise either directly through the practice of greenwashing by the Bank or indirectly through greenwashing practices conducted by the Group's counterparties.

The Group has zero appetite for greenwashing risk. The Group remains committed to disclose sustainability claims that are accurate and fairly represent the overall business model and profile of the Bank.

2.3. Qualitative information on governance risks

As referenced in section 1 of this report, MeDirect is committed to continue integrating ESG principles into its day-to-day operations and increase awareness on ESG matters across the Group. To do this, the Group promotes the observance of the highest standards of good corporate governance and business ethics. It is committed to continue growing its business in a responsible and sustainable manner, based on sound corporate values and ESG principles. Moreover, it is committed to continuing to build a trusted and distinctive brand in the markets it operates in.

Objectives and Commitments relating to Governance

The Group defined in its ESG Strategy 2024/2025 (pillar 1) its primary objectives and commitments related to Governance as follows:

- Shaping the MeDirect corporate culture and inspiring its employees to encourage an approach to business based on solid values
- Continuing to develop a responsible and sustainable business with the aim of building a trusted and distinctive brand
- Continuing to integrate ESG factors in the Group's corporate governance framework and to enhance its sustainability ratings

The Group also defined in its ESG Strategy 2024/2025 (pillar 1) a list of its commitments as follows:

- Enhance MeDirect sustainability rating[24]
- ESG/CER integrated into annual compliance reviews and the multi-year internal audit cycle
- Minimum of three independent members on the Board
- Minimum of one non-executive member of the Board responsible for ESG with appropriate skillset
- Periodic updates by the Chair of the ESG Committee to the Group Enterprise Risk Management Committee and to the Board Risk and Compliance Committee, when necessary
- Annual ESG e-learning module for all MeDirect employees

MeDirect also committed to conduct ESG verification of its counterparties as follows:

- ESG verification of at least 50% of key suppliers (by means of questionnaires, vendors' statements and other methods)
- ESG/CER verification of close to 100% corporate lending clients (by means of questionnaires, review of annual reports, corporate websites, media news flow, where available, and other methods)

2.3.1 Governance

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 3 (a-c)

High corporate governance standards, an ethical approach to business, and compliance with relevant regulations are important elements of responsible and sustainable organisations. The Group Corporate Governance Memorandum sets out rules and procedures to ensure that the Group addresses high standards of corporate governance and complies with the regulatory requirements and obligations.
As described in Section 2.1.2. Governance, the three lines of defence are responsible for identifying, managing, and overseeing governance risk across the organisation, in accordance with relevant policies and procedures.

Governance topics are embedded within the Group's Compliance policies that covers corruption, fraud, conflict of interest, ethics, whistleblowing, among other topics. Therefore, the Group's Compliance policies and procedures indirectly support the management of governance topics and associated risks.

The Board approves the main policies and procedures that are in place to manage governance risk, including but not limited to, the MeDirect Corporate Governance Memorandum, Diversity Policy, Whistleblowing Policy, Conflict of Interest Policy, Reputation Risk Management Policy, Anti-fraud Policy, and Anti-Money Laundering and Countering of Terrorism Policy. In addition, the Board approves the ESG Strategy that describes key sustainability commitments and metrics, policies and procedures of the Group.

For more information relating to the governance framework of the Group in relation to ESG, refer to section 2.1.2 of this report.

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[24] Nevertheless, in light of the planned integration with its parent company, MeDirect Group will not undertake external sustainability assessments in 2026. This approach is intended to allow sufficient time for the integration process to progress and for the ESG frameworks and processes implemented during 2025 to become fully embedded within the Group.

2.3.2 Risk management

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 3 (d)

MeDirect defines sustainability risks, including governance risk, in its Group Sustainability Risk Policy. Key governance risks relate to corruption, fraud, conflict of interest, ethics, whistleblowing, among others. Such risks can be associated with the governance framework of the Group or its counterparties, including its clients, suppliers and business partners. The Group is committed to ensure that it continues to follow high standards in terms of transparency and integrity. It expects that the same level of standards is followed by its counterparties.

The influence of the governance risks on credit, market, liquidity/funding, operational and reputational risk may depend on the severity of non-compliance with regulations, market standards or stakeholders' expectations, regulatory actions or the severity of the impact of governance risk on the organisation or its counterparties. In 2025, the Group updated the transmission channels table to incorporate governance risks.

The Group integrates governance factors into its risk management framework and incorporates governance considerations into its daily operations. Risk management of governance risks follows the same procedures adopted by the Group when it comes to all financial and non-financial risk pillars. The Group ensures that all risks are properly identified, measured, monitored and mitigated, and if required, properly escalated and reported if breached. This is in line with the Group Risk Management Framework and Risk Appetite Framework.

A dedicated Sustainability Risk Appetite Statement was adopted as part of the 2025 ICAAP and ILAAP process, including sub-sections on governance risk. Moreover, the Group implemented certain governance factors in the Risk Appetite Limit setting, including but not limited to:

1/ Internal fraud loss events
2/ Workplace safety certificates for offices and branches
3/ HR and code of conduct policy violations
4/ Employee mandatory training
5/ Compliance with gender equality targets
6/ Potential Litigation Exposure (unsettled legal cases)

Governance risk associated with the Group's counterparties are mitigated through the existing processes around client onboarding, periodic review process, and credit risk assessment. The Bank's Financial Crime Compliance team conducts onboarding checks on all clients of the bank in accordance with the Client Acceptance Policy. Moreover, AML/CFT and AB&C Policy stipulate that proper due diligence checks are required when dealing with customers and third parties, respectively. In addition, AML/CFT and AB&C procedures stipulate the processes in place, which include screening and negative news checks to be performed to ensure the bank is not involved with any relationships that could potentially lead to a reputational damage to the bank.

During the credit process in relation to corporate lending clients, the Group considers counterparties' corporate governance risk when carrying out the ESG risk assessment through the ESG heatmap or ESG scorecard. Moreover, during the KYC process, the organisational and management structure of the borrower is verified.

Moreover, governance risks are assessed during the existing processes for Treasury portfolio and procurement process, as described in previous sections of this report.

The compliance area will further analyse its clients' governance, particularly within the context of ongoing client due diligence. This analysis aligns with MeDirect's established policies and procedures to enhance focus on critical areas such as ethics, integrity, board diversity, equality, and client protection.

Quantitative information on transition risk and physical risk related to climate change

In 2022, MeDirect started disclosing quantitative information on transition risk and physical risk related to climate change. This report is in line with Pillar III ESG implementing technical standards and instructions on prudential disclosures on ESG risks defined by the EBA[25], as presented in the below tables. The ESG information disclosed in this Pillar III report is not necessarily aligned with MeDirect Group's Non-Financial Report[26] as it follows the EBA guidelines. The disclosure perimeter includes exposures in the banking book, including loans and advances, debt securities and equity instruments not held-for-trading and not held-for-sale.

The quantitative information and required data points were collected on a best-effort basis.

The Group applies transition periods for some tables and data as stipulated in Annex II of the Pillar III ESG implementing technical standards, as follows:

#	Template	Mandatory template	Transition periods	First reported data by MeDirect
1	Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Yes	Transition period applicable for the following data points: • column C (environmentally sustainable exposures) to be reported as from 2023 YE Group Pillar III Report • column I/J/K (GHG emissions) to be reported as from H1 2024 Group Pillar III Report	Reported as from 2022 YE Group Pillar III Report Column I/J/K (GHG emissions) reported as from 2023 YE Group Pillar III Report
2	Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	Yes		Reported as from 2022 YE Group Pillar III Report
3	Banking book - Climate change transition risk: Alignment metrics	Yes	To be reported as from the H1 2024 Group Pillar III Report	Reported as from the H1 2024 Group Pillar III Report
4	Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	Yes	Transition period applicable for the following data point: • column C (environmentally sustainable exposures) to be reported as from 2023 YE Group Pillar III Report	Reported as from 2022 YE Group Pillar III Report
5	Banking book - Climate change physical risk: Exposures subject to physical risk	Yes		Reported as from 2022 YE Group Pillar III Report
6	Summary of GAR KPIs	No		Reported as from 2023 YE Group Pillar III For reference year December 2025, MeDirect is making use of the transitional provisions set out in the no-action letter and therefore has not reported ESG Templates 6 to 10 as set out in the no-action letter of the Commission's Implementing Regulation (EU) 2024/3172.
7	Mitigating actions: Assets for the calculation of GAR	No		
8	GAR (%)	No		
9	Mitigating actions: BTAR	No		
10	Other climate change mitigating actions that are not covered in the EU Taxonomy	No		

On 22 May 2025, the EBA published a consultation paper regarding the Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2024/3172[27], as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities. Subsequent to this, the EBA issued a no-action letter[28] on 6 August 2025 on the application of ESG disclosure requirements.

[25] Annex II - Instructions for ESG prudential disclosures templates
[26] Following the adoption of the Omnibus I in February 2026, MeDirect Bank (Malta) p.l.c. at the level of consolidation is out of scope of CSRD. It is however, in scope at the level of CREDITAS Group consolidated level. Therefore, as from the reference year end 2025, MeDirect will no longer report the voluntary Non-Financial Report based on GRI standards, but it will report at the CREDITAS Group consolidated level CSRD report as from reference year end 2026.
[27] Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions of the information referred to in Part Eight, Titles II and III, of that Regulation, and repealing Commission Implementing Regulation (EU) 2021/637
[28] The EBA issues a no-action letter on the application of ESG disclosure requirements and updates the EBA ESG risks dashboard with December 2024 data | European Banking Authority

Pursuant to this no-action letter, MeDirect is making use of the transitional provisions set out in the no-action letter and therefore has not reported ESG Templates 6 to 10 as set out in the no-action letter of the Commission's Implementing Regulation (EU) 2024/3172.

The EBA no-action letter applies during the interim period until the amended Implementing Technical Standards enter into force and is intended to address legal and operational uncertainties linked to the evolving ESG disclosure framework.

Table 1. Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity [Template 1]

The objective of this template is to present (i) exposures to non-financial companies that are more susceptible to transition risk associated with the shift toward a low-emission and climate-resilient economy, which operate in sectors that contribute significantly to climate change (NACE codes: A, B, C, D, E, F, G, H, I, L) and (ii) exposures to non-financial companies operating in sectors other than those that contribute significantly to climate change (NACE codes: K, J, M-U).

NACE code classification is based on the principal activity of the relevant company and, in the case of holding companies, the NACE code is determined after the operating company and its underlying business activity as stated in the instructions for ESG prudential disclosures. Approximately 16.06% of the Group's corporate lending exposure at the end of December 2025 is classified as activities of the holding companies.

The table provides the gross carrying amount of loans and advances, debt securities and equity instruments as well as information on the credit quality of the exposures provided to non-financial corporates, other than those included in the held-for-trading or held-for-sale portfolios, classified by NACE economic sector. The Group corporate exposure is concentrated in international corporate loans, which is undergoing a de-risking plan to dispose of all positions within this portfolio, the Maltese corporate loans, and Dutch professional Buy-To-Let mortgage portfolio for legal entities.

MeDirect analysed its international corporate lending portfolio, Maltese corporate lending portfolio and Dutch professional Buy-To-Let mortgage portfolio. These portfolios represent approximately 9.0% of the Group's assets as of December 2025.

MeDirect is aware that financing environmentally sensitive sectors could have an impact on the environment and MeDirect's reputation and financial standing. The Group is cognisant of the fact that certain potential corporate borrowers are active in sectors that may be associated with adverse effects on the environment, including greenhouse gas emissions, biodiversity loss and water scarcity.

MeDirect therefore has committed to limit its direct exposure to sectors highly contributing to climate change and to avoid financing sectors that might be associated with potentially negative effects on the environment in line with MeDirect's exclusion list.

Starting from December 2023 report, the Group started disclosing the information relating to environmentally sustainable exposures and the GHG financed emissions (as defined in the Pillar III ESG implementing technical standards). The Group continues to analyse its clients' non-financial disclosure including whether:

- The client is mandated to publish non-financial report under the EU Non-Financial Reporting Directive; and
- The client discloses in its non-financial report, or other published reports such as sustainability reports, information regarding Taxonomy-eligible and Taxonomy-aligned activities (turnover, capital expenditure and operating expenditure) and GHG emissions (Scope 1, Scope 2, Scope 3).

Moreover, the Group continuously analyses publicly available data on GHG emissions to be potentially used as a proxy measure where company-specific information is unavailable. Most of the Group's corporate clients are small- and medium-sized unlisted companies, with limited ESG-related publicly available information.

Table 1. Credit quality of exposures by sector, emissions and residual maturity

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Sector/subsector	Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	Exposures towards sectors that highly contribute to climate change	256.79	–	–	2.20	22.86	5.67	0.01	5.36	3,290,960.08	2,886,384.29	1.00	114.48	14.56	127.75	-	8.35
2	A - Agriculture, forestry and fishing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
3	B - Mining and quarrying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
4	B.05 - Mining of coal and lignite	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
5	B.06 - Extraction of crude petroleum and natural gas	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
6	B.07 - Mining of metal ores	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
7	B.08 - Other mining and quarrying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
8	B.09 - Mining support service activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
9	C - Manufacturing	2.38	–	–	–	1.79	0.01	–	0.00	1,032.27	953.52	1.00	0.80	–	1.59	-	7.96
10	C.10 - Manufacture of food products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
11	C.11 - Manufacture of beverages	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
12	C.12 - Manufacture of tobacco products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
13	C.13 - Manufacture of textiles	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
14	C.14 - Manufacture of wearing apparel	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
15	C.15 - Manufacture of leather and related products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
17	C.17 - Manufacture of paper and paper products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
18	C.18 - Printing and service activities related to printing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
19	C.19 - Manufacture of coke oven products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
20	C.20 - Production of chemicals	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
21	C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
22	C.22 - Manufacture of rubber products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
23	C.23 - Manufacture of other non-metallic mineral products	0.05	–	–	–	–	0.00	–	–	19.19	17.48	1.00	0.05	–	–	-	0
24	C.24 - Manufacture of basic metals	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	1.79	–	–	–	1.79	0.00	–	0.00	706.77	665.29	1.00	0.21	–	1.59	-	9.45
26	C.26 - Manufacture of computer, electronic and optical products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
27	C.27 - Manufacture of electrical equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
28	C.28 - Manufacture of machinery and equipment n.e.c.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
30	C.30 - Manufacture of other transport equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
31	C.31 - Manufacture of furniture	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
32	C.32 - Other manufacturing	0.54	–	–	–	–	0.01	–	–	306.30	270.75	1.00	0.54	–	–	-	3.75
33	C.33 - Repair and installation of machinery and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
34	D - Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
35	D35.1 - Electric power generation, transmission and distribution	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
36	D35.11 - Production of electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
38	D35.3 - Steam and air conditioning supply	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
39	E - Water supply; sewerage, waste management and remediation activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
40	F - Construction	86.57	–	–	2.00	1.08	0.30	0.01	0.15	6,140.76	5,932.13	-	40.44	–	46.13	-	8.87
41	F.41 - Construction of buildings	65.44	–	–	2.00	1.08	0.25	0.01	0.15	2,164.27	1,957.28	1.00	29.98	–	35.45	-	9.04
42	F.42 - Civil engineering	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
43	F.43 - Specialised construction activities	21.13	–	–	–	–	0.05	–	–	3,976.49	3,974.85	1.00	10.45	–	10.68	-	8.32
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	10.19	–	–	–	0.13	0.02	–	–	641.80	542.16	1.00	8.21	–	1.99	-	5.52
45	H - Transportation and storage	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
46	H.49 - Land transport and transport via pipelines	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
47	H.50 - Water transport	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
48	H.51 - Air transport	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
49	H.52 - Warehousing and support activities for transportation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
50	H.53 - Postal and courier activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-	-
51	I - Accommodation and food service activities	6.58	–	–	–	–	0.03	–	–	22.03	20.29	1.00	0.24	–	6.34	-	13.10
52	L - Real estate activities	151.07	–	–	0.19	19.85	5.30	0.00	5.20	3,283,123.22	2,878,936.19	1.00	64.80	14.56	71.71	-	8.04
53	Exposures towards sectors other than those that highly contribute to climate change*	97.42	–	–	16.81	0.04	0.41	0.35	0.00				22.76	0.80	73.86	-	10.70
54	K - Financial and insurance activities	49.68	–	–	6.03	–	0.03	0.00	–				1.01	0.80	47.88	-	13.62
55	Exposures to other sectors (NACE codes J, M - U)	47.73	–	–	10.78	0.04	0.38	0.35	0.00				21.76	–	25.97	-	7.65
56	TOTAL	354.20	–	–	19.00	22.90	6.08	0.37	5.36	3,290,960.08	2,886,384.29	1.00	137.24	15.35	201.61	-	8.99

[1] In accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation.

NOTE: NACE code classification is based on the principal activity of the counterparty (direct exposure) and in case of holding companies the NACE code of the obligor receiving the funding and its underlying business activity (indirect exposure). NACE exposure of corporate lending includes allocation of the activities of holding companies (K.64.2) based on the underlying business activity prepared using expert approach following Pillar III implementing technical standards on prudential disclosures on ESG risks.

The template also requires the identification of exposures to borrowers that are excluded from the EU Paris-aligned Benchmarks as specified in Article 12.1, points (d) to (g) and Article 12.2 of Commission Delegated Regulation (EU) 2020/18185 Climate Benchmark Standards Regulation.

An assessment conducted internally by the corporate lending departments based on an expert review of the portfolio of non-financial corporations determined Nil exposure as at 31 December 2025, based on the following criteria:

- companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 gCO2e/kWh.
- companies that are found or estimated to significantly harm one or more of the Group’s environmental objectives

Table 2. Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral [Template 2]

The objective of this template is to present the energy efficiency of the loans collateralised by commercial and residential immovable property and of repossessed real estate collateral, in relation to their energy consumption as expressed in kWh/m^2 and/or their energy performance certificate (“EPC”) labels.

Following the implementation of EU Energy Performance of Buildings Directive (2010/31/EU) and the EU Energy Efficiency Directive (2012/27/EU)[29], in order to promote the energy efficiency of buildings, EPC certificates are compulsory for the sale and rental of immovable property in the Eurozone. However, application of the Directive is not standardised across jurisdictions. EPC certificates are defined as certificates recognised by a Member State or by a legal person designated by it, which indicates the energy performance of a building or building unit, calculated according to a methodology adopted in accordance with the Energy Performance of Buildings Directive.

The Group does not always have access to EPC certificates, especially for the corporate loans collateralised by properties that were not subject to sale or rental agreements, or transactions (sales/rentals) that were not subject to the obligation of providing an EPC because they were entered into prior to the date of entry into force of the directive.

[29] EU Energy Efficiency Directive (EU/2023/1791) introduces new obligations for EU financial institutions to track and assess the energy performance of the buildings or projects they finance, and report the volume of investments and loans supporting energy efficiency improvements. The 2023 Directive has repealed the 2012 Directive and had a transposition deadline of by 11 October 2025.

In compiling the table, the Group used the following assumptions:

- Malta mortgage portfolio – due to the lack of an official EPC label classification in Malta, no EPC label was assigned for the Malta mortgage portfolio and the gross carrying amount was included under column 'Without EPC label of collateral'. Information is available in the EPC certificate provided by the borrower in relation to the level of energy efficiency (kWh/m^2).
- Netherlands mortgage portfolio – due to lack of official yearly energy requirements (kWh/m^2) from EPC certificates, the brackets for the level of energy efficiency were assigned using EPC label based on official Netherlands EPC label classifications. The level of energy efficiency (kWh/m^2) is not available based on EPC certificates but it is derived from the EPC label using official classification.
- Belgian mortgage portfolio – due to lack of EPC label data, the EPC label was estimated using Belgian EPC classifications (Flanders Region) and yearly energy requirements (kWh/m^2) from the EPC certificate. Brackets for the level of energy efficiency were assigned using yearly energy requirements set forth in the EPC certificates. Information is available in the EPC Certificate in relation to the level of energy efficiency.

When a loan is collateralised by several properties, gross carrying amount of loan is allocated to the collateral using the weighted value of the collateral.

Table 2. Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount (in M EUR)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	Total EU area	2,923	284	694	955	366	167	95	550	373	736	359	216	222	119	347	-
2	Of which Loans collateralised by commercial immovable property	25	4	7	3	1	1		9	3	2	1	1	0	1	9	-
3	Of which Loans collateralised by residential immovable property	2,897	281	687	951	365	166	95	541	370	734	358	215	222	118	339	-
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	2,070	185	564	877	303	119	-								-	-
6	Total non-EU area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-								-	-

NOTE: Malta retail mortgages EPC label is classified as "without EPC label of collateral" given there is no official EPC classification in Malta. Malta retail loans collateralised by commercial and residential immovable properties are included in rows 2 and 3 respectively. Data in column for "without EPC label of collateral" includes loans for which the collateral EPC is unknown. Collateral for which EPC label is not applicable, such as garages, are not reported in this table. The EPC labels are not to be reported for estimated level of energy efficiency (cells in grey)[30]. For Malta corporate lending, an exercise will commence in 2026 to maintain a centralised record of all EP scores of the portfolio.

Dutch NHG mortgage receivables energy efficiency is reported in the row "of which Level energy efficiency estimated", which includes the sum of estimated level of energy efficiency brackets based on EPC label or estimated EPC label. All mortgages in this portfolio are collateralised by residential immovable properties.

Dutch Buy-to-let mortgages are collateralised by both residential and commercial immovable property. The exposures by energy efficiency level are attributed to rows 2 and 3 accordingly. EP score is also estimated and reported in row 5.

For Belgium mortgages, the level of energy efficiency is extracted from the EPC certificates. After this level of energy efficiency, the EPC label of the collateral is mapped following the Flanders EPC official classification. All mortgages in this portfolio are collateralised by residential immovable properties.

Information on EPC certificates is documented and updated from time to time, based on publicly available databases.

Table 3. Banking book - Climate change transition risk: Alignment metrics [Template 3]

The objective of this template is to disclose how the bank's financing activities align with the climate targets, assess transition risk of its corporate lending exposures and provide stakeholders with comparable data on the decarbonisation progress of the corporate borrowers under the scope of the PACTA.

MDB Group had one corporate client engaged in activities that fell under the scope of the climate change transition risk alignment metrics: a North American manufacturer of recreational motor vehicles with NACE code C29.10. This loan was originated in the first half of 2024 as part of the international corporate lending portfolio however, the exposure was sold during the year 2025 hence, nil exposure to report as of December 2025.

Moreover, in Q1 2025, the NACE code of a Maltese corporate borrower engaged in the distribution of fuels was reassessed for a potential reclassification to NACE code G47.99, which is a PACTA excluded sector. The reassessment included the breakdown of the client's sales to understand the business concentration. The result of the assessment indicated that the majority of its sales (>80%) are concentrated within the supplies of fuel to various contractors, vessels and fisherman. The remaining percentage (ca. 15%) of its sales are through petrol station and a smaller percentage (>2%) of its sales are through the supply of fuels to vessels in local territorial waters. The corporate client supplies fuel to third

[30] The totals reported in row 1 ("Total EU area") may differ from the sum of the underlying amounts due to rounding.

parties, and it is not involved in the combustion of fuel. As a result, the NACE code was reclassified to G47.99, resulting in the borrower falling out of scope of the PACTA.

Pursuant to the above, there is no data to be reported under this template for reference year ending December 2025.

Table 3. Climate change transition risk: Alignment metrics

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (M EUR)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power	-	-	-	-	-	-
2	Fossil fuel combustion	-	-	-	-	-	-
3	Automotive	-	-	-	-	-	-
4	Aviation	-	-	-	-	-	-
5	Maritime transport	-	-	-	-	-	-
6	Cement, clinker and lime production	-	-	-	-	-	-
7	Iron and steel, coke, and metal ore production	-	-	-	-	-	-
8	Chemicals	-	-	-	-	-	-
9	Potential additions relavant to the business model of the institution	-	-	-	-	-	-

*** PiT distance to 2030 NZE2050 scenario in % (for each metric)

Table 4. Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms globally [Template 4]

The objective of this template is to present aggregate exposure to the 20 most carbon-intensive companies in the world. The exposure should include loans and advances, debt securities and equity instruments included in the banking book but excluding financial assets held for trading and held for sale assets.

The Group has started disclosing the information relating to environmentally sustainable exposures in the 2022 Pillar III disclosures, following Pillar III ESG implementing technical standards.

The assessment conducted by MeDirect was based on publicly available list of companies with GHG emissions disclosed in the in "Carbon Majors Database (CMD) Report" in April 2024, and subsequent data updates[31]. The list was prepared based on 1854-2022 years cumulative emissions.

EBA instructions present some examples of data sources to identify the top carbon-emitting companies, among others CMD.

The Group did not identify any exposure to the top 20 carbon intensive firms in its lending portfolios, both for the top 20 Carbon Majors entities by emissions for the whole period 1854-2022 and for the 2016-2022 period.

Table 4. Exposures to top 20 carbon-intensive firms globally

Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
0	0	0	0	0

*For counterparties among the top 20 carbon emitting companies in the world

[31] Carbon Majors Releases

Table 5. Banking book – Climate change physical risk: Exposures subject to physical risk [Template 5]

The objective of this template is to present the exposures subject to acute and chronic physical risk, including exposures by business sector, exposures collateralised by immovable property or repossessed real estate collateral, and exposures by the location of the activity of the borrower or of the collateral.

Physical risks are defined as risks which arise from the physical effects of climate change events. They can be categorised as:

- Acute - hazards that may cause sudden damage to properties, disruption of supply chains, depreciation of assets or result in operational downtime and lost manufacturing for fixed assets.
- Chronic - hazards relating to gradual changes in weather and climate with a possible impact on economic output and productivity.

In order to assess the physical risk of its portfolios, MeDirect reviewed its mortgage portfolios collateralised with the properties in Malta, Belgium and the Netherlands, which together represent 52.1% of the Group's assets at the end of December 2025, using European Climate Risk Typology ("ECRT") and EU EBA Climate Risk Stress Tests mapping of countries and regions taking into account the following CERs scenarios:
Acute:

- Fluvial Flooding Risk
- Forest Fire / Wildfire Risk
- Drought Risk
- Extreme Heat Risk

Chronic:

- Flooding / Sea level Risk
- Landslide Risk
- Biodiversity loss
- Water stress

Each scenario includes mapping of the locations to the risk from low to very high. Allocation is based on Eurostat's nomenclature of territorial units for statistics for EU countries and/or postal code. Some of the scenarios apply a very long-term horizon.

The template 5 requires determination of which exposures are sensitive to the impact of physical risk, but the guidance of the EBA do not set forth the scenarios, metrics or thresholds based on which this determination should be made. The Group has applied a conservative approach and assumed that exposures classified as high or very high in at least one CER scenario are sensitive to impact from climate change physical events as presented in the tables below.

The Group has divided mortgage collateral into residential and commercial properties, taking into account the maturity dates, degree of sensitivity (long-term and sudden events related to climate change) and stage baskets with an indication of cumulative loss of value.

The Group analysed the Netherlands, Belgium and Malta geographical regions under the above scenarios. Those facilities located in areas deemed to have high environmental physical risk as per the CER materiality assessment are disclosed in columns c-o.

Table 5. Exposures subject to physical risk – Summary table

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events		Gross carrying amount (Mln EUR)												
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	1.84	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	86.55	–	–	13.07	–	15.01	9.75	–	–	–	–	0.00	–	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	10.19	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	146.63	-	–	46.79	–	14.99	27.33	–	–	–	–	0.00	–	-
10	Loans collateralised by residential immovable property	3,056.53	12.04	4.53	293.39	2,440.65	22.52	600.30	851.13	144.18	23.68	5.86	1.41	0.37	0.54
11	Loans collateralised by commercial immovable property	106.05	–	–	55.41	–	15.01	28.42	–	–	–	–	0.00	–	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	102.58	-	-	57.70	-	15.01	33.51	0.76	0.76	6.03	-	0.00	0.00	-
14	K - Financial and insurance activities	48.68	–	–	42.00	–	15.01	23.80	0.76	0.76	6.03	–	0.00	0.00	-
15	M - Professional, scientific and technical activities	27.56	–	–	15.70	–	15.01	9.71	–	–	–	–	0.00	–	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Summary table comprises of the Malta retail mortgages, Malta corporate lending collateralised with immovable properties, Belgian mortgage receivables, Dutch NHG mortgage receivables, Dutch Buy-To-Let mortgage portfolio and International Corporate Lending portfolio. NACE exposure of corporate lending includes allocation of the activities of holding companies (K.64) based on the underlying business activity prepared using expert judgement following Pillar III implementing technical standards on prudential disclosures on ESG risks (indirect exposure).

MeDirect has exposures to loans collateralised by immovable properties in three geographies: Netherlands, Belgium and Malta. For each geography, a table with the exposures subject to physical risk is presented below. The remaining ICL exposures to non-financial entities in other geographies are not collateralised by immovable property and are not considered to be exposed to physical environmental risks.

Table 5.1. Exposures subject to physical risk – Dutch market

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	13.07	-	-	13.07	-	15.01	9.75	-	-	-	-	0.00	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	46.79	-	-	46.79	-	14.99	27.33	-	-	-	-	0.00	-	-
10	Loans collateralised by residential immovable property	2,210.63	10.46	1.35	211.21	1,987.62	21.85	85.93	724.09	17.14	15.44	0.93	0.41	0.29	0.01
11	Loans collateralised by commercial immovable property	55.41	-	-	55.41	-	15.01	28.42	-	-	-	-	0.00	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	57.70	-	-	57.70	-	15.01	33.51	0.76	0.76	6.03	-	0.00	0.00	-
14	K - Financial and insurance activities	42.00	-	-	42.00	-	15.01	23.80	0.76	0.76	6.03	-	0.00	0.00	-
15	M - Professional, scientific and technical activities	15.70	-	-	15.70	-	15.01	9.71	-	-	-	-	0.00	-	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Table includes Dutch NHG mortgage receivables and Dutch Buy-To-Let mortgage portfolio. Buy-To-Let mortgage loans to Dutch legal entities are disclosed both under row 10, 11 and NACE codes F, L, K, and M. For the Dutch NHG mortgage receivables, loans are collateralised with residential owner-occupied properties and for Dutch Buy-To-Let mortgages receivables, loans are collateralised with residential properties for the majority of the portfolio and some commercial properties. Buy-To-Let mortgages are usually collateralised by more than one property. The estimation of exposure to physical risk was based on collateral level. At a portfolio level, regions where collateral is located in the Dutch NHG and Buy-To-Let mortgage portfolio are exposed to overall moderate fluvial flood, coastal, water stress and biodiversity loss risks as per CER materiality assessment. However, at a collateral level some properties are located in high physical risk areas with exposures to chronic risks such as sea level rise and biodiversity loss.

Table 5.2. Exposures subject to physical risk – Belgian market

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	539.98	1.59	3.19	82.18	453.03	23.19	514.37	127.04	127.04	8.24	4.93	1.00	0.08	0.53
11	Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	K - Financial and insurance activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	M - Professional, scientific and technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Table includes Belgian mortgage receivables portfolio. In the Belgian mortgage portfolio, loans are collateralised by residential properties only. The mortgages can be collateralised by more than one property, and the estimation of physical risk is based on collateral level, allocating the gross carrying amount of the loan proportionally to the value of the collateral. At a portfolio level, regions where collateral is located are exposed to overall moderate fluvial flood and coastal risks as per CER materiality assessment. However, at a collateral level some properties are located in high physical risk areas with exposures to chronic risks, such as sea level rise and biodiversity loss.

Table 5.3. Exposures subject to physical risk – Maltese market

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	1.84	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	73.48	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	10.06	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	84.39	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	305.92	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Loans collateralised by commercial immovable property	50.63	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	34.10	-	-	-	-	-	-	-	-	-	-	-	-	-
14	K - Financial and insurance activities	6.67	-	-	-	-	-	-	-	-	-	-	-	-	-
15	M - Professional, scientific and technical activities	11.87	-	-	-	-	-	-	-	-	-	-	-	-	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: The rows 10 and 11 include Malta retail mortgage portfolio and Malta corporate loans collateralised with residential and commercial properties. Collateral properties of the loans within the Malta lending portfolios are not exposed to any high or very high hazard scenarios, as per the CER Materiality assessment. For the corporate lending portfolios, as indicated in the CER materiality assessment conducted by the Group, the exposure to physical risk is low to moderate. Rows 1-9 include Maltese corporate loans all collateralised by immovable property arranged by underlying NACE code. Row 13 includes exposures to activities classified under NACE codes I, Q, K and M.

The Malta corporate lending portfolio is relatively small (approximately 3.92% of the Group's assets as at December 2025) and concentrated, with 70.71% of exposure in the real estate and construction sectors. The portfolio's exposure to physical risk scenarios is limited, primarily consisting of exposures with very low to moderate physical risk, as per the CER materiality assessment.

Table 5.4. Exposures subject to physical risk – EU and Non-EU market through exposures in the ICL portfolio

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events		Gross carrying amount (Mln EUR)												
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.13	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	15.45	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	10.78	-	-	-	-	-	-	-	-	-	-	-	-	-
14	K - Financial and insurance activities	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
15	M - Professional, scientific and technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: The row 13 includes exposure to activities classified under NACE codes N and K.

The international corporate lending portfolio accounts for approximately 0.49% of the Group's assets as at December 2025. The portfolio excludes sectors with material exposure to physical risks (e.g., agriculture, mining, resource extraction, power generation and real estate). The resulting geographical and sector profile of the portfolio, as well as the type of collateral, which is not immovable property, is assessed as carrying a low level of physical risk exposure. This portfolio is part of a de-risking plan to dispose of all positions within this portfolio.