

## **MDB Group Limited**

Pillar 3 disclosures report – Half-yearly report  
30 June 2025

**Section 1**

**Regulatory Pillar 3 Disclosures Report**

## Contents

<b>1</b>	<b>INTRODUCTION</b>	<b>4</b>
<b>2</b>	<b>KEY METRICS</b>	<b>5</b>
<b>3</b>	<b>SCOPE OF APPLICATION OF THE REGULATORY FRAMEWORK</b>	<b>7</b>
<b>4</b>	<b>OWN FUNDS</b>	<b>8</b>
4.1	Total available capital	8
4.1.1	<i>Common Equity Tier 1 capital – composition</i>	8
4.1.2	<i>Common Equity Tier 1 capital – terms and conditions</i>	8
4.1.3	<i>Tier 2 capital</i>	8
4.2	Own Funds – other disclosures	9
4.2.1	<i>Composition- of Own Funds</i>	9
<b>5</b>	<b>CAPITAL REQUIREMENTS</b>	<b>14</b>
<b>6</b>	<b>LEVERAGE</b>	<b>18</b>
<b>7</b>	<b>CREDIT RISK AND CREDIT RISK MITIGATION (“CRM”)</b>	<b>21</b>
7.1	Credit quality analysis	21
7.2	Impairment loss measurement guidelines	29
7.3	Credit Risk Mitigation (“CRM”)	30
7.3.1	<i>Capital allocation and capital buffers for credit risk</i>	38
7.3.2	<i>On and off balance sheet netting and set-off</i>	38
7.3.3	<i>Collateral evaluation and management</i>	38
<b>8</b>	<b>COUNTERPARTY CREDIT RISK (“CCR”)</b>	<b>39</b>
<b>9</b>	<b>EXPOSURE TO SECURITISATION POSITIONS</b>	<b>43</b>
<b>10</b>	<b>INTEREST RATE RISK IN THE BANKING BOOK</b>	<b>46</b>
<b>11</b>	<b>LIQUIDITY</b>	<b>47</b>
	<b>ANNEX – NON APPLICABLE DISCLOSURES</b>	<b>51</b>

## 1 Introduction

This Pillar 3 report provides disclosures for the consolidated MDB Group (the “Group”) as required by the global regulatory framework for capital and liquidity, which was established by the Basel Committee on Banking Supervision, 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.

### Basis of preparation

These Disclosures have been prepared in accordance with the requirements in Article 433 of Part Eight of the EU Regulation 2019/876 of the European Parliament and of the Council of 20 May 2019 amending regulation (EU) No 575/2013 (Capital Requirements Regulation 2 – “CRR”).

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 risk weighted assets (‘RWAs’) by article 92 of the Capital Requirements Regulation.

The Legal Entity Identifier (“LEI”) code of MDB Group Limited is 213800TC9PZRBHMJW403.

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 comprising the European Central Bank (“ECB”), the National Bank of Belgium and the Malta Financial Services Authority (“MFSA”). The Group is classified as an “Other Systemically Important Institution”, and MeDirect Malta is considered a core domestic bank by the Central Bank of Malta.

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 Belgium is exempt from full disclosure requirements laid down in Part Eight of the CRR, but as a small and non-complex subsidiary of MDB Group Limited, MeDirect Belgium is subject to mandatory, though limited, Pillar 3 Disclosures on an annual basis as per Article 433b CRR.

Consistent with the banking regulations, these disclosures are not subject to external audit however the disclosures have been prepared on a basis consistent with information submitted to the regulator. These disclosures have been appropriately verified internally by the Group’s management, thus the Group is satisfied that internal verification procedures ensure that these Disclosures are presented fairly.

This report does not contain references to the Interim Report as of 30 June 2025. However, additional information can be found in the Interim Report as of 30 June 2025, as well as in the MDB Group Annual Report 2023 and the MDB Group Pillar 3 Report 2024.

### Frequency of disclosures

In December 2020, EBA published the final Implementing Technical Standards (ITS) on institutions' public disclosures as per its mandate under Article 434 of the CRR to introduce uniform formats and associated instructions for disclosure requirements in order to optimise the Pillar 3 policy framework.

This ITS aims to reinforce market discipline, by increasing consistency and comparability of institutions' public disclosures, and to implement the CRR regulatory changes in alignment with the revised Basel Pillar 3 standards. These requirements introduced a comprehensive set of disclosure templates, tables and related instructions in order to ensure alignment and consistency with the Basel Committee's updated Pillar 3 framework.

The EBA published the mapping of quantitative disclosure data and supervisory reporting, which aims at facilitating institutions' compliance and improving the consistency and quality of the information disclosed. The EBA also published a file summarising the frequency at which each type of institution should disclose each template and table, in accordance with the CRR.

As required by the CRR and also through EBA guidelines, the Group is required to publish quarterly, semi-annual and annual Pillar 3 disclosures in line with the frequency as established within Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards with regard to public disclosures by institutions. 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")'.

Disclosures in this Pillar 3 include comparative periods in accordance with the requirements of EBA ITS. For those disclosures only required on a semi-annual basis, the comparative period is 31 December 2024. Disclosures required on a quarterly basis generally include comparative information for 31 March 2025.

### Means of disclosures

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

## **2 Key metrics**

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

The 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 and net stable funding ratio. They serve as high level metrics and form part of our 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 and stress testing concepts and are reviewed and approved by our Management Board at least annually.

## EU KM1 – Key metrics

Amounts in €millions		a	b	c	d	e
		30-Jun-25	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24
<b>Available own funds</b>						
1	Common Equity Tier 1 (CET1) capital	214	213	218	212	218
2	Tier 1 capital	214	213	218	212	218
3	Total capital	255	253	263	259	264
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	1,261	1,196	1,329	1,317	1,315
4a	Total risk exposure pre-floor	1,261	1,196			
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	17.0%	17.8%	16.4%	16.1%	16.6%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	17.0%	17.8%			
6	Tier 1 ratio (%)	17.0%	17.8%	16.4%	16.1%	16.6%
6b	Tier 1 ratio considering unfloored TREA (%)	17.0%	17.8%			
7	Total capital ratio (%)	20.2%	21.1%	19.8%	19.7%	20.1%
7b	Total capital ratio considering unfloored TREA (%)	20.2%	21.1%			
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%) of which:	3.4%	3.2%	3.2%	3.2%	3.2%
EU 7e	to be made up of CET1 capital (percentage points)	1.9%	1.8%	1.8%	1.8%	1.8%
EU 7f	to be made up of Tier 1 capital (percentage points)	2.6%	2.4%	2.4%	2.4%	2.4%
EU 7g	Total SREP own funds requirements (%)	11.4%	11.2%	11.2%	11.2%	11.2%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
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 (%)	1.07%	1.09%	1.07%	0.99%	0.98%
EU 9a	Systemic risk buffer (%)	0.03%	0.03%	0.05%	0.04%	0.04%
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%	0.9%	0.9%	0.9%
11	Combined buffer requirement (%)	4.6%	4.6%	4.5%	4.4%	4.4%
EU 11a	Overall capital requirements (%)	16.0%	15.8%	15.7%	15.6%	15.6%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.4%	9.4%	8.0%	7.7%	8.2%
<b>Leverage ratio</b>						
13	Total exposure measure	4,990	4,942	4,925	4,966	4,899
14	Leverage ratio (%)	4.3%	4.3%	4.4%	4.3%	4.5%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	850	849	804	778	722
EU 16a	Cash outflows - Total weighted value	524	533	465	430	406
EU 16b	Cash inflows - Total weighted value	63	47	68	56	56
16	Total net cash outflows (adjusted value)	461	486	398	374	351
17	Liquidity coverage ratio (%) <sup>1</sup>	186%	175%	203%	208%	207%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	4,271	4,251	4,255	4,217	4,209
19	Total required stable funding	3,497	3,559	3,487	3,528	3,569
20	NSFR ratio (%)	122%	119%	122%	120%	118%

Temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income (Article 468 CRR)

Further to the amending Regulation (EU) 2020/873, and as required to be disclosed by EBA Guidelines (EBA/GL/2020/12), the Group chose not to apply the temporary treatment relating to unrealised gains and losses measured at fair value through other comprehensive income, as per Article 468.

<sup>1</sup> The liquidity coverage ratio (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 as at 30 June 2025 was 168%.

### 3 Scope of application of the regulatory framework

#### 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.

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

Amounts in €millions		a & b		c
		Balance sheet as in published financial statements and under regulatory scope of consolidation		Reference
		As at 30 June 2025	As at 31 December 2024	
	<b>Assets</b>			
1	Balances with central banks and cash	174	207	
2	Derivative financial instruments	177	175	
3	Loans and advances to financial institutions	303	316	
4	Loans and advances to customers	2,998	2,927	
5	Investments - Securities portfolio	735	699	
6	Investments – Securitisation portfolio	492	515	
7	Investments – Asset-Backed Securitisation portfolio	148	145	
8	Property and equipment	4	5	
9	Intangible assets	17	17	D
10	Non-current assets classified as held for sale	-	-	
11	Investment property	17	17	
12	Current tax assets	1	1	
13	Deferred tax assets	18	18	E
14	Prepayments and accrued income	9	5	
15	Other assets	28	26	
16	<b>Total assets</b>	<b>5,119</b>	<b>5,073</b>	
	<b>Liabilities</b>			
1	Derivative financial instruments	25	33	
2	Amounts owed to financial institutions	228	180	
3	Amounts owed to customers	3,921	3,879	
4	Debt securities in issue	612	642	
5	Subordinated liabilities	68	67	F
6	Current tax liabilities	-	-	
7	Deferred tax liabilities	-	-	
8	Provisions for liabilities and other charges	-	-	
9	Accruals and deferred income	11	12	
10	Other liabilities	7	10	
11	<b>Total liabilities</b>	<b>4,872</b>	<b>4,822</b>	
	<b>Shareholders' Equity<sup>2</sup></b>			
1	Called up issued share capital	56	56	A
2	Share premium	14	14	A
3	Shareholders' contributions	136	136	B
4	Other reserves	-	-	
5	Retained earnings	42	46	C
6	<b>Total shareholders' equity</b>	<b>247</b>	<b>251</b>	

<sup>2</sup> 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.

## 4 Own Funds

### 4.1 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 Common Equity Tier 1 ("CET1") capital and Tier 2 capital.

#### 4.1.1 Common Equity Tier 1 capital – composition

Common Equity Tier 1 capital includes:

- ordinary share capital;
- share premium;
- shareholders' contribution;
- retained earnings; and
- other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

#### 4.1.2 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 'A' 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. 'B' ordinary shareholders are not entitled to vote or to receive any dividends distributed.
- ii. Share premium reserve is made up of premium paid by shareholders in excess of the nominal value of the 'A' 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 ("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 Contributions. These terms and conditions of such Contributions render this instrument equity in nature in accordance with the requirements of IAS 32: Financial Instruments – Presentation.
- iv. Retained earnings are the 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 'A' ordinary shares.

#### 4.1.3 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 30 June 2025, 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 2025 early redemption option held by the Group.
- debt securities, bearing interest payable at 4%, repayable on 5 November 2029, with a 5 November 2025 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. The notes bear a fixed rate of 9.75% per annum. 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 our regulatory capital and to support the execution of our business strategy.

## 4.2 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.

Retained earnings form part of 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.

### 4.2.1 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 table shows the composition of the own funds of the Group in accordance with Article 437 the CRR.

#### EU CC1 – Composition of regulatory own funds

<i>Amounts in €millions</i>		a		b
		30 June 2025	31 December 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>				
1	Capital instruments and the related share premium accounts	69	69	A
2	Retained earnings	46	52	C
3	Accumulated other comprehensive income (and other reserves)	134	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	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>249</b>	<b>255</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>				
7	Additional value adjustments (negative amount)	-	-	
8	Intangible assets (net of related tax liability) (negative amount)	(10)	(11)	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)	(14)	(15)	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)	-	-	
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	-	-	
25	of which: deferred tax assets arising from temporary differences	-	-	
EU-25a	Losses for the current financial year (negative amount)	(4)	(6)	
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	(6)	(4)	
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(35)</b>	<b>(36)</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>214</b>	<b>218</b>	
<b>Additional Tier 1 (AT1) capital: instruments</b>				
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	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>-</b>	<b>-</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>				
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)	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>	
44	<b>Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>214</b>	<b>218</b>	
<b>Tier 2 (T2) capital: instruments</b>				
46	Capital instruments and the related share premium accounts	11	12	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	29	33	
49	of which: instruments issued by subsidiaries subject to phase out	-	-	
50	Credit risk adjustments	-	-	
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>41</b>	<b>44</b>	
<b>Tier 2 (T2) capital: regulatory adjustments</b>				
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)			
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	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	-	-	
58	<b>Tier 2 (T2) capital</b>	<b>41</b>	<b>44</b>	
59	<b>Total capital (TC = T1 + T2)</b>	<b>255</b>	<b>263</b>	
60	<b>Total Risk exposure amount</b>	<b>1,261</b>	<b>1,329</b>	
<b>Capital ratios and requirements including buffers</b>				
61	Common Equity Tier 1 capital	17.0%	16.4%	
62	Tier 1 capital	17.0%	16.4%	
63	Total capital	20.2%	19.8%	
64	Institution CET1 overall capital requirements	11.0%	10.8%	
65	of which: capital conservation buffer requirement	2.5%	2.5%	
66	of which: countercyclical capital buffer requirement	1.07%	1.0%	
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%	0.9%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.9%	1.8%	
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>8.4%</b>	<b>8.04%</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
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)	-	-	
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)	4	3	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
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	-	-	

**Note:** CET1 capital, Tier 1 capital and Total capital disclosed in the table above includes the regulatory adjustment in relation to the transitional arrangements for the introduction of IFRS 9 on own funds although this adjustment was not material. Rows that are not applicable are not included in the table above.

The Group's total capital ratio as at 30 June 2025 and 31 December 2024 was well above the Total SREP Capital Requirement benchmark of 11%.

The intangible assets in the above table, were in particular calculated in terms of the Regulation 2020/2176 of 12 November 2020, whereby a portion of the prudential valued software asset would be risk-weighted at 100% and the remainder is subject to a CET1 deduction.

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 table above, 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 Group is subject to a Sectoral Systemic Risk Buffer (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 residential real estate (RRE).

**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**

	<b>Instruments</b>	<b>MDB Group Limited Ordinary shares</b>	<b>MDB Group Limited Share premium</b>	<b>MeDirect Bank (Malta) plc 5% Subordinated Unsecured Bonds EUR 2027</b>	<b>MeDirect Bank (Malta) plc 5% Subordinated Unsecured Bonds GBP 2027</b>
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
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)
<b>Regulatory treatment</b>					
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 1	Tier 1	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 1	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	EUR6.6 million	EUR0.5 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	27 October 2017 (Note 1)	27 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)
<b>Coupons/dividends</b>					
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
30	Write-down features	No	No	No	No
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

**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 30 June 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 €10.9 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.

		<b>MeDirect Bank (Malta) plc 4% Subordinated Unsecured Bonds EUR 2029</b>	<b>MeDirect Bank (Malta) plc 4% Subordinated Unsecured Bonds GBP 2029</b>	<b>MDB Group 9.75% subordinated notes EUR 2031</b>
1	Issuer	MeDirect Bank (Malta) plc	MeDirect Bank (Malta) plc	MDB Group Limited
2	Unique identifier	MT0000551300	MT0000551318	XS2296173540
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
<b>Regulatory treatment</b>				
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	EUR20.6 million	EUR1.8 million	EUR11.2 million
9	Nominal amount of instrument	EUR32.2 million	EUR2.9 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
<b>Coupons / dividends</b>				
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
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
30	Write-down features	No	No	No
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

**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 30 June 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 €4.5 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 30 June 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.

## 5 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 Common Equity Tier 1 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 ECAs 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 the Group has nominated well-known risk rating agencies. Accordingly, the Group complies with the standard association of the external ratings of ECAs 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 Business Indicator Component, 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 net interest income, 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 institution's audited financial statements, adjusted to align with regulatory definitions.

- Counterparty credit risk – As at 31 March 2025, the Group reported the CCR calculations using the Simplified SA – CCR method (as defined in CRR II Article 218).
- Foreign exchange risk – The Group has adopted the basic method to determine its foreign exchange risk requirement in accordance with Article 351 of the CRR. In terms of this Article, the Group does not calculate the capital requirement for foreign exchange risk as its net foreign exchange position is less than 2% of its own funds.

Credit valuation adjustment risk – The Group uses the 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, foreign exchange risk and credit valuation adjustment risk. No capital is allocated for 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.

## EU OV1 – Overview of total risk exposure amounts

Amounts in €millions		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		30 June 2025	31 March 2025	30 June 2025
<b>1</b>	<b>Credit risk (excluding CCR)</b>	<b>1,030</b>	<b>963</b>	<b>82</b>
2	Of which the standardised approach	1,030	963	82
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
<b>6</b>	<b>Counterparty credit risk – CCR</b>	<b>12</b>	<b>12</b>	<b>1</b>
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	1	-
<b>10</b>	<b>Credit valuation adjustments risk - CVA risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
EU 10a	Of which the standardised approach (SA)	-	-	-
EU 10b	Of which the basic approach (F-BA and R-BA)	-	-	-
EU 10c	Of which the simplified approach	-	-	-
15	Settlement risk	-	-	-
<b>16</b>	<b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>89</b>	<b>89</b>	<b>7</b>
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	15	14	-
19	Of which SEC-SA approach	74	75	6
EU 19a	Of which 1250% / deduction	-	-	-
<b>20</b>	<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>-</b>	<b>-</b>	<b>-</b>
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 trading and non-trading books	-	-	-
24	Operational risk	131	131	10
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	9	5	1
26	Output floor applied (%)	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
<b>29</b>	<b>Total</b>	<b>1,261</b>	<b>1,196</b>	<b>101</b>

### Capital buffers

#### Minimum capital requirements and additional capital buffers

In light of the fact that the Group is supervised by the ECB as part of the Single Supervisory Mechanism, MDB Group is subject to the Supervisory Review and Evaluation Process (“SREP”), which determines the capital requirement by the ECB.

Review and Evaluation Process (“SREP”), which determines the capital requirement by the ECB.

MDB Group is required to meet a total SREP capital requirement (“TSCR”) of 11% on a consolidated level. The TSCR of 11% 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% 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 P2R. 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 Overall Capital Requirement (OCR), in addition to TSCR, which includes the Combined Buffer Requirement.

The SREP decision also included a Pillar II Guidance (P2G) in addition to the OCR. The ECB has stated that it expects banks to meet the Pillar 2 guidance although it is not legally binding, and failure to meet the Pillar 2 guidance does not lead to automatic restrictions of capital distributions.

In respect of the Group, BR 15: “Capital Buffers of Credit Institutions authorised under the Maltese Banking Act (Cap. 371)”, requires additional buffers, namely the ‘capital conservation buffer’, the ‘other systemically important institutions (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 Other Systemically Important Institution ("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 Central Bank of Malta in collaboration with the Malta Financial Services Authority (MFSA) under the auspices of the Joint Financial Stability Board (JFSB) decided to set a Sectoral Systemic Risk Buffer (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 residential real estate (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.

**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. 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 following table represents the Group's geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer.

**EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer**

30 June 2025		General credit exposures		Securitisation exposures		Own funds requirement				
		a	e	f	g	h	j	k	l	M
		Exposure value under the standardised approach	Exposure value for non-trading book	Total exposure value	Relevant credit exposures – Credit risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds requirement weights	Counter cyclical capital buffer rate
									%	%
<i>Amounts in €millions</i>										
010	<b>Breakdown by country:</b>									
	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%
020		<b>3,555</b>	<b>503</b>	<b>4,059</b>	<b>76</b>	<b>6</b>	<b>82</b>	<b>1,029</b>	<b>100.00%</b>	

31 December 2024

	General credit exposures		Securitisation exposures	Own funds requirement						
	a	e	f	g	h	j	k	l	m	
	Exposure value under the standardised approach	Exposure value for non-trading book	Total exposure value	Relevant credit exposures – Credit risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds requirement weights	Counter cyclical capital buffer rate	
								%	%	
<i>Amounts in €millions</i>										
010	<b>Breakdown by country:</b>									
	Austria	98	2	100	1	-	1	10	0.94%	0.00%
	Belgium	363	6	369	11	-	11	141	13.04%	1.00%
	Canada	-	1	1	-	-	-	-	0.02%	0.00%
	Czech Republic	-	-	1	-	-	-	-	0.01%	1.25%
	Denmark	5	2	7	-	-	-	-	0.03%	2.50%
	Finland	20	6	26	-	-	-	3	0.26%	0.00%
	France	134	107	241	2	1	3	43	3.97%	1.00%
	Germany	118	68	186	3	1	4	47	4.31%	0.75%
	Ireland	-	8	8	-	-	-	1	0.11%	1.50%
	Italy	25	25	50	1	-	1	15	1.39%	0.00%
	Luxembourg	51	32	83	5	-	5	61	5.66%	0.50%
	Malta	317	-	318	21	-	22	269	24.86%	0.00%
	Netherlands	2,157	64	2,221	29	1	30	371	34.29%	2.00%
	Norway	37	2	39	-	-	-	4	0.37%	2.50%
	Portugal	1	2	2	-	-	-	-	0.04%	0.00%
	Spain	21	27	48	1	-	1	13	1.24%	0.00%
	Sweden	35	20	55	2	-	2	29	2.69%	2.00%
	Switzerland	-	5	6	-	-	-	1	0.08%	0.00%
	United Kingdom	22	84	106	3	1	4	45	4.15%	2.00%
	United States	14	65	79	1	1	2	24	2.20%	0.00%
	Japan	-	1	1	-	-	-	-	0.01%	0.00%
020	Slovakia	31	-	31	-	-	-	3	0.29%	1.50%
		<b>3,450</b>	<b>529</b>	<b>3,978</b>	<b>80</b>	<b>6</b>	<b>87</b>	<b>1,081</b>	<b>100.00%</b>	

Institution specific countercyclical buffer (Article 440 (b) CRR)

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

**EU CCyB2: Amount of institution-specific countercyclical capital buffer**

**As at 30 June 2025**

**A**

1	Total risk exposure amount (€millions)	1,261
2	Institution specific countercyclical buffer rate (%)	1.07%
3	Institution specific countercyclical buffer requirement (€millions)	14

**As at 31 December 2024**

**a**

1	Total risk exposure amount (€millions)	1,329
2	Institution specific countercyclical buffer rate (%)	1.07%
3	Institution specific countercyclical buffer requirement (€millions)	14

## 6 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 Common Equity Tier 1 (CET1) capital that they use to meet their leverage ratio requirements to also meet their Pillar 1 and Pillar 2 capital requirements.

Our total leverage ratio exposures includes derivatives, securities financing transactions (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 Implementing Regulation (EU) 2016/200.

The following table provides a reconciliation of accounting assets as per IFRS to the leverage ratio exposure.

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

	<i>Amounts in €millions</i>	<b>30 June 2025</b>	<b>31 December 2024</b>
1	Total assets as per published financial statements	5,119	5,074
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	-	1
9	Adjustment for securities financing transactions (SFTs)	27	20
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	74	49
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	(229)	(219)
13	<b>Total exposure measure</b>	<b>4,990</b>	<b>4,925</b>

The following table presents the constituents of the leverage exposure, the leverage ratio on a fully-loaded and phase-in basis with the fully-loaded and phase-in Tier 1 Capital, respectively.

#### EU LR2 - LRCOM: Leverage ratio common disclosure

Amounts in €millions		CRR leverage ratio exposures	
		a	b
		30 June 2025	31 December 2024
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	4,914	4,882
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)	(25)	(27)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	<b>4,889</b>	<b>4,855</b>
<b>Derivative exposures</b>			
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	247	245
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	39	45
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)	(286)	(289)
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	-	<b>1</b>
<b>Securities financing transaction (SFT) exposures</b>			
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	27	20
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	<b>27</b>	<b>20</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	-	285
20	(Adjustments for conversion to credit equivalent amounts)	74	(235)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	<b>74</b>	<b>49</b>
<b>Excluded exposures</b>			
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	<b>Tier 1 capital</b>	<b>214</b>	<b>218</b>
24	<b>Total exposure measure</b>	<b>4,990</b>	<b>4,925</b>
<b>Leverage ratio</b>			
25	Leverage ratio (%)	<b>4.3%</b>	<b>4.4%</b>
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.3%	4.4%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4.3%	4.4%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%
EU-26b	of which: to be made up of CET1 capital	0.0%	0.0%
27	Leverage ratio buffer requirement (%)	0.0%	0.0%
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	Transitional	Transitional
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)	4,990	4,925
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)	4,990	4,925
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)	4.3%	4.4%
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)	4.3%	4.4%

The following table provides a split of the on-balance sheet exposures 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)**

<i>Amounts in €millions</i>	
<b>EU-1</b>	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>
EU-2	Trading book exposures
EU-3	Banking book exposures, of which:
EU-4	Covered bonds
EU-5	Exposures treated as sovereigns
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns
EU-7	Institutions
EU-8	Secured by mortgages of immovable properties
EU-9	Retail exposures
EU-10	Corporates
EU-11	Exposures in default
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)

CRR leverage ratio exposures	
a	a
30 June 2025	31 December 2024
4,941	4,901
-	-
4,941	4,901
453	457
451	444
-	-
315	335
2,133	2,454
709	160
119	164
42	53
718	835

## 7 Credit Risk and Credit Risk Mitigation (“CRM”)

The Group Risk Appetite Statement 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.

### 7.1 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.

#### Performing and non-performing exposures and related provisions (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 non-performing exposures. 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 30 June 2025		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
Amounts in €millions		Performing exposures			Non-performing exposures		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
005	Cash balances at central banks and other demand deposits	356	356	-	-	-	-
010	Loans and advances	<b>3,196</b>	<b>3,127</b>	<b>69</b>	<b>51</b>	-	<b>51</b>
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	<b>1,374</b>	<b>1,374</b>	-	-	-	-
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	<b>320</b>	<b>319</b>	-	-	-	-
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	-	-	-	-
<b>220</b>	<b>Total</b>	<b>5,246</b>	<b>5,177</b>	<b>70</b>	<b>51</b>	-	<b>51</b>

As at 30 June 2025

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

As at 31 December 2024

	a	b	c	d	e	f
	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3		
<i>Amounts in €millions</i>						
005 Cash balances at central banks and other demand deposits	460	460	-	-	-	-
010 Loans and advances	3,063	2,996	67	70	-	70
020 <i>Central banks</i>	-	-	-	-	-	-
030 <i>General governments</i>	-	-	-	-	-	-
040 <i>Credit institutions</i>	37	37	-	-	-	-
050 <i>Other financial corporations</i>	161	144	17	38	-	38
060 <i>Non-financial corporations</i>	279	243	36	29	-	29
070 <i>Of which SMEs</i>	164	163	1	7	-	7
080 <i>Households</i>	2,585	2,572	14	3	-	3
090 Debt securities	1,359	1,359	-	-	-	-
100 <i>Central banks</i>	-	-	-	-	-	-
110 <i>General governments</i>	223	223	-	-	-	-
120 <i>Credit institutions</i>	476	476	-	-	-	-
130 <i>Other financial corporations</i>	660	660	-	-	-	-
140 <i>Non-financial corporations</i>	-	-	-	-	-	-
150 Off-balance-sheet exposures	284	283	1	1	-	1
160 <i>Central banks</i>	-	-	-	-	-	-
170 <i>General governments</i>	-	-	-	-	-	-
180 <i>Credit institutions</i>	-	-	-	-	-	-
190 <i>Other financial corporations</i>	29	29	-	-	-	-
200 <i>Non-financial corporations</i>	129	128	1	1	-	-
210 <i>Households</i>	126	126	-	-	-	-
<b>220 Total</b>	<b>5,165</b>	<b>5,098</b>	<b>68</b>	<b>71</b>	<b>-</b>	<b>71</b>

As at 31 December 2024

	g	h	l	j	k	l	m	n	o
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					On performing exposures	On non-performing exposures
	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
<i>Amounts in €millions</i>									
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-
010 Loans and advances	(3)	(2)	(1)	(12)	-	(12)	-	2,847	6
020 Central banks	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-	-
050 Other financial corporations	(1)	(1)	-	(10)	-	(10)	-	67	-
060 Non-financial corporations	(1)	-	-	(2)	-	(2)	-	200	5
070 Of which SMEs	-	-	-	(1)	-	(1)	-	163	5
080 Households	(1)	(1)	-	-	-	-	-	2,581	1
090 Debt securities	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-
110 General governments	-	-	-	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-
130 Other financial corporations	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	-	-	-	-	-	-	-	-	-
160 Central banks	-	-	-	-	-	-	-	-	-
170 General governments	-	-	-	-	-	-	-	-	-
180 Credit institutions	-	-	-	-	-	-	-	-	-
190 Other financial corporations	-	-	-	-	-	-	-	-	-
200 Non-financial corporations	-	-	-	-	-	-	-	-	-
210 Households	-	-	-	-	-	-	-	-	-
<b>220 Total</b>	<b>(3)</b>	<b>(2)</b>	<b>(1)</b>	<b>(12)</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>2,847</b>	<b>6</b>

Note: The above table excludes non-performing exposures 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 Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures. The tables also exclude debt securities measured at fair value.

#### 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 refers 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**

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

		a	b	c	d	e	f
		Net exposure value					
<i>Amounts in €millions</i>		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
As at 31 December 2024							
010	Loans and advances	76	34	245	2,762	-	3,117
020	Debt securities	-	114	942	302	-	1,359
030	<b>Total</b>	<b>76</b>	<b>148</b>	<b>1,188</b>	<b>3,064</b>	-	<b>4,476</b>

Quality of non-performing exposures by geography (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 non-performing exposures. 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 non-performing exposures. 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 \***

		a	b	c	d	e	f	g
		Gross carrying/nominal amount			Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
<i>Amounts in €millions</i>		Of which non-performing	Of which defaulted					
30 June 2025								
010	<b>On-balance-sheet exposures</b>	<b>4,978</b>		<b>51</b>		<b>(8)</b>		-
020	Netherlands	2,538		1		(1)		-
030	Ireland	492		-		-		-
040	Belgium	666		3		(1)		-
050	Germany	326		-		-		-
060	Malta	376		8		(1)		-
070	France	135		-		-		-
080	Austria	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	<b>Off-balance-sheet exposures</b>	<b>320</b>		-				
160	Malta	200		-				
170	Belgium	38		-				
180	United Kingdom	-		-				
190	Italy	6		-				
200	France	-		-				
210	Netherlands	63		-				
220	United States	14		-				
230	<b>Total</b>	<b>5,298</b>		<b>51</b>		<b>(8)</b>		-

<sup>3</sup> 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.

31 December 2024		a	b	c	d	e	f	g
		Gross carrying/nominal amount			Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
Amounts in €millions			Of which non-performing					
				Of which defaulted				
<b>010</b>	<b>On-balance-sheet exposures</b>	<b>4,952</b>		<b>70</b>		<b>(15)</b>		-
020	Netherlands	2,624		11		(9)		-
030	Ireland	515		-		-		-
040	Belgium	582		2		(1)		-
050	Germany	293		-		-		-
060	Malta	360		7		(2)		-
070	France	150		-		-		-
080	Austria	107		-		-		-
090	Luxembourg	54		27		(2)		-
100	Norway	37		-		-		-
110	Sweden	35		-		-		-
120	United Kingdom	32		23		(1)		-
130	Slovakia	31		-		-		-
140	Other countries	131		-		-		-
<b>150</b>	<b>Off-balance-sheet exposures</b>	<b>285</b>		<b>1</b>			-	
160	Malta	151		-			-	
170	Belgium	31		-			-	
180	United Kingdom	1		1			-	
190	Italy	5		-			-	
200	Netherlands	82		-			-	
210	United States	15		-			-	
220	Total	<b>5,237</b>		<b>71</b>		<b>(15)</b>	-	-

Disclosure of columns b and d of template EU CQ4 is not required as at 30 June 2025 and 31 December 2024 given that the NPL ratio was lower than 5% throughout 2025 and 2024.

Credit quality of loans and advances to non-financial corporations by industry (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 non-performing exposures. 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 non-performing exposures. 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 to non-financial corporations by industry \***

30 June 2025		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
<i>Amounts in €millions</i>			Of which non-performing	Of which defaulted	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	-		-		-	-
<b>200</b>	<b>Total</b>	<b>323</b>		<b>29</b>		<b>(4)</b>	<b>-</b>

31 December 2024		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
<i>Amounts in €millions</i>			Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment		
				010		Agriculture, forestry and fishing	-
020	Mining and quarrying	-		-		-	-
030	Manufacturing	28		-		-	-
040	Electricity, gas, steam and air conditioning supply	-		-		-	-
050	Water supply	-		-		-	-
060	Construction	66		2		-	-
070	Wholesale and retail trade	9		-		-	-
080	Transport and storage	-		-		-	-
090	Accommodation and food service activities	25		22		(1)	-
100	Information and communication	10		1		-	-
110	Professional, scientific and technical activities	22		-		-	-
120	Financial and insurance activities	-		-		-	-
130	Real estate activities	113		5		(1)	-
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	35		-		-	-
190	Others	-		-		-	-
<b>200</b>	<b>Total</b>	<b>308</b>		<b>29</b>		<b>(3)</b>	<b>-</b>

Disclosure of columns b and d of template EU CQ5 is not required as at 30 June 2025 and 31 December 2024 given that the NPL ratio was lower than 5% throughout 2025 and 2024.

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 non-performing exposures. 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**

		a	b	c	d	e	f	g	h
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		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
			Of which defaulted	Of which impaired					
<i>Amounts in €millions</i>									
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	8	47	46	47	-	4	14	7
020	<i>Central banks</i>	-	-	-	-	-	-	-	-
030	<i>General governments</i>	-	-	-	-	-	-	-	-
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-
050	<i>Other financial corporations</i>	-	17	17	17	-	1	-	-
060	<i>Non-financial corporations</i>	-	28	28	28	-	3	5	5
070	<i>Households</i>	8	2	2	2	-	-	9	2
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	<b>Total</b>	<b>8</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>7</b>

31 December 2024

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbearance exposures	
	Performing forbore	Non-performing forbore		Of which defaulted	Of which impaired	On performing forbore exposures	On non-performing forbore exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
<i>Amounts in €millions</i>								
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	8	56	56	36	-	12	11	5
020 <i>Central banks</i>	-	-	-	-	-	-	-	-
030 <i>General governments</i>	-	-	-	-	-	-	-	-
040 <i>Credit institutions</i>	-	-	-	-	-	-	-	-
050 <i>Other financial corporations</i>	-	27	27	27	-	10	-	-
060 <i>Non-financial corporations</i>	-	28	28	9	-	2	5	5
070 <i>Households</i>	8	1	1	1	-	-	6	-
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	-	1	1	1	-	-	-	-
<b>100 Total</b>	<b>8</b>	<b>57</b>	<b>57</b>	<b>38</b>	<b>-</b>	<b>12</b>	<b>11</b>	<b>5</b>

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. Regulation 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 Common Equity Tier 1 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:

- 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 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. With this in mind, 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.

## 7.2 Impairment loss measurement guidelines

The scope of the impairment loss measurement guidelines are 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, 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 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 credit loss 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 expected credit losses.

For Maltese Business Lending assets, the Group is unable to use external credit ratings as all exposures are unrated. Exposures within the Maltese 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 Maltese 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 Maltese 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, the Group deems these assets as very rarely secured by assets whose value is easily observable. Therefore, recoverable amounts are usually calculated by projecting expected cash flows using a discounted cash flow ("DCF") approach to determine the Enterprise Value ("EV") under multiple scenarios. The recoverable amount under each scenario is 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 is determined using multiple assumptions in respect of the cost of debt and cost of equity. The recoverable amount is then compared to the EAD in order to determine any expected shortfalls / credit losses.

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.

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 unlikelihood 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%.

For the Securities Investment portfolio, recoverable amounts are assessed on a mark-to-market 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 30 June 2025 and 31 December 2024 there was a financial instrument that was classified as POCI.

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 non-performing loans and advances throughout the financial year. The gross carrying value is inclusive of accrued interest.

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

<i>Amounts in €millions</i>	Period from 1 January to 30 June 2025 A Gross carrying amount	Period from 1 January to 31 December 2024 a Gross carrying amount
<b>010 Initial stock of non-performing loans and advances</b>	70	76
020 Inflows to non-performing portfolios	4	53
030 Outflows from non-performing portfolios	(23)	(59)
040 Outflows due to write-offs	-	0
050 Outflow due to other situations	(23)	(59)
<b>060 Final stock of non-performing loans and advances</b>	<b>51</b>	<b>70</b>

**7.3 Credit Risk Mitigation ("CRM")**

It is the Group's practice to lend on the basis of the customer's ability to meet its obligations out of its cash flow resources rather than rely on the value of security offered. The majority of Group's International Corporate Lending loans are not secured by any type of collateral, and the amount of collateral received is immaterial in terms of the total exposure of the Group.

The Group uses various techniques as allowed by the CRD V in order to mitigate credit risks such as netting and set off, and in some cases use of collateral. Credit risk mitigation is recognised only when it is legally enforceable and effective, which in order to do so requires adequate monitors and valuation of collateral received.

The Malta Corporate Lending portfolio largely consists of short-term lending against residential and commercial real estate for resale or rental purposes, therefore, the source of repayment and collateral are generally the same pool of assets. For this reason, the Group applies risk appetite Loan-to-cost and Loan-to-value limits to provide a buffer against real price volatility. In view of the speculative nature of such facilities, a risk weight of 150% is applied as detailed under Article 128 of the CRR.

Malta Mortgages are offered to retail borrowers for the purchase of residential real estate in Malta. Such borrowing is provided in line with general market standards and governed by the Central Bank of Malta Directive 16, which covers maximum lending limits for different categories of borrowers and income considerations for debt service to income ratios. Risk weights are also applied in line with section 2 of the CRR.

The Group does mortgage lending in the Netherlands under the NHG and Build mortgage criteria under the standardised approach to credit risk.

The risk-weights for exposures secured by mortgages on residential property are set by Articles 123 to 125 of the Capital Requirements Regulation (CRR). Thus the valuation of the collateral is an important component to determine the portion of the Dutch mortgage exposure that should be considered to be secured by property and the portion, if any, of the Dutch mortgage exposure that should be treated as a retail exposure under article 123 of the CRR.

When applying a risk weighting to mortgage loans, the Group is taking into account the terms and conditions that govern the National Mortgage Guarantee (NHG) scheme and, hence, the credit protection it provides. In the case of residential mortgage loans that are guaranteed by the NHG, the risk-weights for such exposures are amended in accordance with the credit risk mitigation framework of Part Three, Title II, Chapter 4 of the CRR, given that the NHG guarantee meets the conditions of, in particular, Articles 213 to 215 of the CRR.

When calculating the risk-weighted exposure amounts under the Standardised Approach in accordance with Article 235 of the CRR, the GA factor that represents the amount of credit risk protection as calculated under Article 233(3), is taken into account. In the case of NHG mortgages, this means that the actual NHG coverage is considered to determine the protected amount.

In addition to the risk-weights and capital charges for NHG-mortgages under Pillar I, the Group takes into account under Pillar II specific risks of NHG-mortgages in its internal capital adequacy assessment process (ICAAP).

Lastly, the Group purchases, through a partnership with Allianz, acting as lender of record (LOR), Belgian residential mortgage loans receivables. These mortgage loans and its related activities are regulated by local regulatory bodies (including the FSMA and the Belgian National Bank). The loans are originated following strict guidelines & acceptance criteria, including those related to loan-to-value and debt service-to-income ratios, in-line with the best practices of professional responsible lenders.

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 portion of the overall exposure is presented. No overcollateralization is considered.

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

30 June 2025		Unsecured carrying amount	Secured carrying amount	Of which secured		
				by collateral	by financial guarantees	by credit derivatives
<i>Amounts in €millions</i>		a	b	c	d	e
1	Loans and advances	3,596	2,989	2,989	-	-
2	Debt securities	1,204	171	161	9	-
3	Total	4,800	3,160	3,150	9	-
4	<i>Of which non-performing exposures</i>	37	9	9	-	-
EU-5	<i>Of which defaulted</i>	37	9	9	-	-

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

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 weights broken down by regulatory exposure classes and a split in on- and off-balance sheet exposures.

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

30 June 2025		Exposures before CCF and before CRM <sup>4</sup>		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes (Amounts in €millions)		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	214	-	1,789	5	9	1%
2	Non-central government public sector entities	-	-	-	-	-	-
EU 2a	Regional government or local authorities	207	-	207	-	-	-
EU 2b	Public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
EU 3a	International organisations	-	-	-	-	-	-
4	Institutions	205	-	196	-	59	30%
5	Covered bonds	453	-	453	-	46	10%
6	Corporates	119	35	119	7	126	100%
6.1	Of which: Specialised Lending	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-
8	Retail	710	88	360	21	286	75%
9	Secured by mortgages on immovable property and ADC exposures	2,134	208	917	21	394	42%
9.1	Secured by mortgages on residential immovable property - non IPRE	1,748	55	532	17	110	20%
9.2	Secured by mortgages on residential immovable property - IPRE	217	8	217	-	86	40%
9.3	Secured by mortgages on commercial immovable property - non IPRE	5	-	5	-	3	60%
9.4	Secured by mortgages on commercial immovable property - IPRE	39	22	39	-	29	75%
9.5	Acquisition, Development and Construction (ADC)	126	123	125	3	167	130%
10	Exposures in default	42	-	41	-	58	141%
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings	-	-	-	-	-	-
EU 10c	Other items	52	-	54	-	52	97%
12	<b>TOTAL</b>	<b>4,136</b>	<b>332</b>	<b>4,136</b>	<b>54</b>	<b>1,030</b>	<b>25%</b>

<sup>4</sup> **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		Exposures before CCF and before CRM <sup>5</sup>		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes (Amounts in €millions)		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	212	-	1,831	3	7	-
2	Non-central government public sector entities	-	-	-	-	-	-
EU 2a	Regional government or local authorities	212	-	212	-	-	-
EU 2b	Public sector entities	-	-	-	-	-	-
3	Multilateral development banks	10	-	10	-	-	-
EU 3a	International organisations	11	-	11	-	-	-
4	Institutions	187	-	177	-	42	24%
5	Covered bonds	457	-	457	-	45	10%
6	Corporates	163	39	163	8	171	100%
6.1	Of which: Specialised Lending	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-
8	Retail	161	57	137	6	107	75%
9	Secured by mortgages on immovable property and ADC exposures	2,548	187	962	17	580	60%
9.1	Secured by mortgages on residential immovable property - non IPRE						
9.2	Secured by mortgages on residential immovable property - IPRE						
9.3	Secured by mortgages on commercial immovable property - non IPRE						
9.4	Secured by mortgages on commercial immovable property - IPRE						
9.5	Acquisition, Development and Construction (ADC)						
10	Exposures in default	53	1	52	-	69	132%
EU 10a	Claims on institutions and corporates with a short-term credit assessment						
EU 10b	Collective investment undertakings						
EU 10c	Other items	53	-	54	-	53	98%
12	<b>TOTAL</b>	<b>4,066</b>	<b>284</b>	<b>4,066</b>	<b>34</b>	<b>1,075</b>	<b>26%</b>

Non relevant comparatives in relation of CRR II are left blank.

The following table provides the EAD per regulatory exposure class are assigned to their standardised risk weights. Unrated items are reported separately.

<sup>5</sup> **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.

**EU CR5 – standardised approach<sup>6</sup>**

30 June 2025

Risk weight

Amounts in €millions		Risk weight															Total	Of which unrated
		0%	2%	10%	20%	30%	35%	45%	50%	60%	75%	90%	100%	150%	250%	Others		
		a	b	d	e	f	g	i	j	k	m	o	p	T	u	y	z	aa
<b>Exposure classes</b>																		
1	Central governments or central banks	1,791	-	-	-	-	-	-	-	-	-	-	-	-	4	-	1,794	1,794
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 2a	Regional governments or local authorities	207	-	-	-	-	-	-	-	-	-	-	-	-	-	-	207	207
EU 2b	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 3a	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Institutions	-	1	-	127	-	-	-	67	-	-	-	-	-	-	-	196	76
5	Covered bonds	-	-	447	6	-	-	-	-	-	-	-	-	-	-	-	453	-
6	Corporates	-	-	-	-	-	-	-	-	-	-	-	126	-	-	-	126	126
6.1	Of which: Specialised Lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	381	-	-	-	-	-	-	381	381
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	557	36	44	128	-	5	-	9	50	78	-	30	938	938
9.1	Secured by mortgages on residential immovable property – non IPRE	-	-	-	549	-	-	-	-	-	-	-	-	-	-	-	549	549
9.1.1	No loan splitting applied	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-
9.1.2	Loan splitting applied (secured)	-	-	-	548	-	-	-	-	-	-	-	-	-	-	-	548	-
9.1.3	Loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	-	8	36	44	128	-	-	-	-	-	-	-	-	217	217
9.3	Secured by mortgages on commercial	-	-	-	-	-	-	-	5	-	-	-	-	-	-	-	5	5

<sup>6</sup> Amounts presented in this table represent exposure value after CRM and CCF excluding IFRS 9 transitional adjustment. Missing columns relate to risk weight percentages that are not applicable to the Group.

	immovable property - non IPRE																	
9.3.1	No loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3.2	Loan splitting applied (secured)	-	-	-	-	-	-	-	5	-	-	-	-	-	-	-	5	5
9.3.3	Loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4	Secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	-	-	-	-	9	-	-	-	30	39	39	
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-	-	-	-	50	78	-	-	128	128	
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	7	34	-	-	41	41	
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4EU 10b	Collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10c	Other items	2	-	-	-	-	-	-	-	-	-	52	-	-	-	54	54	
<b>EU 11c</b>	<b>Total</b>	<b>2,000</b>	<b>1</b>	<b>447</b>	<b>691</b>	<b>36</b>	<b>44</b>	<b>128</b>	<b>67</b>	<b>5</b>	<b>381</b>	<b>9</b>	<b>235</b>	<b>112</b>	<b>4</b>	<b>30</b>	<b>4,191</b>	<b>3,617</b>

31 December 2024

Risk weight

Amounts in €millions		Risk weight														Total	Of which unrated	
		0%	2%	10%	20%	30%	35%	45%	50%	60%	75%	90%	100%	150%	250%			Others
		a	b	d	e	f	g	i	j	k	m	o	p	T	u	y	z	aa
<b>Exposure classes</b>																		
1	Central governments or central banks	1,831	-	-	-	-	-	-	-	-	-	-	-	-	3	-	1,834	1,834
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 2a	Regional governments or local authorities	212	-	-	-	-	-	-	-	-	-	-	-	-	-	-	212	212
EU 2b	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development Banks	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10	10
EU 3a	International organisations	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	11
4	Institutions	-	1	-	153	-	-	-	23	-	-	-	-	-	-	-	177	41
5	Covered bonds	5	-	452	-	-	-	-	-	-	-	-	-	-	-	-	457	5
6	Corporates	-	-	-	-	-	-	-	-	-	-	-	171	-	-	-	171	171
6.1	Of which: Specialised Lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	142	-	-	-	-	-	-	142	142
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	-	-	665	-	26	-	-	193	94	-	-	-	979	979
9.1	Secured by mortgages on residential immovable property – non IPRE																	
9.1.1	No loan splitting applied																	
9.1.2	Loan splitting applied (secured)																	
9.1.3	Loan splitting applied (unsecured)																	
9.2	Secured by mortgages on residential immovable property - IPRE																	
9.3	Secured by mortgages on commercial immovable property - non IPRE																	
9.3.1	No loan splitting applied																	
9.3.2	Loan splitting applied (secured)																	

9.3.3	Loan splitting applied (unsecured)																	
9.4	Secured by mortgages on commercial immovable property - IPRE																	
9.5	Acquisition, Development and Construction (ADC)																	
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	-	19	34	-	-	52	52
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4EU 10b	Collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10c	Other items	1	-	-	-	-	-	-	-	-	-	-	53	-	-	-	55	55
<b>EU 11c</b>	<b>Total</b>	<hr/>																

Non relevant comparatives in relation of CRR II are left blank.

### **7.3.1 Capital allocation and capital buffers for credit risk**

The Group adopts the standardised approach to calculate its capital requirement for credit risk. The Group's credit framework contains enough detail specifying how the Group calculates the risk weights of the exposures covered by the framework, wherever the regulatory framework permits elections or other choices to be made.

Besides allocating capital against its Pillar 1 risks that are based on the Group's accounting records, the Group also carries an assessment of the extra capital proportionate to Pillar 2 risks as part of its annual ICAAP. The ICAAP chapter on EC for credit risk, describes the Group's approach for allocating capital for this risk. Since the Group is not rated, it is not required to allocate internal capital or allocate collateral in the eventuality of a downgrade in its credit rating.

### **7.3.2 On and off balance sheet netting and set-off**

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 level of offsetting within the Group is deemed to be minimal.

### **7.3.3 Collateral evaluation and management**

*(Article 453 (b) CRR)*

Most of the immovable property collateral received is located in Malta, in Belgium (in the frame of the Belgian Mortgage business) and in the Netherlands (in the frame of the Dutch Mortgage business).

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 125 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. 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.

The value of collateral that is commercial real estate is monitored at a minimum once a year, while the value of 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. Collateral has a significant financial effect in mitigating exposure to credit risk. The Group follows Articles 123 to 125 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.

## 8 Counterparty Credit Risk (“CCR”)

### Internal capital and credit limits for counterparty credit risk exposures (Article 439 (a) CRR) (EU CCRA)

Counterparty credit risk (“CCR”) refers to the risk that the counterparty to a transaction could default before the final settlement of the transaction’s cash flows. The Group is primarily exposed to counterparty credit risk 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 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 (EMIR)) and in the European Securities and Markets Authority (ESMA) Technical Standards.

Four approaches may be used under CRD to calculate exposure values for CCR: mark-to-market, original exposures, standardised and IMM. Exposure values calculated under these approaches are used to determine RWAs. As of June 2025, the Group reported the CCR calculations using the Simplified SA-CCR Method (as defined in CRR II, Article 281).

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 credit risk mitigation (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.

In compliance with Article 291 (2) and (4) CRR the Group monitors wrong way risk, that is those situations where the probability of default of a particular counterparty is positively correlated to the exposure with the same counterparty. The second large exposure with a large financial institution is related to a back-to-back swap where the counterparty is between MeDirect and the securitisation vehicle of our Dutch mortgage loans portfolio for which only cash collateral is exchanged. The back-to-back structure and cash collateral agreement mitigate therefore the wrong-way risk.

### 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 7 ‘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 (LMA) and International Swaps and Derivatives Association (ISDA) agreements, alongside associated Credit Support Annex (CSAs). A bilateral secured financing transaction bearing any counterparty credit risk not executed under a signed Global Master Repurchase Agreement (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 Management Credit Committee. This list of approved derivative counterparties and associated limits is included in the Group’s Risk Appetite Statement. The Group’s Treasury function monitors market feeds on a daily basis to ensure that any potential downgrade to credit ratings of its counterparties are captured in a timely manner. This ensures that exposure to such counterparties is limited to the current exposure, if necessary.

The Risk Appetite Statement covering the credit risk for the Securities portfolio ensures wrong-way risk is mitigated. Wrong way risk results when the probability of default of a counterparty is positively correlated to the exposure with the same counterparty, The Risk Appetite Statement 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 counterparty credit risk 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 30 June 2025		a	B	c	d	e	f	g	H
	Amounts in €millions	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
	EU1EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
	EU2EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>			-		-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>			-		-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	<b>Total</b>					-	-	-	-

As at 31 December 2024		a	B	c	d	e	f	g	H
	Amounts in €millions	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
	EU1EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
	EU2EU - Simplified SA-CCR (for derivatives)	-	-		1.4	1	1	1	-
1	SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>			-		-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>			-		-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	<b>Total</b>					-	-	-	-

CCR exposures in the standardised approach (Article 444 (e) CRR)

The below table shows the counterparty credit risk exposure split by risk weights and regulatory exposure classes. This table excludes risk weighted exposure amounts derived from own funds requirements for CVA risk but includes exposures cleared through a CCP. Exposures cleared through a central counterparty (CCP) are presented separately in table EU CCR8.

**EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weight**

30 June 2025		Risk weight											
Amounts in €millions		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	00%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	77	-	-	-	-	-	-	-	-	-	-	77
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	<b>Total exposure value</b>	<b>77</b>	-	-	-	-	-	-	-	-	-	-	<b>77</b>

31 December 2024		Risk weight											
Amounts in €millions		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	00%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	123	-	-	-	-	-	-	-	-	-	-	123
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	<b>Total exposure value</b>	<b>123</b>	-	-	-	-	-	-	-	-	-	-	<b>123</b>

CCR exposures to central counterparties (Article 439 (i) CRR)

The following table presents an overview of our exposures and capital requirements to central counterparties arising from transactions, margins and contributions to default funds. MeDirect mainly reports exposures to qualifying central counterparties (QCCP) as defined in Article 4 (88) CRR.

**EU CCR8 – Exposures to CCPs**

30 June 2025		a	b
Amounts in €millions		Exposure value	RWEA
1	<b>Exposures to QCCPs (total)</b>		11
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	319	6
3	(i) OTC derivatives	319	6
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	1	-
9	Prefunded default fund contributions	11	5
10	Unfunded default fund contributions	-	
11	<b>Exposures to non-QCCPs (total)</b>		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	
13	(i) OTC derivatives	-	
14	(ii) Exchange-traded derivatives	-	
15	(iii) SFTs	-	
16	(iv) Netting sets where cross-product netting has been approved	-	
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	
19	Prefunded default fund contributions	-	
20	Unfunded default fund contributions	-	

31 December 2024  
Amounts in €millions

		a	b
		Exposure value	RWEA
<b>1</b>	<b>Exposures to QCCPs (total)</b>		11
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	302	6
3	(i) OTC derivatives	302	6
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	2	-
9	Prefunded default fund contributions	11	5
10	Unfunded default fund contributions	-	-
<b>11</b>	<b>Exposures to non-QCCPs (total)</b>		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

## 9 Exposure to securitisation positions

The CRR defines a securitisation as a transaction or scheme where the credit risk of an exposure or pool of exposures is tranced, 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 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-SA is used to calculate all of the risk-weighted exposure amounts for the Securitisation portfolio and the SEC-ERBA is used to calculate all of the risk-weighted exposure amounts for the Asset-Backed Securitisation portfolio. None of the securitisation positions of the Group are deducted from Own Funds or risk weighted at 1250%.

### External SSPE-related activities

*Investment in tranches within a publicly rated securitised 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 Asset-Backed Securities and thus HQLA 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 CLOs managed by 3<sup>rd</sup> parties is expressed through a number of limits and indicators.

### 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 exposure split by exposure type that have been securitised in MeDirect's capacity as wither originator and finally positions which have been purchased through investment activities as investor. The exposures held by the Group all consist of tradition wholesale securitisation exposures. The originator columns contain the retained positions and show the current retention of our contribution to the originates amount. None of the traditional securitisation exposures include ABCP programmes.

### EU-SEC 1: Securitisation exposures in the non-trading book <sup>7</sup>

30 June 2025 Amounts in €millions		l	m	n	o	
		Institution acts as investor				
		Traditional		Synthetic		Sub-total
		STS	Non-STS			
1	<b>Total exposures</b>	-	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	-	-	-	-	

<sup>7</sup> Columns a – g in relation to "Institution acts as originator" and columns h – k in relation to "Institution acts as sponsor" are not included as not applicable.

31 December 2024

Amounts in €millions

		l	m	n	o
		Institution acts as investor			
		Traditional		Synthetic	Sub-total
		STS	Non-STS		
1	<b>Total exposures</b>	-	660	-	660
2	Retail (total)	-	145	-	145
3	residential mortgage	-	42	-	42
4	credit card	-	-	-	-
5	other retail exposures	-	104	-	104
6	re-securitisation	-	-	-	-
7	Wholesale (total)	-	515	-	515
8	loans to corporates	-	515	-	515
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 originator or as sponsor (Article 449 (k) (i) CRR)

The following table presents the retained or purchased non-trading book securitisations where the Group acts as originator or as 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 tradition wholesale securitisation exposures.

The regulatory calculation approach of the securitisation framework applied by the Group being the SEC-SA approach. Under SEC-SA (Articles 261 and 282 CRR) the capital requirement ration for the pool of securitised assets needs to be calculated as if they were not securitised and as if they were on the Group's book.

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 provide 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 tradition wholesale securitisation exposures.

**EU-SEC 4: Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as an investor <sup>8</sup>**

		a	b	c	d	e	h	i	EU-p	g	k	o
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)	RWEA (by regulatory approach)	Capital charge after cap	Exposure values (by regulatory approach)	RWEA (by regulatory approach)	Capital charge after cap
30 June 2025		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <125% RW	1250% RW/deductions	SEC-SA	SEC-SA	SEC-SA	SEC-ERBA	SEC-ERBA	SEC-ERBA
1	Total exposures	639	-	-	-	-	492	74	6	148	15	1
2	Traditional securitisation	639	-	-	-	-	492	74	6	148	15	1
3	Of which securitisation	639	-	-	-	-	492	74	6	148	15	1
4	Of which retail underlying	148	-	-	-	-	-	-	-	148	15	1
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-
6	Of which wholesale	492	-	-	-	-	492	47	6	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-
8	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-

		a	b	c	d	e	h	i	EU-p	g	k	o
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)	RWEA (by regulatory approach)	Capital charge after cap	Exposure values (by regulatory approach)	RWEA (by regulatory approach)	Capital charge after cap
31 December 2024		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <125% RW	1250% RW/deductions	SEC-SA	SEC-SA	SEC-SA	SEC-ERBA	SEC-ERBA	SEC-ERBA
1	Total exposures	660	-	-	-	-	515	77	6	145	15	1
2	Traditional securitisation	660	-	-	-	-	515	77	6	145	15	1
3	Of which securitisation	660	-	-	-	-	515	77	6	145	15	1
4	Of which retail underlying	145	-	-	-	-	-	-	-	145	15	1
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-
6	Of which wholesale	515	-	-	-	-	515	77	6	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-
8	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-

**Exposures securitised by the institution – exposures in default and specific credit risk adjustments (Article 449 (I) CRR)**

The table below presents the outstanding nominal amounts where the Group acts as originator and the related specific credit risk adjustments in accordance with Article 110 CRR. None of the exposures have been classified as defaulted according to Article 178 CRR. The amounts are broken down by the exposure type of the securitised exposures. The outstanding nominal amounts shown correspond to the share of the Group's contribution to the securitised assets,

<sup>8</sup> Columns in relation to SEC-IRBA and 1250% RW/deductions approach were not included as not applicable.

## 10 interest rate risk in the banking book

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.

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 2<sup>nd</sup> LOD independently assessing and challenging the implementation of the framework and adherence to the risk appetite. The Internal Audit team in its role as the 3<sup>rd</sup> LOD is accountable 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 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.

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.

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

The following table shows the impact on the Group's net interest income 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  $\Delta$ NII and  $\Delta$ EVE 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 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  $\Delta$ EVE 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  $\Delta$ NII 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;
- 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  $\Delta$  NII and  $\Delta$  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**

	<i>Amounts in €million</i>	<b>Changes of the economic value of equity</b>		<b>Changes if the net interest income</b>	
		June 2025	December 2024	June 2025	December 2024
	<b>Supervisory shock scenarios</b>				
1	Parallel up	(8.2)	1.13	(0.4)	(0.1)
2	Parallel down	1.6	0.60	(7.5)	(4.3)
3	Steeper	3.8	(2.9)		
4	Flattener	(2.1)	1.2		
5	Short rates up	(5.7)	(3.0)		
6	Short rates down	2.6	1.9		

## 11 Liquidity

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 High Quality Liquid Assets ("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, adopted in October 2014, Compliance with the LCR was required in the EU from 1 October 2015.

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

Quantitative information on LCR (Article 451a CRR)

The following table provides an analysis of the data points used in the calculation of the liquidity coverage ratio:

**EU LIQ1: Quantitative information of LCR**

Amounts in €millions		Total unweighted value (average)				Total weighted value (average)			
		a	b	c	d	E	f	g	h
EU 1a	Quarter ending on:	30 June 2025	31 December 2024	30 September 2024	30 June 2024	30 June 2025	31 December 2024	30 September 2024	30 June 2024
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)					850	804	778	722
<b>CASH – OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	3,577	3,339	3,165	2,987	312	281	263	244
3	Stable deposits	8	7	7	6	-	-	-	-
4	Less stable deposits	2,970	2,761	2,549	2,404	312	281	256	242
5	Unsecured wholesale funding	144	134	133	130	81	68	62	57
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	144	134	133	130	81	68	62	57
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					7	3	9	11
10	Additional requirements	235	206	197	191	87	78	74	71
11	Outflows related to derivative exposures and other collateral requirements	51	46	44	44	51	46	44	44
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	184	160	153	146	35	32	30	27
14	Other contractual funding obligations	43	42	28	28	37	35	22	22
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					524	465	430	406
<b>CASH – INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	1	1	1	4	1	1	1	4
18	Inflows from fully performing exposures	60	63	51	51	57	59	48	47
19	Other cash inflows	8	9	8	4	6	7	6	2
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	69	73	60	59	63	68	55	54
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	69	73	60	59	63	68	55	54
<b>TOTAL ADJUSTED BUFFER</b>									
21	LIQUIDITY BUFFER					850	804	778	722
22	TOTAL NET CASH OUTFLOWS					461	398	375	352
23	LIQUIDITY COVERAGE RATIO					186%	203%	207%	207%

As at 30 June 2025 and 31 December 2024, the Group's LCR was well above both the regulatory minimum requirement.

*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 table provides an analysis of the data points used in the calculation of net stable funding ratio. The NSFR as of 30 June 2025 and 31 December 2024 calculated in accordance with the CRR stood at 122%, well in excess over regulatory minimum of 100%.

**EU LIQ2: Net Stable Funding Ratio** (In accordance with Article 41 a(3) CRR)

As at 30 June 2025		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
Amounts in €millions		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>Available stable funding (ASF) Items</b>						
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	128	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	<b>Total available stable funding (ASF)</b>					<b>4,271</b>
<b>Required stable funding (RSF) Items</b>						
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	104	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	<b>Total RSF</b>					<b>3,497</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>122.1%</b>

As at 31 December 2024		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<i>Amounts in €millions</i>						
<b>Available stable funding (ASF) Items</b>						
1	Capital items and instruments	117	-	-	172	288
2	Own funds	117	-	-	172	288
3	Other capital instruments	-	-	-	-	-
4	Retail deposits	-	3,266	172	134	3,228
5	Stable deposits	-	10	-	-	10
6	Less stable deposits	-	3,255	171	134	3,218
7	Wholesale funding:	-	251	24	639	738
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	251	24	639	738
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities:	33	229	-	-	-
12	NSFR derivative liabilities	33	-	-	-	-
13	All other liabilities and capital instruments not included in the above categories	-	229	-	-	-
14	<b>Total available stable funding (ASF)</b>					<b>4,255</b>
<b>Required stable funding (RSF) Items</b>						
15	Total high-quality liquid assets (HQLA)	-	-	-	-	192
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:	-	232	40	3,467	2,933
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	-	190	-	31	50
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	-	25	24	1,548	441
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:	-	17	16	1,378	2,007
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	36	31	2,344	1,939
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	-	-	-	511	434
25	Interdependent assets	-	-	-	-	-
26	Other assets:	-	403	1	90	347
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	-	145	-	-	145
30	NSFR derivative liabilities before deduction of variation margin posted	-	33	-	-	2
31	All other assets not included in the above categories	-	225	1	84	196
32	Off-balance sheet items	-	288	-	-	14
33	<b>Total RSF</b>					<b>3,487</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>122.0%</b>

## Annex – Non applicable disclosures

Table reference	Table name	Reason
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 CR6	IRB approach – Credit risk exposures by exposure class and PD range	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 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 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 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 CVA4	RWEA flow statements of credit valuation adjustment risk under the Standardised Approach	MeDirect does not apply the Standardised Approach
EU CQ7	Collateral obtained by taking possession and execution processes	No collateral was obtained by taking possession of tangible assets.
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

## **Section 2**

### **Environmental, Social and Governance Risks - Pillar 3 Disclosures Report**

## Table of Contents

1. GENERAL OVERVIEW	<b>56</b>
2. QUALITATIVE INFORMATION ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS	<b>58</b>
2.1. QUALITATIVE INFORMATION ON ENVIRONMENTAL RISKS	<b>58</b>
2.1.1. Business strategy and processes	58
2.1.2. Governance	61
2.1.3. Risk management	63
2.2. QUALITATIVE INFORMATION ON SOCIAL RISKS	<b>72</b>
2.2.1. Business strategy and processes	72
2.2.2. Governance	74
2.2.3. Risk management	75
2.3. QUALITATIVE INFORMATION ON GOVERNANCE RISKS	<b>76</b>
2.3.1. Governance	76
2.3.2. Risk management	77
QUANTITATIVE INFORMATION ON TRANSITION RISK AND PHYSICAL RISK RELATED TO CLIMATE CHANGE	<b>77</b>
TABLE 1. BANKING BOOK- CLIMATE CHANGE TRANSITION RISK: CREDIT QUALITY OF EXPOSURES BY SECTOR, EMISSIONS AND RESIDUAL MATURITY [TEMPLATE 1]	<b>78</b>
TABLE 2. BANKING BOOK - CLIMATE CHANGE TRANSITION RISK: LOANS COLLATERALISED BY IMMOVABLE PROPERTY - ENERGY EFFICIENCY OF THE COLLATERAL [TEMPLATE 2]	<b>80</b>
TABLE 4. BANKING BOOK - CLIMATE CHANGE TRANSITION RISK: EXPOSURES TO TOP 20 CARBON-INTENSIVE FIRMS GLOBALLY [TEMPLATE 4]	<b>82</b>
TABLE 5. BANKING BOOK – CLIMATE CHANGE PHYSICAL RISK: EXPOSURES SUBJECT TO PHYSICAL RISK [TEMPLATE 5]	<b>82</b>
TABLE 6. SUMMARY OF GAR KPIS [TEMPLATE 6]	<b>85</b>
TABLE 7. MITIGATING ACTIONS: ASSETS FOR THE CALCULATION OF GAR [TEMPLATE 7]	<b>85</b>
TABLE 8. GAR (%) [TEMPLATE 8]	<b>87</b>
TABLE 9. MITIGATING ACTIONS: ASSETS FOR THE CALCULATION OF BTAR (BANKING TRANSITION ASSET RATIO) [TEMPLATE 9]	<b>88</b>
TABLE 10. OTHER CLIMATE CHANGE MITIGATING ACTIONS THAT ARE NOT COVERED IN TAXONOMY [TEMPLATE 10]	<b>90</b>

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")	<a href="#">Regulation 575/2013</a> , dated on 27.06.2013, amended by "CRR" II (2019/ <a href="#">8769</a> , May 2019) and "CRR" III ( <a href="#">2024/163</a> , 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. <a href="#">Home - CDP</a>
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")	<p><b>Physical risk</b> 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.</p> <p><b>Transition risk</b> 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: CO2/GHG emission, energy certificate labels, carbon (CO2) 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.</p>
Corporate Sustainability Reporting Directive ("CSRD")	<p>Corporate Sustainability Reporting Directive, Regulation (EU) 2021/0104, dated on 21.04.2021 <a href="#">EUR-Lex - 52021PC0189 - EN - EUR-Lex (europa.eu)</a></p> <p>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.</p> <p>The Omnibus package is a set of proposed legislative changes introduced by the European Commission in early 2025. This is still being negotiated at EU level, with political agreement reached on the 'Stop the Clock' clause as of June 2025, which involves the delay of compliance with CSRD for the different institutions that are not part of the so-called wave 1 companies to postpone the deadline by two years. Applicability criteria are also being discussed with the aim to simplify the reporting requirements at EU level.</p>
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.

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. <a href="#">ECB publishes final guide on climate-related and environmental risks for banks (europa.eu)</a>
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. <a href="#">One-off Fit-for-55 climate risk scenario analysis   European Banking Authority (europa.eu)</a>
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. <a href="#">GRI - About GRI</a>
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. <a href="#">About Us   GHG Protocol</a>
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. <a href="#">International Energy Agency – Net Zero Emissions</a>
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. <a href="#">Home – PACTA (rmi.org)</a>
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. <a href="#">carbonaccountingfinancials.com</a>
Scope emissions	<b>Scope 1 emissions:</b> 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.  <b>Scope 2 emissions:</b> 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.  <b>Scope 3 emissions:</b> 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”)	<p><a href="#">Regulation 2019/2088</a>, dated on 09.12.2019</p> <p>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.</p> <p>SFDR V2.0 is currently being discussed at EU level. In Q4 2025, SFDR 2.0 draft text for consultation is expected to be published.</p>
Task Force on Climate-related Financial Disclosure	<p>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.</p> <p><a href="#">Task Force on Climate-Related Financial Disclosures   TCFD</a> (<a href="#">fsb-tcfd.org</a>)</p>
Taxonomy Regulation	<p><a href="#">Regulation 2020/852</a>, dated on 18.06.2020</p> <p>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):</p> <ul style="list-style-type: none"> <li>• Climate change mitigation</li> <li>• Climate change adaptation</li> <li>• Sustainable use and protection of water and marine resources</li> <li>• Transition to a circular economy</li> <li>• Pollution prevention and control,</li> <li>• Protection and restoration of biodiversity and ecosystems</li> </ul> <p><b>Taxonomy Eligible Activities:</b> 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.</p> <p><b>Taxonomy Aligned Activities:</b> 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.</p>
United Nations Sustainable Development Goals principles	<p>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.</p>

## 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 risk”) under Article 449a of Capital Requirements Regulation (“CRR”). On 30 November 2022, the European Commission adopted Implementing Regulation 2022/2453<sup>9</sup> amending the technical standards set forth in Implementing Regulation (EU) 2021/637<sup>10</sup> as regards the disclosure of ESG risks. This regulation adds additional disclosure requirements related to ESG risk.

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.

<sup>9</sup> Implementing Regulation 2022/2453 shall apply from 1 January 2025 and will remain valid until 30 December 2025, after which it will be repealed by Commission Implementing Regulation (EU) 2024/3172 laying down implementing technical standards for the application of CRR 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. [Implementing regulation - EU - 2024/3172 - EN - EUR-Lex](#)

<sup>10</sup> Implementing Regulation (EU) 2021/637 is repealed with effect from 31 December 2025.

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 environmental, social, and governance 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 is currently 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 full information, refer to the Sustainability section<sup>11</sup> on the MeDirect’s website.

The Group reviews the ESG Strategy on an annual basis to ensure continued consistency with the CER Materiality Assessment, which ensures a business environment scan is conducted on a yearly basis. The last review of the Group ESG Strategy is dated May 2024. In the last quarter of 2024, the Group has updated the CER Materiality Assessment to consider more environmental risks. No material changes were identified and therefore, the Group ESG Strategy remained unchanged. The Group plans to review the ESG strategy in the second half of 2025.

In the first half of 2025, the Group carried out another double materiality assessment in accordance with the CSRD. The outcome of this assessment will guide the material topics to be reported on in the Sustainability report that the Group will prepare for the financial year 2025, in compliance with CSRD. Proposals outlined in the Omnibus Regulation published in February 2025 are being followed by MeDirect, as proposed changes relate to the applicability timeline and in-scope criteria.

An updated ESG Strategy will also be formulated from the result of the double materiality assessment.

<sup>11</sup> [ESG and Sustainability Strategy - MeDirect](#)

The Group is committed to review the implementation of its ESG Strategy on a yearly basis to ensure alignment with the wider business strategy.

### 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<sup>12</sup>, 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. CDP's comprehensive assessments, focused on climate change, forests, and water security, provide invaluable insights that MeDirect can leverage on to improve environmental practices, and take informed decisions commitments to advance its sustainability objectives, contributing to a low-carbon economy and a sustainable future.

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 MeDirect Group Non-Financial Report, ESG Strategy and 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 is actively working to support the transition to a low-carbon business and to achieve its climate targets. The Group follows international initiatives such as the Paris Climate Accords and the European Green Deal.

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
  - 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<sup>13</sup>
  - 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

<sup>12</sup> [Global, Trusted, Actionable Business Sustainability Solutions | EcoVadis](#)

<sup>13</sup> Board decision to increase the limit to 12% on 30<sup>th</sup> 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 underlying 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.

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.

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. 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<sup>14</sup>, is planned for the second half of 2025.

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 borrower 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 for a potential reclassification to NACE code G47.99, which is PACTA excluded sector. For more information, refer to the quantitative section, template 3 of this report.

In 2024, the Sustainability team provided specific training to the Malta Corporate Lending department to ensure that the team is fully equipped to identify corporate companies operating in PACTA sectors. Following the adoption of the revised NACE Codes in 2026<sup>15</sup>, a refresh of the training to the Malta Corporate Lending department will be provided.

### 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 first half of 2025, 17.01% of the new home loans in Belgium and 10.24% 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.

Out of 37 Malta Corporate Lending facilities collateralised with immovable property with unknown EPCs as of December 2024, five EPCs have been retrieved since the last reporting period. 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, 8 loans with unknown EPCs are legacy loans and will mature by December 2027, with the other 19 loans with unknown EPCs being refinancing facilities. For the Malta mortgage lending portfolio, an EPC remediation map is in place and, as part of the monthly risk monitoring and reporting, any missing EPC ratings are queried with lending operations for its retrieval and added to the EPC remediation map.

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 June 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.

<sup>14</sup> <https://files.sciencebasedtargets.org/production/files/Financial-Institutions-Near-Term-Criteria.pdf>

<sup>15</sup> <https://www.eba.europa.eu/sites/default/files/2025-06/2bf4edce-c0d9-48da-b7ca-8330c531962f/JBRC%20-%20Advice%20on%20the%20implementation%20of%20the%20NACE%20Rev.%202.1.pdf>

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 69%<sup>16</sup> as of June 2025. Moreover, as part of the Maltese Bank entity's advisory investment mandate, more than 50% of the funds on the Whitelist incorporate sustainability objectives (SFDR Articles 8 and 9).

At the end of June 2025, 12.14% of the Group's treasury portfolio was invested in green bonds<sup>17</sup>, 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, by 2024/2025 the Group is committed to screen MeDirect corporate credit portfolio to identify EU taxonomy aligned/eligible assets.

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 June 2025, it can be reported that limited data is available on taxonomy eligible and taxonomy aligned assets of both ICL and Malta corporate lending clients. Most of the clients did not report any data and therefore, the assessment is limited. For more information regarding the collection of the ESG questionnaires among corporate borrowers, please refer to section on the quantitative information of this report, template 9 on BTAR.

As a result, in the second half of 2025 the Group plans 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.

#### **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.

During 2024, ESG questionnaires have been distributed among key suppliers that have a contract value equal or exceeding €1 million, as per one of the commitments in the Group's ESG strategy. However, due to a low response rate, the Group has revised its approach in the first half of 2025.

As from 2025, the Group has started incorporating ESG due diligence during the review cycle of key suppliers and business partners. The plan is to incorporate ESG due diligence at pre-contractual and contractual stages, with ESG criteria embedded in the vendors selection matrix and standard ESG clauses to be considered by the Legal department for incorporation in legal contracts with key suppliers and business partners. The aim of the ESG due diligence is to ensure compliance with the MeDirect Suppliers and Business Partners Code of Conduct.

---

<sup>16</sup> The percentage decreased from the figure of 90% reported as of December 2024. The reason for the decrease can be described by the change in methodology adopted after an internal assessment was carried out in the first half of 2025 to ensure more accurate reporting by the Group.

<sup>17</sup> 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.

### 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

Governance body	Responsibility	Reporting and frequency of reporting
<b>Board of Directors (the "Board")</b>	Responsible for the approval and oversight of the implementation of the ESG Strategy and oversight of the thematic action plans.  It is also responsible for approving the Risk Management Framework, including ESG Risk Appetite Statement.	Reports approved by the Board; <ul style="list-style-type: none"> <li>Annual non-financial disclosures</li> <li>Bi-annual Pillar III disclosures on ESG risks</li> <li>Annual CER materiality assessment</li> </ul>
<b>Board Audit Committee ("BAC")</b>	Responsible for matters relating to ESG reporting and assurance, ESG data, and financial impacts of ESG risks and opportunities.	Reports reviewed by the BAC: <ul style="list-style-type: none"> <li>Bi-annual Pillar III disclosures on ESG risks</li> <li>Annual non-financial disclosures</li> </ul>
<b>Board Risk and Compliance Committee ("BRCC")</b>	Responsible for matters relating to ESG risk management and controls, and emerging ESG risks and regulations.  Upon request, the Chair of ESG Committee provides updates to the BRCC.	Reports reviewed by the BRCC: <ul style="list-style-type: none"> <li>Annual CER materiality assessment</li> </ul>
<b>Board Nominations and Remunerations Committee ("NRC")</b>	Responsible for matters relating to composition and skills of the management body, and ESG objectives, including KPIs, as part of the incentive structures.	Reports reviewed/monitored by NRC: <ul style="list-style-type: none"> <li>Monitoring of pay gaps</li> <li>Reviewing of recruitment process</li> <li>Remuneration policy</li> <li>Performance Management</li> <li>Employees' Objectives, including ESG-related</li> <li>Training and Development</li> <li>Retention/Attrition</li> <li>Employee Engagement/Satisfaction</li> </ul> and other ESG-related matters.

<b>Executive Committee (ExCo)</b>	Responsible for any matters escalated for discussion by the Enterprise Risk Management Committee.	No specific/regular reporting.
<b>Enterprise Risk Management Committee (ERMC)</b>	Responsible for any matters escalated for discussion by the ESG Committee.	Annual approval of the Terms of Reference of the ESG Committee and other ESG-related discussion as required.  Monthly reporting, if required, by the Chair of the ESG Committee.  Discussion on the Risk Appetite Statement – ESG, as part of the ICAAP and ILAAP package.
<b>ESG Committee</b>	Responsible for the oversight of the implementation of CER and ESG action plans, including the ESG Strategy, mainly to ensure consistency with the Group's business model, corporate culture, and values, as well as risk management framework.	Reports discussed/reviewed at ESG Committee: <ul style="list-style-type: none"> <li>• ESG Strategy</li> <li>• ESG/CER action plans</li> <li>• Annual Non-Financial report</li> <li>• Bi-annual Pillar III ESG report</li> </ul>

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.

In the first half of 2025, the Group ESG Committee terms of reference were updated to reflect the new governance structure of the Group, with the Committee reporting to the Group Enterprise Risk Management Committee ("ERMC") as of 2025.

#### 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 a support 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 also discloses the Non-Financial report based on GRI standards on a voluntary basis. The Group will be subject to the Article 8 Taxonomy reporting and the Corporate Sustainability Reporting Directive. Proposals outlined in the Omnibus Regulation published in February 2025 are being followed by the Group as proposed changes relate to the applicability timeline and in-scope criteria.

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 will implement MunichRe’s 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.

Moreover, the Group engages with Morningstar, Inc. for the data on ETFs and Mutual Funds for Advisory and Discretionary services offered by the Group.

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.

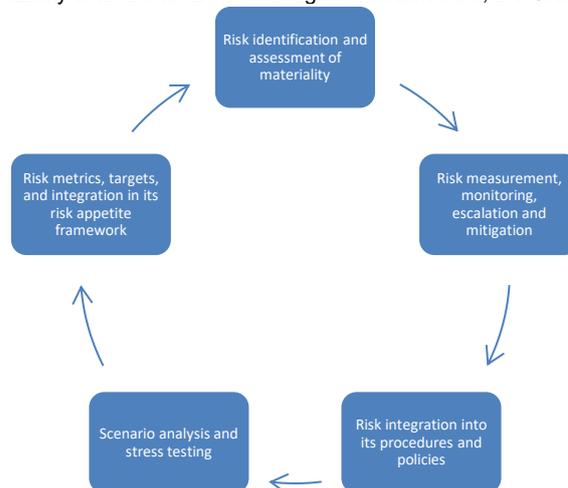
As of 2026, the Group aims to more formally demonstrate the impact of individual performance on total variable compensation of key employees’ against both qualitative and quantitative ESG objectives outlined in the ESG Strategy. This evaluation will be tailored to reflect the specific nature and responsibilities 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.

The Group formulated a separate ESG risk category in the risk universe as part of the 2025 ICAAP process, with an ESG Risk taxonomy to provide a better understanding of the type of ESG risks that the Group might be exposed to during its course of business.

Additionally, the Group updated the transmission channels table to document clearly the transmission channel between C&E risks and traditional financial and non-financial risk categories. The Sustainability Risk Appetite Statement also includes a sub-section on greenwashing risk.

In the second half of 2025, the Group aims to update the Group Sustainability Risk Policy to include the ESG Risk Inventory and revised transmission channels table to incorporate ESG risks, in addition to CER.

Table: ESG Risk Taxonomy

Type of ESG Risk	Risk Drivers	Risk	Description
<b>Climate Physical Risk</b>	Acute	Heatwaves	Daily maximum temperature of more than five consecutive days exceeds the average maximum temperature by 5°C
		Droughts	Prolonged dry period in the natural climate cycle caused by a lack of rainfall
		Floods	Abnormal accumulation of water above the ground caused by high tide, heavy rain, melting snow or rapid runoff from paved areas
		Heavy precipitation	Abnormal rain/snow/hail fall in a specific location
		Wildfires	Unplanned, unwanted fire burning in a natural area, such as a forest, grassland, or prairie
		Severe storms	Strong sustained wind, complemented by heavy precipitation (rain, hail or snow) and lightning
	Chronic	Soil erosion	Accelerated removal of topsoil from the land surface through water, wind and tillage
		Sea level rise	Increase in the level of the world's oceans due to the effects of global warming
<b>Environmental risks</b>	Natural hazard	Biodiversity loss	Unique living organisms that inhabit Earth, and the interactions among them
	Water stress / pollution	Water stress	Water scarcity either because supplies are insufficient, or infrastructure is inadequate
	Pollution	Air quality decrease	Pollutants (e.g., greenhouse gases, toxic chemicals) pose risks. Air pollution is the release of harmful substances into the atmosphere by human activity
	Land degradation	Contaminated Sites	Sites contaminated by improper handling or disposal of toxic and hazardous materials and wastes or where toxic materials may have been deposited as a result of natural disasters or acts of terror
<b>Climate Transition Risk</b>	Technological advancement	Technology change	Technological advancement bringing new challenges of adaptation by existing companies
	Policy regulation &	Environmental regulations	Changes in environmental related laws and regulations impacting the banking industry  For example, legislation on energy performance of buildings that introduces minimum energy performance standards
	Market sentiment	Change in market sentiment	Changes in supply and demand conditions for certain products and services offered by the bank as a result of C&E risks and opportunities

<b>Social Risk</b>	Human rights violations	Child labour	Exploitation of children for work that deprives them of their childhood, potential, and dignity. This concerns the value chain of organisations	
		Modern slavery/forced labour	Modern slavery encompasses various forms of coercion where individuals are forced to work against their will	
		Infringements of rights of local communities/indigenous populations	Infringements on the rights of local communities or indigenous populations often occur through land appropriation, resource exploitation, and lack of consultation in decision-making processes / lack of community engagement. Such actions can lead to loss of livelihoods, cultural erosion, and social disintegration	
	Workplace violations	Breaches of employee rights/labour rights	Violations such as unfair dismissal, denial of the right to unionise, inadequate wages, and unsafe working conditions. These breaches undermine workers' dignity and can lead to severe economic and psychological consequences	
		Unethical and illegal working conditions	Environments where labour laws are violated, leading to exploitation of workers. This includes inadequate pay, excessive working hours, unsafe environments, and lack of benefits	
		Employee discrimination	Unfair treatment based on characteristics such as race, gender, age, disability, or sexual orientation. This can manifest in hiring practices, promotions, pay disparities, or workplace harassment	
	Consumers rights violations	Restrictions on or abuse of consumers' rights	Deceptive practices such as false advertising or lack of transparency regarding product/service information. This may include also mis-selling of financial products, leading to loss of customer trust and potential regulatory fines	
		Data Privacy and Security	Inadequate protection of customer data leading to breaches, regulatory penalties, and loss of trust in the bank's ability to safeguard sensitive information	
	<b>Governance Risk</b>	Inappropriate oversight	Lack of appropriate board oversight	This risk arises when a board fails to effectively supervise management, leading to potential mismanagement or unethical practices. Insufficient oversight can result in poor decision-making, financial losses, and reputational damage
			Lack of diversity at board or governing body level	Risks associated with lack of independence, diversity, or transparency within the board, which may impair decision-making and lead to governance failures
Inadequate external or internal audit			Weak auditing processes can lead to undetected financial discrepancies, fraud, or compliance failures. Inadequate audits may result in significant financial losses and legal repercussions for organisation	
Conflict of interest			Lack of transparency, oversight and management of conflict of interest at the highest governance body	
Inappropriate/		Transparency and integrity concerning remuneration	Lack of transparency in executive and non-executive compensation can erode trust among stakeholders and lead to perceptions of inequity (income gap) within the organisation	

	Insufficient Remuneration/ Compensation	Lack of scrutiny of executive pay	When executive compensation is not adequately scrutinised, it can lead to excessive pay packages that do not reflect performance or company health
	Legal	Tax and bribery and corruption	Organisations that do not implement robust compliance measures regarding tax obligations and anti-bribery laws expose themselves to significant legal risks. Engaging in corrupt / unethical practices can result in severe penalties, reputational harm, and loss of stakeholder trust
		Regulatory Compliance	Failure to adhere to local and international regulations, including anti-corruption laws, which can result in legal penalties and loss of banking licenses
	Data protection	Poor safeguards on personal data / IT security	Inadequate protections for personal data can lead to data breaches, resulting in legal liabilities, financial losses, and reputational damage
Labour	Discriminatory employment practices	Discrimination in hiring, promotion, or workplace treatment undermines employee morale and can lead to legal challenges. Failure to address discriminatory practices can also damage the reputation among customers and stakeholders	
	Inadequate protection for whistleblowers	Establishing clear whistleblower policies encourages transparency and accountability within the organisation	
	Workplace harassment	Failure to address workplace harassment can create a toxic environment that affects employee well-being and productivity. Ignoring this issue can lead to legal consequences and high turnover rates	
	Discrimination and bullying	Workplace discrimination and bullying not only harm individual employees but also negatively impact overall organisational culture	
	Health and safety concerns for the workforce	Neglecting health and safety standards expose organisations to liability risks, including injuries or fatalities among employees	

Moreover, the table below describes the main transmission channels between C&E risks and traditional risk categories. The influence of C&E risks on credit, market, liquidity/funding, operational and reputational risk, among other risks, may depend on the severity of climate and environmental-related changes, regulatory actions and evolving market sentiment. The potential impact that greenwashing practices may have on other risks is also outlined in the transmission channels table.

In the second half of 2025, the Group plans to further update the transmission channels table to cover the Social and Governance risk factors.

Table: Mapping C&E risks with traditional risk categories (transmission channels)

Climate Transition Risk		
Risks	C&E Risks Hazards	Transmission Channel
<b>Credit Risk</b>	Technology change Environmental regulations Change in market sentiment	Transition risks can reduce the ability of retail and corporate lending clients to cover their contractual obligations resulting in lower repayment capacity, credit losses, increase of probability of default (PD) and loss given default (LGD).
<b>Market Risk</b>	Technology change Environmental regulations Change in market sentiment	Transition risks can affect employment in certain industries impacted by the changes in technology, regulations and/or market sentiment, resulting in higher unemployment, lower direct tax revenue for governments and therefore, lower repayment capacity of government debt. It can drive repricing and impact valuation of equities, fixed income products (e.g. increased sovereign risk on some markets through increasing sovereign debt and reducing access to capital market), commodities and derivatives resulting in securities sell-off, interest rates, FX and credit spreads volatility. It can impact the Group's financial assets revaluation and income.
<b>Liquidity Risk</b>	Technology change Environmental regulations Change in market sentiment	Transition risk can impact the clients' profitability (e.g. new ESG regulatory requirements or restrictions) and reduce the pool of liquid funds deposited. It can impact the Group's funding base through outflows, availability and cost of funding due to changing clients' and market sentiment towards climate-neutral assets and/or due to new environmental/climate policies. A sudden revaluation of securities (e.g. due to market sentiment) may lower the value of the Group high quality liquid assets (HQLA) affecting liquidity buffer. ESG ratings downgrades may discourage investors and increase financing costs and refinancing risk.
<b>Operational Risk</b>	Technology change Environmental regulations Change in market sentiment	Transition risk can lead to business continuity risk due to liquidity/reputational risk materialising from evolving market sentiment. Technological change and new environmental regulations can lead to higher adaptation costs (e.g. higher insurance costs) impacting Group operational costs.
<b>Reputational Risk</b>	Technology change Environmental regulations Change in market sentiment	Reputational risk may arise from the materialisation of the above risks impacting the reputation of the Group on the market and perception of the clients, regulators, stakeholders, market participants and rating agencies. Change in market sentiment may result in reputational risk if companies fail to innovate and transition to a sustainable business. New environmental regulations put pressure on companies to comply and adapt their business practices. Failure or delay in doing so may result in reputational risk for the bank. Late adopters of green technologies can be harmful to their reputation, lose market advantage and can detract investors' attention.
<b>Litigation Risk</b>	Environmental regulations	Litigation risk consists of the risk of any potential claim made against the Bank and/or legal proceedings instituted against the Bank as a result of the Bank's alleged failure to observe its CER and ESG-related obligations and/or carry out its business in a sustainable manner. It is important to note that the term "litigation risk" is to be understood broadly and can result from a number of different factors, including (but not limited to): <ul style="list-style-type: none"> <li>(i) Environmental &amp; climate change-related claims</li> <li>(ii) Claims alleging potential greenwashing</li> <li>(iii) Claims alleging human rights violations</li> <li>(iv) Liability for supply chains &amp; subsidiaries</li> <li>(v) Alleged directorial misconduct and/or neglect of directorship duties</li> <li>(vi) Stakeholder activism</li> </ul> Not complying with the guidelines, norms, and regulations related to ESG/CER transformation may result in regulatory actions and market participants' litigation actions (e.g. lawsuits).

Climate Physical Risk		
Risks	C&E Risks Hazards	Transmission Channel
Credit Risk	Floods Heavy precipitation Severe storms Soil erosion Sea level rise	Physical risks can reduce the ability of retail and corporate clients to cover their contractual obligations due to existing lending contracts due to depreciation/erosion of collateral values (e.g., stranded assets, property damage due to physical weather events, etc.).  It can impact the Group through credit losses, increase of probability of default (PD) and loss given default (LGD) due to geographical location of the collateral.
Market Risk	Heatwaves Floods Heavy precipitation Severe storms Soil erosion Sea level rise	Physical risks can impact the Group's financial assets revaluation/pricing leading to less net interest income.  It can result in country risk due to physical hazards impacting companies' profitability, leading to higher unemployment, as well as impacting the country's infrastructure leading to lower government debt repayment capacity.
Liquidity Risk	Floods Heavy precipitation Severe storms Soil erosion Sea level rise	Physical risks can impact the client's profitability and reduce the pool of liquid funds deposited / increase in demand for funds (bank run) due to renovations required on damaged property caused by physical weather events.  It can impact the Group funding base through outflows, availability and cost of funding due to impact of physical weather events.  Sudden revaluation of securities (e.g. due to stranded assets) may lower the value of the Group high quality liquid assets (HQLA) affecting liquidity buffer.  ESG ratings downgrades (e.g. lower EPC) may discourage investors and increase financing costs and refinancing risk.  The impact on the country's infrastructure (mentioned under market risk) can lead to lower government debt repayment capacity, leading in turn to HQLA devaluation and deterioration of the Liquidity Coverage Ratio (LCR).
Operational Risk	Floods Heavy precipitation Severe storms Soil erosion Sea level rise	Physical risks can lead to damage to the bank's operational centers, clients service delivery disruption and business continuity risk as a result of physical weather events.  It can lead to higher energy, water and insurance costs impacting the Group's operational costs.
Reputational Risk	Heatwaves Droughts Floods Heavy precipitation Severe storms Soil erosion Sea level rise	Reputational Risk may arise from the materialisation of the above risks impacting reputation of the Group on the market and perception of the clients, regulators, stakeholders, market participants and rating agencies.

Litigation Risk		<p>Litigation risk consists of the risk of any potential claim made against the Bank and/or legal proceedings instituted against the Bank as a result of the Bank’s alleged failure to observe its CER and ESG-related obligations and/or carry out its business in a sustainable manner.</p> <p>It is important to note that the term “litigation risk” is to be understood broadly and can result from a number of different factors, including (but not limited to):</p> <ul style="list-style-type: none"> <li>(i) Environmental &amp; climate change-related claims</li> <li>(ii) Claims alleging potential greenwashing</li> <li>(iii) Claims alleging human rights violations</li> <li>(iv) Liability for supply chains &amp; subsidiaries</li> <li>(v) Alleged directorial misconduct and/or neglect of directorship duties</li> <li>(vi) Stakeholder activism</li> </ul>
-----------------	--	---

Environmental Risk		
Risks	C&E Risks Hazards	Transmission Channel
Credit Risk	Biodiversity loss Water stress Air quality decrease Contaminated Sites	<p>Environmental risks can reduce the ability of corporate clients working in the agricultural sector to cover their contractual obligations due on existing lending contracts due to reduced agricultural productivity and supply chain disruptions as a result of biodiversity loss.</p> <p>It can increase default rates due to health impacts resulting from bad air quality and water scarcity.</p> <p>Contaminated sites will plummet property values, leading to a reduced collateral value.</p>
Operational Risk	Biodiversity loss Water stress Air quality decrease Contaminated Sites	<p>Environmental risks can lead to disruptions in supply chains due to biodiversity loss, operational disruptions due to water scarcity and contamination clean-up, as well as potential health-related workforce disruptions due to a decrease in air quality.</p>
Reputational Risk	Biodiversity loss Water stress Air quality decrease Contaminated Sites	<p>Reputational Risk may arise from the materialisation of the above risks impacting reputation of the Group on the market and perception of the clients, regulators, stakeholders, market participants and rating agencies.</p> <p>Environmental risks can lead to negative public perception and loss of client trust, which impact negatively the reputation of the bank.</p>
Litigation Risk	Biodiversity loss Air quality decrease Contaminated Sites	<p>Litigation risk consists of the risk of any potential claim made against the Bank and/or legal proceedings instituted against the Bank as a result of the Bank’s alleged involvement towards financing inefficient energy buildings leading to loss of air quality and construction sites impacting biodiversity due to being within/on areas of ecological importance, as well as contaminated sites.</p>

Greenwashing Risk		
Risks	Risks Hazards	Transmission Channel
Reputational Risk	Greenwashing practices	<p>Reputational risk may arise due to miscommunication to the public, mis-selling of products, and ongoing litigation or legal actions due to alleged greenwashing by clients.</p>

Operational Risk (including Litigation risk)	Litigation or legal actions against the Bank and associated losses, fines or penalties imposed through regulatory or judicial proceedings.
Strategic Risk	Risk to business model due to loss of confidence by market participants, and loss of income resulting from misconduct.
Liquidity and funding Risk	Reputational damage resulting in reduced access or less favourable market funding.
Credit Risk	Impact of greenwashing practice conducted by counterparties may weaken their creditworthiness and therefore, impact their ability to honour their financial commitments toward the Bank.
Market Risk	Greenwashing controversies may impact the market price of financial instruments.
Prudential and Conduct Risk	Greenwashing practices may impact the financial soundness of the Bank.

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.

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**

The Group incorporates CER principles in its main business processes, as outlined in the Sustainability Risk Policy, 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 organisation, 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 June 2025, the exposure to sectors contributing significantly to climate change is 5.94% of Group’s assets.

To assess CER in its lending process, an ESG questionnaire is used during loan origination for Maltese corporate lending clients and for post-transaction analysis for the international syndicated lending portfolio. 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 a Moody’s heatmap for the international syndicated lending portfolio and by using either an internal sectoral heatmap or an ESG scorecard for the Maltese corporate lending portfolio.

The internal sectoral heatmap is used for all sectors, except for the Construction and Real Estate sectors. For the latter two sectors, an ESG scorecard is used. The implementation of the scorecard for the Malta corporate lending portfolio was incorporated in 2025. In the second half of 2025, an engagement approach with corporate clients scoring a high ESG risk score will be identified to mitigate and reduce ESG risks.

For the Maltese residential mortgages business, the incorporation of an ESG scorecard is planned for the second half of 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. An IT tool is being developed to automate the negative news searches currently conducted manually by the corporate banking unit.

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 (“KRI”) 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, coastal and 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, treasury and hedging, 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 includes on and off-balance sheet assets and contingencies, covering climate (physical) and environmental risks (Floods/Fluvial, Sea Level Risk, Drought/Extreme Heat, Forest Fire/Wildfire, Biodiversity Loss, Water Stress) and other climate (transition) risks (Policy/Regulations, Stranded Asset Risk, Market Sentiment, Technology Change), including high-level impact horizons. Therefore, the assessment measures the risk materialisation and time horizon with respect to the risk impact horizon. The time horizon refers to actual years in terms of risk impact: 1-3 years, 3-10 years and 10+ years.

The Group uses climate heatmaps, research and maps to evaluate these risks. The assessment is conducted using a proportional and risk-based approach, applying available sources and data.

In December 2024, the Group updated the CER Materiality Assessment to incorporate additional environmental risks. 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.

The assessment 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.

Going forward, the Group plans to update 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 will integrate social and governance factors in the next review of the ESG materiality assessment planned during the last quarter of 2025.

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
- Mortgage Portfolio Sea Hazard Risk – % of Netherlands/Belgium Buy-To-Ley/mortgage portfolio exposure in higher sea hazard 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 International Corporate Lending, Maltese Corporate Lending, Dutch 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 the Belgian and Maltese mortgage portfolios. For more information, refer to the Group Annual Report for the year end December 2024.

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. In the 2025 ICAAP and ILAAP revisions, the Group enhanced the ICAAP stress testing scenarios and have also included CER in the liquidity stress testing.

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. It is expected that more accurate and reliable data points will be collected as more and better data sources become available (e.g., as a result of the implementation of the Corporate Sustainability Reporting Directive ("CSRD") and the European Reporting Standards ("ESRS")).

### 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. The Group is preparing to carry out an equal pay assessment across its workforce in accordance with the EU Gender Pay Gap Transparency Directive, with the aim of completing it 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%<sup>18</sup>
- Key senior management having specific and relevant ESG/CER objectives
- Maintain Board gender diversity with a minimum 20% 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%

---

<sup>18</sup> 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).

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

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)
- 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

For more information regarding the progress of the implementation of ESG Strategy commitments, please refer to the Non-Financial report that is published on the bank’s website.

### 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 with 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 documents 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. For the 2025 voluntary and charitable activities and sponsorships plan, refer to section 6 of the Non-Financial Report that is published on the bank’s website.

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 Non-Financial report, 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 should assess any (potential) conflicts of interest before the start of the meeting. If required, the secretary of the Committee should 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. A summary of the key metrics is included in the annual Group Non-Financial Report.

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.

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 Inventory, including social risks, that the Group may be exposed to. In the second half of 2025, the Group aims to update 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.

In 2023, the Group 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). The implementation of the ESG scorecard for Maltese retail mortgage clients is planned for the second half of 2025. 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 every security purchase, including social risks such as the enforcement of labour rights in the supply chain for private covered bonds and human rights for sovereign bonds. For the wealth platform, in the second half of 2025 the Bank intends to start assessing the social risks of the financial instruments available both at geographical and sectoral level.

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 Bank's Customer 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 Bank'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
<ul style="list-style-type: none"> <li>Illegal or fraudulent activities by individuals</li> <li>Employee behaviour and conduct</li> <li>Misuse of client information</li> <li>Doing business in an unethical manner</li> <li>Greenwashing practices</li> </ul>	<ul style="list-style-type: none"> <li>Breach of regulatory requirements, including labour law and employee practices</li> <li>Business activities that contradict brand core values</li> <li>Inappropriate controls and internal governance of key decisions and processes</li> </ul>	<ul style="list-style-type: none"> <li>Poor customer relations</li> <li>Non-performance of core infrastructure and controls</li> <li>Business disruption and inadequate continuity plans</li> </ul>	<ul style="list-style-type: none"> <li>Incorrect or unfounded rumours</li> <li>Negative public remarks by public institutions/figures</li> <li>Industry, market or jurisdictional contagion risk</li> </ul>

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 that is published on its 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
- 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)

Refer to the Non-Financial Report for more information regarding the metrics linked to the ESG Strategy commitments.

#### 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 and Group Non-financial report 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.

### 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 plans to update 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 Group's Customer 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. Refer to the Non-Financial report, Section 3 on Governance, for more information. In the first half of 2025, the Group implemented an ESG Risk Assessment model for all its corporate clients at onboarding stage.

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.

With the implementation of the CSRD, MeDirect will integrate additional governance risk assessment aspects for its clients. 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<sup>19</sup>, 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 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. It is expected that more accurate and quality data points will be collected as more and better data sources will become available, as a result of the further implementation of the CSRD and the ESRS.

---

<sup>19</sup> [Annex II - Instructions for ESG prudential disclosures templates](#)

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: <ul style="list-style-type: none"> <li>column C (environmentally sustainable exposures) to be reported as from 2023 YE Group Pillar III Report</li> <li>column I/J/K (GHG emissions) to be reported as from H1 2024 Group Pillar III Report</li> </ul>	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: <ul style="list-style-type: none"> <li>column C (environmentally sustainable exposures) to be reported as from 2023 YE Group Pillar III Report</li> </ul>	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	Yes	To be reported as from 2023 YE Group Pillar III Report	Reported as from 2023 YE Group Pillar III Report
7	Mitigating actions: Assets for the calculation of GAR	Yes	To be reported as from 2023 YE Group Pillar III Report	Reported as from 2023 YE Group Pillar III Report
8	GAR (%)	Yes	To be reported as from 2023 YE Group Pillar III Report	Reported as from 2023 YE Group Pillar III Report
9	Mitigating actions: BTAR	Yes	To be reported as from 2024 YE Group Pillar III Report	Reported as from 2024 YE Group Pillar III Report
10	Other climate change mitigating actions that are not covered in the EU Taxonomy	Yes		Reported as from 2022 YE Group Pillar III Report

**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 34.7% of the Group's corporate lending exposure at the end of June 2025 is classified as activities of the holding companies. 41.8% of the exposure to holding companies is included in the Dutch professional Buy-To-Let mortgage portfolio for legal entities.

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 and Maltese corporate loans.

MeDirect analysed its international corporate lending portfolio, Maltese corporate lending portfolio and Dutch professional Buy-To-Let mortgage portfolio, including loans, advances and bonds. These portfolios represent approximately 9.76% of the Group's assets as of June 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

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
	a	b	c	d	e	f	g	h	i	j						
1 Exposures towards sectors that highly contribute to climate change	304.0	0.2	0.0	9.1	45.3	-4.4	-0.3	-3.8	45,579.6	41,968.2	100	133.7	21.8	148.6	0.0	8.2
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	15.6	0.0	0.0	0.0	0.4	-0.2	0.0	-0.1	19,347.8	18,984.4	100	8.9	6.8	0.0	0.0	4.4
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.2	31.2	100	0.0	0.0	0	0.0	0.0
24 C.24 - Manufacture of basic metals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,345.1	1,344.6	100	0.4	1.4	0.0	0.0	4.9
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.	0.4	0.0	0.0	0.0	0.4	-0.1	0.0	-0.1	115.0	6.5	100	0.4	0.0	0.0	0.0	2.5
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17,414.8	17,312.5	100	0.0	5.4	0.0	0.0	5.4
30 C.30 - Manufacture of other transport equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 C.31 - Manufacture of furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 C.32 - Other manufacturing	8.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	441.7	289.6	100	8.1	0.0	0.0	0.0	3.7
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	88.5	0.0	0.0	2.3	2.2	-0.3	0.0	-0.2	6,919.7	6,048.8	100	42.3	0.0	46.2	0.0	8.8
41 F.41 - Construction of buildings	80.0	0.0	0.0	2.3	2.2	-0.3	0.0	-0.2	6,516.6	5,681.6	100	36.2	0.0	43.8	0.0	9.1
42 F.42 - Civil engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43 F.43 - Specialised construction activities	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	403.1	367.2	100	6.1	0.0	2.4	0.0	5.8
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	22.9	0.2	0.0	6.8	1.0	-0.3	0.0	-0.2	5,727.0	5,324.7	100	21.0	0.0	1.9	0.0	3.5
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	27.2	0.0	0.0	0.0	21.6	-2.2	0.0	-2.2	8,739.5	8,726.4	100	21.8	0.6	4.8	0.0	3.5
52 L - Real estate activities	149.8	0.0	0.0	0.0	20.2	-1.4	0.0	-1.3	4,845.6	2,883.9	100	39.7	14.4	95.7	0.0	9.9
53 Exposures towards sectors other than those that highly contribute to climate change <sup>1</sup>	196.0	0.0	0.0	46.0	0.6	-1.5	-0.9	-0.4				101.3	0.0	94.7	0.0	7.6
54 K - Financial and insurance activities	64.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0				4.5	0.0	60.0	0.0	13.3
55 Exposures to other sectors (NACE codes J, M - U)	131.6	0.0	0.0	46.0	0.6	-1.5	-0.9	-0.4				96.8	0.0	34.8	0.0	4.8
56 TOTAL	500.0	0.2	0.0	55.0	45.9	-6.0	-1.2	-4.2	45,579.6	41,968.2	100	235.0	21.8	243.3	0.0	8.0

<sup>1</sup> 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. The assessment was conducted internally by the corporate lending departments based on an expert review of the portfolio of non-financial corporations, determined 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 gCO<sub>2</sub>e/kWh.
- companies that are found or estimated to significantly harm one or more of the Group's environmental objectives

One position in the Maltese corporate lending portfolio falls under column B. The company is engaged in the wholesale distribution of oil fuels in Malta, deriving 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels. The company operates a local fuel station and supplies fuel to contractors and boats onshore. The total exposure to this counterparty is 0.176 million euros as of June 2025.

**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<sup>2</sup> 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)<sup>20</sup>, 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. 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.

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<sup>2</sup>).
- Netherlands mortgage portfolio – due to lack of official yearly energy requirements (kWh/m<sup>2</sup>) 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<sup>2</sup>) 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<sup>2</sup>) 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.

<sup>20</sup> 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 will repeal the 2012 Directive, and it must be transposed into national law by 11 October 2025.

**Table 2. Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral**

	Total gross carrying amount (in M EUR)																
	Level of energy efficiency (EP score in kWh/m <sup>2</sup> 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/m <sup>2</sup> of collateral) estimated			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
1	Total EU area	2,992	277	681	973	389	163	60	489	329	703	331	207	207	123	601	-
2	Of which Loans collateralised by commercial immovable property	185	3	15	5	1	0	0	2	1	1	1	1	0	0	178	-
3	Of which Loans collateralised by residential immovable property	2,806	274	667	968	387	162	200	487	329	702	330	206	207	123	423	-
4	Of which Collateral obtained by taking possession: residential and commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-
5	Of which Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated	1,834	118	456	845	297	117	0								0	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated	-	-	-	-	-	-	-								-	-

NOTE: All Malta mortgages - retail and corporate - EPC label is classified as “without EPC label of collateral” given there is no official EPC classification in Malta. Malta corporate 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 both loans for which the collateral EPC is unknown and collateral without EPC label. The EPC labels are not to be reported for estimated level of energy efficiency (cells in grey). The table was updated based on verified and revisited data.

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. Dutch Buy-to-let loans, for both retail and legal entities, are included under row 3. 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.

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 has one corporate client engaged in activities that fall under the scope of the climate change transition risk alignment metrics, with a gross carrying amount exposure of 5.384 million euros. This client is a North American manufacturer of recreational motor vehicles -NACE code C29.10- with an exposure of 5.4 million euros. This loan was originated in the first half of 2024 as part of the international corporate lending portfolio.

In Q1 2025, the NACE code 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 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.

**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	C29.10	5.38	289.03 gco2/vkm	2024	180.4	129.94 gco2/vkm
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 relevant to the business model of the institution	-	-	-	-	-	-

\*\*\* PIT distance to 2030 NZE2050 scenario in % (for each metric)

NOTE: Template 3 has been restated for the reference dates June 2024 and December 2024 after changing the alignment metric for the automotive sector from MtCO2e to gCO2/vkm. The change was done to measure the alignment of the counterparty in the automotive sector in accordance with the IEA NZE scenario for 2050. After the change in the alignment metric and calculation methodology, the distance to IEA NZE 2050 and the target were recalculated as well. For the calculation of the distance to IEA NZE2050 and target the passenger cars and light-duty vehicles category was selected, in the absence of an IEA category for recreational vehicles (RVs). After the Scope 3 Category 11 emissions (use of sold products) published by the borrower, the distance to IEA NZE2050 is 180.4%. The large distance can be explained in part by the larger emissions of RVs compared to passenger cars and light-duty vehicles, however the Bank is committed to monitor the evolution of the borrower's alignment metric in the subsequent reporting periods.

**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 "Carbon Majors Database (CMD) Report" in April 2024. 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

**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 58.4% of the Group's assets at the end of June 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**

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	of which Stage 2 exposures	Of which non-performing exposures
1 A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 C - Manufacturing	15.65	-	-	-	-	-	-	-	-	-	-	-	-	-
4 D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 F - Construction	88.52	-	-	8.70	-	13.51	8.70	-	-	-	-	0.00	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	22.87	-	-	-	-	-	-	-	-	-	-	-	-	-
8 H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 L - Real estate activities	149.76	-	-	46.89	-	13.82	41.25	5.64	-	-	-	0.00	-	-
10 Loans collateralised by residential immovable property	2806.40	4.95	12.09	241.85	1300.13	23.77	1464.02	77.91	17.09	6.36	2.72	-0.67	-0.14	-0.26
11 Loans collateralised by commercial immovable property	185.37	-	-	7.54	-	13.98	7.54	-	-	-	-	0.00	-	-
12 Repossessed collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Other relevant sectors (breakdown below where relevant)	130.72	-	-	52.83	-	14.24	52.07	-	0.76	-	-	0.00	-	-
14 K - Financial and insurance activities	64.41	-	-	32.26	-	14.24	31.50	-	0.76	-	-	0.00	-	-
15 M - Professional, scientific and technical activities	23.15	-	-	10.77	-	13.73	10.77	-	-	-	-	0.00	-	-
16 R - Arts, entertainment and recreation	43.16	-	-	9.80	-	14.77	9.80	-	-	-	-	0.00	-	-

NOTE: Rows 10 and 11 comprise of the Malta retail mortgages, Malta corporate lending collateralised with immovable properties, Belgian mortgage receivables, Dutch NHG mortgage receivables, and Dutch Buy-To-Let mortgage 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). Buy-To-Let mortgage loans to Dutch legal entities are also disclosed under NACE codes F, L, K, M and R. The table was updated based on verified and revisited data. Template 5 reference date December 2024 was republished to include Buy-To-Let mortgage loans to Dutch legal entities under NACE codes K, M and R.

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 sum of the three geographies does not match the total exposure by NACE code in the summary table above because the Bank has exposures to corporate loans in its ICL portfolio to non-financial entities in other geographies which are included in rows 1-16 of the summary table. These exposures to corporate loans 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**

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	of which	of which	Of which	Of which	Accumulated impairment, accumulated	of which	Of which	
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	exposures sensitive to impact from chronic climate	exposures sensitive to impact from acute climate	exposures sensitive to impact both from chronic and acute climate	Stage 2 exposures	non-performing exposures	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	18.84	-	-	8.70	-	13.51	8.70	-	-	0.00	-	-	-	
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	9.94	-	-	-	-	-	-	-	-	-	-	-	-	
8 H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	
9 L - Real estate activities	68.50	-	-	46.89	-	13.82	41.25	5.64	-	-	0.00	-	-	
10 Loans collateralised by residential immovable property	2236.36	4.89	1.77	172.36	1,040.42	24.33	1,124.45	77.91	17.09	3.97	1.06	-0.18	-0.11	-0.01
11 Loans collateralised by commercial immovable property	12.01	-	-	7.54	-	13.98	7.54	-	-	-	0.00	-	-	
12 Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	
13 Other relevant sectors (breakdown below where relevant)	80.75	-	-	52.83	-	14.24	52.07	-	0.76	-	0.00	-	-	
14 K - Financial and insurance activities	53.97	-	-	32.26	-	14.24	31.50	-	0.76	-	0.00	-	-	
15 M - Professional, scientific and technical activities	16.98	-	-	10.77	-	13.73	10.77	-	-	-	0.00	-	-	
16 R - Arts, entertainment and recreation	9.80	-	-	9.80	-	14.77	9.80	-	-	-	0.00	-	-	

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, M and R, following internal reclassification of NACE codes. One facility in the ICL portfolio with EUR 9.94m exposure classified under NACE code G is a company based in the Netherlands. This loan is not collateralised with immovable property, and no physical risk is assessed for this facility.

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**

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	of which	of which	Of which	Of which	Accumulated impairment, accumulated	of which	Of which	
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	exposures sensitive to impact from chronic climate change	exposures sensitive to impact from acute climate change events	exposures sensitive to impact both from chronic and acute climate	Stage 2 exposures	non-performing exposures	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	6.77	-	-	-	-	-	-	-	-	-	-	-	-	
8 H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	
9 L - Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	
10 Loans collateralised by residential immovable property	429.46	0.06	10.32	69.49	259.71	21.75	339.58	0.00	0.00	2.40	2.72	-0.49	-0.03	-0.24
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. One facility in the ICL portfolio with EUR 6.77m exposure classified under NACE code G is a company based in Belgium. This loan is not collateralised with immovable property, and no physical risk is assessed for this facility.

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**

Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)														
	Breakdown by maturity bucket				of which exposures sensitive to impact from chronic climate change				of which exposures sensitive to impact from acute climate change events				Of which Stage 2 exposures	Accumulated impairment, of which Stage 2 exposures	
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which exposures sensitive to impact from chronic climate change	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate	Of which Stage 2 exposures	Of which non-performing exposures	of which Stage 2 exposures	Of which non-performing exposures			
1 A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-		
2 B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-		
3 C - Manufacturing	1.87	-	-	-	-	-	-	-	-	-	-	-	-		
4 D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-		
5 E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-		
6 F - Construction	69.68	-	-	-	-	-	-	-	-	-	-	-	-		
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5.18	-	-	-	-	-	-	-	-	-	-	-	-		
8 H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-		
9 L - Real estate activities	65.81	-	-	-	-	-	-	-	-	-	-	-	-		
10 Loans collateralised by residential immovable property	140.58	-	-	-	-	-	-	-	-	-	-	-	-		
11 Loans collateralised by commercial immovable property	173.35	-	-	-	-	-	-	-	-	-	-	-	-		
12 Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-		
13 Other relevant sectors (breakdown below where relevant)	16.61	-	-	-	-	-	-	-	-	-	-	-	-		
14 K - Financial and insurance activities	10.44	-	-	-	-	-	-	-	-	-	-	-	-		
15 M - Professional, scientific and technical activities	6.17	-	-	-	-	-	-	-	-	-	-	-	-		
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 all corporate loans -both collateralised and not collateralised by immovable property- arranged by NACE code.

The international corporate lending portfolio accounts for approximately 3.06% of the Group's assets as at June 2025. The portfolio is invested primarily in Western/Northern European exposures and 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 is assessed as carrying a low level of physical risk exposure.

The Malta corporate lending portfolio is relatively small (approximately 3.43% of the Group's assets as at June 2025) and concentrated, with 77.27% 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 6. Summary of GAR KPIs [Template 6]**

The objective of this template is to provide a summary of the Key Performance Indicators ("KPIs") related to Taxonomy-aligned exposures. This template aims to offer a concise overview of the performance indicators that are specifically aligned with the Taxonomy requirements, focusing on the environmental sustainability aspects of financial institutions' exposures. By detailing these KPIs, this template helps institutions disclose essential information on whether their exposures are in line with the Taxonomy criteria, thereby enhancing transparency and accountability in ESG risk reporting.

**Table 6. Summary of GAR KPIs**

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	7.11%	0.0001%	7.11%	90.68%
GAR flow	16.77%	0.0000%	16.77%	49.63%

\* % of assets covered by the KPI over banks' total assets

NOTE: the calculation and breakdown of the GAR on stock and flows is explained in template 8.

**Table 7. Mitigating actions: Assets for the calculation of GAR [Template 7]**

The main objective of Template 7 is to enable financial institutions to disclose the actions for mitigation and adaptation to climate change they have taken. The exposure of assets for climate change adaptation and mitigation is used in the calculation of the Green Asset Ratio ("GAR"). The GAR is a key performance indicator that measures the proportion of an institution's exposures that are taxonomy-aligned, i.e., financing economic activities that contribute substantially to environmental objectives while avoiding significant harm to other objectives.

Mitigating actions are crucial in the context of the GAR because they demonstrate the steps financial institutions are taking to reduce the environmental impact of their exposures and align them with the Taxonomy requirements. By disclosing these actions, institutions can provide a more comprehensive picture of their efforts to promote sustainable finance and manage ESG risks.



NOTE: No exposure to NFRD corporate clients. Only exposure to non-NFRD retail/corporate clients reported in the table. For the Dutch mortgage portfolio, the exposure is split between Buy-to-let loans granted to non-NFRD legal entities (corporates) and Buy-to-let loans granted to households (retail).

The Annex to the Commission draft delegated act supplementing the Taxonomy Regulation<sup>21</sup> specifies different screening criteria for the acquisition of buildings built on or before 31 December 2020 and for acquisition of buildings built after 31 December 2020. Buildings built before 31 December 2020 should have at least an EPC class A in order to be classified as Taxonomy aligned, according to the taxonomy screening criteria. For transactions on buildings built after 31 December 2020, in accordance with the taxonomy screening criteria, the Primary Energy Demand ("PED"), defining the energy performance of the building resulting from the construction, should be at least 20% lower than the threshold set for the nearly zero energy building ("NZEB") requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council.

In the Netherlands the energy efficiency score for properties built after 31 December 2020 to be considered taxonomy aligned is 40 kWh/m<sup>2</sup>, however the actual level of energy efficiency in kWh/m<sup>2</sup> is not available for the properties in the Dutch mortgage portfolio and therefore, for properties built after December 2020, only mortgages on properties with EPC label A+++, energy neutral, can be considered to be taxonomy aligned. Adopting a conservative approach, the exposure to loans collateralised with properties built after 31 December 2020 with an EPC label A+++ is not considered taxonomy aligned because these properties have an EP score of 0-50 kWh/m<sup>2</sup> and it cannot be determine which loans have an EP score lower than 40 kWh/m<sup>2</sup>, given the actual EP scores at a loan level are not available. For the loans on the acquisition of buildings built before 31 December 2020 of the Dutch portfolio, those collaterals with EPC label A were considered as taxonomy aligned as explained in the Annex to the Commission draft delegated act supplementing the Taxonomy Regulation.

For the Belgium mortgage portfolio, collateral properties built before 31 December 2020 and with EPC label A were considered as taxonomy aligned. Belgian properties built after 31 December 2020 with an energy efficiency below 54 kWh/m<sup>2</sup> for Brussels region, 24 kWh/m<sup>2</sup> for Flanders region and 102 kWh/m<sup>2</sup> for Wallonia region (20% lower than the primary energy demand resulting from the relevant NZEB requirements) were considered as taxonomy aligned.

In the Malta mortgage portfolio, for properties built before 31 December 2020 it was not possible to estimate taxonomy aligned assets given there is no official EPC label classification; hence, it was not possible to estimate A-EPC labels from the energy efficiency data. Maltese properties built after 31 December 2020 with an energy efficiency below 67.2 kWh/m<sup>2</sup> (20% lower than the primary energy demand resulting from the relevant NZEB requirements) were considered as taxonomy aligned.

Loans collateralised with properties with unknown construction year data were considered to be built before December 2020 for the calculation of taxonomy alignment. Loans collateralised with properties with unknown energy efficiency data were not considered to be taxonomy aligned. No counterparty in our Maltese and International corporate lending portfolios reports under NFRD. The taxonomy information of the counterparties in the corporate lending portfolio is reported under BTAR template 9.

Data on taxonomy eligible and aligned activities of the financial corporations from whom MeDirect owns covered bonds (Treasury portfolio) was retrieved from annual reports, non-financial reports and green asset ratios. For some financial entities, this data was not publicly available, and taxonomy eligible and aligned activities were considered nil.

### Table 8. GAR (%) [Template 8]

The purpose of this template is to show to what extent credit institutions' activities qualify as environmentally sustainable in accordance with Articles 3 and 9 of Regulation (EU) 2020/852 so that stakeholders can understand the actions put in place by the institutions to mitigate climate change transition and physical risks.

The template provides information regarding the Green Asset Ratio both for the current reporting period - KPIs on flows - and for the total - KPIs on stock - and divided by climate change mitigation and adaptation activity exposure.

Table 8.1. GAR (%) – KPIs on stock

% (compared to total covered assets in the denominator)	Disclosure reference date T: KPIs on stock															Proportion of total assets covered
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					
	Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable					
	Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which adaptation	Of which enabling		Of which specialised lending	Of which transitional/adaptation	Of which enabling		Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1 GAR	58.78%	7.11%	-	-	0.00%	0.00%	-	-	-	58.78%	7.11%	-	-	-	-	90.68%
2 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	58.78%	7.11%	-	-	0.00%	0.00%	-	-	-	58.78%	7.11%	-	-	-	-	90.68%
3 Financial corporations	20.25%	2.37%	-	-	0.02%	0.00%	-	-	-	20.27%	2.37%	-	-	-	-	7.53%
4 Credit institutions	20.25%	2.37%	-	-	0.02%	0.00%	-	-	-	20.27%	2.37%	-	-	-	-	7.53%
5 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Households	100.00%	12.11%	-	-	-	-	-	-	-	100.00%	12.11%	-	-	-	-	51.78%
11 of which loans collateralised by residential immovable property	100.00%	12.11%	-	-	-	-	-	-	-	100.00%	12.11%	-	-	-	-	51.78%
12 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: the KPIs on stock of GAR are calculated after the data in template 7.

<sup>21</sup> [Report - Advice to COM Disclosure Article 8 Taxonomy.pdf \(europa.eu\)](#)

**Table 8.2. GAR (%) – KPIs on flows**

% (compared to total covered assets in the denominator)	Disclosure reference date T: KPIs on flows															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
	Of which environmentally sustainable			Of which environmentally sustainable		Of which environmentally sustainable			Of which environmentally sustainable		Of which environmentally sustainable			Proportion of total new assets covered		
Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which transitional/a daptation	Of which enabling						
1 GAR	100.00%	16.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	16.77%	0.00%	0.00%	0.00%	49.63%
2 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	100.00%	16.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	16.77%	0.00%	0.00%	0.00%	49.63%
3 Financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Households	100.00%	16.77%	0.00%	0.00%	0.00%	-	-	-	-	-	100.00%	16.77%	0.00%	0.00%	0.00%	49.63%
11 of which loans collateralised by residential immovable property	100.00%	16.77%	0.00%	0.00%	0.00%	-	-	-	-	-	100.00%	16.77%	0.00%	0.00%	0.00%	49.63%
12 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: KPIs on flows discloses the gross carrying amount of eligible and aligned new assets funding taxonomy relevant activities in the reporting period.

**Table 9. Mitigating actions: Assets for the calculation of BTAR (Banking Transition Asset Ratio) [Template 9]**

The objective of this template is to disclose the extent to which the bank holds assets that -not included in the Green Asset Ratio disclosure- qualify as mitigating actions against climate change transition risks in accordance with the EU Taxonomy Regulation (Regulation (EU) 2020/852).

According to Annex XL of Commission Implementing Regulation (EU) 2022/2453<sup>22</sup> amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637, the first disclosure reference date of Template 9 'Mitigating actions: Assets for the calculation of BTAR' is 31 December 2024.

In H1 2024, the Group started retrieving taxonomy information of its counterparties in the Malta and International Corporate Lending portfolios through the distribution of an ESG questionnaire and through public sustainability disclosures.

**Table 9.1. Mitigating actions: Assets for the calculation of BTAR**

Million EUR	Disclosure reference date T															
	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)				
	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which transitional/a daptation	Of which enabling		
1 Total GAR Assets	3,038	2,728	330	-	-	0	0	-	-	-	2,728	330	-	-	-	
Assets excluded from the numerator for GAR calculation (covered in the denominator) but included in the numerator and denominator of the BTAR																
2 EU Non-financial corporations (not subject to NFRD disclosure obligations)	472	0	0	-	-	0	0	-	-	-	0	0	-	-	-	
3 Loans and advances	472	0	0	-	-	0	0	-	-	-	0	0	-	-	-	
4 of which loans collateralised by commercial immovable property	181	0	0	-	-	-	-	-	-	-	0	0	-	-	-	
5 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8 Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	28	0	0	-	-	0	0	-	-	-	0	0	-	-	-	
9 Loans and advances	28	0	0	-	-	0	0	-	-	-	0	0	-	-	-	
10 Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12 TOTAL BTAR ASSETS	3,538	2,729	330	-	-	0	0	-	-	-	2,729	330	-	-	-	
Assets excluded from the numerator of BTAR (covered in the denominator)																
13 Derivatives	177															
14 On demand interbank loans	192															
15 Cash and cash-related assets	218															
16 Other assets (e.g. Goodwill, commodities etc.)	519															
17 TOTAL ASSETS IN THE DENOMINATOR	4,641															
Other assets excluded from both the numerator and denominator for BTAR calculation																
18 TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	477															
19 TOTAL ASSETS	5,119															

<sup>22</sup> [Implementing regulation - 2022/2453 - EN - EUR-Lex](#)

**Table 9.2a BTAR % – KPIs on stock**

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p														
																	Disclosure reference date T: KPIs on stock													
																	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)			
																	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors			
Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable																				
Of which specialised lending					Of which specialised lending					Of which specialised lending																				
Of which transitional					Of which transitional					Of which transitional/adaptation																				
Of which enabling					Of which enabling					Of which enabling																				
% (compared to total covered assets in the denominator)																														
1	BTAR	58.79%	7.11%	-	-	-	0.00%	0.00%	-	-	-	58.79%	7.11%	-	-	-	76.17%													
2	GAR	58.78%	7.11%	-	-	-	0.00%	0.00%	-	-	-	58.78%	7.11%	-	-	-	90.71%													
3	EU Non-financial corporations not subject to NFRD disclosure obligations	0.06%	0.00%	-	-	-	0.02%	0.00%	-	-	-	0.08%	0.00%	-	-	-	9.22%													
4	of which loans collateralised by commercial immovable property	0.00%	0.00%	-	-	-	-	-	-	-	-	0.00%	0.00%	-	-	-	3.53%													
5	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-													
5	Non-EU country counterparties not subject to NFRD disclosure obligations	0.00%	0.00%	-	-	-	0.00%	0.00%	-	-	-	0.00%	0.00%	-	-	-	0.55%													

**Table 9.2b BTAR % – KPIs on flows**

	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af														
																	Disclosure reference date T: KPIs on flows													
																	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)			
																	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors			
Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable																				
Of which specialised lending					Of which specialised lending					Of which specialised lending																				
Of which transitional					Of which transitional					Of which transitional/adaptation																				
Of which enabling					Of which enabling					Of which enabling																				
% (compared to total covered assets in the denominator)																														
1	BTAR	60.99%	10.23%	-	-	-	0.01%	0.00%	-	-	-	61.00%	10.23%	-	-	-	81.38%													
2	GAR	100.00%	16.77%	-	-	-	0.00%	0.00%	-	-	-	100.00%	16.77%	-	-	-	49.63%													
3	EU Non-financial corporations not subject to NFRD disclosure obligations	0.00%	0.00%	-	-	-	0.00%	0.00%	-	-	-	0.00%	0.00%	-	-	-	31.75%													
4	of which loans collateralised by commercial immovable property	0.00%	0.00%	-	-	-	-	-	-	-	-	0.00%	0.00%	-	-	-	16.85%													
5	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-													
5	Non-EU country counterparties not subject to NFRD disclosure obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%													

**Table 9.3. Summary table – BTAR %**

	KPI				% coverage (over total assets)*
		Climate change mitigation (CCM)	Climate change adaptation (CCA)	Total (CCM + CCA)	
BTAR stock		7.11%	0.00%	7.11%	76.17%
BTAR flow		10.23%	0.01%	10.23%	81.38%

All active facilities in the International Corporate Lending portfolio as of June 2025 are not subject to NFRD and are reported under BTAR. More than half have publicly published or privately shared sustainability information with MeDirect through the ESG questionnaire. Nevertheless, only one ICL client disclosed taxonomy information for whom the percentage of taxonomy eligible and taxonomy aligned activities is zero.

For the Malta corporate lending portfolio, composed mainly of small and medium, unlisted enterprises, MeDirect has distributed ESG questionnaire to obtain taxonomy information. Less than half of the active facilities in the Malta corporate lending portfolio completed the ESG questionnaire. Out of these borrowers, one borrower disclosed zero exposure taxonomy eligible activities, another borrower disclosed exposure to taxonomy eligible activities, and the remaining borrowers did not disclose information on their exposure to taxonomy eligible activities. None of the borrowers disclosed any exposure to taxonomy aligned activities.

In 2025 MeDirect started a dedicated engagement process with Maltese corporate borrowers, which are mostly small to medium-sized unlisted companies, to provide information on Taxonomy eligible/aligned assets. This engagement included sharing information and materials that would allow these SMEs to identify and quantify their taxonomy eligible and aligned assets and activities.

Buy-To-Let mortgage loans granted to Dutch legal entities are included under BTAR in the row 'EU Non-financial corporations (not subject to NFRD disclosure obligations)'. These entities are SMEs whose main activity is the acquisition and exploitation of real estate properties in the Dutch market. For these loans MeDirect is not the lender of record and therefore it is not possible for the borrowers to complete the ESG questionnaire. No taxonomy information was retrieved from these clients and the taxonomy eligible and aligned activities were considered to be 'nil' in the June 2025 BTAR submission due to lack of information.

The EBA's no-action letter on Pillar 3 ESG disclosures<sup>23</sup> provides temporary supervisory relief by advising competent authorities not to prioritise enforcement of certain templates, including those linked to the EU Taxonomy and Banking Book Taxonomy Alignment Ratio (BTAR), until the amended ITS enters into force. For BTAR reporting (Template 9), the EBA acknowledges the significant data gaps and operational challenges, particularly for exposures to SMEs that are not subject to mandatory Taxonomy reporting. Nevertheless, the Group has opted to disclose BTAR strictly based on information provided by counterparties rather than using internal estimates or proxies, ensuring compliance with the principle of accuracy and avoiding the risk of misrepresentation in a context of regulatory uncertainty.

<sup>23</sup> <https://www.eba.europa.eu/sites/default/files/2025-08/519023de-268c-4d2b-8e10-68dc4446839f/Opinion%20on%20the%20application%20of%20the%20provisions%20relating%20to%20disclosures%20on%20ESG%20risks.pdf>

**Table 10. Other climate change mitigating actions that are not covered in Taxonomy [Template 10]**

The objective of this template is to present exposures, including loans and bonds, that are not in line with EU Regulation 2020/852 but provide support to clients in the transformation process contributing to the mitigation of physical and transition-based risks arising from climate change.

In 2022, MeDirect launched green residential home loans in Malta (April 2022) and Belgium (December 2022) to promote energy efficient homes which contribute to the emission reduction of buildings in an effort to reduce global warming. Clients with a green EPC certificate (equivalent to a certain level of annual energy requirements in kWh) can apply for green home loans with preferential terms through the MeDirect's Green Home Loan product in Malta and Allianz MeHomeLoans Green Loan product in Belgium.

In 2025, MeDirect has also extended its offering of post-loan origination conditions products linked to energy efficiency for its Maltese retail mortgage lending portfolio to incentivise borrowers to reduce climate risks.

The Group is not active in green, sustainability-linked or transitional project financing or bond issuance for its clients but currently focuses its asset origination on mortgages.

The Maltese corporate lending market is relatively small, and the availability of green projects in the fields of renewable energy (solar, wind and hydro power), clean transportation, green buildings or data centres, development and implementation of products or technology that reduce the use of energy or sustainable management of natural resources and land use, as well as social projects in the areas of healthcare and affordable housing projects is limited.

In addition, the Group has been actively investing in green or covered bonds in its Treasury banking portfolio. Green 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.

**Table 10. Other climate change mitigating actions that are not covered in Taxonomy**

a	b	c	d	e	f	
Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions	
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	82.07	Yes	No	Investing in green bonds issued by European financial corporations certified as green by Bloomberg.
2		Non-financial corporations	-	-	-	
3		Of which Loans collateralised by commercial immovable property	-	-	-	
4		Households	-	-	-	
5		Of which Loans collateralised by residential immovable property	-	-	-	
6		Of which building renovation loans	-	-	-	
7		Other counterparties	-	-	-	
8		Financial corporations	-	-	-	
9	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Non-financial corporations	-	-	-	Green home loans in the Belgian (€27.224m) and Maltese (€3.988m) retail markets for clients with a green EPC certificate (equivalent to a certain level of annual energy requirements in kWh).
10		Of which Loans collateralised by commercial immovable property	-	-	-	
11		Households	31.21	Yes	Yes	
12		Of which Loans collateralised by residential immovable property	31.21	Yes	Yes	
13		Of which building renovation loans	-	-	-	
14		Other counterparties	-	-	-	