

MDB Group Limited

Pillar 3 disclosures report – Quarterly report  
31 March 2025

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## 1 Introduction

These Pillar 3 disclosures (the “Disclosures”) are in respect of MDB Group Limited (the “Regulatory Parent” or “MDB Holding”), and its subsidiaries, together referred to as the “Group” or “MDB Group”. The Group is regulated under the Single Supervisory Mechanism (“SSM”). The SSM is the system of banking supervision in Europe, the main aim of which is to ensure the safety and soundness of the European banking system and to increase financial integration, stability and consistency of supervision. Under the SSM, the Group is regulated by a Joint Supervisory Team 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.

The JST receives information on the capital adequacy requirements and sets capital requirements for the Group. At a consolidated Group level, capital is calculated for prudential regulatory reporting purposes using the Basel III framework of the Basel Committee on Banking Supervision (‘Basel’), as implemented by the European Union (‘EU’) in the revisions to the Capital Requirements Regulation.

The Basel III framework is structured around three ‘pillars’: the Pillar 1 minimum capital requirements, Pillar 2 in relation to supervisory review process, and Pillar 3, market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of banks’ application of the Basel Committee’s framework. It also aims to assess their application of the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy.

These Disclosures have been prepared in accordance with the requirements of Part Eight of the EU Regulation 876/2019 of the European Parliament and of the Council of 20 May 2019 amending regulation (EU) No 575/2013 (Capital Requirements Regulation 2 – “CRR 2”). This quarterly Pillar 3 disclosures report provides the Pillar 3 disclosures which have a quarterly frequency assigned in line with the Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards with regard to public disclosures by institutions.

MDB Holding’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, being a “small and non-complex” institution it is required to publish the disclosure requirements as per Article 433b CRR on an annual basis.

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.

Comparative disclosures (i.e. March, June, September, and December 2024) across all templates has been reported in accordance with CRR II requirements. The 2025 Pillar 3 disclosures have been prepared in accordance with the CRR III regulatory requirements.

## 2 Key metrics

In the following table EU KM1 we provide 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

		a	b	c	d	e
Amounts in €millions		31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
	<b>Available own funds</b>					
1	Common Equity Tier 1 (CET1) capital	213	218	212	218	215
2	Tier 1 capital	213	218	212	218	215
3	Total capital	253	263	259	264	259
	<b>Risk-weighted exposure amounts</b>					
4	Total risk exposure amount	1,196	1,329	1,317	1,315	1,267
4a	Total risk exposure pre-floor	1,196				
	<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5	Common Equity Tier 1 ratio (%)	17.8%	16.4%	16.1%	16.6%	17.0%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	17.8%				
6	Tier 1 ratio (%)	17.8%	16.4%	16.1%	16.6%	17.0%
6b	Tier 1 ratio considering unfloored TREA (%)	17.8%				
7	Total capital ratio (%)	21.1%	19.7%	19.7%	20.1%	20.4%
7b	Total capital ratio considering unfloored TREA (%)	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:	3.2%	3.2%	3.2%	3.2%	3.2%
EU 7e	to be made up of CET1 capital (percentage points)	1.8%	1.8%	1.8%	1.8%	1.8%
EU 7f	to be made up of Tier 1 capital (percentage points)	2.4%	2.4%	2.4%	2.4%	2.4%
EU 7g	Total SREP own funds requirements (%)	11.2%	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 (%)	1.09%	1.07%	0.99%	0.98%	0.64%
EU 9a	Systemic risk buffer (%)	0.03%	0.05%	0.04%	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%	0.9%	0.9%	0.9%	0.9%
11	Combined buffer requirement (%)	4.6%	4.5%	4.4%	4.4%	4.1%
EU 11a	Overall capital requirements (%)	15.8%	15.7%	15.6%	15.6%	15.3%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.4%	8.0%	7.7%	8.2%	8.6%
	<b>Leverage ratio</b>					
13	Total exposure measure	4,942	4,925	4,966	4,899	4,766
14	Leverage ratio (%)	4.3%	4.4%	4.3%	4.5%	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%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.00%	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)	849	804	778	722	670
EU 16a	Cash outflows - Total weighted value	533	465	430	406	384
EU 16b	Cash inflows - Total weighted value	47	68	55	54	63
16	Total net cash outflows (adjusted value)	486	398	375	352	321
17	Liquidity coverage ratio (%) <sup>1</sup>	175%	203%	207%	206%	210%
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	4,251	4,255	4,443	4,359	4,257
19	Total required stable funding	3,559	3,487	3,288	3,325	3,294
20	NSFR ratio (%)	119%	122%	135%	131%	129%

Non relevant comparatives in relation of CRR II are left blank. Not applicable rows 5a, 6a and 7a were not included in the table.

<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 31 March 2025 was 169%.

### 3 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 continuously monitors its 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.

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. The Group has no exposure in items representing securitisation positions. 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
		31 March 2025	31 December 2024	31 March 2025
1	<b>Credit risk (excluding CCR)</b>	<b>963</b>	<b>1,075</b>	<b>77</b>
2	Of which the standardised approach	963	1,075	77
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	-	-	-
6	<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	-
10	<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	-	-	-
16	<b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>89</b>	<b>92</b>	<b>7</b>
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	14	-	1
19	Of which SEC-SA approach	75	92	6
EU 19a	Of which 1250% / deduction	-	-	-
20	<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	151	10
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	5	7	-
26	Output floor applied (%)	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	<b>Total</b>	<b>1,196</b>	<b>1,329</b>	<b>96</b>

Non relevant comparatives in relation of CRR II are left blank. Not applicable rows 11,12,13 and 14 were not included in the table.

## 4 Liquidity

The Liquidity Coverage Ratio (LCR) requires credit institutions to promote short-term resilience to potential liquidity disruptions thereby eliminating, or significantly reducing, structural mismatches between assets and liabilities. In terms of LCR requirements, credit institutions must hold sufficient unencumbered high quality liquid assets (HQLA) to withstand the excess of severe liquidity outflows over inflows that could be expected to accumulate over a 30-day stressed period. During such a period, a credit institution should be able to quickly convert its liquid assets into cash without recourse to central bank liquidity or public funds. The Bank calculates and monitors the LCR on a daily basis.

The Group has in place a number of quantitative risk appetite metrics to be able to monitor liquidity risk including the LCR and the NSFR. At all times, the Group ensures that it is compliant with these regulatory requirements. 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

		a	b	c	d	e	f	g	h
	Amounts in €millions	Total unweighted value (average)				Total weighted value (average)			
	Quarter ending on:	31 March 2025	31 December 2024	30 September 2024	30 June 2024	31 March 2025	31 December 2024	30 September 2024	30 June 2024
EU 1a	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
EU 1b									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					836	804	778	722
<b>CASH – OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	3,470	3,339	3,165	2,987	298	281	263	244
3	Stable deposits	8	7	7	6	-	-	-	-
4	Less stable deposits	2,875	2,761	2,549	2,404	298	281	256	242
5	Unsecured wholesale funding	137	134	133	130	75	68	62	57
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	137	134	133	130	75	68	62	57
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					6	3	9	11
10	Additional requirements	223	206	197	191	84	78	74	71
11	Outflows related to derivative exposures and other collateral requirements	49	46	44	44	49	46	44	44
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	175	160	153	146	35	32	30	27
14	Other contractual funding obligations	42	42	28	28	36	35	22	22
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					499	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	63	63	51	51	60	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	73	73	60	59	67	68	55	54
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	73	73	60	59	67	68	55	54
<b>TOTAL ADJUSTED BUFFER</b>									
21	LIQUIDITY BUFFER					836	804	778	722
22	TOTAL NET CASH OUTFLOWS					432	398	375	352
23	LIQUIDITY COVERAGE RATIO					196%	203%	207%	207%

The Group calculates additional liquidity outflows corresponding to collateral needs resulting from the impact of an adverse market scenario on the Group's derivative transactions using the Historical Look Back Approach (HLBA) as guided by the EBA. In preparing the LCR, the Group recognises restrictions on the transferability of liquidity between jurisdictions with surplus liquid assets in one jurisdiction not transferable to another jurisdiction.

**EU LIQB - Qualitative information on LCR disclosures.**

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

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

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

As at 31 March 2025, the Group's LCR was well above both the regulatory minimum requirement.



## 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 CR8	RWEA flow statements of credit risk exposures under the IRB approach	MeDirect does not apply the IRB approach
EU CCR7	RWA flow statements of CCR exposures under the IMM	MeDirect does not apply the IMM approach
EU MR2-B	RWA flow statements of market risk exposures under the IMA	MeDirect does not apply the IMA approach
EU CVA4	RWEA flow statements of credit valuation adjustment risk under the Standardised Approach	MeDirect does not apply the Standardised Approach