MeDirect Bank S.A./N.V.

Pillar 3 disclosures – Annual report
31 December 2025

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1 Introduction

(Article 431 (1), (2) CRR)

The Pillar 3 Disclosures ("the Disclosures") are aimed at providing the stakeholders of MeDirect Bank S.A./N.V. ("MeDirect Belgium" or "the Bank"), with a Legal Entity Identifier code of 0553851093, further insight to its capital structure, adequacy, and risk management practices. This Pillar 3 report provides disclosures for the Bank as required by the global regulatory framework for capital and liquidity, which was established by the Basel Committee on Banking Supervision ("BCBS"), also known as Basel III. The Basel III capital adequacy framework consist of three complementary pillars:

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

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

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

The Pillar 3 Disclosures have been prepared in accordance with the requirements in Article 433 of Part Eight of the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (Capital Requirements Regulation – ("CRR")). The Bank is not a 'large institution' but as a small and non-complex subsidiary of MDB Group Limited (together "the Group") and of the Creditas B.V. Group ("Creditas Group"), MeDirect Belgium is subject to mandatory, though limited, Pillar 3 Disclosures, whereas consolidated Pillar 3 disclosures applicable to listed large institutions are published by MeDirect and then the consolidated Pillar 3 disclosures are being implemented in full at the Creditas Group level. MeDirect Belgium is exempt from full disclosure requirements as laid down in Part Eight of the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (CRR), but only limited to disclosure requirements in terms of Article 13 and Article 433b of the CRR, on the basis that such disclosures are required at a Creditas Group Limited consolidated level. Creditas B.V. and MDB Group Limited publish their Pillar 3 Disclosures Annual Reports and are available on the Creditas Group's Mandatory Publication Information website and the Group's Investor Relations website respectively.

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

The MeDirect Belgium Disclosures have been prepared in accordance with the requirements in Article 433b of Part Eight of the CRR. Given that the Bank is a 'small and non-complex institution; it is required to publish the following disclosures as per Article 433b CRR on an annual basis:

- Points (a), (e) and (f) of Article 435 (1);

- Points (c), (d) and (da) of Article 438;

- Points (c) and (d) of Article 442;

- Article 449a;

- Article 449b;

- Points (a) to (d), (h), (i), (j) of Article 450 (1); and

- The key metrics referred to in Article 447.

Despite the Bank is only required to disclose the above, in order to provide comprehensive information to the Bank's stakeholders, it was decided to make certain additional disclosures on a voluntary basis in relation to the following:

- Certain information specified in Articles 437, 438, 440, 442, 450, 451, 451a and 453.

A reference has been added in cases where the information addressing Pillar 3 requirements is included in other parts of the Annual Report. The frequency of Pillar 3 disclosures is determined by the Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 (“Regulation (EU) 2024/3072”) laying down Implementing Technical Standards (“ITS”) with regard to public disclosures by institutions. In this respect, refer to the Group’s Semi-Annual and Quarterly Pillar 3 disclosure reports. Given that MeDirect Belgium is categorised as a small and non-complex institution and is not listed, it is not required to publish Semi-Annual and Quarterly Pillar 3 disclosure reports.

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

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

Significant events – Change in ultimate shareholder

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

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

As part of its strategic vision for the Group, Banka CREDITAS invested €40 million of new capital in 2025, of which €29.4 million was injected into MeDirect Belgium and a further €25 million will be injected into MDB Group prior to July 2026. This provides the Group with the financial resources to accelerate its existing growth strategy across its core markets, whilst continuing to enhance its market-leading digital banking platform. Notwithstanding this change in ownership, MeDirect's brand and identity remain fully intact. MeDirect remains firmly committed to serving its retail and corporate customers across all markets in which it operates

1.1 Pillar 3 Disclosure Policy and regulatory framework for disclosures

(Article 431 (3) CRR)

As required under Article 431 (3) of CRR, the Group maintains a Pillar 3 Disclosures Policy, in order to comply with the requirements laid down in Part Eight of the CRR and any associated EBA guidelines, National Bank of Belgium (“NBB”) circulars and technical standards. The Pillar 3 Disclosures Policy defines overall objectives, roles, and responsibilities with regards to preparation, verification, and approval processes. The policy is reviewed every twelve months, last approved in December 2025.

Basis of preparation

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

All the tables were compiled on the basis of regulatory reporting submissions, that were prepared in accordance with International Financial Reporting Standards (“IFRS”) values.

The information provided in this Pillar 3 report is unaudited by the External Auditors (except where they are included within the Financial Statements) but subject to management validation and Board Audit Committee (“BAC”) review. Refer to Section ‘Governance Process – verification and sign-off’.

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

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

Key regulatory developments

Basel III Reforms

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

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

Capital Requirements Directive (CRD6)

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

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

Simplification Reforms

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

Integrated Reporting Framework (IReF)

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

Scope of application

These Pillar 3 disclosures are in respect of MeDirect Bank S.A./N.V., which is supervised by the NBB. The Bank also falls within the supervision of the ECB, given that it is a subsidiary of MeDirect Malta, the latter a subsidiary of MDB Group Limited, and the Group is supervised by the ECB on a fully consolidated basis. MeDirect Belgium carries out the Group's activities in Belgium.

The Group is regulated under the Single Supervisory Mechanism ("SSM"). The SSM is the system of banking supervision in Europe, the main aim of which is to ensure the safety and soundness of the European banking system and to increase financial integration, stability and consistency of supervision. Under the SSM, the Group is regulated by a Joint Supervisory Team ("JST") comprising the ECB, the NBB and the Malta Financial Services Authority.

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

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

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

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

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

MeDirect Belgium publishes these disclosures according to the frequency required for small and non-complex institutions (not listed) as it does not meet the definition of large institutions in accordance with Article 4 (146) CRR.

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

Disclosures in this Pillar 3 include comparative periods in accordance with the requirements of EBA ITS. For those disclosures required only on an annual basis, the comparative period will be to the prior year.

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

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

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

Means of disclosures (Article 434 CRR)

As required by the CRR, the Bank will continue to make available its Annual Report and Financial Statements and the Pillar 3 disclosure reports on the Bank's website (https://www.medirect.be/about-medirect/facts-and-figures).

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

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

Governance process – verification and sign-off

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

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

1.2 Key metrics

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

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

EU KM1 - Key metrics

Amounts in €millions		a. T	e. T-4
		31-Dec-25	31-Dec-24
Available own funds (amounts)			
1. Common Equity Tier 1 (CET1) capital		226	189
2. Tier 1 capital		226	189
3. Total capital		226	189
Risk-weighted exposure amounts			
4. Total risk-weighted exposure amount		817	886
4a. Total risk exposure amount pre-floor		817	886
Capital ratios (as a percentage of risk-weighted exposure amount)			
5. Common Equity Tier 1 ratio (%)		27.7%	21.3%
5b. Common Equity Tier 1 ratio considering unfloored TREA (%)		27.7%	21.3%
6. Tier 1 ratio (%)		27.7%	21.3%
6b. Tier 1 ratio considering unfloored TREA (%)		27.7%	21.3%
7. Total capital ratio (%)		27.7%	21.3%
7b. Total capital ratio considering unfloored TREA (%)		27.7%	21.3%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
EU 7d. Additional own funds requirements to address risks other than the risk of excessive leverage (%)		3.2%	3.0%
EU 7e. of which: to be made up of CET1 capital (percentage points)		1.8%	1.7%
EU 7f. of which: to be made up of Tier 1 capital (percentage points)		2.4%	2.3%
EU 7g. Total SREP own funds requirements (%)		11.2%	11.0%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8. Capital conservation buffer (%)		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%
9. Institution specific countercyclical capital buffer (%)		1.4%	1.5%
EU 9a. Systemic risk buffer (%)		0.0%	0.0%
10. Global Systemically Important Institution buffer (%)		0.0%	0.0%
EU 10a. Other Systemically Important Institution buffer (%)		0.0%	0.0%
11. Combined buffer requirement (%)		3.9%	4.0%
EU 11a. Overall capital requirements (%)		15.1%	15.0%
12. CET1 available after meeting the total SREP own funds requirements (%)		16.5%	10.3%
Leverage ratio			
13. Total exposure measure		4,247	3,970
14. Leverage ratio (%)		5.3%	4.8%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a . Additional own funds requirements to address the risk of excessive leverage (%)		0.0%	0.0%
EU 14b. of which: to be made up of CET1 capital (percentage points)		0.0%	0.0%
EU 14c. Total SREP leverage ratio requirements (%)		3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d. Leverage ratio buffer requirement (%)		0.0%	0.0%
EU 14e. Overall leverage ratio requirement (%)		3.0%	3.0%
Liquidity Coverage Ratio			
15. Total high-quality liquid assets (HQLA) (Weighted value -average)		694	550
EU 16a. Cash outflows - Total weighted value		382	336
EU 16b.Cash inflows - Total weighted value		30	42
16. Total net cash outflows (adjusted value)		362	293
17. Liquidity coverage ratio (%)[1]		197.1%	187.8%
Net Stable Funding Ratio			
18. Total available stable funding		3,664	3,542
19. Total required stable funding		2,850	2,945
20. NSFR ratio (%)		128.6%	120.3%

[1] The LCR uses the simple average of the preceding 12 monthly periods ending on the quarterly reporting date as specified in the table. The Actual LCR reported in December 2025 was 235%.

1.3 Attestation by the Directors

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

On behalf of the Board of Directors

Alain Moreau Chief Executive Officer	Jean-Marcel Phe Funchal Chief Financial Officer

26 June 2026

2 Risk Management

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

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

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

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

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

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

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

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

Regulatory Risk	Risks that may arise as consequences from non-compliance with specific local or international rules, regulations, prescribed practices or ethical standards. Regulatory risks may also arise from the failure to meet deadlines for regulatory submissions, queries and/or requests for information from different regulatory bodies and supervisors.	Enterprise Risk Management Committee
Reputational Risk	Reputational risk is the risk of loss resulting from damages to a firm's reputation, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value, consequent to an adverse or potentially criminal event even if the Group is not found guilty.	Enterprise Risk Management Committee
Sustainability Risk	Sustainability risk refers to an ESG event or condition that, if it had to occur, could cause an actual or a potential material negative impact on the value of the investment" impacting directly or indirectly the financial value of the business. Sustainability risks might have a negative consequence for MeDirect and its customers and counterparties impacting its financial and market position.	ESG Committee

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

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

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

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

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

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

2.1 Risk Governance

Point (b) of Article 435(1) CRR

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

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

The Board of Directors

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

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

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

The Board has established the following committees:

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

Board Audit Committee

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

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

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

The BRCC is delegated with the authority from the Board to monitor the execution of the Bank’s overall actual and future risk strategy, with the Board oversight through the review of Management Information (“MI”) packs, and verbal updates from the Chair of the Risk and Compliance Committee and the CRO.

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

The BRCC met nine times during the financial year.

Nominations and Remuneration Committee

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

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

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

The committee also reviews the establishment of remuneration levels - both fixed and variable - as well as the structure of variable remuneration for senior executives and Material Risk-Takers (“MRTs”) within the Bank, as defined in the Bank’s Remuneration Policy. In this context, it receives recommendations from the executive management of the Bank for consideration and approval.

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

Executive Management Committee

The Board entrusts the Chief Executive Officer (“CEO”) with the day-to-day management of the Bank, who also leads the EXCO. This committee is tasked with overseeing the execution and implementation of the strategy approved by the Board. The EXCO serves as the primary forum responsible for managing the Bank’s business model and regulatory environment across various jurisdictions, ensuring the efficient operation of activities, reporting directly to the Board through the CEO.

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

- Enterprise Risk Management Committee;
- Asset and Liability Committee;
- Wealth Management and Investment Services Committee; and
- Operations Committee.

Corporate Governance Memorandum

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

Policy standards

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

2.2 Risk Management Function

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

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

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

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

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

The Risk Management Functions objectives are to:

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

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

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

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

Risk Management Function	Main responsibilities
Risk Analytics	Oversight of the Bank's capital and liquidity risk, stress testing and performance tracking of the Bank's asset and liability portfolios, including off-balance sheet commitments. The team also oversees regulatory reporting methodology. The team is responsible for key internal capital and liquidity risk management documents, specifically the Bank's ICAAP and ILAAP.
ALM Risk & Model Governance	Oversight of all Interest Rate Risk in the Banking Book ("IRRBB"), Credit Spread Risk in the Banking Book ("CSRBB") and FX risk, including assessment and analysis of respective asset and liability behavioural modelling related assumptions. They are responsible for overseeing the ongoing development of IRRBB and behavioural models including model design, calibration, stress testing and shock analysis of both earnings and income related interest rate risk scenarios, risk reporting and related model governance. Their main focus includes the development of the IRRBB framework, stress testing methodologies, scenario assumptions and Economic Capital ("EC") assumptions.
Credit Risk	Independent review of the mortgage loan files both when they are initially proposed to the Credit Committee and throughout their lifecycle. It is the role of the Credit Risk team to discuss and challenge credit proposals, credit monitoring and other credit related information presented by the first LOD credit team. The Credit Risk function is additionally responsible for reviewing and assigning internal credit classifications, making recommendations for credit provisioning and/or write offs and the annual review of the Bank's credit policy and associated credit framework.
Operational Risk	The Operational Risk Management ("ORM") function provides the framework for the business to identify, assess, mitigate and monitor operational risks. The team is responsible for the ongoing management of the Bank's Operational RMF covering five main pillars, namely: the identification and categorisation of operational risks, measurement and monitoring of operational risks, reporting of operational risks, incident management process and business continuity. The function also facilitates the Risk & Control Self-Assessments ("RCSAs") process and the control testing methodology. The ORM Function is also responsible to manage the Reputational RMF and the Anti-Fraud Policy.

Information Security Risk	The team is primarily responsible for implementing the Information security strategy of the Bank by ensuring that the Bank adheres to international information security best practices, which includes identifying and keeping visibility of IT security risks affecting the Bank. Responsibilities include the implementation and ongoing management of IT security technologies, coordinating and following up on vulnerability assessments and penetration tests, and managing information security incidents.
Data Protection Risk	The Data Protection function holds the responsibility of the Bank's Data Protection Officer who is responsible for the Bank's Data Protection Policy, the Bank Voice and Teams Recording Policy and the Bank's Data Retention and Archiving Policy. The Data Protection Officer focusses on advising the Bank and all its employees about their obligations to comply with Data Protection Regulations, namely 'General Data Protection Regulation, train its staff and conduct internal controls. This function shall maintain a data inventory for all its key business processes where there is extensive processing of personal data.

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

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

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

The CRO is a member of the EXCO, Enterprise Risk Management Committee ("ERMC"), MCC and Model Governance Committee; Operations Committee and Asset and Liability Committee ("ALCO"). The CRO is also involved in various Steering Committees and has delegated approval responsibilities when required.

2.3 Management of key risks
(Article 435 (1) (b) CRR) (EU OVA)

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

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

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

Risk reporting is coordinated by the Risk Management function under the oversight and direction of the CRO. Monitoring of the different risk pillars is carried out by specialised teams within the Risk Management Function. These risk teams are also responsible for reviewing and updating risk policies and associated frameworks which set out internal processes and risk reporting responsibilities.

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

Board oversight

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

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

Reporting to the Board and Board Risk and Compliance Committee

Monthly Risk report

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

The CRO's executive summary provides a qualitative assessment of the Bank's material risks and highlights key developments during the reporting period. This commentary is complemented by a detailed risk management report which is structured around two main sections: Risk Shaping Matters and Risk Oversight.

Weekly Risk report

In addition to the monthly risk management report, members of the Board and the BRCC receive a weekly risk report that provides an overview of the Bank's KRIs and developments. This report includes updates on the Bank's regulatory capital and liquidity position, and IRRBB metrics. Together, these reports form part of the Bank's comprehensive risk reporting framework, providing a centralised and timely view of enterprise-wide risks faced by the Bank.

Risk culture

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

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

Internal escalation process

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

MeDirect Belgium makes a distinction between RALs and KRIs. Breaches of RALs require prompt notification and escalation to the Board.

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

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

Stress testing

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

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

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

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

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

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

(Article 435 (1) (a) – (d) CRR)

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

- *Financial reporting objectives:* these relate to the preparation of reliable published Financial Statements and regulatory reporting;

- *Operational objectives and business targets:* these relate to the achievement of the Bank's mission statement and address the effectiveness and efficiency of the Bank's operations; and

- *Compliance objectives*: these relate to adherence to laws, rules and regulations to which the Bank is subject, as well as prudential regulatory requirements.

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

2.4.1 Credit risk

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

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

Credit risk profile

The Bank's credit risk emanates from four main sources: from its mortgage lending activities, its investment in the Securitisation portfolios and from its treasury activities and its corporate lending activities. As at 31 December 2025, the corporate lending activity was composed of one remaining revolving credit facility in the Bank's legacy international syndicated corporate loans portfolio.

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

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

Source	Mitigant
Secured financing (high-quality liquid asset securities)	Being a securities lender/cash borrower: intrinsically a risk mitigant since correlation leads to a “right-way” exposure.
	Execution under market-standard Global Master Repurchase Agreement (“GMRA”) documentation with major counterparties, or at Eurex Clearing AG (“Eurex”) or NBB; with daily margining.
	Concentration limits embedded in the RAS.
Exposure to hedging counterparties	Execution under market-standard International Swaps and Derivatives Association (“ISDA”) documentation with major counterparties; daily margining. All Interest rate swaps are cleared through Eurex which limits counterparty risk.
	All hedging instruments are highly liquid and based on easily observable market data.

Counterparty credit risk

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

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

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

Credit risk quantification and assessment

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

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

Credit risk management and control

The lending activities are governed by the credit risk policy and associated credit frameworks, covering the International Corporate Lending portfolio, securities portfolio, securitisation portfolio (including AAA Collateralised Loan Obligation (“CLO”) investments and AAA ABS investments) and the Dutch and Belgian Mortgages portfolios.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Collateral valuation

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

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

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

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

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

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

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

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

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

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

2.4.2 Capital adequacy
(Article 438 CRR)

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

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

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

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

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

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

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

- Common Equity Tier 1 ("CET 1") ratio;
- Tier 1 capital ratio;
- Total capital ratio;
- Leverage ratio;

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

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

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

2.4.3 Liquidity and Funding risk

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

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

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

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

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

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

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

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

Liquidity risk identification

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

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

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

- *Retail funding risk:* The risk of a potential demand on liquidity from customer deposit flight;
- *Wholesale funding risk:* The risk that wholesale funding is reduced or withdrawn suddenly;
- *Off balance sheet risk:* The risk of an unexpectedly heavy series of utilisation on committed undrawn credit facilities or unexpected volume of collateral required to be posted as variation margin;
- *Maturity mismatch:* A mismatch occurs as banks borrow short-term and lend on a much longer-term basis. This mismatch can become more pronounced under conditions of stress as counterparties might require roll-over at shorter maturities;
- *Currency mismatch:* Liquidity risk exposures arising from the use of foreign currency deposits to fund domestic currency assets as well as the funding of foreign currency assets with domestic currency;
- *Intraday liquidity risk:* The risk that the Bank is unable to meet payment obligations at the time expected, thereby affecting its own liquidity and that of other parties;
- *Intragroup liquidity risk*: The risk that the entity that provides funding to another entity may be unable to continue providing this funding;
- *Contingency liquidity risk:* The risk of not having enough contingency funding options in stressed situations. It is also, the risk that assets cannot be sold in the market quickly or only by incurring a heavy discount, or the risk that funding cannot be raised against these assets, and the risk that committed funding lines are impacted/reduced/with higher haircuts;

- *Short-term liquidity risk:* The risk of an inadequate level of assets with the potential to be used as collateral or are eligible at central banks and as such may potentially be additional sources of liquidity; and
- *Funding concentration risk:* The risk that the Bank is overly reliant on one/small number of funding sources or tenor/structure.

Liquidity risk quantification and assessment

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

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

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

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

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

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

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

Funding strategy

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

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

The Bank establishes a funding strategy that provides effective diversification in the sources and tenor of funding. The Bank 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 Bank's funding plan takes into account correlations between sources of funds and market conditions.

The Bank's funding strategy for business-as-usual activities is facilitated by maintaining a positive funding gap and by monitoring the Bank's maturity ladder, which is used by the Bank to determine the availability of liquid assets to meet the liquidity gaps across a range of time buckets. The Bank 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 Bank may choose to widen the composition of its contingency buffer to hold other unencumbered liquid assets which can be sold or used as collateral without resulting in excessive losses or discounts.

Liquidity risk management buffers

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

Liquidity stress testing and Contingency funding planning

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

Liquidity risk governance

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

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

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

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

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

The Bank has in place a number of quantitative risk appetite metrics and KRIs to be able to monitor liquidity risk:

- LCR;
- NSFR;
- ECB-Eligible Assets/NMDs;
- Counterbalancing Capacity/Net Contractual Outflows in 1 Year;
- Survival Period (Adverse/Extreme);
- Net Deposit Outflows in 1 day and over 1 week; and
- Encumbrance Ratio.

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

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

The Liquidity Coverage Ratio

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

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

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

Funding and liquidity sources

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

- Deposits from retail customers;
- Secured bond issuance through Retail Mortgage-Backed Security ("RMBS") structures;
- Issuance of capital instruments;
- Interbank funding (either secured, for example through repo, or unsecured); and
- Central bank funding (although it is the Bank's strategy not to rely on the Central Bank for funding in the normal course of events, but instead only used as a secondary source of financing).

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

MeDirect Belgium holds its liquidity reserve with the NBB and correspondent banks. However, intragroup liquidity management is thereby constrained due to the application of Large Exposure Rules under Articles 387-403 of the CRR.

Derivative exposures

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

Currency mismatch in the LCR

The LCR is calculated for Euro which has been identified as significant currency (having liabilities >5% of total liabilities excluding regulatory capital and off-balance sheet liabilities, with approximately 99% of total liabilities being in Euro) in accordance with the Regulation (EU) 2015/61. In this respect, the LCR Regulation only requires the LCR to be met on a total currency basis and is not required to be met on a currency-by-currency basis.

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

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

Quantitative information on LCR (Article 451a CRR)

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

EU LIQ1 - Quantitative information of LCR

Amounts in €millions		Total unweighted value (average)				Total weighted value (average)			
		a. T	b. T-1	c. T-2	d. T-3	e. T	f. T-1	g. T-2	h. T-3
EU 1a. Quarter ending on:		31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2025	30 September 2025	30 June 2025	31 March 2025
EU 1b. Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
1. Total high-quality liquid assets (HQLA)						694	640	620	593
CASH – OUTFLOWS									
2. Retail deposits and deposits from small business customers, of which:		3,151	3,086	3,016	2,926	303	291	277	265
3. Stable deposits		-	-	-	-	-	-	-	-
4. Less stable deposits		2,847	2,759	2,670	2,591	302	291	277	265
5. Unsecured wholesale funding		-	-	-	-	-	-	-	-
6. Operational deposits (all counterparties) and deposits in networks of cooperative banks		-	-	-	-	-	-	-	-
7. Non-operational deposits (all counterparties)		-	-	-	-	-	-	-	-
8. Unsecured debt		-	-	-	-	-	-	-	-
9. Secured wholesale funding						9	9	8	8
10. Additional requirements		81	84	81	79	69	71	68	65
11. Outflows related to derivative exposures and other collateral requirements		*47*	*49*	*46*	*45*	*47*	*49*	*46*	*45*
12. Outflows related to loss of funding on debt products		-	-	-	-	-	-	-	-
13. Credit and liquidity facilities		*34*	*35*	*35*	*34*	*22*	*22*	*21*	*20*
14. Other contractual funding obligations		5	14	14	16	2	11	11	12
15. Other contingent funding obligations		-	-	-	-	-	-	-	-
16. TOTAL CASH OUTFLOWS						382	382	364	349
CASH – INFLOWS									
17. Secured lending (e.g. reverse repos)		-	-	-	-	-	-	-	-
18. Inflows from fully performing exposures		33	42	39	40	30	39	36	37
19. Other cash inflows		-	-	3	4	-	-	3	4
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		33	42	43	44	30	39	40	41
EU-20a. Fully exempt inflows		-	-	-	-	-	-	-	-
EU-20b. Inflows subject to 90% cap		-	-	-	-	-	-	-	-
EU-20c. *Inflows subject to 75% cap*		33	42	43	44	30	39	40	41
TOTAL ADJUSTED BUFFER									
21. LIQUIDITY BUFFER						694	640	620	593
22. TOTAL NET CASH OUTFLOWS						352	343	324	308
23. LIQUIDITY COVERAGE RATIO						197%	187%	192%	193%

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

The Net Stable Funding Ratio

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

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

EU LIQ2: Net Stable Funding Ratio

As at 31 December 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	230	-	-	-	230
2. Own funds	*230*	-	-	-	*230*
3. Other capital instruments		-	-	-	-
4. Retail deposits		3,173	42	76	2,974
5. Stable deposits		*90*	*1*	*4*	*91*
6. Less stable deposits		*3,083*	*41*	*72*	*2,883*
7. Wholesale funding:		178	282	319	460
8. Operational deposits		-	-	-	-
9. Other wholesale funding		*178*	*282*	*319*	*460*
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	10	261	-	-	-
12. NSFR derivative liabilities	*10*				
13. All other liabilities and capital instruments not included in the above categories		*261*	-	-	-
14. Total available stable funding (ASF)					**3,664**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					149
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:		58	36	3,034	2,351
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		*22*	-	-	*2*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*12*	*13*	*1,293*	*529*
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:		*23*	*23*	*1,436*	*1,561*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*30*	*30*	*2,120*	*1,558*
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		-	-	*305*	*259*
25. Interdependent assets		-	-	-	-
26. Other assets:	-	403	1	57	344
27. Physical traded commodities				-	-
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	*1*	*1*
29. NSFR derivative assets		*178*	-	-	*178*
30. NSFR derivative liabilities before deduction of variation margin posted		*10*	-	-	*1*
31. All other assets not included in the above categories		*214*	*1*	*56*	*164*
32. Off-balance sheet items		125	-	-	6
33. Total RSF					**2,850**
34. Net Stable Funding Ratio (%)					**128.56%**

As at 30 September 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	224	-	-	-	224
2. Own funds	*224*	-	-	-	*224*
3. Other capital instruments		-	-	-	-
4. Retail deposits		3,037	39	66	2,834
5. Stable deposits		-	-	-	-
6. Less stable deposits		*3,037*	*39*	*66*	*2,834*
7. Wholesale funding:		181	282	319	460
8. Operational deposits		-	-	-	-
9. Other wholesale funding		*181*	*282*	*319*	*460*
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	18	194	-	-	-
12. NSFR derivative liabilities	*18*				
13. All other liabilities and capital instruments not included in the above categories		*194*	-	-	-
14. Total available stable funding (ASF)					**3,518**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					166
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:		69	35	3,026	2,328
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		*35*	-	-	*3*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*11*	*11*	*1,169*	*415*
21. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22. Performing residential mortgages, of which:		*24*	*24*	*1,514*	*1,618*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*31*	*32*	*2,204*	*1,615*
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		-	-	*343*	*292*
25. Interdependent assets		-	-	-	-
26. Other assets:	-	436	1	62	352
27. Physical traded commodities				-	-
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	*1*	*1*
29. NSFR derivative assets		*159*	-	-	*159*
30. NSFR derivative liabilities before deduction of variation margin posted		*18*	-	-	*1*
31. All other assets not included in the above categories		*259*	*1*	*61*	*191*
32. Off-balance sheet items		164	-	-	8
33. Total RSF					**2,854**
34. Net Stable Funding Ratio (%)					**123.28%**

As at 30 June 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	194	-	-	-	194
2. Own funds	*194*	-	-	-	*194*
3. Other capital instruments		-	-	-	-
4. Retail deposits		2,970	38	62	2,769
5. Stable deposits		-	-	-	-
6. Less stable deposits		*2,970*	*38*	*62*	*2,769*
7. Wholesale funding:		197	-	610	610
8. Operational deposits		-	-	-	-
9. Other wholesale funding		*197*	-	*610*	*610*
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	22	191	-	-	-
12. NSFR derivative liabilities	*22*				
13. All other liabilities and capital instruments not included in the above categories		*191*	-	-	-
14. Total available stable funding (ASF)					**3,573**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					161
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:		61	34	3,020	2,437
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		*27*	-	-	*3*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*11*	*11*	*1,179*	*433*
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:		*23*	*23*	*1,471*	*1,686*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*31*	*31*	*2,156*	*1,683*
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		-	*0*	*371*	*315*
25. Interdependent assets		-	-	-	-
26. Other assets:	-	420	1	74	352
27. Physical traded commodities				-	-
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	*1*	*1*
29. NSFR derivative assets		*156*	-	-	*156*
30. NSFR derivative liabilities before deduction of variation margin posted		*22*	-	-	*1*
31. All other assets not included in the above categories		*241*	*1*	*73*	*194*
32. Off-balance sheet items		113	-	-	6
33. Total RSF					**2,956**
34. Net Stable Funding Ratio (%)					**120.88%**

As at 31 March 2025	Unweighted value by residual maturity				e. Weighted value
Amounts in €millions	a. No maturity	b. < 6 months	c. 6 months to < 1yr	d. ≥ 1yr	
Available stable funding (ASF) Items					
1. Capital items and instruments	192	-	-	-	192
2. Own funds	*192*	-	-	-	*192*
3. Other capital instruments		-	-	-	-
4. Retail deposits		2,941	44	61	2,748
5. Stable deposits		-	-	-	-
6. Less stable deposits		*2,941*	*44*	*61*	*2,748*
7. Wholesale funding:		3	-	610	610
8. Operational deposits		-	-	-	-
9. Other wholesale funding		*3*	-	*610*	*610*
10. Interdependent liabilities		-	-	-	-
11. Other liabilities:	21	233	-	-	-
12. NSFR derivative liabilities	*21*				
13. All other liabilities and capital instruments not included in the above categories		*233*	-	-	-
14. Total available stable funding (ASF)					**3,551**
Required stable funding (RSF) Items					
15. Total high-quality liquid assets (HQLA)					162
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:		55	33	2,979	2,505
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		*22*	-	-	*2*
20. Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*14*	*14*	*1,416*	*421*
21. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22. Performing residential mortgages, of which:		*19*	*19*	*1,186*	*1,761*
23. With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		*30*	*30*	*2,129*	*1,758*
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		-	-	*377*	*321*
25. Interdependent assets		-	-	-	-
26. Other assets:	-	459	1	53	357
27. Physical traded commodities				-	-
28. Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	*1*	*1*
29. NSFR derivative assets		*166*	-	-	*166*
30. NSFR derivative liabilities before deduction of variation margin posted		*21*	-	-	*1*
31. All other assets not included in the above categories		*272*	*1*	*52*	*189*
32. Off-balance sheet items		87	-	-	4
33. Total RSF					**3,028**
34. Net Stable Funding Ratio (%)					**117.25%**

2.4.4 Business model and strategy risk

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

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

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

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

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

2.4.5 Market risk

(Disclosures related to market risk according to EU MRA)

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

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

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

Market risk identification, quantification and assessment

The Bank assumes three types of market risk, namely:

A) Interest Rate Risk

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

Exposure to the IRRBB is differentiated by various sub-categories such as:

- Gap risk (repricing risk);
- Option risk;
- Basis risk; and
- Yield risk (exposure to the parallel and non-parallel interest rate curve shifts).

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

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

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

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

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

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

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

B) FX Risk

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

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

C) Credit Valuation Adjustment Risk

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

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

Market risk management and controls

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

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

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

Market risk monitoring and reporting

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

The Bank monitors the following quantitative market risk metrics:

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

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

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

2.4.6 Operational risk

(Article 435 (1) [EU ORA])

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

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

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

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

Operational risk identification and categorisation

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

Risk control self-assessments

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

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

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

Operational risk assessment and measurement (Article 446 CRR)

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

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

Operational risk control testing

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

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

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

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

Operational risk monitoring and reporting

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

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

The Bank has in place a number of quantitative RALs to monitor operational risk.

The actual performance against RALs and KRIs is tracked on a monthly basis, and disclosed in the monthly risk management reports.

2.5 Risk statement

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

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

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

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

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

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

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

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

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

3 Scope of application of the regulatory framework

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

The Bank issues individual statutory Financial Statements based on Belgian Generally Accepted Accounting Principles (“BE GAAP”) requirements and consolidated financial statements in accordance with IFRS, whereas the prudential consolidation in the statement of capital is based on the CRR. There is no difference in the basis of consolidation for accounting and prudential purposes.

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

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

31 December 2025		Balance sheet as in published financial statements	Under regulatory scope of consolidation	c Reference
Amounts in €millions		a. As at period end	b. As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
Type of assets				
Balances with central banks and cash		198	198	
Derivative financial instruments		186	186	
Loans and advances to financial institutions		281	281	
Loans and advances to customers		2,632	2,632	
Investments - Securities portfolio		624	624	
Investments – Securitisation portfolio		308	308	
Investments – Asset-Backed Securitisation portfolio		126	126	
Property and equipment		-	-	
Intangible assets		1	1	D
Current tax assets		1	1	
Deferred tax assets		8	8	E
Prepayments and accrued income		3	3	
Other assets		34	34	
Total assets		**4,400**	**4,400**	
Type of liabilities				
Derivative financial instruments		10	10	
Amounts owed to financial institutions		210	210	
Amounts owed to customers		3,331	3,331	
Debt securities in issue		602	602	
Subordinated liabilities		-	-	F
Accruals and deferred income		8	8	
Other liabilities		8	8	
Total liabilities		**4,170**	**4,170**	
Shareholders' Equity[2]				
Type of equity				
Called up issued share capital		254	254	A
Other reserves		2	2	
Retained earnings		(26)	(26)	C
Total shareholders' equity		**231**	**231**	

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

31 December 2024		Balance sheet as in published financial statements	Under regulatory scope of consolidation	c Reference
Amounts in €millions		b. As at period end	b. As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
Type of assets				
Balances with central banks and cash		142	142	
Derivative financial instruments		175	175	
Loans and advances to financial institutions		286	286	
Loans and advances to customers		2,514	2,514	
Investments - Securities portfolio		437	437	
Investments – Securitisation portfolio		394	394	
Investments – Asset-Backed Securitisation portfolio		132	132	
Property and equipment		1	1	
Intangible assets		1	1	D
Current tax assets		1	1	
Deferred tax assets		8	8	E
Prepayments and accrued income		1	1	
Other assets		22	22	
Total assets		**4,112**	**4,112**	
Type of liabilities				
Derivative financial instruments		32	32	
Amounts owed to financial institutions		180	180	
Amounts owed to customers		3,052	3,052	
Debt securities in issue		642	642	
Subordinated liabilities		-	-	F
Accruals and deferred income		5	5	
Other liabilities		6	6	
Total liabilities		**3,917**	**3,917**	
Shareholders' Equity				
Type of equity				
Called up issued share capital		225	225	A
Other reserves		1	1	
Retained earnings		(31)	(31)	C
Total shareholders' equity		**195**	**195**	

4 Credit risk and credit risk mitigation (“CRM”)

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

4.1 Credit quality analysis

The following tables provide a comprehensive picture of the credit quality of the Bank’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 Bank’s Debt Instruments and Off-Balance Sheet exposures broken down by Supervisory Reporting counterparty classes.

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

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

As at 31 December 2025	**Gross carrying amount/nominal amount**					
Amounts in €millions	a. Performing exposures			d. Non-performing exposures		
		b. Of which stage 1	c. Of which stage 2		e. Of which stage 2	f. Of which stage 3
005 Cash balances at central banks and other demand deposits	**366**	**366**	**-**	**-**	**-**	**-**
010 Loans and advances	**2,913**	**2,889**	**24**	**6**	**-**	**6**
020 Central banks	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-
040 Credit institutions	78	78	-	-	-	-
050 Other financial corporations	67	61	6	-	-	-
060 Non-financial corporations	85	85			-	
070 Of which SMEs	22	22	-	-	-	-
080 Households	2,683	2,665	18	6	-	6
090 Debt securities	**1,060**	**1,060**	**-**	**-**	**-**	**-**
100 Central banks	-	-	-	-	-	-
110 General governments	265	265	-	-	-	-
120 Credit institutions	359	359	-	-	-	-
130 Other financial corporations	436	436	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-
150 Off-balance-sheet exposures	125	125	-	-	-	-
160 Central banks	-	-	-	-	-	-
170 General governments	-	-	-	-	-	-
180 Credit institutions	-	-	-	-	-	-
190 Other financial corporations	14	14	-	-	-	-
200 Non-financial corporations	4	4	-	-	-	-
210 Households	108	108	-	-	-	-
220 Total	**4,464**	**4,440**	**24**	**6**	**-**	**6**

As at 31 December 2025	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						m. Accumulated partial write-off	Collateral and financial guarantees received	
Amounts in €millions	g. Performing exposures – accumulated impairment and provisions			j. Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				n. On performing exposures	o. On non-performing exposures
		h. Of which stage 1	i. Of which stage 2		k. Of which stage 2	l. Of which stage 3			
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-
010 Loans and advances	(1)	(1)	-	(1)	-	(1)	-	2,799	5
020 Central banks	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	-	-	-	-	32	-
060 Non-financial corporations	-	-	-	-	-	-	-	85	-
070 Of which SMEs	-	-	-	-	-	-	-	22	-
080 Households	(1)	-	-	-	-	-	-	2,681	5
090 Debt securities	-	-	-	-	-	-	-	124	-
100 Central banks	-	-	-	-	-	-	-	-	-
110 General governments	-	-	-	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-
130 Other financial corporations	-	-	-	-	-	-	-	124	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	-	-	-	-	-	-		8	-
160 Central banks	-	-	-	-	-	-		-	-
170 General governments	-	-	-	-	-	-		-	-
180 Credit institutions	-	-	-	-	-	-		-	-
190 Other financial corporations	-	-	-	-	-	-		-	-
200 Non-financial corporations	-	-	-	-	-	-		-	-
210 Households	-	-	-	-	-	-		8	-
220 Total	**(1)**	**(1)**	**-**	**(1)**	**-**	**(1)**	**-**	**2,932**	**5**

As at 31 December 2024	Gross carrying amount/nominal amount					
Amounts in €millions	a. Performing exposures			d. Non-performing exposures		
		b. Of which stage 1	c. Of which stage 2		e. Of which stage 2	f. Of which stage 3
005 Cash balances at central banks and other demand deposits	**371**	**371**	**-**	**-**	**-**	**-**
010 Loans and advances	**2,648**	**2,628**	**19**	**25**	**-**	**25**
020 Central banks	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-
040 Credit institutions	36	36	-	-	-	-
050 Other financial corporations	45	45	-	10	-	10
060 Non-financial corporations	118	109	9	12	-	12
070 Of which SMEs	-	-	-	-	-	-
080 Households	2,449	2,436	11	3	-	3
090 Debt securities	**962**	**962**	**-**	**-**	**-**	**-**
100 Central banks	-	-	-	-	-	-
110 General governments	81	81	-	-	-	-
120 Credit institutions	356	356	-	-	-	-
130 Other financial corporations	526	526	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-
150 Off-balance-sheet exposures	**109**	**109**	**-**	**1**	**-**	**1**
160 Central banks	-	-	-	-	-	-
170 General governments	-	-	-	-	-	-
180 Credit institutions	-	-	-	-	-	-
190 Other financial corporations	15	15	-	-	-	-
200 Non-financial corporations	-	-	-	1	-	1
210 Households	93	93	-	-	-	-
220 Total	**4,090**	**4,071**	**19**	**25**	**-**	**25**

As at 31 December 2024	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						m. Accumulated partial write-off	Collateral and financial guarantees received	
Amounts in €millions	g. Performing exposures – accumulated impairment and provisions	h. Of which stage 1	i. Of which stage 2	j. Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	k. Of which stage 2	l. Of which stage 3		n. On performing exposures	o. On non-performing exposures
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-
010 Loans and advances	(1)	(1)	-	(9)	-	(9)	-	2,519	2
020 Central banks	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	*(8)*	-	*(8)*	-	-	-
060 Non-financial corporations	-	-	-	*(1)*	-	*(1)*	-	*70*	-
070 Of which SMEs	-	-	-	-	-	-	-	*70*	-
080 Households	*(1)*	-	-	-	-	-	-	*2,449*	*2*
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	-	-	-	-	-	-		-	-
220 Total	**(1)**	**(1)**	**-**	**(9)**	**-**	**(9)**	**-**	***2,519***	**2**

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

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

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

The following table provides an ageing analysis of exposures:

EU CR1-A: Maturity of exposures

As at 31 December 2025	Net exposure value[3]					
Amounts in €millions	a. On demand	b. <= 1 year	c. > 1 year <= 5 years	d. > 5 years	e. No stated maturity	f. Total
1 Loans and advances	-	2	124	2,792	-	2,917
2 Debt securities	-	-	280	780	-	1,060
3 Total	**-**	**2**	**403**	**3,572**	**-**	**3,977**

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

As at 31 December 2024	Net exposure value					
Amounts in €millions	a. On demand	b. <= 1 year	c. > 1 year <= 5 years	d. > 5 years	e. No stated maturity	f. Total
1 Loans and advances	41	-	83	2,572	-	2,697
2 Debt securities	-	88	609	265	-	962
3 Total	**41**	**88**	**692**	**2,837**	**-**	**3,659**

In 2025, the Bank broadly concluded its derisking strategy, marking a significant milestone in the ongoing enhancement of its asset quality. Through the active management of its NPL portfolio, including the selective divestment of NPLs predominantly within the ICL portfolio, the Bank's NPL ratio as at 31 December 2025 amounted to less than 1%.

<u>Credit quality of forborne exposures</u> (Article 442 (c) CRR)

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

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

EU CQ1: Credit quality of forborne exposures

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

31 December 2024	**Gross carrying amount/nominal amount of exposures with forbearance measures**				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**g. Collateral received and financial guarantees received on forborne exposures**	
Amounts in €millions	a. Performing forborne	b. Non-performing forborne			e. On performing forborne exposures	f. On non-performing forborne exposures		h. Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			c. Of which defaulted	d. Of which impaired				
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	8	23	23	12	-	(9)	6	-
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	*10*	*10*	*10*	-	*(8)*	-	-
060 Non-financial corporations	-	*12*	*12*	*1*	-	*(1)*	-	-
070 Households	*8*	*1*	*1*	*1*	-	-	*6*	-
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	-	1	1	1	-	-	-	-
100 Total	**8**	**23**	**23**	**13**	**-**	**(9)**	**6**	**-**

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

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

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

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

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

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

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

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

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

4.3 Impairment loss measurement guidelines

(Article 442 (a) – (b) CRR [EU CRB])

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

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

In accordance with the policy, impaired investment securities and loans are either those material exposures that are more than 90 days past due, or those for which the Bank 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 Bank believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Bank, such facilities are considered as past due but not impaired loans. Related credit losses, which may arise, are partly covered by Stage 1 and Stage 2 Expected Credit Loss ("ECL") allowances.

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

Therefore, for loans in the International Corporate Lending the Bank 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.

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

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

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

For the Securities Investment portfolio, recoverable amounts are assessed on a MtM basis, using observable market prices for the instruments held.

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

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

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

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

Assessments of lending portfolios and the underlying obligors continue to be made on an ongoing basis, and impairments revisited in light of the changed outlook.

Based on the Bank's detailed name by name portfolio analysis, provisions were taken on all borrowers who have defaulted, as well as all non-defaulted borrowers that showed potential future characteristics of unlikeliness to pay. The Bank also amended Stage 1 and Stage 2 provisions to reflect rating migrations and updates to the macroeconomic outlook. As a result of its forward-looking approach to impairments, the Bank believes that it has accounted for all currently ECLs for the financial year ended 31 December 2025.

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

31 December 2025	Gross carrying amount/nominal amount											
Amounts in €millions	a. Performing exposures			d. Non-performing exposures								
		b. Not past due or past due ≤ 30 days	c. Past due > 30 days ≤ 90 days		e. Unlikely to pay that are not past due or are past due ≤ 90 days	f. Past due > 90 days ≤ 180 days	g. Past due > 180 days ≤ 1 year	h. Past due > 1 year ≤ 2 years	i. Past due > 2 years ≤ 5 years	j. Past due > 5 years ≤ 7 years	k. Past due > 7 years	i. Of which defaulted
005 Cash balances at central banks and other demand deposits	**366**	**366**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
010 Loans and advances	**2,913**	**2,907**	**6**	**6**	**3**	**0**	**1**	**1**	**0**	**0**	**0**	**6**
020 Central banks	0	0	0	0	0	0	0	0	0	0	0	0
030 General governments	0	0	0	0	0	0	0	0	0	0	0	0
040 Credit institutions	78	78	0	0	0	0	0	0	0	0	0	0
050 Other financial corporations	67	67	0	0	0	0	0	0	0	0	0	0
060 Non-financial corporations	85	85	0	0	0	0	0	0	0	0	0	0
070 Of which SMEs	22	22	0	0	0	0	0	0	0	0	0	0
080 Households	2,683	2,677	6	6	3	0	1	1	0	0	0	6
090 Debt securities	**1,060**	**1,060**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
100 Central banks	0	0	0	0	0	0	0	0	0	0	0	0
110 General governments	265	265	0	0	0	0	0	0	0	0	0	0
120 Credit institutions	359	359	0	0	0	0	0	0	0	0	0	0
130 Other financial corporations	436	436	0	0	0	0	0	0	0	0	0	0
140 Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
150 Off-balance-sheet exposures	**125**			**-**								**-**
160 Central banks	-			-								-
170 General governments	-			-								-
180 Credit institutions	-			-								-
190 Other financial corporations	14			-								-
200 Non-financial corporations	4			-								-
210 Households	108			-								-
220 Total	***4,464***	***4,333***	***6***	***6***	***3***	***-***	***1***	***1***	***-***	***-***	***-***	***6***

31 December 2024	Gross carrying amount/nominal amount											
Amounts in €millions	a. Performing exposures			d. Non-performing exposures								
		b. Not past due or past due ≤ 30 days	c. Past due > 30 days ≤ 90 days		e. Unlikely to pay that are not past due or are past due ≤ 90 days	f. Past due > 90 days ≤ 180 days	g. Past due > 180 days ≤ 1 year	h. Past due > 1 year ≤ 2 years	i. Past due > 2 years ≤ 5 years	j. Past due > 5 years ≤ 7 years	k. Past due > 7 years	i. Of which defaulted
005 Cash balances at central banks and other demand deposits	**366**	**366**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010 Loans and advances	**2,682**	**2,679**	**4**	**25**	**23**	**-**	**1**	**-**	**-**	**-**	**-**	**25**
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	36	36	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	80	80	-	10	10	-	-	-	-	-	-	10
060 Non-financial corporations	118	118	-	12	12	-	-	-	-	-	-	12
070 Of which SMEs	49	49	-	-	--	-	-	-	-	-	-	-
080 Households	2,449	2,445	4	3	1	-	-	-	-	-	-	3
090 Debt securities	**962**	**962**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	81	81	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	356	356	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	526	526	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	**129**			1								**-**
160 Central banks	-			-								-
170 General governments	-			-								-
180 Credit institutions	-			-								-
190 Other financial corporations	17			-								-
200 Non-financial corporations	15			**1**								-
210 Households	97			-								-
220 Total	***4,140***	***4,006***	***4***	***25***	***24***	***-***	***-***	***-***	***-***	***-***	***-***	***25***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		Period from 1 January to 31 December 2025	Period from 1 January to 31 December 2024
		a. Gross carrying amount	**a. Gross carrying amount**
010 Initial stock of non-performing loans and advances		25	4
020 Inflows to non-performing portfolios		6	26
030 Outflows from non-performing portfolios		(25)	(5)
040 Outflows due write-offs		-	-
050 Outflow due to other situations		*(25)*	(5)
060 Final stock of non-performing loans and advances		**6**	**25**

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

4.4 Credit risk mitigation

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

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

The Bank holds collateral against loans and advances to customers classified under the Dutch and Belgian portfolios in the form of hypothecary rights over immovable assets. The immovable property collateral received in respect of exposures within the Dutch Mortgage portfolios and the Belgian Mortgage portfolios are located in the Netherlands and Belgium respectively.

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

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

In addition to the Pillar 1 treatment, the Bank assesses mortgage-related risks under Pillar 2 as part of its ICAAP, taking into account potential residual risks not fully captured under the regulatory framework.

4.4.1 Capital allocation and capital buffers for credit risk

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

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

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

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

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

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is the intention to settle on a net basis or realise the asset and settle the liability simultaneously. The level of offsetting within the Bank is deemed to be minimal. Further information regarding the offsetting policies of the Bank can be found in note 2.2.9 of the MeDirect Belgium Annual Report and Financial Statements for the financial year ended 31 December 2025.

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

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

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

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

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

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

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

This collateral is considered as part of the credit decision process by the LoR, but not in the pricing, as the pricing is based on the NHG guarantee.

In the event of a default of Dutch and Belgian mortgages, the LoR may utilise the collateral as a source of repayment. Depending on its form, collateral can have a significant financial effect in mitigating exposure to credit risk. The Bank 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.

<u>Overview of credit risk mitigation techniques</u> (Article 453 (f) CRR)

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

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

31 December 2025		**a. Unsecured carrying amount**	**b. Secured carrying amount**			
Amounts in €millions				**c. Of which secured by collateral**	**d. Of which secured by financial guarantees**	**e. Of which secured by credit derivatives**
1. Loans and advances		3,283	2,804	2,804	-	-
2. Debt securities		936	124	124	-	
3. Total (CRR3)		**4,219**	**2,929**	**2,929**	-	-
4. Of which non-performing exposures		6	5	5	-	-
EU-5. *Of which defaulted*		6	5			

31 December 2024		**a. Unsecured carrying amount**	**b. Secured carrying amount**			
Amounts in €millions				**c. Of which secured by collateral**	**d. Of which secured by financial guarantees**	**e. Of which secured by credit derivatives**
1. Loans and advances		3,068	2,206	2,206	-	-
2. Debt securities		962	-	-	-	
3. Total (CRR 2)		**4,030**	**2,206**	**2,206**	-	-
4. Of which non-performing exposures		15	1	1	-	-
EU-5. *Of which defaulted*		-	-			

<u>Quantitative information on the use of the standardised approach</u>

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

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

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

31 December 2025	Exposures before CCF and before CRM[4]		Exposures post CCF and post CRM		RWAs and RWAs density	
Amounts in €millions	a. On-balance-sheet exposures	b. Off-balance-sheet exposures	c. On-balance-sheet exposures	d. Off-balance-sheet exposures	e. RWAs	f. RWAs density (%)
Exposure classes						
1. Central governments or central banks	**347**	**-**	**1,857**	**4**	**11**	**1%**
2. Non-central government public sector entities	**121**	**-**	**121**	**-**	**-**	**-**
EU 2a. Regional government or local authorities	121	-	121	-	-	-
EU 2b. Public sector entities	-	-	-	-	-	-
3. Multilateral development banks	-	-	-	-	**-**	-
EU 3a. International organisations	-	-	-	-	-	-
4. Institutions	**162**	**-**	**162**	**-**	**54**	**34%**
5. Covered bonds	**355**		**355**		**36**	**10%**
6. Corporates	**-**	**13**		**6**	**6**	**100%**
Of which: Specialised Lending	-	-	-	-	-	
7. Subordinated debt exposures and equity	-	-	-	-	-	-
EU 7a. Subordinated debt exposures	-	-	-	-	-	-
EU 7b. Equity	-	-	-	-	-	-
8. Retail	**671**	**49**	**352**	**19**	**278**	**75%**
9. Secured by mortgages on immovable property and ADC exposures	**1,955**	**62**	**765**	**21**	**215**	**27%**
9.1. Secured by mortgages on residential immovable property - non IPRE	1,720	56	531	19	110	20%
9.2. Secured by mortgages on residential immovable property - IPRE	224	4	224	2	91	40%
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	2	10	1	13	130%
10. Exposures in default	**6**	**-**	**4**	**-**	**10**	**226%**
EU 10a. Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b. Collective investment undertakings	-	-	-	-	-	-
EU 10c. Other items	**38**	**-**	**38**	**-**	**38**	**100%**
11. Not applicable						
12. TOTAL	**3,656**	**124**	**3,656**	**51**	**649**	**18%**

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

31 December 2024						
Amounts in €millions	**Exposures before CCF and before CRM**		**Exposures post CCF and post CRM**		**RWAs and RWAs density**	
	a. On-balance-sheet exposures	**b. Off-balance-sheet exposures**	**c. On-balance-sheet exposures**	**d. Off-balance-sheet exposures**	**e. RWAs**	**f. RWAs density (%)**
Exposure classes						
1. Central governments or central banks	145	-	1,756	3	5	0%
2. Regional government or local authorities	81	-	81	-		0%
3. Public sector entities	-	-	-	-		-
4. Multilateral development banks	-	-	-	-		-
5. International organisations	-	-	-	-		-
6. Institutions	222	-	222	-	36	16%
7. Corporates	81	15	81	8	125	142%
8. Retail	144	29	121	6	95	75%
9. Secured by mortgages on immovable property	2,283	84	697	16	359	50%
10. Exposures in default	14	1	13	-	19	144%
11. Exposures associated with particularly high risk	-	-	-	-	-	0%
12. Covered bonds	356	-	356	-	35	10%
13. Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14. Collective investment undertakings	-	-	-	-	-	-
15. Equity	-	-	-	-	-	-
16. Other items	22	-	22	-	22	100%
17. TOTAL	**3,348**	**129**	**3,348**	**32**	**696**	**21%**

4.5 Settlement risk

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

Mitigation of settlement risk

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

5 Own funds

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

5.1 Total available capital

The Bank 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 Bank 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 Bank's capital base is divided in two main categories, namely CET1 capital and Tier 2 capital.

5.1.1 Common Equity Tier 1 capital – composition

At the end of the financial year, CET1 capital includes:

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

5.1.2 Common Equity Tier 1 capital – terms and conditions

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

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

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

iii. Legal reserve – in accordance with article 616 of the Belgium Company Code a company must assign at least 5% of its net retained profits to the legal reserve until such legal reserve amounts to 10% of the share capital.

Refer to Section 1.2 "Key metrics" and table EU KM1 within this section.

5.1.3 Tier 2 capital

The Bank does not have any Tier 2 capital.

5.2 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.

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

5.2.1 Composition of Own Funds
(Article 437 (a, d-f) CRR)

The following table shows the composition of the own funds of the Bank in accordance with Article 437 of the CRR. The table provides a detailed breakdown of the key components of the CET1, Tier1 and Tier 2 capital, and the regulatory adjustments impacting the capital base. The minimum deductions for holdings of own CET1, AT1 and Tier 2 capital instruments are set by the EBA. RWAs have been calculated in the new CRR 3 methodology and comparatives have not been restated.

EU CC1 - Composition of regulatory own funds

Amounts in €millions	a. Amounts	a. Amounts	b. Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	31 December 2025	**31 December 2024**	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1. Capital instruments and the related share premium accounts	254	225	A
Of which: Called up issued ordinary share capital	254	225	
Of which: Shared premium	-	-	
2. Retained earnings	(32)	(34)	C
3. Accumulated other comprehensive income (and other reserves)	2	1	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	3	
6. Common Equity Tier 1 (CET1) capital before regulatory adjustments	**231**	**195**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7. Additional value adjustments (negative amount)	-	-	
8. Intangible assets (net of related tax liability) (negative amount)	-	(1)	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)	(3)	(5)	E
11. Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	-	
12. Negative amounts resulting from the calculation of expected loss amounts	-	-	
13. Any increase in equity that results from securitised assets (negative amount)	-	-	
14. Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	
15. Defined-benefit pension fund assets (negative amount)	-	-	
16. Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17. Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18. Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19. Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
Not applicable			
EU-20a. Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	
EU-20b. of which: qualifying holdings outside the financial sector (negative amount)	-	-	
EU-20c. of which: securitisation positions (negative amount)	-	-	
EU-20d. of which: free deliveries (negative amount)	-	-	
21.Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-	
22. Amount exceeding the 17,65% threshold (negative amount)	-	-	
23. of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
24. of which: deferred tax assets arising from temporary differences	-	-	
EU-25a. Losses for the current financial year (negative amount)	-	-	
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	(1)	-	
28. Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(5)**	**(6)**	
29. Common Equity Tier 1 (CET1) capital	**226**	**189**	
Additional Tier 1 (AT1) capital: instruments			
30.Capital instruments and the related share premium accounts	-	-	
31. of which: classified as equity under applicable accounting standards	-	-	
32. of which: classified as liabilities under applicable accounting standards	-	-	
33. Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-	

EU-33a. Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		-	-	
EU-33b. Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		-	-	
34. Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		-	-	
35. of which: instruments issued by subsidiaries subject to phase out		-	-	
36. Additional Tier 1 (AT1) capital before regulatory adjustments		**-**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37. Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		-	-	
38. Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		-	-	
39. Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		-	-	
40. Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		-	-	
41. Not applicable				
42. Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		-	-	
42a. Other regulatory adjustments to AT1 capital		-	-	
43. Total regulatory adjustments to Additional Tier 1 (AT1) capital		**-**	**-**	
44. Additional Tier 1 (AT1) capital		**-**	**-**	
45. Tier 1 capital (T1 = CET1 + AT1)		**226**	**189**	
Tier 2 (T2) capital: instruments				
46. Capital instruments and the related share premium accounts		**-**	**-**	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		**-**	**-**	
49. of which: instruments issued by subsidiaries subject to phase out		**-**	**-**	
50. Credit risk adjustments		**-**	**-**	
51. Tier 2 (T2) capital before regulatory adjustments		**-**	**-**	
Tier 2 (T2) capital: regulatory adjustments				
52. Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		-	-	
53. Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		-	-	
54. Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		-	-	
54a. Not applicable		-	-	
55. Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		-	-	
EU-56a. Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		**-**	**-**	
EU-56b. Other regulatory adjustments to T2 capital		**-**	**-**	
57. Total regulatory adjustments to Tier 2 (T2) capital		**-**	**-**	
58. Tier 2 (T2) capital		**-**	**-**	
59. Total capital (TC = T1 + T2)		**226**	**189**	
60. Total Risk exposure amount		**817**	**886**	
Capital ratios and requirements including buffers				
61. Common Equity Tier 1 capital		27.7%	21.3%	
62. Tier 1 capital		27.7%	21.3%	
63. Total capital		27.7%	21.3%	
64. Institution CET1 overall capital requirements		10.2%	10.1%	
65. of which: capital conservation buffer requirement		2.5%	2.5%	
66. of which: countercyclical capital buffer requirement		1.4%	1.5%	
67. of which: systemic risk buffer requirement		-	-	
EU-67a. of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement		-	-	

EU-67b. of which: additional own funds requirements to address the risks other than the risk of excessive leverage		1.8%	1.7%	
68. Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements		**16.5%**	**10.3%**	
National minima if different from Basel III.				
69. Not applicable		-	-	
70. Not applicable		-	-	
71. Not applicable		-	-	
Amounts below the thresholds for deduction (before risk weighting)				
72. Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		-	-	
73. Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		-	-	
74. Not applicable		-	-	
75. Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		4	2	
Applicable caps on the inclusion of provisions in Tier 2				
76. Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		-	-	
77. Cap on inclusion of credit risk adjustments in T2 under standardised approach		-	-	
78. Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		-	-	
79. Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		-	-	
Capital instruments subject to phase-out arrangements only applicable between 1 Jan 2014 and 1 Jan 2022				
80. Current cap on CET1 instruments subject to phase out arrangements		-	-	
81. Amount excluded from CET1 due to cap excess over cap after redemptions and maturities		-	-	
82. Current cap on AT1 instruments subject to phase out arrangements		-	-	
83. Amount excluded from AT1 due to cap excess over cap after redemptions and maturities		-	-	
84. Current cap on T2 instruments subject to phase out arrangements		-	-	
85. Amount excluded from T2 due to cap excess over cap after redemptions and maturities		-	-	

The Bank’s CET1, Tier 1 and total capital ratios were 27.7% as at 31 December 2025. The Bank’s total capital ratio remain above the TSCR benchmark of 11.2%.

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

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

Furthermore, as shown in the 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 Bank'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 Bank does not have any systemic risk buffer as at the end of the reporting period.

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

The own funds capital ratios of the Bank are built upon the CRR regulations.
Main features of capital instruments (Article 437 (b-c) CRR)

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

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

Instruments	MeDirect Bank S.A./N.V. Ordinary shares
1. Issuer	MeDirect Bank S.A./N.V.
2. Unique identifier	N/A
EU 2a. Public or private placement	Private
3. Governing law(s) of the instrument	Belgian Law
3a. Contractual recognition of write down and conversion powers of resolution authorities	No
Regulatory treatment	
4. Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5. Post-transitional CRR rules	Common Equity Tier 1
6. Eligible at 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
8. Amount recognised in regulatory capital	EUR254.5 million
9. Nominal amount of instrument	EUR254.5 million
EU-9a. Issue price	EUR1 per share
EU-9b. Redemption price	N/A
10. Accounting classification	Share capital (*Geplaatst kapitaal/Capital souscrit*)
11. Original date of issuance	13 June 2014
12. Perpetual or dated	Perpetual
13. Original maturity date	N/A
14. Issuer call subject to prior supervisory approval	No
15. Optional call date, contingent call dates, and redemption amount	No
16. Subsequent call dates, if applicable	No
Coupons/dividends	
17. Fixed or floating dividend/coupon	Floating
18. Coupon rate and any related index	N/A
19. Existence of a dividend stopper	No
EU20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21. Existence of step up or other incentive to redeem	N/A
22. Noncumulative or cumulative	Non-cumulative
23. Convertible or non-convertible	Non-convertible
24. If convertible, conversion trigger (s)	N/A
25. If convertible, fully or partially	N/A
26. If convertible, conversion rate	N/A
27. If convertible, mandatory or optional conversion	N/A
28. If convertible, specify instrument type convertible into	N/A
29. If convertible, specify issuer of instrument it converts into	N/A
30. Write-down features	No
31. If write-down, write-down trigger (s)	N/A
32. If write-down, full or partial	N/A
33. If write-down, permanent or temporary	N/A
34. If temporary write-down, description of writeup mechanism	N/A
34a. Type of subordination (only for eligible liabilities)	N/A
EU-34b. Ranking of the instrument in normal insolvency proceedings	1
35. Position in subordination hierarchy in liquidation	N/A
36. Non-compliant transitioned features	No
37. If yes, specify non-compliant features	N/A
37a. Link to the full term and conditions of the instrument (signposting)	https://www.medirect.be/about-medirect/investor-relations/

6 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 Bank is placing much of its emphasis and monitoring on CET1 capital.

The scope of permissible CRR approaches and those adopted by the Bank are described below:

- Credit risk – The Bank 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 External Credit Assessment Institutions ("ECAIs") that have been determined as eligible by the EBA. In the Bank's calculations, senior secured loans and other corporate credit exposures and for the remainder of its securities and securitisation investment portfolios the Bank has nominated a well-known risk rating agency. Accordingly, the Bank complies with the standard association of the external ratings of ECAIs with the credit quality steps prescribed in CRR.

- Operational risk – The Bank 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 ("BIC"), which is derived from the Business Indicator (BI), which serves as a proxy for the institution's operational risk exposure. The BI is calculated as the average over three years of three key components:

    - Interest, Leasing and Dividend Component ("ILDC"): Includes NII, lease income, and dividend income.

    - Services Component ("SC"): Reflects fee and commission income and expenses, and other service-related revenues and costs.

    - Financial Component ("FC"): Captures the institution's trading and fair value gains/losses, and other financial income.

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

- CCR - As at the reporting date, the Group reported the CCR calculations for derivatives using the - Simplified Standardised Approach for Counterparty Credit Risk ("SA-CCR") Method (as defined in CRR, Article 281) and the financial collateral simple approach for Securities Financing Transactions ("SFTs").

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

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

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

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

EU OV1 – Overview of total risk exposure amounts

Amounts in €millions		Total risk exposure amounts (TREA)		Total own funds requirements
		A. T	b. T-1	c. T
		31 December 2025	31 December 2024	31 December 2025
1. Credit risk (excluding CCR)		643	696	56
2. Of which the standardised approach		643	696	56
3. Of which the Foundation IRB (F-IRB) approach		-	-	-
4.Of which slotting approach		-	-	-
EU4a.Of which: equities under the simple risk weighted approach		-	-	-
5. Of which the Advanced IRB (A-IRB) approach		-	-	-
6. Counterparty credit risk – CCR		7	7	1
7. Of which the standardised approach		-	-	-
8. Of which internal model method (IMM)		-	-	-
EU 8a. Of which exposures to a CCP		7	6	
9. Of which other CCR		-	-	-
10. Credit valuation adjustments risk - CVA risk		-	-	-
EU 10a. Of which the standardised approach		-	-	-
EU 10b Of which the basic approach (F-BA and R-BA)		-	-	-
EU 10c. Of which the simplified approach		-	-	-
11. Not applicable		-	-	-
12. Not applicable		-	-	-
13. Not applicable		-	-	-
14. Not applicable		-	-	-
15. Not applicable		-	-	-
16. Securitisation exposures in the non-trading book (after the cap)		80	91	7
17. Of which SEC-IRBA approach		-	-	-
18. Of which SEC-ERBA (including IAA)		4	-	-
19. Of which SEC-SA approach		76	91	7
EU 19a. Of which 1250% deduction		-	-	-
20. Position, foreign exchange and commodities risks (Market risk)		-	-	-
21. Of which the Alternative standardised approach (A-SA)		-	-	-
EU 21a. Of which the Simplified standardised approach (S-SA)		-	-	-
22. Of which the Alternative Internal Models Approach (A-IMA)		-	-	-
EU 22a. Large exposures		-	-	-
23. Reclassifications between the trading and non-trading books		-	-	-
24. Operational risk		86	93	7
25. Amounts below the thresholds for deduction (subject to 250% risk weight)		11	5	-
26. Output floor applied (%)		-	-	-
27. Floor adjustment (before application of transitional cap)		-	-	-
28. Floor adjustment (after application of transitional cap)		-	-	-
29. Total		**817**	**886**	**71**

Capital buffers (Article 440 CRR)

Minimum capital requirements and additional capital buffers

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

MeDirect Belgium is required to meet a TSCR of 11.2% on a consolidated level. The TSCR of 11.2% 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 3.2% required to be held in excess of the minimum own funds requirement and to be maintained at all times. Banks are allowed to partially use capital instruments that do not qualify as CET1, to meet the Pillar 2 Requirement. In fact, institutions shall meet the additional own funds requirements imposed by the ECB with own funds that satisfy the following conditions: i) at least 75% shall be met with Tier 1 capital; and ii) at least 56.25% with CET1 capital. The Bank is also subject to the OCR, in addition to TSCR, which includes the Combined Buffer Requirement.

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

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

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 Bank was not subject to a systemic risk buffer.

<u>Geographical distribution of credit exposures</u> *(Article 440 (a) CRR)*

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

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

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

The Bank held a countercyclical buffer requirement of 1.4% as at 31 December 2025.

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

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

31 December 2025		**General credit exposures**	**Securitisation exposures**		**Own funds requirement**					
Breakdown by country (*Amounts in €millions)*		*a. Exposure value under the standardised approach*	*e. Exposure value for non-trading book*	*f. Total exposure value*	*g. Relevant credit exposures – Credit risk*	*i. Relevant credit exposures - Securitisation positions in the non-trading book*	*j. Total*	*k. Risk weighted exposure amounts*	*l. Own funds requirement weights %*	*m. Counter cyclical capital buffer rate %*
Austria		66	1	67	1	-	1	7	1.04%	0.00%
Belgium		519	3	522	15	-	15	182	27.87%	1.00%
Canada		-	1	1	-	-	-	-	0.04%	0.00%
Czech Republic			1	1	-			-	0.04%	1.25%
Denmark		5	-	5	-	-	-	1	0.09%	2.50%
Finland		10	4	14	-	-	-	2	0.29%	0.00%
France		113	68	181	1	1	2	26	4.04%	1.00%
Germany		74	39	113	1	1	1	16	2.43%	0.75%
Ireland		-	3	3	-	-	-	1	0.12%	1.50%
Italy		15	16	32	-	-	-	5	0.79%	0.00%
Luxembourg		-	18	18	-	-	-	4	0.59%	0.50%
Malta		37	-	37	3	-	3	37	5.70%	0.00%
Netherlands		2,277	24	2,301	26	-	26	330	50.49%	2.00%
Norway		37	-	37	-	-	-	4	0.57%	2.50%
Portugal		-	-	-	-	-	-	-	0.01%	0.00%
Hong Kong		-	-	-	-	-	-	-	0.00%	0.50%
Spain		10	12	22	-	-	-	4	0.61%	0.50%
Sweden		10	6	16	-	-	-	2	0.35%	2.00%
Switzerland		-	4	4	-	-	-	1	0.15%	0.00%
United Kingdom		-	55	55	-	-	1	12	1.85%	2.00%
United States		6	49	55	1	1	1	17	2.65%	0.00%
Slovakia		19	-	19	-	-	-	2	0.28%	1.50%
Total		**3,198**	**308**	**3,506**	**47**	**5**	**52**	654	100.00%	

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

31 December 2024	General credit exposures	Securitisation exposures		Own funds requirement					
Breakdown by country (*Amounts in €millions*)	*a. Exposure value under the standardised approach*	*e. Exposure value for non-trading book*	*f. Total exposure value*	*g. Relevant credit exposures – Credit risk*	*i. Relevant credit exposures - Securitisation positions in the non-trading book*	*j. Total*	*k. Risk weighted exposure amounts*	*l. Own funds requirement weights %*	*m. Counter cyclical capital buffer rate %*
Austria	66	2	68	1	-	1	7	0.95%	0.00%
Belgium	353	5	358	11	-	11	134	18.30%	1.00%
Canada	-	1	1	-	-	-	-	0.03%	0.00%
Denmark	5	1	6	-	-	-	-	0.04%	2.50%
Finland	10	4	14	-	-	-	2	0.25%	0.00%
France	115	81	196	2	1	3	38	5.24%	1.00%
Germany	78	52	130	2	1	3	35	4.74%	0.75%
Ireland	-	6	6	-	-	-	1	0.17%	1.50%
Italy	15	19	34	-	-	-	5	0.72%	0.00%
Japan	-	1	1	-	-	-	-	0.02%	0.00%
Luxembourg	19	25	43	2	-	3	33	4.44%	0.50%
Malta	21	-	21	2	-	2	21	2.89%	0.00%
Netherlands	2,154	47	2,201	30	1	31	388	53.09%	2.00%
Norway	37	2	38	-	-	-	4	0.54%	2.50%
Portugal	-	2	2	-	-	-	-	0.04%	0.00%
Slovakia	19	-	19	-	-	-	2	0.25%	1.50%
Spain	10	19	29	-	-	-	5	0.66%	0.00%
Sweden	10	15	25	-	-	-	4	0.53%	2.00%
Switzerland	-	4	4	-	-	-	1	0.11%	0.00%
United Kingdom	12	63	74	1	1	2	30	4.11%	2.00%
United States	7	49	56	1	1	2	21	2.85%	0.00%
Total	**2,930**	**398**	**3,328**	**52**	**6**	**59**	**732**	**100.00%**	

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

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

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	As at 31 December 2025	**As at 31 December 2024**
	a	**a**
1. Total risk exposure amount (€millions)	817	886
2. Institution specific countercyclical buffer rate (%)	1.4%	1.5%
3. Institution specific countercyclical buffer requirement (€millions)	12	13

7 Leverage

The disclosures on the leverage ratio are not mandatory for small non-complex entities but MeDirect Belgium provides certain disclosures on a voluntary basis.

Leverage ratio according to CRR/CRD framework

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

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

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

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

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

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

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

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

Amounts in €millions		a. Applicable amount	
		31 December 2025	**31 December 2024**
1. Total assets as per published financial statements		4,400	4,112
2. Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation		-	-
3. (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		-	-
4. (Adjustment for temporary exemption of exposures to central banks (if applicable))		-	-
5. (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a (1) CRR)		-	-
6. Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		-	-
7. Adjustment for eligible cash pooling transactions		-	-
8. Adjustment for derivative financial instruments		-	-
9. Adjustment for securities financing transactions (SFTs)		22	20
10. Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)		51	32
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		(226)	(193)
13. Total exposure measure		**4,247**	**3,970**

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

EU LR2 - LRCom: Leverage ratio common disclosure

Amounts in €millions		CRR leverage ratio exposures	
		a.T	**b.T-1**
		31 December 2025	**31 December 2024**
On-balance sheet exposures (excluding derivatives and SFTs)			
1. On-balance sheet items (excluding derivatives, SFTs, but including collateral)		4,178	3,924
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)		(4)	(6)
7. Total on-balance sheet exposures (excluding derivatives and SFTs)		**4,174**	**3,918**
Derivative exposures			
8. Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		-	-
EU-8a. Derogation for derivatives: replacement costs contribution under the simplified standardised approach		260	244
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		36	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)		(296)	(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**		**-**	**-**
Securities financing transaction (SFT) exposures			
14. Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		-	-
15. (Netted amounts of cash payables and cash receivables of gross SFT assets)		-	-
16. Counterparty credit risk exposure for SFT assets		22	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**		**22**	**20**
Other off-balance sheet exposures			
19. Off-balance sheet exposures at gross notional amount		124	129
20. (Adjustments for conversion to credit equivalent amounts)		(73)	(96)
21. (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		-	-
22. Off-balance sheet exposures		**51**	**32**
Excluded exposures			
EU-22a. (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)		-	-
EU-22b. (Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off-balance sheet))		-	-
EU-22c. (Excluded exposures of public development banks (or units) - Public sector investments)		-	-
EU-22d. (Excluded exposures of public development banks (or units) - Promotional loans)		-	-
EU-22e. (Excluded passing-through promotional loan exposures by non-public development banks (or units))		-	-
EU-22f. (Excluded guaranteed parts of exposures arising from export credits)		-	-
EU-22g. (Excluded excess collateral deposited at triparty agents)		-	-
EU-22h. (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)		-	-
EU-22i . (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)		-	-
EU-22j. (Reduction of the exposure value of pre-financing or intermediate loans)		-	-
EU-22k. (Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)		-	-
EU-22l. (Exposures deducted in accordance with point (q) of Article 429a(1) CRR)		-	-
EU-22m. (Total exempted exposures)		-	-
23. Tier 1 capital		**226**	**189**
24. Total exposure measure		**4,247**	**3,970**
Leverage ratio			
25. Leverage ratio (%)		5.3%	4.8%
EU-25. Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)		5.3%	4.8%

25a. Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)		5.3%	4.8%
26. Regulatory minimum leverage ratio requirement (%)		3.0%	3.0%
EU-26a. Additional own funds requirements to address the risk of excessive leverage (%)		-	-
EU-26b. of which: to be made up of CET1 capital		-	-
27. Leverage ratio buffer requirement (%)		-	-
EU-27a. Overall leverage ratio requirement (%)		3.0%	3.0%
Choice on transitional arrangements and relevant exposures			
EU-27b. Choice on transitional arrangements for the definition of the capital measure		Fully phased-in definition	Transitional definition
Disclosure of mean values			
28. Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		-	-
29. Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		-	-
30. Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		4,247	3,970
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)		4,247	3,970
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)		5.3%	4.8%
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)		5.3%	4.8%

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

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

Amounts in €millions		a. CRR leverage ratio exposures	
		31 December 2025	**31 December 2024**
EU-1. Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:		**4,200**	**3,944**
EU-2. Trading book exposures		-	-
EU-3. Banking book exposures, of which:		4,200	3,944
EU-4. Covered bonds		355	356
EU-5. Exposures treated as sovereigns		469	227
EU-6. Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns		-	-
EU-7. Institutions		269	288
EU-8. Secured by mortgages of immovable properties		1,955	2,283
EU-9. Retail exposures		671	144
EU-10. Corporates		-	81
EU-11, Exposures in default		6	12
EU-12. Other exposures (eg equity, securitisations, and other non-credit obligation assets)		476	553

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

Compared to the ratio as at 31 December 2024, the leverage ratio has increased from 4.7% to 5.3% during the year ended 31 December 2025. This increase is attributable to the issue of share capital, classified as CET1 capital, to MeDirect Malta of €29.4 million in September 2025 following the acquisition of MeDirect by the Creditas Group.

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

The Bank has maintained a leverage ratio above the 3% minimum requirement.

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

8 Intragroup Interconnectedness

(Article 446 CRR [EU ORA])

The principal activities of the MeDirect Group in 2025 comprised investing in Dutch and Belgian mortgages, lending to international corporates, and the provision of banking services primarily to the mass affluent sector in Malta and Belgium, focusing primarily on deposit savings products and wealth management, as well as corporate banking and lending and mortgage lending in Malta.

The Group is made up as follows:

- MDB Group Limited – the holding company.
- MeDirect Bank (Malta) plc – referred to as MeDirect Malta.
- MeDirect Bank SA – referred to as MeDirect Belgium, a wholly owned subsidiary that handles the Group's operations in Belgium.
- MeDirect Tech Limited (leases computer hardware and software to group entities).
- Medifin Estates - a property leasing partnership.

The principal customer-related activities of MeDirect Belgium include an easy-to-use wealth platform with access to fund houses and mutual funds, a suite of wealth products available digitally through digital channels, attractive and innovative savings products in Belgium.

MeDirect Belgium invests in Dutch residential mortgages via an established third-party mortgage originator in the Netherlands.

MeDirect Belgium invests in Belgian residential mortgage loan product in partnership with AZB. This offering is underpinned by a robust credit risk framework and will continue to diversify the asset base of MeDirect Belgium into the residential mortgage sector. Also as from November 2022, MeDirect Belgium launched its Dutch buy-to-let mortgage business.

The Bank has retained substantially all risks and rewards pertaining to the activities of Bastion 2021-1 NHG B.V., Bastion 2022-1 NHG B.V. and Bastion 2025-1 NHG B.V., three controlled special purpose entities utilised as part of the Bank's funding strategy in respect of the Dutch Mortgage business, and hence to assets, liabilities and related income and expenditure attributable to these entities, and as such, all assets, liabilities and related income and expenditure have been reflected within the Bank's financial statements.

The Bank substantially completed its exit from the ICL asset class, retaining only one revolving credit facility as at 31 December 2025. This was an accelerated and deliberate de-risking of the balance sheet, consistent with the Bank's strategic focus on its core retail franchise and resulted in a reduction in associated income.

This section provides a detailed description of the legal and financial structures of the Group entities, including an explanation of main intra-group interconnectedness with respect to all existing material intra-group exposures and funding relationships, legal interconnectedness covering material legally binding agreements; operational interconnectedness, including centralised operational agreements.

8.1 Intragroup Funding Arrangements

As at 31 December 2025, MeDirect Belgium had outstanding the following material intra-group financial support agreements:

Revolving Loan Agreement

The Revolving Loan Agreement is a €70 million unsecured RCF made available by MeDirect Malta for drawdown in one or more tranches by MeDirect Belgium. The purpose of the loan facility is to provide liquidity to finance business operations of MeDirect Belgium if such contingency financing is required. This agreement has never been utilised so far.

Deposit of Funds agreement

Under the Deposit of Funds Agreement, MeDirect Belgium may deposit funds with MeDirect Malta. A portion of the excess liquidity of MeDirect Belgium is placed with MeDirect Malta in the form of inter-company deposits and margins.

8.2 Operational Interconnectedness

Operationally, MeDirect Belgium is provided with resources, technology and personnel by MeDirect Malta pursuant in accordance with a staff sharing arrangement and a SLA. MeDirect Malta employees are made available to act for MeDirect Belgium under a staff sharing agreement. Certain IT services are provided by MeDirect Malta to MeDirect Belgium through a Service Level Agreement ("SLA"). Moreover, infrastructure is made available to support MeDirect's operations under leasing agreements, mainly by the group company MeDirect Tech Limited but also by MeDirect Malta.

Staff sharing agreement

Through a staff sharing agreement MeDirect Malta agrees to make available to MeDirect Belgium such employees as are needed in order to enable MeDirect Belgium to operate. Under this agreement, MeDirect Belgium reimburses MeDirect Malta an agreed percentage of the remuneration and social security paid by it in relation to such employees. Throughout the financial year ended 31 December 2025, MeDirect Malta recharged employee compensation and benefits to MeDirect Belgium amounting to €6.8 million.
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Leasing and service level agreements

The leasing structure through MeDirect Tech ensures that the IT infrastructure (hardware, software and systems) is made available for use by MeDirect Malta and MeDirect Belgium. Each of MeDirect Malta and MeDirect Belgium have entered into a lease agreement with MeDirect Tech, whereby MeDirect Tech leases to MeDirect Malta and MeDirect Belgium certain assets mainly IT equipment/hardware, and provides them with the use, maintenance and third-party support services under any software licences and other products and/or services. MeDirect Malta also provides similar leasing and support services to MeDirect Belgium. Throughout the financial year ended 31 December 2025, MeDirect Belgium incurred IT support charges and lease charges from MeDirect Tech and MeDirect Malta equivalent to €2.6 million.

Recharging of expenses agreement

MeDirect Malta and MeDirect Belgium have also entered into a Recharging of Expenses Agreement, pursuant to which certain fees, costs and expenses relating both to recurring as well as ad hoc operational services which are used by both MeDirect Malta and MeDirect Belgium in the course of their respective business activities are initially incurred and paid for by MeDirect Malta. These costs relate, by way of example, to payment systems maintenance and licence fees, credit advisory fees, legal advisory fees, custodian fees and management fees. Under the Recharging of Expenses Agreement, MeDirect Belgium has agreed to reimburse MeDirect Malta for the portion of such fees and expenses which are paid by MeDirect Malta, but which relate to or otherwise benefit MeDirect Belgium.

9 Remuneration policy and practices

(EU REMA – Remuneration policy (points (a) to (d) of Article 450(1))

Remuneration governance

The primary purpose of the NRC of the Bank is to review remuneration levels in the Bank and to consider whether to approve performance-related bonus and other variable awards that may be delivered in cash or share linked instruments. As at 31 December 2025, the members of the NRC were Marcia de Wachter, Bart Bronselaer and Jean Dessain with the Human Resources representative in attendance. Throughout the financial period the NRC met eight times.

The Bank's NRC is charged with aligning the Bank's remuneration policy and in particular performance-related elements of remuneration, with the Bank's business strategy and risk tolerance, objectives, values and long-term interests. The key objectives of the NRC in this regard are the following:

- annual review of the proposals put forward by management relating to the principles of the remuneration policy and verification with management that they are effectively implemented.
- monitoring of the budgets allocated to the fixed salary increases for the forthcoming year and the variable remuneration pools for the previous financial year; and
- annual review of the individual remuneration of senior management and staff members who are employed in control functions, as well as that of staff with total remuneration above a threshold fixed by the NRC.

One of the NRC's primary functions is to ensure that the Bank is able to attract and retain suitable employees at all levels at an acceptable cost. It may request market-related information from time to time, to verify the recommendations made by management.

On an annual basis, the NRC reviews the budget allocated to the fixed salary increases for the forthcoming year and the variable remuneration pool for the previous financial year and review the individual remuneration of senior management and staff members who are employed in control functions such as Risk and Compliance, as well as that of staff with total remuneration above a threshold fixed by the NRC.

Remuneration policy statement

The purpose of the remuneration policy is to set out the overall principles that the Bank, whether direct or indirect, must follow when determining the remuneration and compensation of its management and staff members. This policy establishes an effective framework for determining role descriptions, performance measurement, risk adjustment of compensation and the linkages to reward. The Bank's Board is responsible to ensure that the remuneration practices are based on sound governance processes that take into account the Bank's risk strategy and profile.

The policy was developed in conjunction with the Group's principal shareholder and the NRC of the Bank and its parent company. The policy is reviewed on an annual basis by the NRC or when significant changes occur in related directives, guidance, best practice and technical standards. The policy is also reviewed on an annual basis by the IAF to ensure that it is in compliance with all applicable legal and regulatory requirements. The NRC may also require review of this policy by external advisors to the extent it is deemed necessary or appropriate.

The Board, directly and through the NRC, carries out effective monitoring and evaluation of adherence to the Bank's remuneration policy and remuneration system on an on-going basis. The NRC and the Board monitor the on-going performance by executive directors and senior management and determine the design and implementation of an effective remuneration system. They also ensure that the remuneration policies and practices are consistent with a prudent, forward-looking approach aimed at maintaining a sound capital base and that all awards of variable remuneration to MRTs are subject to malus and clawback arrangements and are otherwise consistent with the remuneration policy.

MRTs, that consist of members of staff whose actions have a material impact on the risk profile of the Bank, are identified on the basis of the qualitative and quantitative criteria set out in the Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 ("Regulation (EU) 2021/923"). MRTs are also identified on the basis of additional criteria developed internally.

This category would include a member of the Board of directors, a member of senior management and business heads and key personnel of independent control functions such as the Internal Audit, Compliance and Risk Management functions.

MRTs would also include:

- Staff members authorised to approve or veto the introduction of new products;
- Staff members authorised to take decisions on material credit risk exposures or is a member of a committee which has authority to take decisions on material credit risk exposures; and
- Staff members who were awarded total remuneration in the previous financial year equal to or in excess of other MRTs (excluding non-executive, support function and control function roles).

The list of MRTs is reviewed and reconsidered by the NRC on at least an annual basis.

Remuneration consists of base salary and, where applicable, performance based or other variable compensation. Performance-related compensation is determined both on (i) a Bank wide basis, and (ii) an individual employee basis.

Compliance with the Bank's rules and requirements and ongoing involvement in risk management are taken into account when determining performance-based remuneration for all employees. Other non-financial factors are considered such as skills acquired, personal development, commitment to the Bank's business strategies and policies and contribution to the performance of the team. Performance is measured in relation to non-financial and financial goals and, where appropriate, failure to perform in non-financial areas of responsibility outweighs success in profit generation in determining compensation. The remuneration of staff in control functions should allow the Bank to employ qualified and experienced personnel in those functions and to take into account the nature of their responsibilities.

The Risk team provides advice in respect of the definition of suitable risk-adjusted performance measures, as well as in assessing how the variable remuneration structure affects the risk profile and culture of the Bank. The Risk team also provides input into the process for determining bonus pools and the allocations of variable remuneration awards, to ensure that all relevant factors are considered in determining awards. The Risk team also validates and assesses risk adjustment data, and a member of the BRCC provides input to the NRCs on this matter.

The Compliance function analyses how the remuneration policy affects the Bank's compliance with legislation, regulations and internal policies and conducts an annual review of the implementation of the remuneration policy. The Compliance function reports on identified compliance risks and issues of non-compliance and these findings are taken into account in the review and oversight of the remuneration policy.

The IAF carries out an independent annual review on the design, adequacy, control effectiveness and sound monitoring of the Remuneration policy. The IAF also informs the NRC of any negligent or unacceptable behaviour of key staff and management members, to be considered during the review of remuneration levels and approval of performance-related and other variable bonus awards.

The Remuneration Policy includes malus and clawback provisions applicable to all MRTs and key personnel in control functions, including variable compensation paid in cash. Clawback, if applied, requires employees to pay back an amount already received. It can be applied for five years from the date of award or until the end of the applicable retention period, as applicable. Malus, if applied, permit reduction of incentive awards before they become payable or before they vest. Malus may be applied at any time during the applicable deferral period.

The Bank can apply malus and clawback provisions to variable remuneration if the affected employees were responsible for significant losses to the Bank or if standards of fitness and propriety were not met during the period for which the performance or retention bonus was awarded.

Variable remuneration is paid or vests only if it is sustainable in relation to the financial and regulatory capital situation of the Bank as a whole. Subject to national contract and labour law, the total variable remuneration may be reduced in the event of negative financial performance of the Bank. Reductions may affect, both current remuneration and payouts of amounts previously earned.

Conflicts of interests with regard to the implementation of this Remuneration Policy and the award of remuneration in accordance with the provisions of this policy are identified and appropriately addressed.

In 2025 the Group reviewed the remuneration policy and the Deferred Bonus plan, but there were no material changes.

The Bank's reward strategy

The quality and long term-commitment of all employees is fundamental to the Bank's success. The Bank therefore aims to attract, retain and motivate highest quality employees who would like a long-term career with the Bank and will perform their role at a high level. The Bank's compensation package provides for fixed and variable remuneration.

<u>Fixed remuneration</u>

The fixed remuneration reflects the individual's role, experience and responsibility. It comprises the base salary and, in some cases, a pay allowance. Base salaries are expected to comprise the majority of the Bank's overall compensation, benchmarked regularly, and are paid monthly by direct credit to an employee's personal account. Allowances are also paid monthly by direct credit.

Fixed remuneration also includes fixed benefits. Benefits take account of market practice and include the provision of pension contributions, medical insurance and life assurance and others. The Bank provides defined contribution pension schemes whereby the Bank's fixed contribution is set for each employee on the basis of the relevant salary and the payment of such contributions would stop on termination of employment by the employee.

<u>Variable remuneration</u>
Variable remuneration may consist of performance bonuses and other variable bonuses awarded in cash or share linked instruments and severance payments awarded in cash. In accordance with Article 92(1) (q) of CRD, variable remuneration is not paid through vehicles or methods that facilitate the non-compliance with CRD or Regulation (EU) No 575/2013. A number of employees opted to be paid the performance bonus in warrants or options rather than in cash.

Performance bonuses represent additional remuneration payable to employees as a reward for achieving specific goals or hitting predetermined targets. All variable remuneration is discretionary, irrespective of performance, and the amount of variable remuneration is not determined in advance. The Bank may also award ad hoc bonuses that are linked to pre-set KPIs in relation to specific projects.

Any consideration given to granting variable bonuses is made in light of the applicable regulatory requirements in order to ensure that such remuneration is only awarded where to do so is compliant with the applicable regulatory requirements and any such remuneration is awarded in such form as is determined by the NRCs, taking account of applicable regulatory requirements (including in respect of deferral, payment in the form of a share-linked instruments and the application of malus and clawback).

9.1 Determination of the performance bonus variable remuneration pools

A performance bonus pool is established for the Bank as a whole and is calculated at Bank level based on the success of the Bank in meeting its business objectives. In determining the variable remuneration pool, the Bank applies a prudent, forward-looking approach, consistent with maintaining a sound capital base. The Bank expects that in aggregate variable remuneration will not materially affect the capital position or ability to strengthen the capital base of the Bank.

The variable remuneration pool is determined based on the following factors:

- Financial results of the Bank after taking into account the cost of risk, capital and liquidity, with the aim of ensuring that the total amount of variable remuneration does not undermine the Bank's capacity to meet its objectives in terms of capital requirements; and
- Qualitative factors such as market practices, conditions under which activities are carried out and risk management.

The pool would be further adjusted to reflect all relevant identified current and future risks and the Bank's capital position. Such an adjustment may include the NRCs reducing pools of variable remuneration in the event of a breach (or unacceptable risk of a breach) of any key regulatory ratios and/or reducing or not paying variable remuneration to any employee (whether or not a MRT) who the NRC determines has caused or contributed to any such breach (or risk of a breach).

The variable remuneration pool is approved by the NRC.

9.2 Measures of performance as basis for awarding of bonuses

All personnel are compensated out of the variable remuneration bonus pool based on their contribution to the achievement of the Bank's business objectives as well as personal objectives. The allocations of individual variable remuneration awards are correlated to the staff member's formalised annual individual appraisal, that takes into consideration quantitative and qualitative objectives known to the employee, as well as risk management considerations.

Individuals are compensated out of that bonus pool based on their contribution to the achievement of the Bank's business objectives. Such individual criteria will also depend on the role of the individual in the Bank. The amount of variable remuneration will vary depending on the performance of the staff member, as well as of the staff member's business unit and the institution as a whole.

The appraisal process for all employees is a continuous process which involves the following stages:

- Objective setting at the beginning of the year.

  Goals are set for the development of the employee. Objectives may be technical (related to area of expertise and day-to-day role) or behavioural (related to personal objectives).

- End of year appraisal.

  Employees prepare a self-appraisal, and the employee's manager prepares an appraisal. The employee and the manager meet to discuss performance and rating.

9.3 Individual allocation of the variable remuneration

i. All staff (including material risk takers)

The Human Resources Team initiates the process of gathering recommendations for salary revisions, bonuses and promotions from EXCO members. A variable remuneration pool is allocated per department based on the bonus pool of the Bank. The individual departments then allocate the pool amongst their employees based on performance.

All staff are eligible for performance related variable remuneration, though the Bank has full discretion as to whether or not to pay variable remuneration on a Bank -wide or an individual basis. It takes into account quantitative and qualitative criteria and is not directly or solely linked to the amount of profits or revenues generated. Assessment of performance is made taking into account the business cycle and the Bank's business risks. The criteria used to set variable remuneration pools, as well as their allocation, takes into account all risks, both qualitative and quantitative.

In exceptional circumstances, the allocation of variable remuneration may differ from the pre-determined criteria set forth in the End of Year procedure, on a case-by-case basis. Furthermore, depending on the performance of the employee and the financial performance of the Bank, variable remuneration can also be reduced to zero. Variable remuneration may be significantly reduced or nullified in the case of any kind of unethical or non-compliant behaviour.

The Human Resources Team ensure that recommendations for salary revisions and bonuses do not exceed the allocated pool. The CRO confirms that the bonus allocation is consistent with sound and effective risk management practices and does not impact the capital adequacy of the Bank. Recommendations are then discussed with the CEO for approval before presenting to the NRC.

Internal control functions

Whilst the overall bonus pool of the Bank is based on the Bank's financial results, compensation of control functions is not directly tied to the results of any business unit but should provide incentives for such staff to deliver the best performance in their role. Thus, control functions are judged on success in developing and implementing appropriate policies, developing effective risk management controls and procedures, monitoring risk and building control systems. The Bank's remuneration practices shall ensure that no material conflict of interest arise in respect or remuneration for staff in the Bank's control functions.

The methods used for determining the variable remuneration of control functions are designed to encourage staff not to compromise their objectivity and independence. When control function staff receive variable remuneration, it is determined separately from the business units they control, including the performance which results from business decisions where the control function is involved. The criteria used for assessing performance and risk is based exclusively on internal control objectives.

Other matters on variable remuneration

In accordance with applicable remuneration regulations, the ratio between the variable components of remuneration and the fixed components is limited to 50%.

Without prejudice to the de-minimis carve-out of variable remuneration not exceeding €75,000 provided in the NBB Circular NBB_2016_44 of 10 November 2016 ("EBA/GL/2015/22"), where variable remuneration is more than €50,000 or for lower values which are more than 100% of the fixed remuneration, a minimum of 50% of the variable remuneration cannot be delivered in the form of cash. There were no instances throughout the financial year when the 50% ratio for the MeDirect Belgium Staff was exceeded.

Variable remuneration may be paid in the form of the following: 1) upfront cash; 2) an upfront share-linked instrument award and/or 3) a deferred award representing an award granted in respect of cash or share-linked instruments subject to deferral. Such award of share-linked instruments for the purpose of Article 94 (1) (i) of CRD entitles the MRT to a cash payment based on the market value of a share of the MDB Group at a given date but does not entitle the employee to shares or any interest in or right over such shares. In the case of upfront share-linked awards and deferred share-linked award linked to a retention bonus, these awards would be subject to a retention period as determined by the NRC, of not less than 1 year but not greater than 5 years.

Variable remuneration awarded in cash is normally paid out in the first quarter of the subsequent financial year as determined by the NRC. Variable remuneration paid to MRTs is subject to malus and clawback provisions.

The clawback provisions state that the bonus may have to be repaid if the recipient of an award participated in or was responsible for conduct which resulted in significant losses to the Group and/or a business unit, in case of failure to meet appropriate standards of fitness and propriety, including cases of fraud, dishonesty or gross negligence, or in the case of significant reputational damage to the Group or a business unit or where such conduct would lead to regulatory actions. Clawback provisions may be applied ex post to variable remuneration paid in cash and share-linked instruments.

Malus may be applied at the discretion of the NRC, and examples of the circumstances in which such discretion to impose malus may be exercised are included in the Remuneration Policy. Malus provisions may be applied ex ante to share linked instruments.

Subject to regulatory de minimis limits, for MRTs deferral will apply to at least 40% of annual variable remuneration (and up to at least 60% in certain circumstances as determined in accordance with applicable regulations determined by the NRC), including both cash and instrument payments. The deferral period is five years, with one-fifth of the deferred amount vesting at the end of each of the first five anniversaries of the award date.

ii. Material risk takers

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

MRTs are classified as follows:

• Supervisory function

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

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

• Management function

The management function consists of members of the Board of Directors who have executive responsibilities, would be responsible for specific business units, and includes all executive directors of the board. Throughout the year members of the management function were awarded a performance bonus delivered in cash and certain members of the management function were also awarded performance bonuses delivered in cash and share linked instruments.

• Retail and Corporate Banking

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

• Corporate functions

Heads and key personnel within Finance, Administration, Treasury and Human Resources are included in this category. They are eligible to receive a performance bonus delivered in cash.

• Independent control functions

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

The Bank's remuneration practices shall ensure that no material conflict of interest arise in respect or remuneration for staff in the Bank's control functions.

EU REM1 - Remuneration awarded for the financial year

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

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

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

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

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

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

EU REM3 - Deferred remuneration

Year ended 31 December 2025									
Remuneration in €millions									
Deferred and retained remuneration		a. Total amount of deferred remuneration awarded for previous performance periods	b. Of which due to vest in the financial year	c. Of which vesting in subsequent financial years	d. Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	e. Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	f. Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	EU - g. Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year *	EU – h. Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1. MB Supervisory function		-	-	-	-	-	-	-	-
2. Cash-based		-	-	-	-	-	-	-	-
3. Shares or equivalent ownership interests		-	-	-	-	-	-	-	-
4. Share-linked instruments or equivalent non-cash instruments		-	-	-	-	-	-	-	-
5. Other instruments		-	-	-	-	-	-	-	-
6. Other forms		-	-	-	-	-	-	-	-
7. MB Management function		-	-	-	-	-	-	-	-
8. Cash-based		-	-	-	-	-	-	-	-
9. Shares or equivalent ownership interests		-	-	-	-	-	-	-	-
10. Share-linked instruments or equivalent non-cash instruments		-	-	-	-	-	-	-	-
11. Other instruments		-	-	-	-	-	-	-	-
12. Other forms		-	-	-	-	-	-	-	-
13. Other senior management		-	-	-	-	-	-	-	-
14. Cash-based		-	-	-	-	-	-	-	-
15. Shares or equivalent ownership interests		-	-	-	-	-	-	-	-
16. Share-linked instruments or equivalent non-cash instruments		-	-	-	-	-	-	-	-
17. Other instruments		-	-	-	-	-	-	-	-
18. Other forms		-	-	-	-	-	-	-	-
19. Other identified staff		-	-	-	-	-	-	-	-
20. Cash-based		-	-	-	-	-	-	-	-
21. Shares or equivalent ownership interests		-	-	-	-	-	-	-	-
22. Share-linked instruments or equivalent non-cash instruments		-	-	-	-	-	-	-	-
23. Other instruments		-	-	-	-	-	-	-	-
24. Other forms		-	-	-	-	-	-	-	-
25. Total amount		-	-	-	-	-	-	-	-

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

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

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

No identified staff within MeDirect Belgium earns a total remuneration that exceeds €1 million.

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

Year ended 31 December 2025	Management body remuneration			Business areas						
Remuneration in €millions	a. MB Supervisory function	b. MB Management function	c. Total MB	d. Investment banking	e. Retail banking	f. Asset management	g. Corporate functions	h. Independent internal control functions	i. All other	j. Total
1. Total number of identified staff	5	4	9							**16**
2. Of which: members of the MB	5	4	9	-	-	-	-	-	-	
3. Of which: other senior management				-	3	-	1	-	-	
4. Of which: other identified staff				-	-	-	1	2	-	
5. Total remuneration of identified staff	-	1	2	-	1	-	1	-	-	
6. Of which: variable remuneration	-	-	-	-	-	-	-	-	-	
7. Of which: fixed remuneration	-	1	2	-	1	-	-	-	-	

Year ended 31 December 2024	Management body remuneration			Business areas						
Remuneration in €millions	a. MB Supervisory function	b. MB Management function	c. Total MB	d. Investment banking	e. Retail banking	f. Asset management	g. Corporate functions	h. Independent internal control functions	i. All other	j. Total
1. Total number of identified staff	6	4	10							**17**
2. Of which: members of the MB	6	4	10	-	-	-	-	-	-	
3. Of which: other senior management				-	2	-	2	-	-	
4. Of which: other identified staff				-	-	-	1	2	-	
5. Total remuneration of identified staff	-	1	2	-	-	-	1	-	-	
6. Of which: variable remuneration	-	-	-	-	-	-	-	-	-	
7. Of which: fixed remuneration	-	1	2	-	-	-	-	-	-	

10 Recruitment and diversity policy statement

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

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

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

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

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

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

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

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

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

All Board appointments are made based on merit, taking into account the skills, experience, independence and knowledge required for the Board to function effectively.

The Bank acknowledges and values the advantages of establishing a diverse and inclusive Board, viewing diversity as a crucial element in sustaining a competitive edge. A diverse Board leverages the differences in skills, industry experience, backgrounds, and other distinctions amongst the Directors. These differences are considered when determining the optimal composition of the Board, and efforts are made to achieve a balanced representation whenever feasible.

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

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

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

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

For an overview of the directors and other key officers of the Bank, their expertise, actual knowledge and skills, kindly refer to the following link:

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

11 Number of directorships held by board members

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

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

A full list of the external functions exercised by the directors of the Bank is available in the Annual Report for the financial year ended 31 December 2025 that can be found in the following website https://www.medirect.be/about-medirect/facts-and-figures.

Directors as at 31 December 2025		**Number of other directorships held**
Marcia De Wachter	Independent Non-Executive Chairman	1ED and 1 NED
Bart Bronselaer	Independent Non-Executive Director	3 NED[6]
Frederic Hannequart	Independent Non-Executive Director	1 NED[7]
Jean Dessain	Independent Non-Executive Director	1 ED
Alain Moreau	Executive Director	1 NED
Marija Fenech	Executive Director	-
Jean-Marcel Phe Funchal	Executive Director	-

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

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

Appendix A – List of templates

Appendix B – List of Regulatory References

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

	and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012
CRR	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012
Regulation (EU) 2020/873	Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic

Appendix C – List of Abbreviations

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

IRRBB	Interest Rate Risk in the Banking Book		

MeDirect Bank S.A./N.V.

Pillar III disclosures report
– Environmental, Social and Governance Risks

31 December 2025

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Glossary

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

Double materiality assessment	Double materiality assessment is performed by assessing the potential impact of the institutions' operations on ESG matters (inside-out perspective) and the potential financial and non-financial impact of ESG risks on the institutions' operations and activities (outside-in perspective). This assessment identifies which sustainability matters are most material to the organisation and its stakeholders.
EBA/GL/2025/01: EBA Guidelines on ESG Risk Management	These are a set of guidelines issued by the European Banking Authority (EBA) on the management of environmental, social and governance (ESG) risks. The guidelines set out expectations for institutions on the management of ESG risks, including their integration into governance, business strategy and risk management frameworks. The EBA publishes its final Guidelines on the management of ESG risks | European Banking Authority
EBA ITS 2022/01: ITS on prudential disclosures of ESG risks	Implementing Technical Standards issued by the European Banking Authority (EBA) on prudential disclosures of environmental, social and governance (ESG) risks in accordance with Article 449a of Regulation (EU) No 575/2013 (CRR). The standards specify uniform templates, tables and related instructions for disclosures. Implementing Technical Standards (ITS) on prudential disclosures on ESG risks in accordance with Article 449a CRR | European Banking Authority
European Central Bank ("ECB") Guide to climate-related and environmental risks	The guide explains how the ECB expects banks to prudently manage and transparently disclose C&E risks under existing prudential rules. ECB publishes final guide on climate-related and environmental risks for banks (europa.eu)
European Green Deal	European Green Deal (2019/20) - a set of policy initiatives by the European Commission with the overarching aim of making the European continent climate neutral by 2050.
European Reporting Standards ("ESRS")	These are set of rules and requirements for companies to report on sustainability-related impacts, opportunities and risks under the EU's CSRD. The ESRS consist of two cross-cutting standards and 10 topical standards that cover environmental, social and governance (ESG) topics. The ESRS aim to standardise and improve the quality and comparability of non-financial reporting in Europe.
Fit for 55 data collection exercise	Fit for 55 package isa set of policy initiatives by the European Commission with the overarching aim to reduce greenhouse gas emissions by 55% by 2030 when compared to pre-industrial levels. In 2023/4, a sample of European banks were in scope of the one-off Fit-for-55 climate risk scenario analysis that aimed at assessing the resilience of the financial sector in line with the Fit-for-55 package, and to gain insights into the capacity of the financial system to support the transition to a lower carbon economy under conditions of stress. One-off Fit-for-55 climate risk scenario analysis | European Banking Authority (europa.eu)
Global Reporting Initiative ("GRI") Standards	Global Reporting Initiative (GRI), a non-profit entity that provides a widely recognised framework for sustainability reporting. It helps organisations by providing them with the global common language to communicate sustainability impacts. GRI - About GRI
Greenhouse Gas (GHG) Protocol	GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. About Us | GHG Protocol
Net Zero Emissions ("NZE")	The Net Zero Emissions by 2050 Scenario (NZE Scenario) is a normative scenario that shows a pathway for the global energy sector to achieve net zero CO2 emissions by 2050. International Energy Agency – Net Zero Emissions
Omnibus Package	The Omnibus package is a set of proposed legislative changes introduced by the European Commission in early 2025, aiming to streamline and reduce the regulatory burden of EU sustainability rules, particularly the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Taxonomy.
Paris Agreement Capital Transition Assessment ("PACTA")	It measures the alignment of financial portfolios to climate change scenarios, including Paris-aligned scenarios, across climate critical sectors. Home – PACTA (rmi.org)
Paris Climate Accords	Paris Climate Agreement (2015) – International treaty setting out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C.

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

1. General overview

The Pillar 3 Disclosures are aimed at providing the stakeholders of MeDirect Bank S.A./N.V. (“MeDirect Belgium” or “the Bank”) information on environmental, social and governance risks (“ESG risks”) in accordance with Article 449a of Regulation (EU) No 575/2013 (the Capital Requirements Regulation, “CRR”). ESG risk disclosures are governed by Commission Implementing Regulation (EU) 2024/3172, which entered into force on 1 January 2025 and repealed Implementing Regulation (EU) 2021/637, establishing updated and standardised Pillar 3 disclosure requirements aligned with the CRR3 framework.

MeDirect Belgium is committed to continue integrating ESG principles into its day-to-day operations and increase awareness on ESG matters across the Bank. To do this, the Bank 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, Bank focuses on skills and development of all employees, as well as yearly training programmes for employees and Board of Directors. The Bank also ensures that the wider society is educated on topics concerning financial literacy, and other topics that helps make MeDirect Belgium a more inclusive and responsible bank.

The MeDirect Group Sustainability Risk Policy, applicable also to MeDirect Belgium, 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 Bank considers the risks relating to the climate and environmental risks (“C&E risks” / “CER”).
- Social: human rights violations, unethical and illegal working conditions, modern slavery/forced labour, breach of employee rights/labour rights, child labour, discrimination, social cohesion and stability, product safety, restrictions on or abuse of consumers' rights, restricted access to clean water, reliable food supply, and/or sanitary living environment, and infringements on the rights of local communities/indigenous populations.
- Governance: lack of diversity at board or governing body level, inadequate external or internal audit, transparency and integrity concerning remuneration, tax and bribery and corruption, lack of appropriate board oversight, lack of scrutiny of executive pay, poor safeguards on personal data / IT security (of employees and/or customers), discriminatory employment practices, inadequate protection for whistle-blowers, workplace harassment, discrimination and bullying, and health and safety concerns for the workforce.

These ESG factors should be properly managed within the organisation as they might have negative consequences on the Bank 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 Bank, 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[8]
MeDirect Belgium monitors evolving ESG trends as part of the horizon scanning process. In 2022, Bank, at the MeDirect Group consolidated level, 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 ESG Strategy, and the selection of topics reported in its first Non-Financial Report in accordance with the GRI standards.

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

[8] MeDirect Group ESG Strategy is applicable to its consolidated subsidiaries, MeDirect Bank (Malta) plc and MeDirect Bank SA (“MeDirect Belgium).

Four strategy pillars

Governance

- Sound corporate values
- Responsible and sustainable business
- Institutional approach to ESG

Environment

- Lower carbon business
- Green products
- Climate risk resilience

Employees

- Attractive workplace
- Diversity and inclusion
- Professional development

Society

- Community engagement
- Social inclusion
- Social development and support

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, the Bank is committed to continue making ESG factors key components of its decision-making processes and internal organisation.

The main objectives and commitments stemming from the ESG Strategy that are relevant for the management of ESG risks are included in this report. For more information, refer to the Sustainability section[9] on the Bank's website.

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

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

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

International Recognition

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

In recent years, at the Group consolidated level, the Bank participated in sustainability assessments conducted by EcoVadis[10], one of the most trusted providers of business sustainability ratings with a global network of more than 130,000+ rated companies. Starting from 2022, MeDirect 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 its success in implementing its ESG strategy. In 2025, MeDirect Group 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 Group started considering other accredited sustainability rating providers, such as the Carbon Disclosure Project ("CPD") Climate Change questionnaire.

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

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

[9] Sustainability at MeDirect - MeDirect
[10] Global, Trusted, Actionable Business Sustainability Solutions | EcoVadis

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)

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

The Bank, at MeDirect Group consolidated level, 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[11]
    - 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[12]
    - Minimum 5% share of green home loan sales in 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

In Q4 2023-Q1 2024, at the Group level, MeDirect Belgium 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 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, MeDirect Group measured its GHG emissions for 2024 following the aforementioned methodology. The GHG emissions for 2025 will be calculated during the course of 2026.

The Bank also assessed the sectoral alignment of its ICL portfolio with Paris Agreement Capital Transition Assessment ("PACTA") forward-looking scenario-based transition pathways. There was no exposure to PACTA sectors in the ICL portfolio.

Green financing and investments

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

The Bank also requests an EPC certificate from its retail and corporate borrowers. 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.

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[11] In light with the planned alignment with its parent company, MeDirect Group will be revising the list of KPIs expected to be formulated for implementation as from 2026. This revision shall involve the reconsideration of intermediate decarbonisation targets for the MeDirect Group.
[12] Board decision to increase the limit to 12% on 30th May 2024. Revision to the limit reflects the methodological change in accordance with the Pillar III reporting instructions (inclusion of allocation of the holding company's' exposure based on the NACE code of the operating company and its underlaying business activity) and the inclusion of Buy-To-Let (legal entities) as corporate lending, in addition to the Malta corporate lending portfolio and the ICL portfolio.

The Bank also measures and monitors the range of green products offered to its clients in the Wealth Management Investment business. Moreover, the Bank is integrating the sustainability preferences of its clients into the suitability assessments carried out prior to the provision of portfolio management services in order to be able to ultimately match the sustainability preferences of its clients.

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

With respect to retail mortgage portfolios, the Bank is not the lender of record for all exposures. As a result, direct contractual relationships with the borrowers do not exist in all cases, and any borrower level engagement is therefore structurally limited and may be undertaken only indirectly, where applicable, via the relevant third-party entities. Similarly, in the corporate lending segment, exposures primarily relate to Dutch professional buy to let mortgage portfolio to legal entities, where the Bank is not the lender of record. Consequently, direct engagement with underlying borrowers is not possible.

For the ICL portfolio, exposures are held as part of syndicated transactions. In this context, the Bank does not maintain a direct relationship with the underlying borrowers, and engagement activities are conducted, where applicable, at syndicate level by the facility agent or lead institutions. Furthermore, the ICL portfolio is subject to a de risking plan, and there were no new originations in 2025.

Suppliers' engagement approach

In the procurement process, whenever applicable and possible given its business profile and model, the Bank 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 Bank's Suppliers and Business Partners Code of Conduct that sets out the fundamental sustainability standards and principles expected from the vendors.

In 2025, the Bank, at a Group consolidated level, has revised its approach and started incorporating ESG due diligence during the review cycle of key suppliers and business partners. ESG due diligence is incorporated at pre-contractual and contractual stages, with ESG criteria embedded in the risk assessment process. The aim of the ESG due diligence is to ensure compliance with the MeDirect Suppliers and Business Partners Code of Conduct.

Integration of C&E events into operational frameworks

The Bank 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 Business Continuity Plan ("BCP") at MeDirect Group level and incident response planning will be included in annual updates of these frameworks. The Bank also incorporated in its operational framework CER impacting its operational centres and reputation.

The Business Continuity Policy includes an extreme natural disaster scenario (e.g. Flooding / Storms / Earthquake, Pandemic Hazard) that could significantly disrupt operations in Belgium. The Bank 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 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 Bank counterparties and Reputational Risk Management Policy includes C&E risk affecting reputation. The Bank 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 Policy Standard.

2.1.2. Governance

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

The Bank continuously integrates CER/ESG risks and criteria in its risk framework by regularly updating relevant internal policies and procedures.

Governance bodies involved in ESG management and oversight

By setting the ESG agenda at the MeDirect Group 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 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 Bank representing the main areas critical to the effective management of ESG and C&E risks. The Internal Audit function is a permanent invitee to the Committee as an observer in order to maintain its independent status. The Committee can invite any other internal or external parties to attend the Committee on an ad hoc basis to provide advice and/or information. The Committee meets at least quarterly.

Periodically, and at least on an annual basis, the Group ESG Committee terms of reference are reviewed. Last review conducted in 2025 reflected the new governance structure of the Group, with the Committee reporting to the Group Enterprise Risk Management Committee ("ERMC") as of 2025.

For more information on the governance bodies involved in the ESG management and oversight, including the responsibility and reporting/frequency of reporting at each governance body level, please refer to the Sustainability Risk Policy that is published on the Bank's website.

Integration of ESG principles across all three lines of defence
The Banks 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 Bank. 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 Bank'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 Bank. The Risk Management function ensures continuous enhancement of such indicators over time to ensure effective sustainability risk management across the Bank. 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 Bank aims to analyse comprehensively the ways in which CER and ESG risk may affect different (risk) areas of the Bank. Moreover, the Risk function is responsible for reviewing and updating on an annual basis the CER Materiality Assessment at MeDirect Group level that analyses the sensitivity of the business, operations and activities to climate (physical and transition) and environmental risks using a forward-looking approach.

Additionally, the Compliance function (second line of defence) prepare a Compliance Monitoring plan, which is approved by the Belgium Board Risk and Compliance Committee, taking into account sustainability-related regulations, as appropriate. The Compliance function operates independently from the business units but advises/challenges business units and other internal functions to ensure that operations are in line with policies, procedures, and regulations.

The Sustainability function, as an advisory function, is the primary coordination point driving the ESG strategy and agenda, engaging with the Belgium Board, whenever requested by the Chairperson, and interacting with the 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. 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 Bank 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.

The Bank, as part of the consolidated MeDirect Group, has also disclosed the Non-Financial report based on GRI standards on a voluntary basis as from 2022. In 2026, MeDirect Group plans to align its sustainability reporting approach with that of its shareholder, following the acquisition of MeDirect Group by BANKA Creditas a.s.

At the MeDirect Group consolidated level, as well as at the Bank's solo level, it will most likely be out of scope of Article 8 Taxonomy reporting and the Corporate Sustainability Reporting Directive, following the adoption of the Omnibus I and hence its potential changes to applicability thresholds, scope and reporting simplifications. In February 2026, the EU formally adopted the Omnibus "Stop the Clock" Regulation, which defers the application of CSRD requirements by two years for entities outside the Wave 1 scope. MeDirect Group falls under Wave 2 scope.

The Bank used different data sources to assess the individual physical risks and transition risks. For the analyses of individual physical risks, the Bank 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 Bank implemented MunichRe Location Risk Intelligence tool to assess the acute and chronic environmental hazards of the loans collateralised by immovable property. Whereas the previous model granularity was at NUTS3 code level, with the new tool the granularity will be enhanced. This new tool was used for the revisions to the CER materiality assessment performed and approved in December 2025.

Moreover, the Bank engages with Morningstar, Inc. for the data on ETFs and Mutual Funds for Discretionary services.

Publicly available data, particularly published by Morningstar, Inc, and Moody's, is also used for the assessments performed on Treasury and Wealth Management instruments.

Refer to the section 2.1.1 for more information regarding the clients' and suppliers' engagement approach to obtain sustainability-related information, as well as environmental data, including GHG emissions and taxonomy information, that is used for reporting purposes. In addition to the limited client disclosures described in section 2.1.1, publicly available statistics in different jurisdictions that the Bank is operating in do not necessarily include required data to calculate proxy information to estimate client data.

The Bank 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 Bank 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 Bank commits to review the ESG qualitative and quantitative performance objectives set for key employees at least on an annual basis.

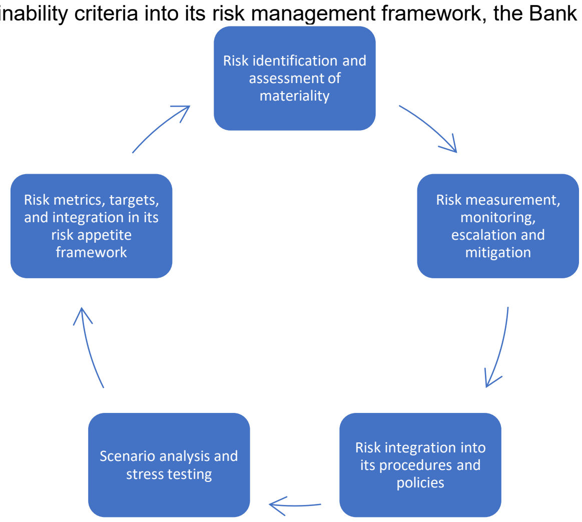
As of 2026, the Bank aims to more formally demonstrate the impact of individual performance on total variable compensation of key employees' against both qualitative and quantitative ESG objectives outlined in the ESG Strategy. This evaluation will be tailored to reflect the specific nature and responsibilities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



MeDirect defines sustainability risks, including climate and environment-related risks, in its 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 Bank 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.

As part of the 2025 ICAAP process, the Bank enhanced its Sustainability Risk framework through updates to the Sustainability Risk Policy. These updates included the introduction of a dedicated ESG risk category within the risk universe, supported by an ESG risk taxonomy designed to improve understanding of the types of ESG risks to which the Bank may be exposed in the course of its business activities.

The revised policy also strengthened the articulation of ESG risk transmission channels, clearly outlining the relationship between climate and environmental (C&E) risks and traditional financial and non-financial risk categories. The ESG Risk Taxonomy and transmission channels framework were updated during the second half of 2025 to reflect how ESG risks may influence established risk types, including credit, market, liquidity, operational and reputational risks.

In addition, the Sustainability Risk Appetite Statement and the transmission channels framework explicitly address greenwashing risk, outlining its potential to contribute to or exacerbate other risk categories.

For more information on the ESG Risk Taxonomy and ESG transmission channels, please refer to the Sustainability Risk Policy that is published on the MeDirect website[13].

The Bank 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 Risk Appetite Framework.

During this process, the Bank takes into consideration its business profile and strategic direction as well as regulatory requirements as stipulated in the European Central Bank (“ECB”) Guide to climate-related and environmental risks, United Nations Sustainable Development Goals principles, and Task Force on Climate-related Financial Disclosure recommendations, among others.

Incorporation of CER in the lending process

As outlined in the Sustainability Risk Policy, the Bank incorporates CER principles in its main business processes with the aim of managing C&E risks and raising CER awareness within the organisation and amongst its clients and counterparties. As described in Section 2.1.2, the three lines of defence are responsible for identifying, assessing and managing C&E risks across the Bank, applying relevant mitigating and controlling actions.

One of the commitments in the Group’s ESG Strategy is to continue monitoring CER KPIs and undertake mitigating actions where necessary. The Bank has also committed, as part of the MeDirect Group ESG Strategy, that direct exposure to sectors contributing significantly to climate change that might have potentially negative impact on the environment will not exceed 12% of the Group’s assets by 2024/25. As of December 2025, the exposure to sectors contributing significantly to climate change is 5.59% of Group’s assets.

To assess CER in its lending process, an ESG questionnaire is used post loan origination for ICL corporate lending clients to assess the ESG profile of the client and ESG risks related to the financing, including environmental risks. Following the distribution of the ESG questionnaire, the Bank then evaluates environmental factors in its corporate lending process. This evaluation is carried out by using sectoral heatmap provided by Moody’s. Nevertheless, following the de-risking plan for this portfolio, no new exposures were added in the portfolio in 2025. Therefore, ESG assessments on the international syndicated lending portfolio were halted in 2025 due to the de-risking plan.

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. Moreover, 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 the Bank 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 Bank’s corporate clients.

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 Bank’s risk horizon (e.g. CER, compliance risk, social risks, etc.,). The Bank will continue ensuring that effective controls are in place to prevent and/or significantly mitigate any potential litigation risks.

[13] MeDirect-Group-Sustainability-Risk-Policy.pdf

Impact of environmental risks on capital and liquidity risks

A number of key risk indicators ("KRIs") are monitored periodically by the Risk function relating to the monitoring of concentration risk to high CER sectors, flood and sea hazard risk, yearly energy efficiency of the properties, among others, in relation to the retail and corporate lending portfolios.

In addition to the existing KRIs, the Bank has incorporated as from 2023, risk appetite limits relating to CER to its lending portfolios, to limit concentration to collateral with poor EPC ratings or high flood risk exposure. 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 Group conducted a CER materiality assessment to analyse the main CER factors that may affect the Group, including the Bank. 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 CER that may affect the Bank's strategy, business model, asset portfolios, funding sources, wealth management services and business operating centres. The materiality assessment is led by the Risk function in collaboration with the various business units and is presented at the appropriate management and Board Committees for discussion and approval.

The assessment evaluates CER across physical and transition risk categories. It considers both acute and chronic physical risks, alongside transition risks driven by behavioural shifts, policy and regulatory change, and technological developments. Risks are assessed over short-, medium-, and long-term horizons to capture the timing and impact of potential risk materialisation. The assessment is conducted using a proportional and risk-based methodology, leveraging available data and sources**.** The Bank evaluates climate-related risks through the use of climate heatmaps and ESG questionnaires, as well as other relevant research and geospatial datasets. In the second half of 2025, the Bank implemented the Munich Re Location Risk Intelligence tool to enhance the assessment of acute and chronic environmental hazards for loans collateralised by immovable property.

The latest assessment concluded that the Group's exposure to CER is limited, with the Group's exposure to C&E risk derived primarily from:

- credit risk (deterioration of collateral value, deterioration of credit profiles of borrowers),
- retail funding primarily as a result of reputational risk (deposit outflows),
- wholesale funding primarily as a result counterparty/country risk and deterioration of collateral value,
- wealth management services as a result of deteriorating market sentiment (fund classes), and
- operational centres as a result of operational risk (higher energy requirements, physical risk of destruction or business failure).

Notwithstanding these risks, the Group has assessed its residual risk as low, particularly in the short-to medium-term and concluded that based on its current CER/ESG risk profile, no additional capital or liquidity buffer is required to cover potential impact of C&E risk.

The materiality assessment is updated in the last quarter of each year to be aligned with the budgetary/financial plan process 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 integrates social and governance factors in the next review of the ESG materiality assessment planned during the last quarter of 2026, as part of the wider action plan planned for implementation during the course of 2026.

The Group will continue to monitor and reassess the evolution of CER regularly and update its assessments at least on an annual basis.

As a result of the assessment, the Group has defined a list of Key Performance Indicators ("KPIs") to measure, monitor and report CER faced by the Group and its core portfolios on a quarterly basis. KPIs include:

- Mortgage Portfolio Flood Risk – % of Netherlands/Belgium Buy-To-Ley/mortgage portfolio exposure in higher flood risk areas
- Corporate Lending Portfolios - Concentration Risk in high CER sectors
- Mortgage Portfolio - Concentration Risk in poor 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 capital and P&L.t As part of its stress testing framework, the Bank applies climate-related scenarios for the estimation of climate-adjusted credit loss allowances of its exposures classified within the Dutch and Belgian Mortgages, and Dutch Buy-to-Let portfolios. Specifically, the Bank applies stresses on the collateral pledged as security for the estimation of the climate-adjusted credit loss allowances of its exposures classified within its mortgage portfolios. For more information, refer to the Group Annual Report for the year end December 2025.

The Bank continues to evolve its stress testing processes to be able to conduct adequate and plausible Climate Risk Stress Tests that will allow the Bank to make informed decisions. The CER stress tests are conducted on an annual basis by the Group, as part of the ICAAP and ILAAP process. The stress scenarios from a CER perspective cover operational and credit losses, deposit flight and operational damage, among others.

The Bank 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 Data Collection Procedure.

Reported data points in Section 3, quantitative information, were collected on a best-effort basis.

2.2. Qualitative information on social risks

2.2.1. Business strategy and processes

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 2 (a-c)

The Bank'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 Group Non-Financial Report.

As indicated in Section 1 of this report, the Bank 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 Bank's employees are its most important asset. Helping employees to develop and ensuring attractive working conditions is crucial to the achievement of the Bank's business goals and to increase employee satisfaction.

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. The Bank 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.

Objectives and Commitments to address Social Risks

The Bank, at the level of MeDirect 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%[14]
- Key senior management having specific and relevant ESG/CER objectives
- Maintain Board gender diversity with a minimum 20%[15] 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%

[14] 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).

[15] The target shall be revised as from 2026 as follows: members of the underrepresented gender hold at least 33% of all (executive and non-executive) director positions. This is in accordance with the EU Directive 2022/2381, also known as the "Women on Boards" Directive.

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
- 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 Bank, at the level of MeDirect Group, committed in its ESG Strategy 2024/2025 (Pillar 1 Governance) to achieve the following targets with regard to its counterparties:

- 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)[16]
- Ensure that close to 100% of corporate lending clients have ESG verification
- Maintain a high Net Promotor Score (customer recommendation factor) score with a minimum score of 30.

Social risk management is integrated within the wider Risk Management Framework, as defined in the Sustainability Risk Policy. Refer to Section 2.2.3 of this report.

Consideration of social factors when conducting business

The Bank is aware of its responsibility to protect the health and safety of employees and visitors to its premises, as outlined in the 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 Bank 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 Bank also aims to provide its clients will all necessary information to enable them to understand the Bank’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 Bank, and staff members are required to ensure that all complaints are handled in line with the 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 Bank 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 Bank has a Data Protection Policy, prepared in accordance with the EU General Data Protection Regulation and consistent with other applicable national data protection legislation. In addition, the Information and Communication Technology (“ICT”) and Security Risk Management Framework document the Bank’s approach to monitoring and mitigating ICT risks, including cyber risks.

In relation to the wider community, the Bank'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 Bank prepares a plan for voluntary and charitable activities and sponsorships with the aim of actively engaging in local community initiatives.

In accordance with the Anti-Bribery and Corruption policy and procedures, the Bank 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.

[16] Refer to the Suppliers’ engagement approach section for more information on the new approach adopted in 2025 in relation to the ESG assessment on suppliers.

Refer to the 2024 Non-Financial report[17], sections 4 and 6 on Employees and Society respectively, for information on the treatment of discrimination and harassment, health and safety, data management and protection, and other social factors. A number of metrics on different social factors are reported within the same Non-Financial report.

2.2.2. Governance

Article 449a of Regulation (EU) 575/2013 (1) ('CRR') - Table 2 (d-g)

The same governance process applies as stipulated in section 2.1.2 Governance. All Management and Board Committees are required to assess any (potential) conflicts of interest before the start of the meeting. If required, the secretary of the Committee would then report any arising conflicts of interest to the Compliance department.

Business units and internal control functions provide periodic updates to the appropriate Board/Management Committees on social risk issues. Updates might include information about management of employee and counterparty relations, pay gap monitoring, customer complaints, data protection and security, violations of ethical standards or labour rights, employees' development, and remuneration.

The Bank 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. The Bank's compliance with these policies is a process of continuous improvement, and that is why it commits to review all of its policies and procedures at least on an annual basis, in line with its policy standard.

Among the most relevant policies relating to social aspects, particularly related to the Bank's employees, include the 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, the Bank 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 Bank also implemented policies and procedures related to counterparty management, including in respect of clients, suppliers and business partners, outlining the Bank's approach to relationship management, product and service delivery, human rights protection and sponsorships.

With respect to key business partners and suppliers, the Bank'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 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, Outsourcing framework, and the Supplier and Business Partner Code of Conduct, among others.

The Bank, at MeDirect Group level, 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 Bank, at MeDirect Group level, 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

[17] MeDirect Group has also disclosed the Non-Financial report based on GRI standards on a voluntary basis as from 2022. In 2026, MeDirect Group plans to align its sustainability reporting approach with that of its shareholder, following the acquisition of MeDirect Group by BANKA Creditas a.s.

Investor Relations and Financial Results - MeDirect

Alignment of Remuneration Policy with social risk objectives

The Remuneration Policy establishes a framework for defining roles, measuring performance, and adjusting compensation to take into account risk management. It is designed to align with the 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 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 Bank, among other factors.

The Bank 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 Bank's strategy and its performance. Objectives depending on the role in the organisation include social aspects. Moreover, ESG performance objectives for key employees have been established as described in Section 2.1.2. Governance.

The Bank is committed to maintain a gender-neutral recruitment process. During the recruitment process, the Bank undertakes rigorous checks on prospective employees in relation to technical and soft skills as well as cultural fit. The Bank adopts an unbiased approach in the hiring process and ensures that prospective employees meet with a minimum of three different Bank 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 Sustainability Risk Policy. Refer to Section 1 of this report.

The Sustainability Risk Policy defines ESG risk to include the social risk, events or conditions that, if they occur, could result in an actual or a potential negative impact on the value of investment, as defined in the SFDR Regulation, which would directly or indirectly affect the value of the organisation. Social risks mainly relate to human rights violations, unethical behaviour, controversial sectors, violations of employees' rights and working conditions, including lack of diversity, inequality and discrimination, lack of health and safety, breaches to data protection and information security.

Section 2.1.3 Risk Management of this report describes the ESG Risk Taxonomy, including social risks, that the Bank may be exposed to. In the second half of 2025, the Bank updated the transmission channel table to cover the relationship between ESG risks, in addition to CER, and traditional risk categories. The influence of social risks on credit, market, liquidity/funding, operational or reputational risk may depend on the severity of non-compliance with regulations, market standards or stakeholders' expectations, regulatory actions, the severity of human rights violations, or impact on employees and counterparties.

As described in Section 2.1.2. Governance, the three lines of defence are responsible for identifying, managing and overseeing social risks across the organisation in accordance with relevant policies and procedures.

Integration of social factors into the Risk Management

The Bank 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 Bank's appetite for ESG risks, including social risks.

Internal policies and procedures that address the Bank's exposure to social risk in relation to its employees, clients, suppliers and business partners are referenced in Section 2.2.2 Governance.

The Bank has also incorporated in the due diligence of its portfolios the monitoring of its ICL clients for any controversial activity associated with severe environmental or social damage that might impact the Bank's stability, reputation and future liability and litigation risks. This was limited in 2025 since there were no new ICL exposures due to the ongoing de-risking plan.

For the treasury portfolio, in the first half of 2025, the Bank introduced the assessment of ESG risk of the counterparties in the credit memo of covered bonds and sovereign bonds, including social risks such as the enforcement of labour rights in the supply chain for private covered bonds and human rights for sovereign bonds. Moreover, for the wealth platform, in the second half of 2025, the Bank formulated an ESG due diligence for the financial instruments by assessing both geographical (AML and Social factors) and sectoral (Environmental factors) levels.

All risks, including ESG risks, follow the same monitoring and escalation process as outlined in the Risk Appetite Framework.

Reputational and Operational, including litigation, risk management

All clients are onboarded in accordance with the Client Acceptance Policy. The Bank 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.

All Bank employees are required to identify, manage and mitigate reputational and operational, including litigation, risks that may affect the Bank's reputation and financial standing of the Bank resulting from business activities undertaken by MeDirect and its counterparties. The following table presents examples of such risks:

Misconduct	Weak Governance	Operational Failings	External events
• Illegal or fraudulent activities by individuals • Employee behaviour and conduct • Misuse of client information • Doing business in an unethical manner • Greenwashing practices	• Breach of regulatory requirements, including labour law and employee practices • Business activities that contradict brand core values • Inappropriate controls and internal governance of key decisions and processes	• Poor customer relations • Non-performance of core infrastructure and controls • Business disruption and inadequate continuity plans	• Incorrect or unfounded rumours • Negative public remarks by public institutions/figures • Industry, market or jurisdictional contagion risk

The Code of Conduct and Ethics sets forth principles to be applied by the Bank in relation to human rights, customer protection and product responsibility. The Bank 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 Bank's suppliers could adversely affect its reputation and standing in the market, the Bank has extended this approach to its business relationships and, whenever applicable and possible, the Bank 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 Bank has in place a Suppliers and Business Partners Code of Conduct. 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, misselling 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 Bank's counterparties.

The Bank has zero appetite for greenwashing risk. It 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, the Bank is committed to continue integrating ESG principles into its day-to-day operations and increase awareness on ESG matters. To do this, the Bank 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 Bank, at the MeDirect Group level, 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 Bank'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[18].
- 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 Enterprise Risk Management Committee and to the Board Risk and Compliance Committee, when necessary.
- Annual ESG e-learning module for all MeDirect employees.

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

MeDirect also committed to conduct ESG verification of its counterparties as follows:

- ESG verification of at least 50% of key suppliers.
- ESG/CER verification of close to 100% corporate lending clients

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 Corporate Governance Memorandum sets out rules and procedures to ensure that the Bank 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 Bank’s Compliance policies that covers corruption, fraud, conflict of interest, ethics, whistleblowing, among other topics. Therefore, the 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 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.

For more information relating to the governance framework of the Bank 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 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 Bank or its counterparties, including its clients, suppliers and business partners. The Bank 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 Bank updated the transmission channels table to incorporate governance risks.
The Bank 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 when it comes to all financial and non-financial risk pillars. The Bank 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 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 Bank, at the MeDirect Group level, 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 Bank’s counterparties are mitigated through the existing processes around client onboarding, periodic review process, and credit risk assessment. The Bank's Financial Crime Compliance team conducts onboarding checks on all clients of the bank in accordance with the Client Acceptance Policy. Moreover, AML/CFT and AB&C Policy stipulate that proper due diligence checks are required when dealing with customers and third parties, respectively. In addition, AML/CFT and AB&C procedures stipulate the processes in place to be performed to ensure the bank is not involved with any relationships that could potentially lead to a reputational damage to the bank.

Moreover, governance risks are assessed during the existing processes for Treasury portfolio and procurement process, as described in previous sections of this report.

The compliance area will further analyse its clients’ governance, particularly within the context of ongoing client due diligence. This analysis aligns with MeDirect’s established policies and procedures to enhance focus on critical areas such as ethics, integrity, board diversity, equality, and client protection.

Quantitative information on transition risk and physical risk related to climate change

In 2022, MeDirect started disclosing quantitative information on transition risk and physical risk related to climate change. This report is in line with Pillar III ESG implementing technical standards and instructions on prudential disclosures on ESG risks defined by the EBA[19] and the requirements set out under CRR III, namely Regulation (EU) 2024/1623 of 31 May 2024 amending Regulation (EU) No 575/2013, which mandate the preparation of the Pillar III ESG report at the subsidiary level, MeDirect Bank Belgium (the "Bank"), 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[20] as it follows the EBA guidelines. The disclosure perimeter includes exposures in the banking book, including loans and advances, debt securities and equity instruments not held-for-trading and not held-for-sale.

The quantitative information and required data points were collected on a best-effort basis.

The Bank applies transition periods for some tables and data as stipulated in Annex II of the Pillar III ESG implementing technical standards, as follows:

#	Template	Mandatory template	Transition periods	First reported data by MeDirect
1	Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Yes	Transition period applicable for the following data points: • column C (environmentally sustainable exposures) to be reported as from 2023 YE Group Pillar III Report • column I/J/K (GHG emissions) to be reported as from H1 2024 Group Pillar III Report	Reported as from 2022 YE Group Pillar III Report Column I/J/K (GHG emissions) reported as from 2023 YE Group Pillar III Report
2	Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	Yes		Reported as from 2022 YE Group Pillar III Report
3	Banking book - Climate change transition risk: Alignment metrics	Yes	To be reported as from the H1 2024 Group Pillar III Report	Reported as from the H1 2024 Group Pillar III Report
4	Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	Yes	Transition period applicable for the following data point: • column C (environmentally sustainable exposures) to be reported as from 2023 YE Group Pillar III Report	Reported as from 2022 YE Group Pillar III Report
5	Banking book - Climate change physical risk: Exposures subject to physical risk	Yes		Reported as from 2022 YE Group Pillar III Report
6	Summary of GAR KPIs	No		Reported as from 2023 YE Group Pillar III For reference year December 2025, the Bank is making use of the transitional provisions set out in the no-action letter and therefore has not reported ESG Templates 6 to 10 as set out in the no-action letter of the Commission's Implementing Regulation (EU) 2024/3172.
7	Mitigating actions: Assets for the calculation of GAR	No		
8	GAR (%)	No		
9	Mitigating actions: BTAR	No		
10	Other climate change mitigating actions that are not covered in the EU Taxonomy	No		

[19] Annex II - Instructions for ESG prudential disclosures templates

[20] Following the adoption of the Omnibus I in February 2026, MeDirect Bank (Malta) p.l.c. at the level of consolidation is out of scope of CSRD. It is however, in scope at the level of CREDITAS Group consolidated level. Therefore, as from the reference year end 2025, MeDirect will no longer report the voluntary Non-Financial Report based on GRI standards, but it will report at the CREDITAS Group consolidated level CSRD report as from reference year end 2026.

On 22 May 2025, the EBA published a consultation paper regarding the Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2024/3172[21], as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities. Subsequent to this, the EBA issued a no-action letter[22] on 6 August 2025 on the application of ESG disclosure requirements. Pursuant to this no-action letter, the Bank is making use of the transitional provisions set out in the no-action letter and therefore has not reported ESG Templates 6 to 10 as set out in the no-action letter of the Commission's Implementing Regulation (EU) 2024/3172.

The EBA no-action letter applies during the interim period until the amended Implementing Technical Standards enter into force and is intended to address legal and operational uncertainties linked to the evolving ESG disclosure framework.

Table 1. Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity [Template 1]

The objective of this template is to present (i) exposures to non-financial companies that are more susceptible to transition risk associated with the shift toward a low-emission and climate-resilient economy, which operate in sectors that contribute significantly to climate change (NACE codes: A, B, C, D, E, F, G, H, I, L) and (ii) exposures to non-financial companies operating in sectors other than those that contribute significantly to climate change (NACE codes: K, J, M-U).

NACE code classification is based on the principal activity of the relevant company and, in the case of holding companies, the NACE code is determined after the operating company and its underlying business activity as stated in the instructions for ESG prudential disclosures.

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 Bank's corporate exposure is concentrated in international corporate loans, which is undergoing a de-risking plan to dispose of all positions within this portfolio, and Dutch professional Buy-To-Let mortgage portfolio to legal entities. These portfolios represent approximately 2.67% of the Bank's assets as of December 2025.

The Bank is aware that financing environmentally sensitive sectors could have an impact on the environment and it's reputation and financial standing. The Bank 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.

The Bank 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, MeDirect 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). As of 31st December 2025, the Bank analysed its ICL 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 Bank carried out a check on publicly available data on GHG emissions to be potentially used as a proxy measure where company-specific information is unavailable.

From these assessments, it can be concluded that none of the ICL clients had published non-financial reports, or disclosed Taxonomy and GHG emissions related information in public reports. This information was also not obtained via ESG questionnaires in light of the de-risking plan on the portfolio. For professional Dutch Buy-to-Let mortgage portfolio to legal entities, no ESG questionnaires are distributed since the Bank is not the lender of record.

[21] Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions of the information referred to in Part Eight, Titles II and III, of that Regulation, and repealing Commission Implementing Regulation (EU) 2021/637

[22] The EBA issues a no-action letter on the application of ESG disclosure requirements and updates the EBA ESG risks dashboard with December 2024 data | European Banking Authority

Table 1. Credit quality of exposures by sector, emissions and residual maturity

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	Exposures towards sectors that highly contribute to climate change	59.86	–	–	–	–	0.00	–	–	158.16	23.75	1.00	–	–	59.86	–	13.43
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	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
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	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
24	C.24 - Manufacture of basic metals	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
26	C.26 - Manufacture of computer, electronic and optical products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
27	C.27 - Manufacture of electrical equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
28	C.28 - Manufacture of machinery and equipment n.e.c.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
30	C.30 - Manufacture of other transport equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
31	C.31 - Manufacture of furniture	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
32	C.32 - Other manufacturing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
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	13.07	–	–	–	–	0.00	–	–	18.45	2.80	1.00	–	–	13.07	–	13.23
41	F.41 - Construction of buildings	13.07	–	–	–	–	0.00	–	–	18.45	2.80	1.00	–	–	13.07	–	13.23
42	F.42 - Civil engineering	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
43	F.43 - Specialised construction activities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
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	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
52	L - Real estate activities	46.79	–	–	–	–	0.00	–	–	139.70	20.95	1.00	–	–	46.79	–	13.49
53	Exposures towards sectors other than those that highly contribute to climate change*	57.70	–	–	6.03	–	0.00	0.00	–				0.00	–	57.70	–	13.69
54	K - Financial and insurance activities	42.00	–	–	6.03	–	0.00	0.00	–				0.00	–	42.00	–	14.01
55	Exposures to other sectors (NACE codes J, M - U)	15.70	–	–	–	–	0.00	–	–				–	–	15.70	–	12.86
56	**TOTAL**	**117.56**	**–**	**–**	**6.03**	**–**	**0.01**	**0.00**	**–**	**158.16**	**23.75**	**1.00**	**0.00**	**–**	**117.56**	**–**	**13.56**

[1] In accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation.

NOTE: NACE code classification is based on the principal activity of the counterparty (direct exposure) and in case of holding companies the NACE code of the obligor receiving the funding and its underlying business activity (indirect exposure). NACE exposure of corporate lending includes allocation of the activities of holding companies (K.64.2) based on the underlying business activity prepared using expert approach following Pillar III implementing technical standards on prudential disclosures on ESG risks.

The template also requires the identification of exposures to borrowers that are excluded from the EU Paris-aligned Benchmarks as specified in Article 12.1, points (d) to (g) and Article 12.2 of Commission Delegated Regulation (EU) 2020/18185 Climate Benchmark Standards Regulation.

An assessment conducted internally by the corporate lending departments based on an expert review of the portfolio of non-financial corporations determined Nil exposure as at 31 December 2025, based on the following criteria:

- companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 gCO2e/kWh.
- companies that are found or estimated to significantly harm one or more of the Group's environmental objectives

Table 2. Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral [Template 2]

The objective of this template is to present the energy efficiency of the loans collateralised by commercial and residential immovable property and of repossessed real estate collateral, in relation to their energy consumption as expressed in kWh/m^2 and/or their energy performance certificate ("EPC") labels.

Following the implementation of EU Energy Performance of Buildings Directive (2010/31/EU) and the EU Energy Efficiency Directive (2012/27/EU)[23], in order to promote the energy efficiency of buildings, EPC certificates are compulsory for the sale and rental of immovable property in the Eurozone. However, application of the Directive is not standardised across jurisdictions. EPC certificates are defined as certificates recognised by a Member State or by a legal person designated by it, which indicates the energy performance of a building or building unit, calculated according to a methodology adopted in accordance with the Energy Performance of Buildings Directive.

The Bank 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 Bank used the following assumptions:

- Netherlands mortgage portfolio – due to lack of official yearly energy requirements (kWh/m^2) from EPC certificates, the brackets for the level of energy efficiency were assigned using EPC label based on official Netherlands EPC label classifications. The level of energy efficiency (kWh/m^2) is not available based on EPC certificates but it is derived from the EPC label using official classification.
- Belgian mortgage portfolio – due to lack of EPC label data, the EPC label was estimated using Belgian EPC classifications (Flanders Region) and yearly energy requirements (kWh/m^2) from the EPC certificate. Brackets for the level of energy efficiency were assigned using yearly energy requirements set forth in the EPC certificates. Information is available in the EPC Certificate in relation to the level of energy efficiency.

When a loan is collateralised by several properties, gross carrying amount of loan is allocated to the collateral using the weighted value of the collateral.

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount (in M EUR)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	Total EU area	2,806	231	639	948	364	167	95	550	373	736	359	216	222	119	231	-
2	Of which Loans collateralised by commercial immovable property	25	4	7	3	1	1	–	9	3	2	1	1	0	1	9	-
3	Of which Loans collateralised by residential immovable property	2,781	227	632	945	363	166	95	541	370	734	358	215	222	118	222	-
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral)	2,070	185	564	877	303	119	–								–	-
6	Total non-EU area	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-
7	Of which Loans collateralised by commercial immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-
8	Of which Loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral)	–	–	–	–	–	–	–								–	-

NOTE: Dutch NHG mortgage receivables energy efficiency is reported in the row "of which Level energy efficiency estimated" (row 5), which includes the sum of estimated level of energy efficiency brackets based on EPC label or estimated EPC label. All mortgages in this portfolio are collateralised by residential immovable properties (row 3).

Dutch Buy-to-let mortgages are collateralised by both residential and commercial immovable property. The exposures by energy efficiency level are attributed to rows 2 and 3 accordingly. EP score is also estimated and reported in row 5.

For Belgium mortgages, the level of energy efficiency is extracted from the EPC certificates. After this level of energy efficiency, the EPC label of the collateral is mapped following the Flanders EPC official classification. All mortgages in this portfolio are collateralised by residential immovable properties (row 3).

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.

[23] EU Energy Efficiency Directive (EU/2023/1791) introduces new obligations for EU financial institutions to track and assess the energy performance of the buildings or projects they finance, and report the volume of investments and loans supporting energy efficiency improvements. The 2023 Directive has repealed the 2012 Directive and had a transposition deadline of by 11 October 2025.

There is no data to be reported under this template for reference year ending December 2025.

Table 3. Climate change transition risk: Alignment metrics

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (M EUR)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power	-	-	-	-	-	-
2	Fossil fuel combustion	-	-	-	-	-	-
3	Automotive	-	-	-	-	-	-
4	Aviation	-	-	-	-	-	-
5	Maritime transport	-	-	-	-	-	-
6	Cement, clinker and lime production	-	-	-	-	-	-
7	Iron and steel, coke, and metal ore production	-	-	-	-	-	-
8	Chemicals	-	-	-	-	-	-
9	Potential additions relavant to the business model of the institution	-	-	-	-	-	-

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

Table 4. Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms globally [Template 4]

The objective of this template is to present aggregate exposure to the 20 most carbon-intensive companies in the world. The exposure should include loans and advances, debt securities and equity instruments included in the banking book but excluding financial assets held for trading and held for sale assets.

MeDirect 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 the Bank was based on publicly available list of companies with GHG emissions disclosed in the in "Carbon Majors Database (CMD) Report" in April 2024, and subsequent data updates[24]. 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 Bank did not identify any exposure to the top 20 carbon intensive firms in its ICL portfolio, 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.

[24] Carbon Majors Releases

In order to assess the physical risk of its portfolios, the Bank reviewed its mortgage portfolios collateralised with the properties in Belgium and the Netherlands, which together represent 63.77% of the Bank's assets at the end of December 2025, using European Climate Risk Typology ("ECRT") and EU EBA Climate Risk Stress Tests mapping of countries and regions taking into account the following CERs scenarios:

Acute:

- Fluvial Flooding Risk
- Forest Fire / Wildfire Risk
- Drought Risk
- Extreme Heat Risk

Chronic:

- Flooding / Sea level Risk
- Landslide Risk
- Biodiversity loss
- Water stress

Each scenario includes mapping of the locations to the risk from low to very high. Allocation is based on Eurostat's nomenclature of territorial units for statistics for EU countries and/or postal code. Some of the scenarios apply a very long-term horizon.

The template 5 requires determination of which exposures are sensitive to the impact of physical risk, but the guidance of the EBA do not set forth the scenarios, metrics or thresholds based on which this determination should be made. The Bank 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 Bank 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 Bank analysed the Netherlands and Belgium geographical regions under the above scenarios. Those facilities located in areas deemed to have high and/or very high environmental physical risk as per the CER materiality assessment are disclosed in the respective columns c-o.

Table 5. Exposures subject to physical risk – Summary table

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	13.07	–	–	13.07	–	15.01	9.75	–	–	–	–	0.00	–	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	46.79	-	–	46.79	–	14.99	27.33	–	–	–	–	0.00	–	-
10	Loans collateralised by residential immovable property	2,750.62	12.04	4.53	293.39	2,440.65	22.52	600.30	851.13	144.18	23.68	5.86	1.41	0.37	0.54
11	Loans collateralised by commercial immovable property	55.41	–	–	55.41	–	15.01	28.42	–	–	–	–	0.00	–	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	57.70	–	–	57.70	–	15.01	33.51	0.76	0.76	6.03	–	0.00	0.00	–
14	K - Financial and insurance activities	42.00	–	–	42.00	–	15.01	23.80	0.76	0.76	6.03	–	0.00	0.00	-
15	M - Professional, scientific and technical activities	15.70	–	–	15.70	–	15.01	9.71	–	–	–	–	0.00	–	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Summary table comprises of the Belgian mortgage receivables, Dutch NHG mortgage receivables, Dutch Buy-To-Let mortgage portfolio and International Corporate Lending portfolio. NACE exposure of corporate lending includes allocation of the activities of holding companies (K.64) based on the underlying business activity prepared using expert judgement following Pillar III implementing technical standards on prudential disclosures on ESG risks (indirect exposure).

The Bank has exposures to loans collateralised by immovable properties in two geographies: Netherlands, and Belgium. For each geography, a table with the exposures subject to physical risk is presented below. The remaining ICL exposures to non-financial entities in other geographies are not collateralised by immovable property and are not considered to be exposed to physical environmental risks.

Table 5.1. Exposures subject to physical risk – Dutch market

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	13.07	-	-	13.07	-	15.01	9.75	-	-	-	-	0.00	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	46.79	-	-	46.79	-	14.99	27.33	-	-	-	-	0.00	-	-
10	Loans collateralised by residential immovable property	2,210.63	10.46	1.35	211.21	1,987.62	21.85	85.93	724.09	17.14	15.44	0.93	0.41	0.29	0.01
11	Loans collateralised by commercial immovable property	55.41	-	-	55.41	-	15.01	28.42	-	-	-	-	0.00	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	57.70	-	-	57.70	-	15.01	33.51	0.76	0.76	6.03	-	0.00	0.00	-
14	K - Financial and insurance activities	42.00	-	-	42.00	-	15.01	23.80	0.76	0.76	6.03	-	0.00	0.00	-
15	M - Professional, scientific and technical activities	15.70	-	-	15.70	-	15.01	9.71	-	-	-	-	0.00	-	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Table includes Dutch NHG mortgage receivables and Dutch Buy-To-Let mortgage portfolio. Buy-To-Let mortgage loans to Dutch legal entities are disclosed both under row 10, 11 and NACE codes F, L, K, and M.

For the Dutch NHG mortgage receivables, loans are collateralised with residential owner-occupied properties and for Dutch Buy-To-Let mortgages receivables, loans are collateralised with residential properties for the majority of the portfolio and some commercial properties.

Buy-To-Let mortgages are usually collateralised by more than one property. The estimation of exposure to physical risk was based on collateral level. At a portfolio level, regions where collateral is located in the Dutch NHG and Buy-To-Let mortgage portfolio are exposed to overall moderate fluvial flood, coastal, water stress and biodiversity loss risks as per CER materiality assessment. However, at a collateral level some properties are located in high physical risk areas with exposures to chronic risks such as sea level rise and biodiversity loss.

Table 5.2. Exposures subject to physical risk – Belgian market

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	539.98	1.59	3.19	82.18	453.03	23.19	514.37	127.04	127.04	8.24	4.93	1.00	0.08	0.53
11	Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	K - Financial and insurance activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	M - Professional, scientific and technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Table includes Belgian mortgage receivables portfolio.

In the Belgian mortgage portfolio, loans are collateralised by residential properties only. The mortgages can be collateralised by more than one property, and the estimation of physical risk is based on collateral level, allocating the gross carrying amount of the loan proportionally to the value of the collateral. At a portfolio level, regions where collateral is located are exposed to overall moderate fluvial flood and coastal risks as per CER materiality assessment. However, at a collateral level some properties are located in high physical risk areas with exposures to chronic risks, such as sea level rise and biodiversity loss.

Table 5.3. Exposures subject to physical risk – EU and Non-EU market through exposures in the ICL portfolio

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles		-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities		-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
14	K - Financial and insurance activities	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-
15	M - Professional, scientific and technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	R - Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The international corporate lending portfolio accounts for approximately 0.60% of the Bank's assets as at December 2025. The portfolio excludes sectors with material exposure to physical risks (e.g., agriculture, mining, resource extraction, power generation and real estate). The resulting geographical and sector profile of the portfolio, as well as the type of collateral, which is not immoveable property, is assessed as carrying a low level of physical risk exposure. This portfolio is part of a de-risking plan to dispose of all positions within this portfolio.