Pillar 3 Disclosures report
31 December 2024

1. Introduction

The Pillar 3 Disclosures report seeks to increase public disclosure with respect to a bank's capital structure and adequacy as well as its risk management policies and practices.

The Pillar 3 Disclosures report was prepared by the Bank in accordance with the requirements laid down in Part Eight of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (known as Capital Requirements Regulation or "CRR") and the related guidelines and technical standards published by the European Banking Authority ("EBA"), as well as the requirements governed by Banking Rule BR/07: 'Publication of Annual Report and Audited Financial Statements of Credit Institutions authorised under the Banking Act 1994', issued by the Malta Financial Services Authority.

Appendix 1 of this Pillar 3 Disclosures report provides a list of tables and templates disclosed within the report and the section in which these have been included. All tables and templates are defined according to the names as per the European Banking Authority's ("EBA") guidelines. Appendix 2 includes a summary of the requirements laid down in Part Eight of the CRR and in which section in the report these have been included, or why such disclosure is not applicable for the Bank.

The Bank is required to disclose its return on assets pursuant to Banking Rule BR/07 "Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised under the Maltese Banking Act (Cap. 371)" ("BR/07"). In this respect, the Bank's return on assets for the financial year ended 31 December 2024 amounted to a 1.8% (2023: 1.4%).

1.1 Pillar 3 Disclosures policy

(Article 431 (3) CRR)

The Bank has a Pillar 3 Disclosures policy in terms of the requirement laid down in Article 431(3) of the CRR, which sets out the Bank's compliance with the requirements of Part Eight of the CRR and the guidelines and technical standards published by the EBA.

1.1.1 Basis of preparation

This Pillar 3 Disclosures report has been prepared in line with the Bank's Pillar 3 Disclosures policy, which requires the Bank to comply with the requirements laid down in Part Eight of the CRR and the guidelines and technical standards published by the EBA.

The Pillar 3 Disclosures report reflects exposures reported in the Bank's Annual Report and Audited Financial Statements, which is prepared in accordance with International Financial Reporting Standards ("IFRS"). In contrast to the Bank's Annual Report and Audited Financial Statements, the information included within the Pillar 3 Disclosures report is not audited by an external auditor. However, the Bank's Internal Audit function provides assurance in line with its annual internal audit plan, as outlined in Section 1.1.4 Verification and sign-off process below.

Any items greyed out within tables presented below imply the information is not required for the Bank. Moreover, where the term 'capital requirements' is used, this represents the minimum total capital charge set at 8% of risk weighted exposure amounts ("RWEAs") by Article 92 of the CRR.

1.1.2 Scope of application

This Pillar 3 Disclosures report is in respect of Multitude Bank plc. The Bank is regulated and supervised by the Malta Financial Services Authority ("MFSA") and is classified as an 'Other Institution'.

1. **Introduction** - continued

1.1 Pillar 3 Disclosures policy - continued

1.1.2 Scope of application - continued

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

1.1.3 Frequency and means of disclosures

For the purposes of this Pillar 3 Disclosures report, as a listed 'Other institution', the Bank is required to comply with Article 433c of the CRR.

Disclosures are being reported in line with the 'Commission Implementing Regulation (EU) No 2021/637 of 15 March 2021 laying down implementing technical standards with regards 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 and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295' and Commission Implementing Regulation (EU) No 2022/631 of 13 April 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of exposures to interest rate risk on positions not held in the trading book (together the 'ITS on Pillar 3 disclosure') and with the applicable European Commission's implementing and delegated regulations, as well as the European Banking Authority's ('EBA') guidelines.

The Bank makes available its Annual Report and Audited Financial Statements and the Pillar 3 Disclosures reports in the Financial Information page within the Investors section of the Bank's website (https://www.multitudebank.com/investor-relations/financial-information).

1.1.4 Verification and sign-off process

Consistent with banking regulations and market practice, this Pillar 3 Disclosures report is not subject to an external audit. However, the Bank's management has appropriately verified these Pillar 3 disclosures and assurance has been also provided by the Bank's Internal Audit function as required by the Bank's Pillar 3 Disclosures policy. Moreover, the Bank's Audit Committee reviews and approves this Pillar 3 Disclosures report, following which the Pillar 3 Disclosures report is submitted to the Board of Directors for authorisation prior to public dissemination.

Based upon the Bank's assessment and verification, the disclosures presented throughout this Pillar 3 Disclosures report appropriately and comprehensively convey the Bank's overall risk profile as at 31 December 2024.

1.2 Key metrics

(Article 447(a) to (g) & Article 438(b) CRR – Table EU KM1)

Table EU KM1 provides key regulatory metrics and ratios as well as related input components, including own funds, RWEAs, capital ratios, additional requirements based on the Supervisory Review and Evaluation Process ("SREP"), capital buffer requirements, leverage ratio, liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR").

1. Introduction - continued

1.2 Key metrics - continued

		a	c	e
		31 Dec 2024	**30 Jun 2024**	**31 Dec 2023**
		€'000	**€'000**	**€'000**
	Available own funds			
1	Common Equity Tier 1 (CET1) capital	160,061	150,079	139,237
2	Tier 1 capital	160,061	150,079	139,237
3	Total capital	186,983	154,845	144,152
	Risk-weighted exposure amounts			
4	Total risk exposure amount	1,048,894	895,054	831,746
	Capital ratios (as a percentage of risk-weighted exposure amounts			
5	Common Equity Tier 1 ratio (%)	15.26%	16.77%	16.74%
6	Tier 1 ratio (%)	15.26%	16.77%	16.74%
7	Total capital ratio (%)	17.83%	17.30%	17.33%
	(as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	4.50%	4.50%	4.50%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.53%	2.53%	2.53%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	3.38%	3.38%	3.38%
EU 7d	Total SREP own funds requirements (%)	12.50%	12.50%	12.50%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.01%	0.89%	0.91%
EU 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-
11	Combined buffer requirement (%)	3.51%	3.39%	3.41%
EU11a	Overall capital requirements (%)	16.01%	15.89%	15.91%
12	CET1 available after meeting the total SREP own funds requirements (%)	5.33%	4.80%	4.83%
	Leverage ratio			
13	Total exposure measure	1,032,573	866,763	914,358
14	Leverage ratio (%)	15.50%	17.31%	15.23%
	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 (%)	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value average)	114,981	113,324	115,888
EU 16a	Cash outflows - Total weighted value	25,003	18,448	25,897
EU 16b	Cash inflows - Total weighted value	79,894	56,392	51,197
16	Total net cash outflows (adjusted value)	6,025	5,010	4,546
17	Liquidity coverage ratio (%)	2259.21%	2480.46%	4520.56%
	Net Stable Funding Ratio			
18	Total available stable funding	780,363	669,732	654,395
19	Total required stable funding	606,753	571,168	494,584
20	NSFR ratio (%)	128.61%	117.26%	132.31%

1. **Introduction** - continued

1.3 Attestation by the Board of Directors

The Board of Directors confirm that this Pillar 3 Disclosures report, to the best of our knowledge, complies with Part Eight of the CRR, including any related guidelines and technical standards published by the EBA, and has been prepared in compliance with the Bank's internal governance process including policies, processes and systems and internal control environment.

On behalf of the Board of Directors

Charles Borg
Director

Victor Denaro
Director

16 April 2025

2. Scope of application

(Article 436 (b) to (h) CRR – Tables EU LI1 to LI3, EU LIA and EU LIB)

This Pillar 3 Disclosures report is in respect of Multitude Bank plc. The Bank is regulated and supervised by the MFSA and is classified as an 'Other Institution'.

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

The Bank does not have any subsidiaries. In this respect, in terms of our disclosures required under EU LIA and EU LIB, the Bank does not have any differences between its carrying values as published in the Annual Report and Audited Financial Statements and the carrying values under the scope of prudential consolidation and thus the Bank does not report EU LI1, EU LI2 and EU LI3.

3. Risk management

3.1 Risk management framework

(Article 435(1) (a) to (d) CRR – Table EU OVA)

The Bank generates income and profitability by advancing short-term/longer term loans and providing other credit products to private individuals in a multitude of European countries. An understanding of risk taking and transparency in risk taking are key elements in the Bank's business strategy and thus in its ambition to be a strong financial institution. The Bank's internal risk management function supports this objective. The Bank is committed to creating lasting value for shareholders by focusing on customer-driven business and by employing specialised staff who strive to find solutions. The Bank takes on risk with the aim of generating profits and therefore considers risk management a core competency that helps produce higher returns for its various stakeholders.

The Bank bases its risk management objectives and policies on international guidelines, such as the Basel III Accord, corresponding Directives and Regulations of the European Union, including technical standards, as well as contemporary international banking practices.

The Board deems the risk management framework adopted by the Bank to be adequate and hence gives assurance to the Bank's stakeholders that the risk management systems are appropriate in relation to the Bank's risk profile and strategy.

The Bank's risk strategy focuses on these objectives:

- identify the nature and extent of risks that the Bank is exposed in terms of credit, market, liquidity, operational, business and other risks (including reputational risk);
- determine the level of risk which the Board is willing to accept in pursuit of its business strategy;
- measure and monitor the level of risk to which the Bank is exposed against these pre-established qualitative and quantitative thresholds; and
- formulate required actions to ensure that business is aligned to the parameters set out by the Board.

The Bank's Risk Management function executes the risk strategy and communicates it to relevant stakeholders, including business lines and internal control and support functions. Furthermore, the Risk Management function ensures that the risk strategy, which is approved by the Bank's Board of Directors, is subject to the required governance and escalation process – these are documented in the following documents:

3. **Risk management** - continued

3.1 Risk management framework - continued

- Risk Management Framework ('RMF');
- Risk Appetite Framework ('RAF');
- Risk Identification and Assessment;
- Internal Capital Adequacy Assessment Process ('ICAAP');
- Internal Liquidity Adequacy Assessment Process ('ILAAP').

3.2 Risk management function, monitoring and reporting

3.2.1 Risk management function

The Risk Management function is responsible to ensure the Bank's growth is undertaken through effective risk management practices and support risk owners in the control of related exposures.

The Chief Risk Officer ("CRO") of the Bank is responsible for the Risk Management function, who remains independent from the various business lines of the Bank. The CRO is responsible for a number of sub-functions that represent different risk areas, including operational risk, ICT risk and enterprise risk.

The CRO participates in multiple committees, in order to challenge and ensure oversight, including:

- Risk Committee
- Credit Committee
- Asset-liability Committee ('ALCO')
- Reserving Committee
- Investment Committee
- IT Governance Risk Control Committee ('ITGRC')
- Consumer Credit Committee

The Bank's Risk Committee is responsible for overseeing the policy and framework for all banking and operational risks, for developing and overseeing the risk management framework including the Bank's risk appetite and tolerance levels, for ensuring the ongoing execution of all risk policies, and for ensuring that all risk controls operating throughout the Bank are in accordance with regulatory requirements and best practices.

The Risk Committee convened 6 times during the period ended 31 December 2024.

As at 31 December 2024, the Bank's Risk Management function comprises the following teams under the responsibility of the CRO.

3. Risk management - continued

3.2 Risk management function, monitoring and reporting - continued

3.2.1 Risk management function - continued

Risk Management team	Main responsibilities
Operational risk	- Risk Identification & Assessment: Facilitating and coordinating the identification and assessment of operational risks, working with process owners to evaluate inherent and residual risks through tools such as Business Impact Analysis (BIA), and Risk Heat Maps. - Oversight & Monitoring: Providing second line oversight over operational risks across the Bank's business lines by monitoring adherence to the Operational Risk Management Framework and Risk Appetite Framework. - Review of controls: Reviewing the effectiveness of existing controls and challenging their adequacy and design. - Incident Management Oversight: Monitoring and investigating operational risk incidents reported through tools such as the Incident Reporting Tool (IRT), ensuring proper classification, root cause analysis, and follow-up actions by the relevant owners. - Support in Business Continuity & Resilience: Supporting the design and maintenance of the Business Continuity Plan (BCP) by identifying critical processes and coordinating scenario-based risk assessments.
ICT risk	- Oversight of risk assessments: Analysing and assessing risk assessments carried out by the first line of defence related to IT systems, including cybersecurity threats and data breaches. - Developing Policies: Creating and implementing IT risk management policies and the ICT Risk Management Framework as mandated by DORA. - Oversight of Incident Management processes: Oversight of IT incidents and the quantification of financial and data losses for each major incident. - Compliance: Ensuring that the first line of defence complies with major regulations such as DORA by educating and enforcing the Bank's IT Risk Management framework. - Collaboration: Working closely with other departments to integrate IT risk management into overall business processes.
Enterprise risk	- Identifying and Assessing Risks: Identifying and evaluating risks that could impact the Bank's strategic objectives. - Developing Frameworks: Creating risk management frameworks that address various types of risks, including credit, market, and liquidity risks. - Integrating Risk Management: Ensuring that risk management practices are integrated into all business units and processes. - Reporting and Communication: Communicating risk management activities and findings to senior management and stakeholders. - Continuous Monitoring: Continuously monitor the risk environment and update risk management strategies as needed.

3. **Risk management** - continued

3.2 Risk management function, monitoring and reporting - continued

3.2.2 Risk monitoring and reporting

One of the key risk elements forming the Risk management framework, based on the Bank's strategic and business focus, is the Risk Appetite Framework. Based on the Bank's risk assessment, it has put in place a number of risk appetite limits to ensure the Bank maintains adequate capital and liquidity buffers in place.

The Board of Directors is responsible for the adherence to the risk appetite limits. These are actively monitored by the Bank's Risk Management function. The Bank also has certain early warning thresholds in order to ensure corrective action when necessary.

The Bank has several types of limits imposed, such as *inter alia* thresholds per country and / or product, single name exposure limits, credit quality limits and metrics in respect of regulatory ratios. The Bank monitors several key ratios, including Solvency ratios and Liquidity ratios. Solvency ratios include: Common Equity Tier 1 ratio / Tier 1 ratio ('CET1 / T1'), Total Capital Ratio, leverage ratio and Minimum Requirement for Own Funds and Eligible Liabilities ('MREL'). Liquidity ratios include: Liquidity coverage ratio ('LCR'), Liquid asset to deposit ratio and Net stable funding ratio ('NSFR').

As part of the Bank's Risk management framework, the Bank has established a robust reporting framework, ensuring regular and timely reporting to the Bank's Board of Directors, its committees and other relevant stakeholders within the Bank.

The Risk Management function monitors and ensures that the limits outlined in the RAF are adhered to. In the RAF, the Bank establishes escalation procedures in case indicators breach the Amber or Red triggers respectively in order to take the necessary corrective action in relation to the breach. The Risk Management function actively reports to the Credit Committee on a monthly basis and to the Risk Committee on a quarterly basis.

Through the Bank's Internal Capital Adequacy Assessment Process ('ICAAP') and its Internal Liquidity Adequacy Assessment Process ('ILAAP'), stress testing is employed to assess the Bank's key sensitivities, thereby ensuring that its capital and liquidity structure is robust enough to withstand unlikely, but possible, stress scenarios. The Bank's current stress testing methodology considers three simulated scenarios affecting financial results in the three-year projected period: a market-wide scenario, modelled as a prolonged stress on the Bank's capital base, and two idiosyncratic scenarios, designed to reflect a short-term but severe liquidity stress. The market-wide scenario was considered from both a dynamic and static balance sheet approach whilst the idiosyncratic stress scenarios were considered from a static balance sheet approach. If the Bank manages to stay above its hurdle rates following a stress scenario, then it can be accordingly concluded that the Bank may survive a stress testing exercise without the need to re-calibrate its risk appetite thresholds.

3.3 Overview of key risks
(Article 435 (1) (b) CRR – Table EU OVA)

The Bank undertakes a process in order to identify its risks based on various techniques and methodologies, which emanate from the business model and strategy adopted by the Bank.

3. **Risk management** - continued

3.3 Overview of key risks - continued

The main categories of risk to which the Bank is exposed to are:

Risk	Description
Credit risk	Credit risk stems from the loss of equity and profit as a result of the possible non-prompt repayment or non-payment of existing and contingent obligations by the Bank's customers or counterparties. Therefore, this represents the risk that the deterioration in the financial condition of a customer or borrower will cause the asset value to decrease or be extinguished. Country risk and settlement risk are included in this category. Country risk refers to the risk of losses arising from economic or political changes that affect the country in which the asset is originated. Settlement risk refers to the risk of losses through failure of the counterparty to settle outstanding dues on the settlement date owing to bankruptcy or other causes.
Market risk	Risk of losses arising from unfavourable changes in the level and volatility of interest rates or foreign exchange rates.
Liquidity risk	Liquidity risk may be divided into two sub-categories: • *Market (product) liquidity risk*: risk of losses arising from difficulty in accessing a product or market at the required time, price and volume. • *Funding liquidity risk*: risk of losses arising from a timing mismatch between investing, placements and fund raising activities resulting in obligations missing the settlement date or satisfied at higher than normal rates.
Operational risk	Risk of damage resulting from the lack of skilful management or good governance within the Bank and the inadequacy of proper control, which might involve internal operations, personnel, system or external occurrences that in turn affect the income and capital funds of financial institutions. The Bank has adopted an operational risk management framework and procedures, which provide for the identification, assessment, management, monitoring and reporting of the Bank's operational risks.
Business risk	Business risk is the risk of losses due to failed or inadequate strategy execution, marketing and sales practices, distribution channels, pricing, handling of customer complaints or late reaction to changes in the business environment. The Bank may be exposed to business risk due to new regulations which may lead to price caps, reduced volumes, higher fixed costs, higher loan losses or a combination of all of them.
Reputational risk	Reputational risk is the risk of a negative market perception arising amongst the Bank's stakeholders, such as customers and regulators. Reputational risk could have significant implications for the Bank in terms of profitability, liquidity, its ability to maintain current business activities and the continuing access to sources of funding.
ESG risk	The Bank recognises that Environmental, Social and Governance ('ESG') risks, in particular environmental risks through transition and physical risk drivers, may pose challenges to the safety and soundness of the Bank and may affect all the traditional categories of risk exposed above.

3. **Risk management** - continued

3.3 Overview of key risks - continued

The Bank aims to manage these risks by applying methods that meet best practice and considers it important to have a clear distribution of responsibilities for risk management across the Bank, from the Board of Directors and the Risk Committee to the Audit Committee and senior management and through its Risk Management Unit.

The Board of Directors is ultimately responsible for the establishment and oversight of the Bank's risk management framework through the development of, and monitoring of compliance with, the Bank's risk management policies. The aim of the risk management framework is to support the Bank in achieving its goals and objectives and ensure that the risks are commensurate with the rewards.

The Board establishes the risk appetite of the Bank which is the maximum risk that the Bank is willing to assume to meet business targets. The risk appetite is set in a process based on a thorough analysis of its current risk profile. The Bank identifies a number of key risk components and for each, determines a target that represents the Bank's perception of the component in question. The Bank's risk appetite is a key tool to ensure coherence between the Bank's strategic considerations regarding risk-taking and day-to-day decisions.

Authority to operate the Bank is delegated to the senior management team within the limits set by the Board. The senior management team, which is made up of the Bank's Chief Executive Officer and the functional heads of the Bank, is therefore responsible for the Bank's day-to-day operations of the Bank and is involved in taking on risks in a targeted manner and managing them professionally. The Bank has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve the Bank's objectives.

The senior management team aims to manage all major types of risk by applying methods that meet best practice. One of the main tasks of the Bank's senior management team is to set the framework for the area of entity wide risk management. The core functions of the Bank's risk management processes are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations.

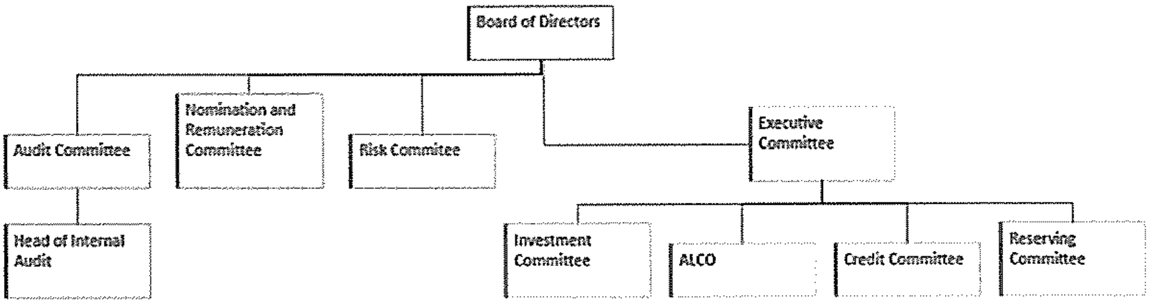
The Bank's Audit Committee reviews the adequacy and proper operation of internal controls in individual areas of operation and performs ad-hoc reviews of risk management controls and procedures.

Additionally, the Bank has a Risk Management Unit that undertakes oversight of the risks undertaken by the Bank and ensures that such risks are within the risk appetite and risk tolerance of the Risk Appetite Statements delineated by the Board. Whilst business acts as a first line of defence in selecting which consumer loans to underwrite, the risk management function acts as a second line of defence ensuring oversight, whilst Internal Audit acts as a third line of defence ensuring adherence to stipulated procedures and policies.

3. **Risk management** - continued

3.3 Overview of key risks - continued

The following chart represents the organisation of the second and third line of defence of the Bank as well as the specific committees entrusted with delegated mandates by the Board:



3.4 Risk governance structure
(Article 435(1) (c) to (d) CRR – Table EU OVA & Article 435(2) (d) to (e) CRR – Table EU OVB)

The Bank's risk governance structure is documented in the Bank's Risk Governance and Management Framework. This framework outlines a robust risk governance structure, led by the Board of Directors, experienced senior management, and an independent Risk Management function. Decision-making is overseen by the Board and its Risk Committee, with authority delegated to Executive committees.

3.4.1 Board of Directors

The Board plays a crucial role in guiding the Bank's direction and growth. The members of the Board are highly qualified individuals who have been chosen for their integrity, competence, and suitability to lead the Bank. The Board is responsible for setting the Bank's strategy, values, and standards, and for providing oversight and stewardship. The Directors bring their knowledge, skills, and experience to the table, ensuring that the Bank's assets are well managed and shareholder value is enhanced.

The Board is dedicated to maintaining the highest standards of corporate governance and ethics and is accountable to the Bank's shareholders and other stakeholders. The Directors regularly review the Bank's performance, financial situation, and risk management practices, and take steps to ensure that the Bank has the resources it needs to meet its objectives. They are also knowledgeable about the Bank's business and are aware of the relevant statutory and regulatory requirements.

The Board is responsible for maintaining an effective system of internal control that provides assurance in relation to efficient operations and for ensuring that the Bank's Management maintain an effective risk management and oversight process across the Bank.

As at the date of this statement, the Bank's Board is composed of the four non-executive and independent Directors, including the Chair of the Board, three non-executive directors and one executive director.

3. **Risk management** - continued

3.4 Risk governance structure - continued

3.4.1 Board of Directors - continued

The Board has set up the following Board Committees:
- the Audit Committee;
- the Risk Committee; and
- the Remuneration and Nomination Committee.

3.4.2 Audit Committee

The Board has delegated to the Audit Committee its oversight responsibilities for financial reporting, disclosures and the effectiveness of the Bank's internal control systems. The Audit Committee is required to be composed of at least three non-executive directors, with the majority of its members to be independent of the Bank.

The purpose of the Audit Committee is to:
i. oversee the integrity and quality of the Bank's financial reporting process;
ii. the effectiveness of the internal audit function;
iii. monitoring of the Bank's legal and ethical compliance;
iv. the monitoring of the qualifications, performance and independence of the Bank's external auditors; and
v. the quality of the Bank's internal controls.

3.4.3 Risk Committee

The Board has appointed the Risk Committee to assist and advise it in its oversight responsibilities of the Risk Management function of the Bank. The Risk Committee is required at all times to be composed of at least three directors, two of whom must be non-executive directors, and must have appropriate knowledge, skills and expertise concerning risk management and control practices.

The purpose of the Risk Committee is:

i. To oversee the policy and framework for risks to which the Bank may be exposed.
ii. To monitor risk management systems across the Bank, including a risk appetite framework, and for supporting the effective implementation of risk policies.
iii. To help ensure that risk controls operating throughout the Bank are in accordance with regulatory requirements and good practice, and for advising the Board on the co-ordination and prioritisation of risk management issues in the Bank.
iv. That through its participation in the Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP") suite of documents, the Committee oversees the impact of the implementation of the strategies for capital and liquidity management as well as the reviewing of a number of possible stressed scenarios to assess how the Bank's risk profile would react to external and internal events.

3. **Risk management** - continued

3.4 Risk governance structure - continued

3.4.4 Remuneration and Nominations Committee

The Remuneration and Nominations Committee of the Bank determines the remuneration policy, which is applicable to the Bank's employees, as well as that applicable to 'identified staff' (that is staff whose professional activities have a material impact on the Bank's risk profile). The Remuneration and Nominations Committee is also responsible for the Board Succession Planning Policy, which provides a framework for the Bank to identify, develop and prepare potential successors with the aim of ensuring a smooth and timely transition of responsibilities in the event of a change in management for the Board.

The Remuneration and Nominations Committee has access to external consultants on remuneration matters and also calls on in-house expertise in compliance, finance, risk and HR. Among other matters, the Committee also considers candidates proposed for senior management positions prior to their appointment.

3.4.5 Other Management Committees

The Bank also has other management committees, each running with their respective terms of reference, including:

- the Executive Committee ('EXCO')
- the Credit Committee;
- the Reserving Committee;
- the Asset and Liability Committee ('ALCO'); and
- the Investments Committee.

3.4.6 Internal control functions

Risk Management function

The Risk Management function forms part of the Bank's second line of defence and is a key component of its internal control system. The Risk Management function is responsible for setting up a risk management framework facilitating the ongoing monitoring of key metrics. The Risk Management function is also responsible for ensuring that the Bank's activities are within the tolerance limits established in the RAF. The Risk Management function reports relevant risk-related information to the Board through the Board Committees and the governance structure set up within the Bank.

3. **Risk management** - continued

3.4 Risk governance structure - continued

3.4.6 Internal control functions - continued

Compliance function

The Compliance Function forms part of the Bank's second line of defence and is a key component of its internal control system. It is responsible for assisting the Board of Directors and the Audit Committee in effectively managing compliance risks and promoting adherence to applicable legal, regulatory, and ethical standards.

The Compliance Function operates independently from business units and has direct and unrestricted access to the Board of Directors. It meets and reports on a quarterly basis to the Audit Committee and contributes to ensuring the integrity and effectiveness of the Bank's internal control environment.

The Compliance Function is constituted by the following Units:

Regulatory Compliance

The Regulatory Compliance Function is led by the Head of Legal and Compliance, who also holds the role of Compliance Officer approved by the MFSA.

The key areas within scope of the Regulatory Compliance function remit as part of the second line of defence are the following:

- Advising management and staff on applicable laws and regulatory requirements.
- Developing and maintaining compliance policies and internal control procedures falling under its remit.
- Identifying, assessing, and monitoring compliance risks through a risk-based Compliance Plan.
- Promoting a culture of compliance and ethics across the Bank through training and awareness initiatives.
- Managing the Bank's Conflicts of Interest Framework and overseeing the identification, prevention, and mitigation of actual or potential conflicts.
- Overseeing the effectiveness of the Product Oversight and Governance (POG) framework.
- Monitoring compliance with Capital Markets Rules, including requirements related to market abuse, disclosure obligations, transparency, and conduct of business.
- Reporting to the relevant supervisory authorities and ensuring timely follow-up of any compliance findings.
- Acting as the main liaison with regulatory authorities.

3. **Risk management** - continued

3.4 Risk governance structure - continued

3.4.6 Internal control functions - continued

Compliance function - continued

Financial Crime Compliance

The Financial Crime Compliance (FCC) function plays a critical role in protecting the Bank from financial crime risks and ensuring compliance with legal and regulatory obligations. The function is responsible for implementing a robust financial crime framework to detect and prevent money laundering, terrorist financing, bribery and corruption risks and sanctions breaches.

The FCC function is led by the Head of Financial Crime Compliance, who also holds the role of Money Laundering Reporting Officer (MLRO).

The primary areas within the remit of the Financial Crime Compliance function include:

- Anti-Money Laundering (AML) & Countering the Financing of Terrorism (CFT) Compliance – Overseeing the Bank's AML/CFT activities to ensure adherence to regulatory requirements and international best practices.
- Policy & Framework Development – Developing and maintaining internal policies, procedures, controls and systems to strengthen the Bank's financial crime risk management framework.
- Quality Assurance & Process Oversight – Conducting quality assurance reviews on AML/CFT processes within the Bank's first line of defence and other relevant functions.
- Collaboration & Risk Advisory – Advising management and business units on financial crime risks, regulatory changes, and emerging threats to ensure effective risk mitigation strategies.
- Regulatory Liaison & Reporting – Responding to requests from regulatory authorities, including law enforcement and judicial entities in Malta and abroad, and ensuring timely reporting of suspicious transactions (STRs) to the Financial Intelligence Analysis Unit (FIAU).
- Training & Awareness – Providing training and guidance to employees on AML/CFT obligations, sanctions compliance, and financial crime risk mitigation.

In fulfilling its responsibilities, the Compliance function collaborates closely with the Risk Management and Internal Audit functions to support an integrated and effective control framework. Furthermore, the Compliance function works very closely with the Legal Function in monitoring applicable legal changes and supporting the Business team with queries on such changes.

3. **Risk management** - continued

3.4 Risk governance structure - continued

3.4.6 Internal control functions - continued

Legal Function

The Legal Function plays a critical role in the Bank's overall risk management and governance framework, assisting the Bank in ensuring that the Bank conducts its business in compliance with the applicable legal and regulatory environment as well as minimizing legal risks. The Legal Function supports the Board and senior management in understanding legal risks across jurisdictions where the Bank operates and works closely with business units as well as with other support functions to identify, assess, and mitigate legal exposures. It also provides legal advice on complex transactions, contract negotiations, and regulatory change management among others.

The Bank's legal function handles all legal matters for the Bank, with support from external legal advisors as necessary. It forms part of the larger legal, anti-money laundering and regulatory compliance team of the Bank which is headed by the Head of Legal and Compliance. Its role encompasses keeping the company up to date with legal developments in the jurisdiction in which the Bank offers products and/or services, legal advice, drafting and reviewing as well as keeping a record of agreements with third parties and drafting legal documents for products or services.

The Legal Function contributes to the identification and monitoring of legal risk drivers and advises on controls to reduce the likelihood and impact of legal risk events. The Legal Function also plays a critical role in evaluating new products, services, and geographies from a legal and, hand in hand with the Regulatory Compliance team, from a regulatory perspective. It also advises on the impact on such products emanating from legal changes and assists the Bank in assessing the changes needed to products and services following any legal changes.

Internal Audit function

Internal auditing strengthens the Bank's ability to create, protect, and sustain value by providing the Board of Directors and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the Bank's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with stakeholders.
- Ability to serve the public interest.

3. **Risk management** - continued

3.4 Risk governance structure - continued

3.4.6 Internal control functions - continued

Internal Audit function - continued

Internal auditing is most effective when:

- Performed by competent professionals in alignment with Global Internal Audit Standards.
- Independently positioned with direct accountability to the Board of Directors.
- Internal auditors are free from undue influence and committed to objective assessments.

Main Objectivity of Internal Audit

Internal auditors must maintain an impartial and unbiased attitude, allowing them to make professional judgments and achieve the purpose of internal auditing without compromise.

Individual Objectivity

Internal auditors need to sustain professional objectivity by applying an impartial mindset and managing potential biases.

Safeguarding Objectivity

Internal auditors must recognize and mitigate any impairments to objectivity, avoiding acceptance of items that could impair it, conflicts of interest, and undue influences.

When providing internal audit services, auditors must avoid assessing activities they were previously responsible for within the last 12 months. If the audit function transitions from advisory to assurance services, confirmations regarding objectivity must be established by the Chief Audit Executive. Furthermore, the Chief Audit Executive should develop methodologies to address impairments to objectivity and discuss any impairments, taking appropriate actions based on relevant protocols.

Disclosing Impairments to Objectivity

If objectivity is impaired, details must be disclosed promptly. Internal auditors must inform the Chief Audit Executive of any impairments that could affect their objectivity. The Chief Audit Executive must address significant impairments with management, the Audit Committee, or senior management and determine suitable solutions. Any impairment affecting the Chief Audit Executive's objectivity must also be disclosed to the Audit Committee and the Board of Directors.

3. **Risk management** - continued

3.5 Disclosure on the Bank's risk management strategies and processes by category of risk
(Article 435(1) (a), (b), (d) and (f) CRR & Article 446 (1) (a) – Tables EU OVA, EU CRA, EU MRA, EU ORA Article 451a(4) CRR – Table EU LIQA)

In terms of Article 435(1) and Tables EU OVA, EU CRA, EU MRA, EU ORA and EU LIQA, the Bank is disclosing its risk management strategies and processes for credit risk, market risk, operational risk and liquidity risk. The Bank is also exposed to counterparty credit risk (CCR) and credit valuation adjustment risk (CVA) as outlined under Article 439.

The above disclosures are included in the following sections of this Pillar 3 disclosures report as follows:

- EU OVA: Disclosure on governance arrangements – Section 3;
- EU CRA: General qualitative information about credit risk – Section 4;
- EU MRA: Qualitative disclosure requirements related to market risk – Section 5;
- EU ORA: Qualitative information on operational risk – Section 6;
- EU LIQA: Liquidity risk management – Sections 3.6, 7.1 and 9.2; and
- EU CCRA: Counterparty Credit Risk – Section 4.10.

3.6 Risk statements by the Board of Directors
(Article 435 (1) (e) & (f) CRR – Table EU OVA & EU LIQA)

3.6.1 Declaration on the adequacy of risk management arrangements

In accordance with Article 435 of the CRR, the Board hereby declares that the Bank's risk management systems and arrangements are adequate concerning its risk profile and strategy.

3.6.2 Concise risk statement by the Board of Directors

The Board of Directors at Multitude Bank plc prioritise corporate governance, ethical conduct, and accountability by nurturing a culture of risk awareness. This approach involves identifying and addressing various risks faced by the Bank and integrating risk considerations into all decision-making processes. The Board's commitment to these principles ensures the Bank's stability and fosters sustainable growth. Regular analysis of the Bank's business model and strategy is conducted, aiming to identify key areas that drive risks and potential stress scenarios.

As part of the Bank's Risk management framework, the Bank has established a robust reporting framework, ensuring regular and timely reporting to the Bank's Board of Directors, its committees and other relevant stakeholders within the Bank.

The Bank is mainly exposed to credit risk from unsecured lending activities in various European countries, investment in securitisations and debt investments, together with the placement of liquidity with banks domiciled in Malta and other European countries. The Bank is also exposed to market risk and operational risk, as highlighted in section 3.3.

3. Risk management - continued

3.6 Risk statements by the Board of Directors - continued

3.6.2 Concise risk statement by the Board of Directors - continued

In this respect, the Bank maintains well-defined risk tolerance levels, articulated in the Risk Appetite Framework, through the Risk Appetite Statement and selected risk indicators and thresholds. These indicators and thresholds reflect a generally cautious approach, striving for a balanced risk/return profile. The Bank has several types of limits imposed, such as inter alia thresholds per country and / or product, single name exposure limits, credit quality limits and metrics in respect of regulatory ratios.

The Bank's dedication to monitoring key ratios and figures is evident through regular reporting to the Board. As part of its monitoring process, the Bank monitors several key ratios, including Solvency ratios and Liquidity ratios. Solvency ratios include: Common Equity Tier 1 ratio / Tier 1 ratio ('CET1 / T1'), Total Capital Ratio, leverage ratio and Minimum Requirement for Own Funds and Eligible Liabilities ('MREL'). Liquidity ratios include: Liquidity Coverage Ratio ('LCR'), Liquid Asset to Deposit Ratio and Net Stable Funding Ratio ('NSFR').

The Board is confident that its risk management processes (which include comprehensive policies, procedures, limits, and controls), effectively identify, assess, manage, monitor, and report on the Bank's risks.

Further details on the Bank's risk profile across various risk categories related to the Bank's business model can be found in Section 3.3 above and the following sections:

- Disclosure on governance arrangements – Section 3;
- General qualitative information about credit risk – Section 4;
- Qualitative disclosure requirements related to market risk – Section 5;
- Qualitative information on operational risk – Section 6;
- Liquidity risk management – Sections 3.6, 7.1 and 9.2; and
- Counterparty Credit Risk – Section 4.10.

Key ratios and figures illustrating the Bank's risk profile are included in Table EU KM1 available in Section 1.2 above.

4. Credit risk

(Article 435(1) (a), (b), (d) and (f) CRR – Table EU CRA)

4.1 Overview

Credit risk is the risk of suffering financial loss, should any of the Bank's clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit exposures arise principally through the Bank's unsecured lending activities in various European countries, together with the placement of liquidity with banks domiciled in Malta and other European countries.

The Bank is also exposed to credit risk arising from the following:

- issuance of financial guarantee contracts to entities granting micro-loans, plus loans and other related credit products to individuals located in certain European countries.

- exposure to the debt investments in securitisation portfolios in which the Bank holds Class A senior notes, which rank before the class B notes in the applicable contractual priority payments. The securitisation vehicles invest in the portfolio of Small-and-Medium sized Entity ("SME") loans, the credit risk of which is subject to a continuous and thorough monitoring and oversight process.

- exposure to debt investments in bonds. The debt investments in bonds reflect the Bank's acquisition of secured bonds. Such bonds are generally secured by loan portfolios, real estate and/or other financial assets which are pledged in favour of the Bank and are subject to a number of covenants. Such covenants are monitored on a regular basis by management and the Investments Committee.

- credit exposures arising through advances to group undertakings and operating balances with other group undertakings located in European countries.

4.2 Credit risk quantification

The Bank adopts the standardised approach for credit risk to quantify its Pillar 1 capital requirements for credit risk, in line with Chapter 2 of Title II of Part Three of the CRR. Moreover, as part of its risk management strategies and processes, the Bank undertakes a process to determine whether additional capital is required to cover any risks not covered by the minimum capital requirements (Pillar 1).

4.3. Credit risk management and monitoring

Credit risk constitutes the Bank's largest risk in view of its lending activities and therefore the Bank is fully aware of the connotations of such risk and places great importance on its effective management. The Bank's portfolio of loans and advances to customers is monitored on an ongoing basis and the relevant management bodies, including the Board of Directors and the Credit Committee, are kept informed on an ongoing basis of developments in the credit portfolio, non-performing loans and other relevant information.

4. **Credit risk** - continued

4.3. Credit risk management and monitoring - continued

During financial year 2024, the Bank continued to consider macroeconomic forecasting and modelling to assess how the different geographical portfolios are affected by current and projected economic developments. The model considers several parameters, including inflation, unemployment, GDP, interest policy changes and economic sentiment amongst others. Based on the assessments of the outcomes of the modelling process, the Bank continued to undertake strategic decisions to tighten lending in certain markets where the model indicated unfavourable expectations. This process further assists the Bank to manage its credit risk, and by also monitoring other key risk indicators such as customer payment behaviour in different territories, enables agile action where circumstances necessitate the tightening or loosening of underwriting scorecards accordingly.

The Bank's Credit Risk Management Policy forms part of the overall Risk Management Framework of the Bank and sets out the minimum standards to ensure that the Bank:

- establishes an appropriate credit risk management organisation;
- exercises adequate control over its consumer lending onboarding and disbursement processes and carries out proportional due diligence processes with regard to its non-lending portfolio and lending portfolio, as applicable;
- establishes robust ongoing measurement, monitoring and management of credit risks commensurate with the nature and complexity of underlying risks; and
- manages its credit risk profile effectively over time to safeguard the ongoing profitability and sustainability of the Bank's business model.

4.3.1 Lending activities

The Bank's lending activities include unsecured short-term micro-loans, medium-term credit products, long-term loans with instalment repayments, and revolving credit facilities for individuals in various European countries.

Each lending decision is based on a credit score from the Bank's scoring model, which considers the customer's affordability and groups them into risk classes, determining the maximum credit amount. Creditworthiness is assessed via application and behaviour scorecards, monitored by the Risk management function. Based on the credit score registered, customers are grouped into risk classes. The respective risk class determines the maximum credit amount allowable for each customer. The scoring model and linked scorecards are monitored by the Risk management function of the Bank. These scorecards adapt to market characteristics in each jurisdiction, with central approval for specific adaptations. The scorecards are reviewed on an ongoing basis by the management team of the Bank and updated according to market trends, political circumstances in the jurisdiction, legislative and socio-economic changes.

These underwriting actions generate an internal credit score for the customer. Specific underwriting actions are then carried out, including checks for bad debts reported by credit agencies, external credit scoring, and additional customer details checks. The outcome updates the scorecard automatically. If the scored or approved amount meets or exceeds the requested amount, the loan is approved up to the scored amount.

4. **Credit risk** - continued

4.3. Credit risk management and monitoring - continued

4.3.1 Lending activities - continued

The Bank reviews and grades advances to customers using the following internal risk grades:

- Performing: Internal grade 'Regular'
- Under performing: Internal grades 'Watch' and 'Substandard'; and
- Non-performing: Internal grades 'Doubtful' and 'Loss'.

Performing

Grade 1 – Regular: The Bank's loans and advances to customers which are categorised as 'Regular' are principally debts in respect of which payment is not overdue by 30 days and no recent history of customer default exists. Management does not expect losses from non-performance by these customers, which are considered as fully performing.

Under performing

Grade 2 – Watch: Loans and advances in this category typically include those where payment is overdue by 30-60 days (where a loan is deemed non-performing if overdue for more than 90 days), or overdue by 30-45 days (where a loan is deemed non-performing if overdue for more than 60 days). Additionally, this category also includes those exposures where there are indicators of a significant increase in credit risk in instances when loans were granted a payment holiday.

Grade 3 – Substandard: Exposures in the 'Substandard' category include loans overdue by 61 to 90 days (where a loan is deemed non-performing if overdue for more than 90 days), or loans overdue by 46 to 60 days (where a loan is deemed non-performing if overdue for more than 60 days).

Non-performing

Grade 4 – Doubtful: Loans graded as 'Doubtful' include those with repayments overdue by 61 to 180 days (where a loan is deemed non-performing if overdue for more than 60 days), or by 91 to 180 days (where a loan is deemed non-performing if overdue for more than 90 days). This category also includes loans meeting the Unlikeliness-To-Pay criteria outlined below.

Grade 5 – Loss: Loans and advances in respect of which payment becomes overdue by 180 days.

In accordance with EBA guidelines, the Bank factors in in its policies observable events which may indicate Unlikeliness-To-Pay ('UTP') which also constitute default. Through this process, the Bank assesses developments occurring at the level of the individual debtor. The UTP criteria adopted by the Bank are the following:

- Suspected Fraud - Unlikeliness to pay is triggered if a loan has been identified as possible fraud in the fraud management tool;
- Insolvency - Unlikeliness to pay is triggered if a customer has notified the Bank of insolvency, through either collection tool or debt manager systems; and
- Death - Unlikeliness to pay is triggered if the Bank has been notified of death, through either collection tool or debt manager systems.

4. **Credit risk** - continued

4.3. Credit risk management and monitoring - continued

4.3.1 Lending activities - continued

Arrears Management Policy

The Bank's Arrears Management Policy enhances its debt collection capabilities for overdue loans. The policy includes four stages: (i) early collection, (ii) late collection via third-party agencies, (iii) legal collections, and (iv) debt sales. The Bank aims to extend the collection period to maximise recoveries before terminating loan contracts and negotiates forward sale agreements for overdue loans. The Bank writes off loans and advances deemed uncollectible after exhausting practical recovery efforts, typically those loans aged 1080 days or more. When there is no reasonable expectation of recovery, the Bank may sell the loan portfolios to third parties or group companies and writes off any remaining unrecovered amounts.

Prior to the generation of internal scores, credit policy checks or underwriting actions are conducted within the loan handling system based on the Bank's credit policy rules. These rules consider factors such as the applicant's age, existing loans, duplicate applications, previous loan repayment behaviour, and external collection company information. These underwriting actions generate an internal credit score for the customer. If the scored or approved amount meets or exceeds the requested amount, the loan is approved up to the scored amount.

The Bank has a formal debt collection process for managing past due loans and advances, supported by procedures adapted to specific territories. The procedures outline the prescribed actions, channels, and mechanisms for following up on outstanding exposures, specifying the timing and responsibilities within the Bank. They also emphasise the extent to which collection activities are carried out by the Bank and when external collection companies are engaged.

Write-off policy

The Bank writes off loans and advances to customers when it determines that these are uncollectible and it has exhausted all practical recovery efforts. This is generally the case when the Bank has applied debt recovery strategies for a significant period of time and has concluded there is no reasonable expectation of recovery, generally those loans aged 1080 days or more.

In those cases where it has no reasonable expectation of full or partial recovery from overdue credit facilities, the Bank may opt to conduct one-off loan portfolio sales with third parties or group companies. Subsequent to the conduct of such sales, the Bank writes-off any unrecovered amounts (after taking into account expected credit losses originally reserved against the portfolio).

4.3.2 Credit related commitments

The Bank issues financial guarantee contracts to other parties that grant micro-loans and other short-term credit products. Financial guarantees represent irrevocable assurances to make payments in the event that a customer cannot meet its obligations to third parties and carry the same credit risk as loans. The Bank's credit risk management framework applied to issuance of micro-loans and related products, described in detail in the preceding sections, is utilised for management of issuance of guarantee contracts.

4. **Credit risk** - continued

4.4. Definition of 'past-due' and 'impaired'
(Article 442 CRR – Table EU CRB)

The Bank considers an exposure as past due when a customer has failed to effect payment when contractually due, and as detailed under section 3.2.10 of the Annual Report and Audited Financial Statements.

The Bank generally defines a financial instrument as in default (credit impaired and in Stage 3 for impairment purposes), when the borrower is more than 90 days past due on any material credit obligation to the Bank. During 2024 and 2023, the Bank has further aligned the definition of default on a number of products in specific territories from 60 to 90 days in line with internal risk management practices and analysis of the pay back rates arising on such portfolio.

The Bank follows the definition of forborne exposure as defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

At the end of the reporting period, €107,404,000 were past due or impaired.

4.5. Credit quality analysis
(Article 442 (c), (d) and (e) CRR – Tables EU CR1, CR1-A, CR2, CR2a, EU CQ1 to CQ5)

The following tables provide a thorough overview of the credit quality of the Bank's assets by exposure class as at 31 December 2024, in line the guidelines published by the EBA.

Table EU CR1 provides information on the asset quality of the Bank's asset base (namely loans and debt securities) and off-balance sheet exposures, broken down by exposure classes.

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

EU CR1		a	b	c	d	e	f
As at 31 December 2024		**Gross carrying amount/nominal amount**					
		Performing exposures			**Non-performing exposures**		
			Of which stage 1	**Of which stage 2**		**Of which stage 2**	**Of which stage 3**
		€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
005	Cash balances at central banks and other demand deposits	185,033	185,033	-	-	-	-
010	Loans and advances	688,592	648,342	40,250	107,405	-	107,405
020	*Central banks*	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-
050	*Other financial corporations*	*224,116*	*216,116*	*8,000*	-	-	-
060	*Non-financial corporations*	-	-	-	-	-	-
070	Of which SMEs	-	-	-	-	-	-
080	*Households*	*464,476*	*432,226*	*32,250*	107,405	-	107,405
090	Debt securities	109,383	109,383	-	-	-	-
100	*Central banks*	-	-	-	-	-	-
110	*General governments*	-	-	-	-	-	-
120	*Credit institutions*	-	-	-	-	-	-
130	*Other financial corporations*	*109,383*	*109,383*	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-
150	Off-balance-sheet exposures	*21,856*	*20,608*	*1,248*	*36*	-	*36*
160	*Central banks*	-	-	-	-	-	-
170	*General governments*	-	-	-	-	-	-
180	*Credit institutions*	*7,049*	*7,049*	-	-	-	-
190	*Other financial corporations*	*10,533*	*10,533*	-	-	-	-
200	*Non-financial corporations*	-	-	-	-	-	-
210	*Households*	*4,274*	*3,026*	*1,248*	*36*	-	*36*
220	**Total**	1,004,864	963,366	41,498	107,441	-	107,441

4. **Credit risk** - continued

4.5. **Credit quality analysis** - continued

As at 31 December 2024		g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
005	Cash balances at central banks and	-	-	-	-	-	-	-	-	-
010	Loans and advances	(34,511)	(24,034)	(10,477)	(64,776)	-	(64,776)	-	-	-
020	*Central banks*	-	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	*(108)*	*(50)*	*(58)*	-	-	-	-	-	-
060	*Non-financial corporations*	-	-	-	-	-	-	-	-	-
070	Of which SMEs	-	-	-	-	-	-	-	-	-
080	*Households*	(34,403)	(23,984)	(10,419)	(64,776)	-	(64,776)	-	-	-
090	Debt securities	(396)	(396)	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-
110	*General governments*	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	(396)	(396)	-	-	-	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	(836)	(835)	(1)	(28)	-	(28)	-	-	-
160	*Central banks*	-	-	-	-	-	-	-	-	-
170	*General governments*	-	-	-	-	-	-	-	-	-
180	*Credit institutions*	-	-	-	-	-	-	-	-	-
190	*Other financial corporations*	-	-	-	-	-	-	-	-	-
200	*Non-financial corporations*	-	-	-	-	-	-	-	-	-
210	*Households*	*(836)*	*(835)*	*(1)*	*(28)*	-	*(28)*	-	-	-
220	**Total**	**(35,743)**	**(25,265)**	**(10,478)**	**(64,804)**	**-**	**(64,804)**	-	**-**	**-**

4. **Credit risk** - continued

4.5. Credit quality analysis - continued

The exposures set out in the preceding table are based on the sum of on-balance sheet exposures and off-balance sheet exposures adjusted for the credit conversion factors stipulated within Article 166(10) of the CRR.

Table EU CR1-A provides information on the net exposure value by maturity for loans and advances and debt securities.

CR1-A: Maturity of exposures

As at 31 December 2024		a	b	c	d	e	f
		Net exposure value					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
		€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
1	Loans and advances	9,534	446,085	234,761	6,330	-	**696,710**
2	Debt securities	-	12,829	96,158	-	-	**108,987**
3	***Total***	**9,534**	**458,914**	**330,919**	**6,330**	**-**	**805,697**

Table EU CQ3 provides information on the gross carrying amount on-balance sheet performing and non-performing exposures (as well as the nominal amount for off-balance sheet exposures) by past due days.

4. Credit risk - continued

4.5. Credit quality analysis - continued

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

As at 31 December 2024		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
005	Cash balances at central banks and other	185,033	185,033	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	688,591	648,342	40,250	107,405	9	21,320	29,835	34,906	21,336	-	-	107,405
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	224,115	216,116	8,000	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
070	*Of which SMEs*	-	-	-	-	-	-	-	-	-	-	-	-
080	*Households*	464,476	432,226	32,250	107,405	9	21,320	29,835	34,906	21,336	-	-	107,405
090	Debt securities	109,383	109,383	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	109,383	109,383	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	21,856			-								-
160	*Central banks*	-			-								-
170	*General governments*	-			-								-
180	*Credit institutions*	7,049			-								-
190	*Other financial corporations*	10,533			-								-
200	*Non-financial corporations*	-			-								-
210	*Households*	4,274			-								-
220	***Total***	**1,004,863**	**942,758**	**40,250**	**107,405**	**9**	**21,320**	**29,835**	**34,906**	**21,336**	**-**	**-**	**107,405**

As at 31 December 2024, loans and advances to customers amounting to €76,741,000 were deemed to be past due (and not deemed credit impaired or collectively impaired), taking cognisance of the manner in which the Bank practically manages its collection activities. A financial asset is past due when a customer has failed to effect payment when contractually due, and as detailed under section 4.4.

4. Credit risk - continued

4.5. Credit quality analysis - continued

Table EU CR2 and CR2a provides information on the changes in stock of non-performing loans and advances.

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

		a
		Gross carrying amount
		€'000
010	**Initial stock of non-performing loans and advances**	75,894
020	Inflows to non-performing portfolios	61,863
030	Outflows from non-performing portfolios	(30,352)
040	Outflows due to write-offs	(7,367)
050	Outflow due to other situations	(22,985)
060	**Final stock of non-performing loans and advances**	**107,405**

EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

		a	b
		Gross carrying amount	**Related net accumulated recoveries**
		€'000	**€'000**
010	**Initial stock of non-performing loans and advances**	75,894	-
020	Inflows to non-performing portfolios	61,863	-
030	Outflows from non-performing portfolios	(30,352)	-
040	Outflow to performing portfolio	(22,985)	-
050	Outflow due to loan repayment, partial or total	-	-
060	Outflow due to collateral liquidations	-	-
070	Outflow due to taking possession of collateral	-	-
080	Outflow due to sale of instruments	-	-
090	Outflow due to risk transfers	-	-
100	Outflows due to write-offs	(7,367)	-
110	Outflow due to other situations	-	-
120	Outflow due to reclassification as held for sale	-	-
130	**Final stock of non-performing loans and advances**	**107,405**	-

4. **Credit risk** - continued

4.5. Credit quality analysis - continued

Tables EU CQ1 and CQ2 provide information on the Bank's forborne exposures split into the exposure classes, and the quality of forbearance.

EU CQ1: Credit quality of forborne exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	1,999	965	549	524	-	-	-	-
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	-	-	-	-	-	-	-	-
070	*Households*	1,999	965	549	524	-	-	-	-
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	***Total***	**1,999**	**965**	**549**	**524**	**-**	**-**	**-**	**-**

The Bank does not have any loans and advances that have been forborne more than twice, or loans and advances that failed to meet the non-performing exit criteria. Thus, EU CQ2 is not reported.

4. **Credit risk** - continued

4.6. Concentration risk

The Bank's concentration risk arises primarily because of the concentration of exposures by geographical location in view of the nature of the loans and advances portfolio of the Bank. In this respect the Bank runs the risk of loss of funds due to possible political and economic events in the particular countries in which it extends credit or where funds have been placed or invested. Countries are assessed according to their size, economic data and prospects and their credit ratings from international rating agencies. Existing country credit risk exposures are monitored and reviewed periodically.

Table EU CQ4 and EU CQ5 provide information on the Bank's on-balance sheet and off-balance sheet exposures split by significant countries and industries respectively.

EU CQ4: Quality of non-performing exposures by geography

		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
		€'000	€'000	€'000	€'000	€'000	€'000	€'000
010	***On-balance-sheet exposures***	***878,366***	***107,405***	***107,405***	***878,366***	***(34,254)***		-
020	*Latvia*	*160,324*	*33,274*	*33,274*	*160,324*	*(25,765)*		-
030	*Sweden*	*158,730*	*26,809*	*26,809*	*158,730*	*(23,064)*		-
040	*Luxembourg*	*148,314*	-	-	*148,314*	-		-
050	*Finland*	*124,227*	*6,309*	*6,309*	*124,227*	*42,573*		-
060	*Denmark*	*90,848*	*5,868*	*5,868*	*90,848*	*(8,085)*		-
070	*Estonia*	*59,204*	*1,721*	*1,721*	*59,204*	*(3,391)*		-
080	*Germany*	*37,046*	*15,196*	*15,196*	*37,046*	*(13,738)*		-
090	*Cyprus*	*20,502*	-	-	*20,502*	-		-
100	*Bulgaria*	*15,209*	*13,376*	*13,376*	*15,209*	*(10,785)*		-
110	*Czechia*	*13,645*	*3,707*	*3,707*	*13,645*	*(4,472)*		-
120	*Spain*	*12,000*	-	-	*12,000*	-		-
130	*Norway*	*11,077*	*379*	*379*	*11,077*	*(815)*		-
140	*Lithuania*	*10,402*	-	-	*10,402*	*6,298*		-
150	*Poland*	-	-	-	-	*7,973*		-
160	*Croatia*	*7,569*	*240*	*240*	*7,569*	-		-
170	*Romania*	*6,066*	*274*	*274*	*6,066*	*(696)*		-
180	*Great Britain*	*1,674*	-	-	*1,674*	-		-
190	*Slovenia*	*1,529*	*252*	252	*1,529*	*(287)*		-
240	***Off-balance-sheet exposures***	***21,892***	***36***	-			-	
250	*Norway*	*7,049*	-	-			-	
260	*Bulgaria*	*4,310*	*36*	-			-	
270	*Lithuania*	*10,533*	-	-			-	
150	***Total***	***900,258***	***107,441***	107,405	***878,366***	***(34,254)***	-	-

The Bank does not have loans and advances to non-financial corporations and thus does not report EU CQ5.

4. **Credit risk** - continued

4.7. Use of External Credit Assessment Institutions ("ECAIs")

(Article 444 (a) to (d) CRR – Table EU CRD)

The Bank runs the risk of loss of funds due to the possible delay in the repayment of existing and future obligations by counterparty banks. Within its daily operations the Bank transacts, carrying out transactions through correspondent accounts, with banks and other financial institutions which are pre-approved and subject to a limits framework. In the normal course of business, the Bank mainly places funds with good credit quality banks and financial institutions. By conducting these transactions, the Bank is running the risk of losing funds due to the possible delays in the repayment to the Bank of the existing and future obligations of the counterparty banks. The positions are checked against the limits on a regular basis, comprising real-time and end of day monitoring. Accordingly, such exposures are monitored through the practical use of exposure limits.

The Bank uses an External Credit Assessment Institution ('ECAI') in calculating its risk-weighted exposure amounts for Institutions for which a credit assessment is available. The credit quality of such exposures is determined by reference to credit ratings applicable to issuers published by Fitch Ratings. The Bank maps Fitch's ratings with the credit quality steps published by the EBA is in line with the standard association published by the EBA within Commission Implementing Regulation (EU) 2024/1872 of 1 July 2024.

The following table represents the exposure values in respect of Institutions:

At 31 December 2024	**Credit quality step**	**Institutions**
		€'000
AAA+ to AA-	1	-
AA+ to A-	2	4,378
BBB+ to BBB-	3	18,024
BB+ to BB-	4	-
Total		**22,402**

Credit ratings are only used in respect to institutions and no other exposure classes.

Exposures to institutions for which a credit assessment by a nominated ECAI is not available are assigned a risk weight according to the credit quality step to which exposures to the central government of the jurisdiction in which the institution is incorporated are assigned.

4. **Credit risk** - continued

4.8. Credit risk under the standardised approach

(Article 453 (f), (g), (h) and (i) and Article 444 (e) CRR – Tables EU CR4, EU CR5 and EU CR3)

Table EU CR4 provides information on the Bank's exposure classes, both before and after credit conversion factors and the use of credit risk mitigation, as well as the risk weighted assets and risk weighted asset density ratio per exposure class.

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

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
		€'000	€'000	€'000	€'000	€'000	
1	Central governments or central banks	107,670	-	107,670	-	-	0.00%
2	Regional governments or local authorities	-	-	-	-	-	0.00%
3	Public sector entities	-	-	-	-	-	0.00%
4	Multilateral development banks	-	-	-	-	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	77,363	-	77,363	-	15,473	20.00%
7	Corporates	185,046	-	172,722	-	179,695	104.04%
8	Retail	433,269	4,310	432,557	4,310	327,650	75.00%
9	Secured by mortgages on immovable property	-	-	-	-	-	0.00%
10	Exposures in default	42,630	-	42,630	-	42,750	100.28%
11	Exposures associated with particularly high risk	-	-	-	-	-	0.00%
12	Covered bonds	-	-	-	-	-	0.00%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	8,432	7,049	8,432	7,049	38,703	250.00%
16	Other items	15,608	-	15,608	-	14,520	93.03%
17	**TOTAL**	**870,018**	**11,359**	**856,982**	**11,359**	**618,791**	**71.26%**

4. Credit risk - continued

4.8. Credit risk under the standardised approach - continued

Table EU CR5 presents data on the Bank's exposure value after applying the CCF and CRM, categorized by the different risk weights associated with each exposure class.

EU CR5 – standardised approach

		Risk weight						
	Exposure classes	**0%**	**20%**	**75%**	**100%**	**150%**	**250%**	**Total**
		a	e	i	j	k	l	p
		€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
1	Central governments or central banks	107,670	-	-	-	-	-	**107,670**
2	Regional government or local authorities	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-
6	Institutions	-	77,363	-	-	-	-	**77,363**
7	Corporates	-	-	-	171,101	13,945	-	**185,046**
8	Retail	-	-	437,578	-	-	-	**437,578**
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	42,390	240	-	**42,630**
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-
14	Unit or shares in collective investment undertakings	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	15,481	**15,481**
16	Other items	1,088	-	-	14,520	-	-	**15,608**
17	**TOTAL**	**108,758**	**77,363**	**437,578**	**228,011**	**14,185**	**15,481**	**881,376**

Certain columns have been excluded as these are not applicable to the Bank.

4. Credit risk - continued

4.8. Credit risk under the standardised approach - continued

Table EU CR3 provides information on the Bank's use of credit risk mitigation for loans and advances and debt securities, split into the various forms of credit risk mitigation techniques.

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

		Unsecured carrying amount				
			Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
		€'000	€'000	€'000	€'000	€'000
1	Loans and advances	881,743	-	-	-	-
2	Debt securities	108,987	-	-	-	
3	Total	990,730	-	-	-	-
4	*Of which non-performing exposures*	42,629	-	-	-	-
EU-5	*Of which defaulted*	-	-			

4.9. Use of collateral

(Article 442 (c) and 453 CRR – Tables EU CQ6, CQ7, EU CQ8 and EU CRC)

The Bank's consumer lending portfolio is generally unsecured, in line with the typical nature and characteristics observed for short-term retail portfolios.

However, the Bank employs a range of policies and practices to mitigate credit risk, which include collection strategies, contractual arrangement by virtue of which the bank can sell aged portfolios once specific loans reach a predetermined ageing profile and one-off debt sales. Note 7 of the Bank's Annual Report and Audited Financial Statements discloses the amount of loans and advances to customers disposed of during the year. With respect to loans and advances originated in particular countries, which comprise 1.17% (2023: 1.14%) of the Bank's total gross loan portfolio as at 31 December 2024, the Bank is the holder of financial guarantee contracts issued by other parties.

These financial guarantee contracts require the issuer to make specified payments to reimburse the holder (the Bank) for a loss it incurs because a specified debtor fails to make payments when due. Since a financial guarantee contract represents a guarantee on an individual loan entered into with the loan contract and is essentially a pre-condition for granting the respective loan, the guarantee effectively forms part of the terms of the loan. Credit loss allowances are calculated on such loans in accordance with the Bank's accounting policy, where any credit loss allowances are reflected net of the financial guarantee reimbursement.

The debt investments in bonds are principally secured by loan portfolios that are pledged in favour of the Bank, taking into consideration pre-established collateralised ratios in relation to the amount invested and also encompassing pre-established ratios of exposures by ageing of the underlying pledged portfolio. Moreover, the Bank also has an additional collateral in the form of mortgaged asset, cash deposited in accounts held with the Bank and/or else pledged financial instruments in favour of the Bank in respect of the debt instruments.

4. Credit risk - continued

4.9. Use of collateral - continued

The Bank's collateral is typically valued at market value, though other methods may be used depending on the collateral type. In its ECL calculations, the Bank typically reduces the calculated value of collateral by a haircut to account for potential market volatility and liquidity risks. The Bank has established processes, frequency, and methods to monitor the value of collateral as outlined in the Bank's Secured Debt Credit Policy.

The Bank does not have any immovable property collateral in relation to performing and non-performing loans and advances and thus does not report EU CQ6, EU CQ7 and EU CQ8.

4.10. Disclosure of exposure to Counterparty Credit Risk

(Article 439 (a) to (m) CRR – Tables EU CCRA and EU CCR1 to EU CCR8)

The Bank uses the Original Exposure Method (OEM) to assign internal capital and credit limits for counterparty credit exposures.

The Bank does not have any Wrong-Way risks as defined in Article 291 of the CRR.

The Bank does not benefit from any guarantees or other credit risk mitigants in relation to counterparty credit risk and thus, does not have any policies in this regard.

The Bank does not have to provide any collateral if its credit rating was downgraded.

The following tables provide an overview of the counterparty credit risk as at 31 December 2024, in line the guidelines published by the EBA.

EU CCR1: Analysis of CCR exposure by approach

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
EU-1	EU - Original Exposure Method (for derivatives)	3,000	6,310		1.4	13,035	13,035	13,035	12,857
EU-2	EU - Simplified SA-CCR (for derivatives)				1.4	-			
1	SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-		-	-
6	**Total**					**13,035**	**13,035**	**13,035**	**12,857**

4. **Credit risk** - continued

4.10. Disclosure of exposure to Counterparty Credit Risk - continued

Table EU CCR3 highlights the standardised approach of CCR exposures by regulatory exposure class and risk weights.

EU CCR3: Standardised approach – CCR exposures by regulatory exposure class and risk weights

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-	-	-
7	Corporates	-	-	-	-	-	-	-	-	12,323	-	-	12,323
8	Retail	-	-	-	-	-	-	-	711	-	-	-	711
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	-	-	-	-	-	-	-	711	12,323	-	-	13,035

The Bank does not have collaterals for CCR exposures and thus does not report EU CCR5.

EU CCR8: Exposure to CCPs

		a	b
		Exposure value	**RWEA**
		€'000	**€'000**
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		12,857
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	13,035	12,857
13	(i) OTC derivatives	13,035	12,857
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

4. Credit risk - continued

4.11. Credit Valuation Adjustment (CVA) risk
(Article 439 (h) – Table EU CCR2)

Credit valuation adjustment (CVA) risk pertains to the potential losses arising from variations in CVA values, which are influenced by shifts in counterparty credit spreads and market risk factors affecting the pricing of derivative transactions and securities financing transactions.

As at 31 December 2024, the bank does not have any exposures to CVA risk.

4.12. Securitisation Positions
(Article 449 (a) to (i) CRR – Tables EU SEC1 to EU SEC5)

The Bank invested in two securitisation structures whose investment objective is to grant loans to SMEs. The securitisation structures use the Non Simple Transparent and Standardised (non-STS) securitisation framework. The Bank's role in these two securitisation structures is that of an investor. Thus, the Bank did not disclose to any legal entities that they have provided support in accordance with point (e) of Article 449 of Chapter 5 of Title II of Part Three CRR.

With regards to the first securitisation structure, the Bank holds the senior tranche which makes up 95% of the whole securitisation structure, with the junior tranche (equivalent to 5% of the structure) held by another entity.

With regards to the second securitisation structure, the Bank holds 95% of the senior tranche which makes up 85% of the whole securitisation structure. The remaining 5% of the senior tranche, and 100% of the junior tranche are held by other entities.

In determining the risk weighted exposure amounts and own funds requirements, the Bank follows the requirements outlined in Regulation (EU) 575/2013 (Capital Requirements Regulation or "the CRR"), specifically Chapter 5 'Securitisation' within Title II of Part Three of the CRR.

Article 254 of the CRR outlines three methods that may be adopted in determining risk weighted exposure amounts for securitization positions, being SEC-IRBA, SEC-SA and SEC-ERBA. The Bank has chosen to apply the SEC-SA approach for both securitisation structures.

The Bank does not sell exposures to any SSPEs, sponsor any SSPEs, or provide securitisation-related services to any SSPEs. Furthermore, there are no SSPEs which are included in the Bank's regulatory scope of consolidation. The Bank does not use any ECAIs for securitisations and thus, does not have any exposure towards any agencies in accordance with point (h) of Article 449 CRR. The Bank does not have an Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three CRR.

4. **Credit risk** - continued

4.12. **Securitisation Positions** - continued

The following tables provide an overview of the securitisation exposures as at 31 December 2024, in line the guidelines published by the EBA.

EU-SEC1 - Securitisation exposures in the non-trading book

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which		of which											
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
1	**Total exposures**	-	-	-	-	-	-	-	-	-	-	-	-	**162,495**	-	**162,495**
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	162,495	-	162,495
3	residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	162,495	-	162,495
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The Bank does not have any securitisation exposures where it acts as an originator or as a sponsor. Hence, the Bank does not report EU-SEC3.

4. **Credit risk** - continued

4.12. Securitisation Positions - continued

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
1	**Total exposures**	14,181	-	148,314	-	-	-	-	162,495	-	-	-	126,788	-	-	-	10,143	-
2	Traditional securitisation	14,181	-	148,314	-	-	-	-	162,495	-	-	-	126,788	-	-	-	10,143	-
3	Securitisation	14,181	-	148,314	-	-	-	-	162,495	-	-	-	126,788	-	-	-	10,143	-
4	Retail underlying	14,181	-	148,314	-	-	-	-	162,495	-	-	-	126,788	-	-	-	10,143	-
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The Bank does not have any securitisation exposures where it acts as an originator or as a sponsor. Hence, the Bank does not report EU-SEC5.

5. Market risk

(Article 435(1) (a) to (d) CRR – Table EU MRA)

5.1. Overview

The Bank's market risk exposures consist of the following elements:

- Foreign exchange risk, which is the risk of losses on the Bank's positions in foreign currency because of changes in exchange rates; and

- Interest rate risk, which is the risk of losses because of changes in interest rates.

5.1.1. Foreign exchange risk

Foreign exchange risk is the risk that the Bank's financial position and cash flow are exposed to negative fluctuations in foreign exchange rates.

The Bank faces foreign exchange risk, which affects earnings and value due to changes in exchange rates. This risk arises when financial assets or liabilities are in currencies different from the Bank's functional currency (euro), principally in Polish Zloty, Czech Koruna, Swedish Krona, Norwegian Krona, Bulgarian Lev, Danish Krone and Romanian Leu. However, the Bank is not in substance exposed to fluctuations in exchange rates with respect to the Bulgarian Lev as this currency is pegged to the euro.

The Bank's exposures to Polish Zloty, Czech Koruna, Swedish Krona, Norwegian Krona, Danish Krone and Romanian Leu arise from its lending and credit related activities in Poland, Czechia, Sweden, Norway, Denmark and Romania respectively, as the loans and other credit related instruments are denominated in that currency. The Bank's overall objective is to fund the activities in these countries in the same local currency. The Bank has a funding arrangement with a third-party corporate with respect to borrowings in a specific currency to fund the lending activities in a particular country.

Any realised and unrealised gains or losses attributable to foreign exchange fluctuations registered by the Bank are allotted on to the group entity at the end of each month, in line with the terms of this agreement.

During the year, the Bank incurred net foreign exchange loss amounting to €1,657,000.

5.1.2. Interest rate risk

The Bank's operations are subject to interest rate risk because of changes in interest rates impacting interest-earning assets and interest-bearing liabilities. These assets and liabilities mature or are repriced at different times or in varying amounts. Furthermore, floating rate assets and liabilities face basis risk, stemming from the variation in repricing characteristics of several floating rate indices.

Cash flow interest rate risk refers to the risk that future cash flows of a financial instrument vary due to fluctuations in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument changes as a result of fluctuations in market interest rates. Financial instruments subject to fixed interest rates potentially expose the Bank to fair value interest rate risk. However, the Bank's loans and advances to customers, loans and advances to/from group companies, amounts owed to customers, debt securities in issue and borrowed funds are measured at amortised cost and are not subject to fair value interest rate risk.

5. **Market risk** - continued

5.1. Overview - continued

5.1.2. Interest rate risk - continued

Additionally, the Bank's loan portfolio consists of micro-loans, consisting of loans and other credit products, and accordingly the short-term nature of these assets mitigates the Bank's exposure to interest rate risk in this respect. The Bank has performed an assessment, which includes both quantitative and qualitative considerations, wherein market interest rate risk has been deemed to be immaterial in relation to the composition of the Bank's lending portfolio and balance sheet composition.

5.2. Market risk quantification

The Bank uses the simplified approach outlined in Article 360 of the CRR. For FX risk, the Bank takes 8% of the sum of its overall net foreign exchange position and net gold position.

5.3. Market risk management and monitoring

The Bank manages its currency risk by matching foreign currency liabilities with assets denominated in the same currency, as much as possible. To address mismatched positions, the Bank has an agreement with a group company to cover realized and unrealized exchange differences. Foreign exchange exposures are managed through derivative instruments like currency forwards and tracker forwards. Currency forwards involve selling a predetermined amount of foreign currency exposure at a set price. Tracker forwards involve selling foreign currency exposure at a set price and buying the functional currency at the higher of the spot rate or a predetermined effective rate, limiting downward exposure.

The Treasury function, under the Finance function, handles day-to-day foreign exchange risk management, ensuring exposures stay within limits set by the Board. The Board sets limits on exposure levels by currency and in aggregate for both overnight and intra-day positions, which are actively monitored and reported regularly. The risk oversight function ensures the foreign exchange risk management process is designed appropriately and functions properly.

The ALCO function monitors net exposures to foreign currencies by analyzing financial instruments and performing sensitivity analysis. ALCO also manages interest rate risk, reporting regularly to the Board. Day-to-day interest rate risk management is handled by the Treasury function, under the Finance function, with oversight from the risk oversight function.

Interest rate risk is monitored regularly, especially when significant changes to the Bank's business model or strategy occur. Management assesses the potential impact on profit or loss from a reasonably possible interest rate shift at reporting dates. The ALCO function manages interest rate risk and reports to the Board, while the Treasury function handles day-to-day management. The risk oversight function ensures the interest rate risk management process is designed appropriately and functions properly using sensitivity analysis and other tools.

5. **Market risk** - continued

5.4. Market risk under the standardised approach
(Article 445 CRR – Table EU MR1)

EU MR1 is not applicable to the Bank as no own funds are calculated for Market Risk.

5.5. Interest rate risk in the banking book (IRRBB)
(Article 448 CRR – Tables EU IRRBBA & EU IRRBB1)

The Bank defines IRRBB (Interest Rate Risk in the Banking Book) as the risk to its capital and earnings from adverse interest rate movements affecting its banking book positions. Changes in interest rates impact the present value and timing of future cash flows, altering the value of the Bank's assets, liabilities, and off-balance sheet items, as well as its net interest income (NII).

The Bank defines the following sub-types of IRRBB as follows:

1. **Gap risk:** Arises from the timing differences in rate changes of banking book instruments, influenced by parallel or non-parallel shifts in the yield curve.

2. **Basis risk:** Results from relative changes in interest rates for instruments with similar tenors but different rate indices.

3. **Option risk:** Stems from option derivatives or embedded options in assets, liabilities, or off-balance sheet items, allowing alterations in cash flow levels and timing.

Identification of Risks:

- **Gap Risk:** The Bank's assets and liabilities mature or reprice at different times, exposing it to gap risk, primarily in the short-term end of the yield curve.
- **Basis Risk:** Holding floating rate assets based on different indices (e.g., Swedish Riks Bank rate, 3-month Euribor) exposes the Bank to basis risk, requiring an NII add-on as per article 23 of the Commission Delegated Regulation (EU) 2024/857.
- **Option Risk:** The Bank considers option risk in derivative positions immaterial due to the lack of significant option derivative positions. The Bank however considers options risk in its non-maturity deposits and fixed rate loans which are subject to prepayment risk.

A description of the institution's overall IRRBB management and mitigation strategies

The Bank adopts a policy to predominantly match the maturity of transactions through treasury operations, as much as is practicable, to minimise the risk of adverse fluctuations in interest rates affecting financial assets and financial liabilities. In fact, the Head of Treasury monitors the Bank's net exposure to fixed and floating rate financial instruments on a periodic basis.

5. **Market risk** - continued

5.5. Interest rate risk in the banking book (IRRBB) - continued

Moreover, in line with the Bank's IRRBB policy the Bank measures IRRBB quarterly through the following two complementary approaches, in line with EBA/GL/2022/14:

- Changes in economic value (i.e. 'EV' or 'EVE' when assessing the change in value relative to equity); and
- Changes in expected earnings (i.e. changes in forecast net interest income ('NII')).

The Bank quantifies the change in EVE and NII by applying the scenarios established in the Commission delegated regulation (EU) 2024/856, and the results are compared vis-à-vis the thresholds set in the Bank's Risk Appetite Framework.

Moreover, the Bank refers to its IRRBB exposure to determine the level of capital required in its ICAAP. The Bank assesses IRRBB exposure to determine required capital in ICAAP, considering economic value changes (Economic perspective) and future NII changes (Normative perspective).

Moreover, as stipulated in paragraph 94 of the EBA/GL/2022/14, the Bank undertakes an IRRBB stress testing as part of its ICAAP. This forward-looking stress testing identifies the potential adverse consequences of severe changes in the market conditions of the Bank's capital or net interest income measures plus market value changes.

The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB

Multitude Bank plc calculates its IRRBB measures on a quarterly basis to ensure continuous monitoring and management of interest rate risk, aligning with regulatory requirements and internal policies. The bank uses EVE and NII measures to assess its sensitivity to IRRBB from both economic value and earnings perspectives.

Economic Value:

EVE measures changes in the net present value of interest rate-sensitive instruments over their remaining life due to interest rate movements, assuming a run-off balance sheet where existing positions amortise without new business. This long-term measure assesses the impact over the balance sheet's remaining life using a static model gap analysis.

The Bank monitors the change in EVE under 6 different shock scenarios through the metric below:

$$\frac{EVE_{shock} - EVE_{baseline}}{Tier\ 1\ Capital}$$

Where:

- EVE_{shock} is the largest forecasted level of EVE under any supervisory shock scenario
- $EVE_{baseline}$ is the level of forecasted EVE in the baseline scenario

5. Market risk - continued

5.5. Interest rate risk in the banking book (IRRBB) - continued

Earnings measure:

NII measures the impact of interest rate changes on future earnings by comparing expected earnings under a base scenario with those under an adverse scenario.

Change in NII is calculated by looking at the forecast interest income generated from assets less the forecast interest expenses generated from liabilities (to derive NII) and comparing this across different yield curve stress scenarios (i.e. ΔNII) over a short-term time horizon using a static balance sheet approach. In line with Article 16 of the 2024/857, the Bank considers a time horizon of one year.

After calculating the NII under the base, the NII is recalculated using the shocked yield curves by applying the relevant forward rates calculated under each prescribed stressed scenario.

A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable).

Shock scenarios for measuring the change in EVE:

For each material currency c, the specified size of the parallel, short and long shocks to the 'risk-free' interest rate, the following parameterisations of the six supervisory shock scenarios are applied as per Article 1 of Commission Delegated Regulation (EU) 2024/856:

1. Parallel shock up

$$\Delta R_{parallel}, c(t_k) = \underline{R}_{parallel}, c$$

2. Parallel shock down

$$\Delta R_{parallel}, c(t_k) = -\underline{R}_{parallel}, c$$

3. Steepener shock (short rates down and long rates up)

$$\Delta R_{steepener,c}(t_k) = -0{,}65 \cdot \left|\Delta R_{short,c}(t_k)\right| + 0{,}9 \cdot \left|\Delta R_{long,c}(t_k)\right|$$

4. Flattener shock (short rate up and long rates down)

$$\Delta R_{flattener,c}(t_k) = +0{,}8 \cdot \left|\Delta R_{short,c}(t_k)\right| - 0{,}6 \cdot \left|\Delta R_{long,c}(t_k)\right|$$

5. Short rates shock up

$$\Delta R_{short,c}(t_k) = +\underline{R}_{short,c} \cdot S_{short}(t_k) = +\underline{R}_{short,c} \cdot e^{\frac{-t_k}{x}}$$

6. Short rates shock down

$$\Delta R_{short,c}(t_k) = -\underline{R}_{short,c} \cdot S_{short}(t_k) = -\underline{R}_{short,c} \cdot e^{\frac{-t_k}{x}}$$

5. **Market risk** - continued

5.5. Interest rate risk in the banking book (IRRBB) - continued

The specified size of the interest rate shocks for the Bank's material currencies according to Annex 1 of the 2024/856:

	EUR	DKK	SEK
Parallel	200	200	200
Short	250	250	300
Long	100	150	150

Shock scenarios for measuring the change in NII:

The shock scenarios which are applied to the risk-free yield rates for NII are the parallel shock up and parallel shock down scenarios as per Article 1 of Commission Delegated Regulation (EU) 2024/856. The shocks are implemented for each material currency and time bucket and are calculated as follows:

I. Parallel shock up

$$\Delta R_{parallel}, c(t_k) = + \bar{R}_{parallel}, c$$

II. Parallel shock down

$$\Delta R_{parallel}, c(t_k) = - \bar{R}_{parallel}, c$$

The $\bar{R}_{parallel}$ is the same as that applied to the EVE standardized shocks (i.e., 200 basis points for all currencies).

A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable)

Further to the calculations carried out to disclose the EU IRRBB1 template, the Bank undertakes an IRRBB stress testing as part of its ICAAP where the interest rate shock scenario is adjusted to reflect the market wide stress the Bank is applying in its ICAAP.

A high-level description of how the institution hedges its IRRBB, as well as the associated accounting treatment (if applicable)

Interest rate risk arises in the Bank's operations due to interest rate fluctuations resulting from interest-earning assets and interest-bearing liabilities, which mature or are repriced at different times or in different amounts. Floating rate assets and liabilities are also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. As outlined previously, the Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice within different time periods or on different terms.

5. Market risk - continued

5.5. Interest rate risk in the banking book (IRRBB) - continued

The Bank adopts a policy to predominantly match the maturity of transactions through treasury operations, as much as is practicable, to minimise the risk of adverse fluctuations in interest rates affecting financial assets and financial liabilities. The Bank accepts deposits from customers at fixed rates for varying terms. This poses a risk to the Bank, which risk is managed by monitoring on a continuous basis the level of mismatch of interest rate repricing taking cognisance of the terms of the Bank's principal assets, loans and advances to customers, that are re-priceable at the Bank's discretion. Moreover, in view of the increased exposure to the interest rate fluctuations in the market, the Bank is assessing the viability of implementing an interest rate floor hedging strategy, in order to mitigate the interest rate risk emanating from its investments products.

A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable)

In assessing the exposure to interest rate risk, the Bank considers the following behavioural assumptions in line with 2024/857 to be able to incorporate products or positions where the assumed behavioural repricing date differs significantly from the contractual repricing date, or where there is no stated contractual repricing date:

1. **Non-Maturity Deposits (NMDs):** The Bank considers the type of of its NMDs (retail transactional deposits, retail non-transactional deposits, wholesale financial deposits and wholesale non-financial deposits) and assesses the stable and non-stable portion of its NMDs. The Bank also considers whether the stable portion of its NMDs may be further classified between core and non-core components.
   Given the highly liquid and volatile nature of the Bank's non-maturity deposits, they are assumed to be non-stable and so are placed in the overnight time bucket. The Bank will review this assumption on an annual basis.

2. **Fixed Rate Loans Subject to Early Repayment:** The bank identifies the loans subject to early repayment and calculates the respective average prepayment rate based on historical internal observations. The outstanding amount expected to be prepaid is allocated to earlier time buckets, while the remaining portion follows the contractual repayment schedule.

3. **Other Assumptions:**
   - Non-interest-bearing accounts are excluded from IRRBB calculations.
   - Loans which are past due but still performing are allocated in the second bucket (up to 1 month).
   - Cashflows from investments are allocated based on their contractual agreements.
   - Cashflows from non-performing exposures (the recoverable amount) are aligned with the bank's debt sale roadmap.

5. **Market risk** - continued

5.5. Interest rate risk in the banking book (IRRBB) - continued

Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures

As of December 2024, the Bank's greatest negative change in EVE resulted from the parallel up scenario. In contrast, the greatest negative change in EVE for December 2023 was observed under the steepener scenario. This shift is due to changes in the composition of the bank's interest rate-sensitive assets and liabilities, where the portfolio became more sensitive to uniform interest rate increases hence the parallel up scenario results in a greater negative change in EVE.

On the other hand, the greatest negative change in NII for the Bank emanates from the parallel down scenario, and this has remained consistent for both December 2023 and December 2024.

Disclosure of the average and longest repricing maturity assigned to non-maturity deposits

Both the average and longest repricing maturity assigned to non-maturity deposits is 1 day. This means that non-maturity deposits are considered to reprice daily.

EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		**Changes of the net interest income**	
		Dec-24	**Dec-23**	**Dec-24**	**Dec-23**
		€'000	**€'000**	**€'000**	**€'000**
1	Parallel up	(13,390)	(8,318)	561	2,748
2	Parallel down	8,252	5,396	(2,559)	(5,456)
3	Steepener	(9,212)	(8,859)		
4	Flattener	3,412	3,620		
5	Short rates up	583	1,678		
6	Short rates down	(2,500)	(4,943)		

6. Operational risk

(Articles 435(1), 446 and 454 CRR – Table EU ORA)

6.1. Overview

Operational risk is the risk of direct or indirect losses or resulting from failures related to technology, employees, processes, procedures and physical arrangements, including external events and legal issues.

The Bank primarily captures operational risk under the following policies:

- New Products Approval Policy (NPAP);
- BCP Policy;
- Operational Risk Policy;
- ESG Risk Policy; and
- Reputational Risk Policy.

6.2. Operational risk quantification

Operational risks are measured by both quantitative and qualitative methods consisting of both ex-post and ex-ante consideration of events and risks.

The Bank currently uses the Basic Indicator Approach to assess its operational risk capital requirements and accordingly allocates 15% of average gross income for a three-year period in accordance with the requirements of this approach.

6.3. Operational risk management and monitoring

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity while maintaining risk-taking within a tolerable limit.

6. Operational risk - continued

6.3. Operational risk management and monitoring - continued

The Bank's Board of Directors is primarily responsible for endorsing policies and procedures to ensure that operational risks are managed effectively. The Bank's management of operational risk relies on a framework of policies and procedures implemented across the Bank's operational functions through transaction processing and business execution. The implementation of these policies and procedures is overseen by the Bank's risk oversight function. The primary responsibility for the development and implementation of control activities to address operational risk lies with senior management. Reporting of operational risk events to the Board of Directors is carried out when required.

The Bank mitigates the possibility of risk events impacting the entity through the implementation of a business continuity plan, which encompasses risk mitigation achieved through back-up information security infrastructures and back-up disaster recovery plans. Such mechanisms enable the Bank to operate on an ongoing basis and limit losses in the event of severe business disruption.

Every effort is made to ensure that operational risks are curtailed, minimised and/or mitigated to inhibit, or at least to significantly reduce, the incidence of operational risks materialising into operational losses. Realistically, the Bank cannot be expected to eliminate all operational risks, but by monitoring and responding to potential risks, such risks can be prudently managed and mitigated.

6.4. Operational risk quality

(Article 446 & 454 CRR – Table EU OR1)

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		2022	2023	2024		
		€'000	€'000	€'000	€'000	€'000
1	Banking activities subject to basic indicator approach (BIA)	145,884	155,373	163,477	23,237	290,459
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	*Subject to TSA:*	-	-	-	-	-
4	*Subject to ASA:*	-	-	-	-	-
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

7. Liquidity risk

(Article 435(1), 451a(4) and Article 451a(2) CRR – Tables EU LIQA and LIQB)

7.1. Overview

Liquidity risk can arise when the Bank is unable to fulfil its obligations on time due to the withdrawal of customer deposits, cash demands from contractual commitments or other cash outflows, along with the inability of quickly selling a financial asset at a price close to its fair value.

7. **Liquidity risk** - continued

7.1. Overview - continued

The Bank adopts a Treasury Management Policy aimed at balancing profitability, capital and liquidity requirements. The policy outlines the management of risks such as liquidity, credit, market, and operational risk. Liquidity risk strategies include maintaining access to sufficient liquidity, minimising net foreign exchange exposure, managing concentration risk, and ensuring compliance with regulatory capital and liquidity requirements. The Bank actively monitors its funding costs and peer deposit pricing to ensure diversification and prudent liquidity planning.

Liquidity risk management is governed through the Bank's three lines of defence model. The first line, including the Head of Treasury, is responsible for day-to-day liquidity management, monitoring funding costs, and ensuring compliance with requirements. The second line, led by the Chief Risk Officer, oversees risk monitoring and reports to the Risk Management Committee. The third line, Internal Audit, provides independent assurance to the Board.

Liquidity management is centralised under the Treasury function, led by the Head of Treasury. Forecasting and liquidity strategies are coordinated through the Assets and Liabilities Committee (ALCO) and reported to the Board of Directors. Interaction across the Bank's units is streamlined through regular ALCO meetings and ongoing oversight by the Risk and Audit Committees.

Liquidity risk reporting is managed by the Head of Treasury, who prepares 12-month rolling balance sheet forecasts and monitors performance against objectives set out in the Treasury Management Policy. These reports are submitted to ALCO and the Board. The Bank tracks funding costs and market rates regularly and reports on significant variances or emerging risks.

The Bank minimises exposure to interest rate risk by focusing on fixed-rate, consumer-lending products that are uncorrelated to market rates. As a result, hedging strategies are limited but monitored and re-evaluated annually. Foreign exchange exposure is minimised by managing positions to maintain a net EUR exposure. Investment transactions are limited to approved counterparties within defined limits.

The Bank has established a Contingency Funding Plan (CFP) to ensure it can respond effectively to severe liquidity stress scenarios. The CFP is integrated with the Bank's broader risk management framework, including the ILAAP and Recovery Plan, and outlines governance, escalation procedures, and liquidity support measures.

The CFP is coordinated by the Head of Treasury, reviewed by the Risk Management function, and approved by the Board. It includes Early Warning Indicators to trigger timely action and mitigate potential liquidity deterioration.

The Bank's funding strategy is focused on diversified, stable sources, supported by liquidity buffers and a conservative approach to external funding reliance. The CFP details a range of pre-identified, risk-assessed liquidity measures that can be activated to manage cash flow shortfalls and maintain operational continuity.

The Bank uses stress testing to evaluate the potential impact of adverse scenarios on its liquidity position. This includes the analysis of funding shocks, operational failures, or market stress events. Results are reviewed by the Risk Management Committee and Board of Directors to ensure that the Bank remains within its risk appetite.

7. **Liquidity risk** - continued

7.1. **Overview** - continued

The Board of Directors, through the Risk and Audit Committees, has approved the liquidity risk management framework, which is deemed appropriate for the Bank's size and risk profile. Assurance is provided by the Chief Risk Officer and Internal Audit function that the policies in place align with the Bank's strategic objectives.

This risk is intrinsic to all banking activities and is typically influenced by various institution-specific and market-wide events, such as credit events, systemic shocks and natural disasters, amongst others. Liquidity risk leads to the risk of losses from the Bank's funding costs increasing disproportionately, lack of funding preventing the Bank from establishing new business and lack of funding that will ultimately preclude the Bank from meeting its obligations.

As at 31 December 2024, the Bank's pool of liquid assets consists mainly of balances with banks. The Bank's financial liabilities comprise predominantly of amounts owed to customers. The Bank's objective is to maintain a comfortable level of liquid assets by reference to outflows expected in relation to amounts owed to customers and other liabilities.

7.2. Liquidity risk management and monitoring

The Bank manages liquidity risk by maintaining a strong base of shareholders' capital. The Bank manages its asset base with liquidity in mind and monitors future cash flows and changes in available liquidity on a regular basis. Management ensures that it maintains a prudent measure of anticipated total net cash outflows in high-quality liquid assets for the purposes of securing a healthy liquidity margin taking cognisance of the nature of its financial liabilities. Moreover, sources of liquidity are regularly reviewed by the Treasury function to maintain diversification. Monitoring takes the form of cash flow projections for the next day, week and month, respectively, as these are key periods for liquidity management.

The Bank's liquidity management process, which is the responsibility of the Treasury function within the Bank's Finance function, includes:

- management of day-to-day funding through monitoring future cash flows attributable to financial liabilities to ensure that requirements can be met. This includes plans for replenishment of funding upon maturity. The Bank also intends to maintain a presence in money markets to enable this to happen;
- monitoring the liquidity ratios of the Bank against internal and regulatory requirements;
- placing its liquid assets as short-term deposits with other banks and financial institutions taking cognisance of the level outflows emanating from the Bank's financial liabilities; and
- ensuring that the level of the Bank's liquid financial assets exceeds with a comfortable margin the expected cash outflows from the Bank's financial liabilities over a specified time horizon.

The Bank's ALCO function ensures that reporting to the Board of measures of liquidity risk and the Bank's ratios compared to prescribed internal limits is effected on a regular basis. The Bank's risk oversight function oversees the liquidity risk management process, by ensuring that its design is appropriate and functioning properly.

7. **Liquidity risk** - continued

7.3. Liquidity risk quality

(Article 451a CRR – Tables EU LIQ1 and EU LIQ2)

7.3.1. Liquidity Coverage Ratio (LCR)

The LCR ensures a bank's short-term liquidity over 30 days by comparing high-quality liquid assets (HQLA) that can quickly be turned into cash with net cash outflows from obligations and stressed exposures during this period.

EU LIQ1 - Quantitative information of LCR

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
EU 1a	Quarter ending on (DD Month YYY)	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					114,981	117,716	113,324	110,447
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	120,100	98,854	90,560	101,551	23,773	20,241	19,730	22,788
3	*Stable deposits*	-	-	-	-	-	-	-	-
4	*Less stable deposits*	120,100	98,854	90,560	101,551	23,773	20,241	19,730	22,788
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*					-	-	-	-
10	Additional requirements	1,091	1,061	1,028	1,020	327	318	308	306
11	*Outflows related to derivative exposures and other collateral requirements*	-	-	-	-	-	-	-	-
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	1,091	1,061	1,028	1,020	327	318	308	306
14	Other contractual funding obligations	3,617	5,131	6,542	6,885	-	-	-	-
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					24,100	20,560	20,038	23,094
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	94,405	77,569	72,612	69,380	79,162	62,546	57,972	55,391
19	Other cash inflows	-	-	-	-	-	-	-	-
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)					-	-	-	-
20	TOTAL CASH INFLOWS	94,405	77,569	72,612	69,380	79,162	62,546	57,972	55,391
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	94,405	77,569	72,612	69,380	79,162	62,546	57,972	55,391
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					114,981	117,716	113,324	110,447
22	TOTAL NET CASH OUTFLOWS					6,025	5,140	5,010	5,773
23	LIQUIDITY COVERAGE RATIO					2259.21%	2557.38%	2480.46%	2028.12%

7. **Liquidity risk** - continued

7.3. Liquidity risk quality - continued

7.3.1. Liquidity Coverage Ratio (LCR) - continued

Main Drivers of LCR Results: The Liquidity Coverage Ratio (LCR) of Multitude Bank as at 31 December 2024 stood at an exceptionally high 1338.09%, far above the regulatory minimum of 100%. The main driver is the large stock of High-Quality Liquid Assets (HQLAs), notably €100.7 million in unencumbered central bank reserves, against relatively low net cash outflows of €30.1 million. Outflows were mainly from deposits via online deposit platform and the inhouse platform, while inflows came from financial and non-financial customer payments, capped at 75% of outflows in accordance with regulations.

During the 12-month period under review, the LCR decreased from 4520.60% as at 31 December 2023 to 1338.09% as at 31 December 2024, but remained well above the regulatory minimum. During 2024, the Bank took steps to optimise its liquidity position and in turn bring LCR to a level more that is more in line with the Bank's liquidity strategy.

Concentration of Funding Sources: The Bank's funding is heavily concentrated in retail deposits, making up 94% of its total funding base as of December 2024. The majority of the Bank's deposits as at 31 December 2024 are sourced via an online deposit platform. In an effort to reduce its dependency on a single online deposit platform, and to diversify its funding, during 2023, the Bank has launched an internal deposit platform in Sweden. The Bank has grown its deposit base from this source very significantly during 2024.

As at 31 December 2024, the liquidity buffer was composed entirely of Level 1 HQLAs, specifically €100.7 million in unencumbered overnight reserves with central banks, qualifying for 0% haircut.

The Bank holds deposits in EUR and SEK, and lending operations span multiple currencies. FX risk is managed via hedging agreements and derivative financial instruments. The LCR calculation does not reflect a material mismatch, as liquid assets are held in EUR and SEK to match the main currency of outflows.

7.3.2. Net Stable Funding Ratio (NSFR)

The NSFR requires banks to maintain a stable long-term funding ratio, more specifically the ratio of Available Stable Funding (capital and liquid assets) to Required Stable Funding (asset liquidity needs). The Bank uses the NSFR to ensure that long-term obligations are sufficiently met with a diverse range of stable funding instruments, under both typical and stressed conditions.

7. **Liquidity risk** - continued

7.3. **Liquidity risk quality** - continued

7.3.2. Net Stable Funding Ratio (NSFR) - continued

EU LIQ2: Net Stable Funding Ratio

31 December 2024		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		€'000	€'000	€'000	€'000	€'000
Available stable funding (ASF) Items						
1	Capital items and instruments	**161,807**	**-**	**-**	**-**	**161,807**
2	*Own funds*	161,807	-	-	-	161,807
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**279,027**	**268,399**	**253,379**	**572,075**
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		279,027	268,399	253,379	572,075
7	Wholesale funding:		**-**	**-**	**45,504**	**45,504**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		-	-	45,504	45,504
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	**-**	**8,368**	**-**	**977**	**-**
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		8,368	-	977	977
14	**Total available stable funding (ASF)**					**780,363**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					
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:		**532,337**	**-**	**197,118**	**428,528**
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*		86,897	-	-	8,690
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		445,440	-	87,735	310,455
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	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
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*		-	-	109,383	109,383
25	Interdependent assets		-	-	-	-
26	Other assets:		**1,064,675**	**-**	**284,852**	**747,672**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		180,788	-	6,980	171,030
32	Off-balance sheet items		**4,310**	**-**	**-**	**215**
33	**Total RSF**					**606,753**
34	**Net Stable Funding Ratio (%)**					**128.61%**

7. **Liquidity risk** - continued

7.3. **Liquidity risk quality** - continued

7.3.2. Net Stable Funding Ratio (NSFR) - continued

30 September 2024		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		€'000	€'000	€'000	€'000	€'000
Available stable funding (ASF) Items						
1	Capital items and instruments	**155,899**	-	-	-	**155,899**
2	*Own funds*	155,899	-	-	-	155,899
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**417,183**	**94,679**	**261,522**	**549,570**
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		417,183	94,679	261,522	549,570
7	Wholesale funding:		-	-	**28,506**	**28,506**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		-	-	28,605	28,506
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		**4,557**	-	**966**	-
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		4,557	-	966	966
14	**Total available stable funding (ASF)**					734,941
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					-
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:		**514,792**	-	**189,406**	**413,200**
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*		84,003	-		8,400
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		430,789	-	87,997	303,391
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	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
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*		-	-	101,409	101,409
25	Interdependent assets		-	-	-	-
26	Other assets:		**1,029,579**	-	**277,404**	**724,991**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		145,699	-	4,900	140,914
32	Off-balance sheet items		**6,192**	-	-	310
33	**Total RSF**					559,323
34	**Net Stable Funding Ratio (%)**					131.40%

7. **Liquidity risk** - continued

7.3. Liquidity risk quality - continued

7.3.2. Net Stable Funding Ratio (NSFR) - continued

30 June 2024		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		€'000	€'000	€'000	€'000	€'000
Available stable funding (ASF) Items						
1	Capital items and instruments	**150,691**	**-**	**-**	**-**	**150,691**
2	*Own funds*	150,691	-	-	-	150,691
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**319,667**	**75,279**	**283,365**	**495,674**
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		319,667	75,279	283,365	495,674
7	Wholesale funding:		-	-	**23,367**	**23,367**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		-	-	23,367	23,367
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		**10,995**	**-**	**-**	**-**
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		10,995	-	-	-
14	**Total available stable funding (ASF)**					**669,732**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					-
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:		**376,970**	**-**	**179,318**	**350,702**
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*		42,752	-	-	4,275
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		334,218	-	86,774	253,883
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	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
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*		-	-	92,544	92,544
25	Interdependent assets		-	-	-	-
26	Other assets:		**753,940**	**-**	**266,092**	**608,861**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		221,561	-	5,071	215,167
32	Off-balance sheet items		**4,531**	**-**	**-**	**227**
33	**Total RSF**					**571,168**
34	**Net Stable Funding Ratio (%)**					117.26%

7. **Liquidity risk** - continued

7.3. **Liquidity risk quality** - continued

7.3.2. Net Stable Funding Ratio (NSFR) - continued

31 March 2024		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		€'000	€'000	€'000	€'000	€'000
Available stable funding (ASF) Items						
1	Capital items and instruments	**137,181**	-	-	-	**137,181**
2	*Own funds*	137,181	-	-	-	137,181
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		**160,425**	**286,301**	**256,341**	**488,059**
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		160,425	286,301	256,341	488,059
7	Wholesale funding:		-	-	**23,674**	**23,674**
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		-	-	23,674	23,674
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		**8,999**	-	-	-
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		8,999	-	-	-
14	**Total available stable funding (ASF)**					648,914
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					-
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:		**378,408**	-	**151,393**	**322,805**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		-	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		44,481	-	-	4,448
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		333,927	-	87,948	254,912
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	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
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*		-	-	63,445	63,445
25	Interdependent assets		-	-	-	-
26	Other assets:		**756,817**	-	**239,341**	**582,165**
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*		208,616	-	6,182	203,410
32	Off-balance sheet items		**4,363**	-	-	**218**
33	**Total RSF**					**532,615**
34	**Net Stable Funding Ratio (%)**					121.84%

The Bank continuously monitors its asset base growth, its deposit portfolio as well as its liquidity position in order to ensure that the NSFR is constantly kept above the minimum regulatory ratio. To strengthen its NSFR, the Bank, via its ALCO function, has taken measures to increase its deposit funding in addition to shifting away from short term deposits and focusing more on longer term deposits.

8. Asset encumbrance

(Article 443 CRR – Tables EU AE1 to AE4)

8.1. Overview

The disclosure on asset encumbrance is required by Banking Rule 07 which transposes the provisions of the EBA Guidelines on Disclosure of Encumbered and Unencumbered Assets (EBA/GL/2014/03).

This disclosure aims to enable an understanding of available and unrestricted assets that could be utilised for potential future funding and collateral requirements. An asset is considered as encumbered if pledged as collateral against an existing liability and is consequently no longer available for the Bank to use for securing funding, fulfilling collateral requirements or selling to reduce the funding requirement.

This disclosure is not intended to identify assets that would be available to meet creditors' demands or to predict which assets can be accessed by creditors in case of resolution or bankruptcy.

In accordance line with the EBA's 'Guidelines on disclosure of encumbered and unencumbered assets', the amounts figures disclosed in the table below represent median values, being recorded as the rolling quarterly amounts over the previous past 12 months.

The Bank only undertakes encumbrance by pledging an amount of its Balances with the Central Bank of Malta in favour of the Depositor Compensation Scheme in line with the Contingency Contributions requirements.

Table AE1 details further the classification of encumbered and unencumbered assets held by the Bank.

EU AE1: Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
010	**Assets of the disclosing institution**	**5,627**	**-**			**915,028**	**-**		
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	-	-	-	-	-	-	-	-
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	-	-	-	-
080	of which: issued by financial corporations	-	-	-	-	-	-	-	-
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	5,627	-			832,619	-		

The Bank does not encumber any of the collateral received, if applicable. Moreover, as at 31 December 2024, the Bank did not have any outstanding liabilities associated with encumbered assets and collateral received.

8. Asset encumbrance - continued

8.1. Overview - continued

The Bank does not have any encumbered collaterals and related own debt securities issued. Thus, table AE2 is not reported.

EU AE3: Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
		€'000	€'000
010	Carrying amount of selected financial liabilities	6,980	6,980

9. Capital management and requirements

9.1. Capital management
(Article 438 CRR)

Through its policy of actively maintaining a strong capital base, the Bank ensures that it maintains investor, creditor and market confidence. This also ensures the fulfilment of all regulatory requirements, an efficient utilisation of capital, adequate coverage for inherent risks in the business and adequate support for the future development of the business.

Details about the Bank's capital management are included within the Treasury Management policy. This policy is monitored and updated by the Head of Treasury and approved by the Board of Directors.

The Bank considers the impact of capital levels on shareholders' returns, balancing higher returns from increased gearing with the security of a strong capital position. Capital allocation is driven by optimizing returns on allocated capital.

As a licensed credit institution, the Bank complies with capital adequacy requirements based on EU rules, specifically the CRR and CRD. Effective capital management is a key objective, ensuring sufficient capital to meet regulatory requirements. This is achieved through capital planning, determining the optimal amount and mix of capital within regulatory limits.

The Executive Committee oversees capital risk management, with the Finance function regularly reporting capital adequacy ratios and the quality of own funds to the Board of Directors.

As of 31 December 2024, the Bank's regulatory capital consisted of the elements detailed in the subsequent sub-sections.

9. Capital management and requirements - continued

9.2. Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process

(Article 438 (a) and (c) & Article 451a CRR – Tables EU OVC and EU LIQA)

The Bank considers the Internal Capital Adequacy Assessment Process (ICAAP) embedded in Pillar II as a tool that ensures a proper measurement of material risks and capital, whilst enhancing both capital management and risk management. It facilitates a better alignment between material risks and regulatory capital in order to have better capital deployment and enhancements in the risk management and mitigation techniques adopted by the Bank. The ICAAP is performed on an annual basis as required by the MFSA Banking Rule BR/12.

Therefore, the ICAAP is a process that the Bank utilises to ensure that:

- there is adequate identification, measurement, aggregation and monitoring of the Bank's risks;
- adequate internal capital is held by the institution in relation to its risk profile; and
- the Bank uses sound risk management systems with the intention to develop them further.

The Board of Directors assumes overall responsibility for the conceptual design and technical details of the ICAAP document. Apart from the responsibility for the conceptual design, the Board discusses, approves, endorses and delivers the yearly ICAAP submission. The Bank's independent risk oversight function is involved in the ICAAP with a view to ensure that the process reflects and takes cognisance of the Bank's risk management activities and processes.

The ICAAP is a continuous management tool which starts with defining risk strategy, identifying, quantifying and aggregating risks, determining risk-bearing ability, allocating capital, establishing limits and leads to ongoing risk monitoring. The individual elements of the ICAAP tool are performed with varying regularity. All the activities described in the process are examined at least once a year to ensure that they are up-to-date, adequate and also adjusted to current underlying conditions when necessary.

The ICAAP process, prepared by the Bank in the form of a report, involves a quantitative assessment of individual types of risk and an assessment of the existing methods and systems for monitoring and managing risk (qualitative assessment). The risk assessment concept is used as a scoring procedure, thus providing a comprehensive overview of the risk profile of the Bank. The Bank's ICAAP contains three-year projections as well as the capital plan, and the Board monitors that there are adequate capital resources to support the corporate goals contained within the plan and the associated risks.

The Bank covers the Pillar 2 capital requirements through stress testing processes to forecast the Bank's projected capital requirements and resources in a range of stress scenarios. This enables the Bank to guarantee that it can meet its minimum regulatory capital requirements in a stressed environment.

9. Capital management and requirements - continued

9.2. Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process - continued

The Internal Liquidity Adequacy Assessment Process ('ILAAP') document has been implemented as part of the Bank's risk management programme to ensure that its liquidity position and future liquidity plans are adequately aligned with the identified risks (as per the 'Risk Identification and Assessment' document). The Bank uses the ILAAP to identify the right balance between maintaining sufficient liquidity to honour all financial liabilities in a timely manner, including under stress, and ensuring value to shareholders. The Board of directors considers the ILAAP as a comprehensive risk management tool that is consistent with its overall strategic goals and business model. The internal analysis of liquidity adequacy and funding requirements performed by the Bank's management comprehensively addresses all pertinent risk factors.

Furthermore, the ILAAP document provides a detailed interpretation of the Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as at the reporting period. Moreover, the Bank is also presenting a Pillar II liquidity buffer requirement assessment, which enables the Bank to assess and mitigate the risks not captured in Pillar I standards emanating from Regulation (EU) 575/2013 (CRR). The Bank's liquidity buffer requirement is therefore determined on the basis of the required level of liquid assets (Pillar I requirement) and a survival horizon assessment, and it encompasses stress scenarios designed to ensure that the established liquidity buffer requirement is adequate and sufficient enabling the Bank to survive a severe but plausible stress period (Pillar II requirement).

9.3. Capital requirements

(Article 438 (d) CRR – Table EU OV1)

Capital requirements refer to the capital resources that a bank must set aside to cover potential risks. The minimum capital requirements are calculated for credit and operational risks. The Bank utilises the methods described hereunder to ascertain the capital charge for each risk and hence calculate the Pillar 1 minimum capital requirements:

- *Credit risk:* The Bank uses the Standardised Approach and risk weights are determined according to credit ratings provided by internationally recognised credit agencies such as Fitch or their equivalents and by using the applicable regulatory risk weights for unrated exposures.

- *Market risk:* The Bank uses the simplified approach outlined in Article 360 of the CRR. For FX risk, the Bank takes 8% of the sum of its overall net foreign exchange position and net gold position.

- *Operational risk:* The Bank uses the Basic Indicator Approach whereby it allocates capital for operational risk by taking 15% of the average gross income for a three-year period.

As required by the CRR, the minimum level of the Capital Requirements Ratio stands at 8%.

9. Capital management and requirements - continued

9.3. Capital requirements - continued

As at 31 December 2024, the Bank is not exposed to other risks calculated in terms of Article 92(3) of the CRR, as highlighted in Table EU OV1 below.

EU OV1: Overview of risk weighted exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec 2024	31 Dec 2023	31 Dec 2024
		€'000	€'000	€'000
1	Credit risk (excluding CCR)	618,790	494,097	50,532
2	Of which the standardised approach	618,790	494,097	50,532
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	12,857	-	1,029
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
9	Of which other CCR	12,857	-	1,029
10	Credit valuation adjustments risk - CVA risk	-	-	-
EU 10a	Of which the standardised approach (SA)	-	-	-
EU 10b	Of which the basic approach (F-BA and R-BA)	-	-	-
EU 10c	Of which the simplified approach	-	-	-
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	126,788	70,780	10,143
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	126,788	70,780	10,143
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 Alternative Internal Model Approach (A-IMA)	-	-	-
EU 22a	Large exposures	-	-	-
23	Reclassifications between the trading and non-trading books	-	-	-
24	Operational risk	290,459	266,869	23,237
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
26	Output floor applied (%)	-	-	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	
29	**Total**	**1,048,894**	**831,746**	**83,911**

10. Own Funds

(Article 437 (a) to (f) CRR – Tables EU CC1, EU CC2 and EU CCA)

The level of Own funds represents the Bank's available capital and reserves for the purposes of assessing capital adequacy from a regulatory perspective. The total capital ratio is a measure of the long-term financial strength of a bank, usually expressed as a ratio of its own funds or capital to the measure of the Bank's risk-weighted assets. The Bank has processes to ensure that the minimum regulatory requirements in relation to own funds are met at all times, through the assessment of its capital resources and requirements. During the financial period ended 31 December 2024, the Bank has complied with all the externally imposed capital requirements to which it was subject.

For regulatory purposes, the Bank's capital base comprises solely Common Equity Tier 1 ('CET1') capital, made up of ordinary share capital and retained earnings.

(a) Share capital

The Bank's share capital as at 31 December 2024 is as follows:

	Number of shares	€'000
Authorised and Issued share capital		
Ordinary shares of €1 each	10,000,000	10,000

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 the Bank. All shares rank equally with regards to the Bank's residual assets.

(b) Retained earnings

The retained earnings represent earnings not paid out as dividends.

Retained earnings form part of Own funds only if those profits have been verified by the Bank's independent external auditor. 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.

10. Own Funds - continued

Table EU CC1 and EU CCA provides more information on the composition of regulatory own funds and their features.

EU CC1: Composition of regulatory own funds

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		€'000	
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	10,000	A
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	13,690	B
3	Accumulated other comprehensive income (and other reserves)	120,567	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	17,550	B
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**161,807**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-	
8	Intangible assets (net of related tax liability) (negative amount)	(1,070)	C
9	Not applicable	-	
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)	(18)	
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)	-	
20	Not applicable	-	

10. Own Funds - continued

EU CC1: Composition of regulatory own funds - continued

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	Not applicable	-	
25	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)	-	
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(658)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(1,088)**	
29	**Common Equity Tier 1 (CET1) capital**	**160,061**	
	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	Net Stable Funding Ratio	-	
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)	-	

10. Own Funds - continued

EU CC1: Composition of regulatory own funds - continued

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)**	**160,061**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	26,922	
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**	**26,922**	
	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)	-	
56	Not applicable	-	
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**	**26,922**	
59	**Total capital (TC = T1 + T2)**	**186,983**	
60	**Total Risk exposure amount**	**1,048,894**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	15.26%	
62	Tier 1 capital	15.26%	
63	Total capital	17.83%	
64	Institution CET1 overall capital requirements	10.54%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	1.01%	
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	-	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	5.33%	

10. Own Funds - continued

EU CC1: Composition of regulatory own funds - continued

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)	-	
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)	105,608	
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)	-	

10. Own Funds - continued

In line with Article 437 of the CRR the following table discloses the main features and terms and conditions of the Ordinary share capital and the AT1 instruments.

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

		a	b	c	d
		Ordinary Share Capital	Tier 2 Bond	Tier 2 Loans	MREL
1	Issuer	Multitude Bank p.l.c.	Multitude Bank p.l.c.	Multitude Bank p.l.c.	Multitude Bank p.l.c.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/a	MT000091121 5	NO001270254 9	NO001270254 9
2a	Public or private placement	Private	Public	Private	Private
3	Governing law(s) of the instrument	Laws of Malta	Laws of Malta	Laws of Malta	Laws of Malta
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/a	N/a	N/a	N/a
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	N/a	N/a	N/a	N/a
5	Post-transitional CRR rules	N/a	N/a	N/a	N/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	N/a	N/a	N/a	N/a
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Bond	Loan	Loan
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	10,000	5,027	21,895	18,582
9	Nominal amount of instrument	10,000	5,052	21,500	18,000
EU-9a	Issue price	0.001	1	21,500	18,000
EU-9b	Redemption price	0.001	1	21,500	18,000
10	Accounting classification	Equity	Liability	Liability	Liability
11	Original date of issuance	09/05/2012	27/04/2022	09/09/2024	20/12/2023
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	N/a	27/04/2032	09/09/2034	31/12/2026
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/a	N/a	09/09/2029	Not specified
16	Subsequent call dates, if applicable	N/a	N/a	N/a	N/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Floating	Fixed	Floating	Floating
18	Coupon rate and any related index	N/a	6%	9.50%+3month Euribor rate	9.50%+3month Euribor rate
19	Existence of a dividend stopper	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/a	N/a	N/a	N/a
25	If convertible, fully or partially	N/a	N/a	N/a	N/a
26	If convertible, conversion rate	N/a	N/a	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a	N/a	N/a
30	Write-down features	No	No	No	No
31	If write-down, write-down trigger(s)	N/a	N/a	N/a	N/a
32	If write-down, full or partial	N/a	N/a	N/a	N/a
33	If write-down, permanent or temporary	N/a	N/a	N/a	N/a
34	If temporary write-down, description of write-up mechanism	N/a	N/a	N/a	N/a
34a	Type of subordination (only for eligible liabilities)	N/a	N/a	N/a	Contractual
EU-34b	Ranking of the instrument in normal insolvency proceedings	Ordinary share capital	Subordinated	Subordinated	Subordinated
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to Tier 2 capital	Subordinated to MREL instrument	Subordinated to MREL instrument	Subordinated to ordinary unsecured creditors
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	N/a	N/a	N/a	N/a
37a	Link to the full term and conditions of the instrument (signposting)	N/a	N/a	N/a	N/a

10. Own Funds - continued

Table EU CC2 below provides a detailed overview of the composition of the Bank's own funds in accordance with the CRR.

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

		a	b	c
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**
		As at period end	**As at period end**	
		€'000	**€'000**	
Assets – *Breakdown by asset classes according to the balance sheet in the published financial statements*				
1	Balances with Central Banks	107,670	107,670	
2	Loans and advances to banks	86,897	86,897	
3	Loans and advances to customers	499,610	499,610	
4	Loans and advances to group companies	35,602	35,602	
5	Debt investments	260,951	260,951	
6	Derivative financial instruments	3,000	3,000	
7	Investments in associates	8,432	8,432	
8	Right-of-use asset	1,531	1,531	
9	Property and equipment	231	231	
10	Intangible assets	1,070	1,070	C
11	Other assets	12,919	12,919	
	Total assets	**1,017,913**	**1,017,913**	
Liabilities – *Breakdown by liability classes according to the balance sheet in the published financial statements*				
1	Amounts owed to customers	800,805	800,805	
2	Derivative financial instruments	418	418	
3	Borrowings from group companies	40,477	40,477	
4	Lease liability	1,429	1,429	
5	Debt securities	5,027	5,027	
6	Other liabilities	7,950	7,950	
	Total liabilities	**856,106**	**856,106**	
Shareholders' Equity				
1	Share Capital	10,000	10,000	A
2	Capital contribution reserve	120,500	120,500	
3	Currency translation reserve	67	67	
4	Retained earnings	31,240	31,240	B
	Total shareholders' equity	**161,807**	**161,807**	

EU PV1: Prudent valuation adjustments (PVA)

The Bank does not have any prudential valuation adjustments and thus, table EU CC1 is not reported.

11. Disclosure of capital buffers

(Article 440 (a) CRR – Tables EU CCYB1 & EU CCYB2)

Banking Rule BR/15: 'Capital Buffers of Credit Institutions authorised under the Banking Act, 1994', sets out requirements for capital buffers. The two capital buffers applicable to the Bank are the capital conservation buffer and the countercyclical buffer.

The Bank has fully implemented the capital requirements with effect from January 2019. CRR requires two additional buffers, known as the 'capital conservation buffer' and the 'countercyclical buffer'. With respect to the former, the Bank is required to maintain a capital conservation buffer of 2.5%, made up of CET1 capital, calculated on the risk-weighted exposures of the Bank.

Additionally, since the Bank advances loans to borrowers in different geographical regions, it may be required to maintain a 'countercyclical buffer'. This is expected to be set in the range of 0 – 2.5%, depending on the respective country's exposure to cyclical risk. 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 tables below provide the geographical distribution of the Bank's credit exposure relevant to the calculation of the institution-specific countercyclical buffer rate and the amount of institution-specific countercyclical capital buffer.

11. Disclosure of capital buffers - continued

EU CcyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		a	b	c	d	e	f
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models		
		€'000	€'000	€'000	€'000	€'000	€'000
010	Breakdown by country:						
	Bulgaria	9,048	-	-	-	-	9,048
	Czechia	8,116	-	-	-	-	8,116
	Germany	18,369	-	-	-	-	18,369
	Denmark	62,781	-	-	-	-	62,781
	Estonia	47,965	-	-	-	-	47,965
	France	66	-	-	-	-	66
	Great Britain	4,583	-	-	-	-	4,583
	Latvia	84,780	-	-	-	-	84,780
	Lithuania	7,963	-	-	-	2,127	10,090
	Malta	2,571	-	-	-	-	2,571
	Norway	46,572	-	-	-	-	46,572
	Poland	21,839	-	-	-	-	21,839
	Sweden	101,287	-	-	-	-	101,287
	Finland	147,808	-	-	-	-	147,808
	Spain	12,131	-	-	-	-	12,131
	Croatia	11,534	-	-	-	-	11,534
	Luxembourg	11,429	-	-	-	124,661	136,090
	Romania	10,283	-	-	-	-	10,283
	Cyprus	20,502	-	-	-	-	20,502
	Slovenia	2,016	-	-	-	-	2,016
	Italy	3	-	-	-	-	3
020	**Total**	**631,646**	-	-	-	**126,788**	**758,434**

11. Disclosure of capital buffers - continued

		g	h	i	j	k	l	m
		Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
		€'000	€'000	€'000	€'000	€'000		
010	Breakdown by country:							
	Bulgaria	724	-	-	724	9,048	1.19%	2.00%
	Czechia	649	-	-	649	8,116	1.07%	1.25%
	Germany	1,470	-	-	1,470	18,369	2.42%	0.75%
	Denmark	5,022	-	-	5,022	62,781	8.28%	2.50%
	Estonia	3,837	-	-	3,837	47,965	6.32%	1.50%
	France	5	-	-	5	66	0.01%	1.00%
	Great Britain	367	-	-	367	4,583	0.60%	2.00%
	Latvia	6,782	-	-	6,782	84,780	11.18%	0.50%
	Lithuania	637	-	170	807	7,963	1.33%	1.00%
	Malta	206	-	-	206	2,571	0.34%	0.00%
	Norway	3,726	-	-	3,726	46,572	6.14%	2.50%
	Poland	1,747	-	-	1,747	21,839	2.88%	0.00%
	Sweden	8,103	-	-	8,103	101,287	13.35%	2.00%
	Finland	11,825	-	-	11,825	147,808	19.49%	0.00%
	Spain	970	-	-	970	12,131	1.60%	0.00%
	Croatia	923	-	-	923	11,534	1.52%	1.50%
	Luxembourg	914	-	9,973	10,887	11,429	17.94%	0.50%
	Romania	823	-	-	823	10,283	1.36%	1.00%
	Cyprus	1,640	-	-	1,640	20,502	2.70%	1.00%
	Slovenia	161	-	-	161	2,016	0.27%	0.50%
	Italy	0	-	-	0	3	0.01%	0.00%
020	Total	50,531	-	10,143	60,674	631,646	100%	-

11. Disclosure of capital buffers - continued

EU CCyB2: Amount of institution-specific countercyclical capital buffer

		a
		€'000
1	Total risk exposure amount	1,048,894
2	Institution specific countercyclical capital buffer rate	1.01%
3	Institution specific countercyclical capital buffer requirement	10,631

12. Leverage

(Article 451(1) (a) and (b) CRR – Tables EU LR1, EU LR2, EU LR3 and EU LRA)

The leverage ratio is a regulatory and supervisory tool intended to provide a transparent and non-risk based measurement of an institution to supplement the risk-based capital requirements.

The leverage ratio is calculated on a three-month average of capital as a proportion of total exposures. 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 Bank manages the risk of excessive leverage through its approved risk appetite framework which sets the limits and trigger levels used to monitor this metric. The Bank's risk appetite statement is used to formulate the degree and forms of risk that the Board deems acceptable in order to achieve its strategic business objectives. The risk appetite framework is monitored through a regulatory dashboard which is presented to the Bank's risk function. This dashboard discloses the Bank's actual performance, as well as, the limits and trigger levels assigned to each metric as set in the Bank's risk appetite framework. This process ensures that any excessive risk is highlighted and assessed in a timely manner and is mitigated appropriately. Additionally, the Bank's leverage position is monitored throughout the year and actively managed in the Bank's Asset Liability Management Committee.

12. **Leverage** - continued

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

		a
		Applicable amount
		€'000
1	Total assets as per published financial statements	**1,018**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory 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 bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of 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	Adjustments for derivative financial instruments	3,000
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	21,892
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 leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(10,231)
13	**Leverage ratio total exposure measure**	**1,032,573**

12. **Leverage** - continued

EU LR2: LRCom - Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		31 Dec 2024	31 Dec 2023
		€'000	€'000
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	1,010,167	908,115
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)	(2,485)	(5,680)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	1,007,682	902,435
	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	-	-
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	-	-
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)	-	-
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**	-	-

12. **Leverage** - continued

EU LR2: LRCom - Leverage ratio common disclosure - continued

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	-	-
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**	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	21,892	11,923
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet exposures**	21,892	11,923
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio 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 - Public sector investments)	-	-
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
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)	-	-

12. Leverage - continued

EU LR2: LRCom - Leverage ratio common disclosure - continued

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	(Total exempted exposures)	-	-
	Capital and total exposure measure		
23	**Tier 1 capital**	160,061	133,557
24	**Leverage ratio total exposure measure**	**1,032,573**	**914,358**
	Leverage ratio		
25	Leverage ratio	15.50%	14.61%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	15.50%	14.61%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	15.50%	14.61%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26	Additional leverage ratio requirements (%)	-	-
27	Required leverage buffer (%)	-	-
	Choice on transitional arrangements and relevant exposures		
EU-27	Choice on transitional arrangements for the definition of the capital measure	N/a	N/a
	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 exposures (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)	1,032,573	914,358
30a	Total exposures (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)	1,032,573	914,358
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)	15.50%	14.61%
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)	15.50%	14.61%

12. Leverage - continued

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

		a
		CRR leverage ratio exposures
		€'000
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**1,734,890**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	1,734,890
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	107,670
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	-
EU-7	Institutions	92,836
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	756,975
EU-10	Corporate	352,417
EU-11	Exposures in default	85,380
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	339,612

During financial year 2024, the Bank's On-balance sheet and Off-balance sheet exposures grew in line with the Bank's operations. The Bank was able to keep its leverage ratio stable via a growth in Tier 1 capital which was proportionate to the growth in operations.

13. Remuneration policy and practices

(Article 450 (1) & 2 CRR – Tables EU REMA and Tables EU REM1 to EU REM5)

13.1. Overview

In line with Article 450 of the CRR, institutions are to disclose information about the Bank's remuneration policy and practices for staff whose professional activities materially impact the Bank's risk profile. This section emphasises disclosures pertaining to the Bank's Material Risk Takers (MRTs). Identifying these employees whose actions have a substantial impact on the Bank's risk profile follows the prudential supervision framework established by Directive 2013/36/EU.

The Remuneration policy *(in force)* outlines the Bank's remuneration practices. It is aimed at effectively aligning the interests of the employees to the main target of creating sustainable value for shareholders over the medium/long-term, as well as attracting, motivating, and retaining talent in the market wherein the Bank operates. The Bank's remuneration approach is founded on high performance, competitive remuneration, encouraging value creation behaviour and long-term sustainability.

13. **Remuneration policy and practices** - continued

13.1. **Overview** - continued

Design characteristics of the remuneration system

The key features of the remuneration policy are:

- The Bank's Chairman and non-executive Directors are not eligible to receive a performance incentive;
- Equal compensation opportunity;
- The variable component for Identified Staff will not exceed 40% of fixed compensation;
- It is the Bank's policy not to award Severance pays unless this is required by law;
- Methods used to transfer the downside risks of variable remuneration to another party through hedging or certain types of insurance are disallowed;
- The Bank can utilise clawback or malus up to 100% of the total variable remuneration paid to an identified staff when any of the set criteria are met; and
- Ex-post risk adjustments cannot lead to the payment of a higher variable remuneration than previously agreed upon.

Fixed Component

Fixed remuneration is established according to the employee's role, including job complexity, and local market conditions. It is influenced by the level of education, the degree of seniority and organisational responsibility, the level of expertise and skills required, the constraints and job experience and the relevant business sector and region. It may be increased following performance reviews.

Variable Component

The variable component which is awarded in cash, and which does not exceed 40% of fixed remuneration, is structured in a manner that incentivises staff to pursue the goals and interests of the Bank and enable them to share in its success while promoting sound risk management and not inducing excessive risk-taking in line with the Bank's risk profile. It takes into account a multi-year framework and is awarded to employees on the basis of both financial and non-financial performance. Financial performance is assessed by reference to key risk-adjusted financial metrics, while non-financial performance is assessed by reference to factors including leadership, team management, teamwork, creativity, motivation and cooperation.

Profit sharing does not feature in the Bank's remuneration policy and individual contracts of employment of senior management do not contain provisions for termination payments and/or other payments linked to early termination other than as determined by law. Currently no pension benefits are payable by the Bank. During the current year, a restricted number of Bank officials and employees have been awarded a limited number of options to acquire shares in the Bank's ultimate parent. This remuneration element is deemed to be insignificant in view of the infancy of the plan and the extent of its application to the Bank's management.

The Board of Directors considers that the packages offered to senior management ensure that the Bank attracts and retains management staff that is capable of fulfilling its duties and obligations. Furthermore, it is the Bank's policy to engage its senior management staff on the basis of indefinite contracts of employment after a period of probation, rather than on fixed term contracts. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation. No member of the Board of Directors or other employees, including senior management, was remunerated with an amount exceeding EUR 1 million.

13. Remuneration policy and practices - continued

13.1. Overview - continued

Design characteristics of the remuneration system - continued

Total remuneration payable to Identified Staff is as detailed below:

Fixed Remuneration	Variable Remuneration
€ 1,623,000	€ 249,000

No severance payments were affected during the financial year under review.

13.2. Mandate and composition of the Remuneration Committee

The Remuneration Committee of the Bank is responsible for setting the remuneration policy for all employees, including 'Identified Staff' whose roles significantly impact the Bank's risk profile. These staff members are identified based on Commission Delegated Regulation 604/2014 and the Remuneration Policy. The Bank has determined that Identified Staff include senior management and Board members.

Given the Bank's size, the Board decided to establish a Remuneration Committee. This committee can access external consultants for remuneration matters and also relies on in-house expertise in compliance, finance, risk, and HR.

During 2024 the Committee was composed of Charles Borg (Chairman) and Jorma Jokela as members. The Chief Executive Officer attends meetings of the Committee as and when needed. None of the Executives participated in the discussion regarding their remuneration. The Committee held four meetings in 2024 which was attended by all members.

The roles, responsibilities, and governance of the Nominations and Remuneration Committee are outlined in its charter, which was approved by the Board in March 2023.

The focus of the remuneration committee is based on a set of core principles as set out by the committee.

These include focusing on:

- Retaining executives who are key to value creation and long-term strategy of the organisation;
- Driving synergies between remuneration and the Bank's strategy, by applying long-term financial and non-financial performance measures to incentive programs;
- Performance reviews of key executives;
- Major organizational changes and HR policies;
- Subsequent material exemption and risk mitigation; and
- Nomination – leading process for board appointments and key succession.

During the financial year ended 31 December 2024, the Board and the Remuneration Committee did not seek advice from external consultants in the areas relating to the remuneration framework.

The following tables EU REM1, EU REM2, EU REM3, EU REM4 and EU REM5 provide more quantitative remuneration disclosures in line with EBA requirements.

13. Remuneration policy and practices - continued

13.2. Mandate and composition of the Remuneration Committee - continued

EU REM1 - Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff**
1	Fixed remuneration	Number of identified staff	8	13	-	-
			€'000	€'000	€'000	€'000
2		Total fixed remuneration	177	1,446	-	-
3		Of which: cash-based	177	1,443	-	-
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	3	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	8	13	-	-
			€'000	€'000	€'000	€'000
10		Total variable remuneration	-	249	-	-
11		Of which: cash-based	-	249	-	-
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 (2 + 10)		177	1,695	-	-

The Bank does not have any special payments to staff whose professional activities have a material impact on institutions' risk profile and thus, does not report EU REM2.

The Bank does not have any deferred remuneration and thus, does not report EU REM3.

The Bank does not have any remuneration of 1 million EUR or more per year.

13. Remuneration policy and practices - continued

13.2. Mandate and composition of the Remuneration Committee - continued

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

		a	b	c
		Management body remuneration		
		MB Supervisory function	MB Management function	Total MB
1	Total number of identified staff			
2	Of which: members of the MB	8	13	21
3	Of which: other senior management			
4	Of which: other identified staff			
		€'000	€'000	€'000
5	Total remuneration of identified staff	177	1,695	1,872
6	Of which: variable remuneration	-	249	249
7	Of which: fixed remuneration	177	1,446	1,623

		d	e	f	g	h	i	j
		Business areas						-
		Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff							21
2	Of which: members of the MB							
3	Of which: other senior management	-	-	-	-	-	-	
4	Of which: other identified staff	-	-	-	-	-	-	
		€'000	€'000	€'000	€'000	€'000	€'000	
5	Total remuneration of identified staff	63	-	63	1,098	534	1,632	
6	Of which: variable remuneration	-	-	-	209	40	-	
7	Of which: fixed remuneration	63	-	63	889	494	177	

13.3. Board Recruitment and Selection Policy
(Article 435(2) (b) and (c) CRR – Table EU OVB)

The Bank recognises the importance of a professional, transparent, and rigorous approach to the recruitment and selection of members of the Board of Directors, management, and other key employees. This process is fundamental to ensuring the Bank is governed and operated by individuals who possess the knowledge, experience, skills, and integrity necessary to deliver on its strategic objectives while meeting regulatory expectations. All appointments are made in line with Maltese legislation and guided by the Bank's Nominations and Remuneration Committee Charter.

The Bank follows a structured and competency-based recruitment process for prospective board members and key function holders. This process includes the preparation of role descriptions that assess the balance of skills, experience, diversity, and independence needed on the Board. Multiple interview rounds are conducted to evaluate a candidate's suitability, including their alignment with the Bank's values and long-term strategy, and their capacity to contribute to effective governance.

In line with its commitment to diversity and inclusion, the Bank has adopted a policy aimed at increasing the representation of the under-represented gender on the Board and ensuring that its composition reflects a broad set of perspectives and expertise. The Nominations and Remuneration Committee leads the appointment process, maintains succession plans, and ensures candidates have sufficient time to fulfil their responsibilities.

13. Remuneration policy and practices - continued

13.3. Board Recruitment and Selection Policy - continued

Board appointments are made with the objective of maintaining a Board that collectively has the competence to oversee the Bank's specific risks, particularly those linked to unsecured consumer lending, and broader banking-related risks. The Committee periodically evaluates the Board's size, composition, and performance, and assesses the individual and collective skills of its members to ensure continued alignment with the Bank's evolving needs.

14. Other directorships

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

According to the 'Guide to banking supervision' issued by the European Central Bank in November 2014, a credit institution will be considered significant if any one of the following conditions is met:

- the total value of its assets exceeds €30 billion or – unless the total value of its assets is below €5 billion – exceeds 20% of national GDP;
- it is one of the three most significant credit institutions established in a Member State;
- it is a recipient of direct assistance from the European Stability Mechanism; or
- the total value of its assets exceeds €5 billion and the ratio of its cross-border assets/liabilities in more than one other participating Member State to its total assets/liabilities is above 20%.

Multitude Bank plc does not meet any of the above criteria and therefore is currently not considered significant by banking supervisors. Accordingly, the Bank is exempt from the requirements of article 91 of CRD IV.

The number of other directorships held by the members of the Bank's Board of Directors are listed in the table below

Director	Position	Number of other directorships held
Jorma Jokela	Non-executive director	3
Lea Liigus	Non-executive director	3
Clemens Matthias Fritz Krause	Non-executive director	2
Esa Tapani Teravainen	Independent non-executive director	3
Erik Ferm	Independent non-executive director	2
Charles Borg	Independent non-executive director	8
Victor Denaro	Independent non-executive director	-
Antti Kumpulainen	Executive director	-

Furthermore, since certain directors hold other directorships within the same group as the Bank, these are being included as an additional single directorship.

There were no changes in directorships during the financial year ended 31 December 2024.