# Pillar III 2025

**MIRABAUD & CIE (EUROPE) SA**

30.12.2024

MIRABAUD

Accountable for generations

# Contents

MIRABAUD

# 1 Introduction

## 1.1 General Information

Mirabaud & Cie (Europe) S.A., hereafter MCEU, is a Private Bank registered in Luxembourg and part of the Mirabaud Group, since 2014. The Bank provides wealth management services to High Net Worth and Ultra High Net Worth individuals, Entrepreneurs, Family offices and Independent Asset Managers. From product perspective, the Bank offers to its customers the following services:

(i) Discretionary Management services;
(ii) Advisory services;
(iii) Wealth Planning services;
(iv) Custody services;
(v) Independent Asset Managers (IAM) collaboration;
(vi) Life Insurance Brokerage.

In addition to MCEU's head office in Luxembourg, MCEU has branches in France, Spain and United Kingdom.

## 1.2 Regulatory Background

The Basel Committee on Banking Supervision reforms (Basel III) strengthens micro prudential regulation and supervision, and adds a macro prudential overlay that includes capital buffers. The Capital framework consists of three Pillars:

- Pillar 1 determining the minimum capital requirements of firms to cover credit, market, and operational risk;
- Pillar 2 requiring firms to assess whether they should hold additional capital in respect of any risks not covered by Pillar 1; and
- Pillar 3 requiring firms to publicly disclose information relating to their risks, capital adequacy, and policies for managing risk with the aim of promoting market discipline.

The Basel III reforms reinforce the capacity of credit institutions to absorb economic and financial shocks.

The Pillar III Report has been drafted in accordance with the Part Eight of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (also referred to as the 'Capital Requirements Regulation' or the 'CRR').

The Bank also referred to the following publications for the realization of the present report:

- The Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (also referred to as the 'Capital Requirements Directive IV' or the 'CRD IV');
- The European Banking Authority in its 'Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 2019/876' (herein referred to as the 'EBA Guidelines 2016/11');
- The CSSF Circular 23/830 on the clarification on the public disclosure framework applicable to credit institutions and CRR investment firms (Pillar 3).

## 1.3 Mirabaud Pillar III Report

In the present document the Bank discloses the application of the Basel III framework as at 31 December 2024.

In accordance with the Art. 436 and 433 of the CRR, the Bank published its Pillar III Report on a solo basis, including its different branches, and on an annual basis relying on the financial statements as of 31 December 2024. As per article 434 of the same Regulation, this report is available on the Bank's website. The Board of Directors and the Executive Committee reviewed and approved the present report.

## 1.4 Internal governance structure

### Board of Directors ("BoD")

The Board of Directors (BoD) is responsible for the overall governance and strategic oversight of the Bank. It ensures that the Bank operates in a sound and prudent manner, in full compliance with applicable laws, regulations, and internal policies. The BoD sets the Bank's long-term objectives and risk appetite, oversees the implementation of the business strategy, and monitors performance against strategic, financial, and regulatory goals.

The BoD plays a key role in establishing an effective risk management and internal control framework. It approves the Bank's Risk Appetite Framework, ensures the adequacy of capital and liquidity planning, and supervises the alignment of the Bank's activities with its risk profile.

The board of directors is composed of 4 members:

**Nicolas MIRABAUD**

Nicolas Mirabaud is Managing Partner of Mirabaud SCA, the Group's holding company and Head of Wealth Management at Mirabaud Group. He is also a member of the Executive Committee of Mirabaud & Cie SA and joined Mirabaud Group in 1999. He holds an MBA from the Central European University, a Finance and Investment Expert Diploma from AZEK (CFPI), and a Master's in Business Law from the University of Paris X. Nicolas Mirabaud also serves as Chairman of the Boards of Directors of Mirabaud & Cie (Europe) SA and Mirabaud (Middle East) Limited.

**Julien MEYLAN**

Julien Meylan joined Mirabaud in 2013 as Group Chief Financial Officer. In 2019, he became a member of the Executive Committee of Mirabaud & Cie SA. As of 1 January 2025, he has been appointed Equity Partner of the Group. Julien Meylan is a chartered accountant and holds a Master's degree in Economics from the University of Geneva. Julien Meylan is also a member of the Boards of Directors of Mirabaud & Cie (Europe) SA, Mirabaud (Middle East) Limited and Mirabaud Canada Inc.

**Sarah KHABIRPOUR**

Sarah Khabirpour is a lawyer by training and after working briefly in a law firm (Linklaters) she joined the ministry of Justice until 2009 where she went on to work in the ministry of Finance as a policy advisor and chief of staff until 2014. Between 2010 and 2014 she was on the boards of the Commission de surveillance du secteur financier (CSSF) (as a Chair), the Luxembourg Stock Exchange and the Banque internationale à Luxembourg (BIL).

She then worked at BIL as the Head of Strategy, Regulatory Affairs and MarCom before she joined the Banque de Luxembourg in 2017 as the Chief Compliance Officer. In 2020, she decided to be an independent director and today serves on several boards, such as ICBC Europe SA, Mirabaud & Cie (Europe), Intesa Sanpaolo Luxembourg SA and other entities.

She performed her legal studies at the Sorbonne (Paris) and the London School of Economics and Political Science (LLM) and obtained further professional qualifications at Harvard Business School and INSEAD.

**Patrick HAURI**

Patrick Hauri is the Group's Chief Risk Officer and member of the Executive Committee of Mirabaud & Cie SA since he joined Mirabaud in February 2023. Previously, he held the position of Group Chief Risk Officer and Head of Group Strategic Projects at Lombard Odier. Patrick Hauri is also a member of the Boards of Directors of Mirabaud & Cie (Europe) SA and of Mirabaud (Middle East) Limited.

**Executive Committee ("EC")**

The Executive Committee is responsible for the design and implementation of a robust and comprehensive Risk Management Framework that addresses all relevant risk categories. In collaboration with the Chief Risk Officer (CRO), it establishes an appropriate Risk Appetite for the Bank, including defining risk limits and indicators that reflect the level of risk the institution is willing to accept in pursuit of its strategic objectives. The Committee oversees and regularly reviews the effectiveness of the risk management framework, ensuring it remains fit for purpose in identifying, assessing, and mitigating risks. This oversight includes periodic audits of risk processes and timely remediation of any identified weaknesses. More broadly, the Executive Committee ensures that risk management practices are aligned with regulatory requirements and industry best practices, and that the function is adequately resourced. It is also responsible for fostering a strong culture of risk awareness across MCEU by promoting staff engagement, training, and the integration of risk considerations into performance evaluations. Furthermore, the Committee reviews and validates all risk-related policies and procedures to ensure their consistency with MCEU's short- and long-term strategies, business plan, and overall risk capacity.

The MCEU's Executive Committee is composed as follows:

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**Sophie CHAMONARD**

Sophie Chamonard holds a Master's in Business Law and Taxation (DJCE) and has over 20 years of experience in the banking sector. After 12 years in legal roles at Credit Agricole Indosuez and CBP Quilvest, she became Legal Director at Natixis, then Deputy Head of Legal at ING. Since December 2021, she is Head of Legal Europe at Mirabaud, and was appointed General Secretary and authorized manager in 2024, then approved brokerage manager in 2025. Her expertise includes Legal, Regulatory, and Corporate Governance.

**Romain BIRON**

Romain Biron holds a degree in Law and Taxation with a focus on Wealth Planning. He has over 14 years of experience in the banking sector, including 12 years at Bank de Luxembourg, where he held senior roles in Tax, Wealth Planning, and Compliance — notably as Head of Tax, Deputy CCO, and CCO of the bank's family office. He then served as Director of Advisory Regulatory & Compliance at BDO for one year before joining Mirabaud in October 2022. His core expertise includes AML, MAR, MiFID, Tax Compliance, Fraud, Governance, and Risk Management.

**Bertrand SCHMELER**

Bertrand Schmeler holds a Master degree from a Business School and is certified European Financial Analyst (Effas). He has more than 25 years of experience in the finance sector in Luxembourg. He completes the actual authorized management by his outstanding experience in portfolio management and relationship management. He has strong skills in driving private banker teams. Mr Schmeler was part of the team who build up CBP and has though strong experience in commercial strategy and banking regulation.

**Vincent Denis**

M. Denis has more than 20 years of experience in financial services in Belgium and in Luxembourg. He has acquired an in-depth knowledge of private banking business, through different senior management positions mainly as Chief Financial Officer, Chief of Staff and Head of Project Management Office in various credit institutions (Degroof, Quintet and BNP Paribas). He was also appointed as authorized manager of Degroof in Luxembourg. He will therefore bring his solid knowledge and experience in Finances, Operations and IT to the Executive Committee. He left Mirabaud in June 2025.

**Jeff Mouton**

Mr. Mouton joined the Management Board of Mirabaud in 2021, bringing 30 years of experience in the Luxembourg financial sector and strong expertise in developing B2B networks and cross-border operations. He had led business lines focused on independent asset managers, handling strategic planning, compliance, risk management, and client onboarding for over 20 years. Previously, he had served as Managing Director and Senior Advisor at Julius

Baer Luxembourg, reporting directly to the CEO and participating in management meetings. He left the Bank in March 2025.

**1st LOD : Business Lines and Support Functions**

The First Line of Defence (1st LOD) is focusing on business development and, in doing so, is the originator of risks introduced to the Bank. The 1st LOD is responsible for identifying, assessing, managing, and reporting risks arising from their activities, while ensuring full compliance with applicable regulatory requirements and adherence to the limits and guidelines defined in the Bank's Risk Management Framework. They play a critical role in maintaining the soundness and prudent operation of MCEU by embedding risk awareness into day-to-day decision-making and ensuring that risks are appropriately mitigated at the point of origination.

**2nd LOD: Risk & Compliance Functions**

The Risk and Compliance functions are jointly responsible for ensuring that the Bank operates within a sound risk and regulatory framework. The Risk Management function ensures the effective implementation of the Bank's risk management policies and processes across all business lines. It provides independent and timely analysis, insights, and expert assessments of MCEU's risk exposures, thereby supporting informed decision-making. It advises the Bank's governing bodies on appropriate measures to manage risks and evaluates the potential impact of legal or regulatory changes on MCEU's risk profile and operations. Risk Management also oversees the regular review of internal policies and procedures to ensure their effectiveness and alignment with the Risk Appetite Framework and compliance requirements. Additionally, it ensures the articulation and communication of the Risk Appetite throughout the organization and promotes risk awareness across all levels.

The Compliance function, on the other hand, is responsible for identifying, assessing, and monitoring the Bank's compliance risks and ensuring adherence to applicable legal and regulatory requirements, including conduct and ethical standards. It provides independent advice to management and staff on regulatory obligations and acts as a key advisor on the interpretation and implementation of relevant laws, rules, and guidelines. Compliance plays a central role in promoting a culture of integrity by implementing training, conducting controls, and escalating potential breaches. Together, Risk Management and Compliance support the Bank in achieving its strategic objectives while safeguarding its financial soundness and reputation.

**3rd LOD: Internal Audit Department**

The Internal Audit Department is responsible for conducting regular audits and assessments to ensure the compliance with regulatory guidelines and to guarantee the effectiveness of the risk management.

# 2 Key Metrics

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | 31.12.2024 | 30.09.2024 | 30.06.2024 | 31.03.2024 | 31.12.2023 |
| | **Available own funds (amounts)** | | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 26 434 700 | 25 174 759 | 27 146 135 | 27 911 035 | 28 231 297 |
| 2 | Tier 1 capital | 26 434 700 | 25 174 759 | 27 146 135 | 27 911 035 | 28 231 297 |
| 3 | Total capital | 26 434 700 | 25 174 759 | 27 146 135 | 27 911 035 | 28 231 297 |
| | **Risk-weighted exposure amounts** | | | | | |
| 4 | Total risk-weighted exposure amount | 123 985 523 | 136 326 701 | 130 363 393 | 140 068 115 | 142 614 385 |
| | **Capital ratios (as a percentage of risk-weighted exposure amount)** | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 21.32% | 18.47% | 20.82% | 19.93% | 19.80% |
| 6 | Tier 1 ratio (%) | 21.32% | 18.47% | 20.82% | 19.93% | 19.80% |
| 7 | Total capital ratio (%) | 21.32% | 18.47% | 20.82% | 19.93% | 19.80% |
| | **Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure** | | | | | |
| EU 7a | Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 2.00% | 2.00% | 2.00% | 2.00% | 1.50% |
| EU 7b | of which: to be made up of CET1 capital (percentage points) | 1.13% | 1.13% | 1.13% | 1.13% | 0.84% |
| EU 7c | of which: to be made up of Tier 1 capital (percentage points) | 1.50% | 1.50% | 1.50% | 1.50% | 1.13% |
| EU 7d | Total SREP own funds requirements (%) | 10.00% | 10.00% | 10.00% | 10.00% | 9.50% |
| | **Combined buffer requirement (as a percentage of risk-weighted exposure amount)** | | | | | |
| 8 | Capital conservation buffer (%) | 2.50% | 2.50% | 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 (%) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 9 | Institution specific countercyclical capital buffer (%) | 0.63% | 0.56% | 0.43% | 0.44% | 0.28% |
| EU 9a | Systemic risk buffer (%) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 10 | Global Systemically Important Institution buffer (%) | N.A. | N.A. | N.A. | N.A. | N.A. |
| EU 10a | Other Systemically Important Institution buffer | N.A. | N.A. | N.A. | N.A. | N.A. |
| 11 | Combined buffer requirement (%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| EU 11a | Overall capital requirements (%) | 13.13% | 13.06% | 12.93% | 12.94% | 12.28% |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 11.32% | 8.47% | 10.82% | 9.93% | 10.30% |
| | **Leverage ratio** | | | | | |
| 13 | Total exposure measure | 426 609 814 | 417 801 908 | 473 886 841 | 554 706 892 | 565 351 536 |
| 14 | Leverage ratio (%) | 6.20% | 6.03% | 5.73% | 5.03% | 4.99% |
| | **Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)** | | | | | |
| EU 14a | Additional own funds requirements to address the risk of excessive leverage (%) | 0% | 0% | 0% | 0% | 0% |
| EU 14b | of which: to be made up of CET1 capital (percentage points) | 0% | 0% | 0% | 0% | 0% |
| EU 14c | Total SREP leverage ratio requirements (%) | 3.00% | 3.00% | 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 (%) | 0% | 0% | 0% | 0% | 0% |
| EU 14e | Overall leverage ratio requirements (%) | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| | **Liquidity Coverage Ratio** | | | | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value - average) | 269 169 675 | 270 098 162 | 256 101 118 | 235 525 405 | 206 921 062 |
| EU 16a | Cash outflows - Total weighted value | 202 226 974 | 207 996 540 | 204 570 411 | 196 073 021 | 183 113 345 |
| EU 16b | Cash inflows - Total weighted value | 32 784 764 | 39 958 610 | 44 544 564 | 45 435 167 | 52 733 973 |
| 16 | Total net cash outflows (adjusted value) | 169 442 210 | 168 037 930 | 160 025 847 | 150 637 853 | 130 379 372 |
| 23 | Liquidity coverage ratio (%) | 158.86% | 160.74% | 160.04% | 156.35% | 158.71% |
| | **Net Stable Funding Ratio** | | | | | |
| 18 | Total available stable funding | 160 362 211 | 154 152 358 | 162 571 999 | 188 945 578 | 184 852 552 |
| 19 | Total required stable funding | 80 051 319 | 88 825 052 | 83 307 966 | 91 431 927 | 91 972 048 |
| 20 | NSFR ratio (%) | 200.32% | 173.55% | 195.15% | 206.65% | 200.99% |

*Table 1 – EU KM1 - Key metrics*

# 3 Risk Management

## 3.1 Risk Management Framework

MCEU's Risk Management Framework (RMF) aims to comprehensively define and identify risks while managing them efficiently, aligning with its Risk Appetite. The framework ensures that risks are reported to facilitate decision-making and are governed through analysis, challenge, escalation, and remediation processes. Active risk management endeavors to aid the Bank in realizing its strategic objectives, serving its clients and expanding its business securely and sustainably. The RMF of MCEU is articulated into the Risk Management Policy endorsed by the Board of Directors in December 2024.

The RMF also enhances the understanding of risk management practices and foster an improved risk culture within the organization. The Risk Department develops an annual training plan to establish a strong and continuous Risk awareness to Bank's employees.

Based on the internal risk identification process, in line with the strategy and the Business activities, MCEU defined its risk Taxonomy. It has been defined as follows:

| Financial Risks | Operational risks | Compliance Risks |
|---|---|---|
| Business and Profitability Risk | Fraud Risks | Financial Crime Risks |
| Capital Risk | Execution & Settlement Risk | Regulatory Risks |
| Liquidity Risk | IT Risks | Cross-border Risk |
| Interest Rate Risk (IRRBB) | Employment practices and workplace safety Risk | Conflict of interest Risk |
| Credit Risk | Damage to physical assets Risk | |
| Market Risk | Outsourcing Risk | |
| Intra-Concentration Risk | Change Risk | |
| | Human Resources Risk | |
| | Legal Risk | |
| **Transversal risks** | | |
| Climate & Environmental Risk | | |
| Geopolitical Risk | | |
| Reputational Risk | | |
| Concentration Risk | | |

### 3.2 Risk Appetite

MCEU's Risk Appetite Framework has been approved by the BoD in December 2024. Relying on the risk capacity of The Bank, it outlines the organization's attitude towards risk, and its willingness to accept it, in order to achieve the strategic and financial targets. It is articulated through risk policies and Risk Appetite Statements ("RAS") and encompasses both qualitative assessments and quantitative measures, which are expressed in relation to:

- Financial Risks;
- Operational Risks;
- Compliance Risks;
- Transversal Risks.

The RAS is set on a time horizon consistent with the strategic planning period and reviewed on an ongoing basis (e.g. in case of a strategic change), with at least an annual formal review.

This document also integrates a reporting and escalation process to define an adequate communication plan to governing bodies in case of deteriorating Key Risk Indicators.

## 4 Own Funds and Capital Adequacy

### 4.1 Capital Adequacy Assessment Process

As per the provisions set out in CSSF Regulation 15-02 and CSSF circular 07/301 as amended, credit institutions and investment firms shall have in place an Internal Capital Adequacy Assessment Process ("ICAAP"). They require identifying and assessing risks, maintaining sufficient capital to face risks and applying appropriate risk-management techniques to ensure adequate capitalization on an ongoing basis. Hence, the ICAAP presents the Bank's Capital adequacy to face the risks arising from MCEU activities and the adequacy to face period of stresses. Scenarios and analysis are performed through consistent scenarios and projections.

To evaluate its capacity to sustain risks, the Bank adopted an "augmented Pillar I" methodology as defined in the amended CSSF Circular 07/301. With this approach, the internal Capital requirement is at least higher than the prudential requirements.

The ICAAP's realization has been conducted through the following steps:

- Identification of risks;
- Quantification of risks;
- Stress-Tests and analysis;
- Capital adequacy;
- Conclusions.

The ICAAP is presented and approved by the Executive Committee and the Board of Directors at least annually. Any updates or modifications during the year will be subject to formal approval from the Management Body.

The stress tests determined in the ICAAP are used as indicators allowing the Executive Committee to be informed at any time of the adequacy of the Capital of MCEU.

The methodology is in line with MCEU's size and activities' complexity. The internal Capital requirements is the sum of the calculated internal requirements by risk type. MCEU determines for each material risk a sustainable Capital requirement.

### 4.2 Internal Overall Capital requirements

Following a detailed analysis of its risk profile, the Bank has determined that an additional Pillar II capital requirement of EUR 2,496,935 representing 2.01% of total Risk-Weighted Assets (RWA) is sufficient to adequately cover its material risks.

The CSSF imposed a Pillar 2 Requirement (P2R) of 2.00%, which is slightly below the Bank's internally assessed Pillar II capital need of 2.01%. As a result, the calculation of the Internal Overall Capital Requirement (IOCR) excludes the regulatory P2R buffer, relying instead on the Bank's more conservative internal assessment.

In conclusion, the Bank's Management Body confirms that the current level of available own funds is adequate to support MCEU's risk profile and operational activities. This capital position ensures the Bank's capacity to pursue its strategic and commercial objectives over the coming years.

### 4.3 Overall Capital requirements

| Regulatory perspective | Requirement |
|---|---|
| Pillar 1 Capital Requirements | 8.00% |
| Pillar 2 Capital Requirements | 2.00% |
| Capital Conservation Buffer | 2.50% |
| Countercyclical Buffer | 0.63% |
| Pillar 2 Guidance | 2.00% |
| Total SREP Capital Requirements | 10.00% |
| Overall Capital Requirements | 15.15% |

*Table 2 – Capital Requirements as of 31.12.2024*

As of 31.12.2024, MCEU shall meet an overall capital requirement (OCR) of 13.13%, including a 10% total SREP capital requirement, a 2.5% capital conservation buffer and a 0.63% Countercyclical Capital Buffer[1]. Additionally, the local regulator (CSSF) imposes a non-legally binding Pillar 2 guidance of 2% above the Overall Capital Requirement. The Bank integrates in

[1] The **countercyclical buffer (CCyB)** is a capital requirement designed to increase the resilience of banks during periods of excessive credit growth. Set by national regulators, it requires banks to hold additional **Common Equity Tier 1 (CET1)** capital during economic upswings, which can then be released in downturns to absorb losses and support lending. The CCyB helps smooth the credit cycle and reduce systemic risk.

its strategy to maintain an overall Capital Requirements above requirements and guidance, therefore it considers the P2G in its overall capital requirements.

| | | a |
|---|---|---|
| 1 | Total risk exposure amount | 123 985 523 |
| 2 | Institution specific countercyclical capital buffer rate | 0.63% |
| 3 | Institution specific countercyclical capital buffer requirement | 784 920 |

*Table 3 – EU CCyB2 - Amount of institution-specific countercyclical capital buffer*

| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | General credit exposures | | Relevant credit exposures – Market risk | | Securitisation exposures | Total exposure value | Own fund requirements | | | | Risk-weighted exposure amounts | Own fund requirements weights (%) | Countercyclical buffer rate (%) |
| | | 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 | Exposure value for non-trading book | | Relevant credit risk exposures - Credit risk | Relevant credit exposures – Market risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total | | | |
| 010 | **Breakdown by country:** | | | | | | | | | | | | | |
| | United Arab Emirates | 21 436.89 | - | - | - | - | 21 436.89 | 1 286.21 | - | - | 1 286.21 | 16 077.66 | 0% | 0.0% |
| | Belgium | 13 584.48 | - | - | - | - | 13 584.48 | 815.07 | - | - | 815.07 | 10 188.36 | 0% | 1.0% |
| | Switzerland | 9 290 965.84 | - | - | - | - | 9 290 965.84 | 42 440.21 | - | - | 42 440.21 | 530 502.61 | 1% | 0.0% |
| | Cyprus | 499 641.47 | - | - | - | - | 499 641.47 | 39 971.32 | - | - | 39 971.32 | 499 641.47 | 1% | 1.0% |
| | Germany | 654 547.28 | - | - | - | - | 654 547.28 | 52 363.78 | - | - | 52 363.78 | 654 547.28 | 2% | 0.8% |
| | Spain | 6 443 939.77 | - | - | - | - | 6 443 939.77 | 494 949.72 | - | - | 494 949.72 | 6 186 871.55 | 16% | 0.0% |
| | France | 8 020 087.22 | - | - | - | - | 8 020 087.22 | 633 367.92 | - | - | 633 367.92 | 7 917 098.97 | 21% | 1.0% |
| | United Kingdom | 2 981 191.89 | - | - | - | - | 2 981 191.89 | 230 472.87 | - | - | 230 472.87 | 2 880 910.85 | 8% | 2.0% |
| | Greece | 102 629.88 | - | - | - | - | 102 629.88 | 6 157.79 | - | - | 6 157.79 | 76 972.41 | 0% | 0.0% |
| | Kazakhstan | 28 637.44 | - | - | - | - | 28 637.44 | 1 718.25 | - | - | 1 718.25 | 21 478.08 | 0% | 0.0% |
| | Luxembourg | 18 879 198.65 | - | - | - | - | 18 879 198.65 | 1 504 565.68 | - | - | 1 504 565.68 | 18 807 070.97 | 49% | 0.5% |
| | Morocco | 1 014.48 | - | - | - | - | 1 014.48 | 60.87 | - | - | 60.87 | 760.86 | 0% | 0.0% |
| | Portugal | 298 273.45 | - | - | - | - | 298 273.45 | 17 896.41 | - | - | 17 896.41 | 223 705.08 | 1% | 0.0% |
| | Saudi Arabia | 27 452.83 | - | - | - | - | 27 452.83 | 1 647.17 | - | - | 1 647.17 | 20 589.62 | 0% | 0.0% |
| | South Africa | 195 270.85 | - | - | - | - | 195 270.85 | 15 621.67 | - | - | 15 621.67 | 195 270.85 | 1% | 0.0% |
| 020 | Total | 47 457 872.43 | - | - | - | - | 47 457 872.43 | 3 043 334.93 | - | - | 3 043 334.93 | 38 041 686.65 | **100%** | |

*Table 4 – EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer*

The calculations of the Countercyclical Capital Buffer are presented in the above tables. They have been computed in line with the Delegated act (UE) 2015/1555 of 28 May 2015. It is the weighted average of the Bank's exposure per buffers by countries. MCEU is mainly exposed to Spain, Luxembourg, France and Switzerland.

| | | Amounts | Source based on letters of the balance sheet |
|---|---|---|---|
| | **Common Equity Tier 1 (CET1) capital: instruments and reserves** | | |
| 1 | Capital instruments and the related share premium accounts | 41 681 704 | **a , b** |
| 2 | Retained earnings | - 13 522 996 | |
| 3 | Accumulated other comprehensive income (and other reserves) | 76 814 | |
| **6** | **Common Equity Tier 1 (CET1) capital before regulatory adjustments** | 28 235 522 | |
| | **Common Equity Tier 1 (CET1) capital: regulatory adjustments** | | |
| 7 | Additional value adjustments (negative amount) | - 44 333 | |
| 8 | Intangible assets (net of related tax liability) (negative amount) | - *119* | |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount) | - 8 952 | |
| EU-25a | Losses for the current financial year (negative amount) | - *1 747 417* | **c** |
| 28 | **Total regulatory adjustments to Common Equity Tier 1 (CET1)** | - 1 800 822 | |
| 29 | **Common Equity Tier 1 (CET1) capital** | 26 434 700 | |
| | **Additional Tier 1 (AT1) capital: instruments** | | |
| **36** | **Additional Tier 1 (AT1) capital before regulatory adjustments** | - | |
| | **Additional Tier 1 (AT1) capital: regulatory adjustments** | | |
| **43** | **Total regulatory adjustments to Additional Tier 1 (AT1) capital** | - | |
| **44** | **Additional Tier 1 (AT1) capital** | - | |
| **45** | **Tier 1 capital (T1 = CET1 + AT1)** | 26 434 700 | |
| | **Tier 2 (T2) capital: instruments** | | |
| **51** | **Tier 2 (T2) capital before regulatory adjustments** | - | |
| | **Tier 2 (T2) capital: regulatory adjustments** | | |
| **57** | **Total regulatory adjustments to Tier 2 (T2) capital** | - | |
| **58** | **Tier 2 (T2) capital** | - | |
| **59** | **Total capital (TC = T1 + T2)** | *26 434 700* | |
| **60** | **Total risk exposure amount** | *123 985 523* | |
| | **Capital ratios and requirements including buffers** | | |
| 61 | Common Equity Tier 1 | 21.32% | |
| 62 | Tier 1 | 21.32% | |
| 63 | Total capital | 21.32% | |
| 64 | Institution CET1 overall capital requirements | 0.00% | |
| 65 | of which: capital conservation buffer requirement | 2.50% | |
| 66 | of which: countercyclical capital buffer requirement | 0.63% | |
| 67 | of which: systemic risk buffer requirement | 0.00% | |
| EU-67a | of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) | 0.00% | |
| EU-67b | of which: additional own funds requirements to address the risks other than the risk of excessive leverage | 1.13% | |
| 68 | **Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum** | 11.32% | |

*Table 5 – EU CC1 - Composition of regulatory own funds*

As of 31.12.2024 MCEU reported EUR 26.4M own funds composed exclusively of eligible Tier1 Capital.

| | | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Reference |
|---|---|---|---|---|
| | | As at period end | As at period end | |
| **Assets** - ***Breakdown by asset clases according to the balance sheet in the published financial statements*** | | | | |
| 1 | Cash in hand, balances with central banks and post office banks | 182 000 000 | 183 006 728 | |
| 2 | Loans and advances to credit institutions | 10 488 410 | 8 599 604 | |
| 3 | Loans and advances to customers | 122 109 728 | 122 976 042 | |
| 4 | Debt securities and other fixed-income securities | 42 816 075 | 42 882 721 | |
| 5 | Intangible assets | 119 | 119 | |
| 6 | Tangible assets | 3 916 131 | 11 309 278 | |
| 7 | Other assets | 20 559 829 | 23 417 940 | |
| 10 | **Total assets** | 381 890 292 | 392 192 432 | |
| **Liabilities** - *Breakdown by liability clases according to the balance sheet in the published financial statements* | | | | |
| 1 | Amounts owed to credit institutions | 126 780 264 | 126 756 050 | |
| 2 | Amounts owed to customers | 212 047 334 | 212 069 360 | |
| 3 | Other liabilities | 16 149 569 | 23 979 310 | |
| 4 | Provisions | 294 000 | 2 899 355 | |
| 20 | **Total liabilities** | 355 271 167 | 365 704 074 | |
| **Shareholders' Equity** | | | | |
| 1 | Subscribed capital | 33 214 000 | 33 214 000 | a |
| 2 | Share Premium | 8 467 704 | 8 467 704 | b |
| 3 | Reserves | 76 814 | 76 814 | |
| 4 | Results brought forward | - 13 539 986 | - 13 522 996 | |
| 5 | Profit/(Loss) for the financial year | - 1 599 407 | - 1 747 165 | c |
| 30 | **Total shareholders' equity** | 26 619 125 | 26 488 357 | |

*Table 6 – EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements*

The structure of the Balance sheet reflects the conservative approach of the Bank aiming at limiting the risks by depositing clients' deposits, including Fiduciary deposits received for MCEU's Sister Company MCSA, into very liquid assets. Indeed, 47% of MCEU's assets represents cash deposited within the European Central Bank and 11% represents investments into top rated Treasury-bills. The Loans to asset ratio is limited to 31%. Concerning liabilities, the Funding of the Bank arises from clients' deposits, representing 86% of total Liabilities and Equities combined.

## 4.4 Risk-Weighted Exposure Amount

| | | Risk weighted exposure amounts (RWEAs) | | Total own funds requirements |
|---|---|---|---|---|
| | | 31.12.2024 | 31.12.2023 | 31.12.2024 |
| 1 | Credit risk (excluding CCR) | 37 626 786 | 60 305 584 | 3 010 143 |
| 2 | Of which the standardised approach | 37 626 786 | 60 305 584 | 3 010 143 |
| 6 | Counterparty credit risk - CCR | 4 382 629 | 5 023 036 | 350 610 |
| EU 8b | Of which credit valuation adjustment - CVA | 228 912 | 266 537 | 18 313 |
| 9 | Of which other CCR | 4 153 718 | 4 756 500 | 332 297 |
| 20 | Position, foreign exchange and commodities risks (Market risk) | 6 239 555 | 6 300 949 | 499 164 |
| 21 | Of which the standardised approach | 6 239 555 | 6 300 949 | 499 164 |
| 23 | Operational risk | 75 736 554 | 70 984 816 | 6 058 924 |
| EU 23a | Of which basic indicator approach | 75 736 554 | 70 984 816 | 6 058 924 |
| **29** | **Total** | **123 985 523** | **142 614 385** | **9 918 842** |

*Table 7 – EU OV1 – Overview of total risk exposure amounts*

MCEU calculates the risk weighted exposure amounts ("RWA") in line with CRR II, regulation 575/2015. Due to the activities of the Bank, the Balance Sheet is mostly exposed to Credit Risk through the lending activities. The Bank uses the financial collateral Comprehensive Method (Article 224) to calculate the adjusted value of collateral and determine the final RWA after the credit risk mitigation process. In additional, the largest portion of RWA arises from Operational risks defined as per the basic indicator approach.

## 4.5 Leverage Ratio

| | | CRR leverage ratio exposures | |
|---|---|---|---|
| | | 31.12.2024 | 31.12.2023 |
| **On-balance sheet exposures (excluding derivatives and SFTs)** | | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs, but including collateral) | 391 332 832 | 525 203 050 |
| 6 | (Asset amounts deducted in determining Tier 1 capital) | - 53 405 | - 132 589 |
| 7 | **Total on-balance sheet exposures (excluding derivatives and SFTs)** | **391 279 427** | **525 070 462** |
| **Derivative exposures** | | | |
| EU-9b | Exposure determined under Original Exposure Method | 10 434 553 | 13 954 422 |
| 13 | **Total derivatives exposures** | 10 434 553 | 13 954 422 |
| **Securities financing transaction (SFT) exposures** | | | |
| 18 | **Total securities financing transaction exposures** | - | - |
| **Other off-balance sheet exposures** | | | |
| 19 | Off-balance sheet exposures at gross notional amount | 38 257 997 | 50 434 977 |
| 20 | (Adjustments for conversion to credit equivalent amounts) | - 13 362 162 | - 24 108 325 |
| 22 | **Off-balance sheet exposures** | 24 895 835 | 26 326 652 |
| **Excluded exposures** | | | |
| EU-22k | (Total exempted exposures) | - | - |
| **Capital and total exposure measure** | | | |
| **23** | **Tier 1 capital** | **26 434 700** | **28 231 297** |
| **24** | **Total exposure measure** | **426 609 814** | **565 351 536** |
| **Leverage ratio** | | | |
| 25 | Leverage ratio | 6.20% | 4.99% |
| EU-25 | Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%) | 6.20% | 4.99% |
| 25a | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) | 6.20% | 4.99% |
| 26 | Regulatory minimum leverage ratio requirement (%) | 3% | 3% |
| EU-26a | Additional own funds requirements to address the risk of excessive leverage (%) | 0% | 0% |
| EU-26b | of which: to be made up of CET1 capital (percentage points) | 0% | 0% |
| 27 | Leverage ratio buffer requirement (%) | 0% | 0% |
| EU-27a | Overall leverage ratio requirement (%) | 3% | 3% |
| **Choice on transitional arrangements and relevant exposures** | | | |
| EU-27b | Choice on transitional arrangements for the definition of the capital measure | NA | NA |
| **Disclosure of mean values** | | | |
| 30 | Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 426 609 814 | 565 351 536 |
| 30a | Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 426 609 814 | 565 351 536 |
| 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) | 6.20% | 4.99% |
| 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) | 6.20% | 4.99% |

*Table 8 – EU LR2 - LRCom: Leverage ratio common disclosure*

The Leverage ratio demonstrates the ability of the Bank to meet its financial obligations by reporting Own funds to all Assets and off balance sheet's commitments.

The Bank reported a 6.20% Leverage ratio as of 31.12.2024. The Leverage ratio remained above the regulatory limit of 3% during the fiscal year 2024. The increase of the Ratio compared to 2023 is mainly driven by lower on-balance sheet exposures.

# 5 Liquidity risk

Liquidity risk refers to the risk that Bank fails to meet its financial obligations. The risk is considered on a short and long-term basis in normal or crisis environment.

By virtue of its powers to define the Bank's risk appetite, the Board of Directors determines the tolerance to the liquidity risk. This tolerance is expressed in the form of limit values and ratios on the balance sheet to ensure the Bank's ability to sustain its liabilities and commitments to its clients and debtors on a normal and stressed situation. The Executive Committee proposes liquidity limits approved by the Board of Directors at least annually. The Board of Directors assesses the adequacy of these limit values and ratios, verifies their compliance and reviews the results of the stress tests. To assist in its liquidity management, the Bank relies on liquidity policy, defining the following aspects:

- Liquidity risk and refinancing management;
- Reporting on the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR);
- Stress test (crisis scenario)
- Contingency Funding Plan.

As per the annual Internal Liquidity and Adequacy Assessment Process performed as at 31 December 2024 and approved by the Management Body, the Bank's liquidity risk profile remained stable in 2024 and adequate to its strategy. This demonstrate the Bank's ability to effectively manage its liquidities under normal and stressed conditions.

## 5.1 Liquidity Risk monitoring

The monitoring and control of The Bank liquidity situation is conducted within a comprehensive limit framework. Limits are defined for managing liquidity risk under normal market conditions as well as to ensure that MCEU is capable of surviving under distressed market conditions.

In order to control its liquidity risk exposure, MCEU uses several indicators:

- The Liquidity Coverage Ratio,
- The Net Stable Funding Ratio,
- The loan to deposit ratio,
- The Internal Liquidity Stress Test (based on the Stress Testing Framework).

According to the indicators, The Bank defined appropriate limits and escalation procedures. The escalation process for the main limits and triggers is defined in the Risk Appetite section.

## 5.2 Liquidity Contingency Funding Plan

The Bank's contingency funding plan (CFP) is a strategic document to manage liquidity risk. It outlines procedures and strategies for ensuring that The Bank has access to adequate funding sources in case of unexpected disruptions or liquidity stress events. The Bank has defined a comprehensive framework to allow identification and anticipation of crisis and action plans. The plan covers:

- Distribution of roles and responsibilities;

- Definition of Early Warning Indicators related to a liquidity crisis;
- Definition and measures available to face the crisis;
- Escalation process in case of activation of the plan;
- Internal and external communications.

The plan, validated by the Bank and assessed in the ILAAP demonstrate that the Bank holds sufficient options to cover risks and sustain important outflows under stressed conditions (i.e. Market stress; idiosyncratic scenario).

### 5.3 Liquidity Coverage Ratio (LCR)

| | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
|---|---|---|---|---|---|---|---|---|---|
| EU 1a | Quarter ending on (DD Month YYY) | **31.12.2024** | **30.09.2024** | **30.06.2024** | **31.03.2024** | **31.12.2024** | **30.09.2024** | **30.06.2024** | **31.03.2024** |
| EU 1b | Number of data points used in the calculation of avera | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| **HIGH-QUALITY LIQUID ASSETS** | | | | | | | | | |
| 1 | Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation ~~(EU) 2015/61~~ | | | | | 269 169 675 | 270 098 162 | 256 101 118 | 235 525 405 |
| **CASH - OUTFLOWS** | | | | | | | | | |
| 2 | retail deposits and deposits from small business cust | 110 164 213 | 104 062 184 | 100 600 373 | 102 129 253 | 16 882 886 | 16 629 792 | 16 948 805 | 18 537 937 |
| 3 | *Stable deposits* | - | - | - | - | - | - | - | - |
| 4 | *Less stable deposits* | 99 066 943 | 94 613 428 | 92 966 823 | 97 525 480 | 16 882 886 | 16 629 792 | 16 948 805 | 18 537 937 |
| 5 | Unsecured wholesale funding | 227 580 335 | 232 753 147 | 234 763 215 | 236 917 629 | 181 404 918 | 180 457 113 | 170 916 936 | 155 896 321 |
| 6 | *Operational deposits (all counterparties) and deposits* | - | - | - | - | - | - | - | - |
| 7 | *Non-operational deposits (all counterparties)* | 227 580 335 | 232 753 147 | 234 763 215 | 236 917 629 | 181 404 918 | 180 457 113 | 170 916 936 | 155 896 321 |
| 8 | *Unsecured debt* | - | - | - | - | - | - | - | - |
| 9 | *Secured wholesale funding* | | | | | - | - | - | - |
| 10 | Additional requirements | 28 100 354 | 23 659 970 | 17 971 598 | 11 910 637 | 3 919 370 | 3 654 359 | 3 305 267 | 2 914 753 |
| 11 | *Outflows related to derivative exposures and other col* | 2 321 032 | 2 335 551 | 2 334 823 | 2 312 667 | 2 321 032 | 2 335 551 | 2 334 823 | 2 312 667 |
| 12 | *Outflows related to loss of funding on debt products* | - | - | - | - | - | - | - | - |
| 13 | *Credit and liquidity facilities* | 25 779 322 | 21 324 419 | 15 636 776 | 9 597 970 | 1 598 339 | 1 318 808 | 970 444 | 602 086 |
| 14 | Other contractual funding obligations | 27 961 133 | 29 619 827 | 29 850 936 | 29 299 107 | 19 799 | 7 255 276 | 13 399 403 | 18 724 010 |
| 15 | Other contingent funding obligations | 17 673 189 | 19 341 492 | 21 597 248 | 23 718 208 | - | - | - | - |
| **16** | **TOTAL CASH OUTFLOWS** | | | | | **202 226 974** | **207 996 540** | **204 570 411** | **196 073 021** |
| **CASH - INFLOWS** | | | | | | | | | |
| 23 | Secured lending (e.g. reverse repos) | - | - | - | - | - | - | - | - |
| 18 | Inflows from fully performing exposures | 25 460 858 | 39 206 600 | 47 513 437 | 52 067 601 | 21 423 806 | 29 473 890 | 35 074 651 | 36 746 735 |
| 19 | Other cash inflows | 55 728 394 | 57 908 709 | 58 807 599 | 61 494 812 | 11 360 958 | 10 484 720 | 9 469 913 | 8 688 433 |
| EU-19a | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | | | | | - | - | - | - |
| EU-19b | (Excess inflows from a related specialised credit institution) | | | | | - | - | - | - |
| **20** | **TOTAL CASH INFLOWS** | **81 189 252** | **97 115 309** | **106 321 037** | **113 562 412** | **32 784 764** | **39 958 610** | **44 544 564** | **45 435 167** |
| EU-20a | *Fully exempt inflows* | - | - | - | - | - | - | - | - |
| EU-20b | *Inflows subject to 90% cap* | - | - | - | - | - | - | - | - |
| EU-20c | *Inflows subject to 75% cap* | 81 189 252 | 97 115 309 | 106 321 037 | 113 562 412 | 32 784 764 | 39 958 610 | 44 544 564 | 45 435 167 |
| **TOTAL ADJUSTED VALUE** | | | | | | | | | |
| **21** | **LIQUIDITY BUFFER** | | | | | **269 169 675** | **270 098 162** | **256 101 118** | **235 525 405** |
| **22** | **TOTAL NET CASH OUTFLOWS** | | | | | **169 442 210** | **168 037 930** | **160 025 847** | **150 637 853** |
| **23** | **LIQUIDITY COVERAGE RATIO** | | | | | **158.86%** | **160.74%** | **160.04%** | **156.35%** |

*Table 9 – EU LIQ1 - Quantitative information of LCR*

In 2024, the LCR remained above the regulatory requirements with an additional conservative buffer ensuring alignment with the Bank's conservative strategy.

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## 5.4 Net stable Funding Ratio (NSFR)

ASF

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| EUR | | Unweighted value by residual maturity | | | | Weighted value |
| | | No maturity[1] | < 6 months | 6 months to < 1yr | ≥ 1yr | |
| **Available stable funding (ASF) Items** | | | | | | |
| 1 | Capital items and instruments | **26 488 105** | **-** | **-** | **-** | **26 488 357** |
| 2 | *Own funds* | 26 488 105 | - | - | - | 26 488 105 |
| 3 | *Other capital instruments* | | - | - | - | - |
| 4 | Retail deposits | | **117 681 895** | **-** | **-** | **105 913 705** |
| 5 | *Stable deposits* | | - | - | - | - |
| 6 | *Less stable deposits* | | 117 681 895 | - | - | 105 913 705 |
| 7 | Wholesale funding: | | **165 223 218** | **-** | **-** | **-** |
| 8 | *Operational deposits* | | - | - | - | - |
| 9 | *Other wholesale funding* | | 165 223 218 | - | - | - |
| 11 | Other liabilities: | **-** | **26 287 943** | **-** | **-** | **-** |
| 12 | *NSFR derivative liabilities* | - | | | | |
| 13 | *All other liabilities and capital instruments not included in the above categories* | | 26 287 943 | - | - | - |
| **14** | **Total available stable funding (ASF)** | | | | | **160 362 211** |

RSF

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| EUR | | Unweighted value by residual maturity | | | | Weighted value |
| | | No maturity[1] | < 6 months | 6 months to < 1yr | ≥ 1yr | |
| **Required stable funding (RSF) Items** | | | | | | |
| **15** | Total high-quality liquid assets (HQLA) | | | | | **222 948 702.86** |
| **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 | | **-** | **-** | **-** | **-** |
| **23** | Performing loans and securities: | | **131 545 775.46** | **-** | **-** | **61 878 608.87** |
| **18** | *Performing securities financing transactions with financial customerscollateralised 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* | | 9 735 697.14 | - | - | 973 569.71 |
| **20** | *Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:* | | 121 810 078.32 | - | - | 60 905 039.16 |
| **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* | | - | - | - | - |
| **25** | Interdependent assets | | **-** | **-** | **-** | **-** |
| **26** | Other assets: | | **37 697 953.30** | **-** | **-** | **17 261 913.78** |
| **27** | *Physical traded commodities* | | | | - | - |
| **28** | *Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs* | | - | - | - | - |
| **29** | *NSFR derivative assets* | | 268 626.03 | | | 268 626.03 |
| **30** | *NSFR derivative liabilities before deduction of variation margin posted* | | 590 974.00 | | | 29 548.70 |
| **31** | *All other assets not included in the above categories* | | 36 838 353.27 | - | - | 16 963 739.05 |
| **53** | Off-balance sheet items | | **18 215 929.22** | **-** | **-** | **910 796.46** |
| **33** | **Total RSF** | | | | | **80 051 319.12** |

NSFR

| | | | | | | |
|---|---|---|---|---|---|---|
| **34** | **Net Stable Funding Ratio (%)** | | | | | **200%** |

*Table 10 – EU LIQ2: Net Stable Funding Ratio*

The aim of the NSFR is to monitor the ability of MCEU to respond to long-term liquidity requirements by checking that the Bank has enough long-term sources of liquidity (> 1 year) to face medium/long term liabilities. In 2024 the ratio remained above the regulatory limit of 100%.

# 6 Credit Risk

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations.

The main sources of credit risk for MCEU arise from the banking book constituted by:

- Lombard lending activities;
- Deposits with Financial counterparties;
- Private Equities;
- Derivatives.

The Board of Directors determines the risk appetite and loss tolerance on the Credit risk. This tolerance is expressed in the form of limit values and ratios on the exposures of the Banks to losses in case of default from a counterparty.

## 6.1 Credit Risk Monitoring

The risk management and Management Body are assisted by the Credit Committee for the analysis and granting process of loans to the Bank's clients.

To limit risks, MCEU has a strict lending policy, limiting the activity to Lombard Loans. The loans must at any time, provide sufficient collateral after internal haircuts calculations applied by type of securities and other market factors such as liquidity and concentration of assets. Finally, an escalation process allows a quick and proactive monitoring of any deteriorating collateral.

With regards to the Bank's exposures toward financial counterparties, a specific Counterparties Committee is in place at MCSA, covering daily activities of MCEU's clients, the Bank is exposed with financial counterparties. The Financial Counterparties Committee assists the Bank with defined exposure limits per counterparty. The limits are set up according to the financial strength of the counterparties and to the requirements of MCEU depending on the volume of activities. The Bank reduce its exposure with financial counterparties by depositing most of its liquidity excess within the European central Banks at any time. Daily controls allow the Bank to confirm the adequacy of the liquidity management and respect of limits.

Finally, the Risk Appetite Statement includes conservative limits on ratios such as Non-performing loans compare to equities, Net cost of expected credit loss, net exposure to risky countries (based on economic data) and net uncollateralized exposures.

## 6.2 Credit Risk Key Figures

The Key risk indicators remained within the limits validated by the Board and in line with the Bank's strategy.

- EU CQ1: Credit quality of forborne exposures - *The Bank did not report any forborne exposures*

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| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross carrying amount / Nominal amount | | | | | | | | | | | |
| | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | | TOTAL | Not past due or Past due < 30 days | Past due > 30 days < 90 days | | Unlikely to pay that are not past-due or 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 year <= 5 years | Past due > 5 year <= 7 years | Past due > 7 years | Of which defaulted |
| 005 | Cash balances at central banks and other demand deposits | 191 603 941 | 191 603 941 | - | - | - | - | - | - | - | - | - | - |
| 010 | Loans and advances | 122 950 643 | 122 926 098 | 24 544 | 34 159 | - | 19 585 | 1 000 | 13 574 | - | - | - | - |
| 020 | *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - |
| 030 | *General governments* | - | - | - | - | - | - | - | - | - | - | - | - |
| 040 | *Credit institutions* | 220 814 | 220 814 | - | - | - | - | - | - | - | - | - | - |
| 050 | *Other financial corporations* | 916 073 | 916 073 | - | - | - | - | - | - | - | - | - | - |
| 060 | *Non-financial corporations* | 47 357 578 | 47 353 492 | 4 085 | 29 487 | - | 15 913 | - | 13 574 | - | - | - | - |
| 070 | *Of which SMEs* | - | - | - | - | - | - | - | - | - | - | - | - |
| 080 | *Households* | 74 456 178 | 74 435 719 | 20 459 | 4 672 | - | 3 672 | 1 000 | - | - | - | - | - |
| 090 | Debt Securities | 42 882 721 | 42 882 721 | - | - | - | - | - | - | - | - | - | - |
| 100 | *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - |
| 110 | *General governments* | 42 882 721 | 42 882 721 | - | - | - | - | - | - | - | - | - | - |
| 120 | *Credit institutions* | - | - | - | - | - | - | - | - | - | - | - | - |
| 130 | *Other financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - |
| 140 | *Non-financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - |
| 150 | Off-balance sheet exposures | 38 283 750 | | | - | | | | | | | | - |
| 160 | *Central banks* | - | | | - | | | | | | | | - |
| 230 | *General governments* | - | | | - | | | | | | | | - |
| 180 | *Credit institutions* | - | | | - | | | | | | | | - |
| 190 | *Other financial corporations* | 1 689 054 | | | - | | | | | | | | - |
| 200 | *Non-financial corporations* | 11 763 330 | | | - | | | | | | | | - |
| 210 | *Households* | 24 831 366 | | | - | | | | | | | | - |
| **220** | ***Total*** | **395 721 055** | **357 412 761** | **24 544** | **34 159** | **-** | **19 585** | **1 000** | **13 574** | **-** | **-** | **-** | **-** |

*Table 11 – EU CQ3: Credit quality of performing and non-performing exposures by past due days*

The Bank identified a limited number of non-performing exposures arising from unauthorized debits on clients' accounts. These cases are isolated and subject to ongoing recovery procedures. The overall impact on the Bank's credit risk profile remains immaterial.

| | | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross carrying amount/nominal amount | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | | Collaterals and financial guarantees received | |
| | | Performing exposures | | | Non-performing exposures | | | Performing exposures - Accumulated impairment and provisions | | | Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | Accumulated partial write-off | On performing exposures | On non-performing exposures |
| | | | of which: stage 1 | of which: stage 2 | | of which: stage 2 | of which: stage 3 | | of which: stage 1 | of which: stage 2 | | of which: stage 2 | of which: stage 3 | | | |
| **005** | **Cash balances at central banks and other demand deposits** | 191 603 941 | 191 603 941 | - | - | - | - | - 1 383 | - 1 383 | - | - | - | - | *No mapping to reporting* | - | - |
| 010 | Loans and advances | 122 950 643 | 122 926 098 | 24 544 | 34 159 | - | 34 159 | - 4 472 | - 1 792 | - 2 679 | - 4 288 | - | - 4 288 | - | 121 520 632 | 29 871 |
| *020* | *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *030* | *General governments* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *040* | *Credit institutions* | 220 814 | 220 814 | - | - | - | - | - 200 | - 200 | - | - | - | - | - | - | - |
| *050* | *Other financial corporations* | 916 073 | 916 073 | - | - | - | - | - 594 | - 594 | - | - | - | - | - | 31 692 | - |
| *060* | *Non-financial corporations* | 47 357 578 | 47 353 492 | 4 085 | 29 487 | - | 29 487 | - 387 | - 387 | - | - 738 | - | - 738 | - | 47 353 779 | 28 749 |
| *070* | *Of which: SMEs* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *080* | *Households* | 74 456 178 | 74 435 719 | 20 459 | 4 672 | - | 4 672 | - 3 291 | - 611 | - 2 679 | - 3 551 | - | - 3 551 | - | 74 135 161 | 1 121 |
| 090 | Debt Securities | 42 882 721 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *100* | *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *110* | *General governments* | 42 882 721 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *120* | *Credit institutions* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *130* | *Other financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| *140* | *Non-financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 150 | Off-balance sheet exposures | 38 283 750 | 38 283 750 | - | - | - | - | 25 752 | 25 752 | - | - | - | - | | 35 188 542 | - |
| *160* | *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| *230* | *General governments* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| *180* | *Credit institutions* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| *190* | *Other financial corporations* | 1 689 054 | 1 689 054 | - | - | - | - | 577 | 577 | - | - | - | - | | 1 688 477 | - |
| *200* | *Non-financial corporations* | 11 763 330 | 11 763 330 | - | - | - | - | 21 098 | 21 098 | - | - | - | - | | 9 353 020 | - |
| *210* | *Households* | 24 831 366 | 24 831 366 | - | - | - | - | 4 077 | 4 077 | - | - | - | - | | 24 147 045 | - |
| ***220*** | ***Total*** | **395 721 055** | **352 813 789** | **24 544** | **34 159** | **-** | **34 159** | **19 898** | **22 577** | **- 2 679** | **- 4 288** | **-** | **- 4 288** | **-** | **156 709 174** | **29 871** |

*Table 12 – EU CR1: Performing and non-performing exposures and related provisions*

The provisions are limited due to the low amount of past dues and the high level of quality of the required collaterals to cover clients' exposures.

- EU CQ7: Collateral obtained by taking possession and execution processes - *The Bank did not report any executed collateral*

## 7 Market Risk

Market risk refers to the potential losses arising from adverse movements in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, and other financial instruments. This risk stems from fluctuations in market conditions and can affect the value of the bank's investment portfolio, trading positions, and overall financial performance.

MCEU is exposed to Market Risk mainly throughout its interest rate risk within the Banking book and foreign exchange exposures.

The Interest Rate Risk in the Banking Book ("IRRBB") is an important risk that arise from the banking activities. It arises from the fluctuations in interest rates over time. Banking activities typically involve intermediation, which leads to the generation of two key risk exposures:

- Maturity mismatch - where long-maturity assets are funded by short-maturity liabilities;
- Rate mismatch - characterized by fixed-rate loans funded by variable-rate deposits.

The Bank's management of assets and liabilities, including customer deposits, loans, treasury bonds, and other financial instruments, includes assets and liabilities that are sensitive to interest rates.

The Bank maintains a conservative strategy toward interest rate risk by ensuring that both its funding and asset structures are predominantly short-term. The Bank is mostly funded through client deposits, with the majority being on-sight or short-term. It also receives fiduciary deposits, limited to a maximum maturity of three months. Lending activity is aligned with this short-term profile, consisting mainly of loans with either three-month maturities or one-month automatic rollovers, typically indexed to short-term benchmarks. As a result,

- 50% of the Bank's total assets are overnight (with the Deposit at the Central Bank of EUR 183M)
- 18% of assets have a 1 month maturity (Loans EUR 85M).
- 21% of assets have a 3month maturity (loans EUR 39M and bank's portfolio EUR 43M)
- 53% (180m) of the funding is overnight and 9% (29m) of the deposits have 3-month maturity.

The Bank operates as defined by CSSF circular 08/338 as amended. As at 31 December 2024, MCEU is exposed to three main currencies (EUR, USD & GBP), representing, each, more than 5% of the Bank's Assets or Liabilities.

### 7.1 Market Risk Monitoring

The Bank, through its Market Risk Policy, aims to monitor its exposure to Fx using daily metrics:

- End of Day global FX position;
- End of Day FX position by group of currencies;

End of Day FX position metrics are computed by the following group of currencies:

- **Group 1** - Liquid currencies: EUR, USD, GBP, CHF, CAD, JPY;
- **Group 2** - Less liquid currencies: DKK, NOK, SEK, PLN, AED, CNY, AUD;
- **Group 3** - Exotic currencies: All others Group.

The Bank has put in place limits controlled on a continuous basis by the Treasury Department.

With regards to its own Banking portfolio, MCEU places its excess liquidity into sovereign Bonds. The Treasury Department is in charge of the managing of those positions and performs regular reporting to the ALM Committee. The ALM Committee aims at controlling the respect of Bank's policies, limits and impact on other activities.

As of 31.12.2024, the Bank was invested into US T-bills, UK T-bills and Swiss Government Bonds.

With regards IRRBB, the risk is measured based on outcomes of both economic value and earnings-based measures, arising from a wide and appropriate range of interest rate shock and stress scenarios. These metrics are complementary in nature and the Bank monitors both. Measurement systems and models used for IRRBB are based on accurate data, and are subject to appropriate documentation, testing and controls to give assurance on the accuracy of calculations.

The Bank measures and controls its risk through the following metrics:

- EVE sensitivity/Tier 1 (economic value metric);
- NII sensitivity/Tier 1 (earnings-based metric);
- Stress-Tests.

Economic Value of Equity ("EVE") measures the changes in the Net Present Value ("NPV") of the interest rate sensitive instruments resulting from interest rate movements, excluding equity from the cash flows.

Regulatory shocks on EVE are calculated as the following:

(i) Sudden increase and decrease of 200 bps of all interest rates;

(ii) Additional standard shocks corresponding to scenarios 1 to 6 set out by EBA guidelines:

1. Parallel up (currency specific shock sizes);
2. Parallel down (currency specific shock sizes);
3. Steepener shock (short rates down and long rates up);
4. Flattener shock (short rates up and long rates down);
5. Short rates shock up; and
6. Short rates shock down.

These interest rate shocks to the NPV allows the measures of "sensitivity in value", corresponding to the difference between the EVE before and after an interest rate shock. The interest rate risk would then correspond to the sensitivity of each balance sheet item to an unfavorable shock to the yield curve.

| | Supervisory shock scenarios | Changes of the economic value of equity | Changes of the net interest income |
|---|---|---|---|
| | | Current period | Current period |
| 1 | Parallel up | - 928 012 | 3 519 280 |
| 2 | Parallel down | 935 452 | - 3 484 124 |
| 3 | Steepener | 740 248 | |
| 4 | Flattener | - 914 345 | |
| 5 | Short rates up | - 1 156 773 | |
| 6 | Short rates down | 1 167 710 | |

*Table 13 –EU IRRBB1 as at 31.12.2024*

The EVE/Tier1 maximum impact is of 4.38% and remains within the Bank's appetite.

The highest impact on Net Interest results from the short rate shock down scenario with EUR 3.5M variation in estimated Interest Income.

The Key risk indicators, controls, and monitoring confirm that the risk and controls are in line with the Bank's appetite and strategy

# 8 Intra-Concentration Risk

Intra-Concentration risk arises from (i) large (possibly connected) individual exposures and/or (ii) significant exposures to groups of counterparts whose likelihood of default is driven by common underlying factors, of which:

- Group exposure (Large Exposure);
- Sector and geographic concentration;
- Collateral concentration;
- Client concentration.

As required by CSSF Circular 13/574 which adapts EBA recommendations on concentration risk management, concentration risks are managed within each risk category (intra-concentration risk) and across risk categories (inter-concentration risk).

Due to MCEU's private banking business model and its strategy to focus on a limited number of High and Ultra-High Net Worth individuals, it is inherently subject to a concentration risk related to:

- Investment into MCEU's portfolio and interbank deposits;
- Collateral held in MCEU's balance sheet;
- Deposit received from its clients.

## 8.1 Intra-concentration Risk Monitoring

To monitor its risk, MCEU's setup a framework to measures its exposure to intra-concentration risk through various metrics adapted to its business model and size. Those metrics are the following:

- Sector concentration;
- Country concentration;
- Asset under Management concentration;
- Large Exposure concentration;
- Borrowers' exposure, Herfindahl-Hirschman

MCEU uses the HHI to assess the degree of diversification of portfolios. It supports to determine whether the bank's investments are overly concentrated in countries, sectors, or counterparties.

Sector concentration

MCEU distinguishes sectors based on the business sector of the counterparty or the issuer of the collateral (indirect exposures through the collateral on Lombard loans are included).

This indicator measures the proportion of various exposures to a single sector in relation to the total value of assets. It provides insight into the distribution of risks.

Country concentration

MCEU uses Financial, Economic and Political factors from external official sources to calculate the internal rating.

Following the rating, the Directive states limits and a provision process on exposures.

The Bank controls:

- The country risk on Credit risks taking into account the country risk of each collateral on loans.
- The country risk exposure on the Bank's portfolio.

Asset under Management concentration

Asset under Management concentration evaluates the distribution of AUM across the client base to identify any excessive reliance on the top 10 clients. A high concentration in AUM could expose the Bank to financial and strategic risks, particularly if a small number of clients account for a significant share of total managed assets. A sudden withdrawal of funds, changes in investment strategies, or adverse market conditions affecting these key clients could lead to liquidity pressures, revenue volatility, and potential reputational impact.

Large Exposure Concentration

A large exposure refers to a financial transaction or investment that a financial institution has with a single counterparty or a group of connected counterparties. As per Capital Requirements Regulation ("CRR") 575/2013, the exposure is considered as large exposure if its gross amount, before the recognition of credit risk mitigation techniques, meets one of the following conditions:

(i) Equal or above 10% of the Bank's Tier 1 capital; or
(ii) Equal or above 25m if the counterparty is a Credit Institution; or
(iii) Equal or above 12.5m if the counterparty is a Non-Financial corporation.

The Regulatory limit for large exposures is set at 25% of the Bank's Tier1 Capital or 100% for Credit institutions as well as Banking entities part of Mirabaud Group, encompassing both direct and indirect exposures, such as guarantees and commitments.

# 9 Operational Risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, human factors, systems, or external events. MCEU considers operational risk a major risk within its activities and has therefore established a comprehensive framework for its management and monitoring. This framework, reviewed annually and lately approved by the Board of Directors in December 2024, sets out the Bank's requirements regarding best practices and processes for identifying, monitoring, analyzing, evaluating, and reporting operational risks.

The identification of operational risks enables the development of a risk map that encompasses all potential risk events to which the Bank may be exposed. This, in turn, supports the assessment of MCEU's overall risk profile.

Furthermore, the Bank has defined an operational risk taxonomy that provides a structured and aggregated view of the various categories of operational risk, ensuring a consistent and comprehensive approach to risk assessment and mitigation. This taxonomy also includes the latest updates performed to integrate DORA requirements into the Bank's framework. The different categories of Operational risks are the following:

| | |
|---|---|
| **Operational risks** | Fraud Risks |
| | Execution & Settlement risk |
| | IT Risks |
| | Employment practices and workplace safety risk |
| | Damage to physical assets |
| | Outsourcing risk |
| | Change risk |
| | HR risk |
| | Legal Risk |

*Table 14 – Operational Risks*

## 9.1 Operational Risks Monitoring

In order to monitor its operational risks, MCEU has setup an appropriate framework with policies and procedures and calculates regularly Key Risk indicators on Fraud, Outsourcing and Operational incidents.

With regard to IT risk, MCEU has established a robust information security framework to protect the confidentiality, integrity, authenticity, and availability of its ICT and information assets, aligned with regulatory requirements. Security controls are continuously monitored through predefined Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs), with periodic audits ensuring compliance. Business Impact Analyses (BIA) and comprehensive backup procedures support operational resilience, while Business Continuity Plans (BCP) are tested regularly to safeguard critical functions.

MCEU also maintains a structured ICT Reference Architecture, ensuring alignment with the Group's strategy and business objectives. A comprehensive inventory of ICT assets and third-party relationships enables proactive risk mitigation against cyber threats, system failures, and data breaches. The implementation of Polaris application systems will allow the enhancement infrastructure efficiency, cost reduction, and system integration.

ICT incident management processes ensure timely detection, classification, and reporting of incidents, maintaining transparency and regulatory compliance. No major ICT incidents were recorded in the past year, highlighting the effectiveness of preventive measures. Post-incident analyses and communication protocols ensure lessons learned are integrated into ongoing improvements.

The Bank adheres to a structured crisis communication strategy, ensuring responsible disclosure of ICT-related incidents to clients, regulators, and other stakeholders. Internal and external communication frameworks differentiate between those actively managing ICT risks and broader staff awareness, ensuring effective information dissemination.

# 10 Compliance Risk

Compliance risk refers to the risk of legal, administrative or disciplinary sanction, financial loss or damage to reputation, resulting from failure to comply with legal or regulatory provisions, or professional and ethical standards and practices.

To ensure compliance with legal and regulatory provisions, as well as professional and ethical standards and practices, the Bank implemented a robust internal framework composed of:

- The "3 lines of defense" principle whereby :
  - The 1st LOD identifies, manages and mitigates risks in their day-to-day activities;
  - The 2nd LOD oversees, monitor and challenges the respect of the policies and procedures they designed
  - The 3rd LOD provides independent assurance on the effectiveness of the first and second lines.
- Several policies and procedures covering the areas where the Bank has a compliance risk ;
- A training plan where the Bank raises awareness regarding the applicable regulations as well as its own framework
- Different reporting to the Board of directors, the authorized management, the Branches and the group.

More specifically, the Bank has identified 4 sub-risks in the Compliance risk category:

- Financial crimes;
- Regulatory risks;
- Cross-Border risks;
- Conflict of interest.

# 11 Climate & Environmental Risks

MCEU attaches particular importance to management of Climate & Environmental risks, as its Wealth management activities are inherently exposed. Regulatory requirements related to Climate risk have been constantly evolving over the past few years (i.e. CSSF Circular 21/773). In order to be compliant, MCEU has put in place a Climate risk policy to define a specific framework for the management of its climate and environmental risks. It is to be pointed that MCEU does not consider climate and environmental risks as a category of its risk taxonomy, but as a risk driver for all other category of risks. Therefore, in its Climate policy, MCEU setup rules to identify measure and monitor its climate risk within the following risks categories: Liquidity, Credit, Market and Concentration risks. Each have been assessed, when applicable, against the following climate risks:

- Physical risk: refers to the financial effects of climate change (such as an increase in extreme weather events and progressive climate change) and environmental degradation (such as air, water and land pollution, water stress, loss of biodiversity and deforestation).

- Transition risk: refers to the financial loss an institution may incur, directly or indirectly, as result of the process of adapting to a low carbon, more environmentally sustainable economy. It may arise, for example, from the relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.is being assessed

From the Mirabaud Group perspective, the objective in terms of Climate and Environmental aspects is to deliver high quality products and services that integrate ESG considerations. The management of Climate risks, as well as the promotion of Climate related topics, are key drivers of MCEU global Socially Responsible Investment (SRI) approach. The Group developed a SRI policy that sets out its stance and beliefs on SRI, aligned with the Group's Corporate Social Responsibility (CSR) strategy.

## 11.1 Climate Risk impact on Liquidity Risk

The Bank's liquidity risk profile may be impacted by C&E risk factors both directly via MCEU's inability to obtain financing or liquidate assets under normal market conditions or indirectly via an increased need for liquidity on the part of its clients.

Taking into account its business model, its products and its customers, MCEU identifies two situations relevant to its activities:

- Investment portfolio: the impact on its HQLA portfolio in the event of a drop in the market value of certain of its liquid assets in the case of an event linked to C&E risks.

- Customer deposits and lines of credit: the increase in the frequency and intensity of natural disasters can lead to an increase in demand for liquidity by households, businesses and financial institutions and lead to unexpected cash outflows.

### 11.2 Climate Risk impact on Credit Risk

The assessment on credit risk highlighted a potential physical risk, where an adverse climate event could plunge collateral value, which would increase Credit risk RWAs and a transition risk, where new climate related regulations could create additional burden on clients' activities preventing them to face their financial obligations toward the Bank. To monitor its risk, MCEU has put in place a Key Risk Indicator on the portion of the collateral portfolio that could be impacted by the climate related sector.

### 11.3 Climate Risk impact on Market Risk

MCEU has assessed its Market risk against the transition and Physical risks.

From a transition risk perspective, change in market sentiments may generate an abrupt repricing of securities and derivatives, for example products associated with industries affected by asset stranding.

From a physical risk perspective, climate related events may lead to shifts in market expectations and could result in sudden repricing, higher volatility and losses in asset values on some markets.

MCEU is performing several analysis to monitor its market risk, notably:

- Scenario analysis to evaluate potential impacts of adverse market movements on the Bank's financial position and performance;
- Sensitivity analysis to quantify the Bank's sensitivity to changes in key market variables such as Interest rates exchange rates and equity prices.

### 11.4 Climate Risk impact on Intra-Concentration Risk

Climate & Environmental risks impact on concentration Risk are being assessed through the Exclusion policy in place at Group level. The policy is applying restrictions to sectors and companies involved in controversial activities and facing critical ethical, social and environmental challenges.

Therefore, to monitor Climate & Environmental risks within Concentration risk, MCEU has implemented internal indicators to ensure limited exposure to thermal coal mining, controversial weapons, tobacco or adult entertainment.

## 12 Remuneration Policy

MCEU Remuneration Policy is proposed by the Senior Management with the involvement and support of the Human Resources function and the internal control functions. MCEU further had recourse to external specialist advice during the initial elaboration process of the Policy. The Policy shall be reviewed by the supervisory function of MCEU's Board of Directors and then be approved by MCEU's Board of Directors. If needed to perform its Supervisory function, MCEU's Board of Directors will be composed only of the External Director and the Chairman of the Board of Directors.

The Remuneration Policy is reviewed every year by the Human Resources function with the support of the Control Functions in order to specifically ensure its relevance and consistency with the risk management targets assigned to Senior Management and the appropriateness of the system in terms of responding to changes in the regulations and the competitive environment. The outcome of the review (and/or changes to the Policy) will be pre-approved by the Supervisory Function and approved by MCEU's Board of Directors.

MCEU's Board of Directors is authorized to amend the Remuneration Policy every time that it considers it useful. Any update made to the Remuneration Policy will be subject to the pre-approval by the Supervisory Function and the approval of MCEU's Board of Directors.

Appendices may be amended under the initiative of the Senior Management of MCEU, pre-approved by the Supervisory Function and approved by MCEU's Board of Directors.

The Remuneration Policy is drawn up in accordance with the provisions of the law of 20 May 2021, which transposes into Luxembourg law Directive 2019/878/EU published by the European Parliament and the Council on 20 May 2019 ("CRD V") (amending Directive 2013/36/EU published by the European Parliament and the Council on 26 June 2013 (CRD IV)), amending the Law of 5 April 1993 on the financial sector as well as any implementing measures of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD V), including guidelines at European level and relevant CSSF circulars, in particular circular 22/797.

The implementation of the Policy is also assessed by Mirabaud Group's Internal Audit Department at least once a year to verify that MCEU complies with the Policy and the procedures adapted by the Board of Directors.

The MCEU Risk and Compliance Officer inform the Board of Directors of risk related issues across the MCEU entities so they are considered by the Board of Directors in applying the remuneration policy and making remuneration decisions in line with Group principles. The MCEU Risk and Compliance Officer also updates the Board of Directors on the Group's overall performance against the risk appetite metrics, which describes and measures the amount and types of risk that MCEU is prepared to take in executing its strategy. The Board of Directors uses these updates in considering the risk related adjustments made to the MCEU overall variable pay pool, to ensure that return, risk and remuneration are aligned across Group entities. The MCEU Risk and Compliance is also responsible for:

- Assessing the achievement of performance targets and the need for ex-post risk adjustments, including the application of malus and clawback arrangements;
- Reviewing a number of possible scenarios to test how the Policy reacts to external and internal events, and back-test the criteria used for determining the variable pay and the ex-ante risk adjustment based on the actual risk outcomes

### 12.1 Link between pay of the staff and their performance

Bonuses are determined by the achievement of objectives assigned in the annual appraisal. During the year-end appraisal process, their respective managers assign MCEU employees targets and their performance over the previous year is recorded. The formal performance appraisal is mandatory for all on a yearly basis. The variable compensation allocated to an individual Staff Member is awarded according to qualitative and quantitative criteria, which are assessed annually. With regard to the evaluation of qualitative criteria such as compliance with rules and regulations, dedication and motivation, behavior, knowledge and living the corporate values, the evaluation includes any information received by the Control Functions. Quantitative criteria depend on the strategic priorities and the individual functions of the Staff Member.

### 12.2 Important design characteristics of the remuneration system

The remuneration consists of a fixed portion and of a variable portion, both of which are paid exclusively in cash.

The fixed and variable components of the overall remuneration amount are balanced in an appropriate manner. The fixed component amounts to a sufficiently high portion of the total remuneration to ensure the greatest flexibility possible in terms of the variable component, including the option not to pay a variable component. The various remuneration components are combined to ensure a balanced remuneration package that reflects the business unit, the Staff Member's qualification and rank, his professional activity as well as market practice. The fixed and variable components both reflect the complexity and the size of MCEU.

### 12.3 Fixed and variable remuneration

Generally speaking, the variable remuneration amounts will remain significantly lower than the fixed remuneration amounts for all of the employees, including sensitive persons. The variable component will not exceed 100% of the fixed component of the total remuneration for Identified Staff.

However, the shareholders of MCEU may approve a higher ratio between the fixed and variable remuneration components, subject to complying with the provisions of Article 38-6 g) ii) of the amended Law of 5 April 1993 on the financial sector and Circular CSSF 15/622, as long as the overall level of the variable component does not exceed 200% of the fixed component of the total remuneration payable to each Identified Staff Member.

Pursuant to Circular CSSF 15/622, any higher ration than 1:1 will be notified to the CSSF, pursuant to the rules laid down in said Circular.

No remuneration amount above €1 million has been provided in MCEU's European countries. If this were to be the case, the CSSF would be informed of any remuneration amounts above €1 million.

Four groups of Identified Staff have been identified:

1. The members of Senior Management;

2. The Heads of the Compliance, Risk Management and Internal Audit Functions;

3. The Head of the Credit Officer Function;

4. The portfolio managers.

A list including the names of sensitive persons is kept up-to-date by Senior Management. This list is provided to the Board of Directors on an annual basis.

To align with Swiss requirements and practices relevant to the Mirabaud Group, MCEU adopts an alternative model that defers a portion of the variable remuneration. This model applies exclusively to bonuses and excludes guaranteed variable remuneration and buy-out bonuses. Variable remuneration is deferred over a three-year period based on the following criteria:

• If the annual variable remuneration exceeds EUR 45,000 and the total annual remuneration amounts to at least EUR 225,000, 20% of the annual variable remuneration will be deferred.

• If the annual variable remuneration exceeds EUR 45,000 and the total annual remuneration amounts to at least EUR 450,000, 30% of the annual variable remuneration will be deferred.

### 12.4 Derogation of Article 94(3) of Directive 2013/36/EU

In view of its size, the nature of Mirabaud business activities, the services performed under the terms of its authorization and the low level of prudential risk to which it is exposed, a system based on the principle of proportionality has been adjusted for MCEU's various characteristic features and its risk profile.

Pursuant to the principle of proportionality, the Board of Directors has decided to forego the application of the following principles (based on article 38-6(2)a) of the law on the financial sector of 5 April 1993, as amended):

- Awarding 50% of variable remuneration amount in the form of financial instruments;
- Retention policy;
- Deferral of a portion of the variable remuneration amount as foreseen under CRD V (an alternative deferral model reflecting Swiss requirements and practices relevant to Mirabaud Group is applied).

The Board of Directors has also decided the Implementation of a remuneration committee in 2025.

### 12.5 Key Quantitative Data

| | | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
|---|---|---|---|---|---|
| Fixed remuneration | Number of identified staff | 4 | 5 | | 12 |
| | Total fixed remuneration | 93 750 | 1 061 369 | | 2 498 408 |
| | Of which: cash-based | 93 750 | 1 061 369 | | 2 498 408 |
| | (Not applicable in the EU) | | | | |
| | Of which: shares or equivalent ownership interests | | | | |
| | Of which: share-linked instruments or equivalent non-cash instruments | | | | |
| | Of which: other instruments | | | | |
| | (Not applicable in the EU) | | | | |
| | Of which: other forms | | | | |
| | (Not applicable in the EU) | | | | |
| Variable remuneration | Number of identified staff | | 5 | | 12 |
| | Total variable remuneration | | 211 000 | | 1 451 984 |
| | Of which: cash-based | | 195 000 | | 1 082 777 |
| | Of which: deferred | | 16 000 | | 369 207 |
| | Of which: shares or equivalent ownership interests | | | | |
| | Of which: deferred | | | | |
| | Of which: share-linked instruments or equivalent non-cash instruments | | | | |
| | Of which: deferred | | | | |
| | Of which: other instruments | | | | |
| | Of which: deferred | | | | |
| | Of which: other forms | | | | |
| | Of which: deferred | | | | |
| Total remuneration | | 93 750 | 1 272 369 | - | 3 950 392 |

*Table 15 – EU REM1 - Remuneration awarded for the financial year 31.12.2024*

| | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
|---|---|---|---|---|
| Guaranteed variable remuneration awards | | | | |
| Guaranteed variable remuneration awards - Number of identified staff | | 2 | | |
| Guaranteed variable remuneration awards -Total amount | | 85000 | | |
| Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap | | | | |
| Severance payments awarded in previous periods, that have been paid out during the financial year | | | | |
| Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff | | | | |
| Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount | | | | |
| Severance payments awarded during the financial year | | | | |
| Severance payments awarded during the financial year - Number of identified staff | | | | |
| Severance payments awarded during the financial year - Total amount | | | | |
| Of which paid during the financial year | | | | |
| Of which deferred | | | | |
| Of which severance payments paid during the financial year, that are not taken into account in the bonus cap | | | | |
| Of which highest payment that has been awarded to a single person | | | | |

*Table 16 – EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) 31.12.2024*

| Deferred and retained remuneration | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
|---|---|---|---|---|---|---|---|---|
| MB Supervisory function | | | | | | | | |
| Cash-based | | | | | | | | |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | | | | | | | | |
| Other forms | | | | | | | | |
| MB Management function | 30 000 | 10 000.00 | 15 668 | | | | 10 000 | 15 668 |
| Cash-based | 30 000 | 10 000.00 | 15 668 | | | | 10 000 | 15 668 |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | | | | | | | | |
| Other forms | | | | | | | | |
| Other senior management | | | | | | | | |
| Cash-based | | | | | | | | |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | | | | | | | | |
| Other forms | | | | | | | | |
| Other identified staff | 280 200 | 93 400 | 144 779 | | | | 93 400 | 144 779 |
| Cash-based | 280 200 | 93 400 | 144 779 | | | | 93 400 | 144 779 |
| Shares or equivalent ownership interests | | | | | | | | |
| Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| Other instruments | | | | | | | | |
| Other forms | | | | | | | | |
| Total amount | | | | | | | | |

*Table 17 – EU REM3 - Deferred remuneration 31.12.2024*

- *EU REM4 - Remuneration of 1 million EUR or more per year* - No identified staff received a remuneration of EUR 1M or more during the fiscal year 2024.

| | Management body remuneration | | | Business areas | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | MB Supervisory function | MB Management function | Total MB | Investment banking | Retail banking | Asset management | Corporate functions | Independent internal control functions | All other | Total |
| Total number of identified staff | | | | | | | | | | 21 |
| Of which: members of the MB | 4 | 5 | 9 | | | | | | | |
| Of which: other senior management | | | | | | | | | | |
| Of which: other identified staff | | | | | | 4 | 3 | | 5 | |
| Total remuneration of identified staff | 93 750 | 1 272 369 | 1 366 119 | | | 717 536 | 480 481 | | 2 752 375 | |
| Of which: variable remuneration | | 211 000 | 211 000 | | | 118 335 | 38 625 | | 1 295 024 | |
| Of which: fixed remuneration | | 1 061 369 | 1 061 369 | | | 599 201 | 441 856 | | 1 457 351 | |

*Table 18 – EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 31.12.2024*

# 13 Statement of the Management Body

The Bank maintains a prudent risk profile aligned with its conservative business strategy, focused on private banking and wealth management. The management body has approved a low financial risk tolerance, reflected in a strong capital position (CET1 ratio: 21.32%), sufficient liquidity (LCR: 159%), and immaterial levels of non-performing exposures (NPE ratio: 0%). Risk levels are continuously monitored to ensure alignment with strategic objectives, and the Bank remains well within its established risk limits across capital, liquidity, credit, and interest-rate and market risk categories. Furthermore, in line with its prudent approach, the Bank is actively reinforcing strategic and operational risks measures to ensure prompt alignment with its defined risk appetite, thereby maintaining a strong and stable risk position.

The Key metrics as presented in the table 1 below demonstrate the prudent risk profile and the alignment with the Bank's risk appetite.

The Bank's Management body also confirms the adequacy of the implemented Risk Management Framework considering the Bank's profile and strategy. The report has been approved by the Management Board as a correct representation of the Bank's risk profile and risk appetite.