

Company Announcement – 11/08/21

The following is a Company Announcement issued by MeDirect Bank (Malta) plc (the “Bank”) pursuant to the Listing Authority Listing Rule 5.

Quote

On the 10 August 2021, the Board of Directors of MeDirect Bank (Malta) plc and MDB Group Limited considered and approved the condensed Group Interim Financial Statements for the six-month financial period ended 30 June 2021.

These Interim Financial Statements are available for viewing and downloading on the Bank’s website under the Investor Relations section (<https://www.medirect.com.mt/about-us/investor-relations>).

2021 Interim Results – Highlights

“MeDirect Bank continues its accelerated transformation into a leading retail WealthTech banking platform”

Powering our WealthTech strategy through innovation and digital transformation

- During 2021, the Group continued to accelerate its investment programme to build its highly customer centric app combining a broad range of investment services seamlessly integrated with daily banking functionality.
- The Group’s technology platform has been undergoing an impressive transformation for over the past two years, by leveraging on a unique flexible and scalable technologies along with the objective of delivering best-in-class user experience to support our mission of making digital investment simple, inclusive and empowering for all.
- Later this year, the Group will launch exciting new functionality to our website, mobile app and other customer touch points.

Continued strong underlying business momentum

- In the first half of 2021, MeDirect Group maintained steady progress as it achieved strong growth in all those business lines targeted for new investment, resulting in an encouraging profitable performance following 2020 which was a year impacted by significant impairment provisions due to the COVID-19 pandemic.
- The Group continued to implement its balance sheet diversification by actively planning the launch of its future Belgium residential mortgage business line and by successfully launching the home loan business in Malta earlier in 2021.

- The Group continued to achieve positive growth in business volumes in jurisdictions in which it operates. Over the past 12 months:
 - Total clients in Belgium and Malta increased by 15% to 83,000, leading to a 31% increase in assets under management with an all-time high of €0.8 billion (44% increase) in Belgium and €0.6 billion (18% increase) in Malta.
 - Dutch residential mortgage origination volumes grew by €1.0 billion (168% increase).
 - Corporate lending in Malta increased by 25% to €108.4 million as the Group continued to support the local economy.

Encouraging financial performance backed by robust capital and liquidity position

- By starting to benefit from a more diversified business model and given the improving credit outlook, the Group achieved a promising performance in the first half of 2021 as profit before tax was €3.2 million compared to a significant loss last year driven by prudent provisioning to reflect the impact of COVID-19.
- The Group continued de-risking its international corporate lending portfolio such that, since the beginning of the financial year, the gross size of the portfolio has been reduced by 24% from €903.4 million to €691.1 million and by 46% over the last twelve months.
- The gross outstanding balances of the Dutch mortgage book grew by 32% throughout this financial period and as at 30 June 2021 amounted to €1.6 billion.
- Total funding increased as a result of the funding from the Dutch mortgage securitisation transactions that increased from €348.2 million to €682.6 million.
- The Group's liquidity remained robust, and capital ratios remained well above minimum requirements.
- The total capital ratio remained high at 19.3% as at 30 June 2021. The Group's liquidity reserves remained strong at €601 million as at 30 June 2021, and the Group's LCR stood at 625%.

Looking ahead with a positive outlook

- The Group's financial performance improved with lower impairment charges and better capital ratios. Although the outlook for the rest of the year remains challenging, MeDirect continues its accelerated transformation into a leading retail WealthTech banking platform and is working strongly to revert to sustainable profitability in the medium term as we remain disciplined but cautiously optimistic as the economic recovery unfolds.

Unquote

Henry Schmeltzer
Company Secretary
11 August 2021