

COMPANY ANNOUNCEMENT

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

Quote

On the 7 April 2022, the Board of Directors of MeDirect Bank (Malta) plc and MDB Group Limited considered and approved the Annual Report and Audited Financial Statements for the financial year ended 31 December 2021.

These 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>). Attached to this company announcement is the directors' declaration on the ESEF Annual Report and Financial Statements for the year ended 31 December 2021.

2021 Results - Highlights

"MeDirect Bank continues to invest in technology and deliver growth within a rapidly evolving market environment"

Technology as an enabler to build a digital champion, specifically in the WealthTech space, for the benefit of all clients

- During 2021, the Group moved forward dynamically in the implementation of its strategic roadmap and demonstrated continued resilience and ability in responding to a rapidly evolving market environment through its transformation and technology strategy.
- MeDirect continued to transform its balance sheet, developed its WealthTech platform by launching its new Wealth SuperApp in both Malta and Belgium, launched a number of new asset classes such as Belgian and Maltese mortgages and built its capital buffers to historically high levels.
- The Group's strategic goal is to create a pan-European WealthTech leader and grow a complementary specialised mortgage platform as the two main sources of value creation. The successful delivery of that strategy rests on the ability to build its WealthTech platform, grow its retail franchise focused on affluent customers, de-risk and diversify its balance sheet through mortgages and strengthen its operating model.
- One core development that took place in 2021 was the continued development of MeDirect's Wealth SuperApp, designed to meet the needs of the underserved affluent market segment for wealth services. The aim is to offer, on a single platform with open architecture, a broad range of online investment solutions, superior user experience and attractive pricing, combined with high quality transactional banking capabilities. Customers can choose from amongst more than 1,500 mutual funds, as well as 500 ETFs, 3,000 equities and 300 bonds, trading on 17 stock exchanges around the world.
- This package of investment services is complemented by seamless and easy-to-use mobile banking with multi-currency capabilities. Later in 2022, MeDirect intends to launch its virtual and physical card product. Through one attractive and easy-to-use platform, MeDirect provides its clients with the choice of how they want to invest and grow their money, while giving them the possibility to use the app seamlessly for everyday banking.

- The Group operates as a tech company on par with fintech standards. MeDirect has evolved as a service aggregator with a cloud-agnostic platform designed with scale in mind and substantial room for growth. As one of its core advantages, MeDirect owns the intellectual property of critical elements of its value proposition, including all client touchpoints and service aggregation capabilities. This has enabled the delivery of a true omni-channel solution available on both web and mobile.

Continued strong franchise growth despite significant headwinds

- The Group's performance was achieved in a year marked by the extreme disruptions resulting from the Covid-19 pandemic, as well as economic and geo-political dislocations including higher inflation, supply chain disruptions and increased international tensions.
- Notwithstanding these 2021 headwinds, MeDirect Group continued to increase its business activity and recorded rapid growth in its client base in the jurisdictions in which it operates, whilst achieving high levels of customer satisfaction:
 - MeDirect's customer base grew to 102,000 in 2021, up 37% from year-end 2020.
 - A 165% increase in new customers was recorded in 2021, with 30,000 new customers acquired during the year.
 - The Group's customers accounted for €4.5 billion of client financial assets, of which €1.5 billion were investments held in custody with MeDirect.
 - In Belgium, MeDirect was once again rated in the top five banks for digital investing and savings by spaargids.be. In Malta, MeDirect's digital onboarding solution was the Winner of Tech.MT's award for Best Use of Technology in Business Transformation.
- The Group will continue to develop and deploy new products and improved user experience by leveraging its advanced tech platform.

Improved financial performance backed by robust capital and liquidity position

- The Group continued the de-risking and diversification of its balance sheet, a process that started in 2019. As a result, the Group's international corporate lending portfolio has been reduced to €0.6 billion at year-end 2021, down from a peak of €1.8 billion in March 2019.
- The capital released has been used to strengthen MeDirect's capital ratios and to reinvest in mortgage products in the Netherlands and more recently in Malta and Belgium. MeDirect's low-risk Dutch government guaranteed mortgage portfolio reached €1.7 billion by year-end 2021.
- MeDirect's total capital ratio has increased to 19.2%, the highest since it began to be regulated by the European Central Bank as part of the Single Supervisory Mechanism in 2016. MeDirect also maintains ample liquidity, with a Liquidity Coverage Ratio of 363% as of year-end 2021. Such ratios are in excess of all regulatory requirements, recommendations and management buffers.

- Overall, borrowers in the Group's corporate credit portfolio showed improved operating performance during 2021 following the economic recovery during the year. Considering the prudent level of provisioning already applied in 2020 due to the pandemic, impairment losses were significantly reduced from €65 million in 2020 to €2 million in 2021.
- Notwithstanding significant continuing investment in its technology platform and the growth of its operations, MeDirect has managed to maintain its fixed cost base almost flat when compared to the previous year. As a percentage of total assets, fixed costs were reduced from 1.50% in 2020 to 1.24% in 2021.
- The reduction in impairments referred to earlier and cost discipline contributed to a significantly improved financial performance, from a loss before tax of €75 million in 2020 to a loss before tax of €14 million in 2021, while continuing to significantly invest in the platform.

ESG & Outlook

- The Group has intensified its focus on environmental, social and governance (ESG) initiatives, with the appointment of a Group Head of Sustainability and the set-up of an ESG Committee.
- The Group continues to integrate ESG principles into the business and raise ESG awareness within the organisation. In the context of workplace diversity, MeDirect employs the nationals of over 22 countries and has a workforce that is 41% female, including a number of senior executives.
- In summary, 2021 witnessed the Group's recovery from the extraordinary challenges of 2020. In spite of a volatile macroeconomic environment, MeDirect continued to show highly disciplined execution of its strategic transformation roadmap. Notwithstanding the macro-economic challenges, the Group is confident that it can create a sustainable business model by executing its business plan and deploying its leading WealthTech platform at a pan-European level.

Unquote



Henry Schmeltzer
Company Secretary

7 April 2022

**DIRECTORS' DECLARATION
ON ESEF ANNUAL REPORT & FINANCIAL STATEMENTS 2021**

7 April 2022

We, Michael A. Bussey and Arnaud Denis, in our capacity as Directors of Medirect Bank (Malta) plc (Company registration number: C 34125), hereby **certify**:

- i. That the Annual Report & Financial Statements 2021 for the year ended 31 December 2021 has been approved by the Board of Directors of the Company and is hereby being made available to the public.
- ii. That the Annual Report & Financial Statements 2021 has been prepared in terms of the applicable rules and regulations, including the Commission Delegated Regulation on the European Single Electronic Format ("ESEF")¹ and the Capital Markets Rules².
- iii. That the Audit Report on the ESEF Annual Report & Financial Statements 2021 is an exact copy of the original signed by the auditor and that no alterations have been made to the audited elements of the Annual Report & Financial Statements 2021 including the annual financial statements.
- iv. That the Annual Report & Financial Statements 2021 shall serve as the official document for the purposes of the Capital Markets Rules and, where the issuer is registered in Malta, the Companies Act (Chapter 386 of the Laws of Malta).



Michael A. Bussey
Chairman



Arnaud Denis
Chief Executive Officer / Director

¹ Commission Delegated Regulation 2019/815 on the European Single Electronic Format, as may be further amended from time to time.

² Capital Markets Rules as issued by the Malta Financial Services Authority (MFSA).