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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

MeDirect Bank (Malta) plc (the "**Bank**") hereby announces that its parent company, MDB Group Limited (the "**Issuer**" and together with its subsidiaries, the "**Group**"), has successfully placed an issuance of €11,000,000 in principal amount of Fixed Rate Reset Callable Subordinated Notes due 2031 (the "**Notes**") at an interest rate of 9.75 per cent. per annum, payable annually in arrear. The Notes will be issued at a price of 99.052 per cent. and shall, subject to (amongst other things) regulatory approval, be redeemable at the par value of the Notes on any interest payment date between 2026 and 2030 at the option of the Issuer, but in any case not later than 10 February 2031, in accordance with the terms and conditions set out in the information memorandum (the "**Information Memorandum**") which is expected to be published today on the website of the Irish Stock Exchange plc, trading as Euronext Dublin. The Notes will be issued in minimum denominations of €100,000. As described in the Information Memorandum, the Issuer intends to on-lend the net proceeds of the issue of the Notes to the Bank under a subordinated loan. The net proceeds of such loan will be used by the Bank for general corporate purposes, including to strengthen and optimise its capital and to support the execution of its business strategy. It is expected that, subject to certain conditions, the Notes will be issued on 10 February 2021.

The Information Memorandum describes certain developments in relation to the Group that have taken place since 30 June 2020, the date of the Group's most recent Interim Financial Statements. Apart from figures expressed as being as at the date of the Information Memorandum, all figures set forth below were extracted from the Group's management accounts as at 31 December 2020, which are subject to statutory audit verification and to Audit Committee and Board approval:

(a) The Group continued to expand its Dutch government-guaranteed ("**NHG**") mortgage business and met its target of building a portfolio in excess of €1 billion by the end of 2020. The outstanding balances on the NHG mortgage book at 31 December 2020 amounted to €1.1 billion, compared to €596 million at 30 June 2020.

(b) Balances outstanding on Revolving Credit Facilities ("**RCFs**") decreased from €355 million at 30 June 2020 to €134 million at 31 December 2020. Furthermore, as at the date of the Information Memorandum, total outstanding aggregate RCF commitments had reduced by €123 million since 30 June 2020. The Group experienced large drawdowns on RCFs across its client base at the start of the

Covid-19 pandemic as companies sought to maximise their liquidity in a climate of great uncertainty. The situation gradually returned to normal in the second half of the year, and the balances withdrawn at 31 December 2020 are more representative of the expected utilisation of outstanding facilities.

(c) Balances outstanding on the Group's International Corporate Lending (**"ICL"**) portfolio decreased from €921 million at 30 June 2020 to €770 million at 31 December 2020. This reflected the combined impact of repayments received and of loans divested, in line with the Group's de-risking strategy.

(d) Further loan impairment losses provided for in the second half of 2020 amounted to €10 million, compared with €56 million recognised during the six months ended 30 June 2020. The Covid-19 pandemic continued to affect adversely a number of the Group's clients. This was exacerbated by the second wave of Covid-19 experienced towards the end of the year, which resulted in severe lock downs in a number of countries during the peak Christmas season. In spite of this, additional losses incurred were very contained in the context of the overall loan book and gave additional comfort to the Group's Board as to the robustness of the impairment losses already recognised, on a forward-looking basis, in the first half of the year.

(e) in January 2021, the Board completed its assessment of the deferred income tax assets that resulted in the recognition of net deferred tax assets amounting to €26.8 million, compared to €35.0 million as at 30 June 2020, in its accounting records, in accordance with IFRS, taking into consideration the Group's business strategy, which will see a further reduction in the ICL business managed by the Group in Malta, and the Group's increased emphasis on existing and new businesses in the Benelux countries.

(f) Taking into consideration the recent developments set out above, at the date of this Information Memorandum, the Group's liquidity remains robust, and all capital ratios have improved since 30 June 2020, remaining well above regulatory requirements.

Deutsche Bank acted as bookrunner.

MiFID II product governance: The Notes were offered to eligible counterparties and professional clients only (all distribution channels). No EEA or UK PRIIPs key information document has been prepared as the Notes will not be made available to retail investors in the European Economic Area or the United Kingdom.

This announcement is not for distribution, directly or indirectly, in or into the United States. This announcement is not an offer to sell securities or the solicitation of any offer to buy securities, nor shall there be any offer of securities in any jurisdiction in which such offer or sale would be unlawful.

Unquote

Henry Schmeltzer
Company Secretary
3 February 2021