COMPANY ANNOUNCEMENT

Mediterranean Bank plc

The following is a company announcement issued by Mediterranean Bank plc ("MedBank") pursuant to Malta Financial Services Authority Listing Rule 5.

Quote

Interim Financial Statements

On 12 November 2015, the Boards of Directors of Medifin Holding Limited ("Medifin") and MedBank considered and approved the unaudited consolidated interim financial statements of Medifin and MedBank for the six month period ended 30 September 2015. These financial statements have been reviewed by PwC Malta in accordance with International Standards on Review Engagements 2400. The interim financial statements are available to be viewed at the Bank's registered office and website: http://www.medbank.com.mt/MaltaPublic/Web_Channel/Public_Site/Personal/Investors/Financial_Information.aspx.

The results show strong performance for the period, with consolidated profits after tax of €20.1 million and €12.3 million for the Medifin Group (the "Group") and the MedBank Group, respectively. Throughout this financial period, the Group registered an increase of 30.9% in net interest income to €22.7 million due to continued growth of the Group's Lending portfolio, both internationally and domestically, which grew by 15.0% to €1.2 billion. Furthermore, the Group's deposit base increased by 15.7% to €1.4 billion, leading to an increase in the customer base for investment and wealth services products.

ECB Comprehensive Assessment Results

Furthermore, we are also pleased to announce that the Group has completed the 2015 European Central Bank ("ECB") Comprehensive Assessment ("CA"). The Group notes the announcements made today by the MFSA, the Central Bank of Malta and the ECB, in which they acknowledged the Group's capital level at the end of this process and that no further capital enhancing measures are required.

The ECB carried out the CA on nine banks this year, four of which will be considered as new "significant credit institutions" by 2016 in view of their increased systemic significance since the ECB's CA of 130 banks in 2014, including the Group due to its standing as the third largest credit institution in Malta.

Summary of the outcome of the CA for the Group:

- **The ECB acknowledges that the Group as of 30 September 2015 has a capital surplus of €23.1 million over the minimum capital requirement.**
- **In line with prior years, the Group's profits were retained within the Group's equity. As a result, following a capital contribution of €28.7 million in September 2015, the CET 1 capital ratio, after the application of the baseline scenario, was equivalent to 10.56% (compared to the 8% threshold) and the CET 1 capital ratio after the application of the more severe adverse scenario, was equivalent to 7.07% (compared to the 5.5% threshold).**

MFSA announcement: https://www.mfsa.com.mt/pages/announcements.aspx?id=1

CBM announcement: https://www.centralbankmalta.org/en/news/14/2015

ECB announcement: *https://www.bankingsupervision.europa.eu/banking/comprehensive/2015/html/index.en.html*

Mr Francis J. Vassallo, Chairman of the Board of Directors of MedBank, commented *"that the overall result emanating from the CA confirms the Group's solid capital position, following the capital contribution, even under the theoretical stress conditions and no further capital raising actions are required by the Group to further strengthen its capital position. In addition, today's strong half-year results are another important milestone for the Group and will further strengthen the confidence of depositors and other stakeholders towards the Group."*

Mr Mark A. Watson, CEO of MedBank, commented *"that the well-timed and deliberate actions taken by the Group have ensured a positive result in the ECB's CA. The shareholder capital contribution has generated an adequate capital buffer, ensuring that the Group could weather even the adverse stress scenario envisaged by the authorities. The Group will continue to ensure that appropriate capital levels are maintained reflecting the economic environment and the challenges that the Group is faced with."*

Detailed background

Asset Quality Review ("AQR")

The AQR revealed an increase in specific impairment allowances of €3.2 million and an increase in collective impairment allowances of €6.6 million – a total of €9.8 million, representing 0.4% of the Group's total assets. These results include an over-provision of €3.1 million in an in-scope Maltese portfolio, which was not taken into account since AQR methodology does not allow for compensation of provisions across portfolios. These AQR provisions were not reflected within the interim financial statements since the Group has not been notified of the AQR specific impairment provisions and has thus reported its results in accordance with the requirements of IFRS as adopted by the EU. After taking into account the overall AQR impact, the Group's capital ratio stood at 9.85% which is above the minimum threshold of 8%.

Stress test

The stress test resulted in a capital surplus in the baseline scenario but a slim theoretical capital shortfall of 38 basis points in the third year of the adverse stress test scenario. This has been mitigated through the shareholder capital contribution of €28.7 million. Taking this into account the Group has a capital surplus of €23.1 million. Therefore, the ECB does not consider that the Group should take any further capital enhancing measures.

The CA required extraordinary efforts and substantial resources by the Group but this unprecedented in-depth review of the Group's financial position will continue to boost public confidence in the Group.

Unquote

Henry Schmeltzer

Company Secretary