

Company Announcement – 12/03/2025

The following is a Company Announcement issued by MeDirect Bank (Malta) plc (the “Bank”) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

Quote

On 12 March 2025, the Board of Directors of the Bank considered and approved the Annual Report and Audited Financial Statements for the financial year ended 31 December 2024. These Financial Statements and the MDB Group Limited Annual Report and Audited Financial Statements for the financial year ended 31 December 2024 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 2024.

2024 Results – Highlights

Prospective transition to a new controlling shareholder . . .

- 2024 was an important year of transition for the Bank (together with its consolidated subsidiaries, “MeDirect”), with the identification of a new prospective controlling shareholder which is committed to reinforcing the Bank’s capital base and facilitating its growth plans.
- As previously announced, on 28 November 2024 MeDirect’s controlling shareholder agreed to sell 100% of the share capital of the Bank’s parent company, MDB Group Limited (“MDB Group”, and together with its consolidated subsidiaries, the “Group”), to Banka CREDITAS a.s. (“Banka CREDITAS”), subject to receiving all required regulatory approvals.
- Banka CREDITAS is interested in using the MeDirect banks to grow and diversify its financial services business into additional European markets and plans to invest additional capital into both MeDirect banking entities to enable them to continue to build their businesses.

. . . while continuing to execute the Bank’s business strategy

- Notwithstanding the prospective change in shareholder and previously announced changes in the Board and management, MeDirect continued to execute its business strategy by growing its franchise in Malta, Belgium and the Netherlands, developing its digital platform, transforming its balance sheet and building its capabilities in recently launched asset classes such as Belgian and Maltese mortgages.

Growing a pan-European client franchise

- MeDirect enhanced its brand awareness in its core markets of Malta, Belgium and the Netherlands. During 2024, MeDirect's client base grew by 17% to reach 155,000 by 31 December 2024. At year-end 2024, MeDirect had 118,000 retail clients in Belgium, 34,000 in Malta and 3,000 in the Netherlands. In December, MeDirect Belgium received an award from Spaargids.be as Best Savings Bank in Belgium.
- MeDirect also expanded its corporate client base. It now serves over 500 corporate customers doing business in 15 countries by offering innovative technology, high quality, personalised service and tailored financial solutions. Through its new corporate banking platform (described at greater length below), MeDirect Malta offers a full range of banking and lending services for both companies and their owners.
- Individual and corporate clients grew their financial assets with MeDirect, reaching an aggregate of €5.9 billion in December 2024, an increase of 19% from year-end 2023. Assets under custody grew to €2.1 billion, an increase of 22% from year-end 2023.

Developing MeDirect's cutting-edge digital platform

- In 2024, MeDirect solidified its position as Malta's digital bank. By leveraging technology and maintaining a customer-centric approach, MeDirect delivered transformative solutions that significantly enhanced its offerings for both individual and corporate clients.
- A major highlight of the year was the launch of the MeDirect corporate banking platform, an innovative solution that provides businesses with seamless banking experiences. One of its standout features is a salary payment module, enabling businesses to streamline payroll processes with ease and precision. Built as an omni-channel solution, the platform is accessible through both web and mobile interfaces, ensuring flexibility and convenience for users.
- Another key achievement in 2024 was the rollout of Google Pay and Apple Pay services in Malta and Belgium. These launches followed the introduction of MeDirect's debit card services, which were successfully implemented just months earlier. By integrating these globally recognised payment platforms, MeDirect has enabled its clients to make secure, contactless payments effortlessly, aligning with the rapidly growing demand for digital payment solutions.
- Underpinning these advancements is MeDirect's internally developed banking ecosystem, designed for rapid innovation and scalability. Built with cutting-edge technologies, this architecture provides MeDirect with unparalleled flexibility to scale its services in response to growing customer demands.
- Looking to the future, MeDirect has an ambitious roadmap aimed at further enhancing its services. One of the most anticipated developments is the introduction of SEPA Instant Payments, a feature that will enable real-time euro transfers across participating banks. This will serve as an add-on to MeDirect's internally built payment hub, providing clients with faster and more efficient payment capabilities.

- In addition, MeDirect is exploring an open model that will allow clients to invest in model portfolios tailored to their financial goals. This innovative solution aims to simplify wealth management, making it more accessible and user-friendly for clients seeking to grow their investments.

Financial performance

- The Group delivered net operating profit of €14.3 million in 2024, a decrease of 6.5%. Net operating profit was driven by the following factors:
 - Operating income decreased by €2.8 million, or 3.1%, to €85.8 million. MeDirect's top line was adversely affected by further de-risking of its balance sheet through a reduction of the International Corporate Lending ("ICL") portfolio, which continued at pace in 2024. Lower net interest income from the ICL portfolio reduced net interest income by approximately €12.0 million versus 2023.
 - Excluding the impact of the ICL portfolio, operating income grew €9.6 million or 15.7%. This was principally driven by growth across all sectors of mortgage lending as well as in Maltese corporate portfolios, generating higher net interest income. This was partially offset by increased cost of funding. Growth of €2.1 million or 40.4% was registered in fees from the wealth business and other commissions for a total amount of €7.2 million in 2024.
 - Operating costs decreased by €1.8 million to €71.5 million, principally as a result of lower professional services and marketing expenditure which more than offset an increase in personnel costs incurred as the Group strengthened its resources by acquiring new talent in the areas of regulatory compliance, risk management, customer experience and product development.
- Net expected credit losses ("ECLs") for the financial year 2024 amounted to a €19.3 million net charge (2023: €0.9 million net charge), predominantly driven by adverse developments in the ICL portfolio. The net ECL charge impact was due to realised losses as a result of targeted divestments of selected exposures and deterioration in two specific lending positions.

Balance sheet position

- MeDirect's funding mix shifted moderately further toward customer deposits as its primary source of funding, mostly through increased retail deposits. At year-end 2024, customer deposits stood at €3.9 billion, an increase of 17.2% from the previous year.
- After successfully reducing the size of the Group's ICL portfolio to €329 million (net of provisions) by the end of 2023, MeDirect continued to de-risk its balance sheet. By year-end 2024, the ICL portfolio was reduced by a further 37%, to €206 million (net of provisions). The Group proactively reduced the ICL portfolio through repayments and selected loan sales.

- Net loans and advances to customers as of 31 December 2024 reached €2.9 billion, an increase of 6.3% from year-end 2023, driven by increased mortgage lending. Key developments in the mortgage asset class were:
 - MeDirect's Dutch-government guaranteed NHG mortgage activity continued to form the core of its mortgage portfolio, comprising 40% of its total balance sheet. The partnership with HollandWoont, a leading Dutch NHG origination and servicing platform, enables MeDirect to control the origination of NHG mortgages based on its strategic priorities and market conditions.
 - MeDirect's Dutch buy-to-let mortgage portfolio, established in October 2022 in partnership with Build Finance, more than doubled in size and reached €173.5 million as of 31 December 2024. Using the Build Finance platform, MeDirect is building its Dutch buy-to-let business in a controlled manner and benefits from attractive risk-adjusted returns.
 - MeDirect further expanded its Belgian and Maltese mortgage lending businesses, both of which registered double-digit growth.
- The corporate lending portfolio in Malta grew by 7.5% during 2024, reflecting continued support of local businesses through collateralised facilities.
- The securities and securitisation investment portfolio increased by a net €37.2 million or 2.8%. The effective rate of return on treasury investments improved from 2.4% in 2023 to 3.2% in 2024.
- MeDirect's capital and liquidity positions remained adequate, supporting the continuation of its business strategy and further growth. As of 31 December 2024, the Group's Tier 1 capital ratio stood at 16.4%, with a total capital ratio of 19.8%, both above regulatory requirements, recommendations and management buffers.
- The Group continued to execute its de-risking strategy and to improve its asset quality by actively managing its Non-Performing Loan ("NPL") portfolio and reducing its NPL ratio by divesting certain non-performing loans, predominantly in the ICL portfolio. As of 31 December 2024, the NPL ratio was reduced to 2.2%, from 2.5% as of 31 December 2023.

ESG and social responsibility

- MeDirect continued to integrate Environmental, Social and Governance ("ESG") principles into its business and to embed ESG awareness throughout the organisation.
- During 2024, MeDirect expanded its offering of green funds and ETFs, green mortgage loans and introduced a new green lending product in Malta. Additionally, it reported its carbon footprint for the first time in December 2023 and has since continued to monitor its carbon emissions. This effort aligns with MeDirect's commitment to reducing its own carbon footprint and financed emissions.
- In 2024, MeDirect continued to improve its EcoVadis rating, earning a prestigious Platinum medal. This recognition places MeDirect in the top 1% of companies rated by EcoVadis, a leading sustainability rating provider.

- As of December 2024, MeDirect had employees from over 30 nationalities, with 62% of the workforce being male and 38% female.
- In April 2024, MeDirect Malta was re-certified with the Equality Mark by the National Commission for the Promotion of Equality.
- MeDirect prides itself on developing its employees and promoting from within. It contributes to the local communities in which it operates by supporting charitable organisations as well as talented individuals in areas such as sports and culture through sponsorships, donations and the voluntary actions of its employees.

Conclusion

- In 2024, MeDirect took an important step toward securing a bright future. The prospective acquisition of MeDirect by Banka CREDITAS is expected to provide the Group with a strong controlling shareholder, committed to reinforcing the Group's capital base and facilitating its sustainable growth plans in each of the markets in which it competes. Banka CREDITAS has both the financial strength and industry expertise to work in partnership with MeDirect with the aim of continuing to build MeDirect's client franchise and technology platform to produce stable and consistent profitability.
- Notwithstanding the many changes during 2024, MeDirect continued to execute its business strategy. MeDirect continued to de-risk its balance sheet and to reduce the size of its ICL portfolio, while maintaining adequate prudential ratios, in excess of regulatory requirements, recommendations and management buffers.
- At the same time, MeDirect continued to build its customer-centric platform, adding additional features and functionalities designed to make banking and wealth management as effortless as possible. From the launch of an omni-channel corporate banking platform to the introduction of globally recognised payment solutions, MeDirect has consistently demonstrated its ability to innovate and adapt. Supported by a cutting-edge technological infrastructure, MeDirect is well-positioned to continue its trajectory of growth and innovation, shaping the future of digital banking for years to come.
- By listening to client feedback and staying ahead of industry trends, MeDirect intends to continue to deliver solutions that cater to the evolving needs of its diverse corporate and retail customer base.

Unquote

Henry C. Schmeltzer
Company Secretary

12 March 2025

**DIRECTORS' DECLARATION
ON ESEF ANNUAL FINANCIAL REPORTS**

This form of declaration shall be included in the Company Announcement wherein the publication of the ESEF AFR is announced and may be amended to reflect individual cases depending on the country of registration/incorporation.

We, Bart Bronselaer (Chairman), Izabela Banas (Chief Financial Officer) and Lisa Fergus (Chief Risk Officer) in our capacity as Directors of MeDirect Bank (Malta) Plc (C 34125), hereby certify:

- i. That the Annual Financial Report for the year ended 31 December 2024 has been approved by the Board of Directors of the Company and is hereby being made available to the public.
- ii. That the Annual Financial Report 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 Financial Report 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 Financial Report including the annual financial statements.
- iv. That the Annual Financial Report 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) and the Banking Act (Chapter 371 of the Laws of Malta).

Bart Bronselaer
Chairman
Officer

Izabela Banas
Chief Financial Officer

Lisa Fergus
Chief Risk

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).