

MDB GROUP

STRATEGIC OVERVIEW

JUNE 2021



medirect
Think ahead. Bank ahead.

Introduction to MeDirect

A Pan-European digital challenger bank with a retail Wealth Tech platform poised for growth.

Wealth platform for (mass) affluent clients offering disruptive digital investing solutions.

- » 83k (mass) affluent customers
- » €4.1bn of client financial assets of which €1.4bn AuM
- » Open architecture model with 38% of wealth penetration in customer base (avg. client asset of €70k)
- » Complemented by attractive daily banking features

Complemented by low risk & capital efficient B2B2C mortgage lending platform.

- » €1.6bn Dutch NHG mortgages originated
- » Belgium Mortgages launch planned for 2021
- » Malta Mortgages launched in March 2021
- » Mortgage factory in partnership with established originator/server and backed by securitisation funding

Support by advanced Tech allowing for scalability and fast time-to-market.

- » Modular microservices and open banking architecture operating as a multi-bank platform
- » Digital channels with superior UX
- » Real-time data-driven CRM engine

...and with a robust and efficient operating model.

- » Efficient set-up with technology and support functions located in Malta
- » Diversified balance sheet predominately composed of mortgage lending, with low exposure to corporate lending
- » European Central Bank regulated systemic bank with 16.1% Tier 1 capital ratio and strong liquidity

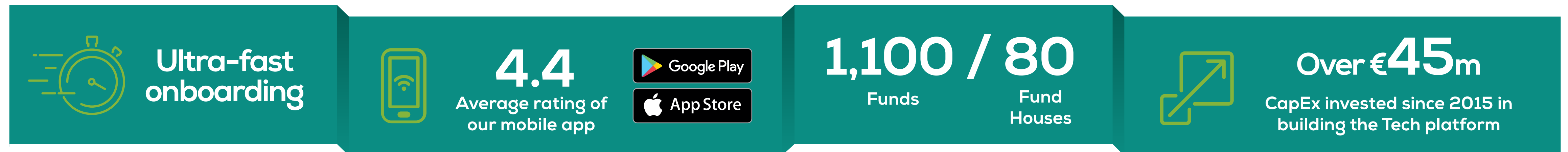
Figures as at 30 June 2021

MeDirect key highlights 2020

RETAIL FRANCHISE



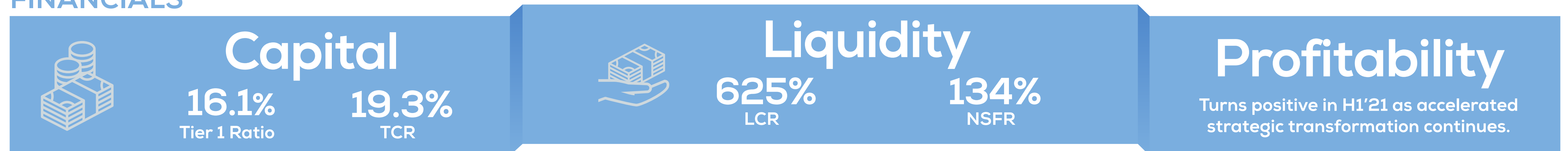
WEALTHTECH PLATFORM



ASSET DIVERSIFICATION

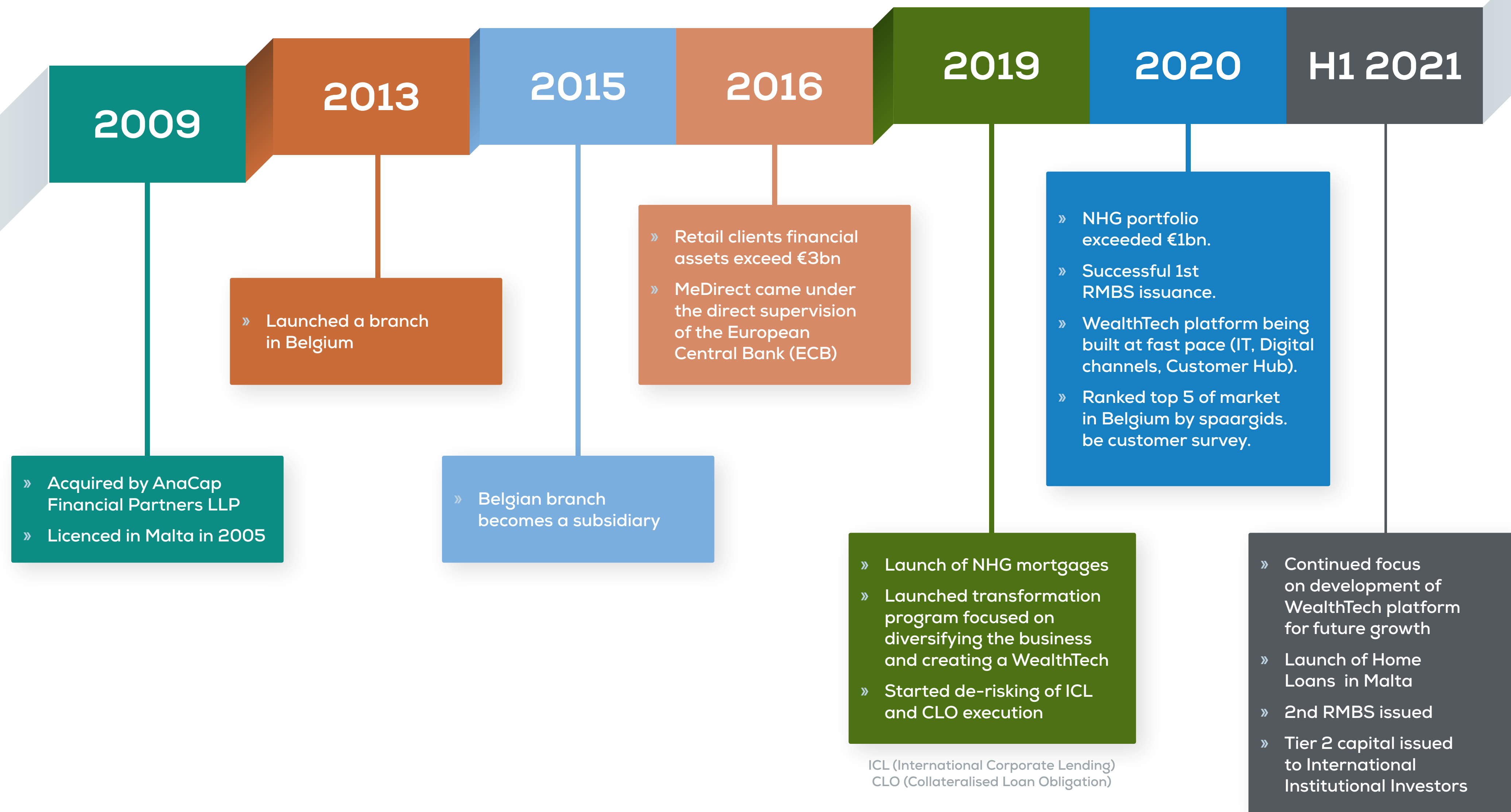


FINANCIALS



Figures as at 30 June 2021

MeDirect History



Pan European digital challenger bank

CLIENT, DEPOSIT & ASSETS UNDER MANAGEMENT:

83k
Clients

€2.7bn
Deposits

€1.4bn
AUM



59k

€2.0bn

€0.8bn

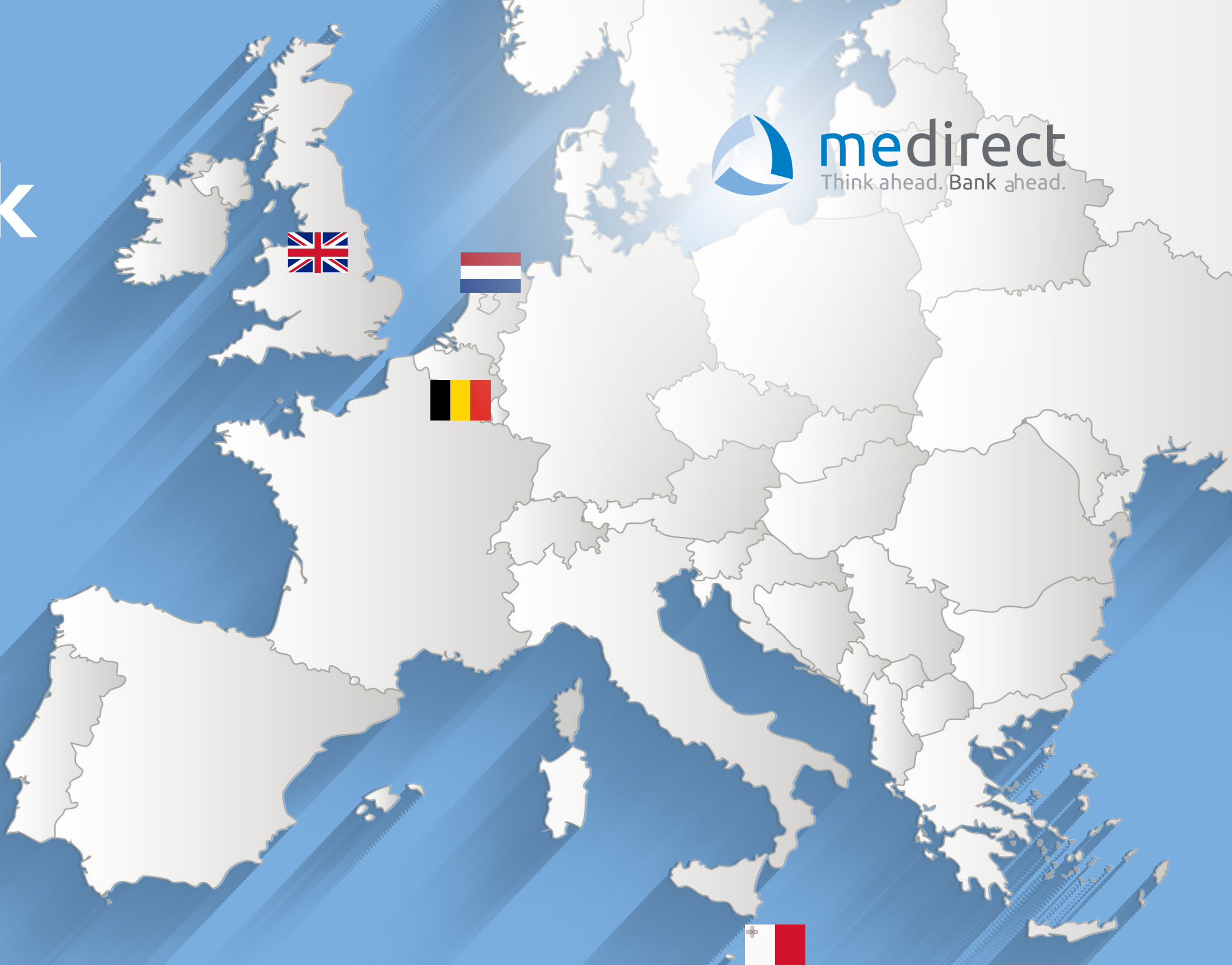


24k

€0.7bn

€0.6bn

Deposits and AuM include Maltese Corporate Clients holding €0.3bn in financial assets.

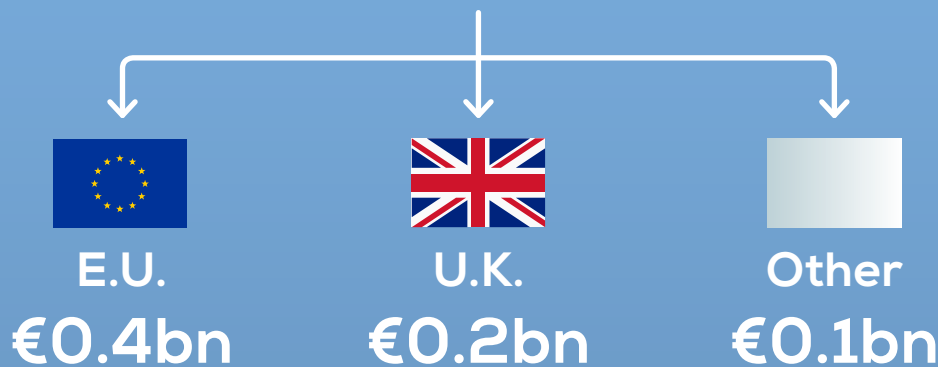


CREDIT PORTFOLIO:

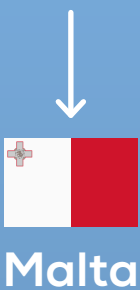
€1.6bn
Dutch Mortgages



€0.7bn
International Corporate Lending

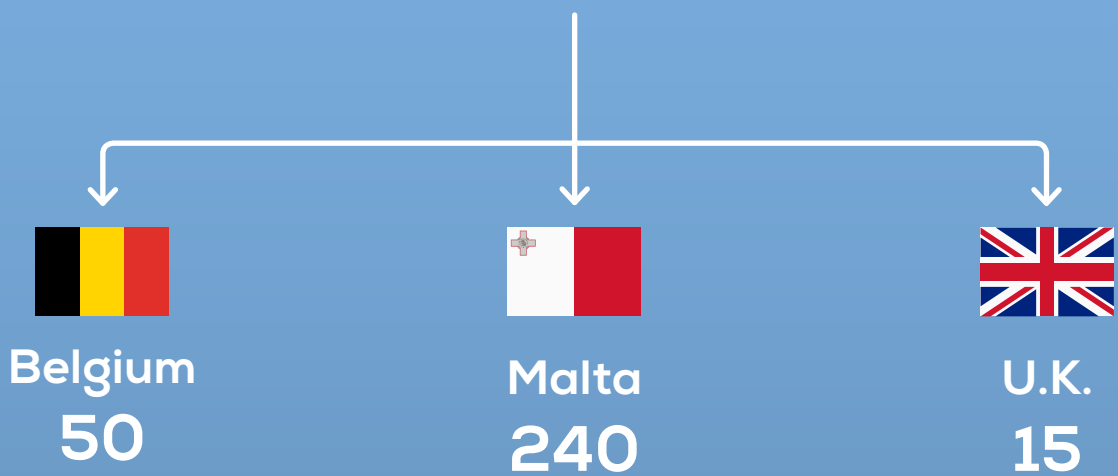


€0.1bn
Malta Corporate Lending



EMPLOYEES:

305 



The figures show on-balance sheet exposures only

Figures as at 30 June 2021

Main achievements in 2020

Among the **first banks** to enable full remote working set-up during COVID-19 (with great success).

Demonstrated **resilience** to impacts of COVID-19 (liquidity, capital).

Ranked top 5 of market in Belgium by spaargids.be customer survey.

Digital deliveries:

- » Launch of **mobile app**
- » Revamped **online eBanking** (code rewrite and UX) in November '20
- » New and simple onboarding process with onboarding time **<10 minutes** for ItsMe in December 2020
- » Seamless **integration** with third party providers (ID verification and compliance checks: ITsMe and Mitek amongst others)

Reached **€1.1bn** NHG book.

One of the **first banks** to open the Dutch RMBS market during the height of the COVID-19 outbreak in Q2 2020.

Successfully **attracted** Tier 2 International Institutional Investors

Dynamic growth and balance sheet transformation

Client Base

CAGR DEC 2018–JUN 2021

+17%

83k Clients

NHG Mortgage Book

€1.6bn

Since launch in September 2019

Assets Under Management

CAGR DEC 2018–JUN 2021

+27%

€1.4bn AuM

International Corporate Lending

MAR 2019–JUN 2021

–€1.1bn

Reduced by c. 60% since March 2019

Figures as at 30 June 2021

Our vision on how to scale up as a WealthTech

Deploy a disruptive wealth value proposition.

- » Our purpose: make digital investing simple and convenient for everyone
- » Mutual funds open architecture and access to global markets, with disruptive UX at all client touchpoints
- » Transparent competitive pricing
- » Deploying a real time data-driven CRM engine

Leverage a state-of-the-art tech data-driven 'backbone'.

- » Deploy quickly innovation with short implementation cycles
- » Connect seamlessly new partners through an open architecture as an aggregator of services
- » Develop internally and own the IP on all front end touchpoints and middle layer

Larger marketing investments to increase customer acquisition and brand awareness.

- » Spend more and better
- » Leverage on digital marketing, referrals and brand power
- » Develop partnerships

MeDirect open fund architecture

Giving our clients access to a wide range of investment products is in our DNA.

Mutual Funds Supermarket

- » Choose from a worldwide selection of over **1,100** mutual funds from c. **80** renowned fund houses

Model Portfolios

- » Ready made investment portfolio allowing customers to invest in a diversified basket of funds with a **few clicks**

- » MeGreen
- » MeGlobal
- » Fully Managed

Available online in Belgium and through Advisory in Malta

Brokerage

- » Online brokerage platform covering a selection of over **3,100** equity securities, **300** bonds and **450** ETFs across c. **20** stock exchanges

medirect**talk**: insights for clients from major fund houses



medirect**talk** is a series of seminars organised in Malta by MeDirect featuring several financial experts and asset managers sharing their views on market and investment opportunities.

Seminars delivered in H1 2021



Insight on Sustainable investments and why they are the investments for a better future.



Discussed how financial well-being is about feeling a sense of security, as though people have enough money to meet their needs.



Update on the performance of the fund, and his views on the financial world and current trends.

Technology at the core of our competitive advantage



MeDirect Tech Blog



SAP's Philipp Pracht comments
on MeDirect's adoption of Luigi

Strong in-house Software Development team

Built award winning solutions in
other Tech-advanced sectors

Agility and speed to market

Release fast improvements and new
features through a CI/CD* framework

Ability to containerise the platform

Allows to run software code uniformly
and consistently on any infrastructure

COMPETITIVE ADVANTAGES

Modular microservices architecture

To innovate and meet business needs

Data engineering team

Dedicated to enable AI and ML
for MeDirect in real-time

24x7 Production Service Monitoring

With pro-active alerts on all endpoints

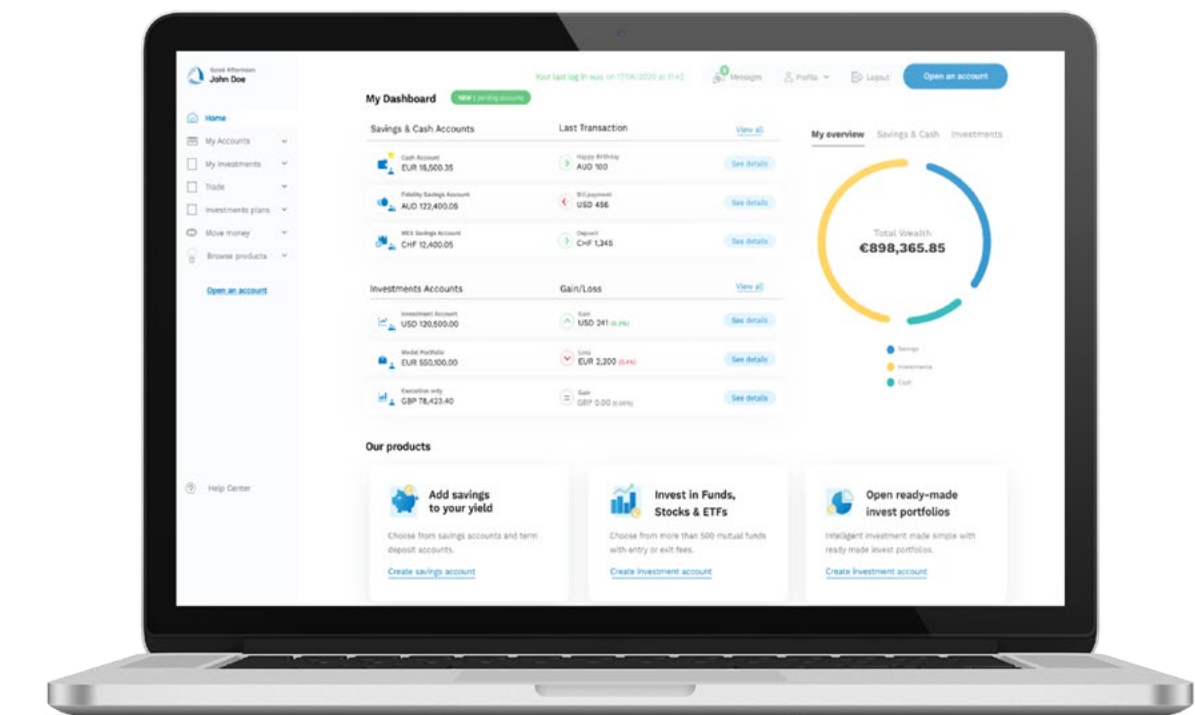
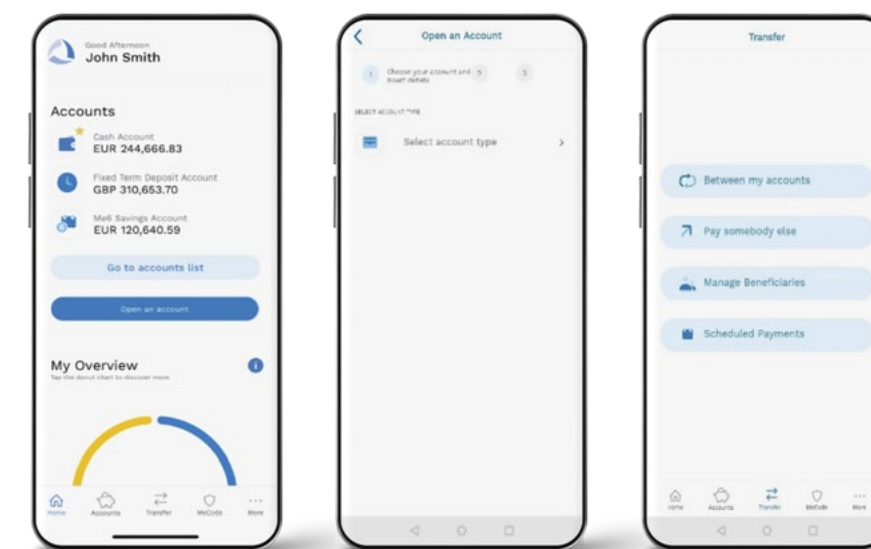
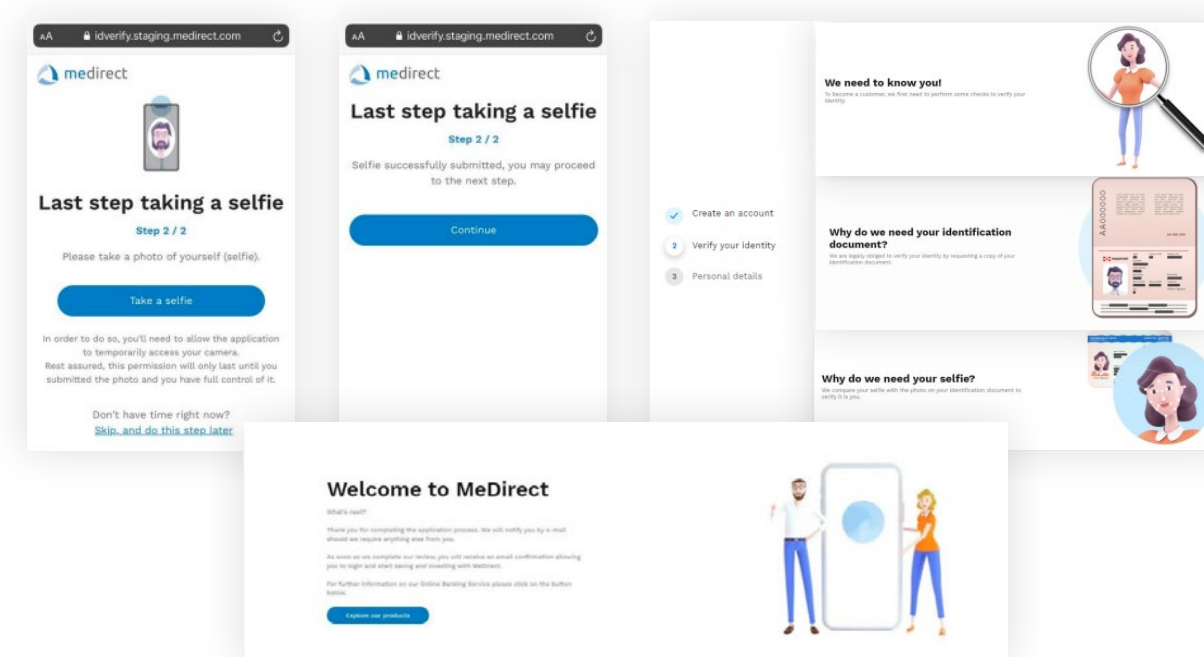
*Continuous Integration / Continuous Deployment

User eXperience driving our digital transformation

Fast and simple onboarding process

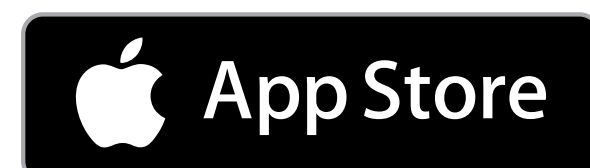
Highly intuitive and convenient mobile app

Revamped eBanking site



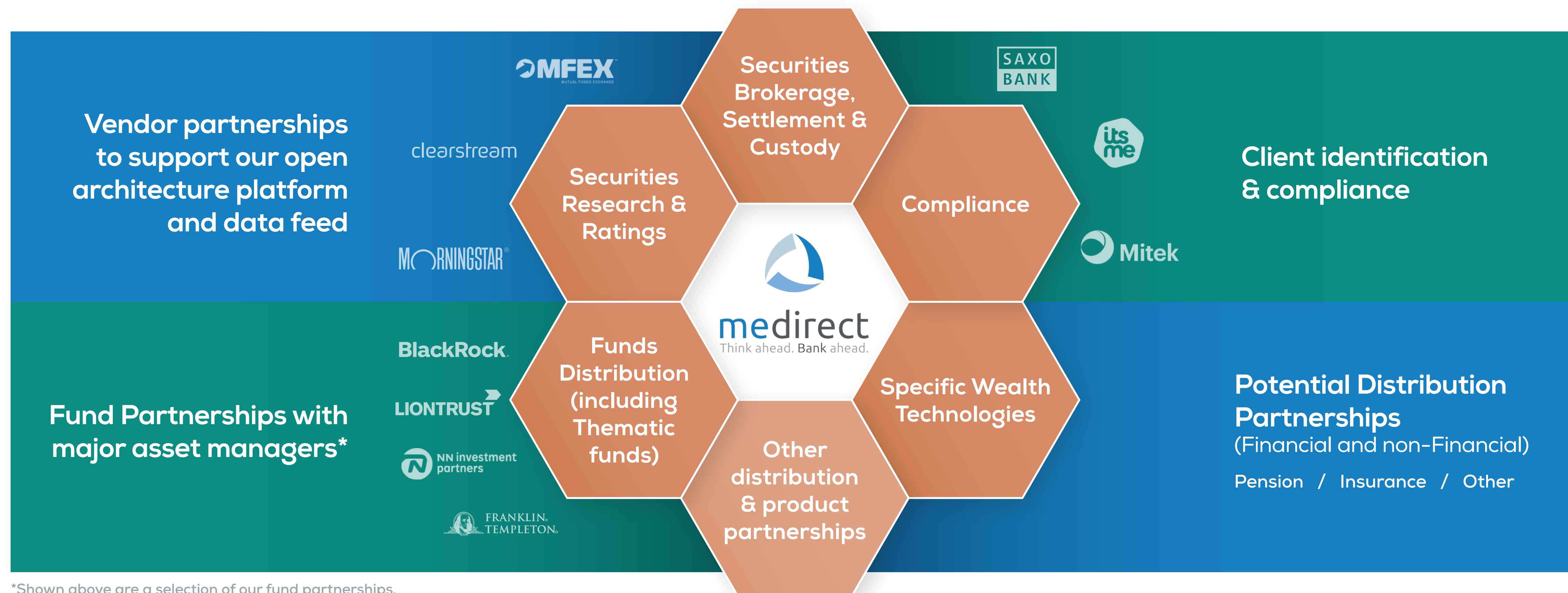
<10min
onboarding time
through ItsMe

4.4
average rating across:



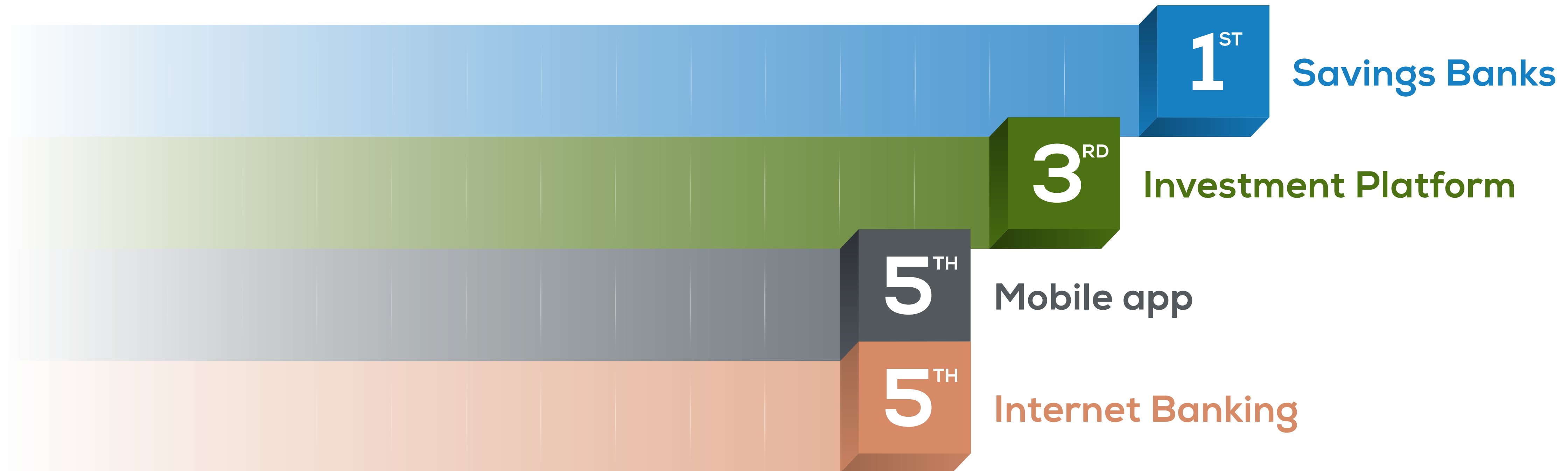
Majority
of customers rate the site
very good or excellent

We continuously plug new partners into our open ended platform as an aggregator of services



*Shown above are a selection of our fund partnerships.
NN Investment partners are only available in Belgium.

Already ranked by clients in top 5 amongst Belgian banks



26 banks were ranked in the survey.
Source: spaargids.be as at December 2020

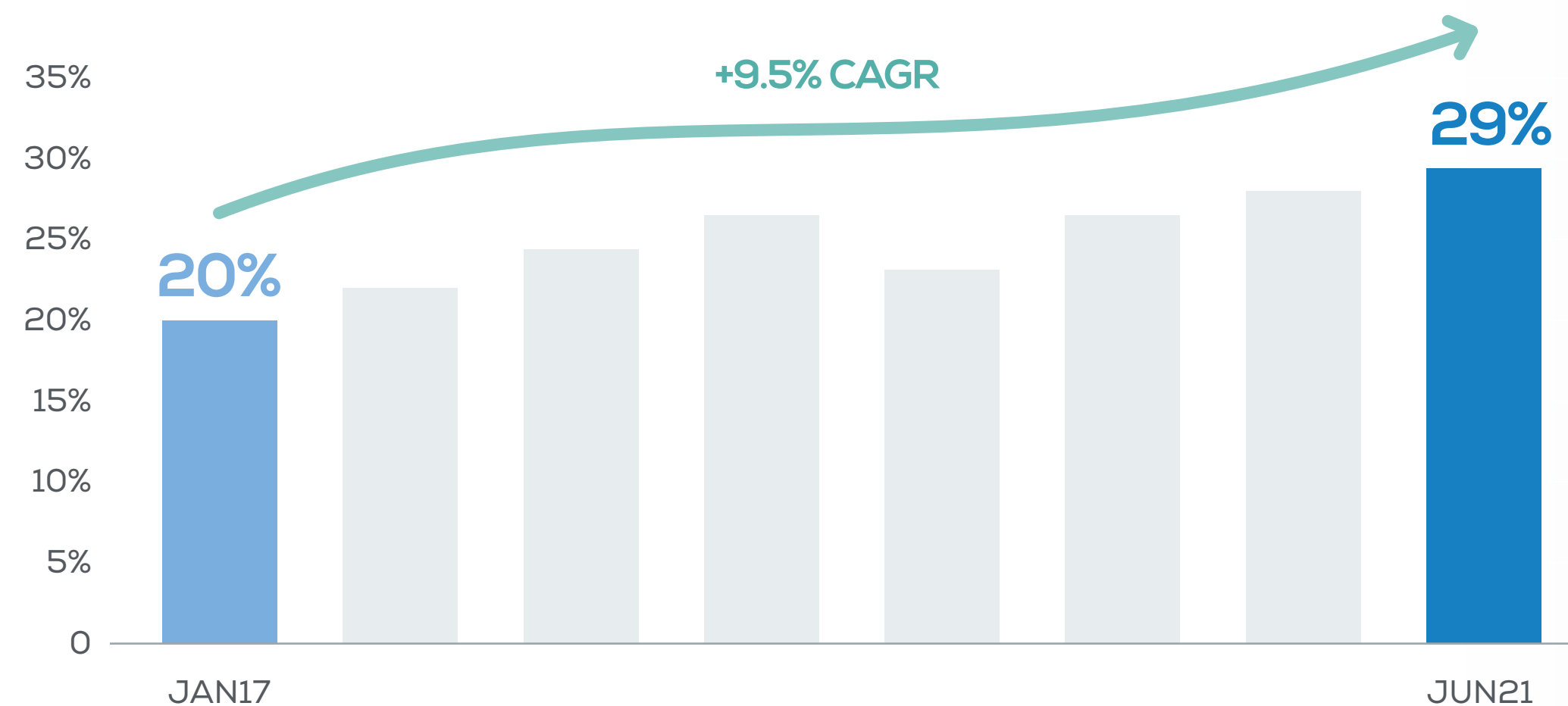
**Our ambition is to be in the Top 3
in each category**



MeDirect Belgium:

A well-recognised player in its market

AIDED BRAND AWARENESS



- » MeDirect's **aided brand awareness** has improved very fast and compares well with longer-established Belgian brands
- » MeDirect aided brand awareness reaches **36%** in Belgian investor segment

Source: IVOX as at June 2021

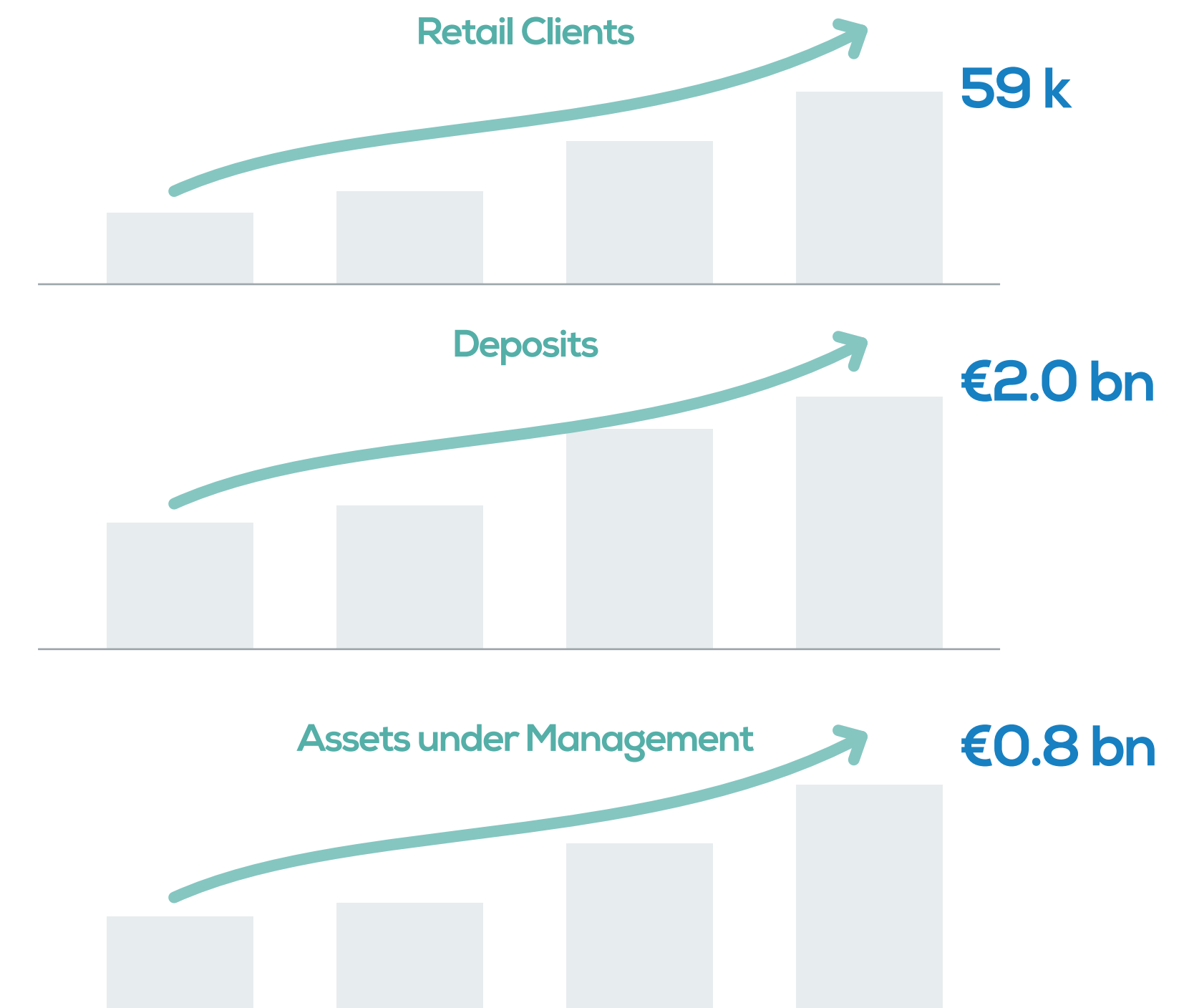
DYNAMIC GROWTH

Strong growth achieved in all client-related metrics

↑ **26%**
CAGR
DEC18–JUN21






↑ **25%**
CAGR
DEC18–JUN21

↑ **35%**
CAGR
DEC18–JUN21

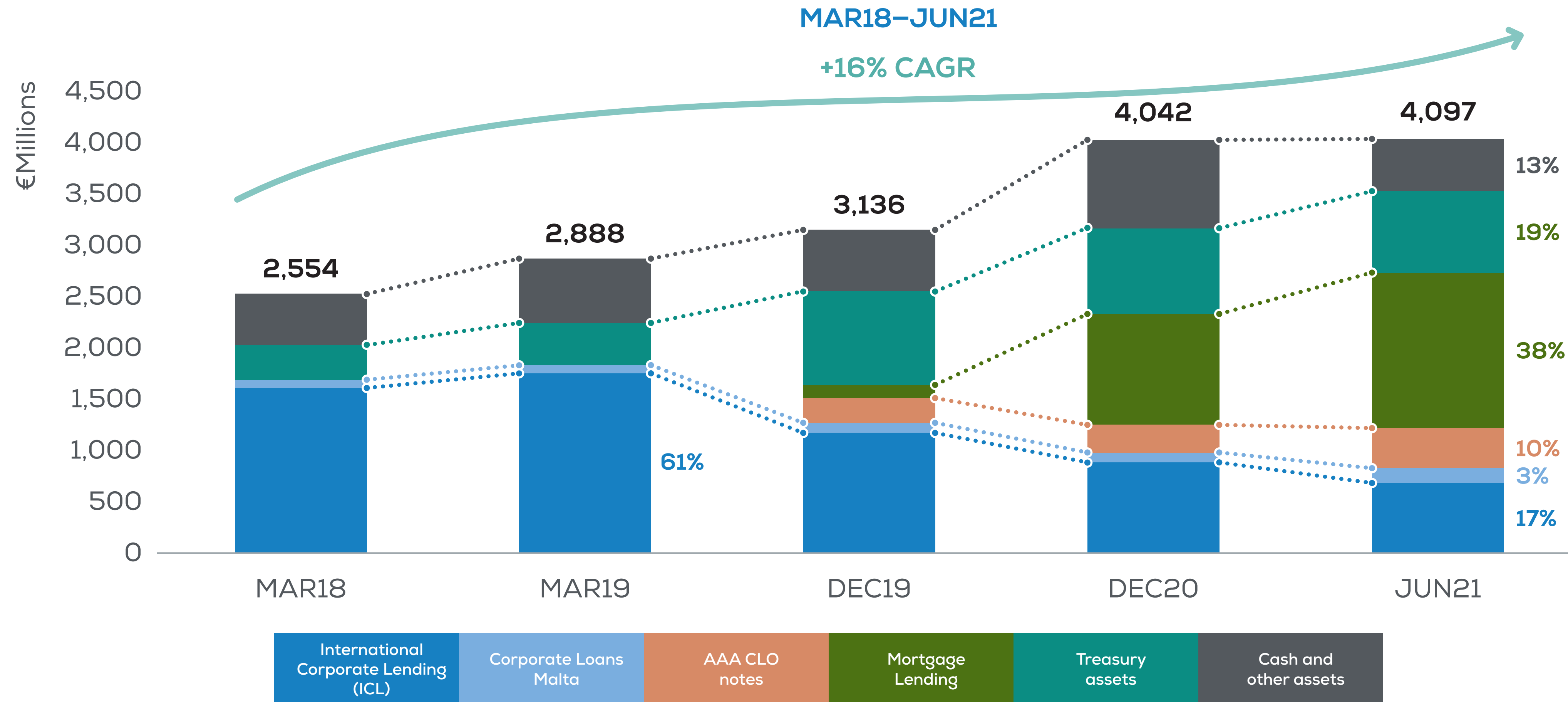


Figures as at 30 June 2021

MeDirect is also building a mortgage factory to complement its WealthTech platform

Why?	How do we do this?	Where?	How do we fund this?
<ul style="list-style-type: none"> » Mortgages form part of MeDirect's retail product offering, and have cross-sell potential » Lower risk and capital efficient asset » Focus on creating convenient digital processes for both partners and clients 	<ul style="list-style-type: none"> » Partnership with established originator/servicers  B2B2C with established partners  B2C model 	<ul style="list-style-type: none">  Launched in 2019 under the HollandWoont brand through partnership with DMPM  Launched in March 2021  Actively planning launch 	<ul style="list-style-type: none"> » Efficient funding strategy through a balanced mix of wholesale and deposit funding » Successfully issued 2 RMBS from the Dutch mortgage business

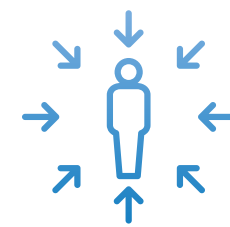
Systemic balance sheet diversification underpinned by mortgage lending growth



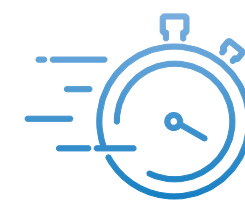
Asset evolution represents Total assets as per Group published financial statements

Lending in Malta: new mortgage offer and stable corporate banking franchise

INNOVATIVE MORTGAGE OFFER LAUNCHED IN MARCH 2021



Customer-centric approach
with digitalised experience



Faster-than-market
turnaround times

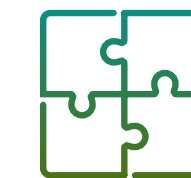


Fair and transparent
fees structure

SMALL BUT ESTABLISHED CORPORATE BANKING FRANCHISE



One-stop shop to both local SMEs and larger Maltese companies,
as well as international corporates operating from Malta



Provides corporate lending solutions, as well as corporate
services for FX execution, payments and treasury services



Support local businesses during the COVID-19
pandemic in collaboration ("MeAssist")

Corporate Banking Franchise

Credit Portfolio	Deposits	Assets under Management
€0.1bn	€0.2bn	< €0.1bn

Figures as at 30 June 2021

ESG Principles – Current Initiatives



ENVIRONMENTAL

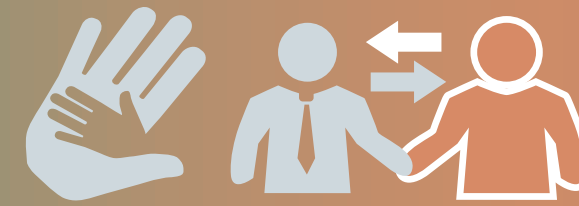
Supporting the transition to a low-carbon, greener economy

» Our Customers

- » Products: inclusion of eco-friendly mutual funds available on MeDirect's open fund architecture

» Our Community

- » Eco-friendly workplace: adoption of energy conservation measures (LEDs, occupancy sensors)
- » Environment: encourage eco-friendly transportation to and from workplace



SOCIAL

Building a more considerate environment for employees and customers

» Our Customers

- » Awareness: ESG focused content on MeDirect websites and webinars with Fund Houses
- » COVID-19 measures: provide financial relief to corporate customers through participation in Malta Development Bank guarantee scheme and other loan moratoria measures

» Our Employees

- » Work from home policy
- » Equality Mark Certificate in Malta awarded in 2020
- » Sponsorships, training and education programmes for all employees
- » Reduced hours for working parents and maternity leave to promote work-life balance



GOVERNANCE

Adopting proper standards for corporate governance

» Our Customers

- » Customer privacy: adoption of a robust internal system of practices, controls, and procedures to meet the needs and expectations of clients

» Our Stakeholders and Partners

- » Promotion of ethical behaviour through anti-bribery & corruption training
- » Established whistleblowing protection, corporate values and code of ethics
- » ESG-related training

Acceleration of strategic transformation continues as H1 2021 profitability turns positive

€M	H1'20 JUN20 REPORTED	H1'21 JUN21 REPORTED
Net Interest Income (NII)	26	26
Net Fee & Commission income	3	3
Other income/(expense)	(4)	1
Total operating Income	25	30
Operating Expenses (OpEx)	(29)	(31)
Impairment charges	(56)	4
Profit/(Loss) before tax	(60)	3
Profit/(Loss) after tax	(50)	3

» MeDirect remains on course in its strategic transformation:

- » First half of 2021 highlighted with encouraging profit performance, following significant impact from impairment provisions in 2020 due to COVID-19 pandemic
- » NII remained stable with reduction in ICL book being replaced by growth in the mortgages book
- » Slight increase in OpEx reflects accelerated investment in WealthTech platform
- » Observed recoveries and provision releases reflect stronger credit outlook following prudent approach taken in 2020

MeDirect's strategic intent unchanged: **grow as a leading WealthTech platform**






MeDirect continues to operate with strong capital ratios after having absorbed COVID-related impairments

MDB GROUP LTD				
		JUN 21	DEC 20	DEC 19
CAPITAL	CET1/T1 Capital Ratio	16.1%	14.8%	15.2%
	Total Capital Ratio	19.3%	17.3%	17.3%
LIQUIDITY	LCR	625%	563%	716%
	NSFR	134%	121%	136%

- » Capital ratios well in excess of current regulatory capital requirements
- » Strong liquidity levels, with LCR at more than five times minimum regulatory requirement of 100%

A Pan-European Bank under the direct supervision of the ECB

- » The Group's operating entities are supervised and regulated by a Joint Supervisory Team (JST) comprising ECB, National Bank of Belgium (NBB) and Malta Financial Services Authority (MFSA).
- » As a systemically important bank, MDB Group operates under the strictest banking oversight and with the same requirements as the largest European banks.

REGULATORY OVERSIGHT OF THE REGULATED GROUP					
	 ECB	 NBB	 MFSA	 FSMA	 CBM
MDB Group	✓	✓	✓		
Joint Supervisory Team comprises ECB, NBB and MFSA					
MeDirect Bank (Belgium)	✓	✓		✓	
MeDirect Bank (Malta)	✓		✓		✓

Leadership Team



Arnaud Denis
Group CEO

- » 25 years experience in banking, with track record of retail business transformation, especially in the field of digital
- » First Deputy CEO of ROSBANK Group, Société Générale's Russian retail platform
- » CEO of Eurobank SA, Polish subsidiary of Société Générale
- » MD in Société Générale's Fixed Income division based in NY



Tim Rooney
Belgium CEO

- » 35 years experience in banking
- » CEO of Bank Nagelmackers (a top Private Bank in Belgium)
- » Executive Director at Deutsche Bank PBC, with global responsibility for retail credit
- » Specialist in Retail Banking and Insurance



Radoslaw Ksiezopolski
Group CFO

- » 20 years experience in banking
- » CFO of Eurobank Polish subsidiary of Société Générale
- » CFO of Credit Agricole Bank Poland
- » Consultant at McKinsey & Co.
- » Worked on the transformation of Polish subsidiary of UniCredit



Alex Konewko
Group CRO

- » 18 years experience in banking
- » Held Senior Risk positions with HSBC in both Retail and Wholesale Risk for EMEA
- » Specialised in credit risk management, risk governance, operational risk, regulatory and compliance



Marcel Berkhout
Belgium CFO

- » 18 years experience in banking
- » Senior Executive/Director in Corporate Finance, Corporate Banking and Reinsurance at Belfius Bank
- » CFO at Optima Bank
- » CFO at MeDirect Belgium since it received its banking licence in 2015

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