



Issue of Euro equivalent of
€35,000,000 in 4% Subordinated Unsecured Bonds due 2024-2029
issued in Euro (EUR Bonds) and Pounds Sterling (GBP Bonds)

by
MeDirect Bank (Malta) plc

(registered as a public limited liability company in the Republic of Malta)

Summary Note dated 7 October 2019

This Summary Note is issued in accordance with the provisions of Commission Regulation (EU) No. 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation") and the delegated acts issued thereunder.

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

Sponsor



Manager & Registrar



YOU ARE ABOUT TO PURCHASE SECURITIES THAT ARE COMPLEX AND MAY BE DIFFICULT TO UNDERSTAND THIS SUMMARY NOTE HAS BEEN APPROVED BY THE LISTING AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVED THIS SUMMARY NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY NOTE.

THIS SUMMARY NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

Philippe Delva
Director

APPROVED BY

On behalf of the Board of Directors

John Zarb
Director

This Summary Note is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary Note contains key information which will enable investors to understand the nature and the risks of the Issuer and the Bonds.

Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

1. INTRODUCTION AND WARNINGS

This Summary Note contains key information on the Issuer and the Bonds, summarised details of which are set out below:

Issuer	MeDirect Bank (Malta) plc, a public limited liability company registered in Malta with registration number C 34125 and having legal entity identifier (LEI) number 529900SYUCFQHI3JZQ05.
Address	The Centre, Tigné Point, Sliema, TPO 0001, Malta.
Telephone number	+356 2557 4400
Website	https://www.medirect.com.mt/
Nature of the securities	EUR Bonds and GBP Bonds in aggregate principal Euro equivalent amount of €35,000,000, bearing interest at the rate of 4% per annum payable annually on 5 November of each year until the Redemption Date or a Designated Early Redemption Date.
ISIN number of the Bonds	ISIN: EUR bonds - MT0000551300 and GBP bonds - MT0000551318.
Details of the competent authority approving the prospectus	The Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta).
Address, telephone number and official website of the competent authority approving the prospectus	The Listing Authority, Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business, District, Birkirkara, Malta, CBD 1010. The telephone number of the competent authority is +356 2144 1155. The official website of the competent authority is https://www.mfsa.mt/
Prospectus approval date	7 October 2019.

Prospective investors are hereby warned that:

- i. This summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document;
- ii. Any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- iii. An investor may lose all or part of the capital invested in subscribing for Bonds;
- iv. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- v. Civil liability attaches only to those persons who have tabled the summary including any translation thereof but only if the summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

2.1.1 Domicile and legal form, its LEI and county of incorporation

The Issuer is MeDirect Bank (Malta) plc, a public limited liability company registered in terms of the Companies Act (Cap.386 of the laws of Malta), having company registration number C 34125 and its registered office at The Centre, Tigné Point, Sliema, TPO 0001, Malta. The Issuer is incorporated and is domiciled in Malta. Its LEI number is 529900SYUCFQHI3JZQ05.

2.1.2 Principal activities of the Issuer

The Issuer is licensed as a credit institution under the Banking Act (Cap. 371 of the laws of Malta). The Issuer is licensed to, inter alia, carry out the business of banking, to undertake money transmission services, to issue and

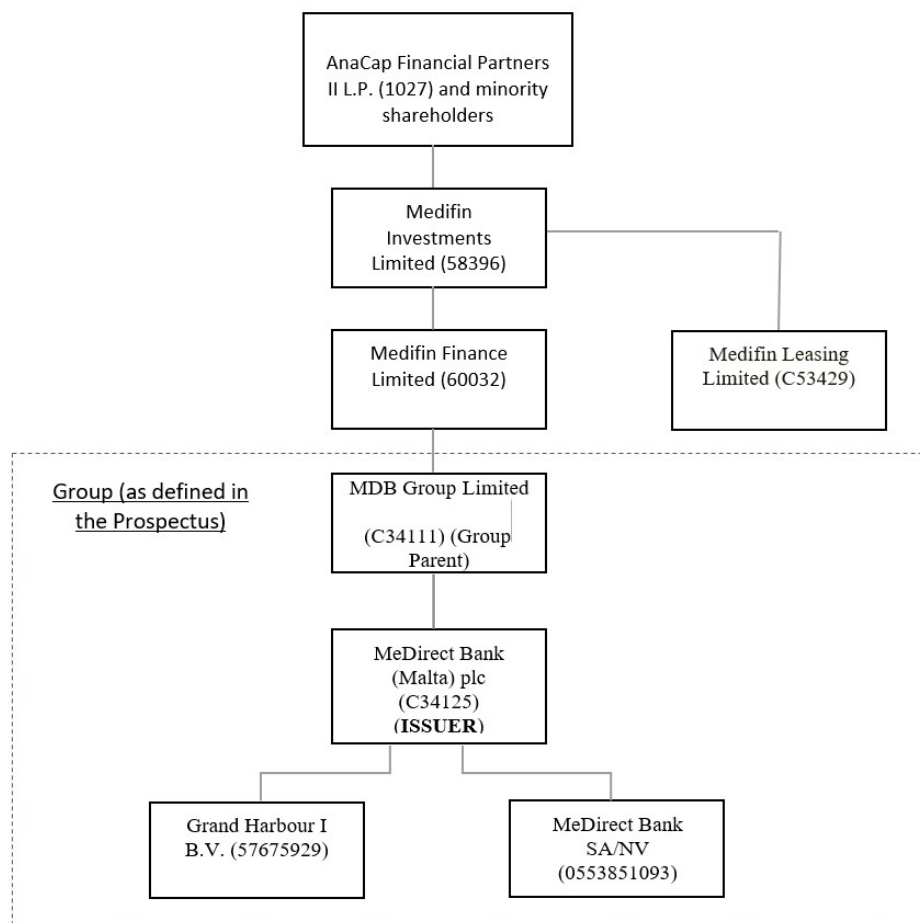
administer means of payment, to issue guarantees and commitments, to trade on own account and/or for the account of customers in a number of instruments, to provide portfolio management and advice and to provide safe keeping services. The Issuer focuses on wealth management, savings and investments. The Issuer also holds a Category 2 and Category 4A license issued by the MFSA which authorises the Issuer to provide investment services, to hold or control clients' money and to act as trustee or custodian of collective investment schemes.

2.1.3 Organisational Group Structure

The Issuer forms part of a group of companies, indirectly owned and controlled by AnaCap Financial Partners II L.P. (1027) and minority shareholders.

2.1.4 Key managing directors

As at the date of the Prospectus, the Board of Directors of the Issuer is composed of the following persons:



- i. Michael Adrian Bussey (*Group Chairman and Non-Executive Director*)
- ii. Benjamin Hollowood (*Group Non-Executive Director*)
- iii. Dominic Wallace (*Group Non-Executive Director*)
- iv. John Zarb (*Group Non-Executive Director*)
- v. Philippe Delva (*Interim - Group CEO and Executive Director*)
- vi. Radoslaw Ksiezopolski (*Group Chief Financial Officer and Executive Director*)

Subject to regulatory approval by the JST, the above are due to be joined by the following:

- i. Arnaud Denis (*Group Chief Executive Officer and Executive Director*)
- ii. Alex Konewko (*Group Chief Risk Officer and Executive Director*).

2.1.5 Statutory auditors

Pricewaterhouse Coopers, certified public accountants, of 78, Zone 5, Centra Business District, Mill Street, Qormi, CBD 5090 have audited the annual statutory consolidated financial statements of the Issuer for the financial years ended 31 March 2017, 31 March 2018 and the 31 March 2019. PricewaterhouseCoopers is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap.281 of the laws of Malta).

2.2 What is the key financial information regarding the Issuer?

The key financial information regarding the Issuer on a consolidated basis is set out below:

INCOME STATEMENT	31 March 2019	31 March 2018	31 March 2017	Interim	Comparative interim from same period in prior year
	€000	€000	€000	(As at 30/09/2018) €000	(As at 30/09/2017) €000
Net interest income (or equivalent)	67,602	62,933	57,564	33,699	31,135
Net fee and commission income	5,558	4,225	2,741	2,438	1,750
Net impairment loss on financial assets	(5,795)	(8,302)	(5,607)	(4,600)	(1,021)
Net trading income	3,128	3,929	2,178	1,582	1,981
Measure of financial performance used by the issuer in the financial statements such as operating profit	27,265	22,397	24,131	12,659	9,871
Net profit or loss (for consolidated financial statements net profit or loss attributable to equity holders of the parent)	22,868	19,545	15,151	11,837	7,100
Earnings per share	19c	17c	13c	10c	6c

BALANCE SHEET	31 March 2019	31 March 2018	31 March 2017	Interim
	€000	€000	€000	(As at 30/09/2018) €000
Total assets	2,882,791	2,547,522	2,571,291	2,650,236
Senior debt	-	-	-	-
Subordinated debt	67,138	66,949	47,043	66,876
Loans and receivables from customers (net)	1,842,555	1,701,716	1,449,970	1,857,428
Deposits from customers	2,202,091	1,979,159	1,901,512	1,967,360
Total equity	334,187	320,697	314,049	322,094
Non - performing loans (based on net carrying amount)/ Loans and receivables)	4.7%	3.93%	3.55%	3.05%
Common Equity Tier 1 capital (CET1) ratio or other relevant prudential capital adequacy ratio depending on the issuance	13.2%	14.2%	11.7%	12.63%
Total Capital Ratio	15.2%	16.6%	13.7%	14.76%
Leverage Ratio calculated under applicable regulatory framework	10%	10.3%	7.29%	9.45%

The audit reports on the audited financial statements for the years ended 31 March 2017, 31 March 2018 and the 31 March 2019 do not include any material qualifications.

2.3 What are the key risks that are specific to the issuer?

The most material risk factors specific to the Issuer are set out below which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise:

2.3.1 Credit Risk

Credit risk involves the possibility that the Issuer's contractual counterparties may not fulfil their payment obligations as a result of various factors, including the borrower's loss of capacity to service and repay debt and/or the emergence of circumstances related to the general economic environment in which the debtor operates.

2.3.2 Liquidity Risk

Extreme market disruptions may result in a prolonged restriction on the Issuer's access to liquidity which in turn could affect the Issuer's ability to meet its minimum regulatory liquidity requirements or to fulfil its financial and lending commitments.

2.3.3 Market Risk

Market risk refers to the adverse impact of movements in market prices or rates such as interest rates, credit spreads and foreign exchange rates. In the event that market risks were to occur, the Issuer may experience significant losses in the value of its investment portfolio, declines in the level of interest income, and negative movements in the fair values of its assets and liabilities which would consequently have a significant adverse impact on the operations and financial performance of the Issuer.

2.3.4 Risks associated with capital adequacy

Given that the Issuer has been categorised by regulatory authorities as an O-SII, it must fulfil supplementary requirements concerning the amount of CET1 capital it must hold as a buffer. Non-compliance with applicable capital requirements may have a significant impact on the Issuer's operations and future sustainability.

2.3.5 Risks relating to Information Technology

The Issuer depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Issuer's business and operating data. The Issuer's business activities would be materially disrupted if there were a partial or complete failure of any of information technology systems or communications networks.

2.3.6 Cyber-security Risk

The Group is susceptible to a variety of risks relating to the continuous and proper functioning of its operating systems, including, but not limited to, the risks of cyber-attacks (such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack), data theft or other unauthorised use of data, errors, bugs, malfunctions, inadequate maintenance service levels, or other malicious interference with or disruptions to their information technology and other systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's operating results, financial condition and prospects.

2.3.7 Failure to attract and/or retain key employees

Should the Issuer not succeed in recruiting and/or retaining key employees, the business, financial condition, results of operations and prospects may be adversely affected.

2.3.8 Reputational Risk

The Issuer may face reputational issues resulting from a number of factors. A failure to address these or any other relevant issues adequately, should they arise, could result in customers, depositors or investors becoming unwilling to do business with the Issuer, thereby potentially adversely affecting its business, financial condition, results of operations and/or prospects and/or damaging its relationships with its regulators.

2.3.9 Risks relating to the Dutch Residential Mortgage Loan Business

MeDirect Bank SA/NV has recently begun to invest in loan receivables relating to Dutch government guaranteed mortgage loans. The principal risk to the Group associated with such investments is the interest rate and liquidity-related market risk position. Failure to develop a critical mass of mortgage lending activities as part of a new core business line for the Group and any corrective actions which may be required to remediate any failings, may increase operational costs and adversely affect the performance and profitability of the Group.

2.3.10 New Initiatives

The Issuer may from time to time consider opportunities to expand its operations, to make acquisitions, to invest in new asset classes or to offer new services to its customers. Such initiatives may prove not to be successful, whether for commercial or other reasons, and this may result in a material adverse effect on the operations and performance of the Issuer.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

The key features of the Bonds are set out below:

The Bonds are being issued in an aggregate Euro equivalent of €35,000,000, consisting of two series: one denominated in Euro (Euro Bonds) and having a nominal value of €100 per Bond and one denominated in GBP (GBP Bonds) and having a nominal of £100 per Bond. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. There are no special rights attached to the Bonds other than the right of the Bondholders to (i) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bonds; (ii) payment of capital and interest in accordance with the ranking of the Bonds; and (iii) such other rights attached to the Bonds emanating from the Securities Note. The ISIN of the Bonds is: EUR bonds – MT0000551268 and GBP bonds – MT0000551276.

The Bonds are redeemable on 5 November 2029 or earlier on a Designated Early Redemption Date or a Regulatory Redemption Date, as applicable. The Bonds shall bear interest from and including 5 November 2019 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each "Interest Payment Date", the first Interest Payment Date being 5 November 2020 (covering the period 5 November 2019 to 4 November 2020).

The Bonds are unsecured and subordinated and shall rank subsequent to any other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future. In terms of the R&R Regulations, one of the resolution tools is the bail-in tool whereby Resolution Authorities are, amongst others, empowered to write down or convert into common equity certain liabilities of a failing bank (including Tier 2 Capital instruments, such as the Bonds). In the event that the Issuer becomes subject to a bail-in, the principal amount of the Bonds including any accrued but unpaid interest, may be: (i) partially or fully lost in the case of a write down to absorb the Issuer's losses; or (ii) if a conversion takes place, their investment in the Bonds may be partially or fully converted into Tier 1 capital to recapitalise the Issuer.

The Bonds are freely transferable. Trading in the EUR Bonds and the GBP Bonds shall take place on the MSE in multiples of €1,000 and £1,000 respectively subject to the retention of a minimum holding of €25,000 (or £20,000, as applicable) by each individual Bondholder.

3.2 Where will the securities be traded?

Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.

3.3 What are the key risks that are specific to the securities?

The most material risk factors specific to the securities are set out below:

3.3.1 Suitability of Investment in the Bonds

The Bonds are complex financial instruments for the purposes of MIFID II and may not be suitable for all recipients of the Prospectus.

3.3.2 The Bonds may be redeemed prior to maturity

The Bonds are redeemable in whole or in part at the option of the Issuer prior to the Redemption Date on any of the Designated Early Redemption Dates upon giving 30 days' notice to the Bondholders, subject to obtaining the prior approval of the JST.

3.3.3 Subordinated status and ranking of the Bonds

The Bonds are unsecured and subordinated. Subordination means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all senior indebtedness and unsubordinated claims and will not be repaid until all other senior indebtedness and unsubordinated claims which are outstanding at the time has been settled.

3.3.4 Limited Recourse

The only remedy available to the Bondholder in the event of a default by the Issuer shall be the petitioning for the winding up of the Issuer, which shall constitute an Event of Default.

3.3.5 Fixed Interest

The Bonds carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

Application for the Bonds

The Bonds are open for subscription during the Offer Period by: (i) holders of Existing Bonds designated in the EUR currency applying for EUR Bonds and, or holders of Existing Bonds designated in the GBP currency applying for GBP Bonds, by Exchangeable Bond Transfer up to the number of EUR Bonds and, or GBP Bonds (as applicable) representing the nominal value of Existing Bonds held by them as at the Cut-Off Date; (ii) holders of Existing Bonds applying for Excess and by remitting the Excess Cash Top-Up to the Issuer and (iii) Authorised Financial Intermediaries either for their own account or on behalf of clients. Applications for Bonds must be made by completing the Application Form during the Offer Period. The Existing Bondholder Cash Payment is payable to the holders of Existing Bonds who surrender their Existing Bonds in exchange for Bonds pursuant to an Exchangeable Bond Transfer. Applicants will receive refunds of the price of the EUR Bonds and, or GBP Bonds (as applicable) so applied for but not allocated.

The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE and the prior approval of the JST for the early redemption of the Existing Bonds. In the event that the Bonds are not admitted to the Official List, the Bond Issue shall not take effect. The Issuer has established a minimum aggregate subscription amount of €25,000,000 on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up but the said minimum is exceeded, the Issuer will issue Bonds up to the amount subscribed for.

Allocation Policy

The Issuer shall allocate the Bonds on the basis of the following policy:

- i. An aggregate amount of €25,000,000 in Bonds shall be available for subscription by Existing Bondholders applying for Bonds by way of Exchangeable Bond Transfer and Excess, without priority or preference amongst themselves. In the event that subscriptions by Existing Bondholders are less than €25 million, any amount not subscribed for will be available for subscription pursuant to point (ii) below;
- ii. An aggregate amount of €10,000,000 in Bonds (together with any Bonds not subscribed for in terms of (i) hereof) shall be available for subscription through the Intermediaries' Offer. In the event that subscriptions by Applicants as aforesaid are less than €10,000,000, any amount not subscribed for will be available for subscription pursuant to point (i) above limitedly insofar as application for Excess by Existing Bondholders is concerned.

In the event that Applications exceed the amount available for subscription in terms of points (i) and (ii) above, the Issuer acting together with the Registrar shall scale down Applications (subject to a minimum allocation of €25,000 per Application in the case of EUR Bonds and £20,000 in the case of GBP Bonds) in accordance with its allocation policy, and the subscription monies of any unsatisfied Applications or part thereof shall be returned by direct credit transfer to the account number indicated on the respective Application Form within five (5) Business Days from the announcement of basis of acceptance.

The manner of allocations in the event that the Bond Issue is not subscribed for in full are explained in section 4.2 below.

Expected timetable

Application Forms mailed to Existing Bondholders	14 October 2019
Offer Period	12:00 pm on 14 October 2019 and 12:00 pm on 23 October 2019, both days included
Intermediaries' Offer	12:00 pm on 14 October 2019 and 12:00 pm on 23 October 2019, both days included
Announcement of basis of acceptance	25 October 2019
Commencement of interest on the Bonds	5 November 2019
Refunds for unallocated Bonds	5 November 2019
Expected date of notification of registration	5 November 2019
Expected date of admission to trading	5 November 2019
Expected date of commencement of trading	5 November 2019

4.2 Why is this prospectus being produced?

In accordance with the Exchangeable Bond Transfer, Bonds will be issued to holders of Existing Bonds against the surrender and conversion of Existing Bonds in favour of the Issuer. An allocation of Bonds pursuant to an Exchangeable Bond Transfer will not result in the raising of any new funds to be utilised by the Issuer. However, Bonds allocated by virtue of the subscription for Excess and, or by virtue of the Intermediaries' Offer, will raise new funds. The use of any funds so received by the Issuer by virtue of the Excess and, or the Intermediaries' Offer, which funds may amount to a maximum amount of approximately €34,500,000 (net of expenses) in the event of the Bonds being subscribed for in full, will be utilised by the Issuer in the following order of priority:

- i. in the event that not all of the Existing Bondholders elect to exchange their Existing Bonds for Bonds by virtue of the Exchangeable Bond Transfer, and the proceeds received from any Excess and, or the Intermediaries' Offer would, in aggregate with the value of the Exchangeable Bond Transfers, amount to at least €25,000,000, the Issuer shall first utilise the proceeds received from any Excess and, or the Intermediaries' Offer to redeem the amount outstanding under the Existing Bonds; and
- ii. any surplus funds which are received by the Issuer from the Bond Issue but which are not utilised by the Issuer in terms of (i) above, shall be utilised in part for the purpose of part-financing the redemption of the Maturing Bonds (with any additional funding required for such redemption of the Maturing Bonds to be sourced from the Issuer's own funds) and in part for general corporate funding purposes of the Group.

In the event that the Bond Issue is subscribed for in an amount lower than €35,000,000 but equal to or greater than €25,000,000 then all Exchangeable Bond Transfers shall be processed in accordance with the terms of the Securities Note, and any funds received by way of Excess and, or the Intermediaries' Offer shall be used for the purpose specified in (ii) above.

In the event that the Bond Issue is subscribed for in an amount lower than €25,000,000, then no Exchangeable Bond Transfers shall be processed in accordance with the terms of the Securities Note, and any funds received by way of Excess and, or the Intermediaries' Offer shall be returned to the respective Applicants.

If fully subscribed, the Bond Issue is expected to enable the Issuer to reduce its outstanding debt under the Existing Bonds to a maximum of €35,000,000 whilst still respecting its Tier 2 capital requirements in terms of applicable law.

The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

