



THE ROAD AHEAD

Moving forward towards profitable growth

Investors' Presentation

March, 2018



1.

Executive Summary



Developments in 2017

Completion of merger

- Despite a 4 month delay, the **merger between BCC & PBK was completed in May 2017**

Completion of network optimization

- PBK now has **85 branches, spread optimally at national level**, after an optimization process aimed to eliminate the significant overlaps and to match the strategy

Completion of restructuring process

- A major cost cutting program has been in place during 2017, reducing OPEX by 29% compared to 2016 (consolidated for both banks), while **achieving operational results in line with budget**; further cost containment measures are in place in 2018 until reaching breakeven

Roll-out of the commercial model

- In the last months of 2017, when the **commercial model was fully deployed**, PBK reached EUR 20 million per month in new loans
- EUR 150 million in new loans in 2017, in spite of also running a bank-wide restructuring process

Completion of rebranding

- All 85 branches are now fully rebranded, with Patria Bank now being promoted at national scale through a **reinvigorated marketing strategy**

Clean-up of BCC legacy

- Legacy of BCC is undergoing a **bank-wide clean-up process** that aims to improve the balance sheet structure; certain delays in this clean-up process have impacted 2017 profitability



2.

Evolution to date

Patria bank formed as a result of successful integration of three financial institutions in three years (2015-2017)



#1 Acquisition of 98% in MKB Nextebank by EEAFF from MKB Bank (Hungary)

Assets: EUR 220M
Branches: 23 (12/2014)
Closing: 04/2014



2014

#2 acquisition of 100% in Patria Credit NBFI by Nextebank from RAEF* and BAF** (Nextebank rebranded as Patria Bank)

Assets: EUR 66M
Branches: 35 (05/2015)
Closing: 05/2015



2015

#4 Merger of Patria Bank with BCC commences (04/2016)

13 months merger process



2017



#3 acquisition of 64% in BCC by Patria Bank through direct acquisitions, capital increases and PTO (2016)

Assets: EUR 673M (12/2015)
Branches: 113 (12/2015)
Closing: 03/2016

Patria Bank

Assets: EUR 771M (12/2017)
Branches: 85 (12/2017)
Closing: 05/2017

Patria Group is currently comprised of Patria Bank, Patria Asset Management and Patria Credit, serving over 184,000 clients



- EUR 771 million in total assets
- 85 rebranded branches covering the entire country
- Targeting 2nd tier cities and communities, currently serving over 180,000 customers
- Key products offered include deposits as well as lending products including mortgages and consumer loans (retail) as well as working capital and investment loans



- Asset Manager with EUR 22.8 million in total assets, and ~2,000 clients
- Manages 3 open-ended investment funds, with top-rank returns vs. market competitors, comprising:
 - Carpatica Obligatiuni, bonds (EUR 18m in NAV, 2.04% LTM return)
 - Carpatica Global, stocks and bonds (EUR 2.7m in NAV, 7.28% LTM return)
 - Carpatica Stock, stocks (EUR 1.8m in NAV, 17.14% LTM return)
- Uses PBK's network as distribution channel

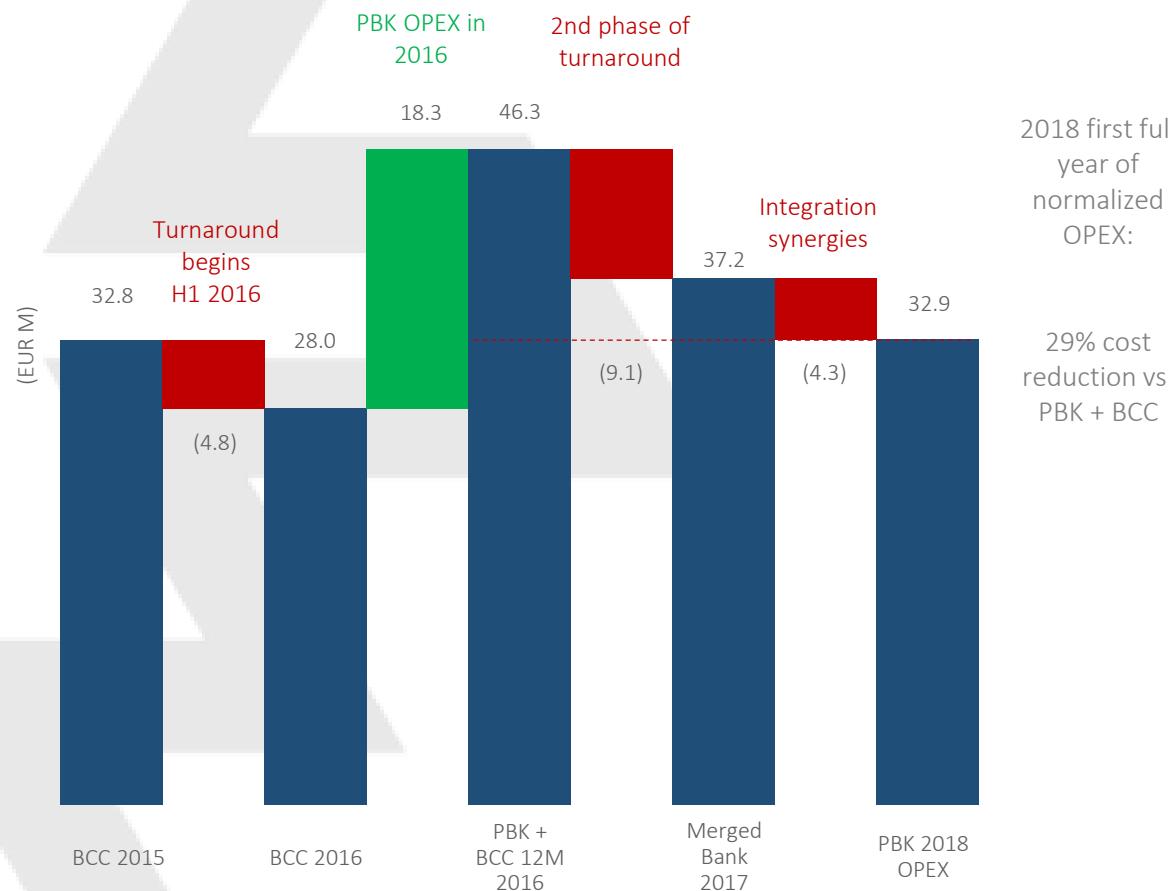


- Microfinance NBFI specialized in small agro-producers and small rural business financing
- EUR 11 million in total assets and over 2,700 active customers
- Boasts a specialized sales force with a long lasting presence on rural markets
- Processes and products designed and tested for small rural areas



2017: integration of BCC has been successfully completed after running in parallel both a cost cutting program and business development in PBK

Costs and staff figures of the merged bank higher vs. BCC by <3%



Total of EUR 18M cost reductions achieved

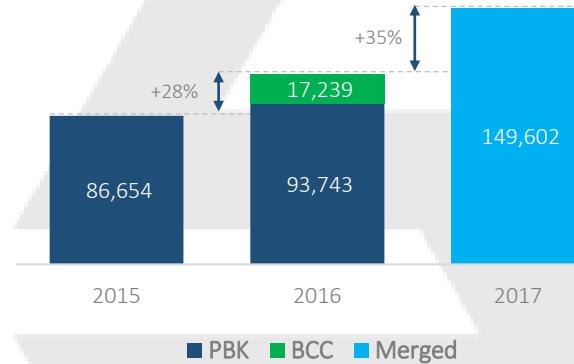
- 2016: cost cutting program in BCC started in July 2016 and continued in H1 2017
- 2017: merger synergies kicked in gradually by the end of the year, with restructuring ended in September 2017, as planned
- Branch optimization finalized in September 2017 as well
- The restructuring and integration process went better than expected, with OPEX being 0.33% less than budgeted in 2017
- 2018 is considered to be the first normalized OPEX year, considering it excludes one-off costs and includes the full year effect of restructuring and cost cutting programs

18 million in total costs optimization, resulting in a cost reduction of 29% compared to consolidated OPEX of PBK and BCC in 2016

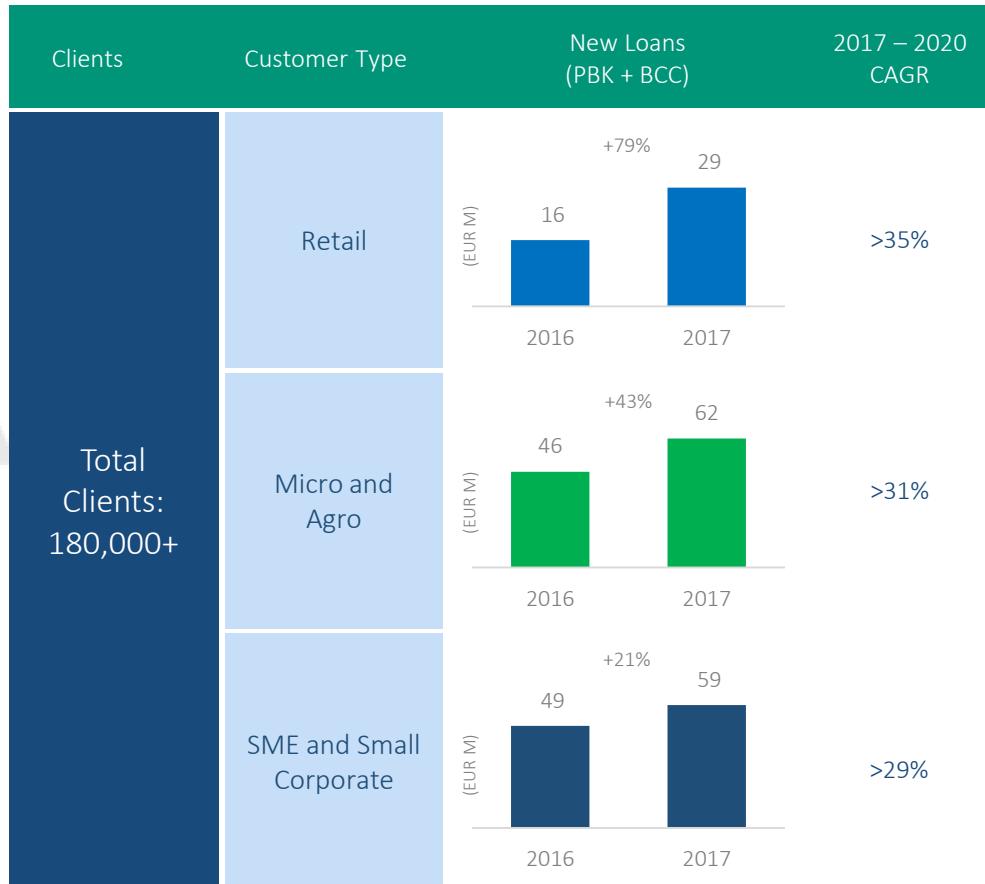


PBK's business model is focused on tier 2 cities and unbanked areas, with loans generating a Net Interest Margin of 7.5% (2017)

Strong growth in new lending [EUR '000]

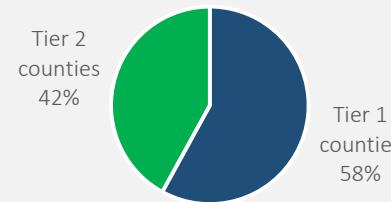


Lending growth in target market segments



Client split

- 85 modern nationwide branch network
- Outstanding Loans split*



Source: Patria Bank

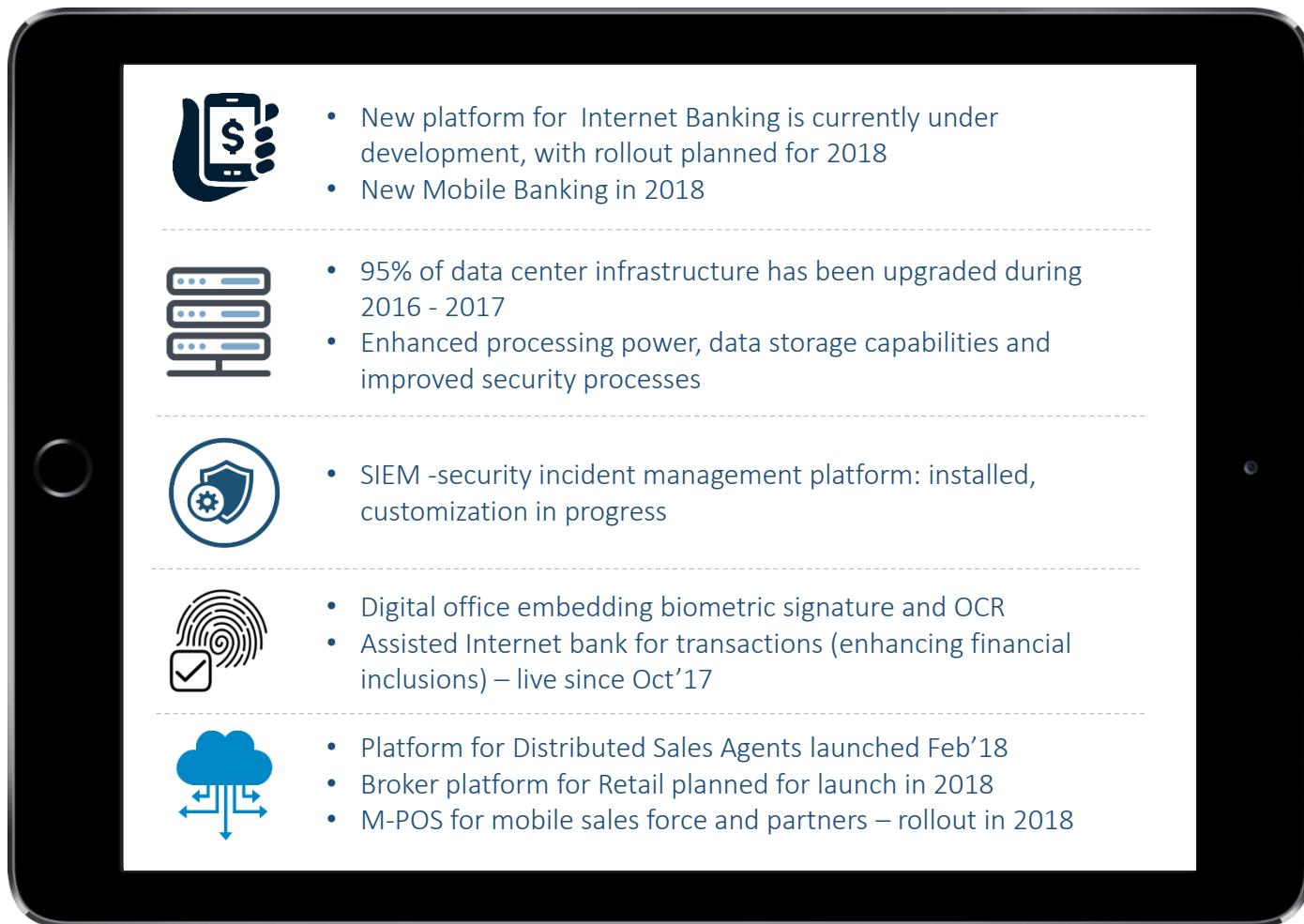
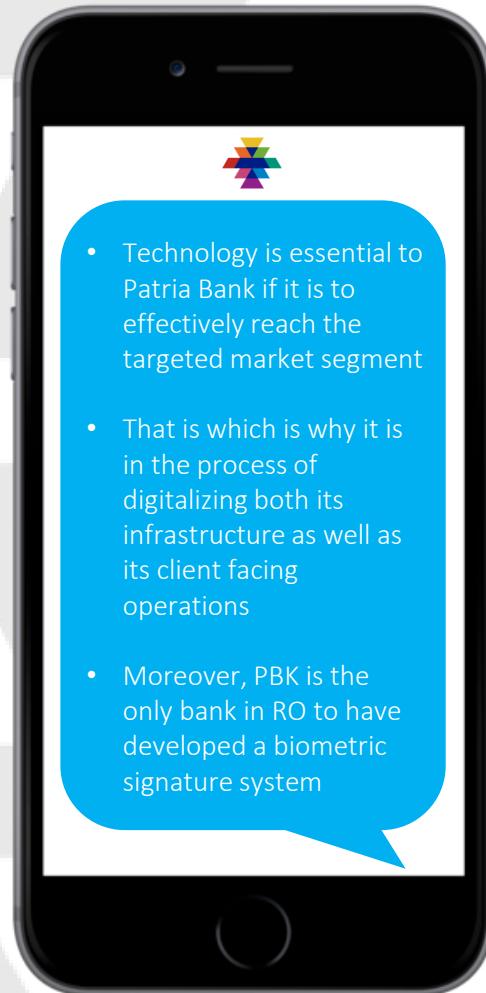
* Tier 1 contains top 10 counties by GDP/ capita

Key trends

- Expanding market share in Tier 2 cities due to:
 - PBK branch network expansion from 30 to 85 branches
 - The effect of marketing campaigns
- New Loans 2017:
 - EUR 150m (actual) vs. EUR 155m (budget)
- Reached EUR 20m monthly production (in peak months) due to new products and increased productivity



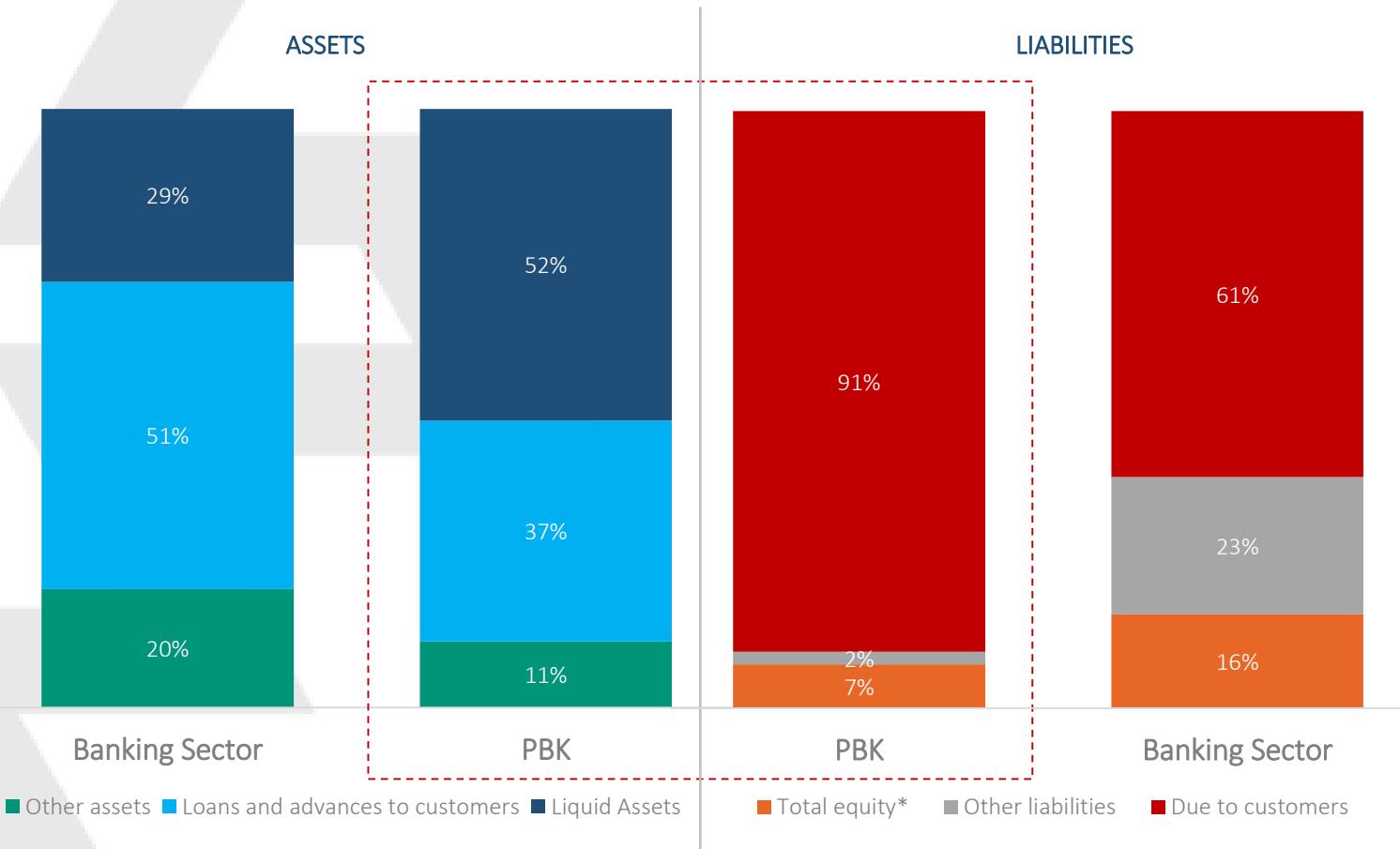
Strong focus on digitalization – foundation for PBK's business model





PBK's balance sheet has gaps vs. the banking sector, mainly due to the large share of liquid assets maintained for strategic reasons

PBK balance sheet structure



- The *relative large share of liquid assets* is maintained for a strategic reason, i.e. potential acquisitions in a consolidating market
- This in turn is the main driver behind *PBK's 41% Loan-to-Deposit ratio*, virtually *half of the banking sector's 81%*
- In the short term and recent history *this implied a significant toll on the P&L*; yet *2 important trends – growth of market rates and increased lending – are expected to correct this in the medium term*



While high liquidity has been maintained for strategic reasons, loans have not grown at full potential yet

PBK assets structure [EUR M] – Total Assets EUR 771 M @31.Dec.2017



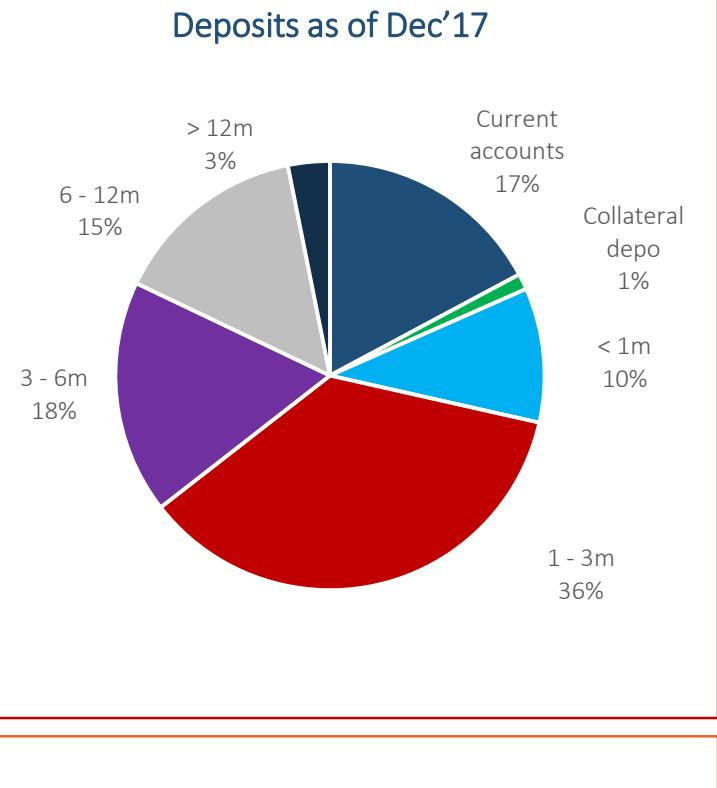


Deposits remain at stable levels and competitive costs, with the now fully developed PBK branch network serving a national clientele

PBK equity and liabilities structure [EUR M] @31.Dec.2017

Due to customers	699
Borrowings and other liabilities	19
Total Equity*	54

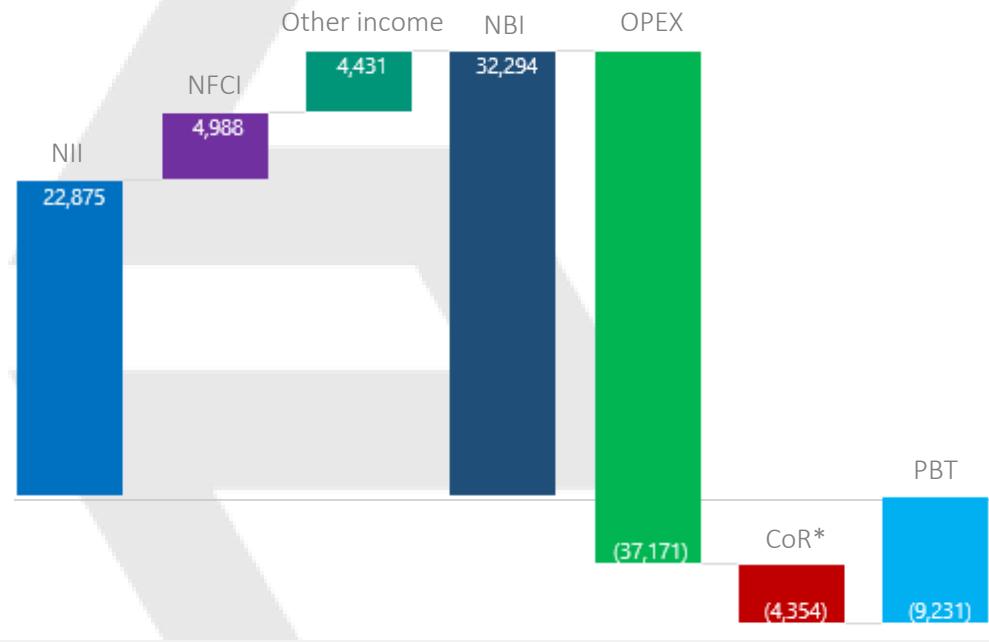
- PBK deposits have maintained “stickiness” in the recent years (deposits remained largely constant during year of merger), with 70% in RON and 30% in FCY (mainly EUR)
- Funding remains stable and at market costs, especially due to the now fully optimized branch network
- The depo stickiness and the implicit confidence customers have in PBK represent an asset and opportunity for further cross-sell of banking services & products, as most deposits are sourced from the same market PBK is targeting
- As of December 31, 2017, the CET1 ratio is at 9.85%





Operationally, PBK achieved actual P&L results close to budget (which included an acquisition of a EUR 100m performing portfolio, unfulfilled)

P&L structure, IFRS [EUR '000]



- Unrealized NBI has been at EUR 1.7 million, largely due to the non-completion of the acquisition of a performing EUR 100 million portfolio
- A share of that unrealized income has been compensated by achieving Budgeted OPEX, in the context of a number of costs un-budgeted in connection with potential acquisitions

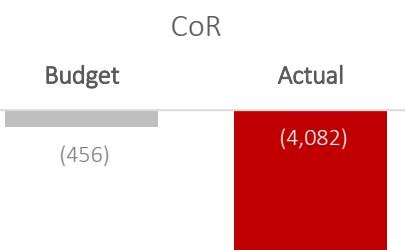
*CoR in the waterfall includes other provisions as well (litigation, credit commitments)
2017 figures unaudited

NFCI = Net fees and commissions income

2017 operational results in line with the budget [EUR '000]



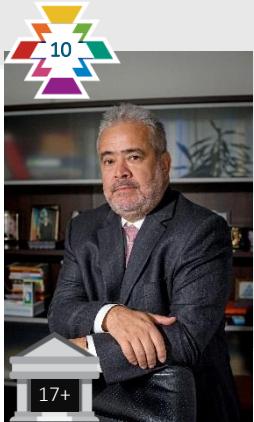
CoR over budget, with gains postponed for '18 [EUR '000]



- COR has been higher than expected due to delays in workout transactions, budgeted to occur by the end of 2017
- Given the complexity of legal procedures, we expect part of the positive impacts to occur in 2018

NII = Net interest income; NBI = Net banking income;
CoR = Cost of Risk; PBT = Profit before tax

Strong and experienced board and management team with successful M&A track record



Horia Manda
Chairman of the Board

Managing Partner-
Axxess Capital
BoD Member-
various companies
Selected M&A
experience:
Banca Agricola,
Banca Romaneasca,
RAIFI, Motoractive,
Romexterra, Patria,
BCC, Jet Finance



Daniela Iliescu
Board Member

CFO-Axxess Capital
BoD Member-BCC
Ex-Senior
Manager-PwC
Selected M&A
experience: Patria,
Jet Finance, BCC



Bogdan Merfea
CEO & Board Member

CEO-Raiffeisen
Bank Kosovo
Ex-ED-Raiffeisen
Bank Romania
Selected M&A
experience:
Patria, BCC



Nicolae Surdu
Board Member

Former CEO and
Chairman BCC
Ex-CEO-Fortis Bank
Romania
Ex-VP-Credit
Europe Bank
Romania
Ex-Director
Operations-Tiriac
Bank
Ex-BoD Member:
Piraeus Bank RO



Vasile Iuga
Board Member

Ex-Managing
Partner-South East
Europe, Romania
Country Manager,
PwC
VP-American
Chamber of
Commerce in
Romania
Audit Committee
member-EIB



Lucica Pitulice
CFO & Deputy General Mngr.

Ex-CFO at Banca
Romaneasca
Ex-CFO at
Bancpost
Ex-CFO at RBS/
ABN AMRO
Former Mgmt.
Consultant,
auditor and
controller in Big4
Firms



Valentin Vancea
COO & Deputy General Mngr.

COO-BCC,
Nextebank,
Volksbank RO
CEO-National
Association for
Security of IT
Systems
Selected M&A
Experience: HVB
Bank, Unicredit,
BCC



Bogdan Neacsu
CRO & Deputy General Mngr.

Ex-Deputy GM-
Garanti Bank RO
Ex-BoD Member,
Head of Risk-
Volksbank RO
Economist-
National Bank of
Romania
Selected M&A
experience:
Volksbank RO

of years at Patria

of years in banking

Independent Board Members

* Mrs. Pitulice has joined Patria Bank in December – her nomination as CFO is currently awaiting the approval of the National Bank of Romania



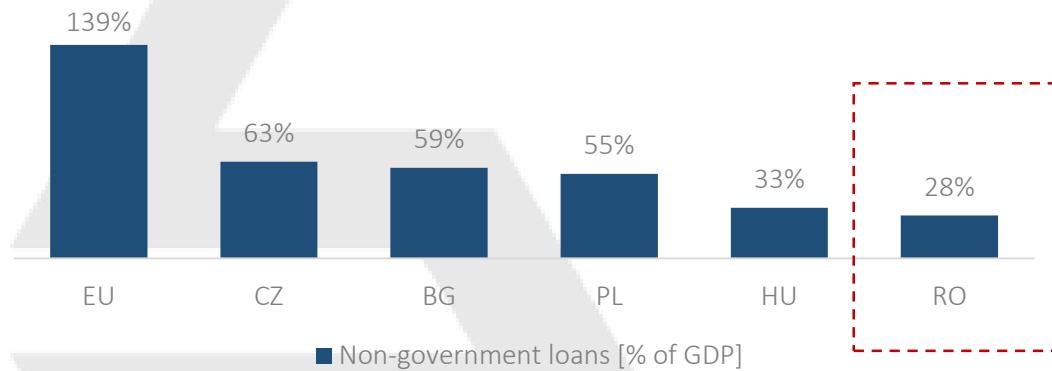
3.

Patria Bank's future

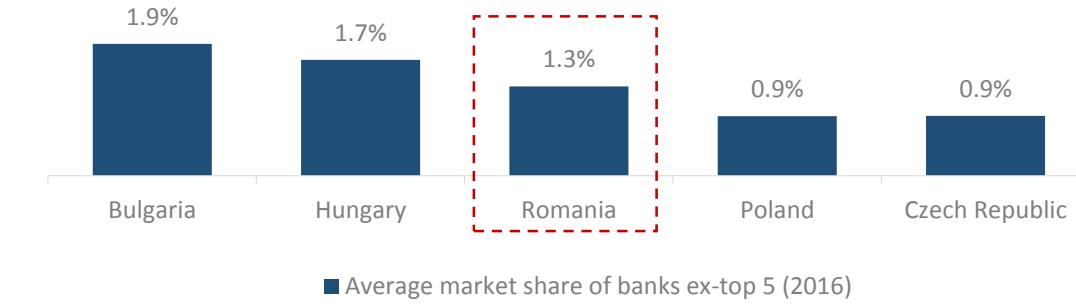


The **Romanian** market is the most underpenetrated and fragmented in Europe, with a market need that is fundamental to PBK's strategy

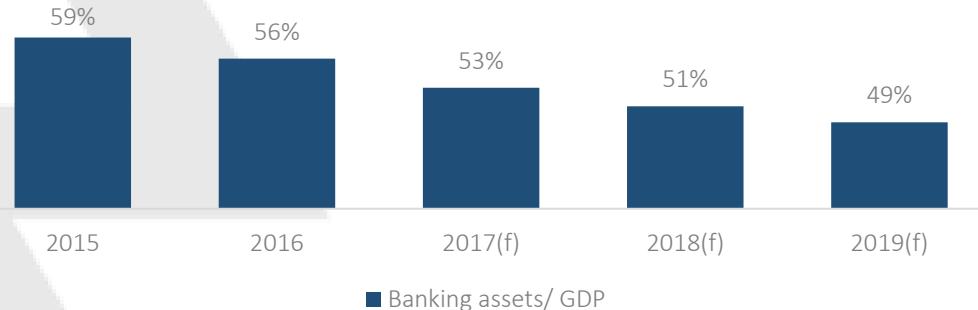
Lowest credit penetration (2017)



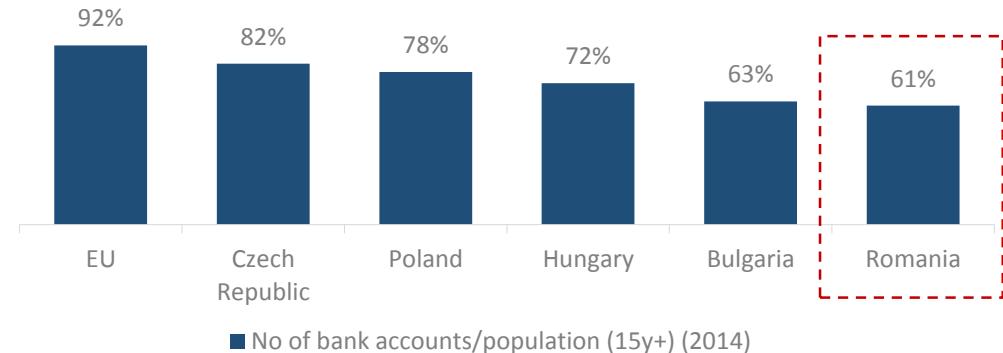
Relatively fragmented



Having gone through long deleveraging



Highest share of unbanked population





Strategic approach to growth perspectives

ORGANIC GROWTH

- Classic model -> 85 full bank branches spread nationally
- 3rd party distribution model by means of alternative distribution channels and partnerships

ACQUISITION OPPORTUNITIES

- Distressed banks
- Lines of business
- Performing portfolios



Reach 2% market share in 4 years

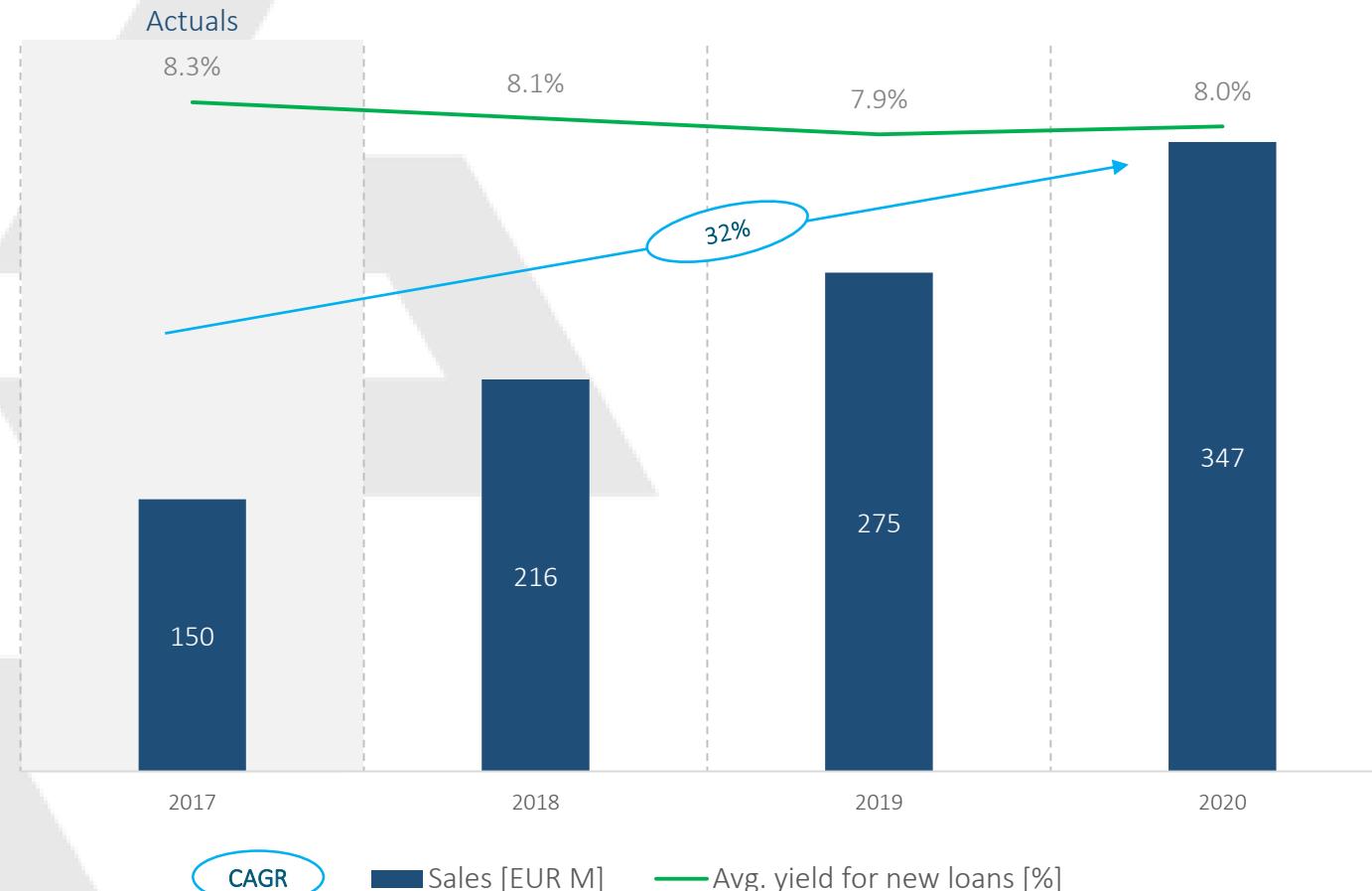
Strong growth of loan portfolio

28% CAGR* 2017 - 2020



New loan generation/ annum set to grow by a CAGR of 32% by 2020, with SME taking the lead

New loan generation capacity per year [EUR M]

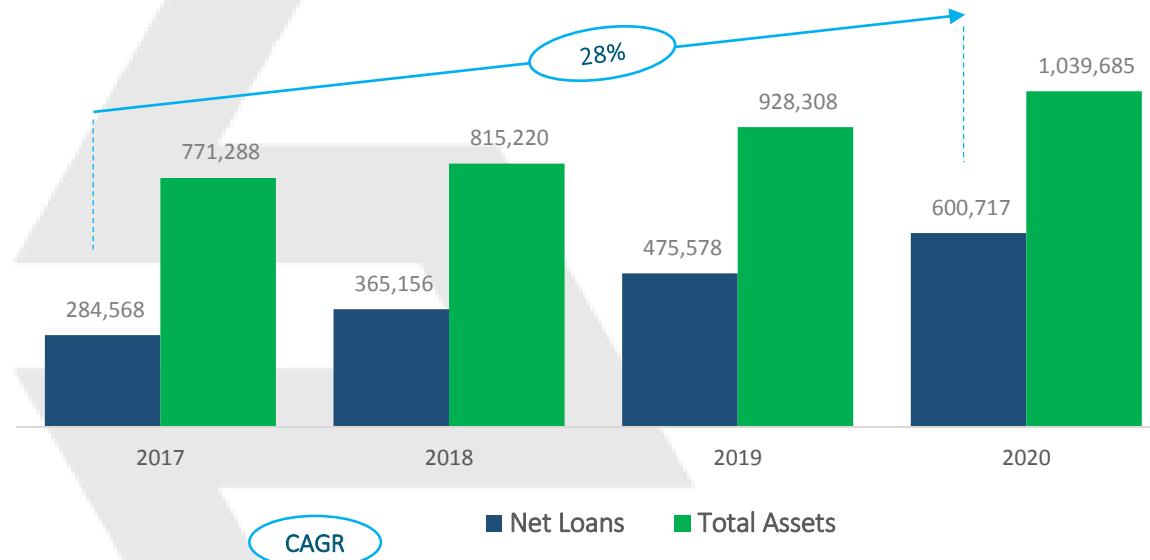


- Loan generation capacity has increased in parallel with sales efficiency improvements; distribution assumed maintaining the 85 branch network and further expansion of alternative channels
- Marketing efforts have been restarted, which are expected to further boost new loans as PBK's brand is consolidated
- Last but not least, the market conditions and the segments targeted by PBK's strategy allow for a forecast implying a 32% CAGR of new generated loans by 2020

Strategic objectives for 3 year horizon: 28% CAGR for net loans by 2020, reaching EUR 600 million and EUR 1 billion in total assets

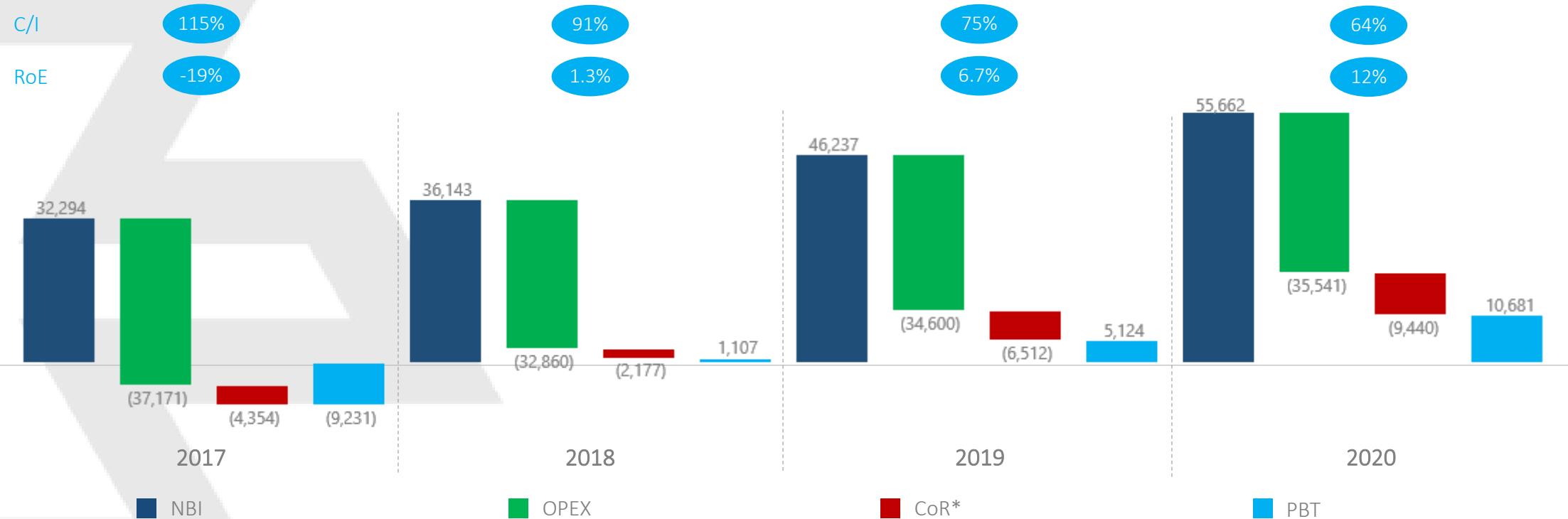


Net loans and total assets evolution [EUR '000]



- Total assets are expected to reach EUR 1 B by 2020, on an optimized structure of Balance Sheet
- Net loans are budgeted to grow by a CAGR of 28% by 2020, reaching EUR 600 million, on the back of successfully deploying the commercial model into the targeted market segments and increased marketing efforts
- A capital increase of EUR 27 m, as already communicated in 2017, to be raised as Tier 1 and Tier 2, has been assumed in 2018 to support the growth and development plans and to ensure compliance with increased capital requirements across the industry
- 2018 is marked as the year PBK reaches profitability, implying positive ROE and ROA

The Merged Bank will break-even in 2018 and grow profitable until fully deploying excess liquidity



- The Bank plans to reach break-even and become marginally profitable in FY'2018;
- C/I shall continue to improve and operating costs are stabilized, and a C/I below 100%, considering the kick-in of a normalized OPEX (after a year with significant one offs)
- Profitability gains momentum as the NBI gains size due to balance sheet optimization
- CoR is expected to be maintained within industry standards
- Recoveries from BCC legacy is assumed in 2018

*CoR in the waterfall includes other provisions as well (litigation, credit commitments)



Share Capital Increase in 2018



Total EUR 31 M Capital Increase in 2018, out of which EUR 27 m new money in 2018, as follows:

- EUR 13 M under the on-going share capital increase process, expected to end of May 2018, of out which EUR 8.65 M is expected to be new money (the amount of EUR 4.35 is old subordinated loan from majority shareholder expected to be converted)
- EUR 18 M as new money to be raised partially in Jun-2018 and partially in Sep-2018 as Tier 1 and Tier 2 capital



Q & A

1. What is the level of solvency?

- As of 31 Dec. 2017 the Tier 1 own funds (CET1) ratio is 9.85% and the total own funds are approx. 11%
- At the end of 2018, following the expected capitalization plans, the forecasted level of total own funds will be 17%

2. What will be the impact of IFRS9 over the Financial Statements on 31 Dec. 2017?

- In the Audited Financial Statements as of 31 Dec. 2017 there will be a disclosure about the impact of IFRS9
- We expect this impact not to be significant
- The prudential filter will be excluded from the calculation of total own funds

3. Is the T-bills portfolio in Lei or EUR?

- The T-bills portfolio is predominantly in Lei

4. The targeted Total Asset of 1 billion EUR does include the expected acquisitions?

- No, just the organic growth of the bank
- Also, the targeted budget is based only on organic growth, sustained by growth rates based on the evolutions over the past 3 years



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