

## Half Year Report

**PATRIA BANK S.A.**

**June 30, 2019**

- According to the FSA Regulation no. 5/2018 -

*This version of the accompanying documents is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views and opinions, the original language version of our report takes precedence over this translation.*

Report date: **16.08.2019**

Company name: **PATRIA BANK S.A.**

Registered office: **Bucharest, District 2, 42 Pipera Road, Globalworth Plaza, floors 7, 8 and 10**

Phone/fax: **0372538725 / 0212063902**

Tax identification number: **RO 11447021**

Trade Register number: **J40/9252/2016**

Issued and paid-in share capital: **RON 311,533,057.50**

Regulated market on which the issued shares are traded: **Bucharest Stock Exchange - Premium category**

Main characteristics of the securities issued by the trading company: **nominal value of RON 0.1**

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## 1. Disclosure requirements

This Report meets the disclosure requirements of Law no. 24/2017 on issuers of financial instruments and market operations, Regulation of the Financial Supervisory Authority (FSA) no. 5/2018 on issuers of financial instruments and market operations and Bucharest Stock Exchange Code.

## 2. Important events that took place during the first 6 months of 2019 and their impact on the half-yearly accounting report

### Executive Summary

The net profit of LEI 2.8 million obtained in H1 2019 confirms the positive evolution registered by the bank in Q4 2018 and in Q1 2019. From a net loss of LEI 23 million lei registered in H1 2018 to a net profit of LEI 2.8 million in H1 2019, the Bank managed to achieve a net result for the first 6 months of 2019 considerable improved compared to the same period of 2018.

The positive dynamics of bank revenues (based mainly on the increase of interest income supported by the growth of lending activity, especially on the segment of legal entities and on a diversification of the structure of the commission income), careful management of the operational cost base and a cost of the risk lower by 78% compared to the similar period of 2018 led to a significantly improved financial performance.

Thus, net banking income registered a positive evolution +19% (increase in net interest income by 24% and net commission income by 20%) as a result of the continuation of the actions aimed at consolidating an optimal balance sheet structure, registering an improvement of the "loans / deposits ratio" (from 57% as of December 31, 2018 to 65% as of June 30, 2019) and an increase in the share of net loans in total assets (from 45% as of December 31, 2018 to 51% as of June 30, 2019). Also, the base of operational costs registered a decrease of 8% (if the impact from the increase of the contribution to the Fondul de Garantare al Depozitelor Bancare of LEI 3.8 million is excluded). In addition, the efforts to consolidate the business model on the target segments materialized in obtaining net positive monthly operating results based on the recurring elements (a key element for enhancing profitability), create good premises for growth in the second half of the year.

During H1 2019, the Bank implemented the program for optimizing the network of bank's branches and the organizational structure scheduled for 2019 with the objective of optimizing the cost base in direct correlation with ensuring a viable business model and an internal structure corresponding to it. The effects of optimizing the operational cost base following of the implementation of these measures will be reflected by its downward evolution anticipated for the second half of 2019.

### 2.1 Macroeconomic and banking environment aspects

The real growth of the **Gross Domestic Product** of Romania reached 4.1% in 2018, determined - mainly - by the private consumption, beneficiary of the pro-cyclical economic measures, while the investment contribution remained modest. It is estimated that the year 2019 will register an economic growth in real terms of 3.3%. Private consumption increased by 2% in March 2019 compared to the end of 2018, being mainly supported by the increase in the available income (increase of the minimum wage, higher wages in the public sector).

The **annual inflation rate** reached 4.6% at the end of 2018. For July 2019, we have an annualized inflation of 4.12%. The increase occurred exclusively against the background of the alert dynamic recorded by the prices of endogenous and exogenous components generated by the average wage increases in the public sector. The annual alert dynamic of the costs of companies (utilities, labor force etc.), the consistent positive deviation of GDP from the potential level and the high level of the expectations of the economic operators regarding the evolution of prices suggest the maintenance of a high inflationary climate. Moreover, the inflationary expectations for the year 2019 place us at the level of 3.7%, perhaps the highest value in the region, and against the background of 2 consecutive election years.

Regarding the **unemployment rate**, it continues to show encouraging values (estimated 4% by the end of 2019) due to a serious migration but also based on a significant economic growth in recent years.

From the point of view of the **monetary policy**, from the beginning of the current year, the National Bank of Romania has continued to maintain the interest rate at 2.50% with a special emphasis placed on liquidity control, in the sense of periodical sterilization of it through money market operations on short term. Until the end of this year, we do not expect a change in the central bank's reference rate nor measures to reverse the current trend of stabilizing the interest rate range. Moreover, the big central banks (Federal Reserve, European Central Bank etc.) continue to either reduce the reference interest rate or inject liquidity in order to boost economic growth.

The **mandatory minimum reserves** remained unchanged - at 8% - for both the liabilities in LEI and in foreign currency. For 2019, no significant change is foreseen.

The **lending activity** continues to be sustained by a constant growth, in case of both individuals and legal entities. Compared to the volumes recorded at the end of 2018 vs the end of 2017, loans granted to individuals have increased by 7%. Also, the end of 2018 compared to the end of 2017, shows an increase of the lending to companies by 6%. Regarding the results of the current year, the lending to individuals in LEI continues to be solid, although it has decreased in dynamics compared to 2018, recording a growth rate of 6% compared to the end of 2018. On the legal entities side, the lending in LEI remains in the green area, with a relative increase of 2%. Cumulative, compared to the end of 2018, in June 2019 there is to be noticed a relative growth of 3% in the context of an expected increase in GDP in similar terms.

In 2018, the **deposits** in the banking system increased by 9% (variation at constant exchange rate) compared to February 2017, determined both by the increase of the saving degree of the individuals as well as that of the companies. June 2019 shows a 2% increase in total sources attracted by the banking system (commercial deposits) compared to the end of 2018, continuing the trend started for some time, dynamics that shows an improvement of the saving activity on all levels of the Romanian economy.

The **quality of banking assets** continued to improve: the rate of non-performing loans (as defined by EBA) at the level of the banking system reached 4.96% at the end of December 2018 compared to 6.16% at the end of March 2018, being determined by the deletion of impaired receivables and sales of non-performing loans transactions made by the banks. In fact, the rate of non-performing loans shows a constant improvement in recent years, demonstrating the stability of the Romanian banking system. Moreover, at the end of Q1 2019, the non-performing rate continued to decline, reaching a level of 4.90% of the total assets.

According to the statistical data, on 31.03.2019, Patria Bank held the 18th position in the top of the Romanian banks, with a market share based on assets of 0.73%.

### **Trends in the currency and monetary market in the second part of 2019**

After the first 7 months of 2019, the national currency RON against the single European currency (EUR) stabilized on the level 4.7200 - 4.7500. Moreover, the National Bank of Romania seems to have established a level of strong support at 4.7200, in the context of indirect pressures arising from the RON interest rates higher than the interest rates of the neighboring countries (e.g. PLN, HUF etc.).

For the second part of 2019, we expect a slight depreciation of the national currency, as a result of the pressures from the current account deficit area, which is constantly increasing. However, the NBR has the resources necessary to keep the exchange rate evolution under control.

In terms of interest rates, due to excess liquidity, they were placed at the bottom of the central bank's intervention interest rate range, with liquidity sterilization operations periodically appearing.

As for the "deposit interest" vs. "credit interest" corridor, it maintains its range of - / + 1% around the "reference interest", while the rates of the minimum mandatory reserves will remain unchanged.

### **2.2 Commercial and operational aspects**

**On commercial level**, the Bank continued to be an active and innovative participant in the segment of legal entities that are specific to bank's activity (agro, micro-enterprises and SMEs), with addressability both in the urban area but also in the rural area and develops the retail segment (individuals), mainly in urban environment and in small cities.

During H1 2019 the lending activity generated new loans amounting to approx. LEI 342 million, with a higher dynamics recorded in the area of legal entities. Although there was a certain pressure generated by the degree achievement of the sales budget, this volume of new loans provided an increase of the gross balance of performing commercial loans of LEI 80.6 million compared with the end of 2018.

Retail lending activity focused on the mortgage area, following the bank's strategy of balancing the secured and unsecured products portfolio and increasing the volume of long-term exposures in the retail sector. Also, the optimization of sales channels was pursued, both in the direction of increasing sales through "own banking units" channel, as well as by signing new collaboration agreements with the main mortgage brokers.

In the area of legal entities, the Bank consolidated the three main directions:

1. SME and Small Corporate;
2. Microenterprises (MICRO);
3. Agribusiness (AGRO),

and the dynamic of the new credit production generated a positive evolution of the balance of the performing loans within all business sub-segments.

In the area of **SMEs and Small Corporate** companies, the Bank is constantly focusing on the development of the customer base, through personalized offers and developing the quality of the customer relationship, as the main differentiators, along with an adequate responses time.

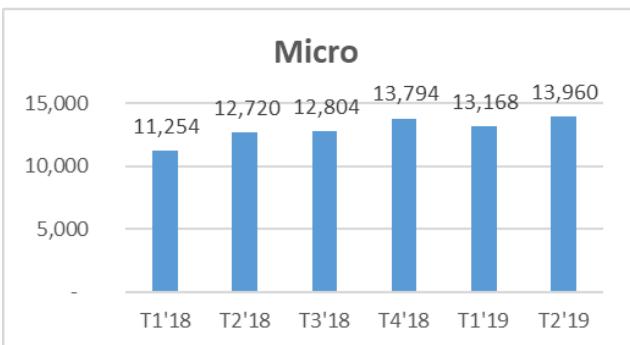
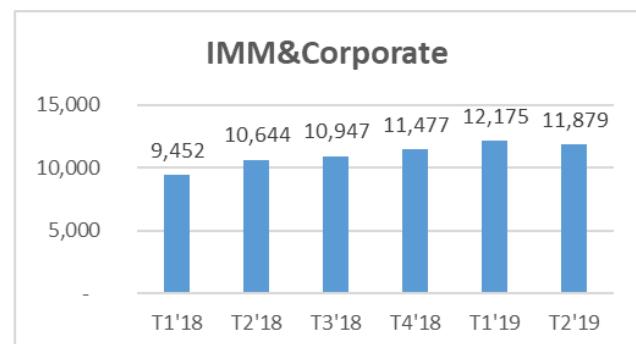
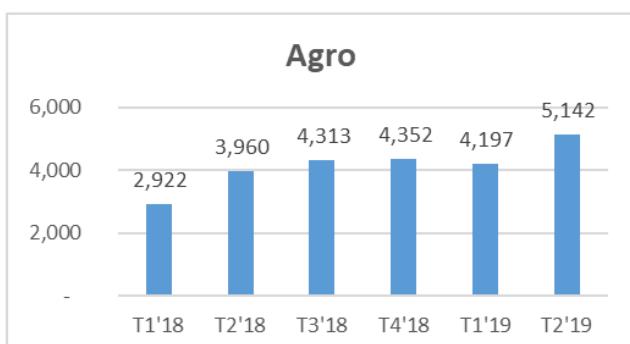
As far as the **Micro sub-segment** is concerned, the strategy to increase the number of small value tickets and to spread the risk to a large number of customers has been strengthened. Thus, approx. 90% of all Micro funding in H1 are loan applications worth less than EUR 50,000. At the same time, expanding the collaboration with the European Investment Fund (EIF) through the EU guarantee for EaSI loans and the diversification of alternative sales channels provide the premises for continued development in this direction. Specifically, after accessing in 2018 of the second loan guarantee facility EaSI for microenterprises worth EUR 20 million, in 2019 the EIF approved the increase of the credit ceiling by another EUR 20 million (the effective signing took place in July 2019).

In the **Agro sub-segment**, an important pillar of funding is the financing of EU Funds projects.

The Bank's interest in financing companies operating in the field of agriculture is reiterated through the financing provided through the APIA program and by the financing provided for acquisition of equipment and agricultural land. In 2019, the Bank was one of the first signatory parties of the APIA Agreement. Based on the guarantees issued by third parties, it is worth noting that Patria Bank remains the second user of FGCR (Fondul de Garantare a Creditului Rural) guarantees in the banking system.

In the transactional area, non-risk income consolidation activities continued, so that in the operating commissions income area there has been recorded an increase that supports the positive evolution of the net commissions income (+ 20% in H1 2019 vs. H1 2018).

The evolution of income\* on business segments (LEI million):



\*) Income from credit interest + Income from commissions + Income from FX

**Patria Bank S.A.** – Bucharest, District 2, Globalworth Plaza Building, Pipera no 42, floors 7, 8 and 10; ORC: J40/9252/2016, C.I.F. RO 11447021, RB-PJR-32-045/15.07.1999. Share Capital social: 311.533.057,50 lei; Patria Bank is registered by the National Supervisory Authority for Personal Data Processing – ANSPDCP – with the notification no. 753. Tel: 0800 410 310 | Fax: +40 372 148 273 | [info@patriabank.ro](mailto:info@patriabank.ro) | [www.patriabank.ro](http://www.patriabank.ro)

**On the operational level**, in H1 2019, the Bank continued to improve its lending flows to individuals by automating the end-to-end process and modifying the IT support flows to comply with the provisions of the EU Directive no. 92/2014 and EU Directive 2366/2015 – PSD II. At the same time, projects with impact from the perspective of the services offered to Patria Bank's customers, such as the implementation of the dynamic 3D secure password for card transactions, the Cash Back facility at the Patria Bank's POSs and the re-issuance of contactless cards, were completed.

Also, Patria Bank has implemented a new platform for KYC and AML flows, aligned with best practices and standards in the field.

For the next period, the Bank intends to continue its strategy of streamlining processes and significantly reducing operational costs by implementing several strategic projects (such as: implementing a new Internet Banking and Mobile Banking solution dedicated to both individual and corporate clients, finalization of the implementation of a transactional platform according to PSD II standards, digitization of certain flows and operations etc.)

#### ***The activity of the Bank's subsidiaries in H1 2019***

##### ***Patria Credit IFN***

Patria Credit IFN SA, a company authorized by the NBR to carry out lending activities, is a name known on the local and European market through its longstanding expertise in the field of agricultural microfinance. During H1 2019, Patria Credit maintained its upward trend in activity, developing the loan portfolio balance to the equivalent of EUR 16.2 million (up 21% compared to June 2018). The volume of new loans granted during H1 2019 was EUR 4.8 million, up 7% compared with the same period of 2018. The company obtained a profit of EUR 485,000, up 4% compared with the same period of last year, in the context of intensifying the competition on the segment of granting loans for agriculture with an impact on reducing the interest margin.

Regarding credit risk, the company has maintained a prudent and appropriate for its risk profile policy. Thus, Patria Credit registered in H1 2019 an annual cost of risk of 0.67%, calculated as a ratio between the level of the expenses with the provisions for loans and the average annual portfolio.

In order to improve the collection activity, in February 2019 Patria Credit signed a contract with Kruk Romania to provide services in the field of legal recovery of credit claims. Also, in June 2019, a rate collection contract was signed with SelfPay, the local leader of the market for self-service type Payment Stations, that extends the number of partners of the institution in the field of payment services in the rural area. The approximately 3,000 customers of Patria Credit IFN SA can thus use the services of SelfPay, PayPoint, Posta Romana, Patria Bank SA and Banca Transilvania for repayment of active loans.

In H1 2019 Patria Credit is also the first financial institution in Romania to benefit from a subordinated loan from the European Investment Fund. Through the Investment Program for Capacity Building of Microfinance Institutions within the EU Program for Employment and Social Innovation (EaSI CBI), the European Investment Fund (EIF) grants Patria Credit IFN a subordinated loan for a period of 10 years. The LEI 10 million loan is intended

to support ambitious development plans in the next period, especially in the field of financing micro-farms that have limited access to traditional lending. The loan also aims to improve the capacity of Patria Credit IFN to contract other financing lines from reputed creditors.

### ***SAI Patria Asset Management***

Patria Asset Management, an Investment Management Company authorized by FSA, manages three open investment funds: Patria Obligatiuni, a fund specialized in fixed income instruments, Patria Global, a diversified fund and Patria Stock, a fund specialized in equities.

In the first six months of 2019, the Patria Global fund brought investors a gain of 5.61%, and the assets of the fund decreased by 18%, reaching LEI 7.58 million. The Patria Stock Fund obtained a yield of 8.15% in the same period, and the assets of the fund increased by 6% up to LEI 8.35 million. As for the Patria Obligatiuni fund, it yielded 0.8% in H1 2019, while the net assets of the fund fell by 43% to LEI 37.4 million.

In April 2019, the Board of Directors of the Patria Asset Management made the decision to set up a new investment fund Patria Euro Obligatiuni - a fund with an investment policy focused on fixed income assets and denominated in Euro, which aims to obtain returns higher than interest rates on bank deposits in EUR. The fund is currently in the process of being authorized by the Financial Supervisory Authority.

### **2.3 Financial Results**

#### **a) Balance sheet (individual level): The Bank's financial position at the end of H1 2019 compared with end of H1 2018 and respectively with December 31, 2018, is as follows:**

FINANCIAL POSITION -thousands RON-						
ASSETS	30.06.2019	30.06.2018	June19/ June18 (abs.)	Jun19/ Jun18 (%)	31.12.2018	June19/ Dec18 (abs.)
Cash and cash equivalents	364,371	562,097	(197,726)	(35.2%)	510,747	(146,376)
Loans and advances to banks	6,029	108,335	(102,306)	(94.4%)	5,613	416
Securities	771,234	928,775	(157,541)	(17.0%)	1,026,814	(255,580)
Investments in subsidiaries	31,725	30,770	955	3.1%	31,725	-
Loans and advances to customers, net	1,574,690	1,452,829	121,861	8.4%	1,543,019	31,671
Other assets	347,386	360,640	(13,254)	(3.7%)	335,549	11,837
<b>Total ASSETS</b>	<b>3,095,435</b>	<b>3,443,446</b>	<b>(348,011)</b>	<b>(10.1%)</b>	<b>3,453,467</b>	<b>(358,032)</b>
-						
LIABILITIES	30.06.2019	30.06.2018	June19/ June18 (abs.)	Jun19/ Jun18 (%)	31.12.2018	June19/ Dec18 (abs.)
Due to banks & REPO	11,190	69,841	(58,651)	(84.0%)	6,951	4,239
Due to customers	2,666,095	3,054,779	(388,684)	(12.7%)	3,064,601	(398,506)
Borrowings and other liabilities (including subordinated loans)	88,887	63,187	25,700	40.7%	64,041	24,846
<b>Total Liabilities</b>	<b>2,766,172</b>	<b>3,187,807</b>	<b>(421,635)</b>	<b>(13.2%)</b>	<b>3,135,593</b>	<b>(369,421)</b>
<b>Total Equity</b>	<b>329,263</b>	<b>255,639</b>	<b>73,624</b>	<b>28.8%</b>	<b>317,874</b>	<b>11,389</b>
<b>Total LIABILITIES AND EQUITY</b>	<b>3,095,435</b>	<b>3,443,446</b>	<b>(348,011)</b>	<b>(10.1%)</b>	<b>3,453,467</b>	<b>(358,032)</b>

- As a result of the structure optimisation program, which the Bank provided for in the budget for 2019 (remodeling of the territorial network from 81 units to 46 units with a corresponding decrease of the costs base), the sizing of the balance sheet has changed; thus the **total assets** on June 30, 2019 registered a

decrease of approx. 10% as compared to June 30, 2018 and compared to December 31, 2018, corresponding to the reduction of current accounts and deposits due to customers;

- **The credit portfolio (net)** registered an increase of 8.4% compared with June 2018 and an increase of 2.1 % compared to December 31, 2018; in its structure, the performing portfolio (stage 1 + 2) registered an increase of LEI 81.8 million (+6%) while the portfolio of non-performing loans registered a decrease of LEI 50 million (-28%) generated by the settlement of the sale transactions of the non-performing loan portfolios for which binding offers were signed in December 2018 (details provided in the IFRS Financial Statements for 31.12.2018).

**The Total Capital Ratio (individual level)** as at 30 June 2019 is 15.91%, (exceeding the minimum regulatory level) compared with the level as at 30.06.2018 of 11.94%. At consolidated level the ratio is 15.53% (exceeding the minimum regulatory level) as at 30 June 2019. The positive dynamics noted is the result of the actions carried out so far to consolidate the capital base both by share capital increase operations and subordinated loans granted by the major shareholder as well as by improving the net result that contributed in reducing the erosion degree of the capital.

**b) Income Statement (individual level): The main elements compared to the same period of last year, are as follows:**

FINANCIAL PERFORMANCE STATEMENT -thousands RON-	6 month until	6 month until	<i>Δ 2019/ 2018</i>	<i>Δ 2019/ 2018</i>
	30.06.2019	30.06.2018	(abs.)	(%)
Net interest income	57,141	46,062	11,079	24.1%
Net fees and commission income	13,373	11,120	2,253	20.3%
Net gains from financial activity & other income	13,047	12,851	196	1.5%
<b>Net banking Income</b>	<b>83,561</b>	<b>70,033</b>	<b>13,528</b>	<b>19.3%</b>
Staff costs	(34,479)	(38,493)	4,014	(10.4%)
Depreciation and amortization	(11,969)	(7,875)	(4,094)	52.0%
Other operating and administrative expenses	(30,579)	(33,353)	2,774	(8.3%)
<b>Total operating expense</b>	<b>(77,027)</b>	<b>(79,721)</b>	<b>2,694</b>	<b>(3.4%)</b>
<b>Operating Result</b>	<b>6,534</b>	<b>(9,688)</b>	<b>16,222</b>	<b>(167.4%)</b>
<b>Net impairment of financial assets</b>	<b>(3,024)</b>	<b>(13,611)</b>	<b>10,587</b>	<b>(77.8%)</b>
<b>Gain/ (Loss) before tax</b>	<b>3,510</b>	<b>(23,299)</b>	<b>26,809</b>	<b>(115.1%)</b>
Expense from deffered tax	(716)	-	(716)	0.0%
<b>Gain/ (Loss) for the year</b>	<b>2,794</b>	<b>(23,299)</b>	<b>26,093</b>	<b>(112.0%)</b>

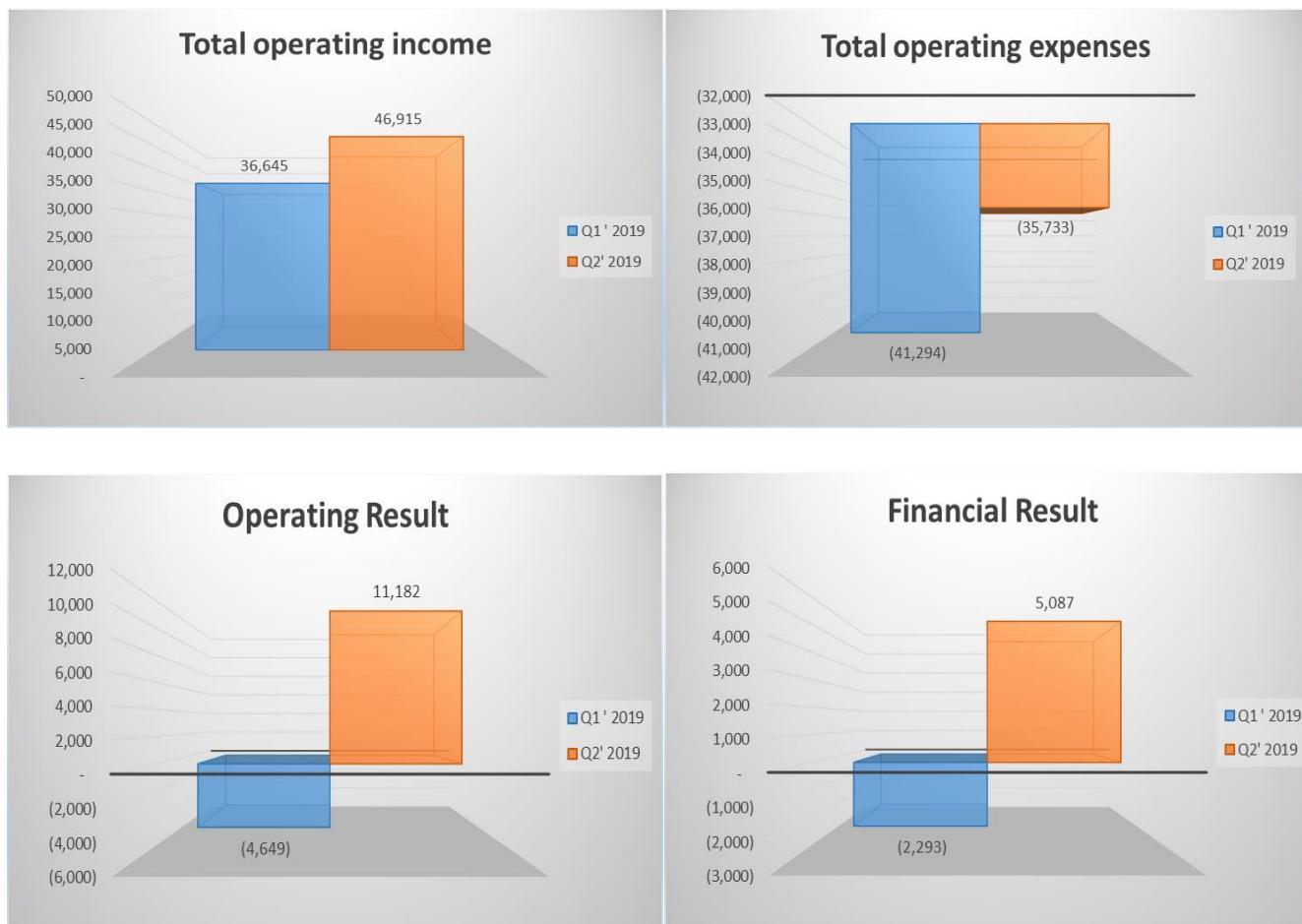
- **Net banking income** registered a **19% increase** compared with the same period of 2018 (+ LEI 13.5 million), a positive evolution being recorded on all income categories and being supported by the growth of loan portfolio, the diversification of the commission income range (launching of transactional packages) and their volume increase (even under the circumstances of reducing the number of branches), as well as from the earnings coming from the foreign exchange transactions performed for customers. Also, during H1 2019, the accelerated actions for the capitalization of the non-productive assets that the Bank holds, continued;

- **Operating expenses** registered a decrease by 3.4% compared to the same period of 2018 (the staff costs registered a decrease of 10% following the optimization of the network program and of the head-office organizational structure). If the impact of the increase in the contribution to FGDB of RON 3.8 million is excluded, the operating expenses registered a decrease of 8%. The operational cost base in H1 2019 was affected by the costs related to the optimization process mentioned above (LEI 1.5 million). Excluding these costs also, there was registered a decrease by 10%.
- **Net Cost of Risk** registered a decrease compared with the same period of 2018 on the back of recovery operations, as well as on the actions implemented by the Bank to reduce the portfolio of non-performing loans through portfolio sales operations (performed in Q4 2018 and Q1 2019).

The Bank registered a **positive operating result** for the first half of 2019 (Lei 6.5 million), in a positive dynamic of compared to the same period for the year 2018 (loss of LEI 9.7 million) and a **net result – profit** of approx. LEI 3 million compared to the loss from the similar period of 2018 of LEI 23.3 million.

The Quarterly evolution of the financial results is presented below and shows a positive dynamic for the main components.

FINANCIAL PERFORMANCE STATEMENT	Q1 ' 2019	Q2' 2019	Cumulative 2019	Δ Q2 / Q1 (abs.)	Δ Q2 / Q1 2019 (%)
<i>-thousands RON-</i>					
Net interest income	27,899	29,242	57,141	1,343	5%
Net fees and commission income	6,347	7,026	13,373	679	11%
Net gains from financial activity & other income	2,399	10,648	13,047	8,250	344%
<b>Net banking Income</b>	<b>36,645</b>	<b>46,916</b>	<b>83,561</b>	<b>10,272</b>	<b>28%</b>
Staff costs	(18,261)	(16,218)	(34,479)	2,043	-11%
Depreciation and amortization	(5,920)	(6,049)	(11,969)	(129)	2%
Other operating and administrative expenses	(17,113)	(13,466)	(30,579)	3,647	-21%
<b>Total operating expense</b>	<b>(41,294)</b>	<b>(35,733)</b>	<b>(77,027)</b>	<b>5,561</b>	<b>-13%</b>
<b>Operating Result</b>	<b>(4,649)</b>	<b>11,183</b>	<b>6,534</b>	<b>15,833</b>	<b>-341%</b>
Net impairment of financial assets	2,356	(5,380)	(3,024)	(7,737)	-328%
<b>Gain/ (Loss) before tax</b>	<b>(2,293)</b>	<b>5,803</b>	<b>3,510</b>	<b>8,096</b>	<b>-353%</b>
Expense from deffered tax	-	(716)	(716)	(716)	
<b>Gain/ (Loss) for the year</b>	<b>(2,293)</b>	<b>5,087</b>	<b>2,794</b>	<b>7,380</b>	<b>-322%</b>



### c) Cash flow

The cash flow within the basic activity, investments and financial activity, the cash level at the beginning and at the end of the period, is presented as follows:

Thousand LEI	30.06.2019	30.06.2018
<b>Cash at the beginning of the period</b>	<b>510.747</b>	<b>636.525</b>
± Cash flow from operational activities	(398.952)	(370.754)
± Cash flow from investment activities	252.178	349.152
± Cash flow from financing activities	(3.862)	50.087
Foreign exchange variations effect	4.259	155
<b>Cash at the end of the period</b>	<b>364.371</b>	<b>665.164</b>

## 2.4 Economic and financial ratios (individual level)

	Main ratios	30.06.2019	31.12.2018
1	Total Own Funds Ratio	15.91%	15.48%
2	The potential change of the economic value (EVI / Own Funds)	10%	9%
2	Loans (gross value) / Customer deposits	65%	57%
3	Loans (gross value)/Total assets	56%	50%
4	Liquidity Coverage Ratio (LCR)	530%	653%
5	Liquid Assets / Total Assets	37%	45%
6	Debt securities and equity instruments/Total assets	25%	30%
7	Return on Assets ratio (ROA)	0.09%	-0.01%
8	Return on Equity ratio (ROE)	0.85%	-0.10%
10	Non Performing Loans (NPL)	15%	18%
11	Non Performing Exposures (NPE)	12%	15%
12	Coverage NPL*	47%	44%
13	Coverage NPL**	63%	62%

\*Coverage NPL calculated according to regulatory rules

\*\*Coverage NPL – calculated in order to show the economic coverage of NPL with provisions (unwinding of interest and fair value adjustments are reclassified from gross exposures to provisions)

### 3. Other information and statements

During the first 6 months of 2019, the Bank's activity was carried out under the conditions of the described economic environment, without any events having significant consequences on the level of the Bank's revenues.

All **transactions with the affiliated parties** both individually and consolidated are presented in the Interim Financial Statements on June 30, 2019 in note 38.

**Capital expenditures** (01.01.2019-30.06.2019) were made in accordance with the approved CAPEX budget.

		Thousand LEI
	Actual	Budget
	5,874	13,055

We mention that the **core business** was performed under normal conditions. The legal obligations regarding the correct and up-to-date organization and management of accounting, compliance with the accounting principles, accounting rules and methods provided by the regulations in force have been fulfilled.

**The individual and consolidated financial statements** of the bank were prepared in accordance with the International Financial Reporting Standards adopted by the European Union, IAS 34 „Interim Financial Reporting”. The presented data related to the closing of H1 2019, concern the organization and management of accounting

according to the Law No. 82/1991 republished with subsequent modifications and completions, in accordance with NBR Order no. 27/2010 for the approval of the accounting regulations in compliance with the International Financial Reporting Standards adopted by the European Union, with subsequent amendments.

The Bank was not in any situation unable to meet its financial obligations during the first half of 2019.

### **Description of any change in the rights of the shareholders of the shares issued by the company**

During the reporting period there were no changes regarding the rights of the shareholders.

On June 30, 2019, shareholders whose voting rights are suspended under NBR's Orders held a total of **245,490,909** shares representing **7.88%** of the total number of shares and the total number of voting rights.

### **Changes of the share capital**

During H1 2019, the Bank's share capital has not changed.

Patria Bank SA is a company whose shares are continuously traded on the regulated market, in accordance with the provisions of the Law 24/2017 and FSA Regulation 5/2018. Currently, the Bank's shares are listed in the Premium Category of the Bucharest Stock Exchange.

The consolidated synthetic structure of holders of financial instruments that hold at least 10% of the bank's share capital as of 30.06.2019 is as follows:

Name	No. of shares	%
EEAF FINANCIAL SERVICES BV, Amsterdam	2,592,620,715	83.2214
Individuals	454,085,520	14.5758
Legal entities	68,624,340	2.2028
Total	3,115,330,575	100

### **The Management of the Bank**

As of 30.06.2019, the management of the bank is ensured by the following:

a) The Board of Directors:

- Mr. Horia Dragos Manda - chairman
- Mrs. Daniela Elena Iliescu – executive member
- Mr. Bogdan Merfea - member
- Mr. Nicolae Surdu – independent\* member (\*according to BoD Decision no.5/2.05.2019)
- Mr. Vasile Iuga - independent member

b) The Executive Committee:

- Mrs. Daniela Iliescu - General Manager (approved by NBR on 15.07.2019)
- Mr. Grigore Valentin Vancea - Deputy General Manager - Operations and IT Division
- Mrs. Lucica Cristina Pitulice - Deputy General Manager - Financial Division
- Mr. Stefan Codrut Nicolau - Deputy General Manager - Commercial Division
- Mr. Codin Radu Nastase - Deputy General Manager - Risk Division (approved by NBR on 18.03.2019)

#### **4. Significant transactions**

Excepting the affiliated parties transactions mentioned at point 3, there were no other significant contracts concluded by Patria Bank S.A. in H1 2019 on acquisitions, mergers, divisions etc. or significant transactions with persons with whom they would act concertedly or in which such persons were involved.

#### **5. Significant litigations**

Information on the litigations concerning the withdrawal of minority shareholders from the company following the merger process is detailed in the Interim Financial Statements on 30 June 2019 in Note 39.

In connection with the appeal filled in by Mr. Ilie Carabulea, as plaintiff, against Patria Bank SA, as defendant, within the file no. 22659/3/2018, the object of which being to request the defendant to pay the sum of LEI 36,437,587 representing the counter-value of the shares for which Mr. Ilie Carabulea exercised the right of withdrawal, The Court has pronounced the Decision no. 2096/11.07.2019, according to which the request for legal action was dismissed as premature. The decision is not final.

#### **6. Subsequent events after 30.06.2019**

##### **Approval of the General Manager of the Bank by the National Bank of Romania**

On July 15, 2019, representing the date when the prior approval of the National Bank of Romania was received, Mrs. Daniela Elena Iliescu starts to exercise his responsibilities as General Manager, member of the Executive Committee of Patria Bank SA.

##### **Approval of the issuance of subordinated Bonds of EUR 5,000,000 and the designation of KPMG AUDIT SRL as financial auditor**

Within the Ordinary General Shareholders Meeting (OGSM) of Patria Bank SA held on August 13, 2019 the following have been decided:

- designation of KPMG AUDIT SRL as financial auditor for auditing the Bank's financial statements for the financial years 2019 - 2021 and terminating the mandate of the Bank's current financial auditor, Pricewaterhouse Coopers Audit S.R.L.

Within the Extraordinary General Shareholders Meeting of Patria Bank SA (EGSM) held on August 13, 2019 the following have been decided:

- the issuance by the bank of a maximum number of 10,000 unsecured, non-convertible and subordinated Bonds, denominated in EUR, with nominal value of EUR 500/bond and a total value of maximum EUR

5,000,000, in dematerialized form, with an eight-year maturity, at an interest rate (coupon rate) of no more 6.5 %/per annum, payable semi-annually, to be placed without drawing up a prospectus through a private placement, respectively through an offer addressed to: (i) qualified investors and (ii) to less than 150 natural or legal persons, other than qualified investors, per Member State, in compliance with the legal provisions and regulations regarding Tier II capital requirements, established in compliance with the Romanian legal framework in force (the Offer);

- the admission to the trading of the Bonds on a market administered by the Bucharest Stock Exchange, following the successful conclusion of the Offer for the selling of the bonds and empowerment The Board of Directors of the Bank to decide on which markets managed by the Bucharest Stock Exchange will be admitted to trading the Bonds;
- Appointment of Tradeville S.A., financial investments services company, as the Offer's Intermediary and the Intermediary of the Admission to Trading procedure;
- The empowerment of the Board of Directors in order to carry out all the operations and/or procedures for the issuance of the Bonds and their Admission to Trading, including the establishment of the final terms and conditions of the Offer.

**NOTE: The interim consolidated and individual financial statements for the period ended at 30 June 2019 prepared in accordance with International Financial Reporting Standards as adopted by European Union have not been audited/reviewed by the independent financial auditor.**

**General Manager**

**Daniela-Elena Iliescu**

**Deputy General Manager**

**Lucica Pitulice**

**Statement**

We, the undersigned, Daniela Iliescu - General Manager and Lucica Pitulice – Deputy General Manager, acting as legal representatives of PATRIA BANK S.A, according to the provisions of art. 30 of the Accounting Law no. 82/1991 republished, art. 65 para (1) point c) of the Law no. 24/2017 regarding the issuers and art. 223 point B) para 1 c) alin. (1) lit. c) of the FSA Regulation no. 5/2018 regarding the issuers of financial instruments and market operations, we assume responsibility for the preparation of interim financial statements on 30.06.2019 and certify that to our knowledge:

- A) The accounting policies used for the preparation of the financial statements on 30.06.2019 are in accordance with the accounting regulations applicable to credit institutions, based on the NBR Order no. 27/2010 approving the accounting regulations in line with the International Financial Reporting Standards adopted by the European Union, with subsequent amendments;
- B) The interim financial statements as at 30.06.2019 present a true and fair view of the financial position, financial performance and other information regarding the activity performed by PATRIA BANK SA;
- C) PATRIA BANK SA operates in terms of continuity;
- D) The half-yearly financial report regarding the above-mentioned financial statements includes a precise analysis of the bank's evolution and performance, as well as a description of the main risks and uncertainties specific to the activity.

**GENERAL MANAGER****DANIELA-ELENA ILIESCU****DEPUTY GENERAL MANAGER****LUCICA PITULICE**



**PATRIA BANK GROUP**

**INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED AT 30 JUNE 2019**

**Prepared in accordance with International Financial Reporting Standards as adopted  
by the European Union**



**INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT  
FOR THE PERIOD ENDED AT 30 JUNE 2019**

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**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED AT 30 JUNE 2019**

<b>Thousand RON</b>	<b>Note</b>	<b>Group</b>		<b>Bank</b>	
		<b>Unaudited (*) 30 June 2019</b>	<b>Unaudited (*) 30 June 2018</b>	<b>Unaudited (*) 30 June 2019</b>	<b>Unaudited (*) 30 June 2018</b>
Interest income	<b>5</b>	84,165	72,348	75,577	64,250
Interest expense	<b>5</b>	(19,947)	(19,480)	(18,436)	(18,188)
<b>Net interest income</b>		<b><u>64,218</u></b>	<b><u>52,868</u></b>	<b><u>57,141</u></b>	<b><u>46,062</u></b>
Fee and commission income	<b>6</b>	15,758	13,557	15,272	13,101
Fee and commission expense	<b>6</b>	(2,563)	(2,686)	(1,899)	(1,981)
<b>Net fee and commission income</b>		<b><u>13,195</u></b>	<b><u>10,871</u></b>	<b><u>13,373</u></b>	<b><u>11,120</u></b>
Net trading income	<b>7</b>	4,827	1,558	4,485	3,782
Net gain/(loss) from investments	<b>8</b>	311	(2,709)	311	(2,732)
Net gains/(losses) on derecognition of financial assets measured at amortised cost		(3,200)	(55)	(3,156)	(37)
Net gains/(losses) from repossessed assets		338	774	338	774
Other operating income	<b>9</b>	6,703	8,106	11,069	11,064
<b>Net operating income</b>		<b><u>86,392</u></b>	<b><u>71,413</u></b>	<b><u>83,561</u></b>	<b><u>70,033</u></b>
Personnel expenses	<b>11</b>	(36,809)	(40,392)	(34,479)	(38,493)
Depreciation and amortisations expense		(11,764)	(9,955)	(11,969)	(7,875)
Other operating and administrative expenses	<b>12</b>	(33,262)	(33,847)	(30,579)	(33,353)
<b>Total operating expenses</b>		<b><u>(81,835)</u></b>	<b><u>(84,194)</u></b>	<b><u>(77,027)</u></b>	<b><u>(79,721)</u></b>
Charge/(release) with adjustments for impairment of financial assets	<b>10</b>	(3,063)	(11,883)	(3,024)	(13,611)
<b>Gross result</b>		<b><u>1,494</u></b>	<b><u>(24,664)</u></b>	<b><u>3,510</u></b>	<b><u>(23,299)</u></b>
(Expenses) / income with current profit tax		(451)	(402)	-	-
(Expenses)/income with deferred tax		(489)	-	(716)	-
<b>Net result for the period</b>		<b><u>554</u></b>	<b><u>(25,066)</u></b>	<b><u>2,794</u></b>	<b><u>(23,299)</u></b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED AT 30 JUNE 2019**

<b>Thousand RON</b>	<b>Note</b>	<b>Group</b>		<b>Bank</b>	
		<b>Unaudited (*) 30 June 2019</b>	<b>Unaudited (*) 30 June 2018</b>	<b>Unaudited (*) 30 June 2019</b>	<b>Unaudited (*) 30 June 2018</b>
<b>Result for the period</b>		<b>554</b>	<b>(25,066)</b>	<b>2,794</b>	<b>(23,299)</b>
<i>Other elements of the comprehensive income</i>					
<b>Items that may be reclassified to profit and loss:</b>					
Net loss/(gains) on debt instruments measured at fair value through other comprehensive income, reclassified to profit or loss		(311)	2,732	(311)	2,732
Net gain/(loss) on investments in debt instruments measured at FVOCI		8,114	(945)	8,114	(945)
Expected loss on investments in debt instruments designated at FVOCI		(11)	42	(11)	42
Income tax recorded directly in other comprehensive income		(1,254)	(951)	(1,254)	(951)
Other elements of the comprehensive income, net of tax		6,538	878	6,538	878
<b>Total comprehensive income for the period</b>		<b>7,092</b>	<b>(24,188)</b>	<b>9,332</b>	<b>(22,421)</b>

The financial statements were approved by the Board of Directors on 14<sup>th</sup> of August 2019 and were signed on its behalf by:

Daniela Iliescu  
General Manager

Lucica Pitulice  
Deputy General Manager

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED AT 30 JUNE 2019  
(All amounts are in thousand RON)**

Thousand RON	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Note	30 June 2019	31 December 2018	30 June 2019
<b>Assets</b>				
Cash and cash equivalents	<b>13</b>	373,090	517,436	364,371
Financial assets held for trading	<b>14</b>	48,265	67,809	7,338
Financial assets measured at fair value through other comprehensive income	<b>15</b>	426,988	625,016	426,988
Due from banks	<b>16</b>	6,029	5,613	6,029
Loans and advances to customers	<b>17</b>	1,635,778	1,593,914	1,574,690
Investments in debt instruments at amortised cost		336,908	368,115	336,908
Right-of-use	<b>36</b>	29,547	-	27,560
Investment property	<b>18</b>	95,820	79,942	93,204
Repossessed assets		17,355	20,090	17,355
Investments in subsidiaries	<b>19</b>	-	-	31,725
Other financial assets	<b>20</b>	6,499	13,209	6,578
Other assets	<b>21</b>	15,858	16,114	19,422
Deferred income tax assets		23,309	22,995	23,302
Intangible assets	<b>22</b>	42,989	42,799	41,437
Property, plant and equipment	<b>23</b>	118,878	143,698	118,528
<b>Total assets</b>		<b>3,177,313</b>	<b>3,543,750</b>	<b>3,095,435</b>
<b>Liabilities</b>				
Deposits from banks	<b>24</b>	11,190	6,951	11,190
Deposits from customers	<b>25</b>	2,659,804	3,057,030	2,666,095
Borrowed funds	<b>26</b>	44,181	37,403	-
Other financial liabilities	<b>27</b>	50,769	77,984	7,513
Provisions for other risks, credit commitments and financial guarantees	<b>29</b>	9,910	10,384	9,533
Lease liabilities	<b>36</b>	29,788	-	28,881
Other liabilities	<b>30</b>	22,919	24,760	19,230
Subordinated debt	<b>31</b>	33,738	23,373	23,373
<b>Total liabilities</b>		<b>2,862,299</b>	<b>3,237,885</b>	<b>2,766,172</b>
<b>Equity</b>				
Share capital	<b>32</b>	315,829	315,829	315,829
Share premium	<b>32</b>	(67,569)	(67,569)	(67,569)
Redeemed own shares	<b>32</b>	(1,134)	(1,134)	-
Retained earnings (Accumulated deficit)		(21,153)	(34,565)	(6,238)
Revaluation reserves	<b>35</b>	47,175	51,438	45,375
Reserves for general banking risks	<b>35</b>	15,301	15,301	15,301
Legal reserves	<b>35</b>	11,887	11,887	11,887
Other reserves	<b>35</b>	14,678	14,678	14,678
<b>Total shareholders' equity</b>		<b>315,014</b>	<b>305,865</b>	<b>329,263</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,177,313</b>	<b>3,543,750</b>	<b>3,095,435</b>
				<b>3,453,467</b>

The financial statements were approved by the Board of Directors on 14<sup>th</sup> of August 2019 and were signed on its behalf by:

Daniela Iliescu

Lucica Pitulice

General Manager

Deputy General Manager

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

Group Thousand RON Unaudited (*)	Note	Share capital	Share premium	Redeemed own shares	Reserves for assets measured at fair value through other comprehensive income	Revaluation reserves for property, plant and equipment	Legal reserves	Reserves for general banking risks	Other reserves	Accumulated loss	Total shareholders' equity
<b>Balance at 1<sup>st</sup> January 2018</b>		<u>231,418</u>	<u>(67,569)</u>	<u>(1,055)</u>	<u>(10,270)</u>	<u>63,132</u>	<u>11,887</u>	<u>15,301</u>	<u>14,678</u>	<u>(33,069)</u>	<u>224,453</u>
Changes due to initial application of IFRS 9 in Patria Bank		-	-	-	4,158	-	-	-	-	(5,767)	(1,609)
Changes due to initial application of IFRS 9 in Patria IFN		-	-	-	-	-	-	-	-	(1,058)	(1,058)
Other movements		-	-	-	-	-	-	-	-	(67)	(67)
<b>Restated balance at 1<sup>st</sup> January 2018</b>		<b><u>231,418</u></b>	<b><u>(67,569)</u></b>	<b><u>(1,055)</u></b>	<b><u>(6,112)</u></b>	<b><u>63,132</u></b>	<b><u>11,887</u></b>	<b><u>15,301</u></b>	<b><u>14,678</u></b>	<b><u>(39,961)</u></b>	<b><u>221,719</u></b>
Result for the period		-	-	-	-	-	-	-	-	(25,066)	(25,066)
Other comprehensive income, net of tax		-	-	-	878	-	-	-	-	-	878
<b>Total comprehensive income for the period</b>		-	-	-	<b><u>878</u></b>	-	-	-	-	<b><u>(25,066)</u></b>	<b><u>(24,188)</u></b>
Share capital increase through share issue		47,044	-	-	-	-	-	-	-	-	47,044
Transfer from revaluation surplus to retained earnings		-	-	-	-	(5,653)	-	-	-	5,653	-
Release of deferred tax asset due to the revaluation reserves transfer		-	-	-	-	-	-	-	-	1,076	1,076
Acquisition of own shares		-	-	(79)	-	-	-	-	-	-	(79)
<b>Balance at 30 June 2018</b>		<b><u>278,462</u></b>	<b><u>(67,569)</u></b>	<b><u>(1,134)</u></b>	<b><u>(5,234)</u></b>	<b><u>57,479</u></b>	<b><u>11,887</u></b>	<b><u>15,301</u></b>	<b><u>14,678</u></b>	<b><u>(58,298)</u></b>	<b><u>245,572</u></b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

Group Thousand RON Unaudited (*)	Note	Share capital	Share premium	Redeemed own shares	Reserves for assets measured at fair value through other comprehensive income	Revaluation reserves for property, plant and equipment	Legal reserves	Reserves for general banking risks	Other reserves	Accumulated loss	Total shareholders' equity
<b>Balance at 1<sup>st</sup> January 2019</b>		<b>315,829</b>	<b>(67,569)</b>	<b>(1,134)</b>	<b>(2,391)</b>	<b>53,829</b>	<b>11,887</b>	<b>15,301</b>	<b>14,678</b>	<b>(34,565)</b>	<b>305,865</b>
Result for the period		-	-	-	-	-	-	-	-	554	554
Other comprehensive income, net of tax		-	-	-	6,538	-	-	-	-	-	6,538
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>554</b>	<b>7,092</b>
Transfer from revaluation surplus to retained earnings		-	-	-	-	(10,801)	-	-	-	10,801	-
Release of deferred tax asset due to the revaluation reserves transfer		-	-	-	-	-	-	-	-	2,057	2,057
<b>Balance at 30 June 2019</b>		<b>315,829</b>	<b>(67,569)</b>	<b>(1,134)</b>	<b>(5,234)</b>	<b>57,479</b>	<b>11,887</b>	<b>15,301</b>	<b>14,678</b>	<b>(58,294)</b>	<b>315,014</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED AT 30 JUNE 2019  
(All amounts are in thousand RON)

Bank Thousand RON	Note	Share capital	Share premium	Reserves for assets measured at fair value through other comprehensive income	Revaluation reserves for property, plant and equipment	Legal reserves	Reserves for general banking risks	Other reserves	Accumulated loss	Total shareholders' equity
<b>Balance at 1<sup>st</sup> January 2018</b>		<u>231,418</u>	<u>(67,569)</u>	<u>(10,270)</u>	<u>61,333</u>	<u>11,887</u>	<u>15,301</u>	<u>14,678</u>	<u>(25,226)</u>	<u>231,552</u>
Changes due to initial application of IFRS 9 in Patria Bank		-	-	4,158	-	-	-	-	(5,767)	(1,609)
<b>Restated balance at 1<sup>st</sup> January 2018</b>		<b><u>231,418</u></b>	<b><u>(67,569)</u></b>	<b><u>(6,111)</u></b>	<b><u>61,333</u></b>	<b><u>11,886</u></b>	<b><u>15,301</u></b>	<b><u>14,678</u></b>	<b><u>(30,993)</u></b>	<b><u>229,943</u></b>
Result for the period		-	-	-	-	-	-	-	(23,299)	(23,299)
Other comprehensive income, net of tax		-	-	878	-	-	-	-	-	878
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>-</u>	<u>878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,299)</u>	<u>(22,421)</u>
Share capital increase through share issue		47,044	-	-	-	-	-	-	-	47,044
Transfer from revaluation surplus to retained earnings		-	-	-	(5,653)	-	-	-	5,653	-
Release of deferred tax asset due to the revaluation reserves transfer		-	-	-	-	-	-	-	1,076	1,076
<b>Balance at 30 June 2018</b>		<b><u>278,462</u></b>	<b><u>(67,569)</u></b>	<b><u>(5,234)</u></b>	<b><u>55,680</u></b>	<b><u>11,887</u></b>	<b><u>15,301</u></b>	<b><u>14,678</u></b>	<b><u>(47,563)</u></b>	<b><u>255,642</u></b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

Bank Thousand RON	Unaudited (*)	Note	Share capital	Share premium	Reserves for assets measured at fair value through other comprehensive income	Revaluation reserves for property, plant and equipment	Legal reserves	Reserves for general banking risks	Other reserves	Accumulated loss	Total shareholders' equity
<b>Balance at 1<sup>st</sup> January 2019</b>			<u>315,829</u>	<u>(67,569)</u>	<u>(2,391)</u>	<u>52,029</u>	<u>11,887</u>	<u>15,301</u>	<u>14,678</u>	<u>(21,890)</u>	<u>317,874</u>
Profit for the period			-	-	-	-	-	-	-	2,794	2,794
Other comprehensive income, net of tax			-	-	6,538	-	-	-	-	-	6,538
<b>Total comprehensive income for the period</b>			-	-	<b><u>6,538</u></b>	-	-	-	-	<b><u>2,794</u></b>	<b><u>9,332</u></b>
Transfer from revaluation surplus to retained earnings			-	-	-	(10,801)	-	-	-	10,801	-
Release of deferred tax asset due to the revaluation reserves transfer			-	-	-	-	-	-	-	2,057	2,057
<b>Balance at 30 June 2019</b>			<u>315,829</u>	<u>(67,569)</u>	<u>4,147</u>	<u>41,228</u>	<u>11,887</u>	<u>15,301</u>	<u>14,678</u>	<u>(6,238)</u>	<u>329,263</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

	Thousand RON	Group		Bank	
		Nota	30 June 2019 Unaudited (*)	30 June 2018 Unaudited (*)	30 June 2019 Unaudited (*)
<b>Cash flows from operating activities</b>					
Interest received	5		97,151	83,707	94,934
Interest paid	5		(19,062)	(20,526)	(17,604)
Fees and commissions received	6		15,758	13,557	15,272
Fees and commissions paid	6		(2,563)	(2,686)	(1,899)
Gain/Loss from financial derivatives	7		259	(400)	259
Net trading and other operating income	7,8,9		8,132	14,261	7,881
Recoveries from off balance sheet items	10		24,028	12,389	22,039
Cash payments to employees	11		(36,764)	(40,116)	(34,434)
Cash payments to suppliers	12		(34,587)	(34,487)	(30,554)
Income taxes paid			(281)	(343)	(80)
<b>Net cash-flow from operating activities before changes in operating assets and liabilities</b>			<b>52,071</b>	<b>25,356</b>	<b>55,813</b>
					<b>25,948</b>
<b>Changes of operating assets</b>					
<i>(Increase)/Decrease of:</i>					
- due from banks	16		(425)	3,168	(425)
- financial assets held for trading	14		20,097	(13,431)	-
- loans and advances to customers	17		(66,745)	(163,190)	(62,808)
- other financial assets and other non-financial assets	20,21		6,346	(5,690)	7,828
<b>Total changes of operating assets</b>			<b>(40,727)</b>	<b>(179,143)</b>	<b>(55,405)</b>
					<b>(169,902)</b>
<b>Changes of operating liabilities</b>					
<i>Increase/(Decrease) of:</i>					
- deposits from banks	24		4,423	(26,135)	4,423
- deposits from customers	25		(398,251)	(185,010)	(399,533)
- other financial liabilities and other non-financial liabilities	27,30		(29,208)	(4,777)	(4,070)
<b>Total changes of operating liabilities</b>			<b>(423,216)</b>	<b>(215,922)</b>	<b>(399,360)</b>
					<b>(226,799)</b>
<b>Net cash flow used in operating activities</b>			<b>(411,872)</b>	<b>(369,709)</b>	<b>(398,952)</b>
					<b>(370,754)</b>
<b>Cash flows from investing activities</b>					
Acquisition of securities at fair value through other items of comprehensive income	15		(159,258)	(81,595)	(159,258)
Sale of securities at fair value through other items of comprehensive income	15		388,931	485,361	388,829
Acquisition of instruments at amortised cost			(23,676)	(48,657)	(23,676)
Redemption of investments held to maturity			50,277	-	50,227
Acquisition of equity instruments			-	-	-
Dividend income received	9		1,740	-	4,359
Acquisition of tangible and intangible assets	22,23		(8,525)	(5,982)	(8,354)
<b>Net cash used in investing activities</b>			<b>249,491</b>	<b>349,127</b>	<b>252,178</b>
					<b>349,152</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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Thousand RON	Nota	Group		Bank	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		<u>Unaudited(*)</u>	<u>Unaudited(*)</u>	<u>Unaudited(*)</u>	<u>Unaudited(*)</u>
<b>Cash flows from financing activities</b>					
Drawdowns from borrowings from other financial institutions	<b>26</b>	6,725	3,134	-	-
Repayments of borrowings from other financial institutions	<b>26</b>	-	-	-	(44)
Repayments principal leasing	<b>36</b>	(3,312)	-	(4,129)	-
Subordinated loan	<b>31</b>	10,365	3,087	357	3,087
Shares issue	<b>32</b>	-	46,965	-	47,044
<b>Net cash generated from /used in financing activities</b>		<b><u>13,778</u></b>	<b><u>53,186</u></b>	<b><u>(3,682)</u></b>	<b><u>50,087</u></b>
<b>Impact of exchange rate changes on cash and cash equivalents</b>					
		<b><u>4,259</u></b>	<b><u>155</u></b>	<b><u>4,259</u></b>	<b><u>155</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(144,344)</u></b>	<b><u>32,579</u></b>	<b><u>(146,376)</u></b>	<b><u>28,640</u></b>
Cash and cash equivalents at 1st of January	<b>13</b>	517,436	642,914	510,747	636,524
<b>Cash and cash equivalents at end of period</b>		<b><u>373,090</u></b>	<b><u>675,673</u></b>	<b><u>364,371</u></b>	<b><u>665,164</u></b>

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## **1. REPORTING ENTITY**

At 30 June 2019 the Group Patria Bank ("The Group") includes Patria Bank S.A. (resulted from the 2017 reverse merger between Banca Comerciala Carpatica and Patria Bank former Nextebank until 2016), – "Patria Bank", ("The Bank"/"PBK"), Patria Credit IFN SA ("IFN"), Imobiliar Invest SRL and SAI Patria Asset Management SA (together with managed investment funds: FDI Patria Stock, FDI Patria Global and FDI Patria Obligatiuni). Patria Bank SA is Parent of the Group.

At 30 June 2018 the Group Patria Bank ("The Group") includes Patria Bank S.A. (resulted from the 2017 reverse merger between Banca Comerciala Carpatica and Patria Bank former Nextebank until 2016), – "Patria Bank", ("The Bank"/"PBK"), Patria Credit IFN SA ("IFN"), Patria Investments SA (former SAI Patria Asset Management SA), Imobiliar Invest SRL and SAI Patria Asset Management SA (together with managed investment funds: FDI Patria Stock, FDI Patria Global and FDI Patria Obligatiuni). Patria Bank SA is Parent of the Group.

At 30 June 2019 the Structure of the Patria Bank Group is the following:

- **Patria Bank S.A. – Parent** – is a Romanian credit institution resulted from the merger by absorption between the former Banca Comerciala Carpatica S.A. (as an absorbing entity) and former Patria Bank S.A. (as an absorbed entity), which took place on 1<sup>st</sup> of May 2017. According to the decision of the General Meeting of Shareholders regarding the approval of the merger, the decision to change the name of the absorbing company from Banca Comerciala Carpatica S.A. in Patria Bank S.A. was implemented at the same time with the merger date.

As of 30 June 2019 and 30 June 2018 the Bank is ultimately controlled by Emerging Europe Accession Fund Cooperatief U.A. ("EEAF") 100% owner of EEAFF Financial Services B.V.. The main investors in EEAFF are EBRD - European Bank for Reconstruction and Development, EIF - European Investment Fund (part of the European Investment Bank Group), DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, Black Sea Trade and Development Bank. The main shareholders had the same structure at 31 December 2018. These four institutions held joint control over the Emerging Europe Accession Fund Cooperatief U.A.

The Group provides banking services and other financial services to SMEs, microenterprises and separate clients. These services include: deposit accounts, domestic and international payments, foreign exchange transactions, working capital loans, medium term lending, bank guarantees, letters of credit.

- **Patria Credit IFN SA –Subsidiary** - is registered in Romania as of February 12, 2004 and is authorized by the National Bank of Romania ("NBR") to carry out lending activities. Starting with September 28, 2007, the NFI is registered with the General Register of the NBR's Non-banking Financial Institutions ("IFN"), and as of February 26, 2008 Patria Credit IFN was also registered with the NBR Special Register.

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In February 2016 Patria Credit IFN was de-registered from the Special Register of Non-Banking Financial Institutions in accordance with the NBR address 428/2 / 15.02.2016, as a result of the decrease of the specific indicators of the registration in the Special Register

As of 18.05.2018, The National Bank of Romania decided that the company should be registered back in the Special Register of Non-Banking Financial Institutions.

At 30 June 2019, Patria Credit IFN is listed in the General Register under the number RG-PJR-41-110216/14.12.2017 and in the Special Register under the number RS-PJR-41-110047/18.05.2018.

Patria Credit IFN is specialized in rural lending and microfinance and is under the control of Patria Bank SA, by taking over 99.997% of the share capital and voting rights held by the former Patria Bank SA.

- **Patria Investments SA – Subsidiary** –(liquidated as of 30 June 2019) (former SAI Patria Asset Management SA , former S.A.I. Intercapital Investment Management SA) to which the ASF (Financial Supervisory Authority of Romania) revoked on 23.11.2017 the authorization for the operation (administration of investment funds) was liquidated in January 2019.

The investment fund management activity was discontinued starting with 19 October 2017, the company requesting and obtaining the withdrawal of the authorization from the ASF at the end of 2017. At the same time, at the General Meeting of the Company's Shareholders dated 19 September 2017, it was decided to change the scope of activity of SAI Patria Asset Management SA in "Management consultancy activities", as well as a name of the company from SAI Patria Asset Management in SC Patria Investments SA. During 2018, Patria Bank took the necessary steps to liquidate the Patria Investments subsidiary, according to the legal procedures; the liquidation was finalized in January 2019. For the purpose of the presentation of Group financial statements as of 31 December 2018, the results of the subsidiary have been included in the statements of comprehensive income; the impact was not significant for the Group results.

- **SAI Patria Asset Management SA – Subsidiary** - and the three investment funds controlled by it - FDI Patria Stock, FDI Patria Global, FDI Patria Obligatiuni is authorized by ASF for the management of investment funds. The company is under the control of Patria Bank SA with over 99.99% of the share capital and voting rights. In 2018 the company and the funds managed changed their names as follows: SAI Carpatica Asset Management became SAI Patria Asset Management and the three funds changed their names accordingly.
- **SC Imobiliar Invest SRL** (Voluntary liquidation) – **Subsidiary** - based in Sibiu, Autogarii street, no 1, having the main activity of buying and selling of own real estate. A company in the process of voluntary liquidation, having the main activity of buying and selling real estate; it is a company under the control of Patria Bank SA, by taking over the stake held by former Banca

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Comerciala Carpatica SA of 100% of its share capital and voting rights. By Decision 51397 / 21.07.2014, Banca Comerciala Carpatica SA, as the sole shareholder of Imobiliar Invest SRL, decided the early dissolution and the voluntary liquidation of the company.

- **Carpatica Invest SA (Dissolution) – Subsidiary** - SSIF Carpatica Invest S.A. with its head office in Sibiu, 5 Mihai Viteazu. SSIF Carpatica Invest S.A. is a financial investment company, authorized, regulated and supervised by the Financial Supervisory Authority ("ASF"); the Group owns 95.68% of the shares (2015: 95.68%).

The Financial Supervisory Authority has ruled to suspend the trading activity of SSIF Carpatica Invest SA considering that the company is not compliant with the legal requirements regarding the level of own funds. Thus, the then main shareholder, Banca Comerciala Carpatica SA, has decided to dissolve the company. Considering the dissolving decision and the insignificant impact of consolidating SSIF Carpatica Invest SA, the Group has decided to modify the scope of the consolidation by excluding SSIF Carpatica Invest SA for the 2018 and 2019 statements.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

The interim consolidated and individual financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting*. These interim consolidated and individual financial statements were not audited or reviewed.

The interim consolidated and individual financial statements include:

- the consolidated and individual statement of financial position
- the consolidated and individual statement of comprehensive income
- the consolidated and individual statement of changes in equity
- the consolidated and individual cash flow statement
- a selection of relevant explanatory notes for the period ending at 30 June 2019.

The interim financial statements do not include all disclosures required by the International Financial Reporting Standards adopted by the European Union ("IFRS") for the full set of annual financial statements; so, these interim statements should be read together with the Group's annual financial statements as at 31 December 2018 approved on March 27, 2019.

In accordance with Order 27 / 16.12.2010 issued by the President of the Board of Directors of the National Bank of Romania, the Group's annual financial statements at 31 December 2018 were prepared in accordance with IFRS.

The Group keeps its accounting records in Romanian LEI ("RON"); RON is also the functional and presentation currency of the Group in accordance with the Romanian Accounting Law and the accounting and reporting regulations issued by NBR and the Ministry of Public Finance.

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Patria Bank SA is the result of the reverse merger between the former Banca Comerciala Carpatica S.A (as the absorbing entity) and the former Patria Bank S.A. (as the absorbed entity), the merger was effective on May 1<sup>st</sup>, 2017. More detailed information on the merger process, the economic and financial impact and the disclosure in the accounts are presented in the annual financial statements as at 31 December 2018. The information was not repeated in these interim financial statements.

**b) Basis of measurement**

These financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, the revaluation of land and buildings, financial assets at fair value through other comprehensive income, non-current assets held for sale, investment properties and financial instruments at fair value through profit or loss.

The significant accounting policies used in the preparation of these interim financial statements are those presented in Note 3 of the Group's Annual Consolidated and Separate Financial Statements as at 31 December 2018 approved on 27 March 2019; except for changes resulting from the implementation of IFRS 16 *Leases*. These changes are presented in Note 3 in these interim financial statements. These accounting policies have been applied consistently in both periods presented.

**c) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Patria Bank SA and all its subsidiaries for the period ended at 30 June 2019 and the comparative financial statements of the Patria Bank SA and all its subsidiaries for the period ended 30 June 2018.

All outstanding balances between Group companies, transactions, income and expenses, losses and gains arising from transactions between Group companies are eliminated in full.

Subsidiaries are entities controlled by the Bank. An investor controls an investee when it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The entities in the Group are incorporated in Romania, keep their accounting books and prepare their statutory financial statements as follows:

- the Bank, SAI Patria Asset Management S.A., FDI Patria Stock, FDI Patria Global, FDI Patria Obligatiuni in accordance with IFRS as adopted by the European Union;
- Patria Credit IFN SA, SC Imobiliar Invest S.R.L. in accordance with Romanian accounting regulations.

The Bank consolidates the financial statements of its subsidiaries in accordance with IFRS 10. The list of Group subsidiaries is presented under the reporting entity chapter.

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**d) Going concern**

The preparation of the consolidated and individual financial statements is based on the going concern assumption that involves management's assessments, estimates and hypotheses related to the income, expenses, assets, liabilities, cash flows, liquidity and capital requirements of the Bank. The uncertainty in relation to these hypotheses and estimates could determine results that require significant adjustments of the assets, liabilities and capital requirements in the future periods.

The Bank's ability to continue its planned activity depends, as presented below, on leveraging the activities that helped the Bank achieve breakeven point in 2018 and in the first half of 2019, on the shareholder's financial support, on attracting Tier I and II capital instruments from new investors, as well as the compliance with the regulations of the National Bank of Romania ("NBR").

**Operational considerations**

For the first half of 2019, the Bank has reached a positive net result of RON 2.8 million, after the year 2018 when the Bank almost reached the "breakeven point" (with a marginal loss of RON 0.266 million). This positive result was reached based on the continuation of the growth path of commercial activity (especially the growth of the lending, on the segment of legal persons), the diversification of the base of the commissions revenues, optimization in the area of non-productive fixed assets and an efficient risk management.

During first half of 2019 the net operating income increased by 19% compared with the same period of 2018, while the operating expenses base has registered a decrease with RON 3 million i.e. - 3% and with 8% if it is excluded the additional cost of RON 3.8 million with Contribution to Deposits Guarantee Fund. The operating result in the first half of 2019 has improved substantially from a loss of RON 9.7 million (in the first half of 2018) to a profit of RON 6.5 million.

During the first half of 2019 the loan portfolio continued its upward trend recording as of 30 June 2019 a net exposure of 2% higher than the net exposure at the end of 2018. This led to an increase of the weight of the net loans in total assets (from 50% as of 31 December 2018 to 56% as of 30 June 2019) and to an improvement of the gross loans / deposits ratio (65% as of 30 June 2019 compared to 57% as of 31 December 2018). The performing portfolio (gross exposure) increased at the end of June 2019 by 6% (+RON 81.8 million) compared with 31 December 2018.

The structure of the Bank's balance sheet which put in the past a high pressure on the profitability of the Bank (an under-optimal structure of the assets with the significant liquidity surplus invested in short-term government bonds which generated lower interest earnings than average yields of the loan portfolio) has changed during the first half of 2019.

### **Capital Ratios considerations**

#### **As of 30 June 2019**

**At individual level** the Bank's Capital Adequacy Ratio (Total Capital Ratio) is 15.91%, being over the TSCR limit (15.91%) being over the minimum TSCR limit (11.18%) and over the minimum OCR limit of 13.68% (TSCR plus capital conservation buffer of 2.5%), registering an increase compared to 15.78% level at the end of 2018. The increase of the Total Capital Ratio was supported by the improved net result of the first half of 2019, which did not erode anymore the capital base of the Bank. TSCR limit for the Total Capital Requirements has been increased starting with February 2019 from 10.93% to 11.18% following the completion of the Surveillance and Evaluation Process (SREP) conducted by the National Bank of Romania in 2018.

The CET 1 ratio is 14.71%, above TSCR limit (6.29%) and above OCR limit (8.79%).

**At the consolidated level** the Bank's Capital Adequacy Ratio (Total Capital Ratio) is 15.53%, being over the TSCR limit (11.35%) and over the minimum OCR limit of 14.85% (TSCR plus capital conservation buffer of 2.5% plus 1% systemic shock buffer). The level of the systemic buffer is set according to the NBR methodology set in the NBR Order nr. 8/2018 amended through NBR Order nr. 2/ 26.02.2019 published in the Official Gazette nr. 213 Part I/18.03.2019) which includes specific provisions applicable to banks which acquired loan portfolios (of which value incorporated a market value adjustment)

The CET 1 ratio is 14.28%, above TSCR limit (6.38%) and above OCR limit (9.88%).

As of 31 July 2019 the Bank complies with capital ratios requirements.

### **Other considerations**

Starting with January 2019 the Bank has implemented a set of measures in order to comply with the provisions of NBR requirements addressed to the Bank. These requirements address operational as well as business aspects and their implementation comes in line with management's objectives. There are requirements related to: lending activity (sound management of unsecured loans portfolios), the loan book structure (any business segment should not exceed 30% of the total portfolio of loans granted to legal entities) and cost-to-income ratio (that needs to register a decreasing trend during 2019). The Bank adjusted its risk strategy according to the above requirements.

The requirements also address the minimum capital level, which is in the management attention on a continuous basis. In order to ensure compliance with this level, the implementation of a combined set of measures will be considered: (i) intended adherence to a business plan which

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generates a positive result, excluding the impact of the tax on financial assets introduced by the Government Emergency Ordinance No. 114/2018 (“OUG 114”) issued at the end of December 2018 (the “Tax on Financial Assets”), amended by Government Emergency Ordinance No. 19/2019 (“OUG 19”); (ii) optimisation of the risk weighted assets base; and (iii) measures to further strengthen the capital base.

According the provisions of OUG 114 (amended by OUG 19) banks must pay the tax on financial assets, tax which is subject to IFRIC 21 provision. Its value is influenced by the following 2 triggers: (1) the loan portfolio to register an increase above the minimum level set by the OUG 114 and the interest margin to register a decrease below the minimum level mentioned by the OUG 114 and (2) the bank to be profitable.

The estimated value of this tax is estimated to be approximately in the range RON 3 million – 8 million. The full and actual impact of this tax will be assessed and included in the 2019 annual financial performance of the Bank, based on the actual level of the financial assets as of 31 December 2019 and subject to the actual levels for the 2 triggers mentioned above.

In 2019, compliance with capital ratios and the additional NBR requirements described above will be influenced by the financial result (which, on its turn, will be impacted by the Tax on Financial Assets as described on the previous paragraph) as well as by the implementation of the other planned measures described above. Compliance with these collective requirements is the foundation of the Bank’s ability to realize its assets and discharge its liabilities in the normal course of business. This will be supported by a combined set of factors that forms the basis of the Bank’s Management assessment that it is appropriate for the going concern principle to be applied in the preparation of the consolidated and separate financial statements. The factors are: (1) the plans to continue growing the business while optimizing the cost base such that the Bank achieves sustained profitability (excluding the effect of the Tax on Financial Assets); (2) the proposed plans to strengthen the tier 2 capital base and (3) its comfortable liquidity position. These factors are set out below:

**i) 3 years business plan with positive returns (excluding the impact from Tax on Financial Assets)**

The Board of Directors of the Bank has approved the Bank’s 3 years business plan whereby it expects to generate profits in the period 2019-2021 (excluding the effect of the Tax on Financial Assets). The business plan is designed only based on organic growth and also based on a plan for right sizing the footprint and the entire organization of the Bank in order to create the optimal balance between the income base and the cost base.

For 2019, the Bank plans to leverage on the income drivers developed during 2018, as it plans to continue to increase the weight of the higher yielding assets (loans to customers) in its total assets, implying also a corresponding increase of the risk weighted assets. The increase in the size of the loan book is expected to lead to an increase of the operating income of the Bank, while in parallel the management aims to continue the optimization of the operating costs of the Bank, including the

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cost of risk and cost of funding, in order to achieve the profitability targets. The business plan also includes a continuation of actions started in 2018 for decreasing the size of the non-productive assets through a strategy of sale (for those properties classified as repossessed assets) or a strategy of lease-out (for those classified as investment property). Through the sale actions the usage of the capital base of the Bank will be improved, as these assets are also very capital intensive.

For the 6 months period ended 30 June 2019 the Bank's main financial performance indicators were within the budgeted level.

#### **ii) Strengthening the Bank's Tier 2 capital base during 2019**

Included in 2019 business plan of the Bank (approved by Board of Directors on 15 March 2019) is an increase of the capital base by EUR 10,000,000 in the form of Tier 2 capital attracted from new investors.

In the Extraordinary General Shareholders Meeting of Patria Bank SA (EGSM) held on August 13, 2019 the following have been decided: the issuance by the bank of a maximum number of 10,000 unsecured, non-convertible and subordinated Bonds, denominated in EUR, with nominal value of EUR 500/bond and a total value of maximum EUR 5,000,000 in dematerialized form, with an eight-year maturity, at an interest rate (coupon rate) of no more 6.5 %/per annum, payable semi-annually, to be placed without drawing up a prospectus through a private placement, respectively through an offer addressed to: (i) qualified investors and (ii) to less than 150 natural or legal persons, other than qualified investors, per Member State, in compliance with the legal provisions and regulations regarding Tier II capital requirements, established in compliance with the Romanian legal framework in force (the Offer).

According to the calendar the issuance will be completed until 4 October 2019. Subsequent to its completion the Bank will undertake the actions necessary, according to provisions of EU Regulation 575/2013, for obtaining the National Bank of Romania approval for the inclusion of these capital instruments into Own Funds Level II.

Complementary to the above actions, the main shareholder of the Bank - EEAFF Financial Services BV demonstrated its ongoing commitment to support the Bank's operations through a support letter dated 27 March 2019. The main shareholder of the EEAFF Financial Services BV is the investment fund Emerging Europe Accession Fund Cooperatief U.A. (EEAF), whose main investors are the following international financial institutions:

- EBRD - European Bank for Reconstruction and Development
- EIF - European Investment Fund part of European Investment Bank (EIB)
- BSTDB - Black Sea Trade and Development Bank
- DEG – Development Bank part of the group KFW.

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The above mentioned actions aim to strengthen the capital base required to maintain compliance with the regulatory capital during the process of driving lending book growth to reach an optimal balance sheet structure although the size of the balance sheet and of the network footprint were adjusted downwards following also the implications on the total financial result of the introduction of the Tax on Financial Assets.

**iii) Liquidity considerations**

As noted above, the Bank has a strong liquidity position demonstrated by the level of key liquidity indicators such as LCR (530% at the end of 30 June 2019 – well above the Romanian market average level and the minimum level required for this indicator of 100%) and a ratio of liquid assets to total assets of 38%. During the first half of 2019 the Bank had to maintain a level of minimum 100% for the main currencies (RON and EUR) and a minimum level of 400% for all currencies in equivalent reporting currency RON. For the second half of 2019 the minimum levels with which the Bank will have to comply are: 100% for the main currencies (RON and EUR) and a minimum level of 250% for all currencies in equivalent reporting currency RON. The extra liquidity placed at the end of 2018 in low yielding assets will be gradually shifted to lending book thus the estimated projection of the ratio of liquid assets to total assets for 31 December 2019 is of 32%, assuming that the budgeted level of the loans portfolio will be reached.

**Based on all of the above, the Bank's management has made an assessment regarding the going concern principle and has concluded that the going concern principle is appropriate as basis for the preparation of the consolidated and separate financial statements as at and for the 6 months period ended 30 June 2019.**

**e) Use of estimates and judgments**

The preparation of financial statements according to IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Items affected by the use of estimates and significant judgments are: fair value of financial assets, impairment adjustments for loans to customers, financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, provisions for risks and charges.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### ***3.1 a) Impact of IFRS 16 implementation for the Group***

The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before 31 December 2018.

IFRS 16 changes significantly the definition of the lease with impact in the accounting and reporting done by the lessee. The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, the Group has made the following changes in how it accounted for the operational leasing contracts in force at transition date:

- a) Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments. The lease liability has been measured at the present value of future lease payments discounted with the Group's incremental borrowing rate. In this assessment the Group took into account all lease payments made in advance or accumulated for the contracts in scope of the measurement. At transition date the Group excluded from measurement the initial directly attributable costs.
- b) Recognise depreciation of right-of-use assets in the consolidated statement of comprehensive income;
- c) Recognise interest expense on lease liabilities in the consolidated statement of comprehensive income (under line item '*Interest expense*');
- d) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

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The Group has applied the exception from IFRS 16 by excluding from its scope contracts which:

- Are short-term leases (lease term of 12 months or less)
- Are leases of low-value assets (the Group's policy is to apply a threshold of the equivalent of USD 5,000 to these assets)

For these contracts the Group has opted to recognise a lease expense on straight-line basis.

The amounts recognised at transition date as assets representing right-of-use and leasing liabilities for the operational leasing contracts are shown below:

**Assets**

Right-of-use                    32,564 thousand lei

**Liabilities**

Lease liabilities                32,564 thousand lei

The Bank has concluded a sub-lease agreement with two of its subsidiaries for the right of use of property space included in the master contract where the Bank is a lessee. The Bank has classified this transaction as a finance lease because the sub-lease passes on the right-of-use asset to the subsidiaries.

The amount recognised as a finance lease receivable at transition date was 1,226 thousand lei (the accounting entry was done by deducting from the right-of-use the value of the sublease and recognition of finance lease receivable).

**3.1 b)      *Summary of significant accounting policies***

***Group as a lessee***

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined by applying the USD 5,000 threshold). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate (considered at 1%).

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments less any lease incentives

Notes 1 to 39 are part of the consolidated and separate financial statements.

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- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by:

- Increasing the carrying amount to reflect interest on the lease liability (using the effective interest method)
- Reducing the carrying amount to reflect the lease payments made
- Any increase or reduction to reflect any remeasurement or change of the leasing contract (making a corresponding adjustment to the related right-of-use asset)

The Group did not make any such adjustments during the period ended 30 June 2019.

The right-of-use assets comprise:

- The initial measurement of the corresponding lease liability
- Lease payments made at or before the commencement date
- Any initial direct costs

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. These costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy (as presented in the Group's Annual Consolidated and Separate Financial Statements as at 31 December 2018).

Variable rents that do not depend on an index or a rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognised as an expense in the

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period in which the event or condition that triggers those payments occur and are included in the line 'Other operating and administrative expenses' in the consolidated statement of comprehensive income.

***Group as a lessor***

The Group enters into lease agreements as a lessor for both contracts concluded with third parties for part of its investment property portfolio as for the sublease contracts concluded with its subsidiaries for the rent of office space.

Leases for which the Group is a lessor in contracts for renting out part of its investment property portfolio are classified as operating leases and the accounting for rental income is done on a straight-line bases during the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. For the sublease concluded by the Bank with two of its subsidiaries (Patria Credit IFN and SAI Patria Asset Management) the Group classified them as finance lease considering that the right-of-use assets are substantially transferred by the contracts to the lessees.

Amounts due from lessees under finance leases are recognised as receivables (included in the line item '*Other financial assets*') at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

#### 4. FINANCIAL RISK MANAGEMENT

##### Own Funds

At 30 June 2019 and 31 December 2018, the Bank's own funds calculated as per statutory regulations and capital requirement are presented below:

##### Bank

Thousand RON	30 June 2019	31 December 2018
<b>Tier 1 capital</b>	<b>275,690</b>	<b>267,116</b>
Ordinary share capital	313,780	313,780
Share premium	2,050	2,050
Merger premium	(67,569)	(67,569)
Reserves	87,241	91,491
Retained earnings/accumulated deficit	(9,034)	(21,624)
Current year loss/profit	-	(267)
Less: Intangible assets & Goodwill	(41,437)	(41,049)
Less: Prudential filters (*)	4,117	5,375
Less: Equity investment	(8,066)	(9,134)
Less: Deferred tax assets	(4,961)	(5,281)
Other prudential deductions	(432)	(656)
<b>Tier 2 capital</b>	<b>22,480</b>	<b>21,956</b>
Subordinated debt included in Tier 2 capital	23,676	23,151
Less: Subordinated loan	(1,195)	(1,195)
<b>Total regulatory capital</b>	<b>298,170</b>	<b>289,072</b>
Exposure value to credit risk	1,567,556	1,525,225
Exposure value to operational risk	306,151	306,151
<b>Total Risk Exposure</b>	<b>1,873,707</b>	<b>1,831,376</b>
<b>Total capital requirement</b>	149,897	146,510
<b>Capital adequacy ratio</b>	<u>15,91%</u>	<u>15,78%</u>

(\*) According to art. 473 lit. A of the EU Regulation no. 575/2013, the Group applies the transitional measures for the elimination of the impact on the Own Funds by the transition to IFRS 9.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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On 30 June 2019 and 31 December 2018, the Group's own funds calculated in accordance with statutory regulations and capital requirements for reporting data as the prudential consolidation perimeter are presented below:

**Group**

<b>Thousand RON</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Tier 1 capital</b>	<b>270,478</b>	<b>267,671</b>
Ordinary share capital	313,780	313,780
Share premium	2,050	2,050
Merger premium	(67,569)	(67,569)
Reserves	87,241	91,491
Retained earnings/accumulated deficit	(22,120)	(32,310)
Current year loss/profit	(4,391)	(2,610)
Less: Intangible assets & Goodwill	(42,594)	(42,776)
Less: Prudential Filter (*)	4,873	6,271
Other prudential deductions	(432)	(656)
<b>Tier 2 capital</b>	<b>23,676</b>	<b>23,151</b>
Subordinated debt included in Tier 2 capital	23,676	23,151
<b>Total regulatory capital</b>	<b>294,153</b>	<b>290,822</b>
Exposure value to credit risk	1,560,763	1,520,094
Exposure value to operational risk	333,702	333,702
<b>Total Risk Exposure</b>	<b>1,894,465</b>	<b>1,853,796</b>
<b>Total capital requirement</b>	<b>151,557</b>	<b>148,304</b>
<b>Capital adequacy ratio</b>	<b>15.53%</b>	<b>15.69%</b>

(\*) According to art. 473 lit. A of the EU Regulation no. 575/2013, the Group apply the transitional measures for the elimination of the impact on the Own Funds by the transition to IFRS 9.

Tier 1 own funds include social capital, retained earnings, reserves after deduction of intangible assets and other regulated adjustments that are items included in own funds but which have a different capital adequacy regime. Tier 2 own funds include legally-accepted subordinated loans.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**5. NET INTEREST INCOME**

<b>Thousand RON</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
<b>Interest and similar income</b>				
Loans and advances to customers (*)	62,995	66,482	56,427	73,958
Financial assets at fair value through other comprehensive income	6,231	5,564	5,184	4,102
Debt instruments at amortised cost	3,024	3,000	3,024	3,000
Due from other banks	952	789	887	721
<b>Total interest and similar income</b>	<b>84,165</b>	<b>72,348</b>	<b>75,577</b>	<b>64,250</b>
<b>Interest and similar expense</b>				
Customer deposits	334	580	334	579
Loans from banks and other financial institutions	655	1,303	647	1,303
REPO operations	93	-	93	-
Subordinated debt	113	165	113	165
<b>Total interest and similar expense</b>	<b>19,947</b>	<b>19,480</b>	<b>18,436</b>	<b>18,188</b>
<b>Net interest income</b>	<b><u>64,218</u></b>	<b><u>52,868</u></b>	<b><u>57,141</u></b>	<b><u>46,062</u></b>

(\*)Interest income at Group level includes RON 5,796 thousand (2018: RON 5,944 thousand) interest income recognized on impaired loans to customers and an expense representing unwinding of interest adjustment for the impaired loans to customers amounting to RON 729 thousand (2018: RON 23,662 thousand).

(\*)Interest income at Bank level includes RON 5,570 thousand (2018: RON 5,679 thousand) interest income recognized on impaired loans to customers and an expense representing unwinding of interest adjustment for the impaired loans to customers amounting to RON 729 thousand (2017: RON 23,662 thousand).

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## 6. NET FEE AND COMMISSION INCOME

Thousand RON	Group		Bank	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Fee and commission income</b>				
Cards activity (VISA & MC)	3,027	2,163	3,028	3,146
Non-cash transactions	6,770	2,479	6,770	5,108
Non-deferrable commissions related to loans	414	3,766	414	29
Cash transactions	2,716	2,386	2,716	2,387
Income from other financial services	1,857	2,154	1,370	1,492
Bankassurance services	-	-	-	185
Issuing financial guarantees	621	18	621	163
Interbank settlements	353	591	353	591
<b>Total venituri din comisioane si speze</b>	<b><u>15,758</u></b>	<b><u>13,557</u></b>	<b><u>15,272</u></b>	<b><u>13,101</u></b>
<b>Fee and commission expense</b>				
Cards activity (VISA & MC)	387	436	387	436
Interbank settlements	877	854	877	853
Expenses from other financial services	901	974	265	276
Other	398	422	370	416
<b>Total fee and commission expense</b>	<b><u>2,563</u></b>	<b><u>2,686</u></b>	<b><u>1,899</u></b>	<b><u>1,981</u></b>
<b>Net fee and commission income</b>	<b><u>13,195</u></b>	<b><u>10,871</u></b>	<b><u>13,373</u></b>	<b><u>11,200</u></b>

Non-deferrable commissions related to loans represent fees and commissions that are not subject of amortization according to the Effective Interest Rate methodology and consist mainly on fees charged for services provided (administration fees) that are recognized in the period when they were incurred, fees for credit commitments when the probability of disbursement is not certain, fees charged for early repayments, etc. The Group has internal procedures that classifies all commission types and specifies the accounting treatment to be applied for each class.

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**7. NET TRADING INCOME**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Net gain/(loss) from financial assets held for trading	1,126	(2,426)	889	(174)
Net loss from derivatives	(209)	(301)	(125)	(353)
Net gain from foreign exchange transactions	3,910	4,285	3,721	4,309
<b>Net trading income</b>	<b>4,827</b>	<b>1,558</b>	<b>4,485</b>	<b>3,782</b>

**8. NET GAIN/(LOSS) FROM INVESTMENTS**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Gain from sale of financial assets at fair value through other comprehensive income	515	34	515	11
Loss from sale of financial assets at fair value through other comprehensive income	(204)	(2,743)	(204)	(2,743)
<b>Total net gain/(loss) from disposal of financial assets at fair value through other comprehensive income</b>	<b>311</b>	<b>(2,709)</b>	<b>311</b>	<b>(2,732)</b>

**9. OTHER OPERATING INCOME**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Dividend income	2,119	2,379	6,018	5,407
Other operating income	1,164	840	1,084	769
(Expense) / Income from disposal of premises and equipment sales	-	2,334	-	2,340
Gains/(Losses) from the sale of property, plant and equipment	1,182	-	1,725	-
Gain / (loss) from fair value measurement of investment property	-	1	4	-
Rental income from investment property owned	2,238	2,548	2,237	2,548

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**Total** **6,703** **8,106** **11,069** **11,064**

Dividend income of RON 6,018 thousand (2018: RON 5,407 thousand) represents share of profits paid proportionally to the participation of the Bank, as follows:

- RON 4,275 thousand, received from Patria Credit IFN
- RON 1,156 thousand, received from TRANSFOND SA
- RON 547 thousand, received from GLOBINVEST SA
- RON 16 thousand, received from BIROUL DE CREDIT SA
- RON 20 thousand, received from VISA INCORPORATED

**10. CHARGE/(RELEASE) WITH ADJUSTMENTS FOR IMPAIRMENT OF FINANCIAL ASSETS**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
(Charge )/release with with impairment adjustments for loans and advances to customers	(4,786)	(26,350)	(4,754)	(28,076)
(Charge )/release with with impairment adjustments for FVOCI instruments	11	(42)	11	(42)
Charge )/release with with impairment adjustments for debt instruments at amortised cost	5	(8)	5	(8)
(Charge )/release with with impairment adjustments for credit committements	515	2,206	527	2,206
Recoveries from loans previously written off	1,192	12,311	1,187	12,309
<b>Credit impairment losses of financial assets</b>	<b>(3,063)</b>	<b>(11,883)</b>	<b>(3,024)</b>	<b>(13,611)</b>

**11. PERSONNEL EXPENSES**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Wages and salaries	35,366	37,648	33,178	35,594
Social security taxes	1,192	1,307	1,086	1,257
Charge/ (release) staff costs provisions	81	466	45	498
Other staff expense	170	971	170	1,144
<b>Total</b>	<b>36,809</b>	<b>40,392</b>	<b>34,479</b>	<b>38,493</b>

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The average number of employees at 30 June 2019 was 768 employees (31 December 2018: 854 employees).

**12. OTHER ADMINISTRATIVE AND OPERATING EXPENSES**

<b>Thousand RON</b>	<b>Group</b> <b>30 June 2019</b>	<b>Group</b> <b>30 June 2018</b>	<b>Bank</b> <b>30 June 2019</b>	<b>Bank</b> <b>30 June 2018</b>
Third parties services	20,115	22,341	19,375	21,346
Rent	1,084	6,073	958	5,817
Materials and small inventories	948	1,298	841	1,193
Annual contribution to Guarantee Fund	5,945	1,986	5,945	1,986
Other taxes	2,095	2,181	1,886	1,973
Advertising and publicity	1,006	1,028	946	928
Depreciation charge on other assets	-	5	-	-
Other operating expenses	2,137	(791)	603	384
Net charge/(release) of litigation provisions	(68)	(274)	25	(274)
<b>Total</b>	<b><u>33,262</u></b>	<b><u>33,847</u></b>	<b><u>30,579</u></b>	<b><u>33,353</u></b>

**13. CASH AND CASH EQUIVALENTS**

<b>Thousand RON</b>	<b>Group</b> <b>30 June 2019</b>	<b>Group</b> <b>31 December 2018</b>	<b>Bank</b> <b>30 June 2019</b>	<b>Bank</b> <b>31 December 2018</b>
Cash on hand	22,139	35,924	22,137	35,923
Cash in ATMs	41,950	88,062	41,950	88,062
Mandatory minimum reserve	208,429	352,487	208,429	352,487
Correspondent accounts and sight deposits with other banks	84,657	26,803	75,160	16,342
Placements with other banks with original maturities of less than three months	15,915	14,160	16,695	17,933
<b>Total Cash and Cash Equivalents</b>	<b><u>373,090</u></b>	<b><u>517,436</u></b>	<b><u>364,371</u></b>	<b><u>510,747</u></b>

(i) The mandatory minimum reserve is maintained in accordance with Regulation no. 6/2002 issued by the National Bank of Romania and the subsequent changes and amendments. According to this regulation, the Group is required to maintain a minimum average balance of mandatory reserve throughout the reporting period (monthly basis). The amounts from the mandatory reserve

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accounts are readily available for the use of the group according to the liquidity needs and strategy, subject to achieving the minimum reserve as an average for the reporting period.

As of 30 June 2019 the mandatory minimum reserve requirement was 8% (31 December 2018: 8%) for RON funds attracted from customers and 8% (31 December 2018: 8%) for foreign currency denominated funds attracted.

As of 30 June 2019 the amounts presented in the statement of financial position of cash and equivalents and cash at Central Banks are neither past due nor impaired.

#### **14. FINANCIAL ASSETS HELD FOR TRADING**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Listed shares (i) and Fund units	7,450	5,961	7,338	6,785
Debt instruments (ii)	40,815	61,848	-	-
<b>Total Financial Assets Held for Trading</b>	<b>48,265</b>	<b>67,809</b>	<b>7,338</b>	<b>6,785</b>

- (i) The listed shares include shares listed at the Bucharest Stock Exchange;
- (ii) Debt instruments includes:
  - Bonds issued in RON, EUR and USD by financial and non-banking financial institutions as well as central and local public authorities;
  - Treasury bills issued by the Ministry of Public Finance of Romania.

#### **15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b><i>Debt securities at fair value through other items of comprehensive income:</i></b>				
Treasury bills issued by the Ministry of Public (i) out of which:		417,198	643,848	417,198
Equity instruments at fair value through other items of comprehensive income				643,848
Investments in unit funds	2,856	541	2,856	541
Visa	4,422	4,971	4,422	4,971

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Total	<u>424,476</u>	<u>649,360</u>	<u>424,476</u>	<u>649,360</u>
<b>Equity investments at fair value through other items of comprehensive income:</b>				
Equity investments (ii)	2,512	2,752	2,512	2,650
Impairment adjustments for equity investments	-	(96)	-	(96)
Total	<u>2,512</u>	<u>2,656</u>	<u>2,512</u>	<u>2,554</u>
<b>Total financial assets at fair value through other items of comprehensive income</b>	<b><u>426,988</u></b>	<b><u>652,016</u></b>	<b><u>426,988</u></b>	<b><u>651,914</u></b>

During January – June 2019 and January - June 2018 the Group has not made portfolio transfers between trading portfolio and the portfolio of financial assets measured at fair value through other comprehensive income (IFRS 9).

- i) Treasury bills are issued by the Ministry of Public Finance of Romania and includes listed discounted treasury bills and bonds denominated in RON, EUR and USD.  
As presented above, as of 30<sup>th</sup> of June 2019 the Bank pledged titles (Repo contracts) in amount RON 4,831 thousand, (31<sup>st</sup> December: RON 4,806 thousand) denominated in local currency.  
The counterparty of the transaction is Banca Nationala a Romaniei and the REPO agreement has a maturity of 7 days.

ii) The Group held the following equity investments at fair value through other comprehensive income at 30 June 2019 and at 31 December 2018:

Thousand RON	Nature of business	Group				Bank							
		30 June 2019	Carrying amount	Effective Holding (%) (%)	31 December 2018	Carrying amount	Effective Holding (%) (%)	30 June 2019	Carrying amount	Effective Holding (%) (%)	31 December 2018	Carrying amount	Effective Holding (%) (%)
Transfond SA	Clearing house	1,404		5.69	1,404		5.69	1,404		5.69	1,404		5.69
Bursa Romana de Marfuri S.A.	Commodity exchange	-		0	42		0.29	-		0.29	42		0.29
Globinvest	Asset manager	1,062		20	1,062		20	1,062		20	1,062		20
SWIFT	Services	7			7			7			7		
Biroul de credit S.A.	Collection and processing of loan customer data	32		0.32	32		0.32	32		0.32	32		0.32
BIOFARM S.A.	Pharma company	7		0.01	7		0.01	7		0.01	7		0.01
Libra AVI		-		-	102			-		-	-		-
<b>Total equity investments</b>		<b>2,512</b>			<b>2,656</b>			<b>2,512</b>			<b>2,554</b>		<b>2,512</b>

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#### **16. DUE FROM OTHER BANKS**

The deposits to banks presented below include collateral deposits for settlement amounts from Visa related to cards activity.

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
- Collateral deposit Banca Transilvania S.A.	415	416	415	416
- Collateral deposit NBR	530	246	530	246
- Collateral deposit U.S. Bank N.A.	5,084	4,951	5,084	4,951
<b>Total</b>	<b><u>6,029</u></b>	<b><u>5,613</u></b>	<b><u>6,029</u></b>	<b><u>5,613</u></b>

#### **17. LOANS AND ADVANCES TO CUSTOMERS**

<b>Thousand LEI</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Loans and advances to customers				
gross	<b>1,801,914</b>	<b>1,791,793</b>	<b>1,734,832</b>	<b>1,734,954</b>
Provision for loan impairment	(166,136)	(197,879)	(160,142)	(191,935)
<b>Net loans and advances to customers</b>	<b><u>1,635,778</u></b>	<b><u>1,593,914</u></b>	<b><u>1,574,691</u></b>	<b><u>1,543,019</u></b>

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The structure of the loan portfolio classified on the main lines of business is:

<b>Thousand LEI</b>	<b>Group</b>	<b>Bank</b>		
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Consumer loans	189,457	234,131	188,959	233,566
Mortgage loans	174,973	169,382	174,973	169,382
Loans to entrepreneurs	190,901	168,984	117,245	109,949
SME loans	1,199,217	1,168,114	1,206,290	1,170,875
State and municipal organizations	47,366	51,182	47,366	51,182
Total gross loans and advances to customers	1,801,914	1,791,793	1,734,832	1,734,954
Less: Provision for loan impairment	(166,136)	(197,879)	(160,142)	(191,935)
<b>Total net loans and advances to customers</b>	<b>1,635,778</b>	<b>1,593,914</b>	<b>1,574,691</b>	<b>1,543,019</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

Group	30 June 2019			31 December 2018		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Thousand LEI						
<i>Loans to corporate customers, of which :</i>						
Loans to entrepreneurs	190,901	(9,374)	181,527	168,984	(13,183)	155,801
SME Loans	1,199,217	(129,204)	1,070,013	1,168,114	(145,004)	1,023,110
State and municipal organizations	47,366	-	47,366	51,182	-	51,182
<i>Loans to individuals, of which :</i>						
Consumer loans	364,430	(27,558)	336,873	403,513	(39,691)	363,822
Mortgage loans	189,457	(17,476)	171,981	234,131	(20,580)	213,551
<b>Mortgage loans</b>	<b>174,973</b>	<b>(10,081)</b>	<b>164,892</b>	<b>169,382</b>	<b>(19,111)</b>	<b>150,270</b>
<b>Total loans and advances to customers</b>	<b>1,801,914</b>	<b>(166,136)</b>	<b>1,635,778</b>	<b>1,791,793</b>	<b>(197,879)</b>	<b>1,593,914</b>
Bank	30 June 2019			31 December 2018		
Thousand LEI	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
<i>Loans to corporate customers, of which :</i>						
Loans to entrepreneurs	1,370,901	(132,877)	1,238,023	1,332,006	(152,541)	1,179,465
SME Loans	117,245	(4,255)	112,990	109,949	(8,158)	101,791
State and municipal organizations	47,366	-	47,366	51,182	-	51,182
<i>Loans to individuals, of which :</i>						
Consumer loans	363,932	27,264	336,667	402,948	(39,393)	363,553
Mortgage loans	188,959	(17,183)	171,775	233,566	(20,282)	213,283
<b>Total loans and advances to customers</b>	<b>1,734,832</b>	<b>(160,142)</b>	<b>1,574,691</b>	<b>1,734,954</b>	<b>(191,935)</b>	<b>1,543,019</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

Risk concentrations by economic sector within the customer loan portfolio as at 30 June 2019 and 31 December 2018 are as follows:

Group		30 June 2019	31 December 2018
Thousand LEI	Amount	Amount	%
<b>Loans to individuals</b>	<b>364,430</b>	<b>20.2%</b>	<b>403,513</b>
<b>Loans to corporate customers:</b>	<b>1,437,484</b>	<b>79.8%</b>	<b>1,388,279</b>
Agriculture	432,666	24.0%	384,846
Trade	247,781	13.8%	246,828
Industry	287,117	15.9%	305,602
Hotels and restaurants	76,901	4.3%	75,380
Constructions	106,818	5.9%	105,040
Transport	58,596	3.3%	58,990
Professional services	32,858	1.8%	22,343
Services	51,433	2.9%	46,677
Financial and real estate activities	64,814	3.6%	67,479
<i>Others</i>	25,811	1.4%	21,005
IT, research and development	11,012	0.6%	9,037
Public administration and defence	41,678	2.3%	45,052
Total loans and advances to customers	1,801,914	100%	1,791,793
<b>(-) Provision for loan impairment</b>	<b>(166,136)</b>		<b>(197,879)</b>
<b>Total</b>	<b>1,635,778</b>		<b>1,593,914</b>

Bank			30 June 2019	
Thousand LEI	Amount	%	Amount	%
<b>Loans to individuals</b>	<b>363,932</b>	<b>21.0%</b>	<b>402,948</b>	<b>23.2%</b>
<b>Loans to corporate customers:</b>	<b>1,370,901</b>	<b>79.0%</b>	<b>1,332,007</b>	<b>76.8%</b>
Agriculture	354,840	20.5%	322,209	18.6%
Trade	246,933	14.2%	245,919	14.2%
Industry	286,249	16.5%	304,765	17.6%
Hotels and restaurants	76,415	4.4%	74,743	4.3%
Constructions	106,011	6.1%	104,627	6.0%
Transport	58,141	3.4%	58,432	3.4%
Professional services	31,927	1.8%	21,844	1.3%
Services	51,125	2.9%	46,465	2.7%
Financial and real estate activities	80,923	4.7%	78,090	4.5%
<i>Others</i>	25,811	1.5%	21,005	1.2%
IT, research and development	10,847	0.6%	8,856	0.5%
Public administration and defence	41,678	2.4%	45,052	2.6%
Total loans and advances to customers	1,734,832	100%	1,734,954	100%
<b>(-) Provision for loan impairment</b>	<b>(160,142)</b>		<b>(191,935)</b>	
<b>Total</b>	<b>1,574,691</b>		<b>1,543,019</b>	

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

The structure of the Group loan portfolio classified by the main lines of business is:

**Consumer loans**

**Group**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
Performing loans	-	161,110	-	19,490	-	-	457	181,057
Non-performing loans	-	26	-	171	-	7,229	973	8,400
<b>Total gross exposure</b>	-	<b>161,137</b>	-	<b>19,661</b>	-	<b>7,229</b>	<b>1,430</b>	<b>189,457</b>
(-) provision for loan impairment	-	(4,661)	-	(5,619)	-	(6,564)	(632)	(17,476)
<b>Net exposure</b>	-	<b>156,476</b>	-	<b>14,042</b>	-	<b>665</b>	<b>798</b>	<b>171,981</b>
								<b>213,550</b>

**Mortgage loans**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
Performing loans	-	128,055	-	27,434	-	-	668	156,158
Non-performing loans	-	266	-	5,047	6,952	6,176	374	18,816
<b>Total gross exposure</b>	-	<b>128,321</b>	-	<b>32,482</b>	<b>6,952</b>	<b>6,176</b>	<b>1,042</b>	<b>174,973</b>
(-) provision for loan impairment	-	(204)	-	(1,847)	(4,788)	(3,163)	(78)	(10,081)
<b>Net exposure</b>	-	<b>128,117</b>	-	<b>30,634</b>	<b>2,164</b>	<b>3,013</b>	<b>964</b>	<b>164,892</b>
								<b>150,270</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Loans to entrepreneurs**

**Group**

Thousand LEI	30 June 2019						31 December 2018		
	Individual	Stage 1 Collectiv	Individual	Stage 2 Collectiv	Individual	Stage 3 Collectiv	POCI	Total	Total
Performing loans	-	175,027	-	9,163	-	-	-	184,190	157,818
Non-performing loans	-	41	-	83	1,962	4,476	148	6,711	11,166
<b>Total gross exposure</b>	-	<b>175,068</b>	-	<b>9,247</b>	<b>1,962</b>	<b>4,476</b>	<b>148</b>	<b>190,901</b>	<b>168,984</b>
(-) provision for loan impairment	-	(3,188)	-	(1,469)	(1,329)	(3,297)	(92)	(9,374)	(13,183)
<b>Net exposure</b>	-	<b>171,880</b>	-	<b>7,778</b>	<b>633</b>	<b>1,180</b>	<b>57</b>	<b>181,527</b>	<b>155,801</b>

**SME Loans**

**Group**

Thousand LEI	30 June 2019						31 December 2018		
	Individual	Stage 1 Collectiv	Individual	Stage 2 Collectiv	Individual	Stage 3 Collectiv	POCI	Total	Total
Performing loans	-	797,229	538	161,857	-	-	223	959,847	869,653
Non-performing loans	-	49	-	262	104,264	6,482	128,313	239,370	298,461
<b>Total gross exposure</b>	-	<b>797,278</b>	<b>538</b>	<b>162,119</b>	<b>104,264</b>	<b>6,482</b>	<b>128,535</b>	<b>1,199,217</b>	<b>1,168,114</b>
(-) provision for loan impairment	-	(6,100)	-	(4,153)	(73,858)	(3,545)	(41,548)	(129,204)	(145,004)
<b>Net exposure</b>	-	<b>791,178</b>	<b>538</b>	<b>157,967</b>	<b>30,406</b>	<b>2,937</b>	<b>86,987</b>	<b>1,070,013</b>	<b>1,023,110</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**State and municipal organizations loans**

**Group**

Thousand LEI	30 June 2019								31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total	Total	
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv				
Performing loans	-	47,366	-	-	-	-	-	47,366	51,182	
Non-performing loans	-	-	-	-	-	-	-	-	-	
<b>Total gross exposure</b>	-	47,366	-	-	-	-	-	47,366	51,182	
(-) provision for loan impairment	-	-	-	-	-	-	-	-	-	
<b>Net exposure</b>	-	<b>47,366</b>	-	-	-	-	-	<b>47,366</b>	<b>51,182</b>	

**Total loans**

**Group**

Thousand LEI	30 June 2019								31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total	Total	
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv				
Performing loans	-	1,308,787	538	217,945	-	-	1,347	1,528,617	1,437,917	
Non-performing loans	-	383	-	5,564	113,177	24,364	129,809	273,297	353,876	
<b>Total gross exposure</b>	-	<b>1,309,170</b>	<b>538</b>	<b>223,509</b>	<b>113,177</b>	<b>24,364</b>	<b>131,156</b>	<b>1,801,914</b>	<b>1,791,793</b>	
(-) provision for loan impairment	-	(14,153)	-	(13,088)	(79,975)	(16,569)	(42,350)	(166,136)	(197,879)	
<b>Net exposure</b>	-	<b>1,295,017</b>	<b>538</b>	<b>210,421</b>	<b>33,203</b>	<b>7,794</b>	<b>88,806</b>	<b>1,635,778</b>	<b>1,593,914</b>	

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

The structure of the Bank loan portfolio classified by the main lines of business is:

**Consumer loans**

**Bank**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
Performing loans	-	161,110	-	19,490	-	-	457	181,057
Non-performing loans	-	26	-	171	-	6,731	973	7,902
<b>Total gross exposure</b>	-	<b>161,137</b>	-	<b>19,661</b>	-	<b>6,731</b>	<b>1,430</b>	<b>188,959</b>
(-) provision for loan impairment	-	(4,661)	-	(5,619)	-	(6,271)	(632)	(17,183)
<b>Net exposure</b>	-	<b>156,476</b>	-	<b>14,042</b>	-	<b>460</b>	<b>798</b>	<b>171,775</b>
								<b>213,283</b>

**Mortgage loans**

**Banca**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
Credite performante	-	128,055	-	27,434	-	-	668	156,158
Credite neperformante	-	266	-	5,047	6,952	6,176	374	18,816
<b>Total expunere bruta</b>	-	<b>128,321</b>	-	<b>32,482</b>	<b>6,952</b>	<b>6,176</b>	<b>1,042</b>	<b>174,973</b>
(-) provizioane	-	(204)	-	(1,847)	(4,788)	(3,163)	(78)	(10,081)
<b>Expunere neta</b>	-	<b>128,117</b>	-	<b>30,634</b>	<b>2,164</b>	<b>3,013</b>	<b>964</b>	<b>164,892</b>
								<b>150,270</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Loans to entrepreneurs**

**Bank**

Thousand LEI	30 June 2019						31 December 2018		
	Stage 1		Stage 2		Stage 3		POCI	Total	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv			
Performing loans	-	105,698	-	7,603	-	-	-	113,301	101,387
Non-performing loans	-	41	-	83	1,962	1,709	148	3,944	8,562
<b>Total gross exposure</b>	-	<b>105,739</b>	-	<b>7,687</b>	<b>1,962</b>	<b>1,709</b>	<b>148</b>	<b>117,245</b>	<b>109,949</b>
(-) provision for loan impairment	-	(1,024)	-	(952)	(1,329)	(858)	(92)	(4,255)	(8,158)
<b>Net exposure</b>	-	<b>104,714</b>	-	<b>6,734</b>	<b>633</b>	<b>852</b>	<b>57</b>	<b>112,990</b>	<b>101,791</b>

**SME Loans**

**Bank**

Thousand LEI	30 June 2019						31 December 2018		
	Stage 1		Stage 2		Stage 3		POCI	Total	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv			
Performing loans	-	806,206	538	161,207	-	-	223	968,173	873,591
Non-performing loans	-	49	-	262	104,264	5,228	128,313	238,116	297,284
<b>Total gross exposure</b>	-	<b>806,255</b>	<b>538</b>	<b>161,469</b>	<b>104,264</b>	<b>5,228</b>	<b>128,535</b>	<b>1,206,290</b>	<b>1,170,875</b>
(-) provision for loan impairment	-	(6,224)	-	(4,144)	(73,858)	(2,848)	(41,548)	(128,622)	(144,383)
<b>Net exposure</b>	-	<b>800,031</b>	<b>538</b>	<b>157,325</b>	<b>30,406</b>	<b>2,380</b>	<b>86,987</b>	<b>1,077,667</b>	<b>1,026,492</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**State and municipal organizations**

**Bank**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
Performing loans	-	47,366	-	-	-	-	-	47,366
Non-performing loans	-	-	-	-	-	-	-	-
<b>Total gross exposure</b>	-	<b>47,366</b>	-	-	-	-	-	<b>47,366</b>
(-) provision for loan impairment	-	-	-	-	-	-	-	-
<b>Net exposure</b>	-	<b>47,366</b>	-	-	-	-	-	<b>47,366</b>

**Total loans**

**Bank**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
Performing loans	-	1,248,435	538	215,734	-	-	1,347	1,466,055
Non-performing loans	-	383	-	5,564	113,177	19,844	129,809	268,778
<b>Total gross exposure</b>	-	<b>1,248,818</b>	<b>538</b>	<b>221,299</b>	<b>113,177</b>	<b>19,844</b>	<b>131,156</b>	<b>1,734,832</b>
(-) provision for loan impairment	-	(12,114)	-	(12,563)	(79,975)	(13,140)	(42,350)	(160,142)
<b>Net exposure</b>	-	<b>1,236,704</b>	<b>538</b>	<b>208,736</b>	<b>33,203</b>	<b>6,704</b>	<b>88,806</b>	<b>1,574,691</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

The structure of the loans granted by the Group on stages and lines of business is the following:

**Consumer loans  
Group**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
<b>Neither past due nor impaired</b>	-	<b>151,937</b>	-	<b>2,628</b>	-	<b>2</b>	<b>147</b>	<b>154,714</b>
(-) impairment provisions	-	(3,445)	-	(108)	-	-	(4)	(3,557)
Net exposure	-	148,492	-	2,520	-	2	143	151,157
<b>Past due but not impaired</b>	-	<b>9,200</b>	-	<b>17,033</b>	-	<b>52</b>	<b>489</b>	<b>26,774</b>
- less than 30 days overdue	-	9,200	-	11,298	-	-	106	20,603
- 30 to 90 days overdue	-	-	-	5,736	-	-	383	6,119
- 91 to 180 days overdue	-	-	-	-	-	5	-	5
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- peste 360 days overdue	-	-	-	-	-	47	-	47
(-) impairment provisions	-	(1,216)	-	(5,512)	-	-	(51)	(6,778)
Net exposure	-	7,984	-	11,522	-	52	438	19,996
<b>Loans individually determined to be impaired</b>	-	-	-	-	-	<b>7,175</b>	<b>795</b>	<b>7,969</b>
- less than 30 days overdue	-	-	-	-	-	97	-	97
- 30 to 90 days overdue	-	-	-	-	-	403	12	415
- 91 to 180 days overdue	-	-	-	-	-	2,693	195	2,888
- 181 to 360 days overdue	-	-	-	-	-	3,530	-	3,530
- peste 360 days overdue	-	-	-	-	-	451	588	1,039
(-) impairment provisions	-	-	-	-	-	(6,564)	(578)	(7,142)
Net exposure	-	-	-	-	-	611	217	828
<b>Total gross exposure</b>	-	<b>161,137</b>	-	<b>19,661</b>	-	<b>7,229</b>	<b>1,430</b>	<b>189,457</b>
(-)impairment provisions	-	(4,661)	-	(5,619)	-	(6,564)	(632)	(17,476)
<b>Net exposure</b>	-	<b>156,476</b>	-	<b>14,042</b>	-	<b>665</b>	<b>798</b>	<b>171,981</b>
								<b>213,551</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor



**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30  
JUNE 2019**  
**(All amounts are in thousand RON)**

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Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Mortgage loans**

**Group**

Thousand LEI	30 June 2019						31 December		
	Stage 1		Stage 2		Stage 3		POCI	Total	2018
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv			
<b>Neither past due nor impaired</b>	-	<b>115,002</b>	-	<b>18,670</b>	-	-	<b>206</b>	<b>133,878</b>	<b>118,693</b>
(-) impairment provisions	-	(74)	-	(308)	-	-	(2)	(385)	(1,458)
Net exposure	-	114,928	-	18,362	-	-	204	133,493	117,235
<b>Past due but not impaired</b>	-	<b>13,319</b>	-	<b>13,812</b>	<b>113</b>	<b>842</b>	<b>462</b>	<b>28,549</b>	<b>26,653</b>
- less than 30 days overdue	-	13,319	-	9,949	-	33	358	23,659	20,907
- 30 to 90 days overdue	-	-	-	3,863	-	467	105	4,434	4,437
- 91 to 180 days overdue	-	-	-	-	-	132	-	132	-
- 181 to 360 days overdue	-	-	-	-	-	114	-	114	5
- peste 360 days overdue	-	-	-	-	113	97	-	209	1,305
(-) impairment provisions	-	(130)	-	(1,539)	-	-	(48)	(1,718)	(1,568)
Net exposure	-	13,189	-	12,273	113	842	414	26,831	25,085
<b>Loans individually determined to be impaired</b>	-	-	-	-	<b>6,839</b>	<b>5,334</b>	<b>374</b>	<b>12,547</b>	<b>24,036</b>
- less than 30 days overdue	-	-	-	-	777	495	-	1,272	1,089
- 30 to 90 days overdue	-	-	-	-	436	1,812	158	2,405	2,791
- 91 to 180 days overdue	-	-	-	-	105	67	-	172	571
- 181 to 360 days overdue	-	-	-	-	560	-	-	560	1,378
- peste 360 days overdue	-	-	-	-	4,961	2,960	217	8,138	18,206
(-) impairment provisions	-	-	-	-	(4,788)	(3,163)	(28)	(7,979)	(16,086)
Net exposure	-	-	-	-	2,051	2,170	346	4,568	7,950
<b>Total gross exposure</b>	-	<b>128,321</b>	-	<b>32,482</b>	<b>6,952</b>	<b>6,176</b>	<b>1,042</b>	<b>174,973</b>	<b>169,382</b>
(-)impairment provisions	-	(204)	-	(1,847)	(4,788)	(3,163)	(78)	(10,081)	(19,112)
<b>Net exposure</b>	-	<b>128,117</b>	-	<b>30,634</b>	<b>2,164</b>	<b>3,013</b>	<b>964</b>	<b>164,892</b>	<b>150,270</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Loans to entrepreneurs**

**Group**

**Thousand LEI**

	<b>30 June 2019</b>						<b>31 December</b>			
	<b>Individual</b>	<b>Stage 1 Collectiv</b>	<b>Individual</b>	<b>Stage 2 Collectiv</b>	<b>Individual</b>	<b>Stage 3 Collectiv</b>	<b>POCI</b>	<b>Total</b>	<b>2018</b>	<b>Total</b>
<b>Neither past due nor impaired</b>	-		-	<b>1,429</b>		<b>55</b>	-		<b>143,508</b>	
(-) impairment provisions	-	(2,541)	-	(44)	-	-	-	(2,585)	(3,340)	
Net exposure	-	165,959	-	1,384	-	55	-	167,398	140,168	
<b>Past due but not impaired</b>	-		-	<b>7,818</b>		<b>470</b>	<b>57</b>		<b>15,451</b>	
- less than 30 days overdue	-		-	4,752	-	28	-	11,348	12,402	
- 30 to 90 days overdue	-	-	-	3,066	-	5	-	3,071	2,410	
- 91 to 180 days overdue	-	-	-	-	-	26	57	83	81	
- 181 to 360 days overdue	-	-	-	-	-	91	-	91	49	
- peste 360 days overdue	-	-	-	-	-	320	-	320	509	
(-) impairment provisions	-	(648)	-	(1,425)	-	-	-	(2,072)	(1,819)	
Net exposure	-		-	6,393	-	470	57	12,841	13,633	
<b>Loans individually determined to be impaired</b>	-	-	-	<b>1,962</b>	<b>3,951</b>	<b>92</b>	<b>6,005</b>		<b>10,024</b>	
- less than 30 days overdue	-	-	-	328	264	-	593		159	
- 30 to 90 days overdue	-	-	-	-	116	-	116		271	
- 91 to 180 days overdue	-	-	-	358	381	-	739		1,033	
- 181 to 360 days overdue	-	-	-	368	640	1	1,009		840	
- peste 360 days overdue	-	-	-	907	2,550	90	3,548		7,721	
(-) impairment provisions	-	-	-	(1,329)	(3,297)	(92)	(4,717)		(8,024)	
Net exposure	-	-	-	633	655	0	1,288		2,001	
<b>Total gross exposure</b>	-		-	<b>9,247</b>	<b>1,962</b>	<b>4,476</b>	<b>148</b>		<b>168,984</b>	
(-)impairment provisions	-	(3,188)	-	(1,469)	(1,329)	(3,297)	(92)	(9,374)	(13,183)	
<b>Net exposure</b>	-		-	<b>7,778</b>	<b>633</b>	<b>1,180</b>	<b>57</b>		<b>155,801</b>	

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**SME Loans  
Group**

Thousand LEI	<u>30 June 2019</u>						<u>31 December 2018</u>	
	Individual	Stage 1 Collectiv	Individual	Stage 2 Collectiv	Individual	Stage 3 Colectiv	POCI	Total
<b>Neither past due nor impaired</b>	-	<b>778,412</b>	-	<b>122,248</b>	-	<b>18</b>	<b>204</b>	<b>900,883</b>
(-) impairment provisions	-	(5,712)	-	(1,816)	-	-	-	(7,528)
Net exposure	-	772,701	-	120,432	-	18	204	893,355
<b>Past due but not impaired</b>	-	<b>18,865</b>	-	<b>39,871</b>	<b>280</b>	<b>1,192</b>	<b>293</b>	<b>60,502</b>
- less than 30 days overdue	-	18,865	-	34,210	-	157	-	53,233
- 30 to 90 days overdue	-	-	-	5,661	5	199	18	5,884
- 91 to 180 days overdue	-	-	-	-	-	148	1	149
- 181 to 360 days overdue	-	-	-	-	9	90	-	99
- peste 360 days overdue	-	-	-	-	266	597	274	1,137
(-) impairment provisions	-	(388)	-	(2,336)	-	-	(10)	(2,734)
Net exposure	-	18,477	-	37,535	280	1,192	284	57,768
<b>Loans individually determined to be impaired</b>	-	-	<b>538</b>	-	<b>103,984</b>	<b>5,272</b>	<b>128,038</b>	<b>237,832</b>
- less than 30 days overdue	-	-	538	-	99	816	16,592	18,046
- 30 to 90 days overdue	-	-	-	-	-	242	7,970	8,212
- 91 to 180 days overdue	-	-	-	-	1,083	688	-	1,771
- 181 to 360 days overdue	-	-	-	-	11,402	1,056	1,199	13,656
- peste 360 days overdue	-	-	-	-	91,399	2,470	102,277	196,147
(-) impairment provisions	-	-	(0)	-	(73,858)	(3,545)	(41,539)	(118,942)
Net exposure	-	-	538	-	30,126	1,727	86,499	118,890
<b>Total gross exposure</b>	-	<b>797,278</b>	<b>538</b>	<b>162,119</b>	<b>104,264</b>	<b>6,482</b>	<b>128,535</b>	<b>1,199,217</b>
(-)impairment provisions	-	(6,100)	(0)	(4,153)	(73,858)	(3,545)	(41,548)	(129,204)
<b>Net exposure</b>	-	<b>791,178</b>	<b>538</b>	<b>157,967</b>	<b>30,406</b>	<b>2,937</b>	<b>86,987</b>	<b>1,070,013</b>
								<b>1,023,110</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

*State and municipal organizations*

Group

Thousand LEI	30 June 2019						31 December 2018	
	Individual	Stage 1 Collectiv	Individual	Stage 2 Collectiv	Individual	Stage 3 Collectiv	POCI	Total
<b>Neither past due nor impaired</b>	-	<b>44,470</b>	-	-	-	-	-	<b>44,470</b>
(-) impairment provisions	-	-	-	-	-	-	-	-
Net exposure	-	44,470	-	-	-	-	-	44,470
<b>Past due but not impaired</b>	-	<b>2,896</b>	-	-	-	-	-	<b>2,896</b>
- less than 30 days overdue	-	2,896	-	-	-	-	-	2,896
- 30 to 90 days overdue	-	-	-	-	-	-	-	-
- 91 to 180 days overdue	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- peste 360 days overdue	-	-	-	-	-	-	-	-
(-) impairment provisions	-	-	-	-	-	-	-	-
Net exposure	-	2,896	-	-	-	-	-	2,896
<b>Loans individually determined to be impaired</b>	-	-	-	-	-	-	-	-
- less than 30 days overdue	-	-	-	-	-	-	-	-
- 30 to 90 days overdue	-	-	-	-	-	-	-	-
- 91 to 180 days overdue	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- peste 360 days overdue	-	-	-	-	-	-	-	-
(-) impairment provisions	-	-	-	-	-	-	-	-
Net exposure	-	-	-	-	-	-	-	-
<b>Total gross exposure</b>	-	<b>47,366</b>	-	-	-	-	-	<b>47,366</b>
(-) impairment provisions	-	-	-	-	-	-	-	-
<b>Net exposure</b>	-	<b>47,366</b>	-	-	-	-	-	<b>47,366</b>
								<b>51,182</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Total loans**  
**Group**

Thousand LEI	30 June 2019						31 December 2018	
	Individual	Stage 1 Collectiv	Individual	Stage 2 Collectiv	Individual	Stage 3 Collectiv	POCI	Total
<b>Neither past due nor impaired</b>	-	<b>1,258,322</b>		-	<b>144,975</b>	-	<b>75</b>	<b>556</b>
(-) impairment provisions	-	(11,772)		-	(2,276)	-	(6)	(14,054)
Net exposure	-	1,246,550		-	142,698	-	75	550
<b>Past due but not impaired</b>	-	<b>50,848</b>		-	<b>78,534</b>	<b>393</b>	<b>2,557</b>	<b>1,301</b>
- less than 30 days overdue	-	50,848		-	60,209	-	218	463
- 30 to 90 days overdue	-	-		-	18,326	5	671	507
- 91 to 180 days overdue	-	-		-	-	-	311	58
- 181 to 360 days overdue	-	-		-	-	9	295	-
- peste 360 days overdue	-	-		-	-	378	1,061	274
(-) impairment provisions	-	(2,381)		-	(10,812)	-	-	(108)
Net exposure	-	48,467		-	67,723	393	2,557	1,193
<b>Loans individually determined to be impaired</b>	-							
- less than 30 days overdue	-	-	<b>538</b>	-	<b>112,784</b>	<b>21,732</b>	<b>129,298</b>	<b>264,353</b>
- 30 to 90 days overdue	-	-	538	-	1,205	1,672	16,592	20,007
- 91 to 180 days overdue	-	-	-	-	436	2,573	8,140	11,148
- 181 to 360 days overdue	-	-	-	-	1,546	3,829	195	5,570
- peste 360 days overdue	-	-	-	-	12,330	5,226	1,200	18,756
(-) impairment provisions	-	-	(0)	-	(79,975)	(16,569)	(42,236)	(138,780)
Net exposure	-	-	538	-	32,810	5,162	87,062	125,573
<b>Total gross exposure</b>	-	<b>1,309,170</b>	<b>538</b>	<b>223,509</b>	<b>113,177</b>	<b>24,364</b>	<b>131,156</b>	<b>1,801,914</b>
(-)impairment provisions	-	(14,153)	(0)	(13,088)	(79,975)	(16,569)	(42,350)	(166,136)
<b>Net exposure</b>	-	<b>1,295,017</b>	<b>538</b>	<b>210,421</b>	<b>33,203</b>	<b>7,794</b>	<b>88,806</b>	<b>1,635,778</b>
								<b>1,593,914</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

Structura creditelor acordate de catre Banca pe stadii și linii de afaceri este următoarea:

**Consumer loans**

**Bank**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
<b>Neither past due nor impaired</b>	-	<b>151,937</b>	-	<b>2,628</b>	-	<b>2</b>	<b>147</b>	<b>154,714</b>
(-) impairment provisions	-	(3,445)	-	(108)	-	-	(4)	(3,557)
Net exposure	-	148,492	-	2,520	-	2	143	151,157
<b>Past due but not impaired</b>	-	<b>9,200</b>	-	<b>17,033</b>	-	<b>5</b>	<b>489</b>	<b>26,727</b>
- less than 30 days overdue	-	9,200	-	11,298	-	-	106	20,603
- 30 to 90 days overdue	-	-	-	5,736	-	-	383	6,119
- 91 to 180 days overdue	-	-	-	-	-	5	-	5
- 181 to 360 days overdue	-	-	-	-	-	-	-	-
- peste 360 days overdue	-	-	-	-	-	-	-	853
(-) impairment provisions	-	(1,216)	-	(5,512)	-	-	(51)	(6,778)
Net exposure	-	7,984	-	11,522	-	5	438	19,949
<b>Loans individually determined to be impaired</b>	-	-	-	-	-	<b>6,723</b>	<b>795</b>	<b>7,518</b>
- less than 30 days overdue	-	-	-	-	-	97	-	97
- 30 to 90 days overdue	-	-	-	-	-	403	12	415
- 91 to 180 days overdue	-	-	-	-	-	2,693	195	2,888
- 181 to 360 days overdue	-	-	-	-	-	3,530	-	3,530
- peste 360 days overdue	-	-	-	-	-	588	588	1,432
(-) impairment provisions	-	-	-	-	-	(6,271)	(578)	(6,849)
Net exposure	-	-	-	-	-	452	217	669
<b>Total gross exposure</b>	-	<b>161,137</b>	-	<b>19,661</b>	-	<b>6,731</b>	<b>1,430</b>	<b>188,959</b>
(-)impairment provisions	-	(4,661)	-	(5,619)	-	(6,271)	(632)	(17,183)
<b>Net exposure</b>	-	<b>156,476</b>	-	<b>14,042</b>	-	<b>460</b>	<b>798</b>	<b>171,775</b>
								<b>213,283</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Mortgage loans**

**Bank**

**Thousand LEI**

	<u>30 June 2019</u>										<u>31 December</u>	
	<u>Stage 1</u>		<u>Stage 2</u>		<u>Stage 3</u>		<u>POCI</u>	<u>Total</u>	<u>Stage 1</u>		<u>Stage 2</u>	
	<u>Individual</u>	<u>Collectiv</u>	<u>Individual</u>	<u>Collectiv</u>	<u>Individual</u>	<u>Collectiv</u>			<u>Individual</u>	<u>Collectiv</u>	<u>Individual</u>	<u>Collectiv</u>
<b>Neither past due nor impaired</b>	-	<b>115,002</b>	-	<b>18,670</b>	-	-	<b>206</b>	<b>133,878</b>	-	-	<b>118,693</b>	
(-) impairment provisions	-	(74)	-	(308)	-	-	(2)	(385)	-	-	(1,458)	
Net exposure	-	114,928	-	18,362	-	-	204	133,493	-	-	117,235	
<b>Past due but not impaired</b>	-	<b>13,319</b>	-	<b>13,812</b>	<b>113</b>	<b>842</b>	<b>462</b>	<b>28,549</b>	-	-	<b>26,652</b>	
- less than 30 days overdue	-	13,319	-	9,949	-	33	358	23,659	-	-	20,906	
- 30 to 90 days overdue	-	-	-	3,863	-	467	105	4,434	-	-	4,437	
- 91 to 180 days overdue	-	-	-	-	-	132	-	-	-	-	132	
- 181 to 360 days overdue	-	-	-	-	-	114	-	-	-	-	114	5
- peste 360 days overdue	-	-	-	-	113	97	-	-	-	-	209	1,305
(-) impairment provisions	-	(130)	-	(1,539)	-	-	(48)	(1,718)	-	-	(1,568)	
Net exposure	-	13,189	-	12,273	113	842	414	26,831	-	-	25,085	
<b>Loans individually determined to be impaired</b>	-	-	-	-	<b>6,839</b>	<b>5,334</b>	<b>374</b>	<b>12,547</b>	-	-	<b>24,036</b>	
- less than 30 days overdue	-	-	-	-	777	495	-	1,272	-	-	1,089	
- 30 to 90 days overdue	-	-	-	-	436	1,812	158	2,405	-	-	2,791	
- 91 to 180 days overdue	-	-	-	-	105	67	-	172	-	-	571	
- 181 to 360 days overdue	-	-	-	-	560	-	-	-	-	-	560	1,378
- peste 360 days overdue	-	-	-	-	4,961	2,960	217	8,138	-	-	18,206	
(-) impairment provisions	-	-	-	-	(4,788)	(3,163)	(28)	(7,979)	-	-	(16,086)	
Net exposure	-	-	-	-	2,051	2,170	346	4,568	-	-	7,950	
<b>Total gross exposure</b>	-	<b>128,321</b>	-	<b>32,482</b>	<b>6,952</b>	<b>6,176</b>	<b>1,042</b>	<b>174,973</b>	-	-	<b>169,382</b>	
(-) impairment provisions	-	(204)	-	(1,847)	(4,788)	(3,163)	(78)	(10,081)	-	-	(19,112)	
<b>Net exposure</b>	-	<b>128,117</b>	-	<b>30,634</b>	<b>2,164</b>	<b>3,013</b>	<b>964</b>	<b>164,892</b>	-	-	<b>150,270</b>	

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Loans to entrepreneurs**  
**Bank**

	30 June 2019						POCI	31 December		
	Stage 1		Stage 2		Stage 3			Total	Total	
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv				
<b>Neither past due nor impaired</b>										
	<b>102,910</b>		-	<b>891</b>		<b>41</b>	-	<b>103,842</b>	<b>90,073</b>	
(-) impairment provisions	-	(902)	-	(8)	-	-	-	(909)	(1,292)	
Net exposure	-	102,009	-	884	-	41	-	102,933	88,780	
<b>Past due but not impaired</b>										
- less than 30 days overdue	-	2,829	-	4,576	-	28	-	7,433	10,134	
- 30 to 90 days overdue	-	-	-	2,219	-	5	-	2,224	1,513	
- 91 to 180 days overdue	-	-	-	-	-	7	57	64	64	
- 181 to 360 days overdue	-	-	-	-	-	73	-	73	49	
- peste 360 days overdue	-	-	-	-	-	276	-	276	468	
(-) impairment provisions	-	(123)	-	(945)	-	-	-	(1,067)	(963)	
Net exposure	-	2,706	-	5,851	-	389	57	9,002	11,264	
<b>Loans individually</b>										
- less than 30 days overdue	-	-	-	-	<b>1,962</b>	<b>1,280</b>	<b>92</b>	<b>3,333</b>	<b>7,650</b>	
- 30 to 90 days overdue	-	-	-	-	328	142	-	470	112	
- 91 to 180 days overdue	-	-	-	-	-	91	-	91	230	
- 181 to 360 days overdue	-	-	-	-	358	144	-	502	496	
- peste 360 days overdue	-	-	-	-	368	437	1	806	479	
(-) impairment provisions	-	-	-	-	907	466	90	1,464	6,333	
Net exposure	-	-	-	-	(1,329)	(858)	(92)	(2,278)	(5,903)	
<b>Total gross exposure</b>	<b>-</b>	<b>105,739</b>	<b>-</b>	<b>7,687</b>	<b>1,962</b>	<b>1,709</b>	<b>148</b>	<b>117,245</b>	<b>109,949</b>	
(-)impairment provisions	-	(1,024)	-	(952)	(1,329)	(858)	(92)	(4,255)	(8,158)	
<b>Net exposure</b>	<b>-</b>	<b>104,714</b>	<b>-</b>	<b>6,734</b>	<b>633</b>	<b>852</b>	<b>57</b>	<b>112,990</b>	<b>101,791</b>	

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**SME Loans  
Bank**

Thousand LEI	30 June 2019						31 December 2018	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
<b>Neither past due nor impaired</b>	-	<b>787,830</b>	-	<b>121,948</b>	-	<b>18</b>	<b>204</b>	<b>910,000</b>
(-) impairment provisions	-	(5,853)	-	(1,816)	-	-	-	(7,669)
Net exposure	-	781,977	-	120,131	-	18	204	902,330
<b>Past due but not impaired</b>	-	<b>18,425</b>	-	<b>39,521</b>	<b>280</b>	<b>1,147</b>	<b>293</b>	<b>59,667</b>
- less than 30 days overdue	-	18,425	-	33,981	-	157	-	52,563
- 30 to 90 days overdue	-	-	-	5,540	5	199	18	5,764
- 91 to 180 days overdue	-	-	-	-	-	148	1	149
- 181 to 360 days overdue	-	-	-	-	9	90	-	99
- peste 360 days overdue	-	-	-	-	266	552	274	1,092
(-) impairment provisions	-	(371)	-	(2,328)	-	-	(10)	(2,708)
Net exposure	-	18,054	-	37,194	280	1,147	284	56,959
<b>Loans individually determined to be impaired</b>	-	-	<b>538</b>	-	<b>103,984</b>	<b>4,063</b>	<b>128,038</b>	<b>236,623</b>
- less than 30 days overdue	-	-	538	-	99	816	16,592	18,046
- 30 to 90 days overdue	-	-	-	-	-	242	7,970	8,212
- 91 to 180 days overdue	-	-	-	-	1,083	648	-	1,732
- 181 to 360 days overdue	-	-	-	-	11,402	1,056	1,199	13,656
- peste 360 days overdue	-	-	-	-	91,399	1,301	102,277	194,978
(-) impairment provisions	-	-	(0)	-	(73,858)	(2,848)	(41,539)	(118,245)
Net exposure	-	-	538	-	30,126	1,215	86,499	118,379
<b>Total gross exposure</b>	-	<b>806,255</b>	<b>538</b>	<b>161,469</b>	<b>104,264</b>	<b>5,228</b>	<b>128,535</b>	<b>1,206,290</b>
(-)impairment provisions	-	(6,224)	(0)	(4,144)	(73,858)	(2,848)	(41,548)	(128,622)
<b>Net exposure</b>	-	<b>800,031</b>	<b>538</b>	<b>157,325</b>	<b>30,406</b>	<b>2,380</b>	<b>86,987</b>	<b>1,077,667</b>
								<b>1,026,492</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

***State and municipal organizations***

**Bank**

Thousand LEI	Individual	30 June 2019						31 December 2018	
		Stadiu 1		Stadiu 2		Stadiu 3		POCI	Total
		Colectiv	Individual	Colectiv	Individual	Colectiv	Total		
<b>Neither past due nor impaired</b>	-	<b>44,470</b>	-	-	-	-	-	<b>44,470</b>	<b>51,182</b>
(-) impairment provisions	-	-	-	-	-	-	-	-	-
Net exposure	-	44,470	-	-	-	-	-	44,470	51,182
<b>Past due but not impaired</b>	-	<b>2,896</b>	-	-	-	-	-	<b>2,896</b>	-
- less than 30 days overdue	-	2,896	-	-	-	-	-	2,896	-
- 30 to 90 days overdue	-	-	-	-	-	-	-	-	-
- 91 to 180 days overdue	-	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-	-
- peste 360 days overdue	-	-	-	-	-	-	-	-	-
(-) impairment provisions	-	-	-	-	-	-	-	-	-
Net exposure	-	2,896	-	-	-	-	-	2,896	-
<b>Loans individually determined to be</b>	-	-	-	-	-	-	-	-	-
- less than 30 days overdue	-	-	-	-	-	-	-	-	-
- 30 to 90 days overdue	-	-	-	-	-	-	-	-	-
- 91 to 180 days overdue	-	-	-	-	-	-	-	-	-
- 181 to 360 days overdue	-	-	-	-	-	-	-	-	-
- peste 360 days overdue	-	-	-	-	-	-	-	-	-
(-) impairment provisions	-	-	-	-	-	-	-	-	-
Net exposure	-	-	-	-	-	-	-	-	-
<b>Total gross exposure</b>	-	<b>47,366</b>	-	-	-	-	-	<b>47,366</b>	<b>51,182</b>
(-)impairment provisions	-	-	-	-	-	-	-	-	-
<b>Net exposure</b>	-	<b>47,366</b>	-	-	-	-	-	<b>47,366</b>	<b>51,182</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Total loans**

**Bank**

Thousand LEI	30 June 2019						31 December	
	Stage 1		Stage 2		Stage 3		POCI	Total
	Individual	Collectiv	Individual	Collectiv	Individual	Collectiv		
<b>Neither past due nor impaired</b>	-	<b>1,202,149</b>	-	<b>144,137</b>	-	<b>61</b>	<b>556</b>	<b>1,346,903</b>
(-) impairment provisions	-	(10,274)	-	(2,239)	-	-	(6)	(12,520)
Net exposure	-	1,191,875	-	141,897	-	61	550	1,334,384
<b>Past due but not impaired</b>	-	<b>46,668</b>	-	<b>77,162</b>	<b>393</b>	<b>2,383</b>	<b>1,301</b>	<b>127,908</b>
- less than 30 days overdue	-	46,668	-	59,804	-	218	463	107,154
- 30 to 90 days overdue	-	-	-	17,358	5	671	507	18,541
- 91 to 180 days overdue	-	-	-	-	-	292	58	349
- 181 to 360 days overdue	-	-	-	-	9	277	-	286
- peste 360 days overdue	-	-	-	-	378	924	274	1,577
(-) impairment provisions	-	(1,839)	-	(10,323)	-	-	(108)	(12,271)
Net exposure	-	44,829	-	66,839	393	2,383	1,193	115,637
<b>Loans individually determined to be</b>	-	-	<b>538</b>	-	<b>112,784</b>	<b>17,400</b>	<b>129,298</b>	<b>260,021</b>
- less than 30 days overdue	-	-	538	-	1,205	1,549	16,592	19,884
- 30 to 90 days overdue	-	-	-	-	436	2,548	8,140	11,123
- 91 to 180 days overdue	-	-	-	-	1,546	3,552	195	5,294
- 181 to 360 days overdue	-	-	-	-	12,330	5,022	1,200	18,553
- peste 360 days overdue	-	-	-	-	97,267	4,728	103,171	205,167
(-) impairment provisions	-	-	(0)	-	(79,975)	(13,140)	(42,236)	(135,351)
Net exposure	-	-	538	-	32,810	4,260	87,062	124,670
<b>Total gross exposure</b>	-	<b>1,248,818</b>	<b>538</b>	<b>221,299</b>	<b>113,177</b>	<b>19,844</b>	<b>131,156</b>	<b>1,734,832</b>
(-)impairment provisions	-	(12,114)	(0)	(12,563)	(79,975)	(13,140)	(42,350)	(160,142)
<b>Net exposure</b>	-	<b>1,236,704</b>	<b>538</b>	<b>208,736</b>	<b>33,203</b>	<b>6,704</b>	<b>88,806</b>	<b>1,574,691</b>
								<b>1,543,019</b>

Banca a implementat un sistem de scoring aferent segmentului retail negarantat, incepand cu data de 01.04.2019. Banca se află în proces de implementare a unor sisteme de scoring / rating și pentru restul segmentelor.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

The analysis of the gross carrying amounts for the loans granted by the Group as of 30 June 2019 is as follows:

Group Thousand LEI Gross carrying amount	Gross carrying amount												Foreign exchange adjustmen ts in 2019	
	Stage 1		Stage 2		Stage 3		POCI		Of which :					
	1 January 2019	30 June 2019	1 January 2019	30 June 2019	1 January 2019	30 June 2019	1 January 2019	30 June 2019	New assets originated or purchased in 2019	Assets derecognized or repaid (excluding write offs) in 2019	Amounts written off in 2019			
Consumer loans	204,382	161,137	16,948	19,661	10,749	7,229	2,052	1,430	3,890	22,706	7,035	371		
Mortgage loans	92,205	128,321	50,740	32,482	24,655	13,128	1,782	1,042	24,260	15,467	-	1,819		
Loans to entrepreneurs	147,605	175,068	10,575	9,247	8,708	6,438	2,096	148	43,598	17,429	370	122		
SME loans	760,103	797,278	109,945	162,658	153,200	110,746	144,866	128,535	197,726	149,505	1,698	3,444		
State and municipal organisations	48,500	47,366	2,682	-	-	-	-	-	-	66	-	249		
<b>Total loans</b>	<b>1,252,795</b>	<b>1,309,170</b>	<b>190,889</b>	<b>224,047</b>	<b>197,312</b>	<b>137,541</b>	<b>150,796</b>	<b>131,156</b>	<b>269,474</b>	<b>205,173</b>	<b>9,103</b>	<b>6,005</b>		

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Bank**
**Thousand LEI**

Gross carrying amount	Gross carrying amount												Foreign exchange adjustments in 2019
	Stage 1		Stage 2		Stage 3		POCI	Of which :			New assets originated or purchased in 2019	Assets derecognized or repaid (excluding write offs) in 2019	Amounts written off in 2019
	1 January 2019	30 June 2019	1 January 2019	30 June 2019	1 January 2019	30 June 2019		1 January 2019	30 June 2019	1 January 2019			
Consumer loans	204,382	161,137	16,948	19,661	10,184	6,731	2,052	1,430	3,890	22,629	7,035	366	
Mortgage loans	92,205	128,321	50,740	32,482	24,655	13,128	1,782	1,042	24,260	15,467	-	1,819	
Loans to entrepreneurs	93,459	105,739	8,168	7,687	6,226	3,671	2,096	148	23,803	13,488	370	119	
SME loans	764,856	806,255	109,131	162,007	152,022	109,492	144,866	128,535	195,401	148,755	1,698	3,439	
State and municipal organisations	48,500	47,366	2,682	-	-	-	-	-	-	66	-	249	
<b>Total loans</b>	<b>1,203,402</b>	<b>1,248,818</b>	<b>187,669</b>	<b>221,837</b>	<b>193,087</b>	<b>133,022</b>	<b>150,796</b>	<b>131,156</b>	<b>247,354</b>	<b>200,406</b>	<b>9,103</b>	<b>5,992</b>	

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor



Analysis of the Group's loss allowance as of 30 June 2019 is as follows:

### *Group*

## Thousand LEI

Credit loss allowance	Stage 1		Stage 2		Stage 3		POCI	
	1 January 2019	30 June 2019						
Consumer loans	5,878	4,661	4,669	5,619	9,048	6,564	985	632
Mortgage loans	166	204	2,822	1,847	15,464	7,951	660	78
Loans to entrepreneurs	3,640	3,188	1,519	1,469	6,300	4,626	1,725	92
SME loans	7,904	6,100	2,975	4,153	83,975	77,403	50,150	41,548
State and municipal organisations	-	-	-	-	-	-	-	-
<b>Total loans</b>	<b>17,588</b>	<b>14,153</b>	<b>11,985</b>	<b>13,088</b>	<b>114,787</b>	<b>96,544</b>	<b>53,520</b>	<b>42,350</b>

Analysis of the Bank's loss allowance as of 30 June 2019 is as follows:

## *Bank*

## Thousand LEI

Credit loss allowance	Stage 1		Stage 2		Stage 3		POCI	
	1 January 2019	30 June 2019						
Consumer loans	5,878	4,661	4,669	5,619	8,751	6,271	985	634
Mortgage loans	166	204	2,822	1,847	15,464	7,951	660	784
Loans to entrepreneurs	1,387	1,024	868	952	4,179	2,187	1,724	924
SME loans	7,977	6,224	2,923	4,144	83,332	76,706	50,151	41,548
State and municipal organisations	-	-	-	-	-	-	-	-
<b>Total loans</b>	<b>15,408</b>	<b>12,114</b>	<b>11,282</b>	<b>12,563</b>	<b>111,726</b>	<b>93,115</b>	<b>53,520</b>	<b>42,350</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

Information about the Group's collateral as of 30 June 2019 is as follows:

<b>Group</b>	<b>30 June 2019</b>					
	<b>Consumer loans</b>	<b>Mortgage loans</b>	<b>Entrepreneurs loans</b>	<b>SME loans</b>	<b>State and municipal organizations</b>	<b>Total</b>
<b>Thousand LEI</b>						
Unsecured loans	156,623	14,112	90,425	276,214	-	537,374
Loans guaranteed by other parties, including credit insurance	-	8,056	35,782	122,341	2,992	169,171
Loans collateralized by:						
- residential real estate	32,834	152,805	64,693	800,662	44,374	1,095,369
- other real estate	27,488	143,012	13,480	102,727	-	286,707
- cash collateral	3,652	9,606	17,156	538,809	-	569,224
- other assets	1,681	186	1,411	6,225	-	9,502
	14	-	32,647	152,901	44,374	229,936
<b>Total loans and advances to customers</b>	<b>189,457</b>	<b>174,973</b>	<b>190,901</b>	<b>1,199,217</b>	<b>47,366</b>	<b>1,801,914</b>

Information about the Group's collateral as of 31 December 2018 is as follows:

<b>Group</b>	<b>31 December 2018</b>					
	<b>Consumer loans</b>	<b>Mortgage loans</b>	<b>Entrepreneurs loans</b>	<b>SME loans</b>	<b>State and municipal organizations</b>	<b>Total</b>
<b>Thousand LEI</b>						
Unsecured loans	198,862	21,450	79,711	283,603	-	583,626
Loans guaranteed by other parties, including credit insurance	-	8,278	25,847	101,247	1,950	137,322
Loans collateralized by:						
- residential real estate	35,269	139,654	63,426	783,265	49,231	1,070,845
- other real estate	29,307	127,837	16,434	105,546	-	279,124
- cash collateral	4,086	11,619	16,317	530,762	-	562,784
- other assets	1,849	198	1,584	4,397	-	8,028
	27	-	29,091	142,559	49,231	220,908
<b>Total loans and advances to customers</b>	<b>234,131</b>	<b>169,382</b>	<b>168,984</b>	<b>1,168,115</b>	<b>51,181</b>	<b>1,791,793</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

Information about the Bank's collateral as of 30 June 2019 is as follows:

<b>Bank</b>	<b>Thousand LEI</b>	<b>30 June 2019</b>					<b>Total</b>
		<b>Consumer loans</b>	<b>Mortgage loans</b>	<b>Entrepreneurs loans</b>	<b>SME loans</b>	<b>State and municipal organizations</b>	
Unsecured loans	156,493	14,112	22,123	289,623	-		482,351
Loans guaranteed by other parties, including credit insurance	-	8,056	35,782	122,341	2,992		169,171
Loans collateralized by:							
- residential real estate	32,466	152,805	59,340	794,325	44,374		1,083,310
- other real estate	27,358	143,012	11,635	99,268	-		281,274
- cash collateral	3,413	9,606	15,777	537,234	-		566,031
- other assets	1,681	186	1,411	6,225	-		9,502
	14	-	30,517	151,598	44,374		226,503
<b>Total loans and advances to customers</b>	<b>188,959</b>	<b>174,973</b>	<b>117,245</b>	<b>1,206,290</b>	<b>47,366</b>		<b>1,734,832</b>

Information about the Bank's collateral as of 31 December 2018 is as follows:

<b>Bank</b>	<b>Thousand LEI</b>	<b>31 December 2018</b>					<b>Total</b>
		<b>Consumer loans</b>	<b>Mortgage loans</b>	<b>Entrepreneurs loans</b>	<b>SME loans</b>	<b>State and municipal organizations</b>	
Unsecured loans	198,724	21,450	25,110	291,773	-		537,057
Loans guaranteed by other parties, including credit insurance	-	8,278	25,847	101,247	1,950		137,322
Loans collateralized by:							
- residential real estate	34,841	139,654	58,991	777,855	49,231		1,060,574
- other real estate	29,114	127,837	14,788	102,896	-		274,635
- cash collateral	3,851	11,619	14,985	529,099	-		559,554
- other assets	1,849	198	1,584	4,397	-		8,028
	27	-	27,634	141,463	49,231		218,355
<b>Total loans and advances to customers</b>	<b>233,566</b>	<b>169,382</b>	<b>109,949</b>	<b>1,170,875</b>	<b>51,181</b>		<b>1,734,954</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE  
2019**  
**(All amounts are in thousand RON)**

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the carrying value of the asset (“over-collateralised assets”) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”).

The effect of Group’s collateral as of 30 June 2019 is as follows:

<b>Group</b> <b>Thousand LEI</b>	<b>30 iunie 2019</b>					
	<b>Over-collateralised assets (i)</b>		<b>Fair value of collateral</b>		<b>Under-collateralised assets (ii)</b>	
	<b>Carrying value</b>	<b>Net present value of collateral</b>		<b>Carrying value</b>	<b>Net present value of collateral</b>	<b>Fair value of collateral</b>
Consumer loans	23,512	46,393	79,825	148,469	7,576	13,584
Mortgage loans	50,792	84,140	143,024	114,100	80,497	138,000
Loans to entrepreneurs	14,160	27,052	65,258	167,367	58,095	110,070
SME loans	224,870	367,061	805,422	845,143	435,996	908,407
State and municipal organizations	47,366	451,795	945,109	-	-	-
<b>Total</b>	<b>360,700</b>	<b>976,440</b>	<b>2,038,639</b>	<b>1,275,079</b>	<b>582,165</b>	<b>1,170,061</b>

The effect of Group’s collateral as of 31 December 2018 is as follows:

<b>Group</b> <b>Thousand LEI</b>	<b>31 December 2018</b>					
	<b>Over-collateralised assets (i)</b>		<b>Fair value of collateral</b>		<b>Under-collateralised assets (ii)</b>	
	<b>Carrying value</b>	<b>Net present value of collateral</b>		<b>Carrying value</b>	<b>Net present value of collateral</b>	<b>Fair value of collateral</b>
Consumer loans	24,273	48,194	82,957	189,278	8,875	15,669
Mortgage loans	45,968	76,409	132,343	104,302	70,623	119,569
Loans to entrepreneurs	15,100	30,723	74,495	140,702	47,531	93,684
SME loans	229,811	370,194	806,953	793,299	410,947	892,896
State and municipal organizations	51,182	273,516	571,625	-	-	-
<b>Total</b>	<b>366,334</b>	<b>799,035</b>	<b>1,668,375</b>	<b>1,227,581</b>	<b>537,976</b>	<b>1,121,818</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

The effect of the Bank's collateral as of 30 June 2019 is as follows:

<b>Banca</b> <b>Thousand LEI</b>	<b>30 iunie 2019</b>					
	<b>Over-collateralised assets (i)</b>			<b>Under-collateralised assets (ii)</b>		
	<b>Carrying value</b>	<b>Net present value of collateral</b>	<b>Fair value of collateral</b>	<b>Carrying value</b>	<b>Net present value of collateral</b>	<b>Fair value of collateral</b>
Consumer loans	23,413	46,216	79,368	148,363	7,489	13,390
Mortgage loans	50,792	84,140	143,024	114,100	80,497	138,000
Loans to entrepreneurs	12,802	24,743	58,197	100,188	56,096	103,940
SME loans	221,676	361,776	792,512	855,992	434,155	903,141
State and municipal organizations	47,366	451,795	945,109	-	-	-
<b>Total</b>	<b>356,049</b>	<b>968,670</b>	<b>2,018,210</b>	<b>1,218,642</b>	<b>578,238</b>	<b>1,158,471</b>

The effect of the Bank's collateral as of 31 December 2018 is as follows:

<b>Banca</b> <b>Thousand LEI</b>	<b>31 December 2018</b>					
	<b>Over-collateralised assets (i)</b>			<b>Under-collateralised assets (ii)</b>		
	<b>Carrying value</b>	<b>Net present value of collateral</b>	<b>Fair value of collateral</b>	<b>Carrying value</b>	<b>Net present value of collateral</b>	<b>Fair value of collateral</b>
Consumer loans	24,025	47,829	82,114	189,258	8,875	15,669
Mortgage loans	45,968	76,409	132,343	104,302	70,623	119,569
Loans to entrepreneurs	13,820	28,482	67,905	87,971	45,836	88,483
SME loans	227,408	365,512	795,331	799,083	409,025	887,620
State and municipal organizations	51,182	273,516	571,625	-	-	-
<b>Total</b>	<b>362,403</b>	<b>791,748</b>	<b>1,649,319</b>	<b>1,180,615</b>	<b>534,359</b>	<b>1,111,341</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Individually impaired loans**

Individually impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreements.

**Past due but not impaired loans**

Past due but not impaired loans are those loans for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and/or the stage of collection of amounts owed to Group.

**Restructured loans**

The Group's outstanding gross exposure as of 30 June for all the loans that underwent restructuring is RON 121,470 thousand and net exposure is of RON 86,898 thousand.

The Bank's outstanding gross exposure as of 30 June for all the loans that underwent restructuring is RON 120,438 thousand and net exposure is of RON 86,174 thousand.

**Loans and advances to customers written off**

<b>Thousand LEI</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b><i>Loans to corporate customers</i></b>	<b>225,823</b>	<b>450,562</b>
Loans to entrepreneurs	10,856	13,472
SME loans	214,968	437,090
State and municipal organizations	-	-
<b><i>Loans to individuals</i></b>	<b>20,260</b>	<b>23,864</b>
Consumer loans	17,044	18,106
Mortgage loans	3,216	5,758
<b>Total</b>	<b>246,084</b>	<b>474,427</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

## 18. INVESTMENT PROPERTY

a) Reconciliation of book value

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Balance at 1 January</b>	<b>79,942</b>	<b>76,541</b>	<b>77,326</b>	<b>73,476</b>
Asset sales	-	(3,841)	-	(3,392)
Reclassifications from other assets and tangible assets	15,878	7,242	15,878	7,242
<b>Balance at the end of the period</b>	<b><u>95,820</u></b>	<b><u>79,942</u></b>	<b><u>93,204</u></b>	<b><u>77,326</u></b>

b) Fair value measurement

The fair value of real estate investments is based on an assessment carried out by expert assessors, members of ANEVAR (National Association of Assessors of Romania). The fair value of the real estate investments is presented on level 3 of the hierarchy of fair value.

The Group did not acquire investment property using the financial leasing at 30 June 2019 or at 31 December 2018.

c) The evaluation techniques for measuring the fair value of real estate investments and the dates of entry used:

### Evaluation techniques

- The evaluation of land (measuring a free land or where there is a construction, the six recognized valuation methods - direct comparison, market extraction, allocation technique, residual capitalization, direct rent / lease (rent), discounted cash flow analysis)
- The income approach (by this method estimated the annual income to be generated by a property converts to value by applying an appropriate rate of income. In this case, a capitalization rate was used applied to gross income from estimated operations);
- The cost approach (The purpose of the cost approach is to determine the market value of the property by estimating the cost of purchasing the land (the market value of the land) and building a new property with the same utility or adapting an old property with the same use, without considering related costs during the construction / adaptation. The cost of the land is added to the total cost of construction. If necessary, usually in construction costs incentives / real estate developer's profit are added).

### Entry data

- Inventory lists with investments owned by the client;
- Documents and information taken from specialized staff from the owner regarding the history, the repairs made, the rate of exploitation, degree of impairment, etc.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

- Information taken from the location by the evaluator to inspect each objective;
- The evolution of the exchange rate published by BNR;
- Information regarding the local real estate market;
- Web Sites specialized in placing ads for selling/renting similar properties with the ones owned by the company;
- The book "Reconstruction costs - replacement costs of industrial buildings, commercial and agricultural, special construction" - Cornelius Schiopu, publisher IROVAL Bucharest 2010 - updated;
- Other necessary information available in the specialized literature;
- The evaluator's data base.

## 19. INVESTMENTS IN SUBSIDIARIES

The structure of investments in subsidiaries is as follows

<b>Thousand RON</b>	<b>30 June 2019</b>			<b>31 December 2018</b>		
	<b>Subsidiary name</b>	<b>Participation value</b>	<b>Impairment adjustments</b>	<b>Net value</b>	<b>Participation value</b>	<b>Impairment adjustments</b>
Patria Credit IFN	28,503	-	28,503	28,503	-	28,503
Patria Investments S.A.	-	-	-	1,328	(1,328)	-
Imobiliar Invest S.R.L.	9,713	(7,291)	2,422	9,713	(7,291)	2,422
S.A.I. Patria Asset Management S.A.	800	-	800	800	-	800
SSIF Carpatica Invest S.A.	6,807	(6,807)	-	6,807	(6,807)	-
<b>Total</b>	<b>45,823</b>	<b>(14,098)</b>	<b>31,725</b>	<b>47,151</b>	<b>(15,426)</b>	<b>31,725</b>

## 20. OTHER FINANCIAL ASSETS

<b>Thousand RON</b>	<b>30 June 2019</b>	<b>Group</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>Bank</b>	<b>31 December 2018</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Amounts to be recovered from banks and clients	7,250		8,337	7,250		8,337
Net lease receivable	-		-	1,080		-
Other financial assets	-		-	1,419		1,471
Other debtors	791		8,380	805		8,380
Derivatives	2,432		2,490	(3,974)		(5,162)
(-) Provisions for impairment losses	(3,974)		(5,998)	(3,976)		(5,162)
<b>Total net other financial assets</b>	<b>6,499</b>		<b>13,209</b>	<b>6,578</b>		<b>13,026</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**21. OTHER ASSETS**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Sundry debtors	18,014	19,820	17,109	18,982
Other income to be received	494	335	4,768	3,125
Prepayments	6,661	4,122	6,097	3,660
Income tax expense	1,211	605	1,451	821
Other assets	3,335	4,403	2,869	3,945
<b>Total other financial assets ( gross )</b>	<b>29,715</b>	<b>29,285</b>	<b>32,294</b>	<b>30,533</b>
<b>Less provision for impairment</b>	<b>(13,857)</b>	<b>(13,171)</b>	<b>(12,872)</b>	<b>(13,009)</b>
<b>Total other assets (net)</b>	<b>15,858</b>	<b>16,114</b>	<b>19,422</b>	<b>17,524</b>

**22. INTANGIBLE ASSETS ( INCLUDING GOODWILL )**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Goodwill	20,103	20,103	20,103	20,103
Other intangible assets	22,886	22,696	21,334	20,946
<b>Total intangible assets</b>	<b>42,989</b>	<b>42,799</b>	<b>41,437</b>	<b>41,049</b>

The cost movements of intangible assets and amortisation are the following:

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Cost</b>				
Balance at 1 January	83,757	81,141	77,893	75,215
Acquisitions	3,636	7,399	3,636	7,224
- transfers from intangible assets in progress	555	4,660	555	4,546
Outflows	(555)	(4,783)	(555)	(4,546)
<b>Balance at the end of period</b>	<b>86,838</b>	<b>83,757</b>	<b>80,974</b>	<b>77,893</b>
<b>Cumulative amortisation</b>				
Balance at 1 January	40,958	35,866	36,844	32,004
Amortisation and impairment expense	2,891	3,120	2,693	2,737
Expense with acquisition clients list and brand	-	2,103	-	2,103
Outflows	-	(131)	-	-
<b>Balance at the end of period</b>	<b>43,849</b>	<b>40,958</b>	<b>39,537</b>	<b>36,844</b>
<b>Net carrying amount</b>				
<b>Balance at 1 January</b>	<b>42,799</b>	<b>45,275</b>	<b>41,049</b>	<b>43,211</b>
<b>Balance at the end of period</b>	<b>42,989</b>	<b>42,799</b>	<b>41,437</b>	<b>41,049</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**23. PROPERTY, PLANT AND EQUIPMENT**

**Group**

	<b>30 June 2019</b>				
<b>Thousand RON</b>	<b>Land and buildings</b>	<b>Furniture and equipment</b>	<b>Means of transport</b>	<b>Assets in the course of construction</b>	<b>Total</b>
<b><i>Cost</i></b>					
Balance at 1 January	138,638	82,474	6,320	3,857	231,290
Acquisitions	2,158	500	(13)	5,281	7,926
Evaluation	-	-	-	-	-
Transfer	-	-	-	-	-
Outflow	(25,489)	-	-	(2,889)	(28,378)
<b>Balance at 30 June 2019</b>	<b><u>115,307</u></b>	<b><u>82,974</u></b>	<b><u>6,307</u></b>	<b><u>6,249</u></b>	<b><u>210,838</u></b>
<b><i>Cumulative depreciation</i></b>					
Balance at 1 January	14,035	67,913	5,644	-	87,592
Depreciation and amortization expense	1,498	3,082	104	-	4,684
Outflows	(175)	(141)	-	-	(316)
<b>Balance at 30 June 2019</b>	<b><u>15,358</u></b>	<b><u>70,854</u></b>	<b><u>5,748</u></b>	<b><u>-</u></b>	<b><u>91,960</u></b>
<b><i>Net carrying amount</i></b>					
<b>Balance at 1 January</b>	<b><u>124,603</u></b>	<b><u>14,561</u></b>	<b><u>676</u></b>	<b><u>3,857</u></b>	<b><u>143,698</u></b>
<b>Balance at 30 June 2019</b>	<b><u>99,949</u></b>	<b><u>12,120</u></b>	<b><u>559</u></b>	<b><u>6,249</u></b>	<b><u>118,878</u></b>

**Group**

	<b>31 December 2018</b>				
<b>Thousand RON</b>	<b>Land and buildings</b>	<b>Furniture and equipment</b>	<b>Means of transport</b>	<b>Assets in the course of construction</b>	<b>Total</b>
<b><i>Cost</i></b>					
Balance at 1 January	173,751	77,269	7,290	2,506	260,816
Acquisitions	-	60	192	9,387	9,639
Evaluation	(5,701)	-	-	-	(5,701)
Transfer	2,152	5,246	182	(7,580)	-
Outflow	(31,564)	(101)	(1,343)	(456)	(33,464)
<b>Balance at 31 December 2018</b>	<b><u>138,638</u></b>	<b><u>82,474</u></b>	<b><u>6,320</u></b>	<b><u>3,857</u></b>	<b><u>231,290</u></b>
<b><i>Cumulative depreciation</i></b>					
Balance at 1 January	22,338	63,661	6,712	-	92,711
Depreciation and amortization expense	5,636	4,652	121	-	10,409
Outflows	(13,939)	(400)	(1,189)	-	(15,528)
<b>Balance at 31 December 2018</b>	<b><u>14,035</u></b>	<b><u>67,913</u></b>	<b><u>5,644</u></b>	<b><u>-</u></b>	<b><u>87,592</u></b>
<b><i>Net carrying amount</i></b>					
<b>Balance at 1 January</b>	<b><u>151,413</u></b>	<b><u>13,608</u></b>	<b><u>578</u></b>	<b><u>2,506</u></b>	<b><u>168,105</u></b>
<b>Balance at 31 December 2018</b>	<b><u>124,603</u></b>	<b><u>14,561</u></b>	<b><u>676</u></b>	<b><u>3,857</u></b>	<b><u>143,698</u></b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**Bank**

**30 June 2019**

<b>Thousand RON</b>	<b>Land and buildings</b>	<b>Furniture and equipment</b>	<b>Means of transport</b>	<b>Assets in the course of construction</b>	<b>Total</b>
<b><i>Cost</i></b>					
Balance at 1 January	138,216	82,345	5,425	3,857	229,843
Acquisitions	2,158	500	(13)	5,281	7,926
Evaluation	-	-	-	-	-
Transfer	-	-	-	-	-
Outflow	(25,488)	-	-	(2,889)	(28,377)
<b>Balance at 30 June 2019</b>	<b><u>114,886</u></b>	<b><u>82,845</u></b>	<b><u>5,412</u></b>	<b><u>6,249</u></b>	<b><u>209,392</u></b>
<b><i>Cumulative depreciation</i></b>					
Balance at 1 January	13,547	68,150	4,827	-	86,524
Depreciation and amortization expense	1,498	3,054	104	-	4,656
Outflows	(175)	(141)	-	-	(316)
<b>Balance at 30 June 2018</b>	<b><u>14,870</u></b>	<b><u>71,063</u></b>	<b><u>4,931</u></b>	<b><u>-</u></b>	<b><u>90,864</u></b>
<b><i>Net carrying amount</i></b>					
<b>Balance at 1 January</b>	<b><u>124,669</u></b>	<b><u>14,195</u></b>	<b><u>598</u></b>	<b><u>3,857</u></b>	<b><u>143,319</u></b>
<b>Balance at 30 June 2018</b>	<b><u>100,016</u></b>	<b><u>11,782</u></b>	<b><u>481</u></b>	<b><u>6,249</u></b>	<b><u>118,528</u></b>

**Bank**

**31 December 2018**

<b>Thousand RON</b>	<b>Land and buildings</b>	<b>Furniture and equipment</b>	<b>Means of transport</b>	<b>Assets in the course of construction</b>	<b>Total</b>
<b><i>Cost</i></b>					
Balance at 1 January	173,216	77,099	6,431	2,506	259,252
Acquisitions	-	-	-	9,142	9,142
Evaluation	(5,701)	-	-	-	(5,701)
Transfer	2,152	5,246	182	(7,580)	-
Outflow	(31,451)	-	(1,188)	(211)	(32,850)
<b>Balance at 31 December 2018</b>	<b><u>138,216</u></b>	<b><u>82,345</u></b>	<b><u>5,425</u></b>	<b><u>3,857</u></b>	<b><u>229,843</u></b>
<b><i>Cumulative depreciation</i></b>					
Balance at 1 January	21,850	63,621	5,895	-	91,366
Depreciation and amortization expense	5,636	4,559	121	-	10,316
Outflows	(13,939)	(30)	(1,189)	-	(15,158)
<b>Balance at 31 December 2018</b>	<b><u>13,547</u></b>	<b><u>68,150</u></b>	<b><u>4,827</u></b>	<b><u>-</u></b>	<b><u>86,524</u></b>
<b><i>Net carrying amount</i></b>					
<b>Balance at 1 January</b>	<b><u>151,366</u></b>	<b><u>13,478</u></b>	<b><u>536</u></b>	<b><u>2,506</u></b>	<b><u>167,886</u></b>
<b>Balance at 31 December 2018</b>	<b><u>124,669</u></b>	<b><u>14,195</u></b>	<b><u>598</u></b>	<b><u>3,857</u></b>	<b><u>143,319</u></b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**24. DUE TO BANKS**

<b>Thousand LEI</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 decembrie 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Collateral deposits	474	466	474	466
Amounts in transit	10,716	6,485	10,716	6,485
<b>Total</b>	<b><u>11,190</u></b>	<b><u>6,951</u></b>	<b><u>11,090</u></b>	<b><u>6,951</u></b>

**25. CUSTOMER DEPOSITS**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Retail customers</b>				
Current accounts	252,090	285,930	252,090	285,930
Term deposits	1,843,827	2,111,933	1,843,827	2,111,933
Collateral deposits	7,058	7,808	7,058	7,808
<b>Corporate customers</b>				
Current accounts	212,097	292,521	217,827	296,612
Sight deposits	12,314	14,403	12,314	14,403
Term deposits	297,490	315,624	298,230	319,104
Collateral deposits	23,508	23,015	23,509	23,015
Amounts in transit	11,420	5,796	11,240	5,796
<b>Total</b>	<b><u>2,659,804</u></b>	<b><u>3,057,030</u></b>	<b><u>2,666,095</u></b>	<b><u>3,064,601</u></b>

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Risk concentrations by economic sectors within the deposits from customers portfolio were as follows:

	<b>Bank</b>			
	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>Amount</b>	<b>Percentage of total deposits(%)</b>	<b>Amount</b>	<b>Percentage of total deposits(%)</b>
<b><i>thousands RON</i></b>				
<b>Retail customers</b>	<b><u>2,102,975</u></b>	<b><u>78.88</u></b>	<b><u>2,405,671</u></b>	<b><u>78.50</u></b>
<b>Corporate customers</b>	<b><u>508,807</u></b>	<b><u>19.08</u></b>	<b><u>603,197</u></b>	<b><u>19.68</u></b>
Financial and real estate activities	158,342	5.94	177,308	5.79
Industry	35,985	1.35	45,743	1.49
Others	39,551	1.48	47,942	1.56
Constructions	59,285	2.22	67,389	2.20
IT, research and development	4,207	0.16	5,907	0.19
Trade	67,127	2.52	78,028	2.55
Transport	28,372	1.06	33,941	1.11
Professional Services	25,902	0.97	29,320	0.96
Services	33,374	1.25	34,476	1.12
Agriculture	46,087	1.73	72,331	2.36
Hotels and restaurants	10,575	0.40	10,812	0.35
<b>Public Administration and Defense</b>	<b><u>54,311</u></b>	<b><u>2.04</u></b>	<b><u>55,733</u></b>	<b><u>1.82</u></b>
<b>Total</b>	<b><u>2,666,093</u></b>	<b><u>100</u></b>	<b><u>3,064,601</u></b>	<b><u>100</u></b>

## **26. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**

<b><i>Thousand RON</i></b>	<b>Group</b>		<b>Bank</b>		<b><i>31 December 2018</i></b>
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	
<b>Financing name</b>					
EFSE - European Fund for Southeast Europe (ii)	16,669	15,169	-	-	-
Responsability Global Microfinance Fund (iii)	8,266	10,585	-	-	-
Oikocredit Ecumenical Development Cooperative Society UA (iv)	2,021	4,043	-	-	-
ACCESS FINANCIAL SERVICES IFN SA (v)	805	1,182	-	-	-
Raiffeisen Bank SA (vi)	2,165	2,316	-	-	-
Symbiotics (vii)	14,255	4,108	-	-	-
<b>Total</b>	<b><u>44,181</u></b>	<b><u>37,403</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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**(i) European Fund for Southeast Europe**

In December 2016, the Group obtained a new financing agreement from EFSE, amounting RON 4,500 thousand which was fully drawn on 22 December 2016. The loan provides for quarterly repayments in 8 equal instalments, after a grace period for the principal of 15 months, with a ROBOR variable interest rate of 3 months plus margins and final maturity on 15 December 2019.

In December 2017, the Group obtained a new financing agreement from EFSE, amounting RON 9,200 thousand over a 3-year period, with a grace period for the principal of 12 months. The loan provides for quarterly repayments in 9 equal instalments, with a ROBOR variable interest rate of 3 months plus margins and final maturity on 15 December 2020.

In December 2018, the Group obtained a new financing agreement from EFSE, amounting RON 3,200 thousand. The loan provides for quarterly repayments in 9 equal instalments, with a ROBOR variable interest rate of 3 months plus margins and final maturity on 15 December 2021.

The total outstanding loan from EFSE as at 30 June 2019 is RON 16,669 thousand.

**(ii) Responsibility Global Microfinance Fund**

In January 2017 the Group obtained new loan facility from Responsibility Global Microfinance Fund in total amount of RON 4,500 thousand for 3 years. The loan provides a fixed interest rate and final maturity on 29 January 2020.

In March 2018 the Group obtained new loan facility from Responsibility Global Microfinance Fund in total amount of RON 4,000 thousand for 2 years. The loan provides a fixed interest rate and final maturity on 09 March 2020.

The total outstanding loan from Responsibility Global Microfinance Fund as at 30 June 2019 is RON 8,266 thousand.

**(iii) Oikocredit Ecumenical Development Cooperative Society UA**

In May 2016, the Group has signed a loan agreement with Oikocredit Ecumenical Development Cooperative Society UA ("Oiko") in a total approved value of RON 13,300 thousand.

The total outstanding loan from Oiko as at 30 June 2019 is RON 2,021 thousand.

**(iv) Access Financial Services IFN**

In March 2018, the Group obtained a loan in amount of RON 1,500 thousand from Access Financial Services IFN with 2 years maturity. The loan agreement provides semestrial reimbursements in 4 installments with variable interest rate of ROBOR 3 months plus margin and final maturity on 05 February 2020.

The total outstanding loan from Access Financial Services IFN at 30 June 2019 is RON 805 thousand.

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**(v) Raiffeisen Bank S.A.**

In May 2018, the Group obtained a loan facility from Raiffeisen Bank in amount of RON 2,311 thousand for 3 years period. The loan provides a variable interest rate of ROBOR 1 months plus margin and final maturity on 20 May 2021.

The total outstanding loan from Raiffeisen Bank at 30 June 2019 is RON 2,165 thousand.

**(vi) SYMBIOTICS**

In December 2018 the Group obtained new loan facility from Symbiotics in total amount of RON 4,100 thousand for 3 years. The loan provides a variable interest rate of ROBOR 3 months plus margin and final maturity on 21 December 2021.

In January 2019 the Group obtained new loan facility from Symbiotics in total amount of RON 5,200 thousand for 3 years. The loan provides a variable interest rate of ROBOR 3 months plus margin and final maturity on 31 January 2022.

In April 2019 the Group obtained new loan facility from Symbiotics in total amount of RON 4,800 thousand for 2 and 3 years respectively. The loans provides a variable interest rate of ROBOR 3 months plus margin and final maturity on 5 April 2021 for the loan amounting RON 2,400 thousand, and final maturity on 11 April 2022 for the loan amounting RON 2,400 thousand.

The total outstanding loan from Symbiotics at 30 June 2019 is RON 14,255 thousand.

The loans from international financial institutions are unsecured credit facilities, arranged under *negative pledge, pari passu* clauses. According to each loan agreement, the Group shall all time comply with a set of financial undertakings (covenants).

**27. OTHER FINANCIAL LIABILITIES**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Financial liabilities to owners of fund units	43,189	69,928	-	-
Other derivative financial instruments	153	(67)	206	72
Other financial liabilities	7,427	8,123	7,307	7,943
<b>Total</b>	<b><u>50,769</u></b>	<b><u>77,984</u></b>	<b><u>7,513</u></b>	<b><u>8,015</u></b>

**28. LIABILITIES TO MINORITY SHAREHOLDERS FOR REDEMPTION RIGHTS**

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As part of the merger by absorption process between the former Banca Comerciala Carpatica SA (as absorbing bank) and the former Patria Bank SA (as absorbed bank), both banks published procedures for the withdrawal of minority shareholders, as follows:

- On 04 October 2016 "The withdrawal shareholders procedure from Banca Comerciala Carpatica SA in the context of the merger with Patria Bank SA"; and
- On 08 November 2016 "The withdrawal shareholders procedure from Patria Bank S.A. in the context of the merger with Banca Comerciala Carpatica S.A. ".

Under these Withdrawal Procedures any shareholder who:

- (a) did not vote in favor of the merger during the General Shareholders Meeting (GSM) held on 5 October 2016 / 8 November 2016, namely:
  - (i) voted against the merger,
  - (ii) refrained from voting or
  - (iii) was not present, personally, by representation or by exercising the vote by correspondence, at the GSM; and
- (b) was registered as shareholder of the absorbing bank at the reference date (26 September 2016 for BCC and 1 November 2016 for Patria Bank) and on 30 December 2016 for BCC and 28 April 28 2017 respectively for Patria Bank, could exercise their right to withdraw from their position as shareholder during the period 5 October 5 2016 – 7 November 2016 (BCC) / 9 November 2016 - 9 December 2016 (Patria Bank).

The price per share established through the withdrawal procedures was determined by an independent evaluator, appointed by a judge according to the requirements of the Companies Law (Law 31/1990) at the request of the two banks as follows:

- (i) for the purchase obligation of BCC 0.0896 LEI / share; and
- (ii) for the purchase obligation of Patria Bank 0.2702 LEI / share.

According to the withdrawal shareholders procedures above mentioned, three of the minority shareholders of Banca Comerciala Carpatica and two minority shareholders of Patria Bank exercised their right of withdrawal for a number of shares representing 18.83% of the pre-merger share capital of Banca Carpatica and 0.0003% of the pre-merger share capital of Patria Bank. Patria Bank resulting from the merger as the legal successor of both banks involved in the merger, took on the redemption obligations mentioned above, as specified in the applicable withdrawal

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procedures applicable for the shareholders of each bank. The total withdrawal rights being 37,239,190.58 LEI.

Given that on 26 October 2017 there was a reduction in the share capital of the merged Patria Bank to cover the accumulated losses, by reducing the number of shares and, having in view that at the time of the capital reduction, the shares for which a right of withdrawal had been expressed weren't redeemed as part of the capital reduction operation, the minority shareholders' rights on the value of the shares for which the right of withdrawal was expressed were preserved. Thus, for 250,899,063 shares of the 2,271,217,313 shares remaining after the capital reduction (that is 11.04% of the bank's share capital resulting from the merger) a right of withdrawal exists at the date of these financial statements.

As this redemption operation of own shares represents in fact a distribution of the capital to the minority shareholders, its realization is conditioned by the prior approval of the National Bank of Romania (NBR) according to art. 15<sup>1a</sup> corroborated with art. 3 letter j) of the NBR Regulation no. 6/2008 and according to art. 77 and 78 of EU Regulation 575/2013 and article 126<sup>2</sup> of the Emergency Ordinance 99/2006. Such approval from NBR was not issued until the date of these financial statements.

Because the published withdrawal procedures of the two banks involved in the merger provide the possibility of partial redemption of the shares for which the withdrawal rights were expressed, as long as the possibility of redemption exists, even partially, under the law applicable to the Bank, Patria Bank recognizes a financial liability at the level of the possible value to be redeemed at the reporting date in accordance with the above-mentioned legal and prudential provisions. At 30 June 2019 the value of the recognised financial liability was RON 0 (nil) since, given the circumstances described in note 2. d) going concern note, no redemption (partial or full) was allowed under the provisions of the respective law.

## **29. PROVISIONS FOR LIABILITIES AND CHARGES**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Provisions for loan commitments and financial guarantees	2,076	2,584	2,076	2,596

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Provision for staff cost	3,980	3,899	3,604	3,559
Provision for litigations	3,080	3,128	3,080	3,035
Other provisions(*)	774	773	773	774
<b>Total</b>	<b><u>9,910</u></b>	<b><u>10,384</u></b>	<b><u>9,533</u></b>	<b><u>9,964</u></b>

Provision related to credit commitments represents specific provisions created for losses incurred on financial guarantees and commitments to extend credit to borrowers whose financial conditions deteriorated.

Staff costs provision relates to accruals for untaken holidays, restructuring, performance bonus and the related payroll taxes.

### **30. OTHER LIABILITIES**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Other liabilities	19,016	20,887	15,776	19,243
State budget debts	2,905	2,860	2,699	2,697
Other income to be received	998	1,013	755	749
<b>Total</b>	<b><u>22,919</u></b>	<b><u>24,760</u></b>	<b><u>19,230</u></b>	<b><u>22,690</u></b>

### **31. SUBORDINATED DEBT**

<b>Thousand LEI</b>	<b>Grup</b>		<b>Banca</b>	
	<b>30 iunie 2019</b>	<b>31 decembrie 2018</b>	<b>30 iunie 2019</b>	<b>31 decembrie 2018</b>
Balance as at 1 January	23,373	29,589	23,373	29,589
New suborndinated loans	10,008	57,332	-	57,332
Conversion in share capital	-	(63,570)	-	(63,570)
Other movements and FX differnences	357	22	357	22
<b>Balance as of end of period</b>	<b><u>33,738</u></b>	<b><u>23,373</u></b>	<b><u>23,730</u></b>	<b><u>23,373</u></b>

The Group has outstanding as of 30 June 2019 the following subordinated loans:

- EUR 2,000 thousand granted by Mr. Horia Manda, President of the Board of Administrators of Patria Bank SA in 2017. There were no changes in 2019;

Notes 1 to 39 are part of the consolidated and separate financial statements.

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- EUR 4,300 thousand loan granted by EEAFF Financial Services BV in 2018 with interest rate EURIBOR 6M + 585 bps margin; the loan was converted in share capital in 2018 and the outstanding balance as of 30 June 2019 is EUR 12 thousand;
- EUR 3,000 thousand loan granted by EEAFF Financial Services BV in 2018 with interest rate EURIBOR 6M + 585 bps margin;
- RON 10,000 thousand loan granted by EUROPEAN INVESTMENT FUND (EIF) in 2019 with interest rate EURIBOR 3M + 400 bps.

The Group has outstanding as of 31 December 2018 the following subordinated loans:

- EUR 4,350 thousand loan granted by EEAFF Financial Services BV in 2016 with interest rate EURIBOR 3M + 400 bps. The loan has been fully incorporated in share capital in 2018 and the outstanding balance at year end is nil;
- EUR 2,000 thousand loan granted by Mr. Horia Manda, President of the Board of Administrators of Patria Bank SA in 2017. There were no changes in 2018;
- EUR 4,300 thousand loan granted by EEAFF Financial Services BV in 2018 with interest EURIBOR 6M + 585 bps margin. The loan has been converted into share capital in 2018 and the outstanding year end balance is EUR 12 thousand;
- EUR 5,000 thousand loan granted by EEAFF Financial Services BV in 2018 with interest EURIBOR 6M + 585 bps margin. The loan has been fully incorporated in share capital in 2018 and the outstanding balance at year end is nil;
- EUR 3,000 thousand loan granted by EEAFF Financial Services BV in 2018 with interest EURIBOR 6M + 585 bps marja.

## **32. SHARE CAPITAL**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Share capital under IFRS at 1 January</b>				
Capital decrease	315,829	231,418	315,829	231,418
Capital increase	-	-	-	-
<b>Share capital under IFRS at the end of the period</b>	<b><u>315,829</u></b>	<b><u>315,829</u></b>	<b><u>315,829</u></b>	<b><u>315,829</u></b>

The main shareholders at 30 June 2019 are:

<b>Name of the shareholder</b>	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>Number of shares Patria Bank</b>	<b>Percentage of ownership (%)</b>	<b>Number of shares Patria Bank</b>	<b>Percentage of ownership (%)</b>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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EEAF Financial Services B.V.	2,592,620,715	83.22	2,565,080,456	82.34
Carabulea Ilie	245,490,909	7.88	245,490,909	7.88
Persoane fizice	208,594,611	6.70	236,204,185	7.58
Persoane juridice	68,624,340	2.20	68,555,025	2.20
<b>Total</b>	<b>3,115,330,575</b>		<b>100.00</b>	<b>3,115,330,575</b>
				<b>100.00</b>

Amount of share capital at 30 June 2019:

Name of the shareholder	30 June 2019			31 December 2018		
	Number of shares Patria Bank	Nominal amount/share (RON)	Share capital (RON)	Number of shares Patria Bank	Nominal amount/share (RON)	Share capital (RON)
EEAF Financial Services B.V.	2,592,620,715	0.10	259,262,072	2,565,080,456	0.10	256,508,046
Carabulea Ilie	245,490,909	0.10	24,549,091	245,490,909	0.10	24,549,091
Persoane fizice	208,594,611	0.10	20,859,461	236,204,185	0.10	23,620,419
Persoane juridice	68,624,340	0.10	6,862,434	68,555,025	0.10	6,855,503
<b>Total</b>	<b>3,115,330,575</b>	<b>0.10</b>	<b>311,533,058</b>	<b>3,115,330,575</b>	<b>0.10</b>	<b>311,533,058</b>

### 33. PROFIT / (LOSS) PER SHARE

The shareholders of Patria Bank S.A. and Banca Comerciala Carpatica S.A. decided that the share exchange ratio for the merger is established as per the Merger Project based on the valuation of each bank as of 31 May 2016. Patria Bank shares exchange rate in relation to Banca Comerciala Carpatica shares is determined by reporting the book value of a Patria Bank share to the book value of a Banca Comerciala Carpatica share.

The valuation reports of Banca Comerciala Carpatica SA and Patria Bank SA set the global value of the two banks (Banca Comerciala Carpatica SA = RON 194,304 thousand, Patria Bank SA = RON 262,248 thousand), resulting in the following net book value of the shares of the two Companies, determined by reporting the net asset to the number of shares issued by each of the two companies:

- Banca Comerciala Carpatica – RON 194,304 thousand/2,202,742,822 shares = 0.0882 RON/share;
- Patria Bank – RON 262,248 thousand/972,647,537 shares = 0.2696 RON/share.

Patria Bank shares exchange rate in relation to Banca Comerciala Carpatica shares is determined by reporting the book value of a Patria Bank share to the book value of a Banca Comerciala Carpatica share:

→ Exchange rate: RON 0.2696 / RON 0.0882 = 3.0566.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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Therefore, an action of Patria Bank will be exchanged with 3,0566 shares of Banca Comerciala Carpatica.

	<b>30 June 2019</b>	<b>31 December 2018</b>
<b>Balance as 1st of January</b>	3,115,330,575	2,271,217,313
Capital increase	-	844,113,262
Capital decrease	-	-
<b>Final Balance</b>	<b>3,115,330,575</b>	<b>3,115,330,575</b>

Basic earnings/(loss) per share are calculated by dividing the net result of the first semester of 2019, respectively 2018 attributable to owners of the Parent by the weighted average number of ordinary shares issued in 2019, respectively 2018, as follows:

<b>30 June 2019</b>	<b>No. of shares</b>	<b>No. of days</b>
No of shares between 01.01.2019-30.06.2019	3,115,330,575	180
Profit / (Loss) as of 30.06.2019	2,795,257	
<b>Profit / (Loss) per share (RON/share)</b>	<b>0.0009</b>	
<b>31 December 2018</b>	<b>No. of shares in movement</b>	<b>No. days</b>
No of shares 01.01.2018-12.03.2018 (first increase of capital)	<b>2,271,217,313</b>	70
No of shares between 12.03.2018-20.11.2018 (second increase of capital)	<b>2,741,656,922</b>	254
No of shares between 20.11.2018-31.12.2018	<b>3,115,330,575</b>	41
Average no. of shares	<b>2,257,834,005</b>	365
Profit / (Loss) as at 31.12.2018	<b>(266,914)</b>	
<b>Profit / (Loss) per share (RON/share)</b>	<b>(0.0001)</b>	

#### **34. SEGMENT REPORTING**

The disclosure Segment Reporting as required by IFRS 8 is presented only on the elements of the Statement of Financial Position for:

Notes 1 to 39 are part of the consolidated and separate financial statements.

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- Loans and advances to customers (Note 17);
- Customer deposits (Note 25) in line with internal reporting for decision makers.

Considering the following criteria the Bank do not report a full disclosure for Segment Reporting:

- No internal reporting for decision makers related the profitability per segments;
- No clients that generates at individual level more 10% from Banks's total banking income;
- No geographical segments defined (foreign jurisdictions), insignificant exposures granted to foreign customers;
- No transfer pricing allocation defined internally for profitability per segments.

### **35. RESERVES**

At 30 June 2019 and at 31 December 2018 the reserves were as follows:

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Revaluation reserve for financial assets at fair value through other comprehensive income	4,147	(2,391)	4,147	(2,391)
Revaluation reserve for premises	43,028	53,829	41,228	52,029
Statutory legal reserve	15,301	15,301	15,301	15,301
Reserves for general banking risks	11,887	11,887	11,887	11,887
Other reserves	14,678	14,678	14,678	14,678
<b>Total</b>	<b><u>89,040</u></b>	<b><u>93,303</u></b>	<b><u>87,241</u></b>	<b><u>91,504</u></b>

#### ***Statutory legal reserves***

Statutory reserves represent accumulated transfers from retained earnings in accordance with relevant local regulations. These reserves are not distributable. Local legislation requires 5% of the Group's and its subsidiaries net statutory profit to be transferred to a non-distributable statutory reserve until such time this reserve represents 20% of the statutory share capital.

Reserves for general banking risks include amounts set aside in accordance with the Banking legislation and are separately disclosed as appropriations of statutory profit. These reserves are not distributable. According to the Romanian legislation in force the reserves for general banking risks were set aside starting with 2004 financial year until the end of the 2006 financial year.

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## 36. LEASING CONTRACTS

### A) Right-of-use

#### **Bank as lessee**

The Bank is a lessee in leasing contracts for renting premises, equipments (ATM's) and cars.

The right-of-use split by asset class as of 30 June 2019 and transition date 1 January 2019 are:

Asset category	Carrying value 30 June 2019	Carrying value transition date 1 January 2019
Right-of-use land and building	18,062	25,288
Right-of-use equipments	5,878	6,051
Right-of-use cars	3,620	-
<b>Total</b>	<b>27,560</b>	<b>31,339</b>

Amortisation expense of right-of-use assets	Period ended 30 June 2019
Right-of-use land and building	3,335
Right-of-use equipments	1,148
Right-of-use cars	266
<b>Total</b>	<b>4,749</b>

#### **Group as a lessee**

Asset category	Carrying value 30 June 2019	Carrying value transition date 1 January 2019
Right-of-use land and building	19,941	26,738
Right-of-use equipments	5,878	6,051
Right-of-use cars	3,728	-
<b>Total</b>	<b>29,547</b>	<b>32,788</b>

Amortisation expense of right-of-use assets	Period ended 30 June 2019
Right-of-use land and building	3,472
Right-of-use equipments	1,148
Right-of-use cars	270

Notes 1 to 39 are part of the consolidated and separate financial statements.

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<b>Total</b>	<b>4,889</b>
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Interest expense for the lease liability for the Bank amounts to RON 93 thousand and is presented in the note 5 under „*Interest expense*”.

The amortisation expense for the right-of-use assets for the Bank amounts to RON 4,749 thousand and is included in the line item „*Amortisation and depreciation expenses*” in the Consolidated and Separate Statement of Comprehensive Income.

The Bank has concluded sublease agreements for office space in the building rented as head office; these leasing contracts are concluded with two of its subsidiaries, Patria IFN and SAI Patria Asset Management.

The Bank classifies the sublease as financial leasing and thus recognises finance lease receivable (and derecognises the right-of-use related to the office spaces in the sublease).

The net finance income for these contracts is RON 4 thousand and is included in the Note 9 „*Other operating income*”.

Total lease payments for the Bank in the period (1 January – 30 June 2019) were RON 4,293 thousand, of which:

Principal	4,219
Interest	74
<b>Total</b>	<b>4,293</b>

***Average contract term by class***

<b>Asset category</b>	<b>Term</b>	<b>No. of contracts</b>
Land and building	9 years	70 contracts
Equipments	3 years	2 contracts
Cars	5 years	10 contracts

The right-of-use recognised in the period amounts to RON 5,690 thousand.

**Bank**

**Amounts recognized in the statement of  
comprehensive income**

**Period ended 30 June 2019**

Amortisation expense for right-of-use assets	4,749
Interest expense for lease liability	93

Notes 1 to 39 are part of the consolidated and separate financial statements.

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Rent expense for short-term leases	793
Rent expense for low-value assets contracts	323
Income from sublease	4

<b>Group</b> <b>Amounts recognized in the statement of comprehensive income</b>	<b>Period ended 30 June 2019</b>
Amortisation expense for right-of-use assets	4,889
Interest expense for lease liability	95
Rent expense for short-term leases	793
Rent expense for low-value assets contracts	340
Income from sublease	-

**B) Lease liability**

<b>Bank as a lessee</b>	<b>30 June 2019</b>	<b>1 January 2019</b>
Amounts due within the next 12 months	9,046	10,199
Amounts due after the next 12 months	19,836	22,365
<b>Total</b>	<b>28,881</b>	<b>32,564</b>

<b>Maturity analysis</b>	<b>30 June 2019</b>	<b>1 January 2019</b>
Less than 1 year	9,597	10,839
Between 1 and 5 years	20,004	24,561
Over 5 years	305	344
<b>Total</b>	<b>29,907</b>	<b>35,744</b>

The entire lease liability is denominated in EUR.

<b>Group as a lessee</b>	<b>30 June 2019</b>	<b>1 January 2019</b>
Amounts due within the next 12 months	9,239	10,215
Amounts due after the next 12 months	20,549	22,573
<b>Total</b>	<b>29,788</b>	<b>32,788</b>

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<b>Maturity analysis</b>	<b>30 June 2019</b>	<b>1 January 2019</b>
Less than 1 year	9,965	10,946
Between 1 and 5 years	20,799	24,680
Over 5 years	305	364
<b>Total</b>	<b>31,069</b>	<b>35,990</b>

**C) Finance lease receivable**

<b>Banca as a lessor</b>	<b>30 June 2019</b>	<b>1 January 2019</b>
Amounts due within the next 12 months	180	179
Amounts due after the next 12 months	900	1,023
<b>TOTAL</b>	<b>1,080</b>	<b>1,202</b>

**Amounts to be collected under the finance leasing contracts with Bank as lessor**

	<b>30 iunie 2019</b>	<b>1 ianuarie 2019</b>
Year 1	187	184
Year 2	249	245
Year 3	249	245
Year 4	249	245
Year 5	166	245
Over 5 years	-	41
<b>Gross investment in the lease</b>	<b>1,100</b>	<b>1,206</b>
Unearned finance income	(20)	(4)
<b>Net investment in the lease</b>	<b>1,080</b>	<b>1,202</b>

The Group does not have finance lease contracts where the Group is a lessor.

**D) Rental income from operational leasing**

**Bank as a lessee**

The Bank rents a part of its investment property portfolio under operational leasing contracts.

The contracts concluded after August 2018 include a rent “indexation clause” as follows: the rent shall be adjusted annually (on each 1 January) to reflect the percentage increase of the CPI (without decreasing below the initial amount).

The contracts do not transfer the property right at the end.

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Income from renting investment property is RON 2,237 thousand for the period; these are included in Note 9 „Other operating income”.

A maturity analysis for the operational leasing contracts is presented below:

<b>30 June 2019</b>	
Year 1	3,052
Year 2	1,637
Year 3	1,070
Year 4	377
Year 5	57
<b>Total</b>	<b>6,193</b>

Except for the leasing contracts presented above for the Bank as lessor the Group does not hold any other contracts.

### **37. CREDIT RELATED COMMITMENTS**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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The Group provides also letter of guarantees and letters of credit on behalf of the customers. The contractual amounts of commitments and contingent liabilities are set out in the following table by category. Many of the contingent liabilities and commitments expire without being funded in whole or in part, therefore, the amounts do not represent expected future cash flows.

The amounts reflected in the table as commitments assume that amounts are fully advanced. The amounts reflected in the table as guarantees and letters of credit represent the maximum accounting loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted.

For provisions for credit related commitments refer to Note 29.

Commitments related to credits-Group

<b>Thousand RON</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Letters of guarantees	14,179	13,108
Commitments of granted credits	264,163	300,361
<b>Total</b>	<b>278,342</b>	<b>313,469</b>

Commitments related to credits-Bank

<b>Thousand RON</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Letters of guarantees	13,379	11,933
Commitments of granted credits	264,163	300,171
<b>Total</b>	<b>277,542</b>	<b>312,104</b>

**Litigations**

At 30 June 2019, the provision for litigation, in which the Group is involved as defendant is in amount of RON 3,080 thousand (31 December 2018: RON 3,035 thousand) out of RON 1,104 thousand represent provision for abusive clauses (31 December 2018: RON 1,105 thousand).

The management of the Group considers that they will have no material adverse effect on the results and the financial position.

Provisions for litigations are made mainly for disputes that concern the actions of borrower's private individuals, by requesting cancellation of clauses deemed unfair in credit agreements.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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### **38. RELATED PARTY TRANSACTIONS**

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group entered into a number of transactions with its related parties in the normal course of business. These transactions were carried out in the normal course of business on commercial terms and conditions and at market rates.

The Group performed related party transactions during period ended 30 June 2019 with EEAFF Financial Services B.V. (immediate parent), the members of the Board of Directors, the members of the Executive Management and Bank's employees that hold *key-functions* at 30 June 2018.

EEAFF Financial Services B.V.(EEAFSBV) is owned and fully controlled by Emerging Europe Accesion Fund Cooperatief UA.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

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The Group's income and expense items with related parties are as follows:

Thousand RON	30 June 2019				30 June 2018				Other related party
	Immediate parent company	Entities under common control	Key personnel	Other related party	Immediate parent company	Entities under common control	Key personnel		
Interest and similar income	-	-	18	460	-	-	5	77	
Interest and similar expense	379	-	282	1	959	-	353	4	
Fee and commission income	-	-	-	1	-	-	-	23	
Other operating and administrative expenses	-	-	45	-	-	-	6	-	
Net expenditures with depreciation adjustments	-	-	1	10	-	-	3	3	
Dividends income	-	-	-	-	-	540	-	1,597	

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**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

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The Bank's income and expense items with related parties are as follows:

Thousand RON	30 June 2019				30 June 2018					
	Immediate parent company	Entities under common control	Subsidiary	Key personnel	Other related party	Immediate parent company	Entities under common control	Subsidiary	Key personnel	Other related party
Interest and similar income	-	-	520	18	460	-	-	233	5	77
Interest and similar expense	379	-	29	282	1	959	-	49	353	4
Fee and commission income	-	-	2	-	1	-	-	4	-	23
Net income trading	-	-	73	-	-	-	-	1,257	-	-
Foreign exchange rate gains/ (losses)	-	-	-	-	-	-	-	-	-	-
Other operating and administrative expenses	-	-	-	45	-	-	-	-	6	-
Other operating income	-	-	-	-	-	-	-	-	-	-
Net expenditures with depreciation adjustments	-	-	116	1	10	-	-	112	3	3
Provisions for credit commitments and financial guarantees	-	-	-	-	-	-	-	-	-	-
Dividends income	-	-	4,275	-	-	-	540	3,265	-	1,597

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

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The balances and the summary of the Bank's transactions with affiliated parties are as follows:

Bank Thousand	30 June 2019						31 December 2018					
	Immediate parent company	Other significan t sharehol ders	Associated entities	Key personnel	other affiliat ed parti es	Immediate parent company	Immedia te parent company	Other significan t sharehol ders	Associat ed entiti es	Key perso nnel	other affiliat ed parti es	Immediate parent company
<b>Financial Assets</b>												
The financial asset evaluated at FVOCI	-	-	2,505	-	-	-	-	-	1,603	-	-	-
Financial assets held for trading	-	-	-	-	7,338	-	-	-	-	-	6,785	-
Loans and advances to customers	-	-	-	1,106	16,980	11,951	-	-	-	1,215	13,234	13,082
Other financial assets	-	-	4,969	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	1	-	-	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	31,725	-	-	-	-	-	31,725	-
<b>Liabilities</b>												
Deposits from customers	24	-	-	2,090	7,012	6,727	1,127	-	-	2,434	8,317	8,221
Subordinated debt	14,260	-	-	9,470	-	-	14,045	-	-	9,328	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

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Group Thousand RON	30 June 2019					31 December 2018				
	Immediate parent company	Other significant shareholders	Associated entities	Key personnel	other affiliated parties	Immediate parent company	Other significant shareholders	Associated entities	Key personnel	other affiliated parties
<b>Financial Assets</b>										
The financial asset evaluated at FVOCI	-	-	2,505	-	-	-	-	1,603	-	-
Financial assets held for trading	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	-	1,106	11,951	-	-	-	1,215	13,082
Other financial assets	-	-	4,969	-	-	-	-	-	-	-
Other assets	-	-	-	1	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>										
Deposits from customers	24	-	-	2,090	6,727	1,127	-	-	2,434	8,221
Subordinated debt	14,260	-	-	9,470	-	14,045	-	-	9,328	-
Other liabilities	-	-	-	-	-	-	-	-	-	-

Notes 1 to 39 are part of the consolidated and separate financial statements.

(\*) Unaudited / the financial statements were not reviewed by the financial auditor

**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

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**39. SUBSEQUENT EVENTS**

**a) Litigation**

**On July 11, 2019** in connection with the appeal filled in by Mr. Ilie Carabulea, as plaintiff, against Patria Bank SA, as defendant, within the file no. 22659/3/2018, the object of which being to request the defendant to pay the sum of LEI 36,437,587 representing the counter-value of the shares for which Mr. Ilie Carabulea exercised the right of withdrawal, **The Court has pronounced the Decision no. 2096/11.07.2019, according to which the request for legal action was dismissed as premature.** The decision is not final.

**b) Approval of the General Manager of the Bank by the NBR**

On July 15, 2019, representing the date when the prior approval of the National Bank of Romania was received, Mrs. Daniela Elena Iliescu starts to exercise her responsibilities as General Manager, member of the Executive Committee of Patria Bank SA.

**c) The Ordinary General Shareholders Meeting (OGSM) of Patria Bank SA held on August 13, 2019 the following have been decided:**

- designation of KPMG AUDIT SRL as financial auditor for auditing the Bank's financial statements for the financial years 2019 - 2021 and terminating the mandate of the Bank's current financial auditor, Pricewaterhouse Coopers Audit S.R.L.

**d) The Extraordinary General Shareholders Meeting of Patria Bank SA (EGSM) held on August 13, 2019 the following have been decided:**

- the issuance by the bank of a maximum number of 10,000 unsecured, non-convertible and subordinated Bonds, denominated in EUR, with nominal value of EUR 500/bond and a total value of maximum EUR 5,000,000, in dematerialized form, with an eight-year maturity, at an interest rate (coupon rate) of no more 6.5 %/per annum, payable semi-annually, to be placed without drawing up a prospectus through a private placement, respectively through an offer addressed to: (i) qualified investors and (ii) to fewer than 150 natural or legal persons, other than qualified investors, per Member State, in compliance with the legal provisions and regulations regarding Tier II capital requirements, established in compliance with the Romanian legal framework in force (the Offer);
- the admission to the trading of the Bonds on a market administered by the Bucharest Stock Exchange, following the successful conclusion of the Offer for the selling of the bonds and empowerment The Board of Directors of the Bank to decide on which markets managed by the Bucharest Stock Exchange will be admitted to trading the Bonds;
- Appointment of Tradeville S.A., financial investments services company, as the Offer's Intermediary and the Intermediary of the Admission to Trading procedure;

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**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2019**  
**(All amounts are in thousand RON)**

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- The empowerment of the Board of Directors in order to carry out all the operations and/or procedures for the issuance of the Bonds and their Admission to Trading, including the establishment of the final terms and conditions of the Offer.

**e) Tax on assets**

According to Emergency Ordinance no. 114 from December 28, 2018 regarding the establishment of public investments, fiscal and budgetary measures, amending and completion of some normative acts and extension of some deadlines as subsequently amended by Emergency Ordinance no. 19/2019 the banking institutions must pay an annual levy on financial assets which falls under the provisions of IFRIC 21.

The banking institutions are excepted from the tax if:

- Registered loss at the end of the financial year
- Increase in loans portfolio and decrease in interest rates must be above levels defined by Ordinance.

Based on the above mentioned Ordinance and according to the methodological norms, the bank is exempted from paying the tax on assets because it has met the target of reducing the interest margin.

As of December 31, 2019, the Bank will account the tax on assets based on the balance of the financial assets at the end of the financial year and according to the fulfillment of the "thresholds" mentioned in the Emergency Ordinance no. 114.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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