

Quarterly Report
PATRIA BANK S.A.
September 30, 2021



Report prepared according to the **FSA Regulation no. 5/2018**

Report date: **15.11.2021**

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

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

Phone/fax: **0800 410 310 / 0372 007 732**

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**

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.

Contents

1. Disclosure requirements	3
2. Important events that took place during the first 9 months of 2021 and their impact on the financial results.....	3
2.1 Macroeconomic and banking environment aspects	4
2.2 Commercial and operational aspects	6
2.3 Financial Results	11
2.4 Financial-economic main ratios (individual level).....	16
3. The activity of the Bank's subsidiaries	17
4. Other information and statements.....	19
5. Significant transactions	20
6. Significant litigations.....	20
7. Subsequent events after 30.09.2021.....	21
8. Annexes	22

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 the Bucharest Stock Exchange Code.

2. Important events that took place during the first 9 months of 2021 and their impact on the financial results

Executive Summary

Financial results as of September 30, 2021 for the first three quarters of the year show a net profit of RON 7.2 Million, increasing by 20% compared to the same period of 2020, coming mainly from the favorable evolution of the operating revenues but also from the contraction of operating costs that led to an **Operating Result with 66% higher (RON +12.2 Million) in Sep-2021 compared to Sep-2020.**

The consolidation of the profitability level, with positive results for the first nine months of 2021, represents the results of the strategic decisions that the Bank has implemented, materializing in the following **financial benchmarks reached on September 30, 2021:**

- **New loans granted more than RON 762 Million** during 2021, which led to an increase in the portfolio of performing loans by 16%, respectively RON +265 Million compared to December 2020
- **Improving the Bank's Balance Sheet structure by increasing the share of net loans in total assets to 56%** from 52% in December 2020, as well as **the increase of the loan to customer deposits ratio from 66% at the end of 2020 to 72% in September 2021**
- **Development of operating revenues by 9% on Sep-2021 compared to Sep-2020** on all components of its structure, this evolution including a negative impact on interest income of approximately RON 7 Million from the decrease of the ROBOR interest index, reversed evolution starting with the fourth quarter of 2021
- **Optimization and reduction of operational expenses by RON 1.7 Million**, representing 2% in the first 9 month of 2021 compared to the similar period of 2020
- **The favorable evolution of the operating result in September 2021 (increase by + 66% vs. September 2020)**, in the context of customers' good payment behavior, **allowed the bank to accelerate the reduction of the NPE rate** by recording additional expenses with impairment adjustments and include deferred tax additional expenses caused by the expiration of historical tax losses, **reporting in September 2021 an increase in net profit of + 20% vs. September 2020**
- **Maintaining a solid capital base highlighted by the Own Funds Rate of around 20% both individual as well as consolidated at the level of the Patria Bank Group.**

The year 2021 marks the in-house development of an **Online Customer Onboarding Platform for individuals** to access remote banking products and services by browsing a 100% online flow, thus potential customers can benefit in just a few minutes of financial products and services customized to their own needs. One of the benefits of this platform is the accessibility of rural clients to banking services and the increase of the mobility of the sales force in areas where Patria Bank does not have branches.

2.1 Macroeconomic and banking environment aspects

After the first nine months of 2021, the budget deficit reached the level of 3.77% of GDP (RON 44.29 Bill.), significantly lower than the same period last year when it reached the level of 6.37% of GDP (RON 67.27 Bill.), and the public debt reached a level of 49.5% of the Gross Domestic Product (GDP) in current year month of July, a year marked by the severe effects of the health and economic crisis due to the SARS-Cov-2 virus. For the current year, the public budget forecasts a deficit of 7.5% of GDP, appearing the need for a wider fiscal consolidation in the coming years.

The Economic growth forecast for 2021 has been revised upwards by the European Commission at the beginning of July 2021, from an initial GDP growth in real terms estimated at 4.2% to an estimated level of 7.4% in real terms, growth based on the solid results recorded in the first quarter of the year. According to the latest estimates, the average expectations of specialists for economic growth for 2021 is at 7%.

In 2020, it has been registered a lower dynamic of the trade deficit on the background of a lower domestic consumption, but the exports did not show a very good dynamic in the recently ended year. In 2021, once started the economic relaxation as a result of the intensification of the vaccination process, the trade deficit will accelerate its growth, based on a high dynamic of domestic consumption, which is already visible in the accelerated lending activity in recent months.

However, as a result of growing budget deficit and the potential return of domestic consumption, we expect to see additional pressure on the EUR / RON exchange rate, in the sense of depreciating the national currency by 2-3% in nominal terms for 2021. In fact, from an economic point of view, the twin deficits represent the main macroeconomic risks for Romania (high budget deficit and trade deficit).

In terms of monetary policy, during the first semester of the year, the National Bank of Romania has successively reduced the monetary policy interest rate to 1.25%. This aggressive reduction was accompanied by various liquidity injection measures, such as operations for the purchase of government bonds on the secondary market, bilateral operations with commercial banks or the reduction of the minimum required reserve (in case of Euro). Financial intermediation in Romania remains at the lowest level in the European Union, but the banking system has growth expectations for the coming years, at a relatively low growth rate.

Internationally, the economic uncertainty will persist in 2021 amid the evolution of the pandemic and a still low degree of vaccination. Against the background of the recurrence of inflation, through the so-called

reinflation process, it is possible to witness an increase in fixed interest financial assets yields but also a correction in stock markets. The main topic of discussion in the US or the EU is related to the inflationary level (either transitory or not) and how the central banks will react, as well as the opportunity when the "tapering" phenomenon begins.

The NBR's expectations are to increase the rate of non-performing loans (NPLs), especially during 2021, following the gradual elimination of protection measures aimed at ameliorating the effects of the pandemic. (implemented through public and private moratoriums), against the background of the uncertainties related to the economic recovery. According to the results of the stress test exercise of the

banking sector conducted by the NBR at the end of 2020, in the baseline scenario, the non-performing loans rate would reach 9.2% in December 2021, and 9.9% in December 2022. In August, the NPL rate was 3.65%, improved compared with the level at the end of 2020, of 3.83%.

The indebtedness rate of individuals in Romania is, again, the lowest in Europe, representing 15.4% of GDP in March 2020, compared to an average of 57.9% in the Eurozone. According to an OECD study from 2020, only 53% of adults in Romania had a bank account or debit card. According to the same study, only 23% of adults owned a savings or investment instrument and only 41% had contracted a loan. We believe that these percentages will improve in the coming years, but here too the growth dynamics will be slow, although the authorities as well as the commercial banks are making constant efforts to improve financial education.

Compared to the same period of 2020, the non-governmental loans granted by credit institutions registered an increase of 13.4% (6.7% in real terms), due to the 18.4% increase of the component in RON (11.4% in real terms) and the increase by 2.3% of the component in foreign currency expressed in RON (0.7% if the ratio is expressed in Euros).

Deposits of non-governmental client residents increased 13.9% (7.2% in real terms) compared to September 2020. Deposits of residents in RON, with a share of 64.4% in total deposits of non-governmental clients, increased by 13.8% (7.1 % in real terms) compared to Sept- 2020. Deposits of households in RON registered an increase of 11.4% (4.8% in real terms) compared to Sept-2020. Deposits in RON of other sectors (non-financial corporations and non-monetary financial institutions) increased by 16.8% (9.9% in real terms) compared to September 2020.

Deposits of residents in foreign currency, converted in RON, representing 35.6% of the total volume of deposits of non-governmental clients, increased by 14.1% expressed in RON compared with Sept-2020 and with 12.4% if expressed in EUR. Foreign currency deposits of households, expressed in RON, increased by 12.7% compared to Sept-2020 (and, if expressed in Euro, by 10.9%). Foreign currency deposits of other sectors, expressed in RON, increased by 18% compared to Sept-2020 (and, if expressed in Euro, by 16.1%).

The quality of banking assets continued to improve: the non-performing loans rate (according to the EBA definition) at the level of the banking system reached 3.83% at the end of December 2020, compared to 4.09% at the end of December 2019. It's improvement trend consolidated, the indicator reaching the level of 3.65% in August 2021.

The level of banking prudential ratios continued to increase and the average value of the Common Equity Tier 1 capital registered by the Romanian banking system on 31.12.2020, of 21.25%, increased compared to the value registered on 31.12.2019, respectively 20.05%

Foreign exchange and money market trends for 2021

In the third quarter of 2021, the exchange rate of the national currency Leu against the single European currency (EUR) varied around 4.9300 - 4.9500. We expect that the end of 2021 will not show us a rate higher than 5 RON for 1 EUR.

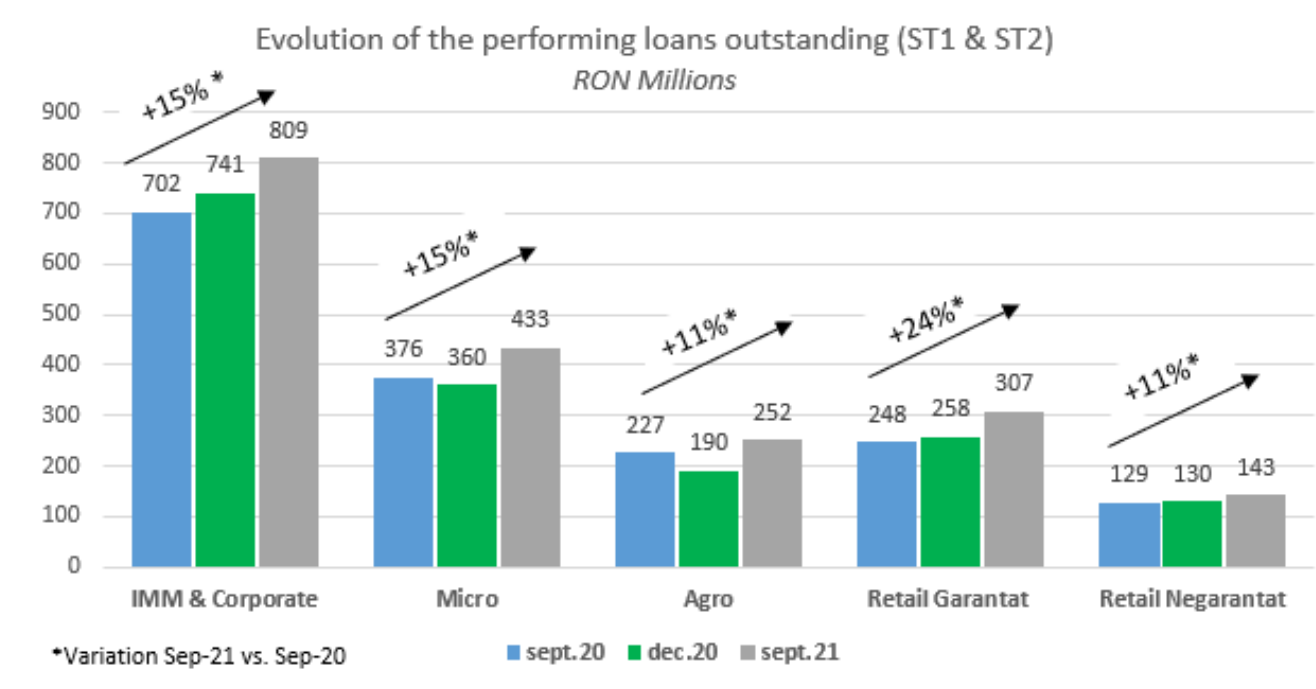
Regarding the medium and long-term interest rate curve, we appreciate that the interest rates for RON reached the lowest level in February 2021, the fear of reflation will lead to the increase of the rates soon. In fact, the National Bank of Romania signaled the increase of the interest rate in October 2021 by 25 basis points and with further 25 basis points starting with November 2021. We do not see any decrease in the Minimum Mandatory Reserves.

Regarding the "interest on deposits" corridor vs. "Interest on loans", it maintains its margin of - / + 0.5% around the "reference interest rate of monetary policy" and we do not see any change in this instrument either.

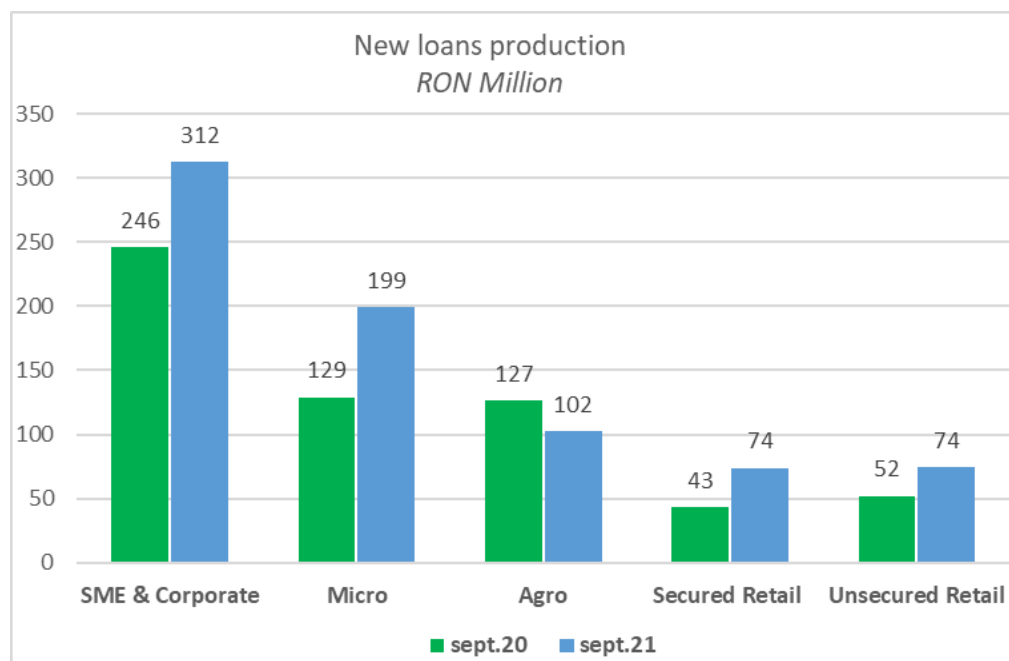
2.2 Commercial and operational aspects

On the commercial level, the Bank continued to be an active participant in the specific segments of legal entities representative for its activity (SMEs, Microenterprises and Agro). The addressability continued both in the urban area (with the presence of branches) and in the rural area, through the mobile sales force and dedicated collection and through a superior collaboration with the territorial units of Patria Credit IFN, member of the Group.

The evolution of the **performing loans balance** (stage 1 and 2 according to IFRS 9) **shows an increase of 16%, +266 million compared to December 2020**. The increase of the balance of performing loans being registered on all lines of activity of the bank and the most accelerated trend of balance growth in Sept-21 compared to Dec-20 was registered on Agro + 33%, Micro + 20% and Retail secured loans + 19%.



At the same time, per total, during the first nine months of 2021, the lending activity generated new loans of approximately **RON 762 Million, increasing with approx. 28% vs the same period of last year**, with a higher dynamic in the area of micro-lending and retail as follows:



The bank has accelerated the growth strategy of the **Retail** segment (individuals), mainly in urban areas, both by optimizing consumer credit and especially by increasing the area of mortgage loans. Thus, in the

first nine months of 2021 compared to the first nine months of 2020, the Bank **registered an increase of over 56% in new loans to individuals**, a more pronounced evolution **in the segment of secured loans of + 72%**.

For the **Micro** activity line, there is an increase of the credit production of 55%, **Patria Bank** being very active in the first 9 months of 2021. The Bank continued the program developed together with the European Investment Fund (EIF) and ensured, with the support of partners, the possibility of doubling the maximum amount granted to a debtor (RON 240,000 / debtor) as a COVID-19 support measure, as well as increasing the EIF guarantees coverage degree from 80% to 90%. This measure will apply until the end of 2021. In the first three quarters of 2021, loans granted with EASI guarantee represented almost 70% of the new loan volumes granted. At the end of the semester, the cumulative financing on the Easi product reached the level of RON 450 Million at Bank level and over RON 500 Million at the Group level.

Regarding the **SME and Corporate Segment**, in the first three quarters of 2021, increased funding of approx. 27% compared to the similar period of last year was granted. An important pillar of the growth of loan production in 2021 was the relaunch of the IMM Invest program, approximately 28% of new loans granted in the first three quarters of the year being financed by this governmental program to support small and medium enterprises.

The Bank's expertise and interest in supporting companies operating in the field of **Agriculture** was fully reflected in the Bank's results. In March 2021, Patria Bank was, again, among the first banks to sign the agreement with APIA, and the Bank is still in the top 3 as a user of guarantees issued by the Romanian Rural Credit Guarantee Fund (FGCR). Although in 2020 part of the client portfolio was affected by the drought, the amount of rainfall in the first quarter of 2021 ensured a good crop yield during the current year. Also in support of agricultural producers, through a support department for customers with European funds loans, Patria Bank and the Agency for Financing Rural Investments (AFIR) signed a collaboration protocol to facilitate and accelerate the process of absorption of European funds allocated by the National Program for Rural Development (PNDR) for financing farmers and investors in rural areas, in the transition period 2021-2022, related to the 2014-2020 programming period.

The first nine months of 2021 came with the improvement of economic recovery expectations (except for certain sectors still seriously impacted by government measures generated by the health crisis). Patria Bank continued its support for those economic sub-sectors still affected by the crisis, continuing its major roles assumed since the outbreak of the Covid-19 Pandemic, by:

1. **Supporting individual and the legal entities debtors** affected by the COVID-19 crisis (deferral of payments or restructuring, where appropriate, or by providing financing to cover the temporary liquidity gap).
2. The role of **active financier of entrepreneurs** (from unaffected economic sectors and markets where the COVID-19 crisis has even generated development opportunities) and individuals (especially in the real estate acquisitions' area).
3. Enhancing **local or international guarantee instruments**. The acceleration of the lending process was achieved also by the constant increase of the number of newly acquired clients, in an adequate risk framework; The Bank is an active part of the IMM Invest, IMM Factor and Agro IMM Invest programs.

4. **Ensuring continuity of the banking services offered to the clients:**

- both through the permanent operation of the branches and the ATM network
- as well as by developing remote operation channels.

5. **Encouraging the use of the Internet Banking platform**, in the first three quarters of 2021 the turnover of the incoming amounts registered by them through Patria Bank were approximately 44% higher compared to the same period of 2020.

During the same period, special attention was paid to the qualitative management of the loan portfolio, especially the exposures with deferred installments as a result of the impact of the Covid 19 pandemic on the activity of entrepreneurs. At the end of the period, most of these exposures were registered as performing loans. Last but not least, the efforts were continued in order to ensure a complete service of credit and non-credit clients, by providing quality services, remaining faithful to the group's mission, that of increasing financial inclusion on this customer segment.

Patria Bank continued the series of transformations of traditional banking in the direction of **solutions already developed around new technologies - internet banking / mobile banking, contactless payments, biometric authentication for cards and Mobile Banking**, enrollment and provision of products and services online or in the direction of solutions that have been tested and will be launched in the next period: online credit or instant payments.

Operationally, Patria Bank continued in Q3 2021 the strategy of developing its products and applications, through the implemented projects that support the objectives set in the business plan and the 2021 Budget. **In the next period, in order to support the strategy of optimization and digitization of the processes** through which the Bank offers customers innovative products and solutions for accessing online services, quickly and securely and later in their trading / use, the following projects with impact on the business area to be developed:

- **Acceleration of digitization and financial education programs for customers:**
 - Further development of the **Bank's Internet & Mobile Banking Platform, Patria Online**, with new digital customer options in the transactional relationship with the Bank Banca → Implementation of an advanced secure authentication solution using biometric methods: facial recognition and fingerprint for performing transactions on the platform (the platform is available at <https://www.patriabank.ro/noua-platforma-patria-online>)
- **Development of Internet Banking Platform** by adding new modules:
 - **Asset Management Module** for the purpose of viewing and managing the assets held by Patria Bank clients, selling of fund units and promoting of managed funds among the Bank's clients
 - **Instant Payments** - implementation of the instant payment / collection option in lei for small amounts that are made in maximum 20 seconds since the moment of initiation, transfers will be possible only to the other member banks of the payment scheme implemented by Transfond.

- **Patria Online** registered on **30.09.2021** an increase with **217%** of the number of **Internet&Mobile Banking users** compared to the date of customer migration on the new platform, implemented in the last part of 2019 and the number of transactions made by customers through the platform increased by approx. 22% vs. the same period last year;
- Promoting **Retail current account packages** with an important digital component within their structure and with optimized costs for customers;
- Equipping the territorial units with tablets so that the clients who request the opening of the business relationship with Patria benefit from the Customer Online Onboarding experience (very fast enrollment time and no documents required);
- Equipping the Bank's clients with over 32,000 products that facilitate remote trading / information (Internet & Mobile Banking Service, SMS Alert Service, Cards and transactional packages);
- **Accelerated continuation of digitization projects: instant payment, Online Customer Lending, Multi-Functional Machines Program** (providing territorial units with both multi-functional machines and arrangement of self-service areas within the units that will be included in the program);
- The **"Patria de oriunde" Project, Online Onboarding for Individuals** saw significant progress in the first nine months of 2021 and it has already entering into Go_live phase, being available for all potential customers. The platform is developed internally and benefits from an interface that follows the principles and good practices of UI & UX. Implementation of the Onboarding platform for accessing remote banking products and services by going through a 100% online flow, thus potential customers can benefit in just a few minutes from financial products and services customized to their needs such as opening current accounts or service packages, setting up of deposits, contracting IB / MB services with the use of qualified electronic signatures;
- **Customer Digital Lending platform for individuals** - as a development of the Customer Onboarding platform, Patria Bank will complete the portfolio of services with the implementation of a digital lending platform, at one click away and without coming into physical contact with the Bank, customers having the opportunity to request credit products with automatic and fast decision only by signing an electronic contract starting with 2022;
- Continuation of the technology project of traditional commercial spaces, such as the project **"POS la piata"** which involved the installation of POS terminals in 132 agri-food markets. The number of transactions registered an increase of 81% and the volumes traded through POs terminals in the agri-food markets increased by 59% compared to the similar period of 2020; In total, the number of transactions through POs increased by 25%, and their volume by 34% vs. the same period of 2020;
- Implementation of **Trusted Services** related to **qualified electronic signature**: Remote identification of customers through digital channels, issuance of a qualified electronic signature certificate, as well as signing contractual packages according to European and national legislation governing trusted services and remote identification;
- **Development of the Patria Bank Blog** with additional components of financial education and entrepreneurial education. An important focus started in 2021 is the promotion of social entrepreneurship and social business models, as well as the promotion of social economy principles;

- **Implementation of the card delivery channel to the correspondence address and delivery of the PIN code by SMS** - Elimination of the interaction with the clients in the territorial units using the inactivated card delivery service, at the client's domicile, and transmission of the PIN code by SMS;
- **Implementation of the second authentication factor and authorization of E-Commerce transactions** - Addition of the second authentication factor imposed by the low adoption rate of the biometric authentication version, providing a high security of personal details and preventing conducting fraudulent transactions on behalf of customers. Implementation of the new solution offers the alternative to customers who have not opted for the biometrics functionality to use the password and the OTP code (*one-time password*) for the authentication of e-commerce transactions;
- **Optimization of business processes (*business processes re-engineering*)** - The main purpose of the initiatives included in this project is to optimize and / or automate the identified processes in order to streamline flows, both in the relationship with the client and between the Bank's structures, such as and significant reduction of the operational risk associated with the purpose processes.
- **Smart API** - Service addressed to legal entities that want to use an alternative channel of access to the information regarding the transactions related to the accounts through API.

2.3 Financial Results

a) The Bank's financial position as at September 30, 2021 is as follows:

FINANCIAL POSITION -thousands RON-							
ASSETS							
	30.sept.21	31.dec.20	sep.21/ dec.20 (abs.)	sep.21/ dec.20 (%)	30.sept.20	sep-21/ sep- 20 (abs.)	sep-21/ sep- 20 (%)
Cash and cash equivalents	385,705	350,943	34,762	10%	309,973	75,732	24%
Loans and advances to banks	8,809	7,428	1,381	19%	7,869	940	12%
Securities	881,500	957,569	(76,069)	(8%)	813,593	67,907	8%
Investments in subsidiaries	34,296	33,322	974	3%	33,322	974	3%
Loans and advances to customers, net	2,024,170	1,778,298	245,872	14%	1,786,713	237,457	13%
Other assets	296,925	302,448	(5,523)	(2%)	315,849	(18,924)	(6%)
Total ASSETS	3,631,405	3,430,008	201,397	6%	3,267,319	364,086	11%
LIABILITIES							
	30.sept.21	31.dec.20	sep.21/ dec.20 (abs.)	sep.21/ dec.20 (%)	30.sept.20	sep-21/ sep- 20 (abs.)	sep-21/ sep- 20 (%)
Due to banks & REPO	137,236	37,459	99,777	266%	47,794	89,442	187%
Due to customers	3,005,357	2,904,771	100,586	3%	2,766,176	239,181	9%
Borrowings and other liabilities (including subordinated debt)	144,560	144,050	510	0%	111,100	33,460	30%
Total Liabilities	3,287,153	3,086,280	200,873	7%	2,925,070	362,083	12%
Total Equity	344,252	343,728	524	0%	342,249	2,003	1%
Total LIABILITIES AND EQUITY	3,631,405	3,430,008	201,397	6%	3,267,319	364,086	11%

-Thousand RON-	30.sept.21	31.dec.20	sep.21/ dec.20		30.sept.20	sep-21/ sep-20	
Gross loans	2,167,702	1,907,110	260,592	14%	1,910,302	257,399	13%
Performing loans	1,951,400	1,686,136	265,265	16%	1,689,227	262,173	16%
Non-performing loans	216,301	220,974	(4,673)	-2%	221,075	(4,774)	-2%
Impairments	(143,532)	(128,812)	(14,720)	11%	(123,590)	(19,942)	16%
Performing loans impairments	(29,985)	(27,664)	(2,321)	8%	(26,819)	(3,166)	12%
Non-performing loans impairments	(113,547)	(101,148)	(12,399)	12%	(96,771)	(16,776)	17%
Net loans	2,024,170	1,778,298	245,872	14%	1,786,713	237,457	13%
Net performing loans	1,921,416	1,658,472	262,944	16%	1,662,409	259,007	16%
Net non-performing loans	102,754	119,826	(17,072)	-14%	124,304	(21,550)	-17%

- **Total Assets amounting RON 3,631 Million** shows a **development compared to the end of 2020 with 6% (RON +201 Million)**, due to the change in the Bank's Balance Sheet structure: increase in net loans RON +246 Million and reduction of liquid assets → Debt securities and equity instruments by RON 76 Million, the liquidity surplus being placed in loans (assets with the best return)
- **The loan portfolio (net value) registered an increase of 14%, RON +246 Million, compared to December 2020** and an increase of 13%, RON +237 Million compared to September 30, 2020; In terms of structure, the net performing portfolio (stage 1 + 2 as per IFRS 9) registered an increase of RON 263 Million (+16%) compared to December 2020, while the portfolio of non-performing loans registered a decrease of RON 17 Million (-14%), due to the write-off operations of fully impaired non-performing loans;
- **Debt due to customers shows an increase of 3% (RON +101 Million) compared to December 2020**, limited development of commercial resources being impacted by (i) the evolution of retail term deposits which, starting with the summer period, registered a decrease in the banking system (holiday period correlated with the relaxation of the restrictions regarding the pandemic), as well as by (ii) the decrease of interest rates that generated the reorientation of some depositors towards other investment options.

At the individual level, the capital adequacy ratio (Total Own Funds Ratio) is 19.4%, exceeding the regulatory limit, registering a similar level with the end of 2020 of 21.6%.

At consolidated level, the capital adequacy ratio (Total Own Funds Ratio) is 18.5%, exceeding the regulatory limit.

The Total Own Funds Ratio both at individual and consolidated level does not incorporate the profit obtained by the Bank, respectively by the Patria Bank S.A. Group, as it is not audited, a mandatory condition for its incorporation in Own Funds. Thus, the consolidation of the Total Own Funds Ratio will be performed at the end of the year by including the profits obtained by the Bank and by the Group.

On September 30, 2020, the Bank successfully concluded a private placement for the sale of subordinated, unsecured and non-convertible bonds amounting to 8,187,000 Euros. The National Bank of Romania communicated on October 26, 2020 the prior approval regarding the inclusion of the bonds in the level 2 own funds of the Bank.

b) Profit and Loss Account: The main elements of the Profit and Loss Account at individual level compared to the same period last year, are as follows:

FINANCIAL PERFORMANCE STATEMENT -thousands RON-	9M until 30.sept.21	9M until 30.sept.20	Δ 2021/ 2020 (abs.)	Δ 2021/ 2020 (%)
Net interest income	79,022	78,104	918	1%
Net fees and commission income	20,104	17,084	3,020	18%
Net gains from financial activity & other income	24,359	17,792	6,567	37%
Net banking Income	123,485	112,980	10,505	9%
Staff costs	(45,469)	(44,013)	(1,456)	3%
Depreciation and amortization	(16,348)	(17,596)	1,248	(7%)
Other operating and administrative expenses	(30,932)	(32,822)	1,890	(6%)
Total operating expense	(92,749)	(94,431)	1,682	(2%)
Operating Result	30,736	18,549	12,187	66%
Net impairment of financial assets	(17,837)	(10,538)	(7,299)	69%
Gain/ (Loss) before tax	12,899	8,011	4,888	61%
Expense from deferred tax	(5,697)	(2,030)	(3,667)	181%
Gain/ (Loss) for the year	7,202	5,981	1,221	20%

- **Net banking income** registered an **increase of 9%**, with RON 11 Million compared to the same period of 2020, mainly due to the income from fees and commissions and financial activity.
- Loan Interest income was negatively affected by the COVID-19 pandemic, the evolution of the ROBOR / IRCC interest rate index being directly reflected in the income level, because the loan portfolio is largely granted with variable interest rate. However, the negative impact of the decrease in the interest rate ratio was covered by the increase of the credit balance, achieving an increase of 2%, RON +2 Million in September 2021 compared to September 2020.
- There is a contraction in interest income related to debt instruments being correlated with the reduction of excess liquidity and the organic growth of the loan portfolio.

	9M until 30.sept.21	9M until 30.sept.20	Δ 2021/ 2020 (abs.)	Δ 2021/ 2020 (%)
Interest income	111,699	111,831	(132)	(0%)
Loans	98,601	96,747	1,854	2%
Debt securities	12,998	13,899	(901)	(6%)
Other interest earning assets	100	1,186	(1,086)	(92%)
Interest expenses	(32,677)	(33,728)	1,050	(3%)
Due to customers	(27,538)	(30,534)	2,995	(10%)
Other interest bearing liabilities	(5,139)	(3,194)	(1,945)	61%
Net interest income	79,022	78,104	918	1%

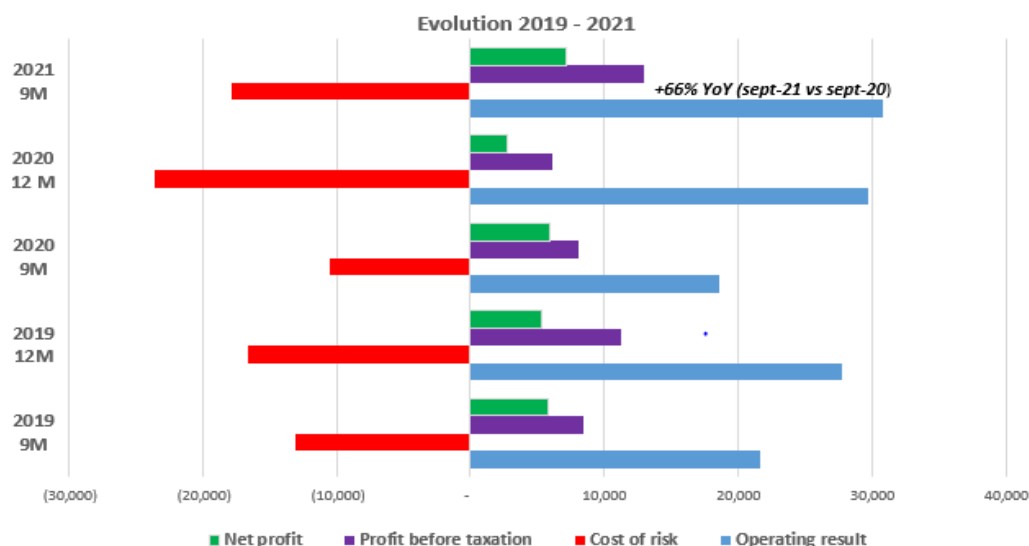
- **Total Operating expenses registered a contraction of 3%, (by RON 1.1 Million), compared to the same period of 2020**, but on components the evolution is different: decrease of 10% for the expenses with the interests afferent to the commercial deposits and increase on the subordinated bonds issued by Patria Bank in order to consolidate the own funds base - October 2020 issue amounting to EUR 8.2 Million.
- **Operating expenses registered a contraction compared to the same period of 2020 by 2%, with RON 1.7 Million**, the Bank taking actions and measures to preserve the profitability of the institution in the COVID-19 pandemic context. An extensive cost optimization process was carried out to adapt to the new market conditions. The decrease of the operational costs was registered exclusively for the non-salary costs and for the salary expenses a slight increase of 3% is observed explained by the consolidation of the employees structure.
- **The net cost of risk registered a significant increase by 69%, of RON 7.3 Million** compared to the same period of 2020, based on the increase of new production of loans as well as the *more accelerated clean-up* actions of the non-performing exposures assumed by the bank in the strategy for 2021. During 2021, write-off operations were performed for the non-performing exposures fully covered with depreciation adjustments amounting to RON 14 Million. At the same time, we mention that the sub-portfolio of loans included in the collective analysis, evolved much better than expected, evolution maintained even after the expiration of the period of postponement of the payment of installments under the moratorium.

The Bank also considered a prudent level of impairment adjustments to anticipate possible risks that may occur in 2021 in the context of the pandemic.

As of September 30, 2021, the Bank presents a Non-performing loans coverage rate with impairment adjustments of 59% according to the presentation methodology for determining the systemic risk buffer. The NPE rate, according to the EBA definition, representing the published ratio for the banking system, shows for Patria Bank a decrease from 10.34% in December 2020 to 8.96% in September 2021.

The bank registered a **positive operating result amounting to RON 30.7 Million by 66% higher than in September 2020**, when it accumulated only RON 18.5 Million, the dynamics in 2021 arose mainly from the increase of operational revenues, but also with a limited contribution from the reduction of operational expenses of 2%.

-Thousand RON-						9M		9M	
	2019 9M	2019 12M	2020 9M	2020 12 M	2021 9M	2021/ 2019	2021/ 2019 (%)	2021/ 2020	2021/ 2020 (%)
Operating result	21,571	27,754	18,549	29,714	30,736	9,165	42%	12,187	66%
Cost of risk	(13,118)	(16,549)	(10,538)	(23,604)	(17,837)	(4,719)	36%	(7,299)	69%
Profit before taxation	8,453	11,205	8,011	6,110	12,899	4,446	53%	4,888	61%
Net profit	5,837	5,332	5,981	2,797	7,202	1,365	23%	1,221	20%



On September 30, 2021, **Patria Bank improved its operating result (+ 42% compared to Sept-2019 and + 66% compared to Sept_2021)** through the organic growth of the performing loan portfolio and the banking operational activity, but still the **net profit of the period is affected by the high level of non-recurring elements that impacted**: i) depreciation adjustments of financial assets and ii) deferred tax expenses. Thus, in 2020 the level of cost of risk increased, but this was within the market trends, the bank having a prudent approach in the pandemic context, and in 2021 the clean-up actions of the non-performing loan portfolio originated before the merger. Therefore, in the context of a good payment behavior of the bank's loan portfolio during 2021, the bank decided to accelerate the clean-up measures of the non-performing loan portfolio (*NPL legacy*), registering in 2021 adjustments for impairment of non-recurring financial assets. worth about RON 14 Million. These clean-up measures reduced the NPE to 8.96%.

Also, another non-recurring element with an impact on the net result is represented by the deferred tax constituted historically on the basis of fiscal losses and which must be reversed in line with the related expiration calendar. Thus, the Bank has a much higher deferred tax expense than it would have on a recurring basis for current income tax.

Patria Bank thus managed to report a Net Profit with a continuous positive dynamic, proving the capacity to grow towards a sustainable profitability.

The quarterly evolution of the financial results is presented below:

- Thousand RON -

FINANCIAL PERFORMANCE STATEMENT	Q1' 2021	Q2' 2021	Q3' 2021	Cumulative 2021
<i>-thousands RON-</i>				
Net interest income	25,520	27,030	26,472	79,022
Net fees and commission income	6,652	6,232	7,220	20,104
Net gains from financial activity & other income	9,033	11,633	3,693	24,359
Net banking Income	41,205	44,895	37,385	123,485
Staff costs	(15,322)	(15,971)	(14,176)	(45,469)
Depreciation and amortization	(5,499)	(5,355)	(5,494)	(16,348)
Other operating and administrative expenses	(10,011)	(10,617)	(10,304)	(30,932)
Total operating expense	(30,832)	(31,943)	(29,974)	(92,749)
Operating Result	10,373	12,952	7,411	30,736
Net impairment of financial assets	(9,048)	(5,531)	(3,258)	(17,837)
Gain/ (Loss) before tax	1,325	7,421	4,153	12,899
Expense from deferred tax	(872)	(1,825)	(3,000)	(5,697)
Gain/ (Loss) for the year	453	5,596	1,153	7,202
Operating expenses / Operating income	75%	71%	80%	75%

2.4 Financial-economic main ratios (individual level)

Main Ratios		30.sept.21	31.dec.20	30.sept.20
1	Total own funds ratio	19.4%	21.6%	18.1%
2	Economic value potential change ratio (EVI/ FP)	10.1%	7.0%	7.0%
3	Loans (gross value) / Customer deposits	72%	66%	69%
4	Loans (gross value) / Total assets	60%	56%	58%
5	Liquidity coverage ratio (LCR)	149%	206%	206%
6	Liquid assets / Total assets	35%	38%	35%
7	Debt securities and equity instruments/Total assets	24%	28%	25%
8	Return on assets (RoA)	0.3%	0.1%	0.2%
9	Return on equity (RoE)	2.8%	0.8%	2.4%
10	Cost to income ratio	75%	81%	84%
11	Non-performing loans ratio (*)	10.1%	11.9%	11.9%
12	Non-performing exposures ratio (*)	9.0%	10.3%	11.8%
13	Impairment adjustments coverage rate of NPL (*)	54.2%	47.7%	45.6%
14	Impairment adjustments coverage rate of NPL (**)	59.4%	54.3%	57.4%

(*) As per individual FINREP

(**) As per the presentation for the calculation of the systemic risk buffer

3. The activity of the Bank's subsidiaries

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 markets through its longstanding expertise in the field of agricultural microfinance. Patria Credit expanded its loan portfolio balance at the end of Q3 2021 up to the equivalent of RON 125.4 Million (up 38% compared to Sept 2020). The volume of new loans granted during the first three quarters of 2021 was of EUR 59.5 Million, increasing by 53% compared to the same period of 2020. The company obtained a net profit of RON 6.3 Million, up 43% compared to the same period last year.

Regarding credit risk, the company has maintained a prudent and appropriate policy for its risk profile. Thus, Patria Credit registered in the the first nine months of 2021 an annual cost of risk of -0.21%, which represents a potential income from the regularization of provisions, compared to a cost of the budgeted risk of 1.2%, calculated as a ratio between the level of expenses / revenues with the provisions from loans and the average portfolio.

Financial - economic main ratios (individual level):

Ratios	30-sept.-21	31-dec.-20	30-sept.-20
Own funds ratios / Total assets	21.88%	31.05%	32.08%
Loans (gross value) / Total assets	93.94%	97.33%	96.00%
Return on assets (RoA)	6.88%	5.68%	6.32%
Return on equity (RoE)	37.54%	30.14%	32.03%
Cost to income ratio	46.26%	56.00%	48.76%
PAR ratio>30	4.27%	4.41%	4.41%

During the first nine months of 2021 Patria Credit carried out the following projects:

- project start-up on changing the architecture of IT systems
- participation in a consortium of three partners - ADV Romania (Together with you - NGO), Patria Credit SA - IFN and FEBEA Belgium (European Federation of Ethical and Alternative Banks and support organizations) in the project co-financed by the European Union: "AFIN - Romanian Alternative FINancing Institution Dedicated to Social Economy Enterprises", a project that aims to create in Romania the first specialized financial solution that addresses social enterprises and cooperatives
- expanding the network of Patria Credit units by setting up a work point in Tulcea and respectively Botosani
- joining the agricultural education project "Proud to be a farmer" developed by World Vision Romania by supporting promotion actions and attracting students to become future farmers, by providing support for the realization of educational content for high school students especially
- reactivation of Patria Credit Foundation (launching of the first projects)

- Patria Credit became the main partner of the Foundation for the Development of Agriculture (Carrefour Group)
- active participation in various meetings in the field: Agrifood Innovation Summit 2021, International Conference on Social Economy.

The company continues financing the rural environment, micro-farms and small rural businesses, meeting their needs with new products and campaigns. In the context of the COVID-19 pandemic, Patria Credit provides support to its clients by offering various ways of restructuring current loans for companies facing difficulties, but also with various channels for accessing financing without a physical presence. The lending activity in Patria Credit IFN was not affected this year by the situation created by the COVID-19 pandemic, both the installments and the disbursements of credits being at the level of the budgeted objectives established for 2021.

SAI Patria Asset Management

Patria Asset Management, an Investment Management Company authorized by FSA, manages five open-end investment funds as at 30.09.2021: Patria Obligatiuni, a fund specialized in fixed income instruments denominated in RON, Patria Euro Obligatiuni, an EUR denominated fund specialized in fixed income investments, Patria Global, a diversified fund and Patria Stock, an equity-focused fund and ETF BET Patria-Tradeville a shares fund listed on Bucharest Stock Exchange (BSE).

BET Patria-Tradeville ETF is an *Exchange Traded Fund* with the objective of replicating the structure and performance of the BET stock index, the reference index of the Bucharest Stock Exchange, which currently includes the most important and liquid 19 companies listed on BSE. On 30.09.2021 ETF BET Patria-Tradeville had **net assets of RON 35.4 Million, increasing by 46.3% compared to 30.06.2021** and over 3.2 times higher than the level registered on 30.09.2020, when the assets amounted to RON 10.08 Million. **In the last 12 months ended on 30.09.2021, the BET Patria-Tradeville ETF brought a yield of + 45.4%.**

Patria Global fund brought investors a **positive return of 13.2% during the last 12 months ended on 30.09.2021 and the fund's assets increased by 50.2%** (reaching RON 16.22 Million). **Patria Stock fund** recorded an **increase of unit fund by 19.77%** and the **fund's assets increased by 32.6%**, up to RON 4.83 Million. As for **Patria Obligatiuni fund**, it recorded an **yield of 2.57% during 30.09.2020 – 30.09.2021**, while the **fund's net assets increased by 5.2%** up to RON 26.6 Million. Patria Euro Obligatiuni recorded a yield of 0.87% in Euro during the same period while the fund's assets increased by 12.8% up to EUR 1.38 Million.

At the end of September 2021, the total assets managed by Patria Asset Management registered the level of RON 89.8 Million, increasing by 96.4% compared to September 30, 2020, on which date they amounted to RON 45.7 Million.

4. Other information and statements

During the first nine months of 2021, the Bank's activity was carried out under the conditions of the previously described economic environment, there have been elements (ROBOR evolution) that impacted the evolution of the Bank's revenues.

The main activity took place under normal conditions. The legal obligations regarding the correct and up-to-date organization and management of the accounting, regarding the observance of the accounting principles, of the accounting rules and methods provided by the regulations in force have been fulfilled.

The interim financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union and IAS 34 "Interim Financial Reporting".

The data presented on September 30, 2021 are based on the organization and management of accounting in accordance with Law no. 82/1991 republished with the subsequent modifications and completions, in accordance with the NBR Order no. 27/2010 for the approval of the accounting regulations compliant with the International Financial Reporting Standards adopted by the European Union, with the subsequent modifications and completions.

The bank has not been unable to meet its financial obligations in any situation during 2021.

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.

As at September 30, 2021, 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 Q3 2021 the Bank's share capital has not changed.

Patria Bank SA is a company whose shares are traded on the Bucharest Stock Exchange, Premium Category, under PBK symbol. The structure of the Bank's stock holdings amounting to at least 10% of its share capital at 30.09.2021 is as follows:

Shareholder	No. of shares	Percent (%)
ECAF FINANCIAL SERVICES BV, Amsterdam	2,592,620,715	83.2214
Individuals	456,501,101	14.6534
Legal entities	66,208,759	2.1253
Total	3,115,330,575	100

Management of the company

As at 30.09.2021 the management of the Bank is provided by:

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
- Mr. Vasile Iuga - independent member

b) The Executive Committee:

- Mr. Suleyman Burak Yildiran – General Manager
- Mrs. Daniela Elena Iliescu – Deputy General Manager (pending NBR approval)
- Mr. Grigore Valentin Vancea - Deputy General Manager - Operations and IT Division
- Mr. Luca Rogojanu – Deputy General Manager (pending NBR approval)

5. Significant transactions

Excepting the affiliated parties transactions mentioned at point 3, there were no other significant contracts concluded by Patria Bank S.A. during 2021 on acquisitions, mergers, divisions etc. or significant transactions with persons with whom they would act concertedly or in which such persons were involved.

6. Significant litigations

Information on the litigations concerning the withdrawal of minority shareholders from the company following the merger process is detailed in the Consolidate and Separate Financial Statements for the year ended on December 31, 2021 in note 46.

On 18.10.2018 Patria Bank S.A. received in the file no. 22659/3/2018 filed at the Bucharest Court of Appeal, the petition for request for summons brought by the plaintiff, Ilie Carabulea, claiming payment of a debt he calculated at the amount of RON 36,437,587.02, corresponding to the price of 406,669,498 nominative shares in respect of which he exercised his right of withdrawal from the former Banca Comerciala Carpatica SA at the time of the merger with former Patria Bank SA. On 11.07.2019 the Bucharest Court pronounced the civil sentence no. 2096 / 11.07.2019, by which it rejected as premature the request for a trial. Against the civil sentence no. 2096 / 11.07.2019 Mr. Ilie Carabulea filed an appeal, which was rejected by civil decision no. 904/23 July 2020. Against this decision Mr. Ilie Carabulea filed an appeal, pending before the High Court of Cassation and Justice.

On 21.10.2021 the Bucharest Court of Appeal pronounced the decision no. 2230 by which the appeal declared by the appellant – plaintiff Mr. Ilie Carabulea against the civil decision no. 904 of July 23, 2020 of the Bucharest Court of Appeal - Civil Section VI, was rejected as unfounded.

On 06.05.2021 Patria Bank S.A. was notified the summons in file no. 494/99/2021 at Iasi Court which has the object the lawsuit filed by SC Iasisting SRL (which has concluded with Patria Bank S.A. loan agreements for investments and working capital), SC Red Hospital SRL, SC Recumedis SRL, SC Red Plaza SRL and Blajut Viorel (which are guarantors in the loan agreements concluded between Patria Bank S.A. and Iasisting SRL company), in which the Bank is asked to pay Euro 5,000,000 as material damages and Euro 3,000,000 as non-material damages (rom. daune morale). The file is under the settlement procedure.

7. Subsequent events after 30.09.2021

On 18.10.2021, the Extraordinary General Meeting of Shareholders of Patria Bank SA took place, the following being approved:

- The share capital increase of the Bank with the amount of maximum RON 19,730,000, from RON 311,533,057.50 to maximum of RON 331,263,057.50 by issuing, without issuance premium, a number of 197,300,000 new, nominative, ordinary, dematerialized shares, each having a nominal value of 0.1 RON/share. The share capital increase is made, according to article 89 of Law no. 24/2017 regarding on issuers of financial instruments and market operations, through: i) conversion, up to RON 14,925,000 (representing the RON equivalent of the amount of EUR 3,000,000 at the estimated exchange rate of 4.9750 RON/EUR which will be updated with the NBR exchange rate on the date of subscription) of the subordinated loan granted to the Bank by EAAF Financial Services BV on December 18, 2018 and through ii) additional cash contribution, with rendering the preference right for all Bank's shareholders, registered in the register of the Bank's shareholders as of the Record Date.
- The conversion of the Patria Bank S.A.'s debts towards EAAF Financial Services BV, up to RON 14,925,000 (representing the RON equivalent of the amount of EUR 3,000,000 at the estimated exchange rate of 4.9750 RON/EUR which will be updated with the NBR's rate on the day of subscription), arising from the subordinated loan agreement dated December 18, 2018, as subsequently amended, in the amount of EUR 3,000,000, into nominative shares of Patria Bank S.A. as part of Share Capital Increase.
- The Share Capital Increase in order to sustain the development plans of the Bank, through offering newly shares, issued within the Share Capital Increase to all shareholders of Patria Bank S.A. registered in the shareholders registry of the Bank on the Record Date. Each shareholder registered in the shareholders registry as of the Record Date holds a number of preference rights equal to the number of shares held as of the Record Date and will be entitled to subscribe new shares based on its preference right, proportionally with the number of the shares owned, respectively 15.7898153827 preference rights for subscribing a new share. The applicable rounding algorithm is at the lower whole according to the provisions of art. 91 para (4) of the Law no. 24/2017 regarding on issuers of financial instruments and market operations. The issuance price for one newly issued share subscribed as a result of exercising the preference right by the shareholders registered in the shareholders registry of the Bank as of the Record Date will be 0.1 RON/share, respectively will be equal to the nominal value of a share.
- The period for exercising the preference right which will be one month starting from the date set out in the prospectus which shall be prepared for the Share Capital Increase. The preference rights are not tradable.

- The use by transfer to the Retained Earnings of the General Reserve for credit risk in the amount of RON 3,425,628.60 and of the Reserve representing the fund for general banking risks in the amount of RON 11,875,181.87 to partially cover historical losses recorded in the balance as at 31.12.2020, for the financial years 2017 and respectively 2018, which include losses from loans and from the balance sheet items that represent risk-bearing assets specific to the banking activity and which exceed the balance of reserves for banking risks amounting to RON 15,300,810.47.

On 21.10.2021 the Bucharest Court of Appeal – VI Civil Section, pronounced the decision no. 2230 by which the appeal declared by the appellant – plaintiff Mr. Ilie Carabulea against the civil decision no. 904 of July 23, 2020 of the Bucharest Court of Appeal - Civil Section VI, was rejected as unfounded.

8. Annexes

- Primary Individual and Consolidated Financial Statements as at 30.09.2021:
 - Consolidated and Separate Statement of Financial Position
 - Consolidated and Separate Statement of Profit and Loss and Other Comprehensive Income
 - Consolidated and Separate Statement of Changes in Equity
 - Consolidated and Separate Statement of Cash Flows

NOTE: The financial statements for the first 9 months of 2021 have not been audited/reviewed by the independent financial auditor.

General Manager

Burak Yildiran

Deputy General Manager

Valentin Vancea

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

<i>Thousand RON</i>	Group		Bank	
	Unaudited(*) 30 September 2021	31 December 2020	Unaudited(*) 30 September 2021	31 December 2020
Assets				
Cash and cash equivalents	394,566	354,793	385,705	350,943
Financial assets measured at fair value through profit or loss	86,103	54,155	19,280	28,101
Financial asset measured at fair value through other items of comprehensive income	602,549	609,936	602,549	609,936
Due from other banks	8,809	7,428	8,809	7,428
Loans and advances to customers	2,144,475	1,861,888	2,024,169	1,778,298
Investments in debt instruments at amortized cost	259,671	319,532	259,671	319,532
Investment property	116,924	115,823	116,924	115,823
Fixed assets held for sale	2,156	19,936	2,156	19,936
Investment in subsidiaries	-	-	34,296	33,322
Other financial assets	16,727	9,428	21,863	10,070
Other assets	10,741	11,551	10,197	10,656
Deferred tax assets	10,180	13,515	9,716	13,320
Intangible assets	45,476	45,877	44,744	44,882
Property and equipment	93,203	89,961	91,326	87,761
Total assets	<u>3,791,580</u>	<u>3,513,823</u>	<u>3,631,405</u>	<u>3,430,008</u>
Liabilities				
Due to other banks	137,236	37,459	137,236	37,459
Customer deposits	3,000,124	2,898,050	3,005,357	2,904,771
Loans from banks and other financial institutions	90,453	56,562	-	-
Other financial liabilities	121,953	82,406	42,914	45,233
Provisions	7,836	8,444	7,260	8,022
Other liabilities	6,918	3,918	6,255	3,595
Subordinated debts	35,119	34,555	25,117	24,403
Debt securities in issue	63,014	62,797	63,014	62,797
Total liabilities	<u>3,462,653</u>	<u>3,184,191</u>	<u>3,287,153</u>	<u>3,086,280</u>
Equity				
Share capital and equity premiums	315,828	315,829	315,828	315,829
Merger premium	(67,569)	(67,569)	(67,569)	(67,569)
Treasury shares	(1,134)	(1,134)	-	-
Accumulated Profits / (Losses)	(5,084)	(15,253)	10,935	(579)
Revaluation reserve	44,039	55,028	42,328	53,316
Reserves for general banking risks	15,301	15,301	15,301	15,301
Statutory legal reserve	12,869	12,752	12,752	12,752
Other reserves	14,677	14,678	14,677	14,678
Total equity	<u>328,927</u>	<u>329,632</u>	<u>344,252</u>	<u>343,728</u>
Total liabilities and equity	<u>3,791,580</u>	<u>3,513,823</u>	<u>3,631,405</u>	<u>3,430,008</u>

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>Thousand RON</i>	Group		Bank	
	Unaudited(*) 30 September 2021	Unaudited(*) 30 September 2020	Unaudited(*) 30 September 2021	Unaudited(*) 30 September 2020
Interest and similar income calculated using the effective interest rate	130,012	126,773	111,699	111,831
Interest and similar expense	(36,065)	(36,869)	(32,677)	(33,727)
Net interest income	<u>93,947</u>	<u>89,904</u>	<u>79,022</u>	<u>78,104</u>
Fee and commission income	24,248	20,586	23,567	20,044
Fee and commission expense	(4,730)	(3,812)	(3,463)	(2,960)
Net fee and commission income	<u>19,518</u>	<u>16,774</u>	<u>20,104</u>	<u>17,084</u>
Net gain/(loss) from financial assets measured at fair value through profit or loss	7,075	(1,446)	1,659	(1,038)
Net gain/(loss) from disposal of investment securities at fair value through other comprehensive income	6,112	2,832	6,112	2,832
Net gain/(loss) on derecognition of financial assets measured at amortised cost	(1,002)	(104)	(1,002)	(104)
Net gains/(losses) on investment properties	(264)	(809)	(264)	(809)
Net gains/(losses) on non-current assets held for sale	369	438	369	438
Other operating income	14,182	12,733	17,485	16,473
Net Operating income	<u>139,937</u>	<u>120,322</u>	<u>123,485</u>	<u>112,980</u>
Personnel expenses	(50,561)	(47,889)	(45,469)	(44,013)
Administrative and other operating expenses	(39,820)	(34,829)	(30,932)	(32,822)
Depreciation and amortization	(17,100)	(21,885)	(16,347)	(17,596)
Operational result before impairment	<u>32,456</u>	<u>15,719</u>	<u>30,737</u>	<u>18,549</u>
Net charge with impairment of financial assets	(19,887)	(8,098)	(17,838)	(10,538)
Profit before tax	<u>12,569</u>	<u>7,621</u>	<u>12,899</u>	<u>8,011</u>
Income tax charge for the year	(6,596)	(2,679)	(5,697)	(2,030)
Net profit for the period	<u>5,973</u>	<u>4,942</u>	<u>7,202</u>	<u>5,981</u>

<i>Thousand RON</i>	Group		Bank	
	Unaudited(*)	Unaudited(*)	Unaudited(*)	Unaudited(*)
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
Net profit for the period	5,973	4,942	7,202	5,981
Other elements of the comprehensive income				
Items that may be reclassified to profit or loss:				
Gains on debt instruments measured at FVOCI, recycled in the profit or loss	(6,112)	(2,832)	(6,112)	(2,832)
Gains from fair value measurement of debt instruments measured at FVOCI	(3,994)	5,202	(3,994)	5,202
Variation of expected credit loss related to debt instruments measured at FVOCI	160	21	160	21
Income tax recorded directly in other comprehensive income	1,591	(383)	1,591	(383)
Items that may not be reclassified to profit or loss:				
Changes in revaluation reserve of property	-	-	-	-
Income tax recorded directly in other comprehensive income, related to the changes of revaluation reserve	690	167	690	167
Gain on equity investments measured at FVOCI	1,177	-	1,177	-
Income tax recorded directly in other comprehensive income, related to investments measured at FVOCI	(188)	-	(188)	-
Other elements of the comprehensive income, net of tax	(6,676)	2,175	(6,676)	2,175
Comprehensive income	(703)	7,117	526	8,156
Profit attributable to:				
-Equity holders of the parent entity	5,973	4,942	7,202	5,981
-Non-controlling interests	-	-	-	-
Profit for the period	5,973	4,942	7,202	5,981
Comprehensive income attributable to:				
-Equity holders of the parent entity	(703)	7,117	526	8,156
-Non-controlling interests	-	-	-	-
Comprehensive income	(703)	7,117	526	8,156
Earnings per share (basic and diluted)	0.0019	0.0016	0.0023	0.0019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group				Revaluation reserves for financial assets at FVOCI	Revaluation reserve for property	Statutory legal reserve	Reserves for general banking risks	Other reserves	Accumulated Profits / (Losses)	Total equity attributable to the parent	Non- controlling interest	Total equity
<i>Thousand RON</i>	Share capital	Merger premium	Treasury shares									
Unaudited(*)												
Balance at 1 January 2021	315,829	(67,569)	(1,134)	11,667	43,361	12,752	15,301	14,678	(15,253)	329,632	-	329,632
Restatement at 1 January	-	-	-	-	-	117	-	-	(117)	-	-	-
Adjusted balance at 1 January	315,829	(67,569)	(1,134)	11,667	43,361	12,869	15,301	14,678	(15,370)	329,632	-	329,632
Comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	5,973	5,973	-	5,973
Other comprehensive income												
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(5,134)	-	-	-	-	-	(5,134)	-	(5,134)
Expected credit loss related to FVOCI debt instruments	-	-	-	134	-	-	-	-	-	134	-	134
Gains from the measurement at fair value of debt instruments FVOCI	-	-	-	(3,355)	-	-	-	-	-	(3,355)	-	(3,355)
Net profit on FVOCI equity instruments	-	-	-	989	-	-	-	-	-	989	-	989
Changes in the reserve for the revaluation of property	-	-	-	-	690	-	-	-	-	690	-	690
Total comprehensive income	-	-	-	(7,366)	690	-	-	-	5,973	(703)	-	(703)
Redemption of shares	(1)	-	-	-	-	-	-	(1)	-	(2)	-	(2)
Revaluation reserve realized	-	-	-	-	(4,313)	-	-	-	4,313	-	-	-
Establishment of legal reserves	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2021	315,828	(67,569)	(1,134)	4,301	39,738	12,869	15,301	14,677	(5,084)	328,927	-	328,927

<i>Thousand RON Unaudited(*)</i>	Share capital	Merger premium	Treasury shares	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for property	Statutory legal reserve	Reserves for general banking risks	Other reserves	Accumulated Profits / (Losses)	Total equity attributable to the parent	Non- controlling interest	Total equity
Balance at 1 January 2020	315,829	(67,569)	(1,134)	8,575	45,663	12,447	15,301	14,678	(24,184)	319,606	-	319,606
Restatement at 1 January	-	-	-	(3,886)	-	-	-	-	3,886	-	-	-
Adjusted balance at 1 January	315,829	(67,569)	(1,134)	4,689	45,663	12,447	15,301	14,678	(20,298)	319,606	-	319,606
Comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	2,891	2,891	-	2,891
Other comprehensive income												
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(4,281)	-	-	-	-	-	(4,281)	-	(4,281)
Expected credit loss related to FVOCI debt instruments	-	-	-	38	-	-	-	-	-	38	-	38
Gains from the measurement at fair value of debt instruments FVOCI	-	-	-	10,554	-	-	-	-	-	10,554	-	10,554
Net profit on FVOCI equity instruments	-	-	-	667	-	-	-	-	-	667	-	667
Changes in the reserve for the revaluation of property	-	-	-	-	422	-	-	-	-	422	-	422
Losses from the liquidation of subsidiaries	-	-	-	-	(86)	-	-	-	(179)	(265)	-	(265)
Total comprehensive income	-	-	-	6,978	336	-	-	-	2,712	10,026	-	10,026
Revaluation reserve realized	-	-	-	-	(2,638)	-	-	-	2,638	-	-	-
Establishment of legal reserves	-	-	-	-	-	305	-	-	(305)	-	-	-
Balance at 31 December 2020	315,829	(67,569)	(1,134)	11,667	43,361	12,752	15,301	14,678	(15,253)	329,632	-	329,632

**SEPARATE STATEMENT OF CHANGES
IN EQUITY**
Bank

	Share capital	Merger premium	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for premises	Statutory legal reserve	Reserves for general banking risks	Other reserves	Accumulated Profits / (Losses)	Total equity
<i>Thousand RON</i>									
Unaudited(*)									
Balance at 1 January 2021	315,829	(67,569)	11,668	41,648	12,752	15,301	14,678	(579)	343,728
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	7,202	7,202
Other comprehensive income									
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	(5,134)	-	-	-	-	-	(5,134)
Expected credit loss related to FVOCI debt instruments	-	-	134	-	-	-	-	-	134
Gains from the measurement at fair value of debt instruments FVOCI	-	-	(3,355)	-	-	-	-	-	(3,355)
Net profit on FVOCI equity instruments	-	-	989	-	-	-	-	-	989
Changes in the reserve for the revaluation of property	-	-	-	690	-	-	-	-	690
Total comprehensive income	=	=	(7,366)	690	=	=	=	7,202	526
Redemption of shares	(1)	-	-	-	-	-	(1)	-	(2)
Revaluation reserve realized	-	-	-	(4,312)	-	-	-	4,312	-
Balance at 30 September 2021	315,828	(67,569)	4,302	38,026	12,752	15,301	14,677	10,935	344,252

	Share capital	Merger premium	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for premises	Statutory legal reserve	Reserves for general banking risks	Other reserves	Accumulated Profits / (Losses)	Total equity
<i>Thousand RON</i>									
Balance at 1 January 2020	315,829	(67,569)	8,575	43,865	12,447	15,301	14,678	(9,595)	333,531
Restatement at 1 January	-	-	(3,886)	-	-	-	-	3,886	-
Adjusted balance at 1 January	<u>315,829</u>	<u>(67,569)</u>	<u>4,689</u>	<u>43,865</u>	<u>12,447</u>	<u>15,301</u>	<u>14,678</u>	<u>(5,709)</u>	<u>333,531</u>
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	2,797	2,797
Other comprehensive income									
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	(4,280)	-	-	-	-	-	(4,280)
Expected credit loss related to FVOCI debt instruments	-	-	38	-	-	-	-	-	38
Gains from the measurement at fair value of debt instruments FVOCI	-	-	10,554	-	-	-	-	-	10,554
Net profit on FVOCI equity instruments	-	-	667	-	-	-	-	-	667
Changes in the reserve for the revaluation of property	-	-	-	421	-	-	-	-	421
Total comprehensive income	=	=	<u>6,979</u>	<u>421</u>	=	=	=	<u>2,797</u>	<u>10,197</u>
Establishment of legal reserves	-	-	-	-	305	-	-	(305)	-
Revaluation reserve realized	-	-	-	(2,638)	-	-	-	2,638	-
Balance at 31 December 2020	<u>315,829</u>	<u>(67,569)</u>	<u>11,668</u>	<u>41,648</u>	<u>12,752</u>	<u>15,301</u>	<u>14,678</u>	<u>(579)</u>	<u>343,728</u>

**CONSOLIDATED AND SEPARATE
STATEMENT OF CASH FLOWS**

<i>Thousand RON</i>	Group		Bank	
	Unaudited(*) 30 September 2021	Unaudited(*) 30 September 2020	Unaudited(*) 30 September 2021	Unaudited(*) 30 September 2020
Cash flows from operating activities				
Interest received	124,680	85,266	99,043	75,911
Interest paid	(37,936)	(37,288)	(34,401)	(33,755)
Fees and commissions received	24,248	21,164	23,567	20,623
Fees and commissions paid	(4,730)	(3,812)	(3,463)	(2,960)
Gain / (Loss) from financial derivatives	285	(203)	285	(203)
Net gain from financial instruments and other operating income	25,928	13,873	25,251	14,105
Recoveries from off balance sheet items	5,811	3,202	5,751	3,447
Cash payments to employees	(50,087)	(48,230)	(45,005)	(44,329)
Cash payments to suppliers	(40,227)	(34,719)	(31,331)	(32,712)
Income taxes paid	(1,732)	-	(968)	-
Net cash-flow from operating activities before changes in operating assets and liabilities	<u>46,240</u>	<u>(747)</u>	<u>38,729</u>	<u>127</u>
Changes of operating assets				
<i>(Increase)/Decrease of:</i>				
- loans and advances to banks	(915)	(2,283)	(920)	(2,291)
- financial assets measured at fair value through profit or loss	(30,311)	10,399	10,458	9,194
- loans and advances to customers	(295,093)	(185,234)	(249,081)	(183,387)
- other financial assets	(5,685)	(5,428)	(10,127)	(5,665)
Total changes of operating assets	<u>(332,004)</u>	<u>(182,546)</u>	<u>(249,670)</u>	<u>(182,149)</u>
Changes of operating liabilities				
<i>Increase/(Decrease) of:</i>				
- due to other banks	98,111	29,113	98,111	29,113
- deposits from customers	85,518	22,753	84,034	21,480
- other financial liabilities	46,101	(624)	3,627	1,295
Total changes of operating liabilities	<u>229,730</u>	<u>51,242</u>	<u>185,772</u>	<u>51,888</u>
Net cash flow used in operating activities	<u>(56,034)</u>	<u>(132,051)</u>	<u>(25,169)</u>	<u>(130,134)</u>
Cash flows from investing activities				
Acquisition of investment securities at FVOCI	(327,745)	(410,520)	(327,745)	(410,520)
Proceeds from investment securities at FVOCI	330,797	401,233	330,797	401,234
Acquisition of equity instruments	-	-	(974)	(4,020)
Proceeds from sale of equity instruments	-	-	-	669
Maturities of investments at amortized cost	60,468	31,003	60,468	31,003
Proceeds from dividend	3,365	1,734	1,929	5,650
Sale of investment property and non-current assets held for sale and premises	16,943	(484)	16,943	(446)
Acquisition of tangible and intangible assets	(24,170)	(15,996)	(23,744)	(12,851)
Net cash from investing activities	<u>59,658</u>	<u>6,970</u>	<u>57,674</u>	<u>10,719</u>
Cash flows from financing activities				
Withdrawals from loans from other financial institutions	33,891	459	-	-
Net cash generated from financing activities	<u>33,891</u>	<u>459</u>	<u>-</u>	<u>-</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,258</u>	<u>895</u>	<u>2,257</u>	<u>893</u>
Net (decrease) in cash and cash equivalents	39,773	(123,727)	34,762	(118,522)
Cash and cash equivalents at 1 January	354,793	437,958	350,943	428,495
Cash and cash equivalents at 30 September	<u>394,566</u>	<u>314,231</u>	<u>385,705</u>	<u>309,973</u>