

No. 571102/23.11.2021

To: FINANCIAL SUPERVISORY AUTHORITY (FSA) - Financial instruments and investments sector
BUCHAREST STOCK EXCHANGE

Ref: Update of Investor Presentation

Report date: 23.11.2021

Name of the issuer: PATRIA BANK SA

Headquarters: Bucharest, 42, Pipera Road, Globalworth Plaza Building, Floors 8 and 10

Phone / Fax No: 0800 410 310 / +40 372 007 732

Unique Registration Code with the Trade Register: RO 11447021

Order number in the Trade Register: J40/9252/2016

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

The regulated market where the instruments are traded: Bucharest Stock Exchange

Important events to be reported

Patria Bank has updated the bank's presentation for investors with the financial results as at September 30, 2021. The presentation is available below.

General Manager

Burak Yildiran

Director, Capital Markets & Investors Relations Division

Razvan Pasol

Positive results and consolidation of profitability

Presentation of results for the first nine months of 2021

Bucharest • 23 November 2021

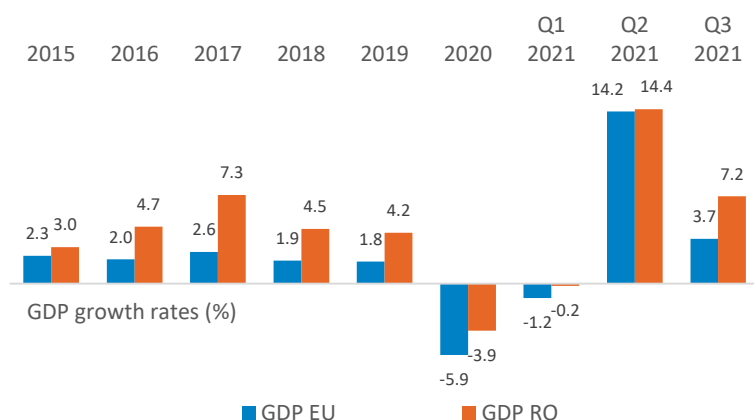
I. Macroeconomic background update

Romania shows strong economic recovery in terms of GDP growth, but rising inflation remains an important concern. Inflation fears will lead to rising interest rates going forward.

Romanian economy shows strong recovery, but rising inflation trends

GDP growth

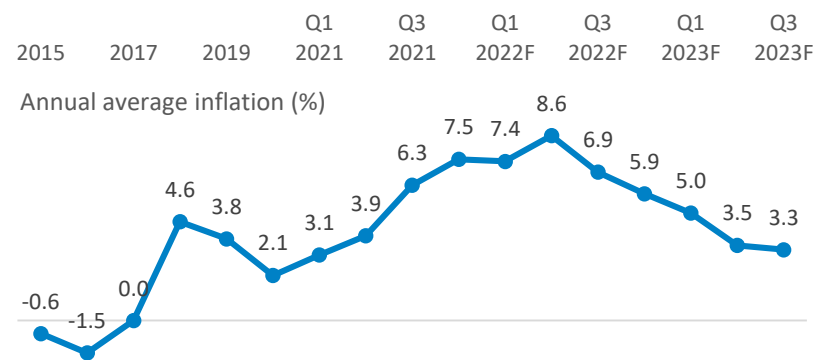
- Romania showed strong GDP growth in Q2 and Q3 2021 (estimated at 14.4% and 7.2%, respectively, after -3.9% in 2020)



- The European Commission revised upwards its 2021 growth forecast at the beginning of July 2021, from an initial GDP growth rate in real terms estimated at 4.2% to an estimated level of 7.4% in real terms, based on solid results recorded in the first quarter of the year.

Inflation

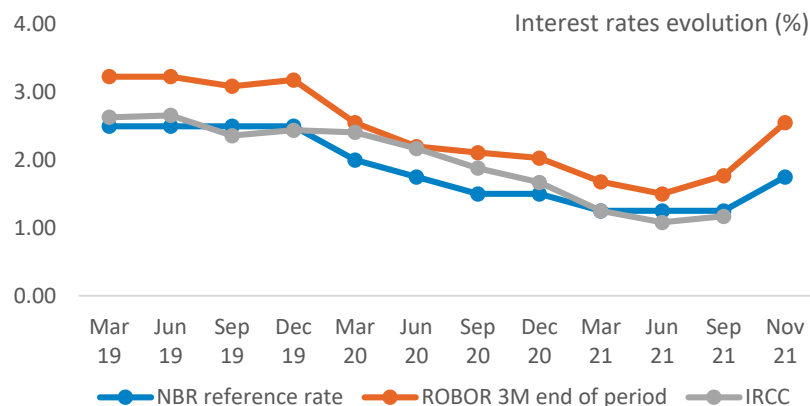
- Expected recurrence of inflation due to policies in many economies put in place to expand output and stimulate spending to counteract the effects of the Covid-19 pandemic
- Inflation rates in Romania have been rising sharply in the second half of 2021 and the same trend is expected in the first half of the following year, up to an estimated annualized value of 8.6% in Q2 2022, followed by a gradual decline in H2 2022 and in 2023.



Interest rate and banking environment developments

Interest rates

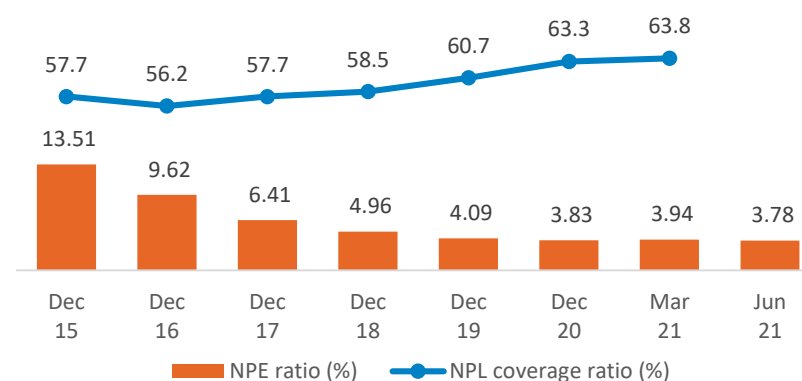
- › In terms of monetary policy, the National Bank of Romania has successively reduced the policy interest rate in the first half of the year to a minimum of 1.25%; afterwards, in line with inflation trends, the NBR has increased its reference rate by 25 basis points in October, adding a further 25 basis points in November.
- › RON interest rates reached their lowest levels in February 2021. Inflation fears will lead to increases in rates going forward.



Banking system

- › Despite NBR expectations for the rate of non-performing loans across the banking system to increase following the gradual elimination of Covid-19 protection measures (debt moratoria), the NPL rate actually decreased in 2021
- › Results of **stress tests** conducted by the NBR at the end of 2020 show the non-performing loans rate reaching 9.2% in December 2021 and 9.9% in December 2022 (baseline scenario), yet the actual evolution of the **NPE** shows a performance improvement.

Banking system: NPE ratio and NPL coverage ratio



Source: National Bank of Romania



II. PBK - Commercial & operational developments

The Bank continued to be an active participant in its key client segments – SMEs, microenterprises and agricultural farms. The portfolio of stage 1 and 2 performing loans increased by RON 266 million (16%) compared to December 2020.

Key strategic pillars – 9M 2021 developments

SME and Corporate



- › Increased lending volumes by around 27% in the first nine months of 2021 compared to similar period of 2020
- › Re-launch of IMM Invest program was an important driver of growth in loan production, leading to 28% of new loans granted in the first nine months of 2021 to be financed through IMM Invest.

Microenterprises (“Micro”)



- › 55% increase in new credit production in the first 9 months of 2021 vs. 9 months 2020
- › Patria Bank continued its program developed with the European Investment Fund (EIF) and ensured, with the support of partners, the possibility of doubling the maximum loan amount (RON 240,000/debtor) as a COVID-19 support measure, and increasing EIF guarantee coverage from 80% to 90%
- › Loans granted with EASI guarantees in the first three quarters of 2021 represented almost 70% of new loan volumes.

Agriculture (“Agro”)



- › In March 2021 Patria Bank was among the first banks to sign the agreement with APIA. The Bank remains one of the top three users of guarantees issued by the Romanian Rural Credit Guarantee Fund (FGCR)
- › Patria Bank and the Agency for Financing Rural Investments (AFIR) signed a protocol to facilitate and accelerate the process of absorption of European funds allocated via 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.

Individuals (“Retail”)



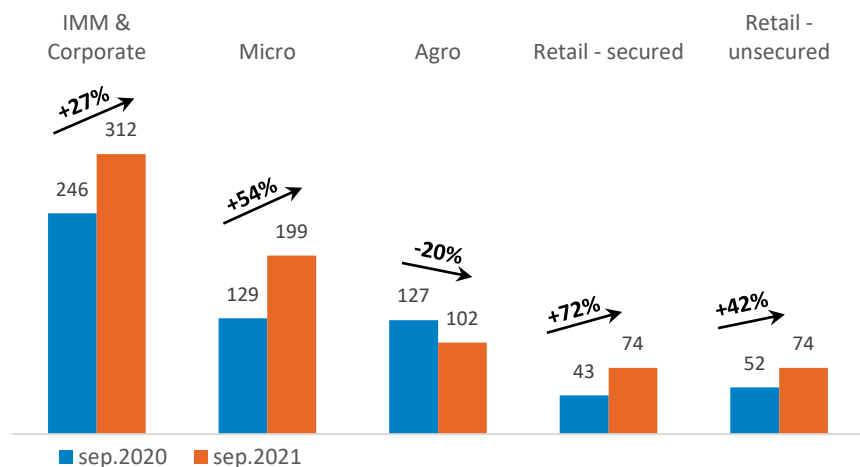
- › The bank has accelerated the growth strategy of the Retail segment, mainly in urban areas, both by optimizing consumer credit and especially by increasing the area of mortgage loans
- › In the first nine months of 2021 the Bank recorded an increase of over 56% in new loans granted to individuals compared to the first nine months of 2020 (with an even higher increase of 72% in the segment of secured loans)
- › The Bank’s retail loans portfolio increased by 20.21% YTD at 30 Sep., compared to an 8.36% increase for the banking system.

Source: Patria Bank



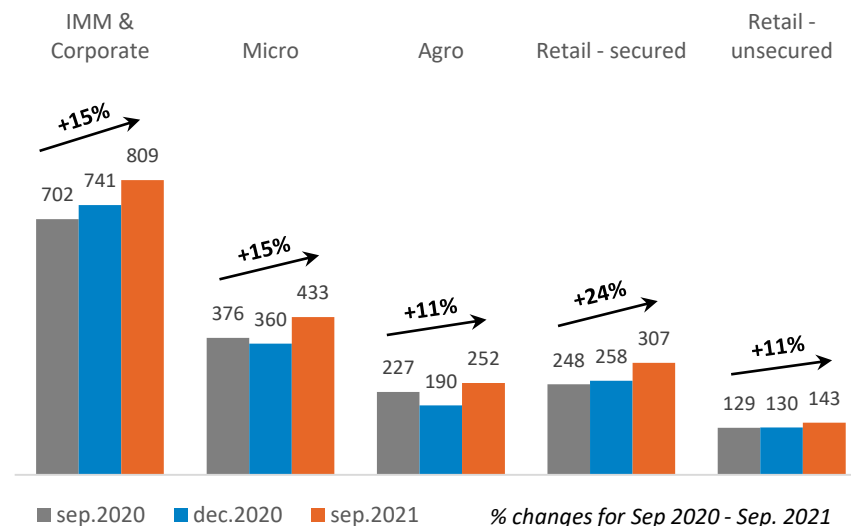
Key strategic pillars – 9M 2021 developments

New loans production (RON mil.)



- › The Bank's lending activity generated new loans of around RON 762 Million during the first 9M of 2021
- › New loan production increased by around 28% compared to the same period of 2020
- › The Retail and Micro business segments recorded the highest rates of increase at 56% and 54%, respectively (Sep. 2021 compared to Sep. 2020).

ST1 & ST2 outstanding performing loans portfolio (RON mil.)



- › Overall, the performing loans portfolio (stages 1 and 2 according to IFRS9) shows an increase of 16% or RON 266 million at September 2021 compared to December 2020
- › All of the bank's business lines recorded increases of the performing loans portfolio
- › The highest rates of increase between December 2020 and September 2021 were for the Agro (+33%), Micro (+20%) and Secured Retail (+19%) segments.



Investments in digitalization of the business model (I)

Advanced online platforms



- › **Patria de oriunde** – the online onboarding platform for individuals was launched in July 2021. The platform allows remote access to banking products, including clients enrollment, opening of current accounts, setting up of deposits and contracting Internet and Mobile Banking services with the use of qualified electronic signatures
- › **Customer Digital Lending platform for individual clients.** After the Customer Onboarding platform, Patria Bank plans to launch in 2022 a digital lending platform, offering clients the option to request loans with automated and fast decisions.



- › **Patria Online** – the online & mobile banking platform of the bank has been continuously expanded, adding new features and new digital services options for clients:
 - Implementation of an advanced secure authentication solution using **biometric methods** (facial recognition and fingerprinting)
 - An **Asset Management** module for showing information about Patria investment funds and value of investment funds holdings.

+217%

Increase in Patria Online users since launch in late 2019

+22%

Increase in Patria Online transactions since 30 Sep. 2020



Investments in digitalization of the business model (II)

Innovative products and new solutions for online services

- › Implementation of **Trusted Services** based on qualified electronic signature - remote identification of clients through digital channels, issuance of qualified electronic signature certificates, signing of contracts according to regulations for trusted services and remote identification
- › **Instant Payments** in lei for amounts under RON 50,000 that are executed in less than 20 seconds (transfers only to banks members of the Transfond payment scheme). The project is expected to launch in December
- › Implementation of the **second factor** for authentication and authorization of e-Commerce transactions which provides a high level of security for personal data and prevents fraudulent transactions
- › **Smart API** service for companies that require an alternative access channel via API to information on account transactions
- › Continuation of technology project for traditional commercial spaces such as the **POS la piata** project which included the installation of POS terminals in 132 agri-food markets
- › Overall, **transactions through POS terminals increased by 25%** and their **volume by 34%** compared to the same period of 2020.

Other projects and initiatives

- › **Equipping the branch network with tablets** so clients can benefit from the online onboarding experience (fast enrollment time and paperless process)
- › Equipping the Bank's clients with over 32,000 products that facilitate **remote transactions and information** (Internet & Mobile Banking services, SMS Alert service, cards and transaction packages)
- › Expansion of the **Patria Bank Blog** with additional components about financial and entrepreneurial education. An important focus of 2021 is the promotion of social entrepreneurship and social business models, as well as of social economy principles
- › Implementation of **delivery of cards** to mailing addresses and **delivery of PIN codes** via SMS
- › **Business processes re-engineering** - optimization and/or automation of processes to streamline client relationship and internal flows and to reduce of operational risk



III. PBK - Improved results in first 3 quarters of 2021

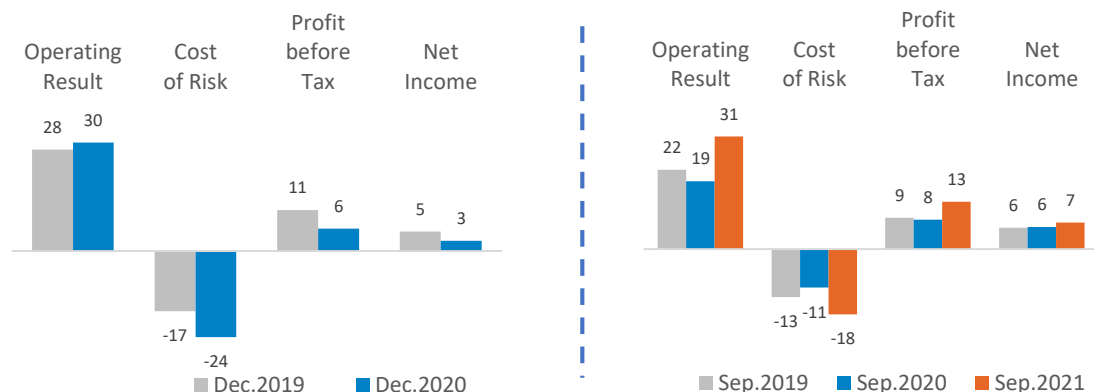
Financial results for the first 3 quarters of 2021 show a net profit of RON 7.2 million, an increase of 20% compared to the same period of 2020. This result comes from a favorable trend of operating revenues and from reductions in operating costs, together leading to a 66% higher YTD operating result at 30 September 2021 compared to 30 September 2020.

Net profit in a pandemic context

Financial performance at 30 Sep. 2021

- › **Net banking income** has increased by 9% (RON 11 million), mainly due to increasing income from fees and commissions and to financial activity
- › **Interest income** was negatively affected by the evolution of ROBOR/IRCC as the loan portfolio is generally priced with variable interest rate (impact was offset by general increase of the loan portfolio)
- › **Operating expenses** has contracted by 2% or RON 1.7 million compared to Sep. 2020 as part of a continued *costs optimization process*
- › **The net cost of risk** has increased by 69% or RON 7.3 Million due to new loan production and to accelerated clean-up actions of historical non-performing exposures
- › **66% increase in operating result** compared to Sep. 2020 allowed (i) accelerated reduction of NPE rate and (ii) inclusion of additional deferred tax expense
- › **20% increase in net profit vs. Sep. 2020.**

Financial performance - 2019, 2020 and 2021 trends [RON Million]



| | YTD Sep 2021 | YTD Sep 2020 | % |
|-----------------------------------|-----------------|-----------------|-------|
| › Net interest income | 79.0 | 78.1 | +1.2 |
| › Net fees and commissions income | 20.1 | 17.1 | +17.7 |
| › Net banking income | 123.5 | 113.0 | +9.3 |
| › Total operating expense | (92.7) | (94.4) | -1.8 |
| › Operating result | 30.7 | 18.5 | +65.7 |
| › Cost of risk | (17.8) | (10.5) | +69.3 |
| › Profit before tax | 12.9 | 8.0 | +61.0 |
| › Net result | 7.2 | 6.0 | +20.4 |

Source: Patria Bank. Standalone data.



Balance Sheet evolution: placement of liquidity in income-generating assets continues

Evolution of the gross performing loan portfolio [Million RON]

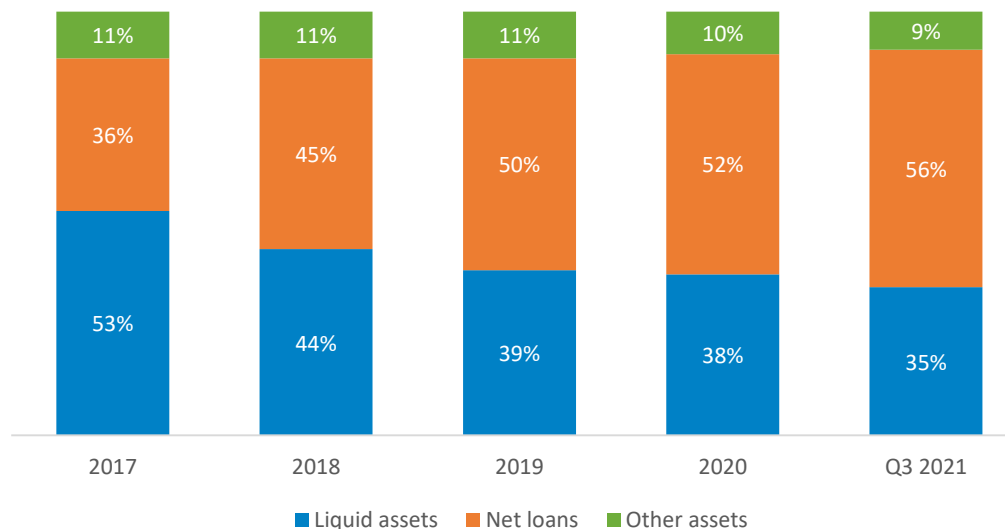
- › The net loan portfolio increased by 14% or RON 246 million compared to 31 December 2020 and by 13% or RON 237 million compared to September 30 2020



- › As for **portfolio structure**, the net performing portfolio (stages 1 and 2 as per IFRS 9) **increased by RON 263 million** compared to December 2020 (+16%), while the portfolio of non-performing loans decreased by RON 17 Million (-14%) due to write-offs of fully impaired non-performing loans
- › **19.4% Capital Adequacy Ratio** as at 30 Sep. 2021 (does not include the profit of the first 9M 2021, as it is unaudited).

Asset structure

The process of placing liquid assets in loans has continued in 2021. Thus, the **share of liquid assets in total assets continued to decrease, reaching 35%** at the end of September 2021 compared to 38% at the end of 2020, 39% at the end of 2019 and 44% in December 2018. The **share of net loans increased to 56% in September 2021** from 52% in December 2020, 50% in December 2019 and 45% in December 2018:



Source: Patria Bank. Standalone data.



Balance sheet evolution & ratios

Financial position at 30 Sept. 2021

- › **Total Assets increased by 6%** (RON 201 million) compared to the end of 2020 due to changes in the Bank's balance sheet structure: increase in net loans of RON 246 million and reduction of liquid assets (debt securities and equity instruments) by RON 76 million, with liquidity surplus being placed in loans
- › **Liabilities due to customers** show an **increase of 3%** (RON 101 million) compared to December 2020. The growth rate was impacted by the decrease of retail term deposits across the banking sector during the Summer holidays and the general decrease of interest rates on the market.

Gross loans / Deposits at Sep 2021

72 %

Balance sheet items [RON Million]

| | Dec 2018 | Dec 2019 | Dec 2020 | Sep 2021 |
|-----------------------------------|----------|----------|----------|----------|
| › Liquid assets | 1,543.2 | 1,251.3 | 1,315.9 | 1,276.0 |
| › Loans and adv. to clients (net) | 1,543.0 | 1,588.3 | 1,778.3 | 2,024.2 |
| › Total assets | 3,453.5 | 3,193.8 | 3,430.0 | 3,631.4 |
| › Deposits from customers | 3,064.6 | 2,733.7 | 2,904.8 | 3,005.4 |
| › Total liabilities | 3,135.6 | 2,860.3 | 3,086.3 | 3,287.2 |
| › Shareholders' equity | 317.9 | 333.5 | 343.7 | 344.3 |

Selected ratios for 2018 - 2021 [%]

| % | Dec 2018 | Dec 2019 | Dec 2020 | Sep 2021 |
|---------------------------------------|----------|----------|----------|----------|
| › Total Own Funds Ratio | 15.8 | 17.8 | 21.6 | 19.4 |
| › Gross loans / Total assets | 50 | 53 | 56 | 60 |
| › Gross loans / Deposits | 56 | 62 | 66 | 72 |
| › LCR* | 632 | 422 | 206 | 149 |
| › Return on Assets (RoA) | 0.0 | 0.2 | 0.1 | 0.3 |
| › Return on Equity (RoE) | -0.1 | 1.6 | 0.8 | 2.8 |
| › Non-performing exposures ratio | 16.4 | 10.6 | 10.3 | 9.0 |
| › Non-performing loans coverage ratio | 61.6 | 57.4 | 54.3 | 59.4 |

Source: Patria Bank. Standalone data. *LCR - Liquidity Coverage Ratio.



IV. Patria Bank stocks and bonds - market trends

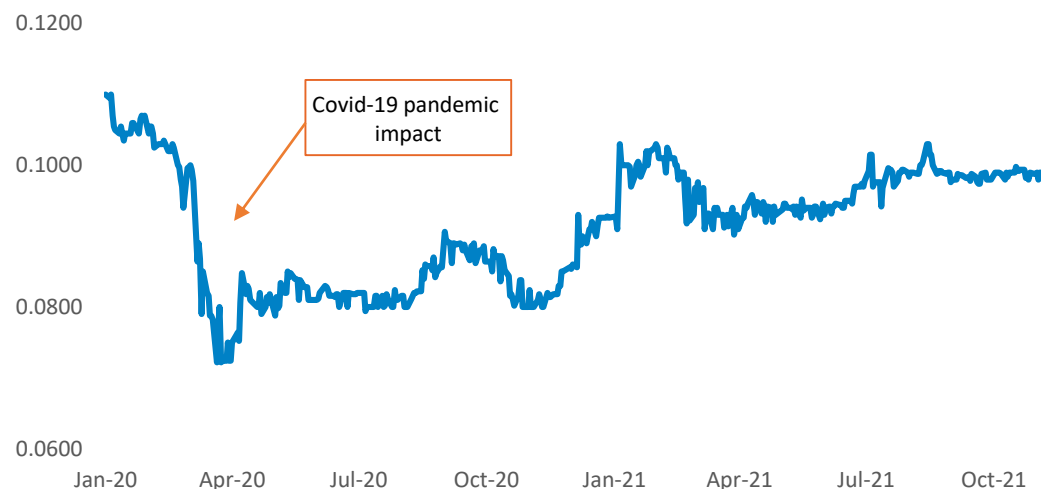
Patria Bank has three securities issues listed on the regulated market of the Bucharest Stock Exchange: the bank's shares, trading with the PBK ticker symbol, and two subordinated bond issues trading with ticker symbols PBK27E and PBK28E.

PBK shares on the Bucharest Stock Exchange

PBK shares

- › Patria Bank shares are traded on the Premium Tier of the regulated market managed by the Bucharest Stock Exchange with the PBK ticker symbol
- › ISIN code: ROBACRACNOR6
- › Total number of shares outstanding: 3,115,330,575
- › Par value: RON 0.1000 per share
- › Market Capitalization: RON 306.6 million at 15 November 2021
- › Majority shareholder: EEF Financial Services BV
- › Majority shareholder holding at 30 September 2021: 83.22%.

PBK share price on the Bucharest Stock Exchange (RON)



Share capital increase

The Bank's General Shareholders Meeting held on 18 October 2021 approved an increase of share capital by up to RON 19,730,000, from RON 311,533,057.50 to up to RON 331,263,057.50 by issuing up to 197,300,000 new shares with an issue price of RON 0.10 per share. The share capital will be increased by conversion of an EUR 3,000,000 loan granted by EEF Financial Services BV to the bank and by cash subscriptions. The share capital increase prospectus is undergoing the approval process by the Financial Supervision Authority.



PBK bonds on the Bucharest Stock Exchange

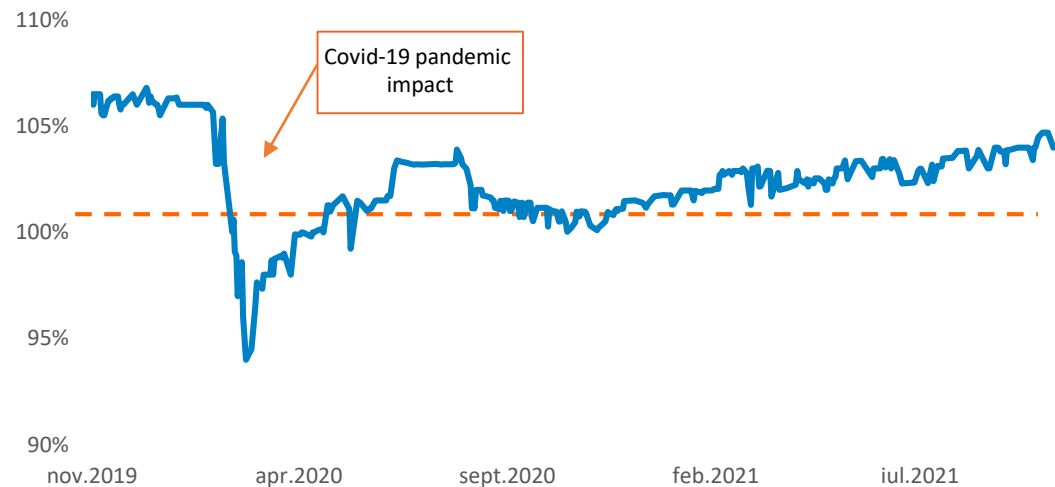
PBK27E bond issue

- › Subordinated, unsecured, nonconvertible issued in Euro
- › Issue Date: 20 September 2019
- › Total value: EUR 5.0 Million
- › Interest rate: 6.50% pa (fixed)
- › Maturity Date: 20 September 2027
- › ISIN code: ROZN0PQQARR5.

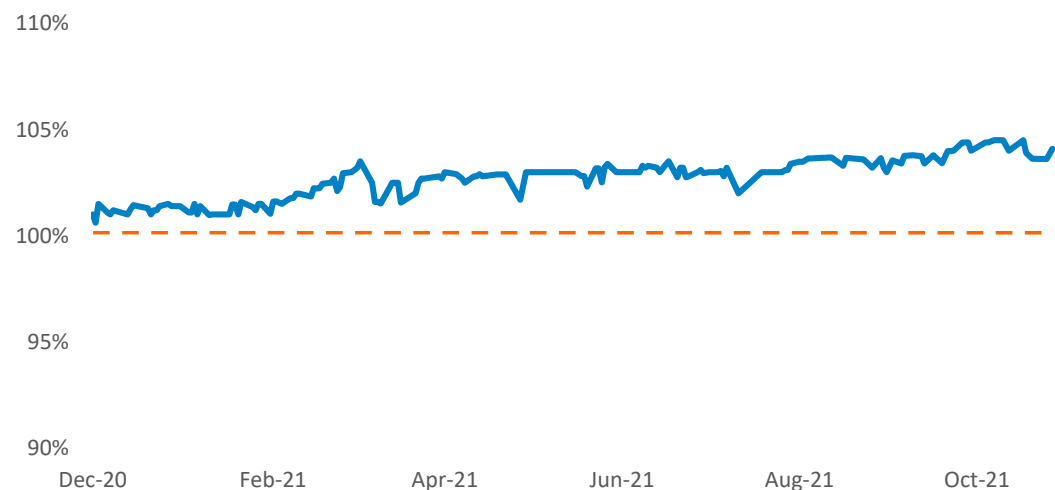
PBK28E bond issue

- › Subordinated, unsecured, nonconvertible issued in Euro
- › Issue Date: 5 October 2020
- › Total value: EUR 8.2 Million
- › Interest rate: 6.50% p.a. (fixed)
- › Maturity Date: 5 October 2028
- › ISIN code: ROWRHZRZD4L3.

PBK27E bond price on the Bucharest Stock Exchange (%)



PBK28E bond price on the Bucharest Stock Exchange (%)



Source: Patria Bank, BSE



V. Shareholders and management











Strong shareholding structure and experienced Management and Board members

Strong shareholding structure

Emerging Europe Accession Fund

- › The main shareholder of Patria Bank is EEAF Financial Services BV, an investment vehicle managed by Axxess Capital Partners, with a 83.22% holding
- › EEAF is a private equity fund whose main investors are international financial institutions such as EBRD, EIF and DEG
- › Axxess Capital Partners is a Private Equity funds management company with an extensive experience in financial and banking services on the local market
- › Past deals of Axxess Capital-managed funds include four banks, four leasing companies and five Non-Banking Financial Institutions.

Axxess Capital selected track record in the financial services sector

| Investment | Buyer upon exit |
|--|---|
|  Banca Agricola |  |
|  |  |
|  |  GE Money |
|  |  GE Money |
|  |  GE Money |

Source: Patria Bank



Experienced management and board members

| | | | | | | | |
|--|--|--|---|---|---|--|--|
|  | <p>Horia Manda BoD Chairman</p> <p>Managing Partner-Axxess Capital BoD member – various companies Selected M&A experience: Banca Agricola, Banca Romaneasca, RALFI, Motoractive, Romexterra, Patria, BCC, Jet Finance</p> |  | <p>Vasile Iuga BoD member (independent)</p> <p>Ex-Managing Partner-South East Europe, Romania Country Manager, PwC VP-American Chamber of Commerce in Romania EIB Audit Committee member</p> |  | <p>Bogdan Merfea BoD member</p> <p>CEO-Raiffeisen Bank Kosovo Ex-ED-Raiffeisen Bank Romania Selected M&A experience: Patria, BCC</p> |  | <p>Nicolae Surdu BoD member (independent)</p> <p>Ex CEO and President BCC Ex-CEO Fortis Bank Romania Ex-VP Credit Europe Bank Ex-Director Operations-Tiriac Bank Ex-BoD member: Piraeus Bank RO</p> |
|  | <p>Burak Yildiran CEO</p> <p>COO TotalSoft Almost 20 years with the Garanti BBVA group, out of which 6 years as Deputy General Manager of Garanti BBVA Romania</p> |  | <p>Daniela Iliescu Deputy General Manager & BoD Member</p> <p>CFO-Axxess Capital BoD member-BCC Ex-Senior Manager-PwC Selected M&A experience: Patria, Jet Finance, BCC</p> |  | <p>Valentin Vancea COO & Deputy General Manager</p> <p>COO-BCC, Nextebank, Volksbank RO CEO – ANSSI Ex-Audit Director UniCredit Ro Selected M&A experience: HVB Bank, Unicredit, BCC, KPMG</p> |  | <p>Luca Rogojanu Deputy General Manager (risk)*</p> <p>Banking Surveillance Officer - NBR Management and Risk Control Manager – Patria Credit IFN Risk Management Division Manager – Libra Bank</p> |

*pending NBR approval



Investor relations

Patria Bank SA

- › 42 Soseaua Pipera, Sector 2 Bucharest, Romania
- › Phone: +40 747 045 464
- › Email: capital@patriabank.ro

Contact persons

- › Razvan Pasol
razvan.pasol@patriabank.ro
- › Remus Bogdan
remus.bogdan@patriabank.ro

Information for shareholders and bondholders

- › <https://en.patriabank.ro/about-patria-bank/investors>

