

No. 617730/02.03.2022

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

**Ref:** Update of Investor Presentation

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**Report date:** 02.03.2022

**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 327.881.437,60 lei

**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 preliminary financial results as at December 31, 2021. The presentation is available below.

General Manager

Director, Capital Markets & Investors Relations Division

Burak Yildiran

Razvan Pasol

# Expansion of business and increasing profitability

## Presentation of 2021 preliminary results

Bucharest • 01 March 2022

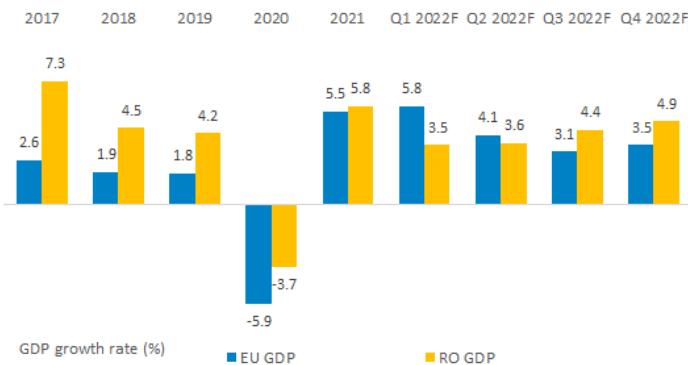
## I. Macroeconomic background in brief

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 against a backdrop of rising inflation

## GDP growth

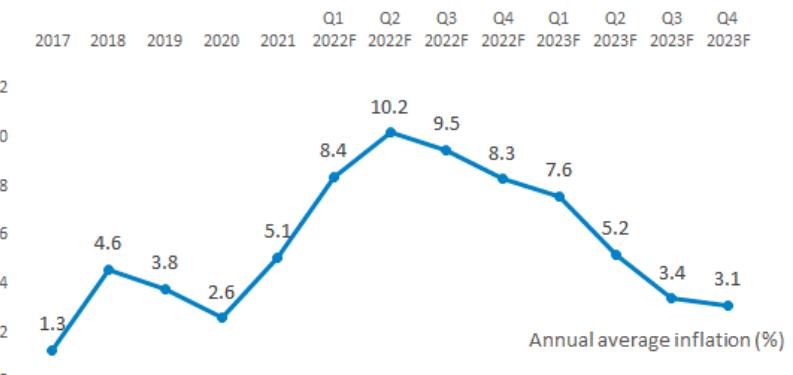
- › Romania recorded a solid recovery in 2021 due to strong domestic demand. Nevertheless, growth slowed down towards the end of the year due to supply restrictions, a new wave of Covid-19 infections and a resurgence of inflation. These factors are also expected to impact the first part of 2022, while the recent Ukraine military conflict is expected to increase this impact



- › At the beginning of February the European Commission revised downwards its 2022-2023 growth forecast for the Romanian economy. Thus, after a slow-down to 4.2% in 2022, growth is expected to be slightly higher in 2023 at 4.5%.

## Inflation

- › The inflation rate has experienced an increasing dynamic mainly due to the materialization of risks associated with accelerated increase in prices of energy products and of raw materials on the domestic and international markets
- › Measures to compensate domestic consumers led to a slight temporary slowdown, with expectations of increase in magnitude from April 2022 to an estimated annualized value of 9.6% at the end of 2022. We expect inflationary pressure to persist taking into account the new geopolitical context due to the military conflict in Ukraine. Levels are expected to remain high until Q3 2023, followed by a return to target ranges and an estimated level of 3.2% in Dec. 2023



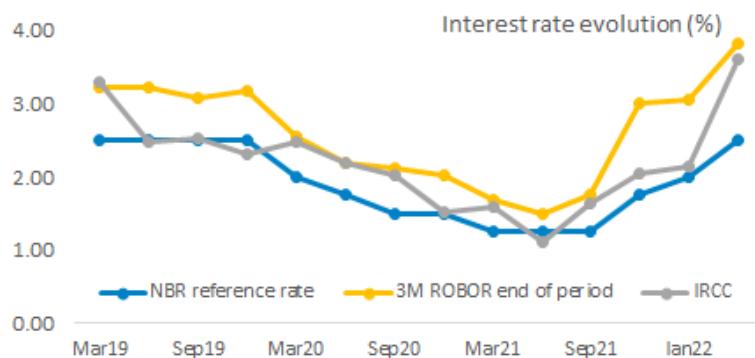
Source: Eurostat, National Bank of Romania



# Interest rate and banking environment developments

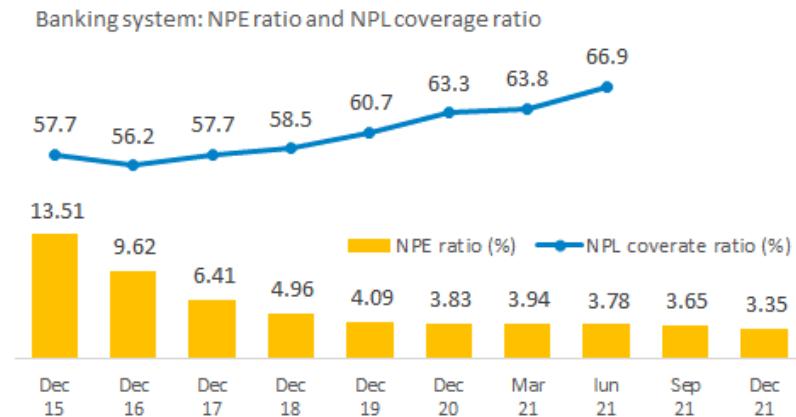
## Interest rates

- › Against the background of inflationary pressure, in 2022 the NBR continued the cycle of reference interest rate increases that began at the end of 2021, while maintaining a firm control on liquidity. Two interest rate hikes were recorded in January and February, of 0.25 bps and 0.50 bps respectively, up to 2.50%
- › We expect a continuation of increases in reference rates taking into account inflationary pressures, with a cautious approach by the NBR so that, through its monetary policy, it will contribute to sustainable economic growth with fiscal consolidation and while protecting financial stability.



## Banking system

- › The NPE ratio continued to decline during 2021 due to flexibility of the prudential framework implemented by NBR in order to combat the effects of the Covid-19 pandemic. At the same time, the Romanian banking sector registered a continuous improvement of the NPL coverage ratio, in June this indicator being at the highest level in the EU and reflecting the high capacity of banks to absorb future losses
- › In 2022 there is a risk that the average ratio of non-performing loans will increase slightly. The pressure comes from debtors whose rates have been deferred and could be severely affected by the effects of the pandemic and of rising prices.



Source: National Bank of Romania



## II. Patria Bank in 2021 in brief

Expansion of balance sheet and important improvement in profitability

# Patria Bank in 2021 at a glance

| PRELIMINARY FINANCIAL RESULTS 2021                                                              |                                                                   | MAIN 2021 RATIOS                                                                                      |                      |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------|
| PROFITABILITY                                                                                   | PROFITABILITY                                                     | RATES OF RETURN                                                                                       |                      |
| Net profit<br><b>9.5 mill. RON</b><br>+239,3% vs. 2020                                          | Increase in operating result<br><b>+25.9%</b><br>vs. 2020         | Return on assets (RoA)<br>Return on equity (RoE)                                                      | 0.3%<br>2.8%         |
| EFFICIENCY                                                                                      | EXPANSION                                                         | CAPITAL & LIQUIDITY                                                                                   |                      |
| Cost/Income ratio<br><b>77%</b> in 2021<br>vs. 81% in 2020                                      | Increase in <b>total assets</b><br><b>+11.5%</b><br>vs. 2020      | The Own Funds ratio*<br>Liquidity Coverage Ratio (LCR)                                                | <b>18.6%</b><br>177% |
| EXPANSION                                                                                       | EXPANSION                                                         | NONPERFORMING LOANS/EXPOSURES                                                                         |                      |
| New loans production (RON)<br><b>1.1 bn, +31.6%</b> vs. 2020<br>Highest annual level since 2017 | Increase in <b>net banking income</b><br><b>+7.3%</b><br>vs. 2020 | Nonperforming Exposures ratio<br>(down by 240 bps vs. 2020)<br>Nonperforming Exposures Coverage ratio | <b>7.9%</b><br>59.7% |

\*Total Own Funds Ratio does not include 2021 profit. Sursa: Patria Bank



### III. PBK – Commercial and operational developments

The Bank continued to be an active participant in key segments - SMEs, micro-enterprises and agriculture. The balance of performing loans (stages 1 & 2) increased by RON 278 Million (17%) compared to the level of December 2020.

# Key strategic development pillars – 2021 developments

## SME and Corporate



- › Increased lending volumes by 53% in 2021 compared to 2020
- › Re-launch of IMM Invest Program was an important driver of growth in loan production leading to 24% of new loans granted in 2021 financed through IMM Invest
- › Specialized departments have been created to meet the needs of companies and for improved customer service: the SME area offers a rather standardized response with an emphasis on speed while the Corporate area targets companies with complex needs and provides a customized approach based on sector and activity.

## Microenterprises (“Micro”)



- › 41% increase in new loan production in 2021 vs. previous year
- › 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 of increasing EIF guarantee coverage from 80% to 90%
- › Loans granted with EASI guarantees in 2021 represented almost 67% of new loan volume.

## Agriculture (“Agro”)



- › In 2021 the Agro segment of Patria Bank maintained its loan portfolio with an exposure of almost RON 230 Million and continued to advise and finance Romanian agriculture, benefitting from the consolidation and expansion of partnerships with strategic partners such as AFIR, APIA, FGCR and EIF
- › Patria Bank continued to be a major player in 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”)



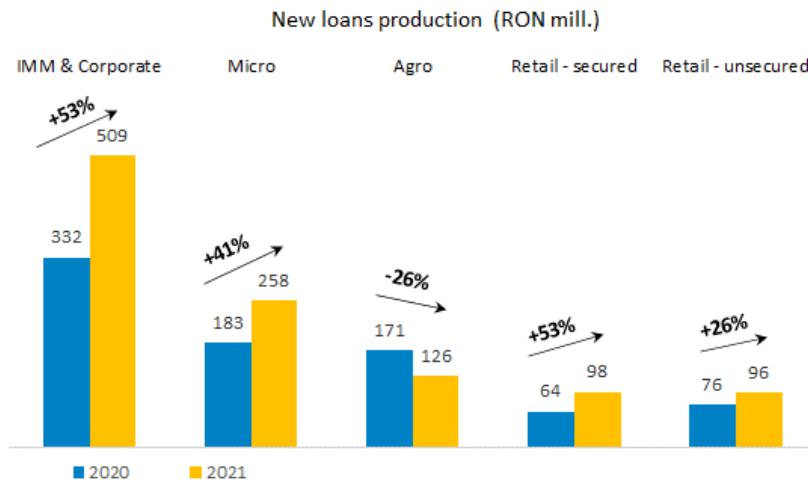
- › The bank has accelerated the growth strategy of the Retail segment, mainly in urban areas, by optimizing consumer credit granting flow (via automated decision, implementing of a pricing methodology), by launching of a new product – Consumer credit exclusively for refinancing (for a 7 years tenor) and mainly by growing the area of mortgage loans
- › In 2021 the Bank recorded an increase of over 39% in new loans granted to individuals, with a higher increase in the segment of secured loans (+53%)

Source: Patria Bank



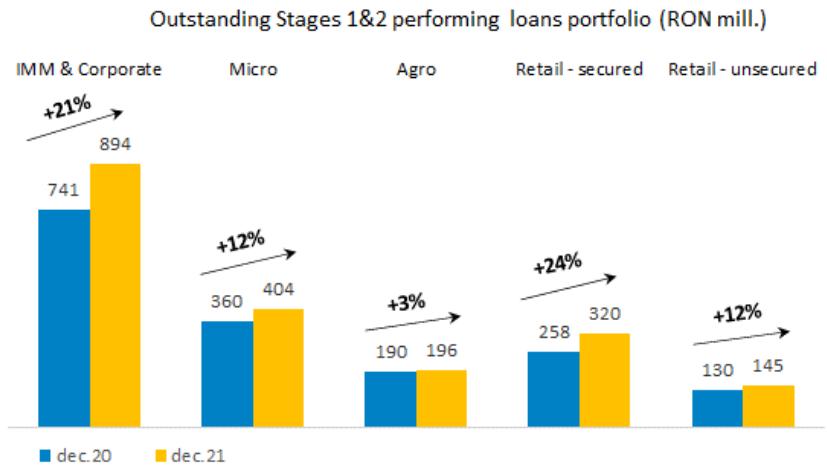
# Key strategic pillars – 2021 developments

## New loans production (RON Mill.)



- › The Bank's lending activity generated new loans of around RON 1.1 Billion during 2021, the highest annual level recorded since 2017
- › New loan production increased by around 32% compared to the same period of 2020
- › The SME & Corporate, Retail - secured and Micro business segments recorded the highest increase rates at 53%, 53% and 41% respectively compared to 2020.

## ST1 & ST2 outstanding performing loans portfolio (RON Mill.)



- › Overall, the performing loans portfolio (stages 1 and 2 according to IFRS9) shows an increase of 17% or RON 278 Million at year-end 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 December 2021 were recorded for the Retail – secured (+24%) and SME & Corporate (+21%) segments.

# Investments in digitalization of the business model (I)

## Advanced online platforms



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

**+22%**

Increase in Patria Online transactions Dec. 2021 vs. Dec. 2020



- › **Patria Online** – the Bank's online & mobile banking platform has been continuously expanded by adding new features and digital services for clients:

- An **Asset Management** module was launched in Nov. 2021 for showing information on Patria investment funds and the value of investment funds holdings
- Launch in Dec. 2021 of **instant payments** in RON for amounts under RON 50 Thousand that are executed in less than 20 seconds (transfers made only to member banks of the Transfond payment scheme)

**+95%**

Increase in the total number of Patria Online & Mobile Banking clients  
Dec. 2021 vs. Dec. 2020



# Investments in digitalization of the business model (II)

## Clients access to online products and services

- › Implementation of the second authentication factor for authorization of e-Commerce transactions which provides a high level of security for personal data and prevents fraudulent transactions is to enter into production in **Q1 2022**
- › Implementation in **Q2 2022** of the delivery of cards to the customer's mailing address and delivery of PIN codes via SMS, eliminating the need to visit the Bank's offices by using a delivery service for the non-activated card and sending the PIN code via SMS
- › **Online client information update - implementation in Q2 2022** of a technical solution that provides individuals with an easy and convenient solution for updating personal data
- › Continuation of technology project for traditional commercial spaces such as the ***POS la piata*** project which includes 80 POS terminals in agri-food markets at the end of 2021
- › Overall, **transactions through POS terminals** increased by 23% and their volume by 32% in 2021 compared to the same period of 2020.

## Online trading platform for Patria investment funds

- › SAI Patria Asset Management, a subsidiary of Patria Bank specialized in managing investment funds, launched an **online trading platform for investment funds** offered by Patria Bank at the end of 2021
- › The platform, available at [online.patriafonduri.ro](http://online.patriafonduri.ro), is a modern and flexible tool that allows online investments in and withdrawal of funds without visiting Bank offices, as well as real-time access to the value of holdings in fund units
- › Patria Asset Management manages four investment funds available in the platform:
  - Patria Global and Patria Stock - diversified funds in RON
  - Patria Bonds and Patria Euro Bonds - fixed income instrument funds in RON and EUR
- › The BET Patria-Tradeville ETF, also managed by the company, is available to stock exchange investors and is listed on the Bucharest Stock Exchange.



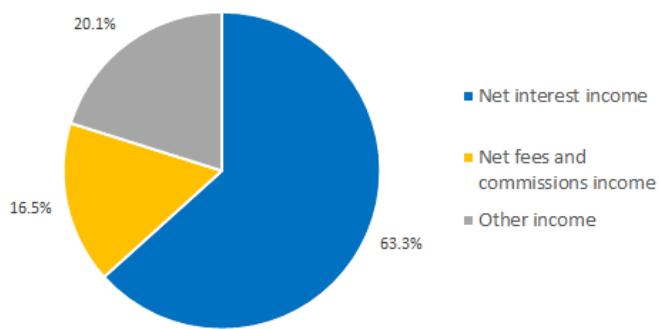
## IV. PBK – Increasing results in 2021

Preliminary 2021 results show a net profit of RON 9.5 Million, a significant increase of 239% compared to RON 2.8 million in 2020. This result comes from a favorable trend in operating revenues, which, combined with a moderate increase in operating costs, led to a 26% higher operating result in 2021 vs. 2020.

# Net profit in a pandemic context

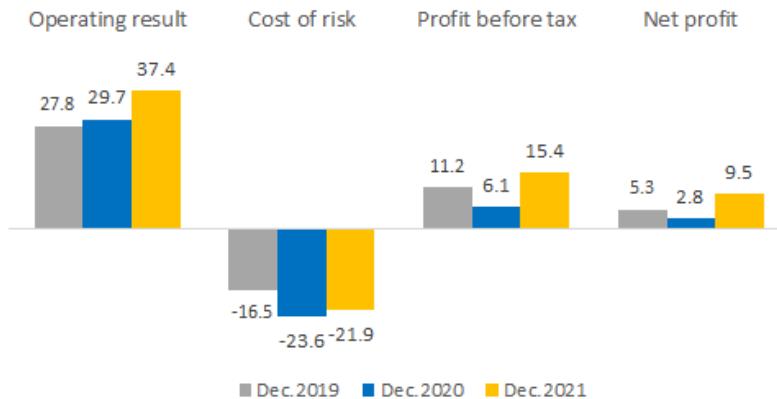
## Financial performance in 2021

- Net banking income increased from RON 153.2 Million in 2020 to RON 164.3 Million in 2021 (+7.3%)
- Operating result registered a significant increase of 25.9% during the same period, leading to a substantial increase in net profit of +239.3% from RON 2.8 Million in 2020 to RON 9.5 Million in 2021
- Operating expenses showed a moderate increase of only 2.8% while the cost of risk registered a decrease of 7.2%
- Structure of net operating income in 2021



Source: Patria Bank. Standalone data

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



|                                 | 2019    | 2020    | 2021    | %'21/'20 |
|---------------------------------|---------|---------|---------|----------|
| Net interest income             | 115.6   | 104.4   | 104.1   | -0.29%   |
| Net fees and commissions income | 26.7    | 24.4    | 27.1    | +11.07%  |
| Net banking income              | 167.1   | 153.2   | 164.3   | +7.25%   |
| Total operating expense         | (139.3) | (123.5) | (127.0) | +2.83%   |
| Operating result                | 27.8    | 29.7    | 37.4    | +25.93%  |
| Cost of risk                    | (16.5)  | (23.6)  | (21.9)  | -7.20%   |
| Profit before tax               | 11.2    | 6.1     | 15.4    | +152.46% |
| Net result                      | 5.3     | 2.8     | 9.5     | +239.29% |
| Cost/Income ratio               | 84%     | 81%     | 77%     | -        |



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

## Evolution of the gross performing loan portfolio [Million RON]

- › The gross loan portfolio increased by 16.4% or RON 277 Million in 2021 compared to 31 December 2020

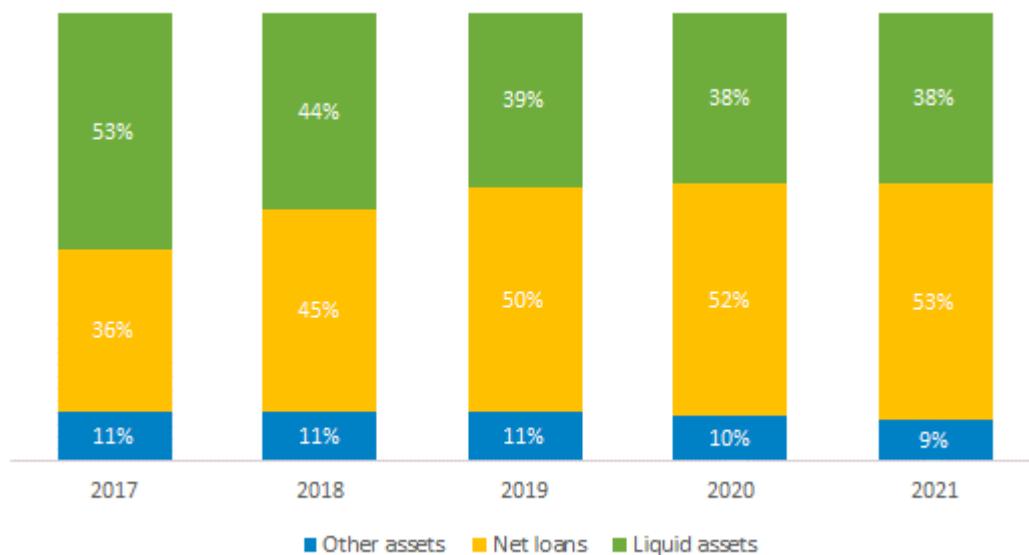
|          |       |
|----------|-------|
| Dec 2018 | 1,391 |
| Dec 2019 | 1,495 |
| Dec 2020 | 1,686 |
| Dec 2021 | 1,963 |

- › As for portfolio structure, the net performing portfolio increased by RON 275 million in December 2021 compared to December 2020 (+16.6%), while the portfolio of non-performing loans decreased by RON 25 Million (-20.7%)
- › Non Performing Exposures ratio decreased to 7.9% in December 2021 compared to 10.3% in December 2020.

## Asset structure

The process of placing liquid assets in loans has continued in 2021. The share of net loans in total assets continued to increase in the past year, reaching 53% at December 2021 (as total assets increased by 11.5%) compared to 52% at December 2020, 50% at December 2019 and 45% at December 2018.

The share of liquid assets in total assets reached 38% at the end of December 2021, decreasing compared with 39% in December 2019 and 44% in December 2018.



Source: Patria Bank. Standalone data.



# Balance sheet evolution & main ratios

## Financial position at 31 Dec. 2021

- › Total Assets of Patria Bank increased by 11.5% in 2021 (RON +396 Million) compared to an increase of 7% in 2020 (RON +236 Million)
- › The Bank also recorded a solid increase in **customer deposits** which increased by 11.5% in 2021 compared to a 6.3% increase in 2020
- › Increase in profits has led to improved **profitability ratios**: the Return on Assets ratio was 0.3% in 2021 compared to 0.1% in 2020, while the Return on Equity increased to 2.8% in 2021 from 0.8% in 2020
- › The balance sheet also shows a significant improvement of the **non-performing exposure ratio**, from 10.3% in 2020 to 7.9% in 2021.

Gross loans / Deposits at Dec 2021

**65** %

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

## Balance sheet items [RON Million]

|                                   | Dec 2019 | Dec 2020 | Dec 2021 |
|-----------------------------------|----------|----------|----------|
| › Liquid assets                   | 1,251.3  | 1,315.9  | 1,464.8  |
| › Loans and adv. to clients (net) | 1,588.3  | 1,778.3  | 2,028.9  |
| › Total assets                    | 3,193.8  | 3,430.0  | 3,826.1  |
| › Deposits from customers         | 2,733.7  | 2,904.8  | 3,314.8  |
| › Total liabilities               | 2,860.3  | 3,086.3  | 3,489.7  |
| › Shareholders' equity            | 333.5    | 343.7    | 336.4    |

## Selected ratios for 2019 - 2021 [%]

| %                                        | Dec 2019 | Dec 2020 | Dec 2021 |
|------------------------------------------|----------|----------|----------|
| › Total Own Funds Ratio                  | 17.8     | 21.6     | 18.6     |
| › Gross loans / Total assets             | 53       | 56       | 56       |
| › Gross loans / Deposits                 | 62       | 66       | 65       |
| › LCR*                                   | 422      | 206      | 177      |
| › Return on Assets (RoA)                 | 0.2      | 0.1      | 0.3      |
| › Return on Equity (RoE)                 | 1.6      | 0.8      | 2.8      |
| › Non-performing exposures ratio         | 10.6     | 10.3     | 7.9      |
| › Non-performing loans coverage ratio    | 57.4     | 54.3     | 59.7     |
| › Total assets increase vs previous year | -7.5     | +7.4     | +11.5    |



## V. Patria Bank stocks and bonds - market trends

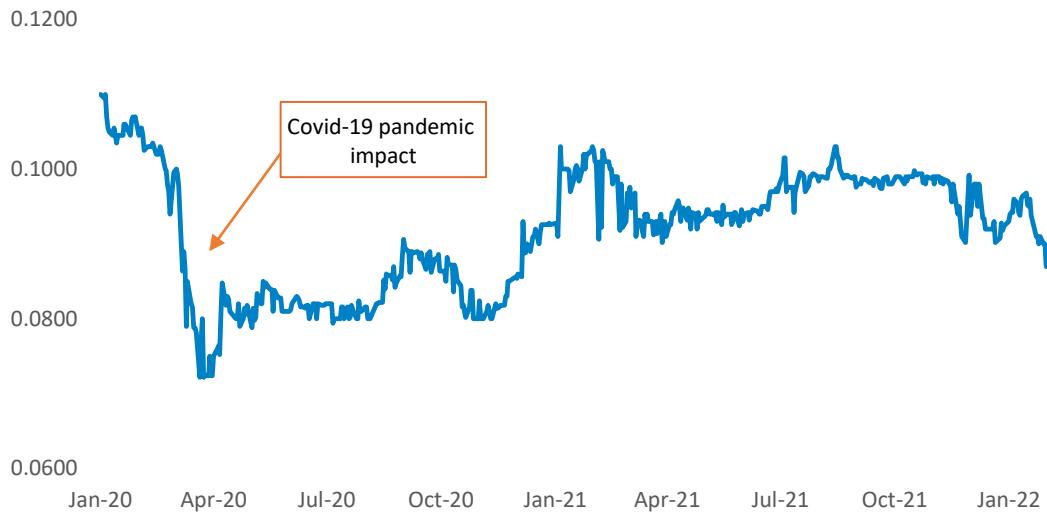
Patria Bank has three securities issues listed on the regulated market of the Bucharest Stock Exchange: the bank's shares, trading with the PBK ticker symbol, and two subordinated bond issues trading with ticker symbols PBK27E and PBK28E.

# PBK shares on the Bucharest Stock Exchange

## PBK shares

- › Patria Bank shares trade 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: 3,278,814,376
- › Par value: RON 0.10 per share
- › Market Capitalization at 15 February 2022: RON 303.6 million
- › Majority shareholder: EEAFF Financial Services BV
- › Majority shareholder holding at 15 February 2022: 84.05%.

PBK shares price at Bucharest Stock Exchange (RON)



## Share capital increase

The General Shareholders Meeting of Patria Bank held on 18 October 2021 approved the increase of the Bank's share capital by issuing up to 197,300,000 new shares with an issue price of RON 0.10 per share.

Following the closing of the subscription period, total subscriptions amounting to 163,483,801 new shares were recorded in the share capital increase.

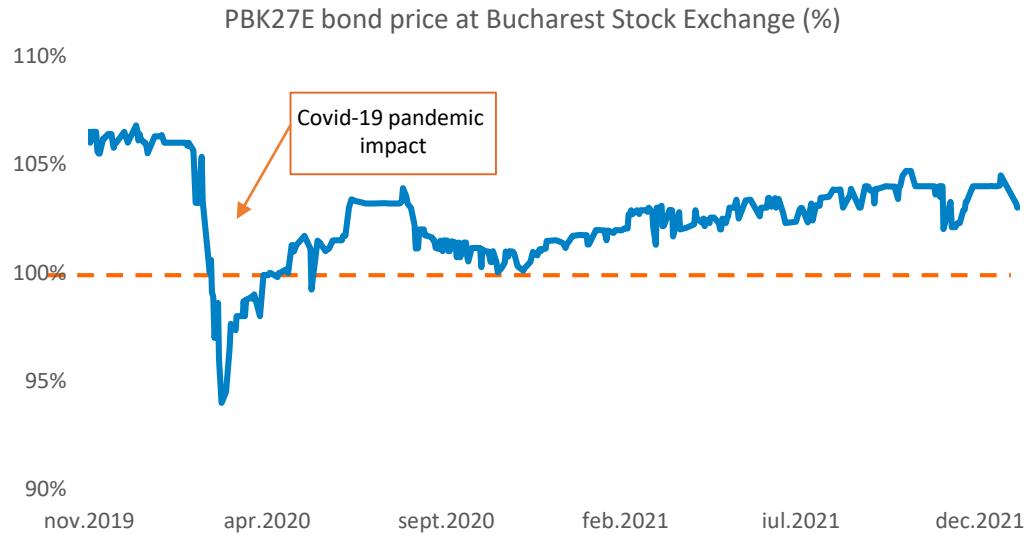
The subscriptions were made in cash and by conversion of the subordinated loan of EUR 3,000,000 granted to the Bank by EEAFF Financial Services BV. Following the completion of this process the share capital increased from RON 311,533,057.50 to RON 327,881,437.60.



# PBK bonds on the Bucharest Stock Exchange

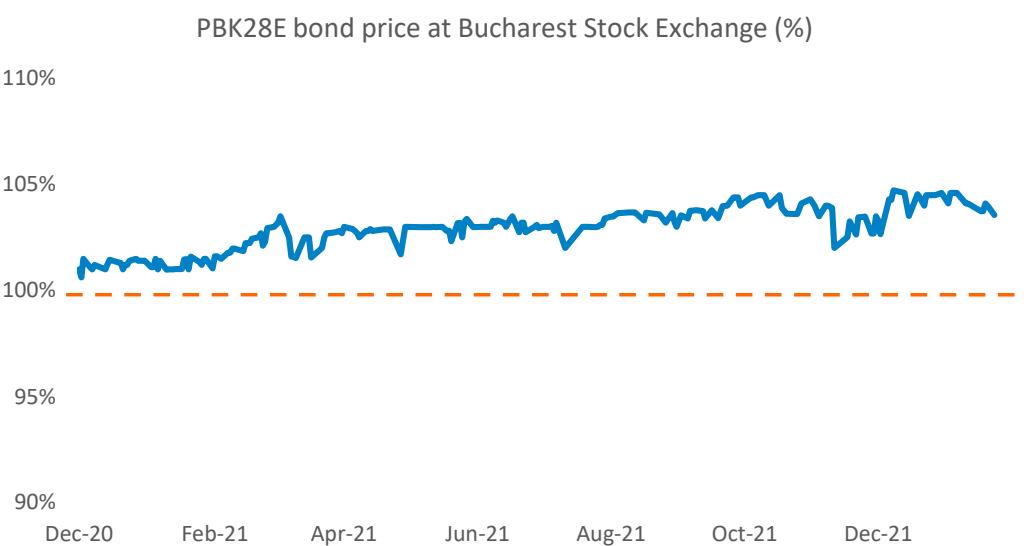
## PBK27E bond issue

- › 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
- › Price as at 15 February 2022: 102.00
- › % of issue traded since listing until 31 Dec 2021: 54.8%.



## 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
- › Price as at 15 February 2022: 103.50
- › % of issue traded since listing until 31 Dec 2021: 27.8%.



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 with a 84.05% holding is EEAf Financial Services BV, an investment vehicle controlled by Emerging Europe Accession Fund ("EEAf")
- › EEAf is a private equity fund whose main investors are international financial institutions (EBRD, EIF, DEG, BSTDB); the investment advisor of EEAf is Axxess Capital Partners
- › Axxess Capital Partners is an investment advisor with an extensive experience in private equity funds as well as relevant expertise on the local banking and financial services market
- › Past deals of Axxess Capital Partners clients include four banks, four leasing companies and five Non-Banking Financial Institutions.

Selected track record in the financial services sector of investment funds for which Axxess Capital Partners was an investment advisor

Investment

Buyer upon exit



Banca Agricola



BANCA ROMÂNEASCĂ S.A.  
Membră a Grupului National Bank of Greece



NATIONAL BANK  
OF GREECE



GE Money



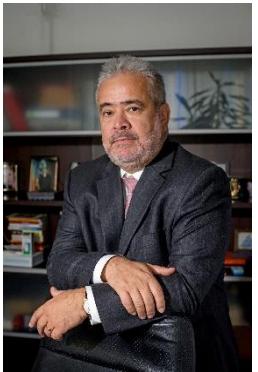
GE Money



GE Money



# Experienced management and board members



**Horia Manda**  
BoD Chairman

Managing Partner-  
Axxess Capital  
BoD member –  
various companies  
Selected M&A  
experience:  
Banca Agricola,  
Banca Rom., RALFI,  
Motoractive,  
Romexterra, Patria,  
BCC, Jet Finance



**Daniela Iliescu**  
BoD Member

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



**Bogdan Merfea**  
BoD member

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



**Vasile Iuga**  
BoD member  
(independent)

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



**Nicolae Surdu**  
BoD member  
(independent)

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



**Valentin Vancea**  
COO & Deputy  
General Manager

COO-BCC,  
Nextebank,  
Volksbank RO  
CEO – ANSSI  
Ex-Audit Director  
UniCredit Ro  
Selected M&A  
experience: HVB  
Bank, Unicredit,  
BCC, KPMG



**Burak Yildiran**  
CEO

COO TotalSoft  
Almost 20 years  
with the Garanti  
BBVA group,  
out of which 6  
years as Deputy  
General Manager of  
Garanti BBVA  
Romania



**Georgiana  
Stanculescu\***  
Deputy General  
Manager, Financial

Experience in  
Credit Agricole,  
Emporiki Bank,  
Piraeus Bank and  
over 7 years in  
Patria Bank



**Luca Rogojanu**  
Deputy General  
Manager, Risk

Banking  
Surveillance  
Officer - NBR  
Management and  
Risk Control  
Manager – Patria  
Credit IFN  
Risk Management  
Division Manager  
– Libra Bank



# Investor relations

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## Information for shareholders and bondholders

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

