



## **PATRIA BANK SA – Preliminary Financial Results for year ended 2022**

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

Report date: **28.02.2023**

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 327,881,437.60**

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.*

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## 1. Disclosure requirements

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

## 2. The Bank and the Shareholders

Patria Bank SA (hereinafter referred to as "the Bank") is a joint stock company using a one-tier corporate model, authorized as a credit institution for carrying out banking activities in Romania according to Emergency Ordinance of Government (EOG) no. 99/2006 on credit institutions and capital adequacy.

Patria Bank SA is the result of the merger through absorption between i) the former Banca Comerciala Carpatica SA as an absorbing entity, having fiscal code 11447021, registered with the Trade Registry under no. J40 / 9252/2016 and ii) former Patria Bank SA (formerly Nextebank) as an absorbed entity having fiscal code 4786360 and registered with the Trade Registry under no. J23 / 2563/2016, a process that closed on 01.05.2017. With the implementation of the merger the absorbing company, Banca Comerciala Carpatica SA, changed its name to Patria Bank SA and the ticker symbol on the Bucharest Stock Exchange was changed from BCC to PBK.

The Bank offers banking and other financial services to individuals and legal entities: opening of accounts and deposits, domestic and foreign payments, foreign exchange operations, financing for current activity, medium-term financing, issuing letters of guarantee, letters of credit etc.

### *Patria Bank Group*

As at 31.12.2022 the Patria Bank Group includes:

- Patria Bank SA, a credit institution authorized to perform banking activities in Romania
- Patria Credit IFN SA, a non-banking financial institution authorized by the NBR to perform lending activities in Romania, registered in the General Register of Non-Banking Financial Institutions held by the NBR specialized in rural lending and microfinance. Patria Bank SA holds 99.99% of the share capital of Patria Credit IFN
- SAI Patria Asset Management SA and the five investment funds managed by it - Patria Obligatiuni Patria Global, Patria Stock, Patria Euro Obligatiuni and ETF BET Patria Tradeville. The company is authorized by the Financial Supervisory Authority of Romania (FSA) for the management of investment funds and is 99.99% under the control of Patria Bank SA.

### *Shareholders Structure*

As at 31.12.2022 the share capital of Patria Bank SA amounted to RON 327,881,437.60, consisting of 3,278,814,376 ordinary nominative and dematerialized shares, each having a par value of RON 0.10/share.

As at 31.12.2022 the Bank was 84.0526% owned by EEAFFINANCIAL SERVICES BV ("EEAF"), a limited liability company registered in accordance with Dutch law, based in Basisweg 10, 1043AP, Amsterdam, The Netherlands. EEAFFINANCIAL SERVICES BV is 100% owned by the EMERGING EUROPE ACCESSION FUND COOPERATIEF UA, a cooperative with the exclusion of liability set up in accordance with the Dutch legal framework, based in Basisweg 10, 1043AP, Amsterdam, The Netherlands. The EEAFF Investment Fund is the third private equity fund whose investment consultant is Axxess Capital Partners and brings together, as major investors, important international financial such as:

- EBRD – European Bank for Reconstruction and Development
- EIF – European Investment Fund, part of European Investment Bank Group (EIB)
- BSTDB – Black Sea Trade and Development Bank
- DEG - Development Bank part of KFW Banking Group

The structure of the Bank's stockholders owning at least 10% of its share capital at 31.12.2022 is as follows:

Shareholder	No. of shares	Percent (%)
EEAF FINANCIAL SERVICES BV, Amsterdam	2,755,927,215	84,0526
Individual shareholders	457,356,702	13,9488
Other shareholders - Legal entities	65,530,459	1,9986
<b>Total</b>	<b>3,278,814,376</b>	<b>100,0000</b>

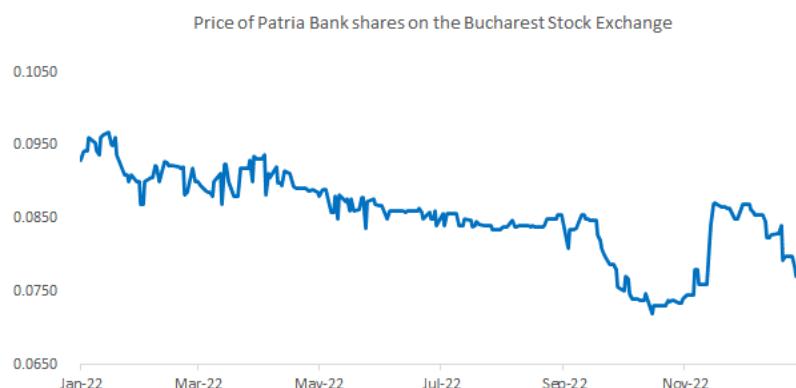
### 3. Key Figures

	Bank	2022	2021	Variation
Financial results	Net banking income (Ths. RON)	194,295	164,306	18.3%
	Operational expenses (Ths. RON)	(138,665)	(126,950)	9.2%
	Net cost of risk (Ths. RON)	(32,490)	(21,928)	48.2%
	Net result (Ths. RON)	20,247	9,462	114.0%
	Cost / income ratio	71.4%	77.3%	-5.9 p.p.
	ROE	5.9%	2.8%	3.2 p.p.
Loans and deposits	Total performing loans (Ths. RON)	2,185,407	1,963,164	11.3%
	Total deposits (Ths. RON)	3,447,728	3,314,846	4.0%
	Loans (gross value) / deposits ratio	68.3%	65.2%	3.1 p.p.
Capital adequacy	Own Funds (Ths. RON)	405,644	370,051	9.6%
	Risk weighted assets (Ths. RON)	2,086,977	1,934,106	7.9%
	Total own funds ratio	19.4%	19.1%	0.3 p.p.
Network	Number of branches	45	45	-

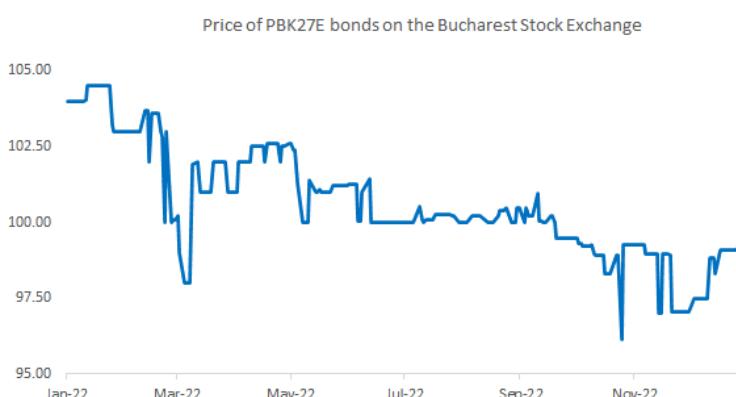
#### 4. Shares and Bonds

Patria Bank has three issues of financial instruments listed on the regulated market of the Bucharest Stock Exchange: the Bank's shares and two issues of subordinated bonds.

The Bank's shares are traded on the regulated market managed by the Bucharest Stock Exchange, in the Premium category, with the PBK ticker symbol. The issue's ISIN code is ROBACRACNOR6. The closing price for PBK shares on 31.12.2022 was RON 0.0784/share, while the closing price on 31.12.2021 was RON 0.0924/share. The evolution of Patria Bank's share price in 2022 was characterized by a downward trend during the year and a lower volatility in the last months of the year due to the difficult conditions on the stock market.



Patria Bank's subordinated bond issue issued in Euro on 20.09.2019, with a total value of EUR 5.0 million, a fixed interest rate of 6.50%/year and maturity on 20.09.2027, trades on the regulated market managed by the Bucharest Stock Exchange with the symbol PBK27E. The ISIN code of the issue is ROZN0PQQARR5. The closing price of PBK27E bonds on 31.12.2022, expressed as a percentage of the 500 Euro par value, was 99.14 compared to 104.00 at the end of 2021.



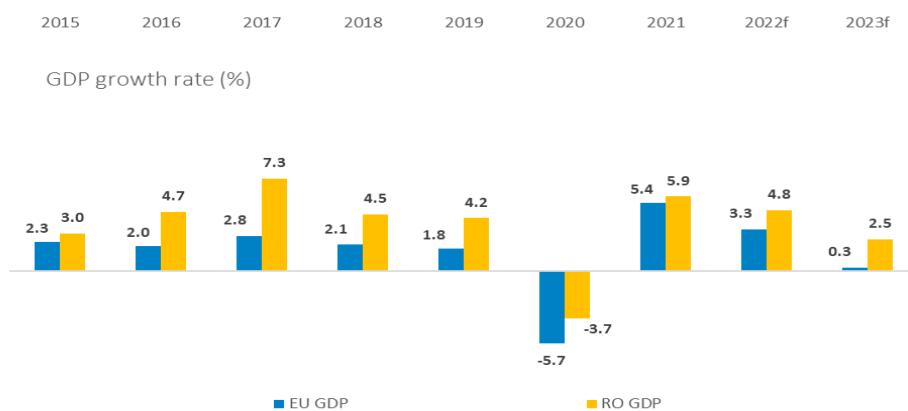
Patria Bank's subordinated bond issue issued in Euro on 05.10.2020, with a total value of EUR 8.2 million, a fixed interest rate of 6.50%/year and maturity on 05.10.2028, trades on the regulated market managed

by the Bucharest Stock Exchange with the symbol PBK28E. The ISIN code of the issue is ROWRHZRZD4L3. The closing price of PBK28E bonds on 31.12.2022, expressed as a percentage of the 500 Euro par value, was 98.80 compared to 103.52 at the end of 2021.



## 5. Macroeconomic and banking environment

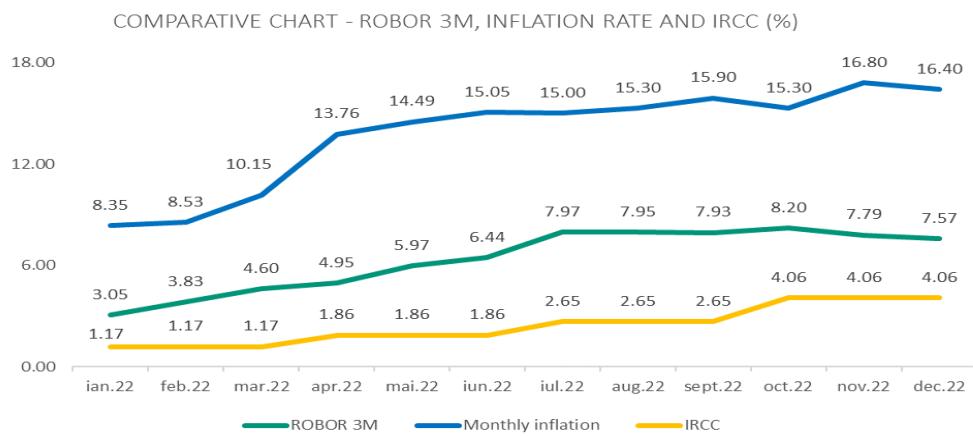
The GDP level in Q4 2022 was 1.1% higher than the level recorded in Q3 2022. Compared to Q4 2021, the GDP level in Q4 2022 registered an increase of 4.6% on a gross series basis and by 5% on a seasonally adjusted series. ***In 2022, compared to 2021, the GDP level increased by 4.8%,*** slightly above the estimated level of the European Commission, which forecasted an increase of 4.5% for 2022. Real GDP growth in Romania will slow down to 2.5% in 2023 against the background of the negative impact of still high inflation, severe financing conditions and the slowdown of other economies in the EU, shows the latest forecast of the European Commission.



***The public budget deficit amounted to RON 81 Billion in 2022 or 5.68% of GDP, below the target of 5.74% of GDP established in the rectification of November 2022.*** The level of public investments increased by 22.4% compared to 2021, being, however, 16.8% lower than the planned level. The foreign trade deficit increased in Q4 2022 compared to Q3 2022, but their growth slowed down compared to the previous quarters, mainly due to the stabilization trend of the goods foreign trade deficit.

Budget revenues recorded a good performance in 2022, increasing by 21.2% compared to 2021. This progress was facilitated by favourable economic ratios, a rapid increase in prices and wages in the economy (including a significant increase in the price of energy products, which brought important additional revenues to the state) and access to European funds. The expenses of the general consolidated budget in the amount of RON 541.09 Billion increased in nominal terms by 17.7% compared to the previous year. But the expenses for 2022, expressed as a percentage of the total GDP level, decreased by 0.8 percentage points from 38.7% of GDP in 2021 to 37.9% of GDP in 2022. However, it is noted again non-fulfilment of the plan of investments, the government intending to reduce the budget deficit to 4.4% of GDP in 2023.

***Inflationary pressures in the Q4 were very high, with the consumer price index (CPI) reaching 16.8% in November 2022 and 16.4% at the end of 2022.*** The forecast published by the INS showed a moderation in consumer price increases in December, which was also reflected in the reduction of basic inflationary pressures compared to previous months. In the context in which a favourable evolution of the inflation trajectory is predicted in 2023, analysts expect that the current cycle of increasing the reference interest rate could have come to an end (at this moment, the monetary policy rate is at the level of 7%).



***The Ministry of Public Finance (MFP) announced that the total funding requirement at government level for 2023 is RON 160 Billion.*** This is due to a budget deficit of RON 68 Billion and an outstanding debt of RON 92 Billion, which must be refinanced. The total gross financing needs of the government in 2023 are higher than in 2022 and are estimated at RON 148.6 Billion. The MFP estimates that the budget deficit for 2023 will be financed in a proportion of 30% from internal sources and 70% from external sources.

The MFP intends to borrow EUR 11-12 Billion from external creditors in 2023, of which EUR 7.5-8.5 Billion will be attracted by issuing Eurobonds (including private placements), EUR 2 Billion by accessing the loan tranches available in PNRR and EUR 1.5 Billion through loans from international financial institutions. In addition, MFP wants to borrow RON 97-102 Billion from the domestic market in 2023 through the issuance of government bonds on the interbank market and the sale of government securities directly to the population through the Fidelis and Tezaur Programs.

The ratios of financial health in the banking sector continue to be maintained at reasonable levels, conferring the capacity to absorb possible shocks. The results of the solvency and liquidity stress tests show that the banking sector is able to address the key risks that may appear in connection with severe macroeconomic developments.

Regarding the interest on deposits vs. interest on loans corridor, it maintains its margin of - / + 1% around the reference interest rate of monetary policy and no change is expected to occur in case of this instrument either.

## 6. Commercial activity

### *Retail Banking activity*

The Bank focused more on secured loans compared to unsecured loans in the **Retail** segment (individuals), mainly in the urban environment, by launching mortgage loans refinancing campaigns and by optimizing internal workflows that led to offering a faster response time to customers.

Outstanding loans (RON Th. Equiv.)	31.12.2021	31.12.2022
Secured	339,028	405,817
Unsecured	147,307	145,667
<b>Total</b>	<b>486,335</b>	<b>551,484</b>

New loans sales (RON Th. equiv.)	2021	2022
Secured	98,467	120,900
Unsecured	95,508	79,033
<b>Total</b>	<b>193,976</b>	<b>199,934</b>

The new loan sales had an upward trend, especially in the segment of mortgage loans, registering approximately 75% of total new loan sales in Q4 2022. New loan sales in Q4 2022 recorded a total volume of approximately RON 46 Million equivalent, representing 23% of the total sales in 2022.

Outstanding loans recorded a constant evolution in Q4 2022, correlated with new sales and with the specific attrition actions applied, recording an increase of RON 12.6 Million equivalent, respectively 20% of the total increase recorded in 2022.

Also, mortgage loans in EUR granted in 2022 represent 8% of the total mortgage loans in EUR granted at the level of the banking system.

The Bank continued the intensive promotion of the new **Patria de Oriunde distribution channel** by launching campaigns for deposits purchased, both in RON and EUR. Approximately 40% of new deposits from new customers are made through this channel.

In Q4 2022, the volume of new amounts attracted in term deposits from new customers was RON 45 Million.

Digital Onboarding "Patria de oriunde"		T4 2021 – T4 2022	
		No. of clients	Total volume (Th RON)
New term deposits through Digital Onboarding		631	98,944

The evolution of current accounts and term deposits is presented below and shows an annual growth of 2%:

Liabilities outstanding (Th. RON equiv.)	31.12.2021	31.12.2022
Term deposits	1,656,029	1,722,063
Current accounts	336,656	304,817
<b>Total</b>	<b>1,992,685</b>	<b>2,026,879</b>

### *Commercial Banking activity*

#### *Outstanding loans*

The level of loans outstanding granted to companies had a positive evolution compared with December 2021, respectively an increase of 6.5%. An important pillar in the annual growth of 6.5% was the SME segment due to the focus on the Mid Market sector in areas such as real estate, green energy, production, transport and trade, which registered a growth of 25%. The Microenterprises segment had an annual growth of 4%, the Bank maintaining the focus on granting EASI loans, guaranteed by the EIF (European Investment Fund). The Corporate segment had an approximately constant evolution, explained by the concentration in the SME - Mid Market area.

In Q4 2022, the Bank continued to grant loans to all segments of legal entities. The negative impact of 3% of Agro outstanding loans comes mainly from the seasonality of the APIA subsidy receipts, part of which being used for repayment of the existing loans. This is a peculiarity of businesses in the agricultural area.

Outstanding loans in all stages (RON Th. equiv.)	31.12.2021	31.12.2022
Agro	206,011	199,108
Micro	461,588	478,410
SME	413,518	517,597
Corporate	613,649	609,627
<b>Total</b>	<b>1,694,765</b>	<b>1,804,743</b>

#### *New loan sales*

The main factors underlying the sales of new loans were the working capital and the purchase of land for the Agro and Micro segments. The Bank continued to grant loans with EASI guarantees in support of small companies, both for working capital needs and for investments, targeting various types of assets, from land and buildings to transport and production equipment.

The SME sector registered a better performance compared to the previous year, due to the Bank's focus on the Mid Market segment, where medium value transactions were approached, ensuring both the increase in profitability and a better control of the credit risk.

In Q4 2022, all business segments recorded an increase in granted loans, representing 26% in total. The SME and Corporate segments, with increases of 24% and respectively 23%, recorded transactions in the real estate, green energy and production sectors, while the Micro segment continued to grant EASI loans with FEI guarantee but also diversified the portfolio by attracting long-term investment loans, registering a 32% increase compared to the volumes achieved until September 2022. The Agro segment recorded transactions for land and equipment acquisition, but also for working capital, registering a 24% increase compared to the volumes granted until September 2022.

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New loan sales (Th. RON equiv.)	2021	2022
Agro	110,274	95,075
Micro	273,752	249,372
SME	251,646	289,023
Corporate	257,039	134,988
<b>Total</b>	<b>892,710</b>	<b>768,458</b>

#### ***Liabilities outstanding***

The level of sources (current accounts and term deposits) registered a positive overall evolution in case of companies, namely an annual increase of 9%, as a result of the current account and term deposit sales campaign carried out in order to attract new customers.

In Q4 the total increase was of 2% compared with September 2022.

The 17% increase in the Corporate segment and the 32% decrease in the SME segment come from the re-segmentation of some customers from one business line to another.

Liabilities outstanding (Th. RON equiv.)	31.12.2021	30.09.2022	31.12.2022
Agro	23,538	19,614	19,088
Micro	316,935	313,539	312,144
SME	170,247	318,021	216,140

Corporate	789,355	740,345	869,772
<b>Total</b>	<b>1,305,593</b>	<b>1,391,519</b>	<b>1,417,144</b>

### **Active clients**

The level of active customers registered a slight decrease of 2% in 2022, due to the Microenterprises segment.

<b>Active clients</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
Total	12,833	12,526

**At operational level**, Patria Bank continued the innovation process, by developing and implementing new products and technologies, thus ensuring a continuous improvement of the organization's competitiveness and sustainability. The ongoing optimization and digitalization initiatives with an impact on the commercial area, include:

- Implementation of new flows for initiating/updating/re-evaluating business relations with the Bank for individual customers, with the aim of streamlining the flows at the branch level by sending contractual documentation by email, OCR-ing the identity card, validating the mobile phone and email address.
- **Completion of the development of the Customer Digital Lending platform for individuals**, through which the Bank will complete the portfolio of remote services with the implementation of a digital lending platform. This will offer potential customers the possibility to request unsecured consumer loans, granted with automatic and fast decision only by signing an electronic contract without being present physically in any of the Bank's branches (starting with Q1 2023 based on ADR certification)
- **Multi-Functional Machines Program**. In order to modernize the automated services and considering the evolution of the *Self-Service* banking terminals and the increasing level of adoption of these services on the local banking market, Patria Bank started the project of replacing the Bank's ATM fleet with multi-functional machines with cash deposit function in all territorial branches. The implementation will take place in stages (starting with Q1 2023)
- **Launching of a new Credit Card lending product for individuals**, through which the Bank will offer benefits to customers (zero interest rates, cashback, grace periods up to 55 days) in order to increase the degree of penetration of the Credit Card product among the existing customer base as well as to attract new customers (starting from Q1 2023)
- **Automating the query of external databases by implementing certain IT robots** with the final goal of automatically populating the onboarding flows of individuals and APIA lending
- **Further development of the digitalization project of traditional markets**, such as the project "*POS la piata*" which involves the installation of POS terminals in agri-food markets.

## The activity of subsidiaries

### *Patria Credit IFN*

Patria Credit IFN SA is a non-banking financial institution (IFN) that supports the efforts of rural and small urban entrepreneurs, as well as their positive impact on their communities. Specialized in financing farmers, Patria Credit is a member of the European Microfinance Network (EMN) and Microfinance Center (MFC) and it is the first non-banking financial institution dedicated to microfinance in Romania, with almost 20 years of experience and over 17,000 financed clients.

Currently, the activity of Patria Credit IFN is recognized by the European Code of Good Conduct initiated by the Directorate for Employment, Social Affairs and Inclusion of the European Commission, for the quality and impact of the microfinance activity carried out in Romania. Patria Credit IFN is involved in projects supporting agriculture, developing rural areas and relaunching agricultural education, such as Business Growth, Proud to be a Farmer (together with the World Vision Romania Foundation), the Foundation for Agricultural Development (FD Agri) etc. In 2021, Patria Credit and Patria Bank reactivated the Patria Credit Foundation, through which they aim to reduce the social, economic and financial exclusion of rural communities, promote the popularization of sustainable agricultural practices, facilitate the growth of the new generation of young farmers and increase the level of awareness regarding the importance of the development of rural communities.

***On December 31, 2022, the Patria Credit IFN SA loan portfolio increased by 22% compared to December 2021, reaching RON 161 Million. Sales of new loans increased by 8% compared to 2021.*** The institution continued offering personalized loans to the main segment (small farmers). ***In 2022, the institution obtained a net profit of RON 7.64 Million***, in a very slight decrease compared to 2021 (-2.3%), a decrease due especially to the macroeconomic context of the period (mainly the increase in the financing costs incurred by the company). Regarding the structure of the portfolio by financed activities, the high share of agriculture is maintained at 83%. In line with the strategy proposed for the year 2022, two new working points were opened (Resita and Buzau) and Agritech projects were started in partnership with agricultural technology suppliers. The digitalization and modernization project of the entire IT architecture also continued and in December 2022, the transition to IFRS was completed.

### *SAI Patria Asset Management*

Patria Asset Management, an Investment Management Company authorized by FSA, increased its assets under management, in difficult market context, up to RON 114.9 Million on 31.12.2022 compared to RON 102.6 Million on 31.12.2021 (+12.0%).

***The ETF BET Patria-Tradeville*** fund managed by the company, the only *Exchange Traded Fund* in Romania, aims to replicate the structure and performance of BET stock index - the reference index of the Bucharest Stock Exchange (BSE) which includes the most important 20 companies listed on BSE. The fund is traded on the stock exchange with the symbol TVBETETF and can be purchased through any intermediary

authorized to trade on the BSE. **On 31.12.2022 ETF BET Patria-Tradeville had net assets of RON 72.1 Million, increasing by 53.9% compared to 31.12.2021.**

**On January 12, 2023, the Financial Supervision Authority authorized the second Exchange Traded Fund managed by the company, namely ETF Energie Patria – Tradeville.** It became operational in February and aims to replicate the BET-NG sectoral index published by BSE dedicated to the energy and related utilities sector.

SAI Patria Asset Management operates its own internet trading platform for investment funds. Available at the web address *online.patriafonduri.ro*, the platform offers fast and easy access to Patria Global, Patria Stock, Patria Obligatiuni and Patria Euro Obligatiuni funds. Through it, investors have access at any time to the value of their holdings in the four funds and can perform online operations of depositing money or withdrawing money in/from the mentioned four funds.

## 7. Financial Results and economic – financial ratios

a) The Bank's financial position as at 31.12.2022, compared 31.12.2021 is as follows:

<b>FINANCIAL POSITION STATEMENT</b>				
<i>-thousands RON-</i>				
<b>ASSETS</b>	<b>31.dec.22</b>	<b>31.dec.21</b>	<b>dec.22/ dec.21 (abs.)</b>	<b>dec.22/ dec.21 (%)</b>
Cash and cash equivalents	596,803	497,316	99,487	20%
Loans and advances to banks	17,693	5,834	11,859	203%
Securities	1,005,364	961,696	43,668	5%
Investments in subsidiaries	36,296	34,296	2,000	6%
Loans and advances to customers, net	2,216,935	2,028,911	188,024	9%
Other assets	284,121	298,036	(13,915)	(5%)
<b>Total ASSETS</b>	<b>4,157,212</b>	<b>3,826,089</b>	<b>331,123</b>	<b>9%</b>
<b>LIABILITIES</b>	<b>31.dec.22</b>	<b>31.dec.21</b>	<b>dec.22/ dec.21 (abs.)</b>	<b>dec.22/ dec.21 (%)</b>
Due to banks & REPO	172,880	18,312	154,568	844%
Due to customers	3,447,728	3,314,846	132,882	4%
Other liabilities	82,732	67,575	15,157	22%
Subordinated debt	44,311	24,797	19,514	79%
Debt securities in issue	64,501	64,174	327	1%
<b>Total Liabilities</b>	<b>3,812,152</b>	<b>3,489,704</b>	<b>322,448</b>	<b>9%</b>
<b>Total Equity</b>	<b>345,060</b>	<b>336,385</b>	<b>8,675</b>	<b>3%</b>
<b>Total LIABILITIES AND EQUITY</b>	<b>4,157,212</b>	<b>3,826,089</b>	<b>331,123</b>	<b>9%</b>

Thousand RON	31.dec.22	31.dec.21	dec.22/ dec.21	
<b>Gross loans</b>	<b>2,353,862</b>	<b>2,159,648</b>	<b>194,214</b>	<b>9%</b>
Performing loans	2,185,407	1,963,164	222,243	11%
Non-performing loans	168,455	196,483	(28,028)	-14%
<b>Impairments</b>	<b>(136,927)</b>	<b>(130,736)</b>	<b>(6,191)</b>	<b>5%</b>
Performing loans impairments	(50,399)	(29,320)	(21,079)	72%
Non-performing loans impairment	(86,528)	(101,416)	14,888	-15%
<b>Net loans</b>	<b>2,216,935</b>	<b>2,028,911</b>	<b>188,024</b>	<b>9%</b>
Net performing loans	2,135,008	1,933,844	201,164	10%
Net non-performing loans	81,927	95,067	(13,140)	-14%

- **Total assets exceeded the level of RON 4 Billion reaching the value of RON 4.2 Billion lei, increasing by 9% compared to the end of 2021.** This development of the balance sheet is mainly determined by the increase in the net loan portfolio by 9%, RON +188 Million compared to the previous year, as well as the consolidation of the liquidity position by increasing the Cash and cash equivalents to National Bank of Romania by 20%, +RON 99.5 Million and by increasing investments in debt securities with 5%, RON +43.7 Million.
- **The loan portfolio (net value)** registered an increase of 9%, RON +188 Million compared to December 2021. In the structure, the gross value performing portfolio (stage 1 and 2 according to IFRS 9 classification) registered an increase of RON 222.2 Million (+11%) compared to the end of 2021, while the portfolio of non-performing loans gross value (stage 3 according to IFRS 9 classification) recorded a decrease of RON 28 Million lei (-14%) translated into the decrease of the non-performing exposures rate by 1.86% in year 2022 versus 2021 (from 7.88% in 2021 to 6.02% at the end of 2022).
- **Interbank financing** developed in a positive way, complementing commercial financing and diversifying the sources of financing used by the Bank.  
In December 2022, Patria Bank obtained financing from the International Finance Corporation (IFC) in the amount of EUR 20 million over a period of 5 years. The strategic partnership with IFC supports Patria Bank's vision of supporting Romanian entrepreneurs and, in particular, women entrepreneurs.
- **Due to customers** shows an increase of 4% compared to December 31, 2021 mainly due to the current geopolitical and macroeconomic context. At the same time, Patria Bank took appropriate measures in order to optimize the financing structure, which should lead to an increase in the share of current accounts in total commercial financing, to the stimulation of the development of retail deposits and to the reduction of deposits collected from financial institutions.
- **Subordinated loans** in the Q4 2022; The bank obtained a subordinated loan in the amount of EUR 7 million for a period of 7 years, granted by the European Fund of Southeast Europe (EFSE). This loan will contribute to the consolidation of the bank's capitalization, at the same time increasing the capacities to help SMEs sustain their operations and employment by providing liquidity to deal with the economic contagion effects of the ongoing war between Russia and Ukraine.

**At individual level, the capital adequacy ratio (Total Own Funds Ratio) is 19.44%, exceeding the regulatory limit, presenting an increase compared to the level of 19.13% registered at the end of 2021. The Total Own Funds Rate of 19.44% on 31.12.2022 does not incorporate the entire profit of the year, because it is being audited, and the Total Own Funds Rate after the audit will be at the level of 20.01%.**

The Bank managed to counterbalance the negative impact in own funds from the mark-to-market of debt instruments by increasing Tier 2 equity instruments (contracted a new subordinated loan in amount of EUR 7 Million), as well as by improving profitability, thus managing to ensure a rate of own funds increased compared to 2021.

**At consolidated level, the capital adequacy ratio (Total Own Funds Ratio) is 18.88%, exceeding the regulatory limit. The ratio does not incorporate the entire profit for 2022 year, audit process being in progress.**

b) Financial results (at individual level): The main elements compared to the same period of last year are as follows:

FINANCIAL PERFORMANCE STATEMENT -thousands RON-	12M up to 31.dec.22	12M up to 31.dec.21	Δ 2022/ 2021 (abs.)	Δ 2022/ 2021 (%)
Net interest income	127,758	104,075	23,683	23%
Net fees and commission income	31,695	27,127	4,568	17%
Net gains from financial activity & other income	34,842	33,104	1,738	5%
<b>Net banking Income</b>	<b>194,295</b>	<b>164,306</b>	<b>29,989</b>	<b>18%</b>
Staff costs	(70,202)	(60,946)	(9,256)	15%
Depreciation and amortization	(19,075)	(21,301)	2,226	(10%)
Other operating and administrative expenses	(49,388)	(44,703)	(4,685)	10%
<b>Total operating expense</b>	<b>(138,665)</b>	<b>(126,950)</b>	<b>(11,715)</b>	<b>9%</b>
<b>Operating Result</b>	<b>55,630</b>	<b>37,356</b>	<b>18,274</b>	<b>49%</b>
Net impairment of financial assets	(32,490)	(21,928)	(10,562)	48%
<b>Gain/ (Loss) before tax</b>	<b>23,140</b>	<b>15,428</b>	<b>7,712</b>	<b>50%</b>
Expense from deffered tax	(2,893)	(5,966)	3,073	(52%)
<b>Gain/ (Loss) for the year</b>	<b>20,247</b>	<b>9,462</b>	<b>10,785</b>	<b>114%</b>

	12M up to 31.dec.22	12M up to 31.dec.21	Δ 2022/ 2021 (abs.)	Δ 2022/ 2021 (%)
<b>Interest income</b>	<b>217,519</b>	<b>148,758</b>	<b>68,761</b>	<b>46%</b>
Loans	187,443	130,468	56,975	44%
Debt securities	28,165	17,759	10,406	59%
Other interest bearing assets	1,911	531	1,380	260%
<b>Interest expenses</b>	<b>(89,761)</b>	<b>(44,683)</b>	<b>(45,078)</b>	<b>101%</b>
Due to customers	(80,845)	(37,920)	(42,924)	113%
Other interest bearing liabilities	(8,917)	(6,763)	(2,154)	32%
<b>Net interest income</b>	<b>127,758</b>	<b>104,075</b>	<b>23,683</b>	<b>23%</b>

- Net banking income registered a positive evolution of 18% compared to the same period of 2021 (RON +30 Million), although this evolution includes the contraction of revenues from financial activity of RON 6.8 Million generated by the evolution of the yield curve related to the portfolio of government bonds.
- Net interest income shows a 23% increase (RON +24 Million), incorporating the positive impact from the increase of ROBOR, EURIBOR and IRCC interest rate index, the increase in interest income from the

commercial area being supported by the **positive evolution of the outstanding of the gross loan portfolio of RON +222 Million** (during the last 12 months). The loan portfolio held by Patria Bank is mainly granted in RON with variable interest, being directly influenced by the ROBOR and IRCC evolution, with a positive impact on the interest income. At the same time, there is an upward evolution of the cost of financing; The Bank initiated actions both for the diversification of financing sources and for increasing the transaction activity of clients in order to develop the balance of current accounts. At the same time, new products and campaigns were launched together with the active ongoing promotion of the "Patria de oriunde" digital channel.

- **Net commissions income** shows a positive evolution of 17% generated by the increase in customer transaction activity and trade finance activity.
- **Operational expenses registered an increase of 9% (+RON 11.7 Million)** compared to 2021, mainly due to the increase of RON 2 Million in contributions paid by the Bank to the Bank Deposit Guarantee Fund. Salary expenses increased, mainly due to a series of adjustments made to compensate the increase in inflation. Also, the increase in utility prices (electricity, natural gas) caused the increase in expenses
- The Bank registered a **positive operational result for 2022 in the amount of RON 55.6 Million and a net result of RON 20.2 Million**, in a positive dynamic of 114% compared to the same period of 2021.
- **The net cost of risk registered an increase of RON 10.6 Million, +48%,** compared to the same period of 2021, due to the development of the commercial loans portfolio as well as by maintaining an adequate level of provision coverage of non-performing loans.

The quarterly evolution of the financial results is presented below.

FINANCIAL PERFORMANCE STATEMENT	Q1' 2022	Q2' 2022	Q3' 2022	Q4' 2022	Cumulative 2022	Δ T4 / T3 (abs.)	Δ T4 / T3 (%)
<b>-thousands RON-</b>							
Net interest income	29,761	33,151	32,315	32,531	127,758	216	0.7%
Net fees and commission income	7,052	7,279	8,401	8,963	31,695	562	6.7%
Net gains from financial activity & other income	4,778	11,146	4,723	14,195	34,842	9,472	200.6%
<b>Net banking Income</b>	<b>41,591</b>	<b>51,576</b>	<b>45,439</b>	<b>55,689</b>	<b>194,295</b>	<b>10,250</b>	<b>22.6%</b>
Staff costs	(17,050)	(17,904)	(17,202)	(18,046)	(70,202)	(844)	4.9%
Depreciation and amortization	(5,317)	(4,245)	(4,891)	(4,622)	(19,075)	269	(5.5%)
Other operating and administrative expenses	(12,743)	(12,407)	(12,009)	(12,229)	(49,388)	(220)	1.8%
<b>Total operating expense</b>	<b>(35,110)</b>	<b>(34,556)</b>	<b>(34,102)</b>	<b>(34,897)</b>	<b>(138,665)</b>	<b>(795)</b>	<b>2.3%</b>
<b>Operating Result</b>	<b>6,481</b>	<b>17,020</b>	<b>11,337</b>	<b>20,792</b>	<b>55,630</b>	<b>9,455</b>	<b>83.4%</b>
Net impairment of financial assets	(4,174)	(7,080)	(7,875)	(13,361)	(32,490)	(5,486)	69.7%
<b>Gain/ (Loss) before tax</b>	<b>2,307</b>	<b>9,940</b>	<b>3,462</b>	<b>7,431</b>	<b>23,140</b>	<b>3,969</b>	<b>114.6%</b>
Expense from deferred tax	(1,425)	(708)	1,292	(2,052)	(2,893)	(3,344)	(258.8%)
<b>Gain/ (Loss) for the year</b>	<b>882</b>	<b>9,232</b>	<b>4,754</b>	<b>5,379</b>	<b>20,247</b>	<b>625</b>	<b>13.1%</b>

In Q4 2022 there was a positive dynamic of net operational revenues and the operational expenses maintained at a similar level as the previous quarters, all these lead to the highest quarterly operational result of 2022.



### c) Economic-financial ratios

	Ratios	31.dec.22	31.dec.21
1	Total Own Funds Ratio	19.44%	19.13%
2	The potential change of the economic value (EVI/ Own Fund)	8.3%	9.7%
3	Loans (gross value) / Customer deposits	68%	65%
4	Loans (gross value) / Total assets	57%	56%
5	Liquidity Coverage Ratio (LCR)	392%	177%
6	Liquid assets / Total assets	39%	38%
7	Debt securities and equity instruments / Total assets	24%	25%
8	Return on Assets ratio (RoA)	0.5%	0.3%
9	Return on Equity ratio (RoE)	5.9%	2.8%
10	Expense/income ratio	71%	77%
11	Non Performing Loans (NPL)*	7.36%	9.38%
12	Non Performing Exposures (NPE)*	6.02%	7.88%
13	Coverage NPL	53%	54%
14	Coverage NPL**	57%	60%

(\*) As per individual FINREP

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

Positive developments are registered for all ratios: capital, profitability, liquidity and asset quality.

## 8. Conclusions

**The financial results for the year 2022 show a net profit of RON 20.2 Million, up by RON 10.8 Million, respectively +114%, compared to the same period of the previous year.** Patria Bank continued the process of consolidating profitability, process which arises from the development of operational revenues correlated with a prudent evolution of the cost of risk. The improvement of profitability in a volatile and uncertain macroeconomic environment, denotes a sustainable evolution as well as the adaptability of the Bank to the current market conditions.

The main financial and commercial achievements at December 31, 2022 are presented below:

- **New loans granted in amount of RON 968 Million**, which led to an increase of performing loan portfolio by 11% and respectively of the Total Assets by 9% compared with 2021
- **Improving the balance sheet structure of the Bank** by increasing the loan to deposits ratio from 65% at the end of 2021 to 68% in December 2022
- **Diversification of financing sources by concluding a financing partnership of EUR 20 Million to support the entrepreneurial environment in Romania**
- **Doubling the RoA and RoE profitability ratios and reducing the Cost to Income Ratio by 6% in 2022**
- **Increase in net operating income by 18%, RON +30 Million**, with the contribution of all income categories, in line with the evolution of the loan portfolio and the increase in commercial efficiency
- **Continuing the reduction of the non-performing loans (NPL) rate** by 186 bps compared to December 2021 and maintaining the non-performing loans coverage with impairment adjustments rate at a level of over 55%
- **Maintaining a solid capital base**, highlighted by the Total Equity Ratio of 19.44% at individual level and of 18.88% at Patria Bank Group consolidated level. An important contribution to the consolidation of the capital base is the sustained increase in profitability, as well as the contracting of a new subordinated loan that strengthened the Tier 2 capital.

## 9. Annexes

- Statement of Financial Position statement as of 31.12.2022 for Patria Bank SA
- Statement of Financial Performance for the period ended 31.12.2022 for Patria Bank SA

**NOTE: The financial statements for year 2022 are currently under audit by the independent financial auditor**

**General Manager**  
**Burak Yildiran**

**Deputy General Manager**  
**Georgiana Stanciulescu**



**PRELIMINARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**



**CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (All amounts are in thousand RON)**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Interest and similar income calculated using the effective interest rate	249,990	174,042	217,519	148,758
Interest and similar expense	(100,248)	(49,528)	(89,761)	(44,683)
<b>Net interest income</b>	<b>149,742</b>	<b>124,514</b>	<b>127,758</b>	<b>104,075</b>
Fee and commission income	37,773	32,788	36,170	31,581
Fee and commission expense	(7,107)	(6,296)	(4,475)	(4,454)
<b>Net fee and commission income</b>	<b>30,666</b>	<b>26,492</b>	<b>31,695</b>	<b>27,127</b>
Net gain/(loss) from financial assets measured at fair value through profit or loss	(11,034)	7,523	(2,611)	1,290
Net gain/(loss) from disposal of investment securities at fair value through other comprehensive income	-	6,807	-	6,807
Net gain/(loss) on derecognition of financial assets measured at amortised cost	(1,565)	639	(1,565)	639
Net gains/(losses) on investment properties	8,884	1,672	8,884	1,672
Net gains/(losses) on non-current assets held for sale	(147)	360	(147)	360
Other operating income	30,399	19,055	30,281	22,336
<b>Net Operating income</b>	<b>206,945</b>	<b>187,062</b>	<b>194,295</b>	<b>164,306</b>
Personnel expenses	(77,585)	(67,676)	(70,202)	(60,946)
Administrative and other operating expenses	(50,937)	(55,771)	(49,388)	(44,703)
Depreciation and amortization	(20,231)	(22,325)	(19,075)	(21,301)
<b>Operational result before impairment</b>	<b>58,192</b>	<b>41,290</b>	<b>55,630</b>	<b>37,356</b>
Net charge with impairment of financial assets	(34,847)	(24,245)	(32,490)	(21,928)
<b>Operational profit</b>	<b>23,345</b>	<b>17,045</b>	<b>23,140</b>	<b>15,428</b>
<b>Profit before tax</b>	<b>23,345</b>	<b>17,045</b>	<b>23,140</b>	<b>15,428</b>
Income tax charge for the year	(4,111)	(7,158)	(2,893)	(5,966)
<b>Net profit for the period</b>	<b>19,234</b>	<b>9,887</b>	<b>20,247</b>	<b>9,462</b>



**CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022 (All amounts are in thousand RON)**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Assets</b>				
Cash and cash equivalents	599,137	502,974	596,803	497,316
Financial assets measured at fair value through profit or loss	111,629	97,181	19,008	19,377
Financial asset measured at fair value through other items of comprehensive income	545,720	682,856	545,720	682,856
Due from other banks	17,693	5,834	17,693	5,834
Loans and advances to customers	2,367,714	2,154,954	2,216,935	2,028,911
Investments in debt instruments at amortized cost	440,636	259,463	440,636	259,463
Investment property	94,766	118,871	94,766	118,871
Fixed assets held for sale	2,150	7,011	2,150	7,011
Investment in subsidiaries	-	-	36,296	34,296
Other financial assets	21,684	14,960	21,930	15,143
Other assets	11,267	8,408	11,595	8,443
Deferred tax assets	14,738	11,965	13,835	11,394
Intangible assets	49,595	47,005	47,998	46,139
Property and equipment	93,499	92,895	91,847	91,035
<b>Total assets</b>	<b>4,370,228</b>	<b>4,004,377</b>	<b>4,157,212</b>	<b>3,826,089</b>
<b>Liabilities</b>				
Due to other banks	74,966	18,312	74,966	18,312
Customer deposits	3,441,591	3,306,159	3,447,728	3,314,846
Loans from banks and other financial institutions	217,870	99,377	97,914	-
Other financial liabilities	172,457	143,841	69,979	53,832
Provisions	9,754	11,113	8,893	10,357
Other liabilities	4,101	3,704	3,860	3,386
Subordinated debts	54,558	34,896	44,311	24,797
Debt securities in issue	64,501	64,174	64,501	64,174
<b>Total liabilities</b>	<b>4,039,798</b>	<b>3,681,576</b>	<b>3,812,152</b>	<b>3,489,704</b>



**CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022 (All amounts are in thousand RON)**

<b>Thousand RON</b>	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Equity</b>				
Share capital and equity premiums	332,181	315,833	332,181	315,833
Merger premium	(67,569)	(67,569)	(67,569)	(67,569)
Treasury shares	(1,140)	(1,140)	(5)	(6)
Accumulated Profits / (Losses)	47,256	13,539	62,976	27,816
Revaluation reserve	(10,173)	33,819	(11,882)	32,109
Statutory legal reserve	15,197	13,641	14,681	13,524
Other reserves	14,678	14,678	14,678	14,678
<b>Total equity</b>	<b>330,430</b>	<b>322,801</b>	<b>345,060</b>	<b>336,385</b>
<b>Total liabilities and equity</b>	<b>4,370,228</b>	<b>4,004,377</b>	<b>4,157,212</b>	<b>3,826,089</b>

**Note to the financial information as at 31.12.2022**

The information presented for the period ended December 31, 2022 as well as for the prior periods, was prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and applicable at that date. The financial information relates to the Bank and the Group and it does not constitute a complete set of financial statements. The information for the financial year 2022 is not audited or revised while the information for the financial year 2021 is audited.

Burak Yildiran  
General Manager

Georgiana Stanciulescu  
Deputy General Manager