

Quarterly Report

PATRIA BANK S.A.

March 31, 2021



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

Report date: **17.05.2021**

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

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

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

Tax identification number: **RO 11447021**

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

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

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

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

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

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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. Important events that took place during the first 3 months of 2021 and their impact on the financial results

Executive Summary

Financial results as of March 31, 2021 (3 months) show a net profit of RON 453 Thousand, increasing by 119% compared to the same period of 2020, coming from the favorable evolution on all areas of activity and also including an additional cost of risk for a prudent approach of the 2021 year.

The consolidation of the profitability level, with positive results from the first quarter, represents the cumulation of the strategic decisions that the Bank has implemented, materializing in the following **financial benchmarks reached in Q1 2021:**

- **New loans granted more than RON 217 Million** during 2021, which led to an increase in the portfolio of performing loans by 4%, respectively RON +74 Million compared to December 2020
- **Improving the Bank's Balance Sheet structure by increasing the share of net loans in total assets to 55%** from 52% in December 2020
- **Development of operating revenues by 14% Q1 2021 compared to Q1 2020** on all components of its structure
- **Optimization and reduction of operational expenses by 6%, RON -1.8 Million** (first three months of 2021 compared to the similar period of 2020)
- **Maintaining a solid capital base highlighted by the Own Funds Rate of over 20% both individually and consolidated at the level of the Patria Bank Group.**

Following the analysis of financial results, the management considers that Patria Bank S.A. has already been impacted by the COVID-19 pandemic, but the effects can be mitigated by measures taken by the Bank, financial markets evolutions or by economic recovery measures initiated by the Government. The current context can bring negative effects especially in terms of the potential level of cost of risk, but it can also generate business and development opportunities through accelerated attraction of new customers.

2.1 Macroeconomic and banking environment aspects

At the end of 2020, the budget deficit reached the level of 9.80% of the Gross Domestic Product, and public debt has reached a level of 47.3% of Gross Domestic Product (GDP), a year marked by the severe effects of the medical and economic crisis caused by the SARS-Cov2 virus. For the current year, the public budget forecasts a deficit of 7.1% of GDP, appearing the need for a larger fiscal consolidation in the coming years.

The Economic growth forecasts for 2021 have been revised upwards by the Romanian Government and the IMF (in the World Economic Outlook of April 2021) as well as the EC (Spring Economic Forecast May 2021) from an initial GDP growth in real terms estimated at 4.2% at a level that will exceed 5% in real terms.

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

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

In terms of monetary policy, during the last period (from 2020 up to now) the National Bank has successively reduced the monetary policy interest rate, reaching 1.25% - practically a halving of the reference rate compared to the middle of 2018. This aggressive reduction was accompanied by various liquidity injection measures, such as operations for the purchase of government bonds on the secondary market, bilateral operations with commercial banks or the reduction of the minimum required reserve (in the case of Euro). In the next 2 years we do not envisage changes in the official interest rate of the NBR, however there are significant pressures in the sense of rising inflation.

Financial intermediation in Romania remains at the lowest level in the European Union, but the banking system envisages growth expectations for the coming years, with a relatively low growth rate.

Internationally, the economic uncertainty will persist in 2021 amid the evolution of the pandemic and a still low degree of vaccination. Against the background of the recurrence of inflation, through the so-called reinflation process, it is possible to witness an increase in fixed interest financial assets yields but also a correction in stock markets. The main topic of discussion in the US or the EU is related to the inflationary level (transitory or not) and how the central banks will react, as well as the opportunity when the "*tapering*" phenomenon begins.

The rate of non-performing loans and advances for non-financial corporations improved by 0.52% from 7.12% at the end of 2019 to 6.60% at the end of 2020. The rate of non-performing loans and advances for individual households increased by 0.11 %, from 3.99% at the end of 2019 to 4.10% at the end of 2020.

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

Lending activity at national level continued to be supported by a constant increase, both in the case of individuals and legal entities. Compared to the volumes recorded at the end of the first quarter of 2021 compared to the end of 2020, loans to individuals increased by 1.6%. Also, the end of the first quarter of 2021, compared to December 2020, showed an increase in loans to companies by 4.5%.

In the first quarter of 2021, deposits in the banking system increased by 2.3% compared to 2020, increase determined by both the intensification of the saving degree of individuals as well as companies. Break down by

components, the increase in deposits of individual households in the first quarter of 2021 was 3.1%, while the level of companies' savings increased by only 0.9%. At the level of all sources attracted by the banking system, the trend manifested some time ago continued, the indicators highlighting an improvement of the saving activity at all levels of the Romanian economy.

The quality of banking assets continued to improve: the non-performing loans rate (according to the EBA definition) at the level of the banking system reached 3.83% at the end of December 2020, compared to 4.09% at the end of December 2019.

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

Foreign exchange and money market trends for 2021

After the 3 months that have passed since 2021, the exchange rate of the national currency Leu against the single European currency (EUR) still varies around 4.8700 - 4.8900. Starting with April, the NBR gave the first signals of accepting a marginally weaker RON, amid rising inflation. Thus, the EUR / RON exchange rate is today around 4.9200 with a potential depreciation somewhere around 5.00 in the second half of this year. This level could be jeopardized with the complete reopening of the economy when the pressure on the current account deficit increases. As another risk factor could be rising oil prices, bringing additional pressure on the consumer price index. However, the NBR has the necessary resources to keep the evolution of the exchange rate under control.

Regarding the medium and long-term interest rate curve, we appreciate that the interest rates for RON reached the lowest level in February 2021, the fear of reflation will lead to the increase of the rates soon. At this stage, we consider that the NBR has limited room for maneuver in order to further reduce interest rates for lei. For this reason, we do not see any decrease in the Minimum Mandatory Reserves.

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

2.2 Commercial and operational aspects

On the commercial level, the Bank continued to be an active participant in the specific segments of legal entities where it has built a reputation in the market in the last five years (SMEs, Microenterprises and Agro). The addressability continued both in the urban area (with the presence of branches) and in the rural area, through the mobile sales force and dedicated collection and through a superior collaboration with the territorial units of Patria Credit IFN, member of the Group.

The Bank has accelerated the growth strategy of the retail segment (individuals), mainly in urban areas, both by optimizing consumer credit and especially by increasing the area of mortgage loans (56% YoY Q1 2021 compared to Q1 2020).

During Q1 2021, the lending activity generated new loans of approximately RON 217 Million, with a superior dynamic in the area of legal entities.

At the level of increasing the loan outstanding, it was significantly higher than the average of the banking system:

- 15.78% on the area of individuals, compared to 4.73% growth rate of the banking system, YOY March 2021 vs. March 2020;
- 12.43% on the area of legal entities, compared to 9.05% growth rate of the banking system, YOY March 2021 vs. March 2020.

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

1. **Supporting individual debtors** and the legal entities affected by the COVID-19 crisis (deferral of payments or restructuring, where appropriate, or by providing financing to cover the temporary liquidity gap)
2. The role of **active financier of entrepreneurs** (from unaffected economic sectors and markets where the COVID-19 crisis has even generated development opportunities) and individuals (especially in the real estate acquisitions' area).

Patria Bank continued to support Micro and SME customers during the pandemic, including during Q1 2021. The business strategy was adapted accordingly, including by enhancing local or international guarantee instruments. The acceleration of the lending process was achieved also by the constant increase of the number of newly acquired clients, in an adequate risk framework.

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

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

The Bank has permanently maintained contacts with customers who have benefited by payment holiday for instalments, in order to check, in each case, the evolution of cash flow, the capacity to pay, the probability of repayment at the same time with the expiration of the postpone period, additional needs that may arise etc. Throughout the quarter, the Bank constantly performed superior analysis and monitoring of the client portfolio to counteract the negative effects of the pandemic and ensure efficient management of the portfolio and the relationship with each client.

Regarding the **SME and Small Corporate segment**, in Q1 2021, financing in the amount of over RON 80 Million was granted, resulting in an **increase in the balance of performing loans by 3% compared to the end of 2020**.

Also, a constant attention was paid to the relationship with the clients who benefited from the payment holiday in 2020, in order to evaluate the individual financial situation of each client and to act in order to support the additional needs. As a result of constant efforts to improve the relationship with existing customers, by encouraging the use of the Internet Banking platform, in the first quarter of 2021 the turnovers recorded by the customers through Patria Bank were about 64% higher compared to the same period in 2020.

Patria Bank continued to support customers in the **Micro sub-segment**. The Bank continued the campaign carried out together with the European Investment Fund (EIF) and ensured, with the support of partners, the possibility

of doubling the maximum amount granted to a debtor (RON 240,000 / debtor) as a support measure COVID-19 approved by the EIF, as well as increasing the value of the guarantee, from 80% to 90%. This measure will apply until June 30, 2021. It should be noted that in the first quarter of 2021 EASI loans were granted at a level of 57% compared to the volumes granted throughout 2021.

On the total Micro business line, the implemented commercial actions and the intense activity in the commercial area generated an **increase in the balance of performing loans by almost 6% compared to the end of 2020**.

The Bank's expertise and interest in supporting companies operating in the field of **Agriculture** was fully reflected in the Bank's results in the first quarter. In March 2021, Patria Bank was, again, among the first banks to sign the agreement with APIA, and the Bank is still in the top 3 as a user of guarantees issued by the Romanian Rural Credit Guarantee Fund (FGCR).

AGRO's portfolio in Patria Bank is still mainly in the vegetable culture area, both due to the superior expertise that the Bank has in this segment and due to the superior control of risks. Large vegetable growing in Romania is significantly covered, but most vegetable growers have a small size and, therefore, are served in the area of Micro-financing.

Although in 2020 part of the client portfolio was affected by the drought, the amount of rainfall in the first quarter of 2021 will ensure a good crop yield this year.

In the first quarter of 2021, **new competitive products** were launched dedicated to financing agriculture that cover investments in agricultural land (the maturity of the loan period was increased also), investment products in agricultural equipment were improved (including through a product dedicated to explicit financing of **irrigation**) and a new credit was launched for General Expenses that benefits from a higher maturity and a flexibility of use, according to the specific needs identified by the Bank among customers.

We mention that the Bank is an active part of the IMM Invest, IMM Factor and Agro IMM Invest programs. The commercial activities implemented in the first quarter of 2021 generated within the Agro sub-segment, an **increase in the outstanding of performing loans by over 8% compared to the end of 2020**.

In the Retail area (individuals), the first quarter of 2021 meant an acceleration both in lending activity and in the improvement and optimization of products, processes, flows and systems, which led to an **increase in the outstanding of Retail performing loans by 4% compared to the end of the previous year**.

Patria Bank continued the series of transformations of traditional banking in the direction of solutions already developed around new technologies - internet banking / mobile banking, contactless payments, or in the direction of solutions that have been tested and will be launched in the near future: online account enrollment / opening, online credit granting, instant payments, biometric authentication (fingerprint, facial identification) or signing the contractual documentation using a qualified electronic signature.

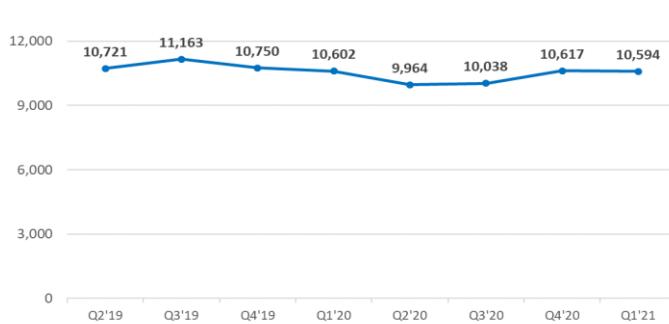
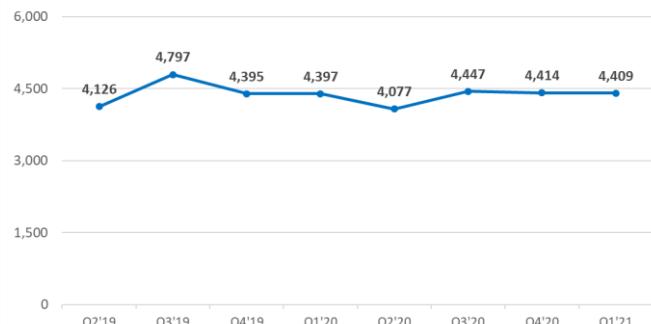
All the promoted products are designed to respond to the still atypical current context. Thus, the mortgage loan with included solutions for space ergonomics or the mortgage loan with zero advance (no cash advance), responds to the growing need for extra space that is registered, especially, by the inhabitants of large urban agglomerations, who still work from home.

According to the diversification strategy of the distribution channels, the Bank generated additional sales as a result of attracting a significant number of *Online leads* and as a result of starting relations with credit bureaucracies (following the signing of partnerships in December 2020).

A distinct objective for the bank in 2021 is related to the acceleration of digitization and financial education programs for customers:

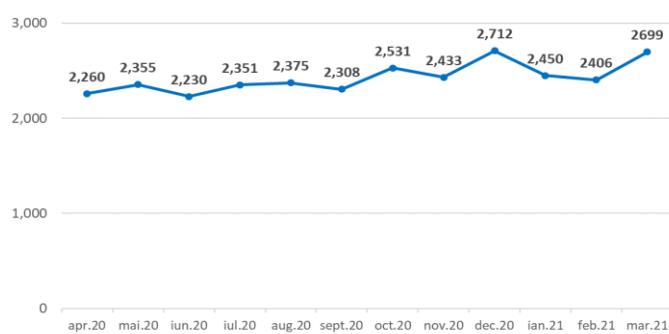
- Further development of the Bank's Internet & Mobile Banking Platform, Patria Online, with new digital customer options in the transactional relationship with the Bank (the platform is available at <https://www.patriabank.ro/noua-plataforma-patria-online>)
- Patria Online registered on 31.03.2021 an increase of over 160% in the number of users compared to the date of customer migration on the new platform, implemented in the latter part of 2019 and the number of transactions made by customers through the platform increased by approx. 30% vs. the same period last year
- Promoting Retail current account packages with an important digital component within their structure and with optimized costs for customers
- Equipping the Bank's clients with over 12,500 products that facilitate remote trading / information (Internet & Mobile Banking Service, SMS Alert Service, Cards and transactional packages)
- Accelerated continuation of digitization projects: biometric card payment authentication, instant payment, Online Customer Lending, Multi-Functional Machines Program (endowment of both territorial units with multi-functional machines and arrangement of self-service areas within the units that will be included in the program)
- The Online Onboarding Individuals project saw significant progress in Quarter 1, which is already entering the pilot phase of customer testing. The platform is developed internally and enjoys an interface that follows the principles and good practices of UI & UX. It will be made available to customers no later than Q3
- Continuation of the technology project of traditional commercial spaces, such as the project "POS at the Market" which involved the installation of POS terminals in 12 agri-food markets. The number of transactions increased by 148% and the volumes traded through POS terminals in the agri-food markets doubled (increase by 108%) compared to the similar period of 2020
- Development of the Patria Bank Blog with additional components of financial education and entrepreneurial education. An important focus started in Q1 is the promotion of social entrepreneurship and social business models, as well as the promotion of social economy principles.

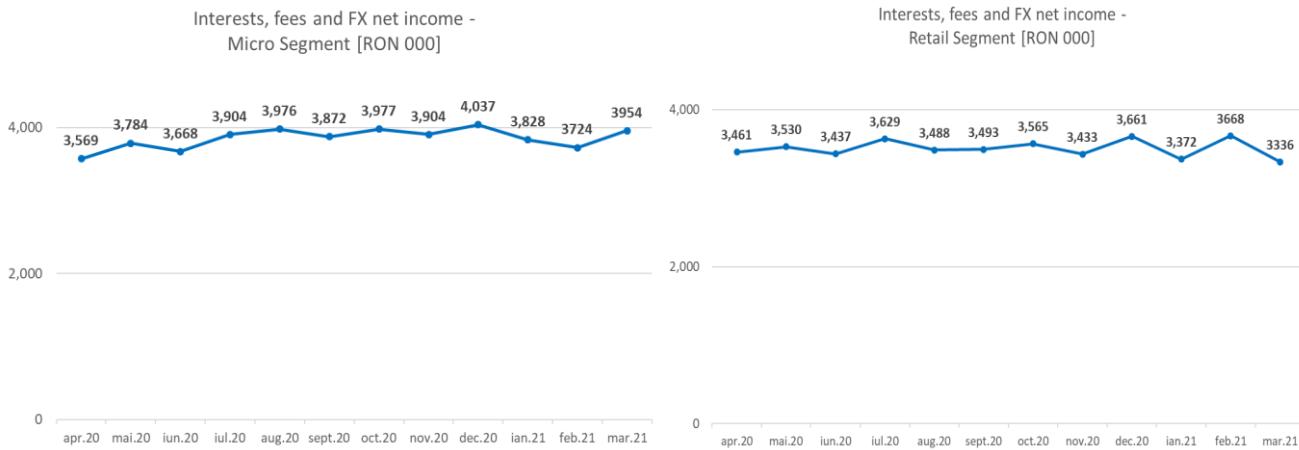
The *quarterly evolution of gross income from interest, commissions and FX, broken down into business segments*, is presented below (RON Thousand):

Interest, fees & FX gross income -
 IMM&Corp Segment [RON 000]

 Interest, fees and FX gross income -
 Agro Segment [RON 000]

 Interests, fees and FX gross income -
 Micro Segment [RON 000]

 Interests, fees and FX gross income -
 Retail Segment [RON 000]


The *monthly* evolution of *net* income broken down on business segments is presented below:

 Interests, fees and FX net income -
 IMM&Corp Segment [RON 000]

 Interests, fees and FX net income -
 Agro Segment [RON 000]

Operationally, the Bank continued in Q1 2021 the strategy of developing its products and applications, through the implemented projects that support the objectives set in the business plan and the 2021 Budget. A special priority was given to finalize the implementation of innovative solutions in terms of providing online services, quickly and securely, for Patria Bank customers.

Operationally, during Q1 2021 the Bank continued the processes of optimization, development of remote interaction processes with customers and digitization, the main initiatives with impact on the Business area are the following:

- **Online Customer Onboarding for individuals** - developing a platform for accessing remote banking products and services by going through a 100% online flow, thus potential customers can benefit in just a few minutes from financial products and services customized to their needs such as opening current accounts or service packages, setting up of deposits, contracting IB / MB services with the use of qualified electronic signatures
- Implementation of **Trusted Services** related to **qualified electronic signature**: Remote identification of customers through digital channels, issuance of a qualified electronic signature certificate, as well as signing contractual packages according to European and national legislation governing trusted services and remote identification
- **Optimization of Mobile Banking Platform** by adding new functionalities such as a new advanced secure authentication solution using biometric methods: facial recognition and fingerprint for transactions on the platform
- **Optimization of Internet Banking Platform by adding new modules:**
 - **Asset Management Module** for the purpose of viewing and managing the assets held by Patria Bank clients, selling of fund units and promoting of managed funds among the Bank's clients
 - **Personal Finance Module** that offers the possibility to customize all transactions made by specific categories and rules defined by clients
 - **Instant Payments** - implementation of the instant payment / collection option in lei for small amounts that are made in maximum 20 seconds since the moment of initiation, transfers will be possible only to the other member banks of the payment scheme implemented by Transfond.
- **Customer Digital Lending for individuals** - as a development of the Customer Onboarding platform, Patria Bank will complete the portfolio of services with the implementation of a digital lending platform, at one click away and without coming into physical contact with the Bank, customers having the opportunity to request credit products with automatic and fast decision only by signing an electronic contract

Solutions with an impact on the Operational Security area in progress:

- **Solution for Classification and Encryption of Documents** - implementation of security measures specific to the degree of classification necessary to protect information, a solution that helps to better classify digital documents and encrypt them as required, thus preventing data leaks inside Patria Bank
- **Document Sanitizing Solution** - the technological solution allows the sanitization and / or reconstruction of all documents from the external environment in order to mitigate the risk of infection with malicious codes inside Patria Bank.

In the next period, in order to continue the strategy of optimization and digitization of the processes through which the Bank offers customers the possibility to access remote services and subsequently in their trading / use, the following projects with impact on the commercial area will be started:

- **Improving / optimizing the processes of issuing, re-issuing and delivering the card and the PIN code:** eliminating the interaction with the clients in the territorial units using the delivery service of the inactivated card at the client's domicile and sending the PIN code by SMS or at his domicile
- **Optimizing the Patria SecurePay application** by adding the second authentication factor imposed by the low adoption rate of the biometric authentication variant, offering a high security of personal details and preventing fraudulent transactions on behalf of clients. Implementation of the new solution offers the alternative to customers who have not adopted for biometrics functionality to use the password and OTP code (one-time password) to authenticate e-commerce transactions
- **Optimization of business processes (business processes re-engineering)** both for the Retail segment and for all business lines related to legal entities (Agro, Micro, SME / Corporate). The main purpose of the initiatives included in this project is to optimize and / or automate the identified processes in order to streamline flows, both in relation to the customer and between the Bank's structures, as well as the significant reduction of operational risk associated with the respective processes.

2.3 Financial Results

a) The Bank's financial position at the March 31, 2021 is as follows:

FINANCIAL POSITION -thousands RON-		31-Mar-21	31-Dec-20	Mar.21/ Dec.20 (abs.)	Mar.21/ Dec.20 (%)	31-Mar-20	Mar-21/ Mar- 20 (abs.)	Mar-21/ Mar-20 (%)
ASSETS								
Cash and cash equivalents		381,238	350,943	30,295	9%	297,041	84,197	28%
Loans and advances to banks		5,602	7,428	(1,826)	(25%)	5,869	(267)	(5%)
Securities		814,091	957,569	(143,478)	(15%)	789,571	24,520	3%
Investments in subsidiaries		34,296	33,322	974	3%	30,230	4,066	13%
Loans and advances to customers, net		1,844,805	1,778,298	66,507	4%	1,631,824	212,981	13%
Other assets		298,527	302,448	(3,921)	(1%)	312,814	(14,287)	(5%)
Total ASSETS		3,378,559	3,430,008	(51,449)	(1%)	3,067,349	311,210	10%
LIABILITIES								
Due to banks & REPO		47,464	37,459	10,005	27%	16,751	30,713	183%
Due to customers		2,842,857	2,904,771	(61,914)	(2%)	2,612,782	230,075	9%
Borrowings and other liabilities (including subordinated debt)		145,757	144,050	1,707	1%	112,393	33,364	30%
Total Liabilities		3,036,078	3,086,280	(50,202)	(2%)	2,741,926	294,152	11%
Total Equity		342,481	343,728	(1,247)	(0%)	325,423	17,058	5%
Total LIABILITIES AND EQUITY		3,378,559	3,430,008	(51,449)	(1%)	3,067,349	311,210	10%

-thousands RON-	31-Mar-21	31.dec.20	Mar.21/ Dec.20	31-Mar-20	Mar-21/ Mar-20
Gross Loans	1,985,675	1,907,110	78,565	4%	1,756,498
Performing loans	1,760,073	1,686,136	73,937	4%	1,531,060
Non-performing loans	225,602	220,974	4,628	2%	225,438
Impairments	(140,871)	(128,812)	(12,058)	9%	(124,674)
Performing loans impairments	(28,079)	(27,664)	(416)	2%	(23,125)
Non-performing loans impairment	(112,791)	(101,148)	(11,643)	12%	(101,549)
Net loans	1,844,805	1,778,298	66,507	4%	1,631,824
Net Performing loans	1,731,994	1,658,472	73,522	4%	1,507,935
Net Non-performing loans	112,811	119,826	(7,015)	-6%	123,889

- Total Assets amounting to RON 3,379 Million** shows a slight contraction towards the end of 2020, simultaneously with the change in the Bank's Balance Sheet structure: increase in net loans RON +67 Million and reduction of liquid assets by RON 115 Million, the liquidity surplus being placed in loans (assets with the best return) as well as used to cover the slight contraction of commercial deposits
- The loan portfolio (net value)** registered an increase of 4%, RON +67 Million, compared to December 2020 and an increase of 13%, RON +213 Million compared to March 31, 2020; In terms of structure, the net performing portfolio (stage 1 + 2) registered an increase of RON 74 Million (+ 4%) compared to December 2020, while the portfolio of non-performing loans decreased by RON 7 Million (-6%)
- Debt due to customers shows a decrease of 2% compared to December 2020**, this evolution being generated by the accumulation of several elements in the COVID-19 pandemic context, as well as by the

decrease of interest rates in the market, which generated the reorientation of some depositors towards other investment options.

At the individual level, the capital adequacy ratio (Total Own Funds Ratio) is **21.19%**, exceeding the regulatory limit, maintaining a level similar to the end of 2020 when the level of 21.60% was registered.

At consolidated level, the capital adequacy ratio (Total Own Funds Ratio) is **20.85%**, exceeding the regulatory limit.

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

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

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

FINANCIAL PERFORMANCE STATEMENT -thousands RON-	3 months 31-Mar-21	3 months 31-Mar-20	Δ 2021/ 2020 (abs.)	Δ 2021/ 2020 (%)
Net interest income	25,520	26,373	(853)	(3%)
Net fees and commission income	6,652	5,720	932	16%
Net gains from financial activity & other income	9,033	4,020	5,013	125%
Net banking Income	41,205	36,113	5,092	14%
Staff costs	(15,322)	(15,199)	(123)	1%
Depreciation and amortization	(5,499)	(5,993)	494	(8%)
Other operating and administrative expenses	(10,011)	(11,463)	1,452	(13%)
Total operating expense	(30,832)	(32,655)	1,823	(6%)
Operating Result	10,373	3,458	6,915	200%
Net impairment of financial assets	(9,048)	(5,052)	(3,996)	79%
Gain/ (Loss) before tax	1,325	(1,594)	2,919	183%
Expense from deffered tax	(872)	(835)	(37)	4%
Gain/ (Loss) for the year	453	(2,429)	2,882	119%

- Net banking income** registered a **14% increase**, by RON 5 Million, compared to the same period of 2020, a positive evolution due mainly to the incomes coming from fees and commissions and from financial activity.

Interest income on loans was negatively affected by the COVID-19 pandemic, the evolution of the ROBOR interest index being directly reflected in the income level, because the loan portfolio is largely granted with variable interest.

A contraction is also observed in the interest income related to debt instruments, being correlated with the reduction of the excess liquidity and the increase of the loan portfolio.

	3 Months 31-Mar-21	3 Months 31-Mar-20	Δ 2021/ 2020 (abs.)	Δ 2021/ 2020 (%)
Interest Income	36,614	37,635	(1,021)	(3%)
Loans	31,773	32,192	(419)	(1%)
Debt Securities	4,723	4,843	(120)	(2%)
Other interest earning assets	119	601	(482)	(80%)
Interest Expenses	(11,094)	(11,262)	167	(1%)
Due to customers	(9,448)	(10,336)	888	(9%)
Other interest bearing liabilities	(1,647)	(926)	(721)	78%
Net Interest Income	25,520	26,373	(853)	(3%)

- Total interest expenses remain similar to those recorded last year in Q1**, but the breakdown evolution is different: a decrease of 9% for interest expenses related to commercial deposits and an increase on subordinated bonds issued by Patria Bank in order to consolidate the own funds base - the October 2020 bond issue amounting to EUR 8.2 Million.
- Operating expenses registered a contraction** compared to the same period of 2020 **by 6%, by RON 1.8 Million**, the Bank taking actions and measures to preserve the profitability of the institution in the COVID-19 pandemic context. An extensive cost optimization process was carried out to adapt to the new market conditions
- The net cost of risk registers a substantial increase of 79%, of RON 4 Million** compared to the same period of 2020, amid the effects of the COVID-19 pandemic (completion of deferred payments) and the updating of the parameters used in the calculation of depreciation adjustments in accordance with IFRS 9. The Bank considered prudent a level of impairment adjustments that anticipates possible risks that may arise in 2021
- The Bank registered a **positive operating result amounting to RON 10.4 Million, 200% higher than in Q1 2020 when it accumulated only RON 3.5 Million lei**, the dynamics in 2021 occurred both from the increase in revenues and from reducing operational expenses.

2.4 Financial-economic main ratios (individual level)

Indicators	31-Mar-21	31-Dec-20	31-Mar-20
1 Total Own Funds ratio	21.19%	21.60%	16.50%
2 Economic Value Potential Change Ratio (EVI/OF)	8.50%	6.95%	7.02%
3 Loans (gross value) / Customer Deposits	70%	66%	67%
4 Loans (gross value) / Total Assets	59%	56%	57%
5 Liquidity Coverage Ratio (LCR)	199%	206%	293%
6 Liquid Assets / Total Assets	36%	38%	36%
7 Debt Securities and Equity Instruments / Total Assets	24%	28%	26%
8 Return on Assets (RoA)	0.1%	0.1%	-0.3%
9 Return on Equity (RoE)	0.5%	0.8%	-2.9%
10 Cost to Income ratio	75%	81%	91%
11 Non-performing Loans Ratio (*)	11.69%	11.91%	12.14%
12 Non-performing Exposure Ratio (*)	10.09%	10.34%	10.77%
13 Impairment adjustments coverage rate of non-performing loans	52%	48%	42%
14 Impairment adjustments coverage rate of non-performing loans (**)	58%	54%	58%

Note: Starting with 30.06.2020, the provisions related to the interest calculated for the depreciated loans (unwinding of interest) no longer diminish the gross exposure, affecting the comparability with previous periods. The change occurred according to the principles of IFRS 9, being aligned with the method of presentation and in the calculation of prudential indicators.

Coverage NPL (Provisional coverage rate of non-performing loans) - interest on impaired loans and fair value adjustments were reclassified from gross exposure to impairment adjustment.

3. The activity of the Bank's subsidiaries

Patria Credit IFN

Patria Credit IFN SA, a company authorized by the NBR to carry out lending activities, is a name known on the local and European markets through its longstanding expertise in the field of agricultural microfinance. Patria Credit expanded its loan portfolio balance at the end of the first quarter 2021 up to the equivalent of EUR 23 Million (up 25% compared to March 2020). The volume of new loans granted during the first quarter of 2021 was EUR 4.2 Million, increasing by 40% compared to the same period of 2020. The company obtained a net profit of EUR 0.42 million (according to Romanian Accounting Standards), up 90% compared to the same period last year, despite the unfavorable economic situation caused by the COVID-19 pandemic.

Regarding credit risk, the company has maintained a prudent and appropriate policy for its risk profile. Thus, Patria Credit registered in the the first three months of 2021 an annual cost of risk of 1.12% compared to the budgeted level of 1.2%, calculated as ratio between the level of provision expenses for loans and the average portfolio.

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

- finalization of a supplier selection complex process to replace the Front Office IT system with a new Credit Management system related to the project "Operational improvement of IT and digitization / change of IT systems architecture" carried out together with external consultants Advision Finance Netherlands and funded by the consulting side EFSE DF
- participation in a consortium of three partners - ADV Romania (Together with you - NGO), Patria Credit SA - IFN and FEBEA Belgium (European Federation of Ethical and Alternative Banks and support organizations) in the project co-financed by the European Union: "AFIN - Romanian Alternative FINancing Institution Dedicated to Social Economy Enterprises", a project that aims to create in Romania the first specialized financial solution that addresses social enterprises and cooperatives
- Spring Campaign on promoting Patria Credit lending products (online, TV, SMS and through own channels)
- reactivation of Patria Credit Foundation (presentation and strategy, status and headquarters update, website start and launch of the first projects).

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

SAI Patria Asset Management

Patria Asset Management, an Investment Management Company authorized by FSA, manages four open-end investment funds as at 31.03.2021: Patria Obligatiuni, a fund specialized in fixed income instruments denominated in RON, Patria Euro Obligatiuni, an EUR denominated fund specialized in fixed income investments, Patria Global, a diversified fund and Patria Stock, an equity-focused fund.

In Q1 2021, Patria Global fund brought investors a positive return of 3.73% and the fund's assets increased by 11.64% (reaching RON 12.7 Million) compared to 31.12.2020. Patria Stock fund recorded an increase of unit fund by 3.03% and the fund's assets increased by 2%, up to RON 3.92 Million. As for Patria Obligatiuni, it recorded an yield of 0.64% during 01.01.2021 – 31.03.2021, while the fund's net assets increased by 7.32% up to RON 27.9 Million. Patria Euro Obligatiuni recorded a yield of 0.39% in Euro during the 3 months ending on 31.03.2021 while the fund's assets increased by 5.38% up to EUR 1.31 Million. At the end of March 2021, the total assets managed by Patria Asset Management registered the level of RON 51 Million, increasing by 7.67% compared to the end of 2020.

Starting with April 8, 2021, SAI Patria Asset Management SA took over the administration of an open-ended investment fund tradable on the Bucharest Stock Exchange, ETF BET Patria-Tradeville. The fund is an *Exchange Traded Fund* and its purpose is to replicate the structure and performance of the BET stock index, the reference index of the Bucharest Stock Exchange. As at 31.03.2021, the BET Patria-Tradeville ETF had net assets of RON 16.88 Million.

4. Other information and statements

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

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

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

The data presented on March 31, 2021 are based on the organization and management of accounting in accordance with Law no. 82/1991 republished with the subsequent modifications and completions, in accordance with the NBR Order no. 27/2010 for the approval of the accounting regulations compliant with the International Financial Reporting Standards adopted by the European Union, with the subsequent modifications and completions.

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

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

During the reporting period there were no changes regarding the rights of the shareholders. As at March 31, 2021, shareholders whose voting rights are suspended under NBR's Orders held a total of **245,490,909** shares representing **7.88%** of the total number of shares and the total number of voting rights.

Changes of the share capital

During Q1 2021 the Bank's share capital has not changed. Patria Bank SA is a company whose shares are traded on the Bucharest Stock Exchange, Premium Category, under PBK ticker symbol. The structure of the Bank's stock holdings amounting to at least 10% of its share capital at 31.03.2021 was as follows:

Shareholder	No. of shares	Percent (%)
EEAF FINANCIAL SERVICES BV, Amsterdam	2,592,620,715	83,2214
Individuals	456,726,235	14.6606
Legal entities	65,983,625	2.1180
Total	3,115,330,575	100

Management of the company

As at 31.03.2021 the management of the Bank is provided by:

a) The Board of Directors:

- Mr. Horia Dragos Manda - chairman
- Mrs. Daniela Elena Iliescu – executive member
- Mr. Bogdan Merfea - member
- Mr. Nicolae Surdu – independent member
- Mr. Vasile Iuga - independent member

b) The Executive Committee:

- Mrs. Daniela Iliescu - General Manager
- Mr. Grigore Valentin Vancea - Deputy General Manager - Operations and IT Division
- Mr. Stefan Codrut Nicolau - Deputy General Manager - Business Division
- Mr. Suleyman Burak Yildiran – General Manager (NBR pending approval).

In the meeting of 30.03.2021 the Board of Directors of the Bank approved the extension of the mandate of Mrs. Daniela Elena Iliescu in the position of General Manager for a period of six months and the maintenance of the Decision of the Board of Directors of 14.10.2020 regarding the termination of the mandate of General Manager of Mrs. Daniela Elena Iliescu starting with the date of communication of the prior approval by the National Bank of Romania for Mr. Suleyman Burak Yildiran, the date from which the responsibilities of general manager will be exercised by Mr. Suleyman Burak Yildiran and Mrs. Daniela Elena Iliescu will coordinate the Financial and Risk areas within Patria Bank, as Deputy General Manager, after prior approval by the National Bank of Romania.

5. Significant transactions

Excepting the affiliated parties transactions mentioned at point 3, there were no other significant contracts concluded by Patria Bank S.A. in Q1 2021 on acquisitions, mergers, divisions etc. or significant transactions with persons with whom they would act concertedly or in which such persons were involved.

6. Significant litigations

Information on the litigations concerning the withdrawal of minority shareholders from the company following the merger process is detailed in the Consolidated and Individual Financial Statements for the year ended December 31, 2020 in note 46.

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

7. Subsequent events after 31.03.2021

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

8. Annexes

- Interim Primary Individual and Consolidated Financial Statements as at 31.03.2021:

- Individual and consolidated financial position statement
- Individual and consolidated financial performance statement and other global result elements
- Individual and consolidated own funds changes statement
- Individual and consolidated cash flow statement

NOTE: The financial statements for the first 3 month of 2021 have not beed audited/reviewed by the independent financial auditor.

General Manager

Daniela-Elena Iliescu

Deputy General Manager

Valentin Vancea

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

Thousand RON	Group		Bank	
	Unaudited (*)	Unaudited (*)	Unaudited (*)	Unaudited (*)
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Interest and similar income calculated using the effective interest rate	42,102	42,389	36,614	37,635
Interest and similar expense	(12,075)	(12,354)	(11,094)	(11,262)
Net interest income	<u>30,027</u>	<u>30,035</u>	<u>25,520</u>	<u>26,373</u>
Fee and commission income	8,363	7,341	8,192	7,139
Fee and commission expense	(1,789)	(1,710)	(1,540)	(1,419)
Net fee and commission income	<u>6,574</u>	<u>5,631</u>	<u>6,652</u>	<u>5,720</u>
Net gain/(loss) from financial assets measured at fair value through profit or loss	975	(3,544)	727	(1,365)
Net gain/(loss) from disposal of investment securities at fair value through other comprehensive income	4,508	1,649	4,508	1,649
Net gain/(loss) on derecognition of financial assets measured at amortised cost	(8)	(75)	(8)	(75)
Net gains/(losses) on investment properties	(68)	191	(68)	191
Net gains/(losses) on non-current assets held for sale	2	528	2	437
Other operating income	4,011	3,165	3,872	3,092
Net Operating income	<u>46,021</u>	<u>37,580</u>	<u>41,205</u>	<u>36,022</u>
Personnel expenses	(16,883)	(16,550)	(15,322)	(15,199)
Administrative and other operating expenses	(11,159)	(10,550)	(10,011)	(11,737)
Depreciation and amortization	(5,737)	(6,279)	(5,499)	(5,718)
Operational result before impairment	<u>12,242</u>	<u>4,201</u>	<u>10,373</u>	<u>3,368</u>
Net charge with impairment of financial assets	(8,578)	(4,943)	(9,048)	(4,962)
Profit/(Loss) before tax	<u>3,664</u>	<u>(742)</u>	<u>1,325</u>	<u>(1,594)</u>
Income tax charge for the year	(1,281)	(1,141)	(872)	(835)
Net profit/(loss) for the period	<u>2,383</u>	<u>(1,883)</u>	<u>453</u>	<u>(2,429)</u>

	Group Unaudited (*) 31 March 2021	Bank Unaudited (*) 31 March 2020	Group Unaudited (*) 31 March 2021	Bank Unaudited (*) 31 March 2020
Thousand RON				
Net profit/(loss) for the period	2,383	(1,883)	453	(2,429)
Other elements of the comprehensive income				
Items that may be reclassified to profit or loss:				
Gains on debt instruments measured at FVOCI, recycled in the profit or loss	(4,508)	(1,649)	(4,508)	(1,649)
Gains from fair value measurement of debt instruments measured at FVOCI	2,192	(4,245)	2,192	(4,245)
Variation of expected credit loss related to debt instruments measured at FVOCI	(6)	2	(6)	2
Income tax recorded directly in other comprehensive income	371	77	371	77
Items that may not be reclassified to profit or loss:				
Changes in revaluation reserve of property	-	-	-	-
Income tax recorded directly in other comprehensive income, related to the changes of revaluation reserve	248	136	248	136
Gain on equity investments measured at FVOCI	3	-	3	-
Other elements of the comprehensive income, net of tax	(1,700)	(5,679)	(1,700)	(5,679)
Comprehensive income	683	(7,562)	(1,247)	(8,108)
Profit attributable to:				
-Equity holders of the parent entity	2,383	(1,883)	453	(2,429)
-Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	2,383	(1,883)	453	(2,429)
Comprehensive income attributable to:				
-Equity holders of the parent entity	683	(7,562)	(1,247)	(8,108)
-Non-controlling interests	-	-	-	-
Comprehensive income	683	(7,562)	(1,247)	(8,108)
Earnings/(Losses) per share (basic and diluted)	0.0008	(0.0006)	0.0001	(0.0008)

**CONSOLIDATED AND SEPARATE STATEMENT OF
FINANCIAL POSITION**

Thousand RON	Group		Bank	
	Unaudited (*)	31 March 2021	31 December 2020	Unaudited (*)
Assets				
Cash and cash equivalents	386,530	354,793	381,238	350,943
Financial assets measured at fair value through profit or loss	45,575	54,155	18,224	28,101
Financial asset measured at fair value through other items of comprehensive income	536,174	609,936	536,174	609,936
Due from other banks	5,602	7,428	5,602	7,428
Loans and advances to customers	1,942,376	1,861,888	1,844,805	1,778,298
Investments in debt instruments at amortized cost	259,693	319,532	259,693	319,532
Investment property	121,872	115,823	121,872	115,823
Fixed assets held for sale	2,440	19,936	2,440	19,936
Investment in subsidiaries	-	-	34,296	33,322
Other financial assets	7,941	9,428	9,061	10,070
Other assets	12,801	11,551	12,366	10,656
Deferred tax assets	13,259	13,515	13,066	13,320
Intangible assets	45,727	45,877	44,801	44,882
Property and equipment	96,956	89,961	94,921	87,761
Total assets	3,476,946	3,513,823	3,378,559	3,430,008
Liabilities				
Due to other banks	47,464	37,459	47,464	37,459
Customer deposits	2,837,129	2,898,050	2,842,857	2,904,771
Loans from banks and other financial institutions	65,030	56,562	-	-
Other financial liabilities	83,359	82,406	43,461	45,233
Provisions	8,951	8,444	8,326	8,022
Other liabilities	7,135	3,918	6,405	3,595
Subordinated debts	34,998	34,555	24,998	24,403
Debt securities in issue	62,567	62,797	62,567	62,797
Total liabilities	3,146,633	3,184,191	3,036,078	3,086,280
Equity				
Share capital and equity premiums	315,829	315,829	315,829	315,829
Merger premium	(67,569)	(67,569)	(67,569)	(67,569)
Treasury shares	(1,134)	(1,134)	-	-
Accumulated Profits / (Losses)	(11,441)	(15,370)	1,421	(579)
Revaluation reserve	51,780	55,028	50,069	53,316
Reserves for general banking risks	15,301	15,301	15,301	15,301
Statutory legal reserve	12,869	12,869	12,752	12,752
Other reserves	14,678	14,678	14,678	14,678
Total equity	330,313	329,632	342,481	343,728
Total liabilities and equity	3,476,946	3,513,823	3,378,559	3,430,008

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
Group

	Share capital	Merger premium	Treasury shares	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for property	Statutory legal reserve	Reserves for general banking risks	Other reserves	Accumulated Profits / (Losses)	Total equity attributable to the parent	Non-controlling interest	Total equity
Thousand RON												
Balance at 1 January 2021	315,829	(67,569)	(1,134)	11,667	43,361	12,869	15,301	14,678	(15,370)	329,632	-	329,632
Comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	2,383	2,383	-	2,383
Other comprehensive income												
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(3,787)	-	-	-	-	-	(3,787)	-	(3,787)
Expected credit loss related to FVOCI debt instruments	-	-	-	(6)	-	-	-	-	-	(6)	-	(6)
Gains from the measurement at fair value of debt instruments FVOCI	-	-	-	1,841	-	-	-	-	-	1,841	-	1,841
Net profit on FVOCI equity instruments	-	-	-	3	-	-	-	-	-	3	-	3
Changes in the reserve for the revaluation of property	-	-	-	-	248	-	-	-	-	248	-	248
Total comprehensive income	-	-	-	(1,949)	248	-	-	-	2,383	682	-	682
Revaluation reserve realized	-	-	-	-	(1,547)	-	-	-	1,547	-	-	-
Balance at 31 March 2021	315,829	(67,569)	(1,134)	9,718	42,062	12,869	15,301	14,678	(11,441)	330,313	-	330,313

Group

Thousand RON	Share capital	Merger premium	Treasury shares	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for property	Statutory legal reserve	Reserves for general banking risks	Other reserves	Accumulated Profits / (Losses)	Total equity attributable to the parent	Non-controlling interest	Total equity
Balance at 1 January 2020	315,829	(67,569)	(1,134)	8,575	45,663	12,447	15,301	14,678	(24,184)	319,606	-	319,606
Restatement at 1 January	-	-	-	(3,886)	-	-	-	-	3,886	-	-	-
Adjusted balance at 1 January	315,829	(67,569)	(1,134)	4,689	45,663	12,447	15,301	14,678	(20,298)	319,606	-	319,606
Comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	2,891	2,891	-	2,891
Other comprehensive income												
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(4,281)	-	-	-	-	-	(4,281)	-	(4,281)
Expected credit loss related to FVOCI debt instruments	-	-	-	38	-	-	-	-	-	38	-	38
Gains from the measurement at fair value of debt instruments FVOCI	-	-	-	10,554	-	-	-	-	-	10,554	-	10,554
Net profit on FVOCI equity instruments	-	-	-	667	-	-	-	-	-	667	-	667
Changes in the reserve for the revaluation of property	-	-	-	-	422	-	-	-	-	422	-	422
Losses from the liquidation of subsidiaries	-	-	-	-	(86)	-	-	-	(179)	(265)	-	(265)
Total comprehensive income	-	-	-	6,978	336	-	-	-	2,712	10,026	-	10,026
Revaluation reserve realized	-	-	-	-	(2,638)	-	-	-	2,638	-	-	-
Establishment of legal reserves	-	-	-	-	-	422	-	-	(422)	-	-	-
Balance at 31 December 2020	315,829	(67,569)	(1,134)	11,667	43,361	12,869	15,301	14,678	(15,370)	329,632	-	329,632

**CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN
EQUITY**
Bank

Thousand RON	Share capital	Merger premium	Revaluation reserves for financial assets at FVOCI	Revaluation reserve for premises	Statutory legal reserve	Reserves for general banking risks	Other reserves	Accumulated Profits / (Losses)	Total equity
Balance at 1 January 2021	315,829	(67,569)	11,668	41,648	12,752	15,301	14,678	(579)	343,728
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	453	453
Other comprehensive income									
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	(3,787)	-	-	-	-	-	(3,787)
Expected credit loss related to FVOCI debt instruments	-	-	(6)	-	-	-	-	-	(6)
Gains from the measurement at fair value of debt instruments FVOCI	-	-	1,842	-	-	-	-	-	1,842
Net profit on FVOCI equity instruments	-	-	3						3
Changes in the reserve for the revaluation of property	-	-	-	248	-	-	-	-	248
Total comprehensive income	-	-	(1,948)	248	-	-	-	453	(1,247)
Revaluation reserve realized	-	-	-	(1,547)	-	-	-	1,547	-
Balance at 31 March 2021	315,829	(67,569)	9,720	40,349	12,752	15,301	14,678	1,421	342,481

Bank

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

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

Thousand RON	Group		Bank	
	Unaudited (*) 31 March 2021	Unaudited (*) 31 March 2020	Unaudited (*) 31 March 2021	Unaudited (*) 31 March 2020
Cash flows from operating activities				
Interest received	35,579	28,527	33,581	30,709
Interest paid	(13,977)	(12,373)	(12,845)	(10,889)
Fees and commissions received	8,363	7,341	8,192	7,139
Fees and commissions paid	(1,789)	(1,710)	(1,540)	(1,419)
Gain / (Loss) from financial derivatives	157	(238)	159	(238)
Net gain from financial instruments and other operating income	6,892	4,693	6,505	6,799
Recoveries from off balance sheet items	2,636	220	2,612	1,261
Cash payments to employees	(16,169)	(16,839)	(14,710)	(15,530)
Cash payments to suppliers	(11,182)	(10,810)	(10,033)	(11,722)
Net cash-flow from operating activities before changes in operating assets and liabilities	10,510	(1,189)	11,921	6,110
Changes of operating assets				
<i>(Increase)/Decrease of:</i>				
- loans and advances to banks	2,021	(59)	2,012	(62)
- financial assets measured at fair value through profit or loss	9,024	5,870	10,321	5,421
- loans and advances to customers	(83,391)	(42,678)	(73,437)	(39,469)
- other financial assets	(1,065)	(2,447)	(1,596)	(3,297)
Total changes of operating assets	(73,411)	(39,314)	(62,700)	(37,407)
Changes of operating liabilities				
<i>Increase/(Decrease) of:</i>				
- due to other banks	9,999	(1,898)	9,999	(1,898)
- deposits from customers	(65,442)	(129,626)	(66,433)	(129,769)
- other financial liabilities	5,143	5,001	2,010	5,721
Total changes of operating liabilities	(50,300)	(126,523)	(54,424)	(125,946)
Net cash flow used in operating activities	(113,201)	(167,026)	(105,203)	(157,243)
Cash flows from investing activities				
Acquisition of investment securities at FVOCI	(151,666)	(241,828)	(151,666)	(241,828)
Proceeds from investment securities at FVOCI	227,473	254,084	227,473	254,084
Acquisition of equity instruments	(974)	-	(974)	-
Proceeds from sale of equity instruments	-	-	-	-
Purchase of investments at amortized cost	-	-	-	-
Maturities of investments at amortized cost	60,830	1,154	60,830	1,154
Proceeds from dividend	-	24	-	24
Sale of investment property and non-current assets held for sale and premises	11,787	16,187	11,787	15,985
Acquisition of tangible and intangible assets	(13,658)	(4,528)	(13,654)	(4,801)
Net cash from investing activities	133,792	25,093	133,796	24,618

	Group		Bank	
	Unaudited (*)	Unaudited (*)	Unaudited (*)	Unaudited (*)
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Cash flows from financing activities				
Withdrawals from loans from other financial institutions	11,020	5,284	-	-
Repayments of loans from other financial institutions	(1,578)	-	-	-
Subordinated debt	187	1,194	187	-
Issuance of debt securities	492	-	492	-
Net cash generated from financing activities	10,121	6,478	679	-
Effect of exchange rate changes on cash and cash equivalents				
	1,025	1,171	1,023	1,171
Net (decrease) in cash and cash equivalents	31,737	(134,284)	30,295	(131,454)
Cash and cash equivalents at 1 January	354,793	437,958	350,943	428,495
Cash and cash equivalents at 31 March	386,530	303,674	381,238	297,041