

Half Year Report
PATRIA BANK S.A.
June 30, 2021



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

Report date: **17.08.2021**

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 6 months of 2021 and their impact on the half year financial results

Executive Summary

Financial results as of June 30, 2021 for the first semester of the year show a net profit of RON 6.05 Million, increasing by 27% compared to the same period of 2020, coming from the favorable evolution of both operating revenues and the contraction of operating costs that led to an **Operating Result with 85% higher (RON +10.73 Million) in H1 2021 compared to H1 2020.**

The consolidation of the profitability level, with positive results from the first semester, represents the cumulation of the strategic decisions that the Bank has implemented, materializing in the following **financial benchmarks reached in H1 2021:**

- **New loans granted more than RON 492.5 Million** during 2021, which led to an increase in the portfolio of performing loans by 10%, respectively RON +174 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 29% H1 2021 compared to H1 2020** on all components of its structure, this evolution including a negative impact on interest income of approximately RON 7 Million from the decrease of the ROBOR interest index
- **Optimization and reduction of operational expenses with RON 1.4 Million**, representing 2% in the first 6 month of 2021 compared to the similar period of 2020
- **Maintaining a solid capital base highlighted by the Own Funds Rate of around 20% both individually and consolidated at the level of the Patria Bank Group.**

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

Following the analysis of the financial results, the Management considers that the activity of Patria Bank S.A. shows an improvement in the business area correlated with the operations of optimization of the operational costs.

2.1 Macroeconomic and banking environment aspects

After the first five months of 2021, the budget deficit reached the level of 2.3% of GDP, significantly lower than the same period last year when it reached the level of 3.68% of GDP, and the public debt reached a level of 49.7% of the Gross Domestic Product (GDP) for the first five months of the year, a year marked by the severe effects of the health and economic crisis due to the SARS-Cov-2 virus. For the current year, the public budget forecasts a deficit of 74% of GDP, appearing the need for a wider fiscal consolidation in the coming years.

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

In 2020, it has been registered a lower dynamic of the trade deficit on the background of a lower domestic consumption, but the exports did not show a very good dynamic in the recently ended year. 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 2021. In fact, from an economic point of view, the twin deficits represent the main macroeconomic risks for Romania (high budget deficit and trade deficit).

In terms of monetary policy, during the first semester of the year, the National Bank of Romania has successively reduced the monetary policy interest rate to 1.25%. This aggressive reduction was accompanied by various liquidity injection measures, such as operations for the purchase of government bonds on the secondary market, bilateral operations with commercial banks or the reduction of the minimum required reserve (in case of Euro). With the reappearance of inflation, the following question arises more and more frequently: when will the NBR start to increase the reference interest rate? We believe that this is possible in the first part of next year, when inflationary pressure will come rather from the demand. Until then, the NBR decided on a constant sterilization (by deposits with a maturity of 1 (one) week) of the excess liquidity on RON. Financial intermediation in Romania remains at the lowest level in the European Union, but the banking system has growth expectations for the coming years, at a relatively low growth rate.

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

The NBR's expectations are to increase the rate of non-performing loans (NPLs), especially during 2021, following the gradual elimination of protection measures aimed at ameliorating the effects of the pandemic. (implemented through public and private moratoriums), against the background of the uncertainties related to the economic recovery. According to the results of the stress test exercise of the banking sector conducted by the NBR at the end of 2020, in the baseline scenario, the non-performing loans rate would reach 9.2% in December 2021, and 9.9% in December 2022. In April, the NPL rate was 3.94%, above the level at the end of 2020, of 3.83%.

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

The balance of non-governmental credit granted by credit institutions increased in May 2021 by 0.9% compared to April 2021 (0.4% in real terms), to the level of RON 296,269.3 Million. The loans in RON, with a share of 70.6% in the total volume of non-governmental loans, increased by 1.3%, and the loans in foreign currency expressed in equivalent RON, with a share of 29.4% in the total non-governmental loans, decreased by RON 0.4 Million (+ 0.1% when the ratio is expressed in Euros).

Compared to the same period of 2020, the non-governmental loans registered an increase of 10.1% (6.1% in real terms), due to the 15.4% increase of the component in RON (11.3% in real terms) and the decrease by 1.0% of the component in foreign currency expressed in RON (the decrease was 2.5% if the ratio is expressed in Euros).

Deposits of non-governmental client residents increased in May 2021 by 0.6% compared to the previous month, to the level of RON 435,903.8 Million and by 13.7% (9.5% in real terms) compared to May 2020.

Deposits of residents in RON, with a share of 65.1% in total deposits of non-governmental clients, increased by 0.5% compared to April 2021, to 283,768.2 million lei and by 15.4% (11.3 % in real terms) compared to May 2020.

Deposits of households in RON decreased by 0.1% compared to the previous month, to RON 156,879.2 Million, and compared to May 2020 recorded an increase of 12.8% (8.7% in real terms). Deposits in RON of other sectors (non-financial corporations and non-monetary financial institutions) increased by 1.2% (up to RON 126,889.0 Million) compared to the previous month and by 18.9% (14.6% in real terms) compared to from May 2020.

Deposits of residents in foreign currency, converted in RON, representing 34.9% of the total volume of deposits of non-governmental clients, increased by 0.8% compared to April 2021, reaching the level of RON 152,135.6 Million (converted in euros, they increased by 0.9%, to EUR 30,923.1 Million). Compared to May 2020, the ratio increased by 10.5%, expressed in RON and by 8.7%, if expressed in Euro. Foreign currency deposits of households, expressed in RON, increased by 0.2% compared to April 2021, to RON 109,688.4 Million; expressed in Euro, they increased by 0.3%. Compared to the same period of 2020, the increase of this ratio expressed in RON was 10.3% (8.6%, if the ratio is expressed in euros).

Foreign currency deposits of other sectors, expressed in RON, increased by 2.4% compared to April 2021, up to RON 42,447.3 Million (2.5% when the ratio is expressed in Euros). Compared to May 2020, this ratio, expressed in RON, increased by 10.9% (if expressed in Euros, the increase was 9.1%).

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

Foreign exchange and money market trends for 2021

In the second quarter of 2021, the exchange rate of the national currency Leu against the single European currency (EUR) varied around 4.8700 - 4.9300. 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. 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 representative for its activity (SMEs, Microenterprises and Agro). The addressability continued both in the urban area (with the presence of branches) and in the rural area, through the mobile sales force and dedicated collection and through a superior collaboration with the territorial units of Patria Credit IFN, member of the Group.

The 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. YoY, H1 2021 compared to H1 2020, the bank has registered an increase of approx. 69% of the loans granted to individuals.

In total, during the first semester of 2021, the lending activity generated new loans of approximately RON 492.5 Million, with a higher 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 on the area individuals of 19.27% compared to 7.85% growth rate of the banking system, YOY June 2021 vs. June 2020 and a similar evolution was registered on the area of legal entities of 14.73% compared to 14.41% growth rate of the banking sector, YOY June 2021 vs. June 2020.

The first semester 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 H1 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 legal entities customers who have benefited by payment deferrals, 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 semester, 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 H1 2021, financing in the amount of over RON 192 Million was granted, increasing by approx. 56% compared to the same period last year.

An important pillar of this growth was represented by the relaunch of the IMM Invest Program, approximately 37% of the new loans granted in the first semester of the year being financed through this governmental program to support small and medium enterprises.

Also, a constant attention was paid to the relationship with the clients who benefited from the payment deferrals in 2020 and 2021, in order to evaluate the individual financial situation of each client and to act in order to support their 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 semester of 2021 the turnovers recorded by the customers through Patria Bank were about 62% higher compared to the same period in 2020.

On the **Microenterprises (Micro)** customer segment, Patria Bank was very active in the first half of 2021. 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 the end of the 2021 year. In the first semester of 2021, EASI guaranteed loans were granted at a level of 67% compared to the volumes of new loans granted. At the end of the semester, the cumulative financing on the EASI product exceeded the level of RON 400 Million.

Overall, the Micro business line, the implemented actions and the intense activity in the business area generated **an increase in the credit balance by over 15% compared to the end of 2020.**

During the same period, special attention was paid to the qualitative management of the loan portfolio, especially the exposures with deferred installments as a result of the impact of the Covid 19 pandemic on the activity of entrepreneurs. At the end of the current semester, most of these exposures were in the performing quality area.

Last but not least, the efforts were continued in order to ensure a complete service of credit and non-credit clients, by providing quality services, remaining faithful to the group's mission, that of increasing financial inclusion on this customer segment.

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 semester. 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, due both to the superior expertise that the Bank has in this segment as well as 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 ensured a good crop yield during the current semester.

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 for a 7 years maturity and a flexibility of use, according to the specific needs identified by the Bank among customers.

Also in support of agricultural producers, through a support department for customers with European funds loans, Patria Bank and the Agency for Financing Rural Investments (AFIR) are preparing a collaboration protocol to facilitate and accelerate the process of absorption of European funds allocated by the National Program for Rural Development (PNDR) for financing farmers and investors in rural areas, in the transition period 2021-2022, related to the 2014-2020 programming period.

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 semester of 2021 generated within the Agro sub-segment, an **increase in the outstanding of performing loans by over 27% compared to the end of 2020.**

In the Retail area (individuals), the first semester 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 9% compared to the end of the previous year, out of which the mortgage loans registered a much faster evolution of 19%.**

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 largely 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 brokers (following the signing of partnerships in December 2020).

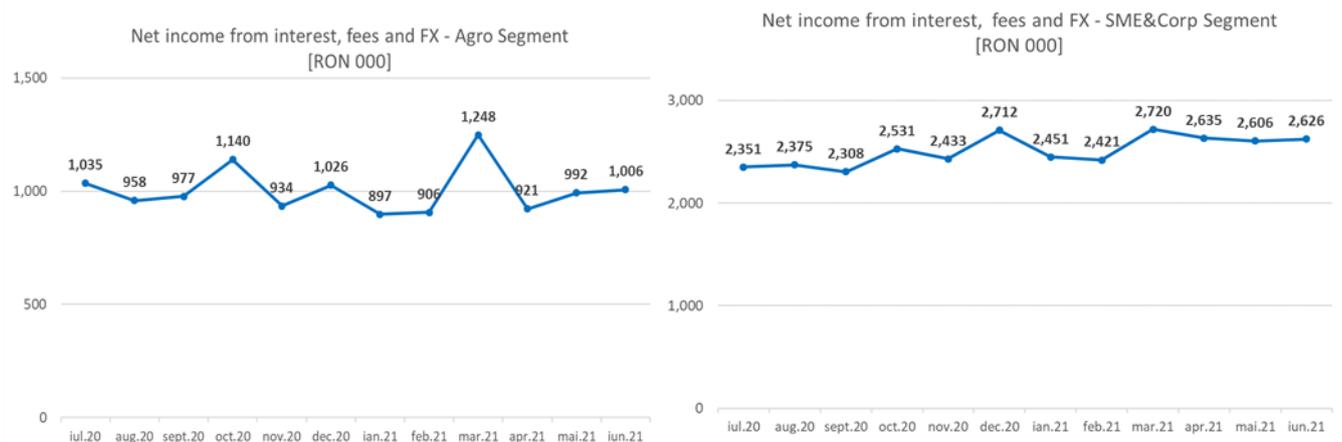
A distinct objective for the bank in 2021 is related to the acceleration of digitization and financial education programs for customers:

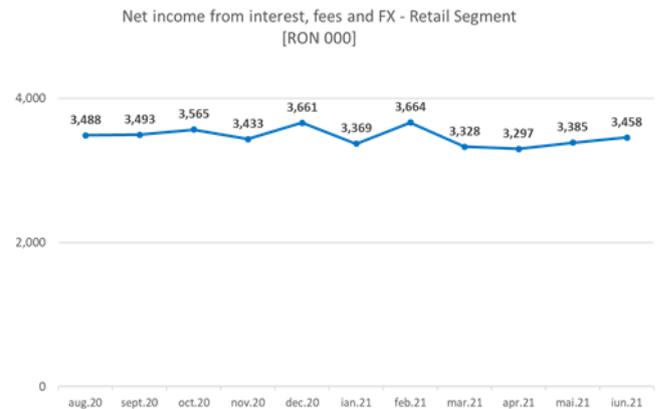
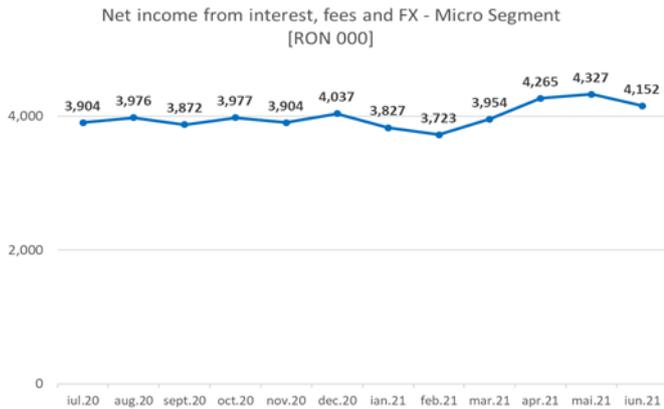
- Further development of the Bank's Internet & Mobile Banking Platform, Patria Online, with new digital customer options in the transactional relationship with the Bank (the platform is available at <https://www.patriabank.ro/noua-platforma-patria-online>)
- Patria Online registered on 30.06.2021 almost a doubling in the number of users compared to the date of customer migration on the new platform (+88%), implemented in the latter part of 2019 and the number of transactions made by customers through the platform increased by approx. 5% 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 23,000 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 (providing 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 H1, 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 2021
- 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 doubled (increase by 102%) and the volumes traded through POs terminals in the agri-food markets increased by 65% compared to the similar period of 2020; In total, the number of transactions through POs increased by 24%, and their volume by 32% vs. the same period of 2020.
- Development of the Patria Bank Blog with additional components of financial education and entrepreneurial education. An important focus started in H1 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):



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





Operationally, the Bank continued in H1 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 Q2 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 - the implementation of the application was completed, being started in May - June an operational pilot at the level of the Bank Branches
- 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
- Launch of a Service addressed to the clients of legal entities that want to use an alternative channel of access to the information regarding the transactions related to the accounts through API - available from July 2021.
- **Optimization of Mobile Banking Platform** by:
 - Implementation of a new functionality – Personal Finance Module
 - Implementation of a advanced secure authentication solution using biometric methods: facial recognition and fingerprint for transactions on the platform, starting with July 2021
- **Development of Internet Banking Platform will continue** by adding new modules:
 - **Asset Management Module** for the purpose of viewing and managing the assets held by Patria Bank clients, selling of fund units and promoting of managed funds among the Bank's clients
 - **Instant Payments** - implementation of the instant payment / collection option in lei for small amounts that are made in maximum 20 seconds since the moment of initiation, transfers will be possible only to the other member banks of the payment scheme implemented by Transfond.
- **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 starting with 2022

Implemented solutions with an impact on the Operational Security area:

- **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 end of the first semester of 2021, compared with the first semester of 2020 and respectively with December 2020 is as follows:

FINANCIAL POSITION -thousands RON-							
ASSETS	30.iun.21	31.dec.20	iun.21/ dec.20 (abs.)	iun.21/ dec.20 (%)	30.iun.20	iun-21/ iun- 20 (abs.)	iun-21/ iun- 20 (%)
	Cash and cash equivalents	361,438	350,943	10,495	3%	244,394	117,044
Loans and advances to banks	8,591	7,428	1,163	16%	5,770	2,821	49%
Securities	833,538	957,569	(124,031)	(13%)	816,846	16,692	2%
Investments in subsidiaries	34,296	33,322	974	3%	33,322	974	3%
Loans and advances to customers, net	1,939,759	1,778,298	161,461	9%	1,689,485	250,274	15%
Other assets	301,450	302,448	(998)	(0%)	316,765	(15,315)	(5%)
Total ASSETS	3,479,072	3,430,008	49,064	1%	3,106,582	372,490	12%
LIABILITIES	30.iun.21	31.dec.20	iun.21/ dec.20 (abs.)	iun.21/ dec.20 (%)	30.iun.20	iun-21/ iun- 20 (abs.)	iun-21/ iun- 20 (%)
	Due to banks & REPO	87,874	37,459	50,415	135%	34,791	53,083
Due to customers	2,897,139	2,904,771	(7,632)	(0%)	2,619,961	277,178	11%
Borrowings and other liabilities (including subordinated debt)	145,731	144,050	1,681	1%	113,564	32,167	28%
Total Liabilities	3,130,744	3,086,280	44,464	1%	2,768,316	362,428	13%
Total Equity	348,328	343,728	4,600	1%	338,266	10,062	3%
	-	-	-	0%	-	0	0%
Total LIABILITIES AND EQUITY	3,479,072	3,430,008	49,064	1%	3,106,582	372,490	12%

-thousands RON-	30.iun.21	31.dec.20	iun.21/ dec.20		30.iun.20	iun-21/ iun-20	
Gross Loans	2,086,409	1,907,110	179,299	9%	1,807,773	278,636	15%
Performing loans	1,860,392	1,686,136	174,256	10%	1,592,930	267,463	17%
Non-performing loans	226,017	220,974	5,043	2%	214,843	11,173	5%
Impairments	(146,650)	(128,812)	(17,838)	14%	(118,288)	(28,362)	24%
Performing loans impairments	(27,167)	(27,664)	497	-2%	(23,954)	(3,213)	13%
Non-performing loans impaire	(119,483)	(101,148)	(18,335)	18%	(94,334)	(25,149)	27%
Net loans	1,939,759	1,778,298	161,461	9%	1,689,485	250,274	15%
Net Performing loans	1,833,225	1,658,472	174,753	11%	1,568,976	264,249	17%
Net Non-performing loans	106,534	119,826	(13,292)	-11%	120,509	(13,976)	-12%

- **Total Assets amounting to RON 3,48 Billion** shows a slight increase (+1%) compared to the end of 2020, due to the change in the Bank's Balance Sheet structure: increase in net loans RON +162 Million, + 9% and reduction of liquid assets by RON 113 Million, the liquidity surplus being placed in loans (assets with the best return)

- **The loan portfolio (net value)** registered an increase of 15%, RON +250 Million, compared to June 2020 and an increase of 9%, RON +162 Million compared to December 31, 2020; In terms of structure, the net performing portfolio (stage 1 + 2) registered an increase of RON 174 Million (+10%) compared to December 2020, while the portfolio of non-performing loans registered a marginal increase of only RON 5 Million (+2%)
- **Debt due to customers** shows a stagnation compared to December 2020 but compared to June 2020 it registers a development of 11%, RON +277 Million lei. The bank is carrying out a term deposit campaign in RON for the Retail segment related to 3 and 6 months term deposits. Also, it is envisaged to consolidate and increase the commercial financing through actions, campaigns and products updated to the requirements of the clients and the market.
- **Interbank financing** evolved in a positive way, completing the commercial financing and diversifying the financing sources used by the Bank.

At the individual level, the capital adequacy ratio (Total Own Funds Ratio) is 20.30%, exceeding the regulatory limit, registering a small decrease compared to the level of 21.6% at the end of 2020 due mainly to the development of the loan portfolio.

At consolidated level, the capital adequacy ratio (Total Own Funds Ratio) is 19.50%, exceeding the regulatory limit.

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

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

FINANCIAL PERFORMANCE STATEMENT	6 months up to 30.iun.21	6 months up to 30.iun.20	Δ 2021/ 2020 (abs.)	Δ 2021/ 2020 (%)
<i>-thousands RON-</i>				
Net interest income	52,134	51,786	348	1%
Net fees and commission income	13,300	11,238	2,062	18%
Net gains from financial activity & other income	20,666	13,730	6,936	51%
Net banking income	86,100	76,754	9,346	12%
	-	-	-	0%
Staff costs	(31,293)	(29,999)	(1,294)	4%
Depreciation and amortization	(10,854)	(11,683)	829	(7%)
Other operating and administrative expenses	(20,628)	(22,473)	1,845	(8%)
Total operating expense	(62,775)	(64,155)	1,380	(2%)
	-	-	-	0%
Operating Result	23,325	12,599	10,726	85%
	-	-	-	0%
Net impairment of financial assets	(14,579)	(6,825)	(7,754)	114%
	-	-	-	0%
Gain/ (Loss) before tax	8,746	5,774	2,972	51%
Expense from deferred tax	(2,697)	(1,010)	(1,687)	167%
Gain/ (Loss) for the year	6,049	4,764	1,285	27%

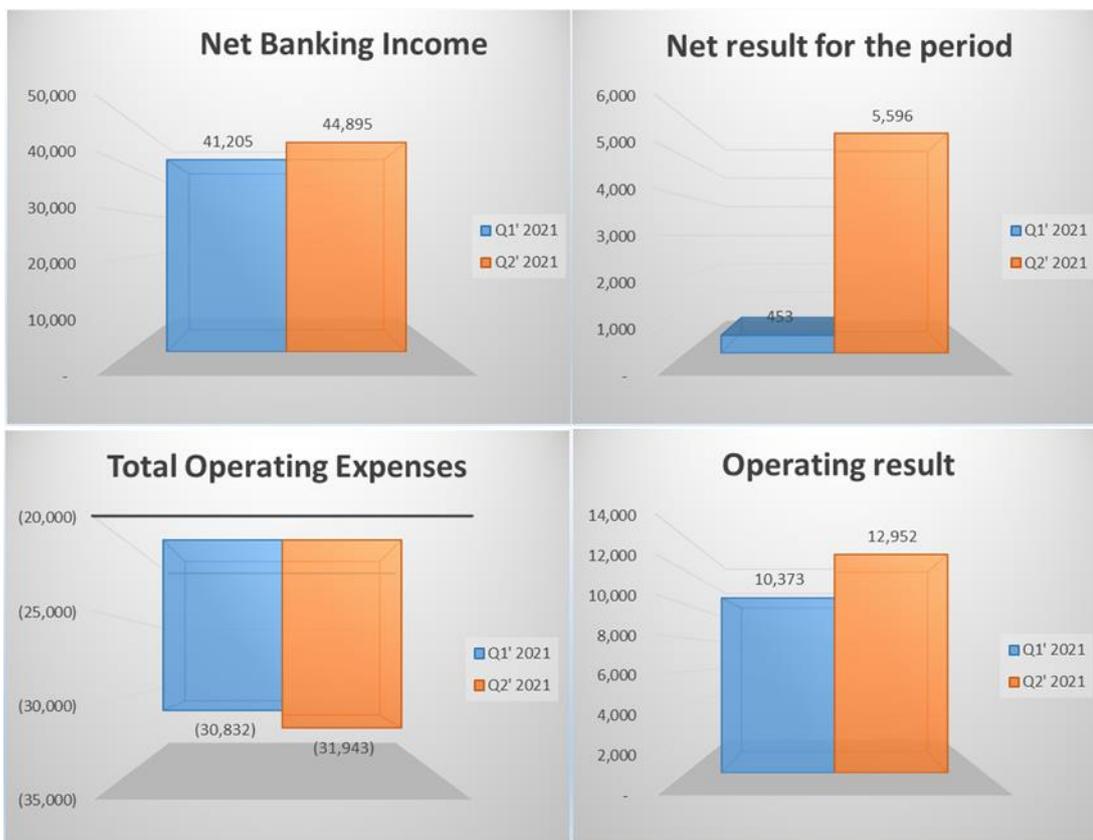
	6 months up to 30.iun.21	6 months up to 30.iun.20	Δ 2021/ 2020 (abs.)	Δ 2021/ 2020 (%)
Interest Income	73,663	74,294	(631)	(1%)
Loans	64,635	63,761	874	1%
Debt Securities	8,837	9,515	(678)	(7%)
Other interest earning assets	191	1,019	(828)	(81%)
Interest Expenses	(21,529)	(22,508)	979	(4%)
Due to customers	(18,181)	(20,498)	2,317	(11%)
Other interest bearing liabilities	(3,348)	(2,011)	(1,337)	67%
Net Interest Income	52,134	51,786	348	1%

- **Net banking income** registered a **positive evolution of 12%**, compared to the same period of 2020 (RON + 9.4 Million) trend that was not favored by the evolution of the ROBOR interest index, as well as by the reduced trading volume of the customers in the first quarter due to the negative effects of the Covid-19 pandemic, the negative impact of mark-to-market of financial assets evaluated at fair value through Profit or Loss account. Some of these effects have attenuated, and the second quarter of the year shows positive developments compared to the first quarter as will be presented later in the document.
- **Net interest income shows a limited increase of only 1% incorporating the negative impact of RON 7 Million from the decrease of the ROBOR interest index, the increase of interest income in the commercial area being supported by the positive evolution of the loan portfolio balance of RON +267 Million increase in the last 12 months.** The loan portfolio held by Patria Bank is mainly granted in RON with variable interest, thus being directly affected by the ROBOR contraction with a negative impact on interest income, in the first six months, being approximately of RON 7 Million. The additional interest income related to the increase of the loan portfolio managed to fully compensate the negative impact of the decrease in ROBOR.
- **Operating expenses registered a contraction of 2%, by RON 1.4 Million**, compared to the same period of 2020, the Bank taking actions and measures to preserve the profitability of the institution in the COVID-19 pandemic context and not only. An extensive cost optimization process was carried out to adapt to the new market conditions. The reduction of operational costs was mainly made on operational and administrative expenses.
- **The net cost of risk registered an increase of RON 7.8 Million, 114%**, compared to the same period of 2020, against the background of the increase of the credit balance and the intensification of the lending activity, due to the actions established in the NPL strategy in order to diminish the non-performing loans portfolio, as well as to update the parameters used in the calculation of impairment adjustments according to IFRS 9.
- The Bank registered a **positive operating result** in the first half of 2021 in amount of **RON 23.3 Million, in a positive dynamics of 85%** compared to the same period of 2020 and a **net profit result of RON 6.1 Million** compared to the similar period of 2020 of RON 4.8 Million.

The quarterly evolution of the financial results is presented below, showing a positive dynamics on the main elements and a mitigation of the effects of the COVID-19 pandemic. However, interest income related to loans granted to customers remains impacted considering the contraction of the ROBOR interest index, but this is offset by the increase in the balance of the loan portfolio and the positive developments in other income categories.

- RON Thousand -

FINANCIAL PERFORMANCE STATEMENT -thousands RON-	Q1' 2021	Q2' 2021	Cumulative2021
Net interest income	25,520	26,614	52,134
Net fees and commission income	6,652	6,648	13,300
Net gains from financial activity & other income	9,033	11,633	20,666
Net banking Income	41,205	44,895	86,100
Staff costs	(15,322)	(15,971)	(31,293)
Depreciation and amortization	(5,499)	(5,355)	(10,854)
Other operating and administrative expenses	(10,011)	(10,617)	(20,628)
Total operating expense	(30,832)	(31,943)	(62,775)
Operating Result	10,373	12,952	23,325
Net impairment of financial assets	(9,048)	(5,531)	(14,579)
Gain/ (Loss) before tax	1,325	7,421	8,746
Expense from deffered tax	(872)	(1,825)	(2,697)
Gain/ (Loss) for the year	453	5,596	6,049
Operating expenses / Operating income	75%	71%	73%



2.4 Financial-economic main ratios (individual level)

Main ratios		30.iun.21	31.dec.20	30.iun.20
1	Total Own Funds ratio	20.30%	21.60%	17.65%
2	Economic Value Potential Change Ratio (EVI/OF)	9.61%	6.95%	6.92%
3	Loans (gross value) / Customer Deposits	72%	66%	69%
4	Loans (gross value) / Total Assets	60%	56%	58%
5	Liquidity Coverage Ratio (LCR)	160%	206%	228%
6	Liquid Assets / Total Assets	35%	38%	34%
7	Debt Securities and Equity Instruments / Total Assets	24%	28%	26%
8	Return on Assets (RoA)	0.4%	0.1%	0.3%
9	Return on Equity (RoE)	3.5%	0.8%	2.8%
10	Cost to Income ratio	73%	81%	84%
11	Non-performing Loans Ratio (*)	11.05%	11.91%	12.20%
12	Non-performing Exposure Ratio (*)	9.71%	10.34%	12.06%
13	Impairment adjustments coverage rate of non-performing loans	54%	48%	46%
14	Impairment adjustments coverage rate of non-performing loans (**)	60%	54%	58%

(*) In accordance with individual FINREP

(**) In accordance with the presentation for the calculation of the systemic risk buffer

Positive developments are registered both in case of the capital ratios, profitability and quality of assets, and the liquidity ratios present an adequate level.

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 semester of 2021 up to the equivalent of EUR 25.2 Million (up 33% compared to June 2020). The volume of new loans granted during the first semester of 2021 was of EUR 7.9 Million, increasing by 57% compared to the same period of 2020. The company obtained a net profit of EUR 883 Thousand, up 61% 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 six months of 2021 an annual cost of risk of -0.95%, which represents a potential income from the regularization of provisions, compared to a cost of the budgeted risk of 1.2%, calculated as a ratio between the level of expenses / revenues with the provisions from loans and the average portfolio.

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

- project start-up on changing the architecture of IT systems

- participation in a consortium of three partners - ADV Romania (Together with you - NGO), Patria Credit SA - IFN and FEBEA Belgium (European Federation of Ethical and Alternative Banks and support organizations) in the project co-financed by the European Union: "AFIN - Romanian Alternative FINancing Institution Dedicated to Social Economy Enterprises", a project that aims to create in Romania the first specialized financial solution that addresses social enterprises and cooperatives
- Spring Campaign on promoting Patria Credit lending products (online, TV, SMS and through own channels)
- expanding the network of Patria Credit units by setting up a work point in Tulcea, Jud. Tulcea
- joining the agricultural education project "Proud to be a farmer" developed by World Vision Romania by supporting promotion actions and attracting students to become future farmers, by providing support for the realization of educational content for high school students especially and not only
- reactivation of Patria Credit Foundation (presentation and strategy, status and headquarters update, website start and launch of the first projects)
- active participation in various meetings in the field: Agrifood Innovation Summit 2021, International Conference on Social Economy.

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 five open-end investment funds as at 30.06.2021: Patria Obligatiuni, a fund specialized in fixed income instruments denominated in RON, Patria Euro Obligatiuni, an EUR denominated fund specialized in fixed income investments, Patria Global, a diversified fund and Patria Stock, an equity-focused fund and ETF BET Patria- Tradeville a shares fund listed on Bucharest Stock Exchange (BSE).

BET Patria-Tradeville ETF is an Exchange Traded Fund with the objective of replicating the structure and performance of the BET stock index, the reference index of the Bucharest Stock Exchange, which currently includes the most important and liquid 17 companies listed on BSE.

On 30.06.2021 ETF BET Patria-Tradeville had net assets of RON 24.2 Million, increasing by 43.4% compared to 31.03.2021 and over 2.4 times higher than the level registered on 30.06.2020, when the assets amounted to RON 10.0 Million. In the last 12 months ended on 30.06.2021, the BET Patria-Tradeville ETF brought a yield of + 40.1%.

Patria Global fund brought investors a positive return of 10.6% during the last 12 months ended on 30.06.2021 and the fund's assets increased by 51.8% (reaching RON 15.22 Million). Patria Stock fund recorded an increase of unit fund by 16.9% and the fund's assets increased by 19.1%, up to RON 4.92 Million. As for Patria Obligatiuni, it recorded a yield of 2.55% during 30.06.2020 – 30.06.2021, while the fund's net assets increased by 6.4% up to RON 28 Million. Patria Euro Obligatiuni recorded a yield of 0.52% in Euro during the same period while the fund's assets increased by 13.6% up to EUR 1.34 Million.

At the end of June 2021, the total assets managed by Patria Asset Management registered the level of RON 78.3 Million, increasing by 71.3% compared to June 30, 2020, on which date they amounted to RON 45.7 Million.

4. Other information and statements

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

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

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

During the reporting period there were no changes regarding the rights of the shareholders.

As at June 30, 2021, shareholders whose voting rights are suspended under NBR's Orders held a total of **245,490,909** shares representing **7.88%** of the total number of shares and the total number of voting rights.

Changes of the share capital

During H1 2021 the Bank's share capital has not changed.

Patria Bank SA is a company whose shares are traded on the capital market, in compliance with the provisions of Law 24/2017 and of the FSA Regulation no. 5/2018. Currently, Bank's shares are listed on the Bucharest Stock Exchange, Premium Category.

The structure of the Bank's stock holdings amounting to at least 10% of its share capital at 30.06.2021 is as follows:

Shareholder	No. of shares	Percent (%)
EAAF FINANCIAL SERVICES BV, Amsterdam	2,592,620,715	83.2214
Individuals	456,520,978	14.6540
Legal entities	66,188,882	2.1246
Total	3,115,330,575	100

Management of the company

As at 30.06.2021 the management of the Bank is provided by:

a) The Board of Directors:

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

b) The Executive Committee:

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

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 H1 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 Interim Financial Statements as at June 30, 2021 in notes 36 and 39.

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

7. Subsequent events after 30.06.2021

In the file no. 22659/3/2018, pending before the High Court of Cassation and Justice, having as object the appeal filed by Mr. Ilie Carabulea against the Civil Decision no. 904 / 23.07.2020, pronounced by the Bucharest Court of Appeal, the trial date is set at 23.09.2021.

8. Annexes

- Interim Primary Individual and Consolidated Financial Statements as at 30.06.2021:
 - Consolidated and Separate Statement of Profit or Loss
 - Consolidated and Separate Statement of Other Comprehensive Income
 - Consolidated and Separate Statement of Financial Position
 - Consolidated and Separate Statement of Changes in Equity
 - Consolidated and Separate Statement of Cash Flows
 - Notes to the consolidated and separate Financial Statements

- Management Statement regarding the assumption of responsibility for the preparation of the financial statements related to the first semester of 2021

NOTE: The financial statements for the first 6 months of 2021 have not been audited/reviewed by the independent financial auditor.

General Manager

Burak Yildiran

Deputy General Manager

Valentin Vancea

Statement

We, the undersigned, Suleyman Burak Yildiran, General Manager and Valentin Vancea, Deputy General Manager as the legal representative of Patria Bank S.A., in accordance with the provisions of art. 30 of the Accounting Law no. 82/1991 republished, of art. 65 para. (1) lit. c) of Law no. 24/2017 regarding the issuers and of art. 223 lit. B para. 1 c) of the FSA Regulation 5/2018 regarding the issuers of financial instruments and market operations, we assume the responsibility for the preparation of the interim financial statements as at 30.06.2021 and certify that, to our knowledge:

- a) The accounting policies used to prepare the financial statements as at 30.06.2021 are in accordance with the accounting regulations applicable to credit institutions, based on the NBR Order no. 27/2010 for approving the accounting regulations in compliance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments and completions;
- b) The interim financial statements as at 30.06.2021 present a fair view of the financial position, financial performance and other information regarding the activity of Patria Bank SA;
- c) Patria Bank SA operates in terms of continuity;
- d) The Half Year Report on the afore-mentioned financial statements includes an accurate analysis of the evolution and performance of the Bank, as well as a description of the main risks and uncertainties specific to the business performed.

DIRECTOR GENERAL

BURAK YILDIRAN

DIRECTOR GENERAL ADJUNCT

VALENTIN VANCEA



PATRIA BANK GROUP

**INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2021**

**Prepared in accordance with International Financial Reporting Standards as adopted by
the European Union**

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**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)**

<i>Thousand RON</i>	Note	Group		Bank	
		Unaudited(*) 30 June 2021	Unaudited(*) 30 June 2020	Unaudited(*) 30 June 2021	Unaudited(*) 30 June 2020
Interest and similar income calculated using the effective interest rate	8	85,325	84,124	73,663	74,294
Interest and similar expense	8	(23,676)	(24,657)	(21,529)	(22,508)
Net interest income	8	61,649	59,467	52,134	51,786
Fee and commission income	9	16,162	13,729	15,744	13,347
Fee and commission expense	9	(3,192)	(2,669)	(2,444)	(2,109)
Net fee and commission income	9	12,970	11,060	13,300	11,238
Net gain/(loss) from financial assets measured at fair value through profit or loss	10	5,036	(1,735)	1,515	(929)
Net gain/(loss) from disposal of investment securities at fair value through other comprehensive income	11	5,695	1,939	5,695	1,939
Net gain/(loss) on derecognition of financial asstes measured at amortised cost		(544)	(92)	(544)	(92)
Net gains/(losses) on investment properties	23	(166)	191	(166)	191
Net gains/(losses) on non-current assets held for sale	24	118	258	118	258
Other operating income	12	10,014	8,560	14,048	12,363
Net Operating income		94,772	79,648	86,100	76,754
Personnel expenses	14	(34,684)	(32,576)	(31,293)	(29,999)
Administrative and other operating expenses	15	(26,235)	(23,269)	(20,628)	(22,473)
Depreciation and amortization	28,29	(11,351)	(14,102)	(10,854)	(11,683)
Operational result before impairment		22,502	9,701	23,325	12,599
Net charge with impairment of financial assets	13	(14,560)	(5,239)	(14,579)	(6,825)
Profit before tax		7,942	4,462	8,746	5,774
Income tax charge for the year	16	(3,395)	(1,509)	(2,697)	(1,010)
Net profit for the period		4,547	2,953	6,049	4,764

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)**

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net profit for the period	4,547	2,953	6,049	4,764
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	(5,695)	(1,939)	(5,695)	(1,939)
Gains from fair value measurement of debt instruments measured at FVOCI	2,452	971	2,452	971
Variation of expected credit loss related to debt instruments measured at FVOCI	(2)	6	(2)	6
Income tax recorded directly in other comprehensive income	519	104	519	104
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	289	152	289	152
Gain on equity investments measured at FVOCI	1,176	-	1,176	-
Income tax recorded directly in other comprehensive income, related to investments measured at FVOCI	(188)	-	(188)	-
Other elements of the comprehensive income, net of tax	(1,449)	(706)	(1,449)	(706)
Comprehensive income	3,098	2,247	4,600	4,058
Profit attributable to:				
-Equity holders of the parent entity	4,547	2,953	6,049	4,764
-Non-controlling interests	-	-	-	-
Profit for the period	4,547	2,953	6,049	4,764
Comprehensive income attributable to:				
-Equity holders of the parent entity	3,098	2,247	4,600	4,058
-Non-controlling interests	-	-	-	-
Comprehensive income	3,098	2,247	4,600	4,058
Earnings per share (basic and diluted)	0.0015	0.0009	0.0019	0.0015

The financial statements were approved by the Board of Directors on the 12th of August 2021 and were signed on its behalf by:

Burak Yildiran
General Manager

Valentin Vancea
Deputy General Manager

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (All amounts are in thousand RON)**

<i>Thousand RON</i>	Note	Group		Bank	
		Unaudited(*) 30 June 2021	31 December 2020	Unaudited(*) 30 June 2021	31 December 2020
Assets					
Cash and cash equivalents	13	367,442	354,793	361,438	350,943
Financial assets measured at fair value through profit or loss	14	72,924	54,155	18,996	28,101
Financial asset measured at fair value through other items of comprehensive income	15	571,433	609,936	571,433	609,936
Due from other banks	16	8,591	7,428	8,591	7,428
Loans and advances to customers	17	2,049,709	1,861,888	1,939,759	1,778,298
Investments in debt instruments at amortized cost	18	243,109	319,532	243,109	319,532
Investment property	19	120,538	115,823	120,538	115,823
Fixed assets held for sale		2,156	19,936	2,156	19,936
Investment in subsidiaries	20	-	-	34,296	33,322
Other financial assets	21	12,615	9,428	18,157	10,070
Other assets	22	11,697	11,551	11,278	10,656
Deferred tax assets		11,526	13,515	11,244	13,320
Intangible assets	23	45,346	45,877	44,517	44,882
Property and equipment	24	95,450	89,961	93,560	87,761
Total assets		<u>3,612,536</u>	<u>3,513,823</u>	<u>3,479,072</u>	<u>3,430,008</u>
Liabilities					
Due to other banks	25	87,874	37,459	87,874	37,459
Customer deposits	26	2,892,006	2,898,050	2,897,139	2,904,771
Loans from banks and other financial institutions	27	73,775	56,562	-	-
Other financial liabilities	28	112,270	82,406	43,392	45,233
Provisions	29	8,469	8,444	7,756	8,022
Other liabilities	30	6,862	3,918	6,174	3,595
Subordinated debts	31	34,831	34,555	24,690	24,403
Debt securities in issue	32	63,719	62,797	63,719	62,797
Total liabilities		<u>3,279,806</u>	<u>3,184,191</u>	<u>3,130,744</u>	<u>3,086,280</u>
Equity					
Share capital and equity premiums	33	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)		(9,013)	(15,253)	7,280	(579)
Revaluation reserve	36	51,769	55,028	50,057	53,316
Reserves for general banking risks	36	15,301	15,301	15,301	15,301
Statutory legal reserve	36	12,869	12,752	12,752	12,752
Other reserves	36	14,678	14,678	14,678	14,678
Total equity		<u>332,730</u>	<u>329,632</u>	<u>348,328</u>	<u>343,728</u>
Total liabilities and equity		<u>3,612,536</u>	<u>3,513,823</u>	<u>3,479,072</u>	<u>3,430,008</u>

The financial statements were approved by the Board of Directors on the 12th of August 2021 and were signed on its behalf

by:

Burak Yildiran
General Manager

Valentin Vancea
Deputy General Manager

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)**

Group

<i>Thousand RON</i> Unaudited(*)	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 2021	315,829	(67,569)	(1,134)	11,667	43,361	12,752	15,301	14,678	(15,253)	329,632	-	329,632
Restatement at 1 January	-	-	-	-	-	117	-	-	(117)	-	-	-
Adjusted balance at 1 January	315,829	(67,569)	(1,134)	11,667	43,361	12,869	15,301	14,678	(15,370)	329,632	-	329,632
Comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	4,547	4,547	-	4,547
Other comprehensive income												
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(4,785)	-	-	-	-	-	(4,785)	-	(4,785)
Expected credit loss related to FVOCI debt instruments	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Gains from the measurement at fair value of debt instruments FVOCI	-	-	-	2,060	-	-	-	-	-	2,060	-	2,060
Net profit on FVOCI equity instruments	-	-	-	988	-	-	-	-	-	988	-	988
Changes in the reserve for the revaluation of property	-	-	-	-	290	-	-	-	-	290	-	290
Total comprehensive income	=	-	-	(1,739)	290	-	-	=	4,547	3,098	-	3,098
Revaluation reserve realized	-	-	-	-	(1,810)	-	-	-	1,810	-	-	-
Establishment of legal reserves	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2021	315,829	(67,569)	(1,134)	9,928	41,841	12,869	15,301	14,678	(9,013)	332,730	-	332,730

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)**

Group

<i>Thousand RON</i> Unaudited(*)	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 Comprehensive income	315,829	(67,569)	(1,134)	4,689	45,663	12,447	15,301	14,678	(20,298)	319,606	-	319,606
Profit for the period	-	-	-	-	-	-	-	-	2,891	2,891	-	2,891
Other comprehensive income												
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	-	(4,281)	-	-	-	-	-	(4,281)	-	(4,281)
Expected credit loss related to FVOCI debt instruments	-	-	-	38	-	-	-	-	-	38	-	38
Gains from the measurement at fair value of debt instruments FVOCI	-	-	-	10,554	-	-	-	-	-	10,554	-	10,554
Net profit on FVOCI equity instruments	-	-	-	667	-	-	-	-	-	667	-	667
Changes in the reserve for the revaluation of property	-	-	-	-	422	-	-	-	-	422	-	422
Losses from the liquidation of subsidiaries	-	-	-	-	(86)	-	-	-	(179)	(265)	-	(265)
Total comprehensive income	-	-	-	6,978	336	-	-	-	2,712	10,026	-	10,026
Revaluation reserve realized	-	-	-	-	(2,638)	-	-	-	2,638	-	-	-
Establishment of legal reserves	-	-	-	-	-	305	-	-	(305)	-	-	-
Balance at 31 December 2020	315,829	(67,569)	(1,134)	11,667	43,361	12,752	15,301	14,678	(15,253)	329,632	-	329,632

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)**
Bank

<i>Thousand RON Unaudited(*)</i>	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	-	-	-	-	-	-	-	6,049	6,049
Other comprehensive income									
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	(4,784)	-	-	-	-	-	(4,784)
Expected credit loss related to FVOCI debt instruments	-	-	(2)	-	-	-	-	-	(2)
Gains from the measurement at fair value of debt instruments FVOCI	-	-	2,060	-	-	-	-	-	2,060
Net profit on FVOCI equity instruments	-	-	988	-	-	-	-	-	988
Changes in the reserve for the revaluation of property	-	-	-	289	-	-	-	-	289
Total comprehensive income	=	-	(1,738)	289	-	=	-	6,049	4,600
Establishment of legal reserves	-	-	-	-	-	-	-	-	-
Revaluation reserve realized	-	-	-	(1,810)	-	-	-	1,810	-
Balance at 30 June 2021	315,829	(67,569)	9,930	40,127	12,752	15,301	14,678	7,280	348,328

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)**
Bank

<i>Thousand RON</i>	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	<u>315,829</u>	<u>(67,569)</u>	<u>4,689</u>	<u>43,865</u>	<u>12,447</u>	<u>15,301</u>	<u>14,678</u>	<u>(5,709)</u>	<u>333,531</u>
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	2,797	2,797
Other comprehensive income									
Net gain related to FVOCI debt instruments recycled in profit or loss account	-	-	(4,280)	-	-	-	-	-	(4,280)
Expected credit loss related to FVOCI debt instruments	-	-	38	-	-	-	-	-	38
Gains from the measurement at fair value of debt instruments FVOCI	-	-	10,554	-	-	-	-	-	10,554
Net profit on FVOCI equity instruments	-	-	667	-	-	-	-	-	667
Changes in the reserve for the revaluation of property	-	-	-	421	-	-	-	-	421
Total comprehensive income	=	=	<u>6,979</u>	<u>421</u>	=	=	=	<u>2,797</u>	<u>10,197</u>
Establishment of legal reserves	-	-	-	-	305	-	-	(305)	-
Revaluation reserve realized	-	-	-	(2,638)	-	-	-	2,638	-
Balance at 31 December 2020	<u>315,829</u>	<u>(67,569)</u>	<u>11,668</u>	<u>41,648</u>	<u>12,752</u>	<u>15,301</u>	<u>14,678</u>	<u>(579)</u>	<u>343,728</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)

<i>Thousand RON</i>	Group		Bank	
	Unaudited(*) 30 June 2021	Unaudited(*) 30 June 2020	Unaudited(*) 30 June 2021	Unaudited(*) 30 June 2020
Cash flows from operating activities				
Interest received	75,656	54,084	69,160	55,005
Interest paid	(24,240)	(22,498)	(22,082)	(20,267)
Fees and commissions received	16,162	13,729	15,744	13,347
Fees and commissions paid	(3,192)	(2,669)	(2,444)	(2,109)
Gain / (Loss) from financial derivatives	345	(400)	345	(400)
Net gain from financial instruments and other operating income	13,313	10,099	14,601	10,781
Recoveries from off balance sheet items	4,126	2,224	4,078	2,265
Cash payments to employees	(33,657)	(32,203)	(30,423)	(29,683)
Cash payments to suppliers	(26,567)	(23,526)	(20,955)	(22,730)
Income taxes paid	(460)	-	(72)	-
Net cash-flow from operating activities before changes in operating assets and liabilities	<u>21,486</u>	<u>(1,160)</u>	<u>27,952</u>	<u>6,209</u>
Changes of operating assets <i>(Increase)/Decrease of:</i>				
- loans and advances to banks	(894)	(19)	(893)	(17)
- financial assets measured at fair value through profit or loss	(17,409)	11,222	10,465	9,258
- loans and advances to customers	(188,092)	(88,251)	(167,006)	(88,960)
- other financial assets	(3,498)	(5,522)	(8,477)	(5,984)
Total changes of operating assets	<u>(209,893)</u>	<u>(82,570)</u>	<u>(165,911)</u>	<u>(85,703)</u>
Changes of operating liabilities <i>Increase/(Decrease) of:</i>				
- due to other banks	49,520	16,129	49,520	16,129
- deposits from customers	(17,543)	(128,928)	(19,130)	(125,796)
- other financial liabilities	34,382	2,031	2,658	4,090
Total changes of operating liabilities	<u>66,359</u>	<u>(110,768)</u>	<u>33,048</u>	<u>(105,577)</u>
Net cash flow used in operating activities	<u>(122,048)</u>	<u>(194,498)</u>	<u>(104,911)</u>	<u>(185,071)</u>
Cash flows from investing activities				
Acquisition of investment securities at FVOCI	(278,131)	(348,822)	(278,131)	(348,822)
Proceeds from investment securities at FVOCI	322,098	323,180	322,098	323,180
Acquisition of equity instruments	-	-	(974)	(4,020)
Proceeds from sale of equity instruments	-	(498)	-	669
Purchase of investments at amortized cost	-	-	-	-
Maturities of investments at amortized cost	74,431	25,977	74,431	25,977
Proceeds from dividend	2,698	1,790	1,923	5,717
Sale of investment property and non-current assets held for sale and premises	13,414	7,777	13,414	7,575
Acquisition of tangible and intangible assets	(18,455)	(11,658)	(18,781)	(10,183)
Net cash from investing activities	<u>116,055</u>	<u>(2,254)</u>	<u>113,980</u>	<u>93</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

INTERIM CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 (All amounts are in thousand RON)

	Group		Bank	
	Unaudited(*) 30 June 2021	Unaudited(*) 30 June 2020	Unaudited(*) 30 June 2021	Unaudited(*) 30 June 2020
Cash flows from financing activities				
Withdrawals from loans from other financial institutions	18,302	18,018	-	-
Repayments of loans from other financial institutions	(1,089)	(12,929)	-	-
Subordinated debt	2	(230)	-	-
Issuance of debt securities	-	-	-	-
Net cash generated from financing activities	<u>17,215</u>	<u>4,859</u>	<u>=</u>	<u>=</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,427</u>	<u>880</u>	<u>1,426</u>	<u>877</u>
Net (decrease) in cash and cash equivalents	12,649	(191,013)	10,495	(184,101)
Cash and cash equivalents at 1 January	354,793	437,958	350,943	428,495
Cash and cash equivalents at 30 June	<u>367,442</u>	<u>246,945</u>	<u>361,438</u>	<u>244,394</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)**

1. REPORTING ENTITY

As at 30 June 2021, the Structure of the Patria Bank Group is the following:

- **Patria Bank S.A. – Parent company**– “The Bank / PBK” is a Romanian credit institution resulted from the merger by absorption between the former Banca Comerciala Carpatica S.A. (as an absorbing entity) and former Patria Bank S.A. (as an absorbed entity), which took place on 1st of May 2017. According to the decision of the General Meeting of Shareholders regarding the approval of the merger, the decision to change the name of the absorbing company from Banca Comerciala Carpatica S.A. in Patria Bank S.A. was implemented at the same time with the merger date.

The Registered office: 42, Pipera Road, Globalworth Plaza Building, 8 and 10 Floors, Bucharest, Sector 2, postal code 020112.

As at June 30, 2021 the Bank is ultimately controlled by Investment Fund “Emerging Europe Accession Fund Cooperatief U.A.” (“EEAF”) sole owner of EEAF Financial Services B.V.. The main investors in EEAF Investment Fund are EBRD - European Bank for Reconstruction and Development, EIF - European Investment Fund (part of the European Investment Bank group), DEG - Deutsche Investitions- und Entwicklungsgesellschaft GmbH and Black Sea Trade and Development Bank.

The Bank provides banking services and other financial services to SMEs, microenterprises and retail clients. These services include: deposit and current accounts, domestic and international payments, foreign exchange transactions, working capital loans, medium term lending, bank guarantees, letters of credit.

- **Patria Credit IFN SA – Subsidiary** – (“IFN”) is a company registered in Romania since February 12, 2004 and it is authorized by the National Bank of Romania (“NBR”) to carry out lending activities. Starting with September 28, 2007, IFN is registered with the General Register of the NBR's Non-banking Financial Institutions (“IFN”), and as of February 26, 2008 Patria Credit IFN was also registered with the NBR Special Register.

Patria Credit IFN is specialized in rural lending and microfinance and it is under the control of Patria Bank SA (99,998%).

- **SAI Patria Asset Management SA (former SAI Carpatica Asset Management SA) – Subsidiary** - and the 5 managed investment funds - FDI Patria Stock, FDI Patria Global, FDI Patria Obligatiuni, FDI Patria Euro Obligatiuni, FDI ETF BET Patria Tradeville, authorized by the FSA for the management of open investment funds. SAI Patria Asset Management SA together with the managed investment funds are under the control of Patria Bank SA by holding 99.99% of the share capital and voting rights of the subsidiary.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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- **Carpatica Invest SA** (undergoing dissolution) – **Subsidiary** –with its headoffice in Sibiu, 5 Mihai Viteazu Street. Carpatica Invest S.A was a financial investment services company, authorized, regulated and supervised by the FSA; Patria Bank SA holds 95.68% of its shares.

The Financial Supervisory Authority has ruled to suspend the trading activity of Carpatica Invest SA, considering that the company is not compliant with the legal requirements regarding the level of own funds and the main shareholder at that time, Banca Comerciala Carpatica SA, decided to dissolve the company. Considering the dissolving decision and the insignificant impact of consolidating Carpatica Invest SA, the Group has decided to modify the scope of the consolidation by excluding Carpatica Invest SA for the 2021 and 2020 statements.

The criminal case no. 19883/3/2017 * a1, in which Carpatica Invest S.A. has the quality of defendant, is on the role of the Bucharest Court. By decision of 24.04.2018, it was ordered to suspend the dissolution or liquidation process, the measure which was challenged by the judicial liquidator and favorably resolved.

The continuation of the bankruptcy procedure depends on the solution adopted in the criminal case and the lifting of the seizure on the debtor's assets.

The insolvency case 2127/85/2016 pending before the Sibiu Tribunal has a deadline of 21.10.2021 and the criminal case is pending at the Bucharest Tribunal and has a deadline of 04.08.2021.

As at 31 December 2020 - The Group Patria Bank (“The Group”) includes: Patria Bank S.A. (“The Bank”/“PBK”), (resulted from the reverse merger between Banca Comerciala Carpatica and Patria Bank, former Nextebank until 2016), Patria Credit IFN SA (“IFN”), SAI Patria Asset Management SA together with the managed investment funds: FDI Patria Stock, FDI Patria Global, FDI Patria Obligatiuni and FDI Patria Euro Obligatiuni) and SSIF Carpatica Invest SA (undergoing dissolution, nonconsolidated. Patria Bank SA is the Parent company of the Group.

2. BASIS OF PREPARATION

a) Statement of compliance

The interim consolidated and individual financial statements have been prepared in accordance with *IAS 34 Interim Financial Reporting*. These interim consolidated and individual financial statements were not audited or reviewed.

The interim consolidated and individual financial statements include:

- Interim Consolidated and Separate Statement of Profit or Loss
- Interim Consolidated and Separate Statement of Other Comprehensive Income
- Interim Consolidated and Separate Statement of Financial Position
- Interim Consolidated and Separate Statement of Changes in Equity
- Interim Consolidated and Separate Statement of Cash Flows
- a selection of relevant explanatory notes for the period ending at 30 June 2021.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)**

The interim financial statements do not include all disclosures required by the International Financial Reporting Standards adopted by the European Union ("IFRS") for the full set of annual financial statements; so, these interim statements should be read together with the Group's annual financial statements as at 31 December 2020.

In accordance with Order 27 / 16.12.2010 issued by the President of the Board of Directors of the National Bank of Romania, the Group's annual financial statements at 31 December 2020 were prepared in accordance with IFRS.

The Group keeps its accounting records in Romanian LEI ("RON"); RON is also the functional and presentation currency of the Group in accordance with the Romanian Accounting Law and the accounting and reporting regulations issued by NBR and the Ministry of Public Finance.

b) Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, the revaluation of land and buildings, financial assets at fair value through other comprehensive income, non-current assets held for sale, investment properties and financial instruments at fair value through profit or loss.

The significant accounting policies used in the preparation of these interim financial statements are those presented in Note 3 of the Group's Annual Consolidated and Separate Financial Statements as at 31 December 2020.

c) Basis of Consolidation

The consolidated interim financial statements comprise the financial statements of Patria Bank SA and all its subsidiaries for the period ended at 30 June 2021 and the comparative financial statements of the Patria Bank SA and all its subsidiaries for the period ended 30 June 2020 or 31 December 2020.

All outstanding balances between Group companies, transactions, income and expenses, losses and gains arising from transactions between Group companies are eliminated in full.

Subsidiaries are entities controlled by the Bank. An investor controls an investee when it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The entities in the Group are incorporated in Romania, keep their accounting books and prepare their statutory financial statements as follows:

- the Bank, SAI Patria Asset Management S.A., FDI Patria Stock, FDI Patria Global, FDI Patria Obligatiuni, FDI Patria EURO Obligatiuni and FDI ETF BET Patria Tradeville in accordance with IFRS as adopted by the European Union;
- Patria Credit IFN SA in accordance with Romanian accounting regulations.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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The Bank consolidates the financial statements of its subsidiaries in accordance with IFRS 10. The list of Group subsidiaries is presented at Note 1 “Reporting entity”.

d) Going concern

The preparation of the consolidated and separate financial statements is based on the going concern assumption that involves management's assessments, estimates and hypotheses related to the income, expenses, assets, liabilities, cash flows, liquidity and capital requirements of the Group. The uncertainty in relation to these hypotheses and estimates could determine results that require significant adjustments of the assets, liabilities and capital requirements in the future periods.

Operational considerations

The financial results of the first semester of 2021 **show a net profit of 6.0 million lei, increasing by 27% compared to the same period of 2020**, arising from the favorable evolution of both operating revenues and the contraction of operating costs that led to an Operating Result with 85% higher (+10.7 million lei) in first semester of 2021 compared to first semester of 2020.

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

- **New loans granted more than 492.5 million lei during 2021**, which led to an increase in the portfolio of performing loans by 10%, respectively 174 million lei 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
- **Increase in operating revenues by 29% H1 2021 compared to H1 2020** on all components of the structure, this evolution includes a negative impact on interest income of approximately 7 million lei from the decrease of the ROBOR interest index
- **Optimization and reduction of operational expenses by 1.4 million lei or 2%** in the first six months of 2021 compared to the similar period of 2020
- **Maintaining a solid capital base highlighted by the level of the Own Funds Rate around the level of 20%** both individually and consolidated at the level of the Patria Bank Group.

Capital Ratios considerations

As of 30 June 2021

At individual level the Bank's Capital Adequacy Ratio (Total Capital Ratio) is 20.30%, being over the TSCR limit (11.35%) and over the minimum OCR limit of 13.85% (TSCR plus capital conservation buffer of 2.5%), registering a slight decrease compared to 21.60% level at the end of 2020. The TSCR limit for total capital has been decreased since December 2020 from 11.71% to 11.35% after the completion of the Monitoring and Evaluation Process (SREP) conducted by the National Bank of Romania in 2020.

The CET 1 indicator is 15.84%, above the TSCR limit (6.38%) and above the OCR limit (8.88%) and the level 1 own funds rate is 15.84% above the TSCR limit (8.51%) and above the OCR limit (11.01%).

Notes 1 to 39 are part of the consolidated and separate financial statements.

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**NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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At consolidated level the Group's Capital Adequacy Ratio (Total Capital Ratio) is 19.50%, being over the TSCR limit (11.41%) and over the minimum OCR limit of 14.91% (TSCR plus capital conservation buffer of 2.5% plus 1% systemic shock buffer was diminished in March 2019 from 2% level to 1%). The level of the systemic buffer of 1% is set according to the current NBR methodology for the calculation of one of the parameters that define the matrix of the systemic shock buffer i.e. of the coverage ratio. In March 2019 the regulation covering the calculation methodology of the coverage ratio specifically applicable to banks which acquired loan portfolios (of which value incorporated a market value adjustment) has been modified (through NBR Order 2/26.02.2019 published in the Official Gazette no.213 Part I/18.03.2019). The Bank is qualifying for the level of 1% systemic risk buffer at the end of 2020 and at the end of June 2021. This had a positive impact in the level of minimum capital requirements at consolidated level.

The CET 1 ratio is 15.04%, above TSCR limit (6.42%) and above OCR limit (9.92%) and Tier 1 ratio is 15.04%, above TSCR limit (8.56%) and above OCR limit (12.06%).

The Capital Adequacy Ratio, both at individual level and at consolidated level, does not incorporate the profit obtained by the Bank, respectively by Patria Bank S.A. Group, because they are not audited, a mandatory condition for their incorporation in Equity. Thus, the consolidation of the Equity Rate will be performed at the end of the year by including the profits obtained by the Bank, respectively the Group.

As of 31 July 2021, the Bank complies with capital ratios requirements.

Other considerations

During 2021, the Bank implemented a set of actions designed to ensure compliance with NBR requirements addressed to the Bank. These requirements address both operational and business issues, and their implementation corresponds to the objectives considered by the Bank's management.

The management of the Bank believes that it is appropriate for the going concern principle to be applied in the preparation of the consolidated and separate financial statements due to business growth plans while optimizing the cost base in order to achieve a sustainable profitability threshold, consolidating the level II capital base and comfortable liquidity position.

These factors are set out below:

i) Business plan for 2021

For 2021, the Bank plans to leverage on the income drivers developed during 2019 and 2020, as it plans to continue to increase the weight of the higher yielding assets (loans to customers) in its total assets, implying also a corresponding increase of the risk weighted assets. The increase in the size of the loan portfolio is expected to lead to an increase of the operating income of the Bank, while in parallel the management aims to continue the optimization of the operating costs of the Bank, including the cost of

Notes 1 to 39 are part of the consolidated and separate financial statements.

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funding, to achieve the profitability targets. The business plan also includes a continuation of actions started in previous years for decreasing the size of the non-productive assets through a strategy of sale (for those properties classified as Non-current assets held for sale) or a strategy of lease-out (for those classified as investment property). Through the sale actions the usage of the capital base of the Bank will be improved, as these assets are also very capital intensive.

The bank conducted a stress scenario, considering a smaller increase in the loan portfolio, without diminishing impairment losses. The resulting impact on the capital adequacy ratio is not significant

ii) Strengthening the Bank's Tier 2 capital base during 2020

Considering the success of the first issue of subordinated bonds carried out in 2019 in the amount of EUR 5 million, the Bank realized in 2020 a new issue of bonds in the amount of EUR 8.2 million. The 2020 issue was made through a private placement on the capital market, with the date of issue October 5, 2020 having a maturity of 8 years and a fixed interest rate of 6.50% / year.

The subordinated bonds issued are included in the Level 2 Capital of the Group following the approvals received from the National Bank of Romania (October 10, 2019 for the issue during 2019 - PBK27E and October 25, 2020 for the issue during 2020 - PBK28E).

The above-mentioned actions aim to strengthen the capital base during the process of driving lending book growth to reach an optimal balance sheet structure.

iii) Liquidity considerations

As noted above, the Bank has a comfortable liquidity position demonstrated by the level of key liquidity indicators such as LCR (160% at the end of June 2021 – well above the minimum level required for this indicator of 100%) and a ratio of liquid assets to total assets of 34.6%. During 2021 the Bank will have to maintain a level of minimum 100% for the main currencies (RON and EUR) as well for all currencies in equivalent reporting currency RON. The extra liquidity placed at the end of June 2021 in low yielding assets will be gradually shifted to loans portfolio.

Based on all the above, the Bank's management has made an assessment regarding the going concern principle and has concluded that the going concern principle is appropriate as basis for the preparation of the consolidated and separate financial statements as at and for the period ended 30 June 2021.

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e) Use of estimates and judgments

The preparation of the interim financial statements according to IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The elements affected using significant estimates and judgments are: fair value of financial assets, impairment adjustments for loans to customers, financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, provisions for risks and costs.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

COVID - 19

The declaration in March 2020 by the World Health Organization of the Covid-19 pandemic prompted a response from the authorities in order to minimize the economic impact of the pandemic.

The response to the Covid-19 pandemic included several forms of postponement of the payment of credit obligations (in order to support the operational and liquidity problems faced by debtors) introduced either by a legislative moratorium (GEO 37/2020 and GEO 227 / 2021), or through a non-legislative moratorium initiated at the level of the banking system.

In addition to the 2 moratoriums above, the Group has designed its program to defer the payment of credit obligations in order to support its debtors in temporary difficulty. The measures fall into the legislative category (in accordance with the code of conduct developed at the level of the banking industry) or non-legislative.

An additional measure taken by the Romanian Government to support the SME segment was the SME Invest Program. For 2020, the total ceiling of guarantees that could be granted under the program was 20 billion LEI.

The application of the payment moratorium program, at the client's request, did not have a direct impact on the change of the clients' classification by stages (it is not considered a triggering factor regarding the significant increase of the credit risk, this being a general program applied, under certain conditions to consider a detailed financial analysis of each debtor). The definition of credit restructuring has not been modified and continues to identify the request for the restructuring operation of clients in financial difficulties.

The Bank has implemented a continuous monitoring process for all exposures subject to legislative or non-legislative moratoriums. On a quarterly basis, the Bank analyzed the updated situation of each

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exposure, beyond certain limits, which benefited from a moratorium solution, covering a large part of the portfolio. In addition, on a monthly basis, before the first payment after the deferral period, the Bank analyzed the client's current situation regarding its ability to continue payments, proceeding to the marking in stage 2 or 3, if applicable.

Outstanding payments or the request for restructuring, immediately after the deferral period, are subject to an in-depth analysis to assess the likelihood of a significant increase in credit risk or improbability of payment. Industries at high risk of being affected by the pandemic situation (such as HORECA) have been considered, since the beginning of the pandemic situation, in the category of exposures with a significant increase in credit risk (stage 2).

In January 2021, the Government approved the extension of the measure to postpone the payment of credit obligations until March 15, 2021, for people who have financial difficulties due to the coronavirus pandemic. During this period, a number of 70 clients with an exposure of RON 12.8 million requested deferrals for payment.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous year, and the impact of applying these new and revised standards was reflected in the Group's financial statements.

a) Changes in accounting policies and the adoption of revised or amended IFRSs

- **Amendments to IFRS 16 Leases COVID-19-Related Rent Concessions** (*Effective for annual periods beginning on or after 1 June 2020*), adopted by the EU

The amendment applies, in retrospect, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in unauthorized financial statements as of May 28, 2020. The IASB amended the standard to ensure that tenants are exempt from the application of IFRS 16 by providing guidance on changes in accounting treatment for leases that result as a direct consequence of Covid-19 pandemic. The amendment provides a convenient and practical means for the tenant to consider any change in rental payments resulting from the deferral of rent rates caused by the Covid-19 pandemic, just as the change would be accounted for in accordance with IFRS 16, if this was not a modification of the rental contract, only if all the following conditions are met:

- The change in lease payments results in a revised consideration for the lease that is substantially the same as or less than the value of the lease immediately prior to the change.
- Any reduction in leasing payments only affects payments initially due on or before June 30, 2021
- There are no substantive changes to other terms and conditions of the rental agreement

The changes do not have a significant impact on the Group's financial statements.

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- **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)** (in force for annual periods beginning on or after 1 January 2021)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods.

The changes do not have a significant impact on the Group's financial statements.

b) Standards and interpretations issued but not yet in force

The following new standards, changes in standards and interpretations are mandatory for annual periods beginning on or after 1 January 2022 and have not been applied to the preparation of these consolidated financial statements. These changes have not yet been adopted by the U.E.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements 2018-2020, IAS 16 Property, Plant and Equipment and IFRS 3 Business Combinations**

The IASB has issued amendments, with limited scope, to the IFRS Standards as follows:

- *IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)* specify which costs a company includes in determining the cost of fulfilling a contract for assessing whether a contract is onerous.
- *Annual Improvements 2018-2020* make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.
- *IAS 16 Property, Plant and Equipment (Amendments)* prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- *IFRS 3 Business Combinations (Amendments)* update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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The following new standards, changes in standards and interpretations are mandatory for annual periods beginning on or after 1 January 2023 and have not been applied to the preparation of these consolidated financial statements. These changes have not yet been adopted by the U.E.

- **Amendments to IAS 1 Presentation of Financial Statements Presentation of Financial Statements *Classification of Liabilities as Current or Non-current***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

The Group intends to adopt these standards when they enter into force.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Group intends to adopt these standards when they enter into force.

- **Amendments to IFRS 10 and IAS 28 *Sale or contribution of assets between an investor and its associate or joint venture***

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognized when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while

a partial gain or loss is recognized when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Group intends to adopt these standards when they enter into force.

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4. NET INTEREST INCOME

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Interest and similar income				
Loans and advances to customers (*)	75,600	73,469	64,715	64,456
Debt instruments at amortised cost	2,613	2,794	2,613	2,794
Financial assets at fair value through other comprehensive income	6,953	7,494	6,224	6,721
Due from other banks	162	365	108	318
Interest income on lease receivables	(3)	2	3	5
Total interest and similar income using effective interest method	<u>85,325</u>	<u>84,124</u>	<u>73,663</u>	<u>74,294</u>
Interest and similar expense				
Customer deposits	18,149	20,455	18,181	20,498
Loans from banks and other financial institutions	2,188	2,205	306	369
Subordinated liabilities	923	999	633	649
REPO operations	-	-	-	-
Other interest expense	138	123	131	117
Subordinated bonds	2,278	875	2,278	875
Total interest and similar expense	<u>23,676</u>	<u>24,657</u>	<u>21,529</u>	<u>22,508</u>
Net interest income	<u>61,649</u>	<u>59,467</u>	<u>52,134</u>	<u>51,786</u>

(*) Interest income at Group level includes RON 2,730, thousand (30 June 2020: RON 3,029 thousand) interest income recognized on impaired loans to customers.

(*) Interest income at Bank level includes RON 2,616 thousand (30 June 2020: RON 2,688 thousand) interest income recognized on impaired loans to customers.

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5. NET FEE AND COMMISSION INCOME

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Fee and commission income				
Cards activity (VISA & MC)	3,663	2,887	3,663	2,888
Non-cash transactions	6,832	5,899	6,835	5,907
Non-deferrable commissions related to loans	998	752	998	752
Cash transactions	2,745	2,429	2,745	2,429
Income from other financial services	1,621	1,428	1,200	1,037
Interbank settlements	141	183	141	183
<i>Total fee and commission income from contracts with customers</i>	<u>16,000</u>	<u>13,578</u>	<u>15,582</u>	<u>13,196</u>
Issuing financial guarantees	162	151	162	151
Total fee and commission income	<u>16,162</u>	<u>13,729</u>	<u>15,744</u>	<u>13,347</u>
Fee and commission expense				
Cards activity (VISA & MC)	541	426	541	427
Interbank settlements	969	885	969	884
Expenses from other financial services	941	738	210	183
Other	741	620	724	615
Total fee and commission expense	<u>3,192</u>	<u>2,669</u>	<u>2,444</u>	<u>2,109</u>
Net fee and commission income	<u>19,354</u>	<u>11,060</u>	<u>13,300</u>	<u>11,238</u>

Non-deferrable commissions related to loans represent fees and commissions that are not subject of amortization according to the Effective Interest Rate methodology and consist mainly on fees charged for services provided (administration fees) that are recognized in the period when they were incurred, fees for credit commitments when the probability of disbursement is not certain, fees charged for early repayments, etc. The Group has internal procedures that classifies all commission types and specifies the accounting treatment to be applied for each class.

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6. NET GAIN/(LOSS) FROM FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net gain/(loss) from financial assets measured at fair value through profit or loss	4,708	(1,233)	1,187	(427)
Net gain/(loss) from derivatives	328	(502)	328	(502)
Total	5,036	(1,735)	1,515	(929)

7. NET GAIN/(LOSS) FROM DISPOSAL OF INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Gains from disposals of investment securities at fair value through other comprehensive income	5,992	2,534	5,992	2,534
Losses from disposals of investment securities at fair value through other comprehensive income	(297)	(595)	(297)	(595)
Total	5,695	1,939	5,695	1,939

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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8. OTHER OPERATING INCOME

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net gain/ (loss) from foreign exchange transactions	2,940	3,538	2,822	3,452
Dividend income	2,698	1,790	6,923	5,717
Other operating income	1,138	605	1,064	567
Gain / (Loss) from sale/disposal of assets	198	(352)	199	(352)
Income from rental of real estate	3,040	2,979	3,040	2,979
Total	<u>10,014</u>	<u>8,560</u>	<u>14,048</u>	<u>12,363</u>

For the Bank, dividend income of RON 6,923 thousand (30 June 2020: RON 5,717 thousand) represents share of profits paid proportionally to the Bank, as follows:

- RON 5,000 thousand, received from Patria Credit IFN (30 June 2020: RON 4,020 thousand);
- RON 1,409 thousand, received from TRANSFOND SA (30 June 2020: RON 1,265 thousand)(also included in the consolidated figures);
- RON 491 thousand, received from GLOBINVEST SA (30 June 2020: RON 375 thousand) (also included in the consolidated figures);
- RON 23 thousand, received from other investments (30 June 2020: RON 57 thousand)(also included in the consolidated figures).

9. IMPAIRMENT

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Charge/(Release) with adjustments for impairment of loans and advances to customers:	18,837	6,288	19,212	7,922
Loss from written off loans	301	426	34	420
Recoveries from loans previously written off	(4,129)	(2,268)	(4,081)	(2,259)
Charge/(Release) with the adjustments for impairment of debt instruments at amortised cost	2	(4)	2	(4)
Charge/(Release) with the adjustments for impairment of financial asset measured at fair value through other items of comprehensive income	(3)	6	(3)	6
Charge/(Release) with the adjustments for impairment of credit commitments and financial guarantees	(448)	533	(585)	482
Impairment adjustment for equity investments	-	258	-	258
Net charge with adjustments for impairment of financial assets	<u>14,560</u>	<u>5,239</u>	<u>14,579</u>	<u>6,825</u>

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10. PERSONNEL EXPENSES

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Wages and salaries	32,119	31,044	29,229	28,642
Social security contributions	1,287	1,049	943	934
Net expense/(income) with provisions related to wage costs	1,027	373	870	316
Other personnel expense	251	110	251	107
Total	<u>34,684</u>	<u>32,576</u>	<u>31,293</u>	<u>29,999</u>

The average number of employees of the Group as at 30 June 2021 is 640 employees (30 June 2020: 657 employees).

11. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Third parties services	17,495	18,375	16,752	17,680
Rent	(443)	146	(439)	137
Materials and small inventories	1,045	853	907	745
Annual contribution to Guarantee Fund	1,102	1,433	1,102	1,433
Other taxes	1,557	1,913	1,536	1,690
Advertising and publicity	1,046	550	973	487
Net charge/(release) of litigation provisions	(332)	(257)	(327)	(257)
Other operating expenses	223	588	124	558
The expense related to the financial debt for the fund unit holders	4,542	(332)	-	-
Total	<u>26,235</u>	<u>23,269</u>	<u>20,628</u>	<u>22,473</u>

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12. CASH AND CASH EQUIVALENTS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Cash on hand	24,007	18,590	24,007	18,591
Cash in ATMs	49,642	43,764	49,642	43,764
Mandatory minimum reserve	270,194	240,041	270,194	240,041
Correspondent accounts and sight deposits with other banks	18,240	49,010	17,595	48,547
Placements with other banks with original maturities of less than three months	4,356	2,384	-	-
Placements with other banks with original maturities between 3-6 months	1,003	1,004	-	-
Total	<u>367,442</u>	<u>354,793</u>	<u>361,438</u>	<u>350,943</u>

(*)Cash and cash equivalents are not guaranteed.

(i) The mandatory minimum reserve is maintained in accordance with Regulation no. 6/2002 issued by the National Bank of Romania and the subsequent changes and amendments. According to this regulation, the Group is required to maintain a minimum average balance of mandatory reserve throughout the reporting period (monthly basis). The amounts from the mandatory reserve accounts are readily available for the use of the Group according to the liquidity needs and strategy, subject to achieving the minimum reserve as an average for the reporting period.

As of 30 June 2021 the mandatory minimum reserve requirement was 8% (31 December 2020: 8%) for RON funds attracted from customers and 5 % (31 December 2020: 5%) for foreign currency denominated funds attracted.

As of 30 June 2021 the amounts presented in the statement of financial position of cash and equivalents and cash at Central Banks are neither past due no impaired.

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13. FINANCIAL ASSETS EVALUATED AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Equity instruments(i)	72,924	9,095	18,996	17,689
Debt instruments (ii)	-	45,060	-	10,412
Total	<u>72,924</u>	<u>54,155</u>	<u>18,996</u>	<u>28,101</u>

(i) In this category the Group included shares held at Visa Inc. in amount of RON 4,426 thousand (31 December 2020: RON 7,724 thousand) and listed equity instruments, held by the consolidated funds and other funds held by the Group.

(ii) In this category the Group include:

- Bonds issued in RON, EUR and USD by financial and non-banking financial institutions as well as central and local public authorities;
- Treasury bills issued by the Ministry of Public Finance of Romania.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Debt securities at fair value through other items of comprehensive income				
-Treasury bills issued by the Ministry of Public (i)	518,390	600,727	518,390	600,727
-Agricover Holding S.A.	8,004	-	8,004	-
-MAS Securities BV	34,654	-	34,654	-
Equity investments at fair value through other comprehensive income				
-Equity investments	10,385	9,209	10,385	9,209
Total	<u>571,433</u>	<u>609,936</u>	<u>571,433</u>	<u>609,936</u>

i) Treasury bills are issued by the Ministry of Public Finance of Romania and includes listed discounted treasury bills and bonds denominated in RON, EUR and USD. As of 30 June 2021 the Group has no assets pledged for Repo contracts (31 December 2020: the Group has no pledged assets for Repo Contracts).

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The Group held the following equity investments FVOCI:

Thousand RON	Nature of business	Group				Bank			
		30 June 2021		31 December 2020		30 June 2021		31 December 2020	
		Carring amount	Effective Holding (%)	Carring amount	Effective Holding (%)	Carring amount	Effective Holding (%)	Carring amount	Effective Holding (%)
Transfond SA	Clearing House	7,812	5.69	6,696	5.69	7,812	5.69	6,696	5.69
Globinvest	Investments fund administrator	2,142	19.99	2,128	19.99	2,142	19.99	2,128	19.99
Biroul de credit S.A.	Collection and processing of customer data	59	0.32	61	0.32	59	0.32	61	0.32
BIOFARM S.A.	Pharmaceutical Company	42	0.01	27	0.01	42	0.01	27	0.01
SWIFT	Payment activities	330	0.01	297	0.01				
Total equity investments		10,385	-	9,209	-	10,385	-	9,209	-

The debt securities are not collateralized.

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15. DUE FROM OTHER BANKS

The deposits to banks presented below include collateral deposits for settlement amounts from Visa and MasterCard related to cards activity.

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Collateral deposit Banca Transilvania S.A.	414	397	414	397
Collateral deposit U.S. Bank N.A.	5,115	4,897	5,115	4,897
Collateral deposit CITIBANK EUROPE PLC	3,062	2,134	3,062	2,134
Total	<u>8,591</u>	<u>7,428</u>	<u>8,591</u>	<u>7,428</u>

16. LOANS AND ADVANCES TO CUSTOMERS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Gross carrying amount of loans and advances to customers	2,204,250	1,998,954	2,086,409	1,907,111
Credit loss allowance	(154,541)	(137,066)	(146,650)	(128,813)
Total net loans and advances to customers	<u>2,049,709</u>	<u>1,861,888</u>	<u>1,939,759</u>	<u>1,778,298</u>

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The structure of loan portfolio classified per main business lines is as follows:

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Consumer loans	170,220	163,362	169,746	162,895
Mortgage loans	280,833	247,250	280,833	247,250
Loans to entrepreneurs	283,428	219,683	166,793	129,307
SME loans	1,438,243	1,333,102	1,437,511	1,332,102
State and municipal organizations	31,526	35,557	31,526	35,557
Total gross loans and advances to customers	<u>2,204,250</u>	<u>1,998,954</u>	<u>2,086,409</u>	<u>1,907,111</u>
Less: Provision for loan impairment	(154,541)	(137,066)	(146,650)	(128,813)
Total net loans and advances to customers	<u>2,049,709</u>	<u>1,861,888</u>	<u>1,939,759</u>	<u>1,778,298</u>

Risk concentrations by economic sectors within the customer loan portfolio were as follows:

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Loans to individuals	<u>451,053</u>	<u>410,612</u>	<u>450,579</u>	<u>410,146</u>
Loans to corporate customers:	<u>1,753,197</u>	<u>1,588,342</u>	<u>1,635,830</u>	<u>1,496,965</u>
Agriculture	566,690	474,772	447,629	382,544
Trade	333,791	274,463	328,616	271,303
Industry	331,702	322,468	330,368	321,013
Hotels and restaurants	62,089	61,551	60,715	60,573
Constructions	124,002	145,413	121,911	144,111
Transport	79,576	68,825	77,552	68,064
Professional Services	38,149	37,572	36,977	35,511
Services	51,016	51,015	50,457	50,663
Financial and real estate activities	101,680	82,437	117,451	93,470
Others	22,890	21,932	22,855	21,932
IT, research and development	13,867	16,690	13,554	16,577
Public Administration and Defence	27,745	31,204	27,745	31,204
Total loans and advances to customers before provisions	<u>2,204,250</u>	<u>1,998,954</u>	<u>2,086,409</u>	<u>1,907,111</u>
Less provision for impairment losses on loans	(154,541)	(137,066)	(146,650)	(128,813)
Total	<u>2,049,709</u>	<u>1,861,888</u>	<u>1,939,759</u>	<u>1,778,298</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

The structure of the Group's loan portfolio classified by credit quality is as follows:

<i>Thousand RON</i>	30 June 2021						POCI	Total
	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective			
Performing loans	1,645,317	6,533	318,484	-	-	1,077	1,971,411	
Non-performing loans	-	-	-	104,687	43,784	84,368	232,839	
Total gross exposure	<u>1,645,317</u>	<u>6,533</u>	<u>318,484</u>	<u>104,687</u>	<u>43,784</u>	<u>85,445</u>	<u>2,204,250</u>	
Less: Provision for loan impairment	(17,955)	(1,432)	(10,012)	(56,890)	(22,027)	(46,225)	(154,541)	
Net Exposure	<u>1,627,362</u>	<u>5,101</u>	<u>308,472</u>	<u>47,797</u>	<u>21,757</u>	<u>39,220</u>	<u>2,049,709</u>	

<i>Thousand RON</i>	31 December 2020						POCI	Total
	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective			
Performing loans	1,389,759	8,477	372,214	-	-	1,073	1,771,523	
Non-performing loans	-	-	-	97,989	37,120	92,322	227,431	
Total gross exposure	<u>1,389,759</u>	<u>8,477</u>	<u>372,214</u>	<u>97,989</u>	<u>37,120</u>	<u>93,395</u>	<u>1,998,954</u>	
Less: Provision for loan impairment	(16,343)	(1,785)	(12,263)	(44,907)	(19,329)	(42,439)	(137,066)	
Net Exposure	<u>1,373,416</u>	<u>6,692</u>	<u>359,951</u>	<u>53,082</u>	<u>17,791</u>	<u>50,956</u>	<u>1,861,888</u>	

Notes 1 to 39 are part of the consolidated and separate financial statements.

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

The structure of the Bank's loan portfolio classified by credit quality is as follows:

<i>Thousand RON</i>	30 June 2021						POCI	Total
	Stage 1 Collective	Individual	Stage 2 Collective	Individual	Stage 3 Collective	Individual		
Performing loans	1,541,107	6,533	311,510	-	-	1,077	1,860,227	
Non-performing loans	-	-	-	104,687	37,127	84,368	226,182	
Total gross exposure	<u>1,541,107</u>	<u>6,533</u>	<u>311,510</u>	<u>104,687</u>	<u>37,127</u>	<u>85,445</u>	<u>2,086,409</u>	
Less: Provision for loan impairment	(16,553)	(1,432)	(9,163)	(56,890)	(16,387)	(46,225)	(146,650)	
Net Exposure	<u>1,524,554</u>	<u>5,101</u>	<u>302,347</u>	<u>47,797</u>	<u>20,740</u>	<u>39,220</u>	<u>1,939,759</u>	

<i>Thousand RON</i>	31 December 2020						POCI	Total
	Stage 1 Collective	Individual	Stage 2 Collective	Individual	Stage 3 Collective	Individual		
Performing loans	1,314,983	8,477	361,409	-	-	1,073	1,685,942	
Non-performing loans	-	-	-	97,989	30,858	92,322	221,169	
Total gross exposure	<u>1,314,983</u>	<u>8,477</u>	<u>361,409</u>	<u>97,989</u>	<u>30,858</u>	<u>93,395</u>	<u>1,907,111</u>	
Less: Provision for loan impairment	(14,753)	(1,785)	(11,097)	(44,907)	(13,832)	(42,439)	(128,813)	
Net Exposure	<u>1,300,230</u>	<u>6,692</u>	<u>350,312</u>	<u>53,082</u>	<u>17,026</u>	<u>50,956</u>	<u>1,778,298</u>	

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

Analysis of Group 's loss allowance is as follow:

<i>Thousand RON</i>	30 June 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	<u>16,343</u>	<u>14,048</u>	<u>64,236</u>	<u>42,439</u>	<u>137,066</u>
Transfers to Stage 1	5,737	(5,244)	(493)	-	-
Transfers to Stage 2	(1,964)	2,209	(245)	-	-
Transfers to Stage 3	(549)	(4,391)	4,941	-	1
Net remeasurement of loss allowance	(9,843)	3,972	8,746	8,565	11,440
New financial assets originated or purchased	8,210	826	231	165	9,432
Financial assets that have been derecognised (excluding write offs)	-	-	1,231	(1,212)	19
Write offs	-	-	-	(3,875)	(3,875)
Foreign exchange adjustments	21	24	270	143	458
Loss allowance as at 30 June	<u>17,955</u>	<u>11,444</u>	<u>78,917</u>	<u>46,225</u>	<u>154,541</u>

<i>Thousand RON</i>	31 December 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance as at 1 January	<u>12,773</u>	<u>15,136</u>	<u>50,758</u>	<u>39,317</u>	<u>117,984</u>
Transfers to Stage 1	13,649	(12,965)	(684)	-	-
Transfers to Stage 2	(6,525)	7,908	(1,383)	-	-
Transfers to Stage 3	(689)	(9,500)	10,214	(25)	-
Net remeasurement of loss allowance	(13,487)	11,122	20,169	8,745	26,549
New financial assets originated or purchased	10,586	2,318	305	152	13,361
Financial assets that have been derecognised (excluding write offs)	-	-	(94)	-	(94)
Write offs	(1)	-	(15,391)	(5,824)	(21,216)
Foreign exchange adjustments	37	29	342	74	482
Loss allowance as at 31 December	<u>16,343</u>	<u>14,048</u>	<u>64,236</u>	<u>42,439</u>	<u>137,066</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

Analysis of Bank 's loss allowance is as follow:

<i>Thousand RON</i>	Stage 1	Stage 2	30 June 2021 Stage 3	POCI	Total
Loss allowance as at 1 January	<u>14,753</u>	<u>12,882</u>	<u>58,739</u>	<u>42,439</u>	<u>128,813</u>
Transfers to Stage 1	5,535	(5,092)	(444)	-	(1)
Transfers to Stage 2	(1,803)	2,048	(245)	-	-
Transfers to Stage 3	(539)	(4,080)	4,619	-	-
Net remeasurement of loss allowance	(9,287)	3,986	8,883	8,565	12,147
New financial assets originated or purchased	7,873	826	231	165	9,095
Financial assets that have been derecognised (excluding write offs)	-	-	1,231	(1,212)	19
Write offs	-	-	-	(3,875)	(3,875)
Foreign exchange adjustments	21	25	263	143	452
Loss allowance as at 30 June	<u>16,553</u>	<u>10,595</u>	<u>73,277</u>	<u>46,225</u>	<u>146,650</u>

<i>Thousand RON</i>	Stage 1	Stage 2	31 December 2020 Stage 3	POCI	Total
Loss allowance as at 1 January	<u>10,934</u>	<u>14,271</u>	<u>46,536</u>	<u>39,317</u>	<u>111,058</u>
Transfers to Stage 1	13,416	(12,885)	(531)	-	-
Transfers to Stage 2	(5,752)	6,695	(943)	-	-
Transfers to Stage 3	(630)	(8,889)	9,544	(25)	-
Net remeasurement of loss allowance	(12,490)	11,345	18,975	8,745	26,575
New financial assets originated or purchased	9,239	2,316	305	152	12,012
Financial assets that have been derecognised (excluding write offs)	-	-	(94)	-	(94)
Write offs	(1)	-	(15,391)	(5,824)	(21,216)
Foreign exchange adjustments	37	29	338	74	478
Loss allowance as at 31 December	<u>14,753</u>	<u>12,882</u>	<u>58,739</u>	<u>42,439</u>	<u>128,813</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30
JUNE 2021
(All amounts are in Thousand RON)

Information about Group's collaterals is as follows:

<i>Thousand RON</i>	30 June 2021					Total
	SME loans	Consumer loans	Entrepreneurs loans	Mortgage loans	State and municipal organizations	
Unsecured loans(*)	256,474	143,313	88,567	5,399	-	493,753
Loans guaranteed by third parties, including credit insurance	318,918	499	114,800	7,262	1,064	442,543
Loans collateralized by:	<u>862,851</u>	<u>26,408</u>	<u>80,061</u>	<u>268,172</u>	<u>30,462</u>	<u>1,267,954</u>
- residential real estate	99,762	21,675	11,530	260,569	-	393,536
- other real estate	593,115	2,796	23,119	7,462	-	626,492
- cash collateral	8,479	1,937	539	141	-	11,096
- other assets	161,495	-	44,873	-	30,462	236,830
Total loans and advances to customers	<u>1,438,243</u>	<u>170,220</u>	<u>283,428</u>	<u>280,833</u>	<u>31,526</u>	<u>2,204,250</u>

<i>Thousand RON</i>	31 December 2020					Total
	SME loans	Consumer loans	Entrepreneurs loans	Mortgage loans	State and municipal organizations	
Unsecured loans(*)	211,218	133,133	83,049	7,227	-	434,627
Loans guaranteed by third parties, including credit insurance	238,298	565	69,968	7,606	1,417	317,854
Loans collateralized by:	<u>883,586</u>	<u>29,664</u>	<u>66,666</u>	<u>232,417</u>	<u>34,140</u>	<u>1,246,473</u>
- residential real estate	101,241	24,025	10,970	224,652	-	360,888
- other real estate	628,633	3,052	22,537	7,610	-	661,832
- cash collateral	11,334	2,587	546	155	-	14,622
- other assets	142,378	-	32,613	-	34,140	209,131
Total loans and advances to customers	<u>1,333,102</u>	<u>163,362</u>	<u>219,683</u>	<u>247,250</u>	<u>35,557</u>	<u>1,998,954</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021

(All amounts are in Thousand RON)

Information about Bank's collaterals is as follows:

<i>Thousand RON</i>	30 June 2021					Total
	SME loans	Consumer loans	Entrepreneurs loans	Mortgage loans	State and municipal organizations	
Unsecured loans(*)	268,777	143,224	24,880	5,399	-	442,280
Loans guaranteed by third parties, including credit insurance	313,278	499	70,934	7,262	1,064	393,037
Loans collateralized by:	<u>855,456</u>	<u>26,023</u>	<u>70,979</u>	<u>268,172</u>	<u>30,462</u>	<u>1,251,092</u>
- residential real estate	96,756	21,538	7,829	260,568	-	386,691
- other real estate	591,102	2,548	21,037	7,463	-	622,150
- cash collateral	8,479	1,937	539	141	-	11,096
- other assets	159,119	-	41,574	-	30,462	231,155
Total loans and advances to customers	<u>1,437,511</u>	<u>169,746</u>	<u>166,793</u>	<u>280,833</u>	<u>31,526</u>	<u>2,086,409</u>

<i>Thousand RON</i>	31 December 2020					Total
	SME loans	Consumer loans	Entrepreneurs loans	Mortgage loans	State and municipal organizations	
Unsecured loans(*)	219,491	133,043	20,422	7,227	-	380,183
Loans guaranteed by third parties, including credit insurance	236,356	565	51,462	7,606	1,417	297,406
Loans collateralized by:	<u>876,255</u>	<u>29,287</u>	<u>57,423</u>	<u>232,417</u>	<u>34,140</u>	<u>1,229,522</u>
- residential real estate	97,944	23,894	7,207	224,652	-	353,697
- other real estate	626,691	2,806	20,298	7,610	-	657,405
- cash collateral	11,334	2,587	546	155	-	14,622
- other assets	140,286	-	29,372	-	34,140	203,798
Total loans and advances to customers	<u>1,332,102</u>	<u>162,895</u>	<u>129,307</u>	<u>247,250</u>	<u>35,557</u>	<u>1,907,111</u>

*Unsecured loans represents exposures or part of exposures that are not covered by the market value of collaterals for collateral types deductible, according to IFRS9 provisioning methodology.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

The loan portfolio includes 26 exposures towards local public administrations in amount of RON 31,526 thousand as of 30 June 2021 (13 exposures with RON 35,557 thousand as of 31 December 2020). The Group presented this type of loans into neither past due nor impaired and past due but not impaired category.

Loans impaired

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

Past due but not impaired loans

Past due but not impaired loans are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the stage defined in the Group Policy.

In accordance with the instructions issued by the National Bank of Romania, during 2021, the Group performed write-off operations (for those companies that do not appear anymore in the Registry of Commerce, for those that have incomplete credit documentation and for the companies for which juridical procedures are impossible) for loans fully impaired, in amount of RON 3,875 thousand. (31 December 2020: RON 21,357 thousand).

Restructured loans

The Group's outstanding gross exposure as of 30 June 2021 for all the loans that underwent restructuring is RON 189,433 thousand (31 December 2020: RON 137,051 thousand) and the net exposure is RON 137,941 thousand (31 December 2020: RON 94,521 thousand).

The Bank's outstanding gross exposure as of 30 June 2021 for all the loans that underwent restructuring is RON 186,079 thousand (31 December 2020: RON 133,678 thousand) and the net exposure is RON 135,665 thousand (31 December 2020: RON 92,017 thousand).

Loans and advances to customers written off

The outstanding contractual amounts of loans and advances to customers written off that are still subject to enforcement activity was as follows:

Thousand RON	30 June 2021	31 December 2020
Loans to corporate customers	344,308	302,504
Loans to entrepreneurs	13,503	13,119
SME loans	330,805	289,385
State and municipal organizations	-	-
Loans to individuals	30,184	31,307
Consumer loans	24,353	25,504
Mortgage loans	5,832	5,803
Total	374,493	333,811

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

17. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Treasury bills issued by the Ministry of Public Finance of Romania	218,448	316,854	218,448	316,854
Bonds issued by Alpha Bank	24,661	23,905	24,661	23,905
Total	<u>243,109</u>	<u>340,759</u>	<u>243,109</u>	<u>340,759</u>

18. INVESTMENT PROPERTY

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Balance at 1 January	115,823	130,302	115,823	130,100
Acquisitions	-	7,121	-	7,121
Transfers in/(out) from/(to) fixed assets held for sale	-	(6,108)	-	(6,108)
Transfer in from IAS 16 (Sales)	-	248	-	248
Net gain / (loss) from revaluation of investment property	4,873	(15,407)	4,873	(15,407)
Value increases	38	(524)	38	(524)
Outflows	8	393	8	393
(-) Provisions for impairment losses	-	(202)	-	-
(-) Provisions for impairment losses	(204)	-	(204)	-
Balance at 31 December	<u>120,538</u>	<u>115,823</u>	<u>120,538</u>	<u>115,823</u>

The Group did not acquire Investment property using the financial leasing at 30 June 2021 or at 31 December 2020.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

19. INVESTMENTS IN SUBSIDIARIES

The structure of investments in subsidiaries is as follows:

<i>Thousand RON</i>	30 June 2021			31 December 2020		
	Gross value	Impairment adjustments	Net value	Gross value	Impairment adjustments	Net value
Patria Credit IFN	32,522	-	32,522	32,522	-	32,522
SAI Patria Asset Management S.A.	1,774	-	1,774	800	-	800
Carpatica Invest S.A.	6,807	(6,807)	-	6,807	(6,807)	-
Total	<u>41,103</u>	<u>(6,807)</u>	<u>34,296</u>	<u>40,129</u>	<u>(6,807)</u>	<u>33,322</u>

Investments in the fund units that are included in the Group's scope of consolidation are presented as financial assets measured at fair value through profit or loss in the individual statement of the Bank's financial position.

20. OTHER FINANCIAL ASSETS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Amounts to be recovered from banks and clients	7,140	6,809	7,140	6,809
Other financial assets	5,950	3,697	5,949	3,696
Derivative financial instruments	19	36	19	36
Other debtors	9,103	8,373	13,591	7,983
Subleasing IFRS 16	435	575	1,321	1,353
(-) Provisions for impairment losses	(10,032)	(10,062)	(9,863)	(9,807)
Total	<u>12,615</u>	<u>9,428</u>	<u>18,157</u>	<u>10,070</u>

21. OTHER ASSETS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Sundry debtors	105	115	86	94
Other income to be received	-	66	-	66
Prepayments	6,224	3,998	5,780	3,525
Income tax to recover	1,394	4,032	1,773	4,017
Other assets	3,974	3,340	3,639	2,954
Total	<u>11,697</u>	<u>11,551</u>	<u>11,278</u>	<u>10,656</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

22. INTANGIBLE ASSETS

<i>Mii LEI</i>	Grup		Banca	
	30 iunie 2021	31 decembrie 2020	30 iunie 2021	31 decembrie 2020
Fond comercial	20,103	20,103	20,103	20,103
Alte imobilizari necorporale	25,243	25,774	24,414	24,779
Total	<u>45,346</u>	<u>45,877</u>	<u>44,517</u>	<u>44,882</u>

The cost movements of intangible assets and amortisation are the following:

<i>Mii LEI</i>	Grup		Banca	
	30 iunie 2021	31 decembrie 2020	30 iunie 2021	31 decembrie 2020
Sold la 1 ianuarie	84,434	77,498	79,093	72,167
Achizitii, din care:	6,304	9,424	6,274	9,414
-transfer din imobilizari in curs	3,633	2,488	3,633	2,488
Casari	(171)	-	(171)	-
Transfer din imobilizari in curs catre imobilizari necorporale	(3,633)	(2,488)	(3,633)	(2,488)
Sold la sfarsitul perioadei	86,934	84,434	81,563	79,093
<i>Amortizarea cumulata</i>				
Sold la 1 ianuarie	38,557	31,735	34,211	27,790
Cheltuieli cu amortizarea si deprecierea	1,881	4,335	1,856	4,277
Cheltuiala cu amortizarea lista de clienti si brand	1,243	2,487	1,072	2,144
Amortizarea afereanta casarilor	(93)	-	(93)	-
Sold la sfarsitul perioadei	41,588	38,557	37,046	34,211
<i>Valoarea neta contabila</i>				
Sold la 1 ianuarie	<u>45,877</u>	<u>45,763</u>	<u>44,882</u>	<u>44,377</u>
Sold la sfarsitul perioadei	<u>45,346</u>	<u>45,877</u>	<u>44,517</u>	<u>44,882</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
(All amounts are in Thousand RON)

23. PREMISES AND EQUIPMENT

<i>Thousand RON</i>	Group 30 June 2021				Total
	Land and buildings	Furniture and equipment	Means of transport	Assets in the course of construction	
Cost					
Balance at 1 January	<u>95,626</u>	<u>72,622</u>	<u>6,375</u>	<u>1,447</u>	<u>176,070</u>
Acquisitions and transfers from assets under construction	888	1,111	-	2,157	4,156
Outflows, transfer from assets under construction, write-offs	9,885	(6)	(138)	(2,134)	7,607
Right of use - new contracts	3,557	645	-	-	4,202
Right of use – early termination of lease contracts	(2,057)	-	-	-	(2,057)
Balance at 30 June	<u>107,899</u>	<u>74,372</u>	<u>6,237</u>	<u>1,470</u>	<u>189,978</u>
					0
Cumulative depreciation					
Balance at 1 January	<u>21,988</u>	<u>61,099</u>	<u>3,021</u>	-	<u>86,108</u>
Amortization expense	7,352	2,864	628	-	10,844
Impairment expense	-	415	-	-	415
Outflows	(2,709)	(41)	(89)	-	(2,839)
Balance at 30 June	<u>26,631</u>	<u>64,337</u>	<u>3,560</u>	-	<u>94,528</u>
Net carrying amount					
Balance at 1 January	<u>73,638</u>	<u>11,523</u>	<u>3,354</u>	<u>1,447</u>	<u>89,962</u>
Balance at 30 June	<u>81,268</u>	<u>10,035</u>	<u>2,677</u>	<u>1,470</u>	<u>95,450</u>

<i>Thousand RON</i>	Group 31 December 2020				Total
	Land and buildings	Furniture and equipment	Means of transport	Assets in the course of construction	
Cost					
Balance at 1 January	<u>102,553</u>	<u>88,390</u>	<u>9,203</u>	<u>3,883</u>	<u>204,029</u>
Acquisitions and transfers from assets under construction	1,559	4,096	-	2,261	7,916
Outflows, transfer from assets under construction, write-offs	(13,925)	(19,864)	(2,829)	(4,697)	(41,315)
Right of use - new contracts	20,455	-	-	-	20,455
Right of use – early termination of lease contracts	(15,016)	-	-	-	(15,016)
Balance at 31 December	<u>95,626</u>	<u>72,622</u>	<u>6,374</u>	<u>1,447</u>	<u>176,069</u>
Cumulative depreciation					
Balance at 1 January	<u>18,455</u>	<u>72,426</u>	<u>4,559</u>	-	<u>95,440</u>
Amortization expense	8,794	7,943	1,264	-	18,001
Impairment expense	-	495	-	-	495
Outflows	(5,261)	(19,765)	(2,802)	-	(27,828)
Balance at 31 December	<u>21,988</u>	<u>61,099</u>	<u>3,021</u>	-	<u>86,108</u>
Net carrying amount					
Balance at 1 January	<u>84,098</u>	<u>15,964</u>	<u>4,644</u>	<u>3,883</u>	<u>108,589</u>
Balance at 31 December	<u>73,638</u>	<u>11,523</u>	<u>3,353</u>	<u>1,447</u>	<u>89,961</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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(All amounts are in Thousand RON)

<i>Thousand RON</i>	Bank 30 June 2021				Total
	Land and buildings	Furniture and equipment	Means of transport	Assets in the course of construction	
Cost					
Balance at 1 January	<u>92,962</u>	<u>71,661</u>	<u>5,800</u>	<u>1,448</u>	<u>171,871</u>
Acquisitions and transfers from assets under construction	817	1,082	-	2,058	3,957
Outflows, transfer from assets under construction, write-offs	9,885	-	(102)	(2,037)	7,746
Right of use - new contracts	3,194	645	-	-	3,839
Right of use – early termination of lease contracts	(1,346)	-	-	-	(1,346)
Balance at 30 June	<u>105,512</u>	<u>73,388</u>	<u>5,698</u>	<u>1,469</u>	<u>186,067</u>
Cumulative depreciation					
Balance at 1 January	<u>20,768</u>	<u>60,519</u>	<u>2,823</u>	=	<u>84,110</u>
Amortization expense	7,093	2,816	565	-	10,474
Impairment expense	-	415	-	-	415
Outflows	(2,403)	-	(89)	-	(2,492)
Balance at 30 June	<u>25,458</u>	<u>63,750</u>	<u>3,299</u>	=	<u>92,507</u>
Net carrying amount					
Balance at 1 January	<u>72,194</u>	<u>11,142</u>	<u>2,977</u>	<u>1,448</u>	<u>87,761</u>
Balance at 30 June	<u>80,054</u>	<u>9,638</u>	<u>2,399</u>	<u>1,469</u>	<u>93,560</u>

<i>Thousand RON</i>	Bank 31 December 2020				Total
	Land and buildings	Furniture and equipment	Means of transport	Assets in the course of construction	
Cost					
Balance at 1 January	<u>99,130</u>	<u>88,410</u>	<u>7,732</u>	<u>3,883</u>	<u>199,164</u>
Acquisitions and transfers from assets under construction	1,553	3,086	-	2,261	6,900
Outflows, transfer from assets under construction, write-offs	(13,766)	(19,844)	(1,932)	(4,696)	(40,238)
Right of use - new contracts	20,297	-	-	-	20,297
Right of use – early termination of lease contracts	(14,252)	-	-	-	(14,252)
Balance at 31 December	<u>92,962</u>	<u>71,661</u>	<u>5,800</u>	<u>1,448</u>	<u>171,871</u>
Cumulative depreciation					
Balance at 1 January	<u>17,654</u>	<u>72,662</u>	<u>3,583</u>	=	<u>93,899</u>
Amortization expense	8,265	7,107	1,140	-	16,512
Impairment expense	-	495	-	-	495
Outflows	(5,151)	(19,745)	(1,900)	-	(26,796)
Balance at 31 December	<u>20,768</u>	<u>60,519</u>	<u>2,823</u>	=	<u>84,110</u>
Net carrying amount					
Balance at 1 January	<u>81,476</u>	<u>15,757</u>	<u>4,149</u>	<u>3,883</u>	<u>105,265</u>
Balance at 31 December	<u>72,194</u>	<u>11,142</u>	<u>2,977</u>	<u>1,448</u>	<u>87,761</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
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24. DUE TO OTHER BANKS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Sight deposits	4,927	10,000	4,927	10,000
Term deposits	68,974	25,005	68,974	25,005
Collateral deposits	493	487	493	487
Transitory amounts	13,480	1,967	13,480	1,967
Total	<u>87,874</u>	<u>37,459</u>	<u>87,874</u>	<u>37,459</u>

25. CUSTOMER DEPOSITS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Retail customers				
Payable on demand	302,854	305,566	302,854	305,566
Term deposits	1,569,607	1,597,879	1,569,607	1,597,879
Collateral deposits	5,974	7,302	5,974	7,302
Corporate customers				
Current accounts	275,499	317,677	275,983	320,314
Sight deposits	92,558	37,742	92,558	37,742
Term deposits	615,554	600,458	620,357	604,695
Collateral deposits	27,174	29,296	27,174	29,296
Amounts in transit	2,786	2,130	2,632	1,977
Total	<u>2,892,006</u>	<u>2,898,050</u>	<u>2,897,139</u>	<u>2,904,771</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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Risk concentrations by economic sectors within the deposits from customers portfolio were as follows:

<i>Thousands RON</i>	30 June 2021		Bank	
	Amount	Percentage of total deposits(%)	Amount	Percentage of total deposits(%)
Retail customers	<u>1,878,435</u>	<u>64.84</u>	<u>1,910,747</u>	<u>74.87</u>
Corporate customers	<u>900,645</u>	<u>31.09</u>	<u>875,550</u>	<u>23.03</u>
Financial and real estate activities	346,081	11.95	326,094	8.21
Industry	66,227	2.29	57,460	1.64
Others	65,900	2.27	70,857	2.16
Constructions	73,411	2.53	58,953	1.35
IT, research and development	7,573	0.26	8,343	0.25
Trade	93,118	3.21	103,240	2.94
Transport	23,051	0.80	30,987	0.90
Professional Services	31,916	1.10	33,730	1.04
Services	119,404	4.12	105,973	1.56
Agriculture	64,215	2.22	70,175	2.60
Hotels and restaurants	9,749	0.34	9,738	0.36
Public Administration and Defense	<u>118,059</u>	<u>4.08</u>	<u>118,474</u>	<u>2.10</u>
Total	<u>2,897,139</u>	<u>100.00</u>	<u>2,904,771</u>	<u>100.00</u>

26. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Financing name				
EFSE - European Fund for Southeast Europe (i)	26,259	25,734	-	-
Raiffeisen Bank SA (ii)	3,300	4,389	-	-
Symbiotics Sicav (Lux.) (iii)	24,514	16,739	-	-
CEC Bank (iv)	19,702	9,700	-	-
Total	<u>73,775</u>	<u>56,562</u>	=	=

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
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(i) European Fund for Southeast Europe

In November 2018, the Group obtained a financing agreement from EFSE, amounting RON 9,300 thousand. The loan provides for quarterly repayments in 8 equal instalments, after a grace period for the principal of 15 months, with a ROBOR variable interest rate of 3 months plus margins and final maturity on 15 December 2021.

In November 2019, the Group obtained a financing agreement from EFSE, amounting RON 11,900 thousand. The loan provides for quarterly repayments in 9 equal instalments, with a ROBOR variable interest rate of 3 months plus margins and final maturity on 15 November 2022.

In December 2020, the Group obtained a financing agreement from EFSE, amounting RON 17,000 thousand. The loan provides a variable interest rate of ROBOR 3 months plus margin and final maturity on 31 December 2023.

The total outstanding loan from EFSE as at 30 June 2021 is RON 26,259 thousand.

(ii) Raiffeisen Bank S.A.

In May 2018, the Group obtained a loan facility from Raiffeisen Bank in amount of RON 7,032 thousand for 3 years period. The loan provides a variable interest rate of ROBOR 1 months plus margin and final maturity on 20 May 2021.

The total outstanding loan from Raiffeisen Bank at 30 June 2021 is RON 3,300 thousand.

(iii) SYMBIOTICS

In December 2018 the Group obtained new loan facility from Symbiotics in total amount of RON 4,100 thousand for 3 years. The loan provides a variable interest rate of ROBOR 3 months plus margin and final maturity on 21 December 2021.

During 2019, the Group obtained 3 loan facilities from Symbiotics as follows:

- In January 2019, a loan amounting to RON 5,200 thousand for a period of 3 years. The loan has a variable interest rate of ROBOR at 3 months plus the margin and the final maturity on January 31, 2022.
- In April 2019, 2 loans amounting to RON 4,800 thousand for a period of 2 and 3 years, respectively. The loans have a variable interest rate of ROBOR at 3 months plus the margin and the final maturity on April 5, 2021 for the loan amounting to RON 2,400 thousand and a final maturity on April 11, 2022 for the loan amounting to RON 2,400 thousand.

During 2020, Gupul obtained 2 loan facilities from Symbiotics as follows:

- In February 2020, a loan amounting to RON 4,750 thousand for a period of 3 years. The loan has a variable interest rate of ROBOR at 3 months plus the margin and the final maturity on February 10, 2023.

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(*) Unaudited / unrevised by the financial auditor.

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- In March 2020, a loan amounting to RON 2,400 thousand for a period of 3 years. The loan has a variable interest rate of ROBOR at 3 months plus the margin and the final maturity on March 12, 2023.

During 2021, the Group obtained 3 new loan facilities from Symbiotics as follows:

- In February 2021, a loan amounting to RON 3,750 thousand for a period of 2 years. The loan has a fixed interest rate of 5.65% and a final maturity on February 25, 2023.

- In February 2021, a loan amounting to RON 2,500 thousand for a period of 2 years. The loan has a fixed interest rate of 5.75% and a final maturity on February 25, 2023.

- In March 2021, a loan amounting to RON 3,750 thousand for a period of 3 years. The loan has a fixed interest rate of 6.10% and a final maturity on March 12, 2024.

The total outstanding loan from Symbiotics at 30 June 2021 is RON 24,514 thousand.

(iv) *CEC Bank*

In November 2020 the Group obtained new loan facility from CEC Bank in total amount of RON 9,700 thousand for 2 years. The loan provides a variable interest rate of ROBOR 3 months plus margin and final maturity on 28 October 2022.

In April 2021 the Group obtained the increase of the credit loan facility by RON 10,000 thousand. The loan provides a variable interest rate of ROBOR 3 months plus margin and final maturity on 28 October 2022.

The total outstanding loan from CEC Bank at 30 June 2021 is RON 19,702 thousand.

The loans from international financial institutions are unsecured credit facilities, arranged under *negative pledge, pari passu* clauses. According to each loan agreement, the Group shall all time comply with a set of financial undertakings (covenants).

We confirm that during 2020 and as at 30 June 2021, the Group complied with all the covenants included in the loan agreements.

27. OTHER FINANCIAL LIABILITIES

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Financial liabilities to owners of fund units	63,307	33,480	-	-
Derivative financial instruments	-	-	-	-
Other financial liabilities	20,772	18,451	15,995	16,052
Lease liabilities IFRS 16	28,191	30,475	27,397	29,181
Total	112,270	82,406	43,392	45,233

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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28. PROVISIONS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Provisions for loan commitments and financial guarantees	1,802	2,250	1,811	2,394
Provisions for personnel expenses	4,087	3,068	3,449	2,579
Provisions for litigations	2,542	2,863	2,496	2,816
Other provisions	38	263	-	233
Total	<u>8,469</u>	<u>8,444</u>	<u>7,756</u>	<u>8,022</u>

Provision related to credit commitments represents specific provisions created for losses incurred on financial guarantees and commitments to extend credit to borrowers whose financial conditions deteriorated.

Personnel expenses provision relates to accruals for untaken holidays, restructuring, performance bonus and the related payroll taxes.

29. OTHER LIABILITIES

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Other liabilities	3,321	77	2,875	14
State budget debts	2,976	2,844	2,734	2,584
Other income to be received	565	997	565	997
Total	<u>6,862</u>	<u>3,918</u>	<u>6,174</u>	<u>3,595</u>

30. SUBORDINATED DEBTS

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Balance at 1 January	34,555	34,348	24,403	23,951
Subordinated debt	-	-	-	-
Repayments & FX differences	276	207	287	452
Balance at 31 December	<u>34,831</u>	<u>34,555</u>	<u>24,690</u>	<u>24,403</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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The Group has the following outstanding subordinated loans as of June 30, 2021 and December 31, 2020:

- EUR 2,000 thousand granted to the Bank by Mr. Horia Manda, Chairman of the Board of Directors of Patria Bank S.A in 2017. On 30.03.2019 of the Amendment no. 1 that extended the maturity by 1 year was concluded, therefore the new loan maturity is 28.11.2024. According to NBR approval letter No VI/1/18597/29.12.2017 this loan is included in Tier 2 capital;
- EUR 4,300 thousand granted to the Bank by EAAF Financial Services BV in 2018 with interest rate EURIBOR 6M + 585 bps margin, loan converted in share capital in 2018;
- EUR 3,000 thousand granted to the Bank by EAAF Financial Services BV in 2018 with interest rate EURIBOR 6M + 585 bps margin. According to NBR approval letter No VI/1/17408/24.12.2018 this loan is included in Tier 2 capital. In December 2020, the signing of the Amendment no. 2 was initiated (the signing by both parties took place on 5.01.2021, the effectiveness date of the Amendment being 19.12.2020) by which it was extended the maturity by 1 year, therefore the loan new maturity is 19.12.2026;
- RON 10,000 thousand loan granted to Patria Credit IFN by FEI in 2019 with EURIBOR interest 6M + 300 bps margin. The loan is for a period of 10 years with a final maturity on 27.06.2029.

For the subordinated debts mentioned above, there were no changes during 2021 and 2020.

31. DEBT SECURITIES IN ISSUE

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Debt securities in issue	63,719	62,797	63,719	62,797
Balance at 31 December	<u>63,719</u>	<u>62,797</u>	<u>63,719</u>	<u>62,797</u>

As of June 30, 2021 the Group has two debt securities in issue with the following details:

-EUR 5,000 thousand – represent debt securities in issue placed through a private placement on the capital market with the symbol PBK27E, the issue date of September 20, 2019 and an 8-year maturity, fixed interest rate of 6.50% / year;

-EUR 8,187 thousand – represent debt securities in issue placed through a private placement on the capital market with the symbol PBK28E, the issue date of October 05, 2020 and an 8-year maturity, fixed interest rate of 6.50% / year.

The Debt securities in issue are included in Patria Bank's Tier 2 Capital following the National Bank of Romania approval (October 10, 2019 for the debt issued in 2019-PBK27E and October 25, 2020 for the debt issued in 2020-PBK28E).

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(*) Unaudited / unrevised by the financial auditor.

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32. SHARE CAPITAL

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Share Capital according to Trade Register	311,533	311,533	311,533	311,533
Own Shares	(4)	(4)	(4)	(4)
Other adjustments of the Share Capital	2,250	2,250	2,250	2,250
Share premium	2,050	2,050	2,050	2,050
Share capital under IFRS	315,829	315,829	315,829	315,829

The main shareholders are presented below:

Name of the shareholder	30 June 2021		31 December 2020	
	Number of shares Patria Bank	Percentage of ownership (%)	Number of shares Patria Bank	Percentage of ownership (%)
EEAF Financial Services B.V.	2,592,620,715	83.22	2,592,620,715	83.22
Individuals(*)	456,520,978	14.65	456,143,034	14.64
Legal entities	66,188,882	2.13	66,566,826	2.14
Total	3,115,330,575	100.00	3,115,330,575	100.00

(*)No individual holds more than 10% of the shares.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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33. EARNINGS PER SHARE

	30 June 2021	31 December 2020
Number of shares at the beginning of the period	3,115,330,575	3,115,330,575
Number of shares at the end of the period	3,115,330,575	3,115,330,575

Earnings per share are calculated by dividing the net result by the weighted average number of ordinary shares issued, as follows:

Group		
30 June 2021	No. of shares in movement	No. days
No. of shares 01.01.2021-30.06.2021	3,115,330,575	181
Average no. of shares	3,115,330,575	181
Result of the period at 30.06.2021	4,547,421	
Profit per share (RON/share)	0.0015	
30 June 2020		
30 June 2020	No. of shares in movement	No. days
No. of shares 01.01.2020-30.06.2020	3,115,330,575	182
Average no. of shares	3,115,330,575	182
Result of the period at 30.06.2020	2,953,277	
Profit per share (RON/share)	0.0009	
Bank		
30 June 2021	No. of shares in movement	No. days
No. of shares 01.01.2021-30.06.2021	3,115,330,575	181
Average no. of shares	3,115,330,575	181
Result of the period at 30.06.2021	6,048,779	
Profit per share (RON/share)	0.0019	
30 June 2020		
30 June 2020	No. of shares in movement	No. days
No. of shares 01.01.2020-30.06.2020	3,115,330,575	182
Average no. of shares	3,115,330,575	182
Result of the period at 30.06.2020	4,763,860	
Profit per share (RON/share)	0.0015	

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34. SEGMENT ANALYSIS

The disclosure Segment Reporting as required by IFRS 8 is presented only on the elements of the Statement of Financial Position for:

- Loans and advances to customers (Note 16);
- Customer deposits (Note 25) in line with internal reporting for decision makers.

Considering the following criteria the Bank does not report a full disclosure for Segment Reporting:

- No internal reporting for decision makers related the profitability per segments;
- No clients that generates at individual level more 10% from Banks's total banking income ;
- No geographical segments defined (foreign jurisdictions), insignificant exposures granted to foreign customers;
- No transfer pricing allocation defined internally for profitability per segments.

35. RESERVES

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Reserves from revaluation of financial assets at fair value through other items of comprehensive income	9,930	11,668	9,930	11,668
Revaluation reserve for premises	41,839	43,360	40,127	41,648
Statutory legal reserve	12,869	12,752	12,752	12,752
Reserves for general banking risks	15,301	15,301	15,301	15,301
Other Reserves	14,678	14,678	14,678	14,678
Total	94,617	97,759	92,788	96,047

Statutory legal reserves

Statutory reserves represent accumulated transfers from retained earnings in accordance with relevant local regulations. These reserves are not distributable. Local legislation requires 5% of the Group's and its subsidiaries net statutory profit to be transferred to a non-distributable statutory reserve until such time this reserve represents 20% of the statutory share capital.

Reserves for general banking risks include amounts set aside in accordance with the Banking legislation and are separately disclosed as appropriations of statutory profit. These reserves are not distributable. According to the Romanian legislation in force the reserves for general banking risks were set aside starting with 2004 financial year until the end of the 2006 financial year.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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36. COMMITMENTS AND CONTINGENCIES

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period.

The Group provides also letter of guarantees and letters of credit on behalf of the customers. The contractual amounts of commitments and contingent liabilities are set out in the following table by category. Many of the contingent liabilities and commitments expire without being funded in whole or in part, therefore, the amounts do not represent expected future cash flows.

The amounts reflected in the table as commitments assume that amounts are fully advanced.

The amounts reflected in the table as guarantees and letters of credit represent the maximum accounting loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted.

For provisions for credit related commitments refer to Note 28.

Provision methodology for computing expected credit loss for credit commitments is the same as for the on balance exposures, the only difference being the credit conversion factor applied for transforming the undrawn. In Regarding the CCF component, the Bank decided to use the regulatory CCFs.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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Commitments related to credits

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Letters of guarantees	11,692	14,600	11,692	14,600
Commitments of granted credits	292,431	300,095	291,942	299,405
Total	304,123	314,695	303,634	314,005

Transfer pricing

Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon the written request of the Romanian Tax Authorities their transfer pricing documentation file.

Failure to present the transfer pricing documentation file, or presenting an incomplete file, may lead to non-compliance penalties; additionally, notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments. Despite the fact that the tax authorities might challenge the implementation of the transfer pricing requirements by the Group, the Group's management believes that will not suffer losses in case of a fiscal inspection on the subject of transfer prices.

However, the impact of any change of the tax authorities can't be estimated reliably. It may be significant for the financial situation and / or the overall operations of the entity.

Litigations

At 30 June 2021, the provision for litigation, in which the Group is involved as defendant is in amount of RON 1,581 thousand (31 December 2020: RON 1,787 thousand).

The management of the Group considers that they will have no material adverse effect on the results and the financial position.

Provisions for litigations are made mainly for disputes that concern the actions of borrower's private individuals, by requesting cancellation of clauses deemed unfair in credit agreements.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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37. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group entered into a number of transactions with its related parties in the normal course of business. These transactions were carried out in the normal course of business on commercial terms and conditions and at market rates.

The Group performed related party transactions during period ended 30 June 2021 with EEAF Financial Services B.V. (immediate parent), the members of the Board of Directors, the members of the Executive Management and Bank's employees that hold *key-functions*.

EEAF Financial Services B.V.(EEAFSBV) is owned and fully controlled by Emerging Europe Accession Fund Cooperatief UA.

NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
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The Group's income and expense items with related parties are as follows:

<i>Thousand RON</i>	30 June 2021				30 June 2020			
	Immediate parent company	Associated entities	Key personnel	Other affiliated parties	Immediate parent company	Associated entities	Key personnel	Other affiliated parties
Interest and similar income calculated using the effective interest rate	-	-	15	491	-	-	14	357
Interest and similar expense	(370)	-	(271)	(4)	-	-	(5)	(5)
Fee and commission income	-	-	-	8	-	-	-	1
Net charge with impairment of financial assets	-	-	2	-	-	-	-	(73)
Other operating and administrative expenses	-	-	(4)	(695)	-	-	(3)	-
Dividends income	-	491	-	-	-	1,697	-	-

The Group's outstanding balances with related parties were as follows:

<i>Thousand RON</i>	30 June 2021				31 December 2020			
	Immediate parent company	Associated entities	Key personnel	Other affiliated parties	Immediate parent company	Associated entities	Key personnel	Other affiliated parties
Financial Assets								
Financial asset evaluated at fair value through other comprehensive income	-	2,142	-	-	-	2,128	-	-
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	809	25,301	-	-	605	8,299
Liabilities								
Deposits from customers	23	475	2,097	8,592	24	502	1,996	5,998
Subordinated debt	14,837	-	9,853	-	14,664	-	9,739	-
Provisions	-	-	-	27	-	-	-	-
Commitments to customers	-	-	76	7,424	-	-	68	8,550

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

NOTES TO THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED AT 30 JUNE 2021
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The key management compensation is presented below:

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Short-term benefits:				
-Salaries of which:	5,018	8,978	4,539	8,194
<i>Social insurance contribution</i>	278	384	100	180
- Short-term bonuses	30	58	-	-
- Benefits	3	6	-	-
-Amounts granted on cancellation of employment contract	186	-	186	-
Total	5,237	9,042	4,725	8,194

The Bank's income and expense items with related parties are as follows:

<i>Thousand RON</i>	30 June 2021					30 June 2020				
	Immediate parent company	Associated entities	Key personnel	Subsidiaries	Other affiliated parties	Immediate parent company	Associated entities	Key personnel	Subsidiaries	Other affiliated parties
Interest and similar income calculated using the effective interest rate	-	-	15	403	491	-	-	14	484	357
Interest and similar expense	(370)	-	(271)	(32)	(4)	-	-	(5)	(43)	(5)
Fee and commission income	-	-	-	2	8	-	-	-	3	1
Net gain/(loss) from financial assets measured at fair value through profit or loss	-	-	-	605	-	-	-	-	(959)	-
Net charge with impairment of financial assets	-	-	2	(38)	(695)	-	-	-	(207)	(73)
Other operating and administrative expenses	-	-	(4)	-	-	-	-	(3)	-	-
Dividends income	-	491	-	5,000	-	-	1,697	-	4,020	-

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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The Bank's outstanding balances with related parties were as follows:

<i>Thousand RON</i>	30 June 2021					31 December 2020				
	Immediate parent company	Associated entities	Key personnel	Subsidiaries	Other affiliated parties	Immediate parent company	Associated entities	Key personnel	Subsidiaries	Other affiliated parties
Financial Assets										
Financial asset evaluated at fair value through other comprehensive income	-	2,142	-	-	-	-	2,128	-	-	-
Financial assets measured at fair value through profit or loss	-	-	-	13,848	-	-	-	-	13,117	-
Loans and advances to customers	-	-	809	15,204	25,301	-	-	605	10,582	8,299
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	472	-	-	-	-	779	-
Liabilities										
Deposits from customers	23	475	2,097	5,286	8,592	24	502	1,996	6,875	5,998
Subordinated debt	14,837	-	9,853	-	-	14,664	-	9,739	-	-
Provisions	-	-	-	10	27	-	-	-	144	-
Commitments to customers	-	-	76	459	7,424	-	-	68	5,675	8,550

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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38. LEASES

A. Leases as lessee (IFRS 16)

The Group leases a number of branch and office premises. The leases typically run for a period up to 10 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. The Group has in place some contracts for premises that are running for a period less than one year for which the Group decided not to recognize right-of-use assets and lease liabilities.

The Group also leases IT equipment, ATMs and cars with contract terms up to five years for which the Group recognise right-of-use assets and lease liabilities.

Previously, these leases were classified as operating leases under IAS 17.

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment (see Note 23).

Information about leases for which the Group is a lessee is presented below:

<i>Thousand RON</i>	Group			
	Land and buildings	Equipments	Cars	Total
	30 June 2021			
<i>Right of use at 1 January</i>	32,659	8,003	5,127	45,789
New contracts during the period	3,558	645	-	4,203
Contracts closed during the period	(2,057)	-	-	(2,057)
Balance at 30 June	<u>34,160</u>	<u>8,648</u>	<u>5,127</u>	<u>47,935</u>
<i>Depreciation at 1 January</i>	8,990	5,143	1,938	16,071
Expenses with depreciation during the period	6,244	1,296	537	8,077
Depreciation for contracts closed during the period	(3,176)	-	-	(3,176)
Balance at 30 June	<u>12,058</u>	<u>6,439</u>	<u>2,475</u>	<u>20,972</u>
Balance at 1 January	<u>23,669</u>	<u>2,860</u>	<u>3,189</u>	<u>29,718</u>
Balance at 30 June	<u>22,102</u>	<u>2,209</u>	<u>2,652</u>	<u>26,963</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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<i>Thousand RON</i>	Group			
	31 December 2020			
	Land and buildings	Equipments	Cars	Total
<i>Right of use at 1 January</i>	27,220	8,003	5,127	40,350
New contracts during the period	20,455	-	-	20,455
Contracts closed during the period	(15,016)	-	-	(15,016)
Balance at 31 December	<u>32,659</u>	<u>8,003</u>	<u>5,127</u>	<u>45,789</u>
<i>Depreciation at 1 January</i>	6,236	2,296	875	9,407
Expenses with depreciation during the period	6,617	2,847	1,063	10,527
Depreciation for contracts closed during the period	(3,863)	-	-	(3,863)
Balance at 31 December	<u>8,990</u>	<u>5,143</u>	<u>1,938</u>	<u>16,071</u>
Balance at 1 January	<u>20,984</u>	<u>5,707</u>	<u>4,252</u>	<u>30,943</u>
Balance at 31 December	<u>23,669</u>	<u>2,860</u>	<u>3,189</u>	<u>29,718</u>

Information about leases for which the Bank is a lessee is presented below:

<i>Thousand RON</i>	Bank			Total
	30 June 2021			
	Land and buildings	Furniture and equipment	Means of transport	
<i>Right of use at 1 January</i>	30,257	7,782	4,552	42,591
New contracts during the period	3,194	645	-	3,839
Contracts closed during the period	(1,346)	-	-	(1,346)
Balance at 30 June	<u>32,105</u>	<u>8,427</u>	<u>4,552</u>	<u>45,084</u>
<i>Depreciation at 1 January</i>	8,033	5,055	1,744	14,832
Expenses with depreciation during the period	6,008	1,274	474	7,756
Depreciation for contracts closed during the period	(2,870)	-	-	(2,870)
Balance at 30 June	<u>11,171</u>	<u>6,329</u>	<u>2,218</u>	<u>19,718</u>
Balance at 1 January	<u>22,224</u>	<u>2,727</u>	<u>2,808</u>	<u>27,759</u>
Balance at 30 June	<u>20,934</u>	<u>2,098</u>	<u>2,334</u>	<u>25,366</u>

Notes 1 to 39 are part of the consolidated and separate financial statements.

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<i>Thousand RON</i>	Bank			Total
	Land and buildings	31 December 2020 Furniture and equipment	Means of transport	
<i>Right of use at 1 January</i>	24,212	7,782	4,552	36,546
New contracts during the period	20,297	-	-	20,297
Contracts closed during the period	(14,252)	-	-	(14,252)
Balance at 31 December	<u>30,257</u>	<u>7,782</u>	<u>4,552</u>	<u>42,591</u>
<i>Depreciation at 1 January</i>	5,751	2,296	794	8,841
Expenses with depreciation during the period	6,145	2,759	950	9,854
Depreciation for contracts closed during the period	(3,863)	-	-	(3,863)
Balance at 31 December	<u>8,033</u>	<u>5,055</u>	<u>1,744</u>	<u>14,832</u>
Balance at 1 January	<u>18,461</u>	<u>5,486</u>	<u>3,758</u>	<u>27,705</u>
Balance at 31 December	<u>22,224</u>	<u>2,727</u>	<u>2,808</u>	<u>27,759</u>

The future minimum lease payments under non-cancellable operating leases were payable as follows:

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Not later than 1 year	9,326	8,967	6,982	8,136
Later than 1 year and not later than 5 years	20,005	21,887	18,748	20,518
More than 5 years	1,842	563	1,704	563
Total	<u>31,173</u>	<u>31,417</u>	<u>27,434</u>	<u>29,217</u>

B. Leases as lessor

The Group leases out certain property and equipment under finance leases in its capacity as a lessor. For interest income on the Group's lease receivables, see Note 4.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Notes 1 to 39 are part of the consolidated and separate financial statements.

(*) Unaudited / unrevised by the financial auditor.

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Operating lease commitments - Group as lessor

The Group concluded rental agreements for commercial premises. The future value of the minimum revenues from operating leasing is presented in the table below:

<i>Thousand RON</i>	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Not later than 1 year	319	457	319	457
Later than 1 year and not later than 5 years	874	895	874	895
More than 5 years	128	-	128	-
Total	<u>1,321</u>	<u>1,352</u>	<u>1,321</u>	<u>1,352</u>

39. SUBSEQUENT EVENTS

In the file no. 22659/3/2018, pending before the High Court of Cassation and Justice, having as object the appeal filed by Mr. Ilie Carabulea against the Civil Decision no. 904 / 23.07.2020, pronounced by the Bucharest Court of Appeal, the trial date is set at 23.09.2021.

Notes 1 to 39 are part of the consolidated and separate financial statements.

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