

PATRIA BANK SA

Quarterly report for Q1 2018

In accordance with the FSA Regulation no. 1/2006

Report date: **15.05.2018**

Company name: **PATRIA BANK S.A. (the former Banca Comerciala Carpatica SA)**

Registered office: **Bucharest, 31 Ion Brezoianu Actor Street, floors 1, 2 and attic, district 1**

Actual office: **42 Pipera Road, Globalworth Plaza, floors 7, 8 and 10, district 2, Bucharest**

Phone/fax: **0372538725 / 021 206 39 02**

Tax identification number: **RO 11447021**

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

Issued and paid-in share capital: **Lei 227,121,731.30**

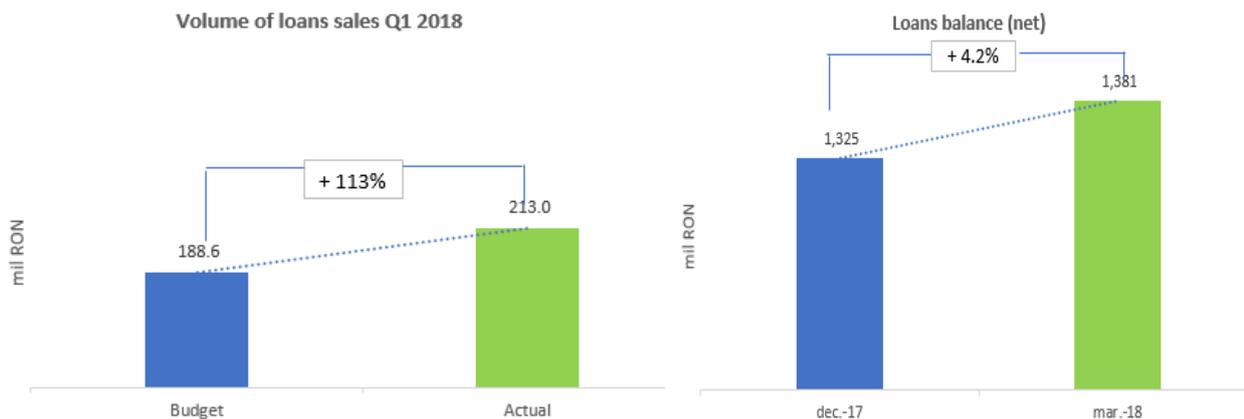
Regulated market on which the issued shares are traded: **Bucharest Stock Exchange - Premium category**

I. Executive summary

Lending activity is continuing his positive trend, the credit portfolio registering a 4.2% advance (+56 mil. LEI) compared to the end of the year and is 13.6% (+165 mil. LEI) above the level registered on March 31, 2017, thus consolidating the premises for returning the increase of net interest incomes in a positive area in the future periods.

In Q1 2018 the forecasted sales volume of new loans was realised by 113% (representing a sales volume of 213 mil. LEI).

During the first quarter of 2018, the Bank attracted a total of 640 new legal entities clients, the lending activity on the legal entities segment (SMEs, Agro and Micro) generated 550 new credits both through the branches of the Bank and through the alternative channels, including the new launch platform "Patria Partner". Beyond its uniqueness in the landscape of lending to legal persons, this platform strengthens the Bank's strategic direction in relation with the needs of local communities and with the development of the business model based on alternative distribution chanel, including partnerships, including in rural and small urban areas.



At **operational level**, in the first quarter of 2018, the Bank continued its strategy of streamlining processes and significantly reducing operational costs by:

- strengthening the Bank's data centers;
- continuation of investments in IT infrastructure;
- completing the implementation of a dedicated solution to improve the level of cyber security.

In terms of the Bank's business objectives and business plan for 2018, in the first quarter of 2018 the Bank improved its lending flows to individuals by automating the end-to-end process and modifying the flow of IT support to comply with EU Directive no. 92 / 2014.

Also, the IBA Branches solution was implemented at the network level and the Bank is in the process of implementing the IBA Mobility solution that will allow the use of the IBA application at the mobile sales force level, as well as the implementation of qualified electronic signatures that will allow the transformation of full paperless streams (impacting on operational efficiency, reducing transaction timing and, last but not least, significantly mitigating the operational hurdles).

Also, it was initiated the project of implementing new Internet Banking and Mobile Banking solution dedicated to individual clients and the Cashback Issue and Acceptance project (in accordance with Law 209/2016, the Bank will implement the cashback functionality through EPOS and cards, which require certificates both for payment acceptance and for issuance).

Financial results as of March 31, 2018

Patria Bank SA registered the following financial results as of March 31, 2018:

For the first 3 months of 2018 the Bank registered an **Operational Result** better with 11% as compared with the budgeted level (9.7 mil. LEI loss compared with 10.9 mil. LEI budgeted), mainly due to a level of Operating Expenditures below the budgeted level of 3.3%. **The cost of risk** continues to be influenced by non-performing exposures in portfolios originated in the previous periods, with a negative impact on the net result of the period. The net loss of 19 million LEI indicates that the Bank's profitability continues to be under pressure, mainly due to the under-optimal structure of assets in the Bank's balance sheet, where the significant liquidity surplus is invested in short-term government securities, generating lower interest earnings than average credit portfolio returns; this net result, predicted in the annual budget and negatively influenced by some non-recurring items specific to the first quarter, is to be flattened in the following quarters. Thus, the Bank continues to pursue the objectives of its strategy to place this excess of liquidity more efficiently, with a net credit portfolio registering a 4.2% increase towards the end of 2017.

The total operating income of RON 30.9 million LEI is in line with the budgeted level and compared to the same period of 2017, the net interest income shows a slight decrease (due to a higher level of incomes from the fair value adjustments recorded in Q1 2017) and net fees income records an increase of 11% (500 thousand LEI) although the number of branches was reduced by 27 units in 2017.

Operating expenses: 40.6 mil. LEI with an economy of 3.3% compared to the budgeted level, decreased by 1.1% compared to the first quarter of 2017, due to the reorganization of the bank in the context of merger and network optimization territorial units. Operating expenses in the first quarter of 2018 include an amount of 1.4 mil. LEI (from a total of 1.9 mil. LEI) representing the Bank's contribution to the Bank Guarantee Fund of Deposits and to the Fund Resolution allocated in the first three months of 2018, expense which is not recurrent in the following quarters.

The **Bank's capital base increasing actions** continued in the first half of 2018 when the Bank and EEF Financial Services BV, the main Bank's shareholder, signed two subordinated loan contracts. Thus:

- in February 2018 a subordinated loan agreement amounting to EUR 4,300,000; this new subordinated loan was included in the calculation of the Own Funds as a Tier 2 instrument starting with March 2018 following the approval received from the National Bank of Romania.

- in March 2018, a subordinated loan agreement amounting to EUR 5,000,000 (disbursements on this contract being made during April 2018). This new subordinated loan will be included in the calculation of the Own Funds as a Tier 2 instrument as of April 2018 following the approval received from the National Bank of Romania.

Also on March 12, 2018 the General Shareholders Meeting approved the Bank's capital increase in the amount of 13 mil. EUR equivalent, amount to be subscribed by the majority Bank's shareholder partially by converting of two subordinated loans totaling 8.65 mil. EUR and the rest by cash; the shares remaining unsubscribed following the completion of the exercising period for the pre-emption rights within the share capital increase will be offered to third parties, in the form of a sell offer addressed exclusively to the qualified investors and/or a sell offer addressed to a number of less than 150 individuals or legal persons, other than qualified investors, followed by the cancellation of the shares remained unsubscribed in this stage.

The Common Equity Tier 1 Ratio on 31 March 2018 was 8.47%, being above the TSCR (6.12%) and OCR (8%) for this capital adequacy ratio. The Total Own Funds Ratio on March 31, 2018 was 11.01%, exceeding the TSCR limit (10.93%), but below the OCR level of 12.81% (TSCR plus 1.88% capital buffer) and in a slight decrease compared to 11.61% at the end of 2017, amid the losses registered in the first quarter of 2018, but also due to the increase in risk-weighted assets in commercial activity (new credit production). TSCR limit corresponding to the total own equity has been increased starting with February 2018 from 10.57% to 10.93% following the completion of Supervisory Review and Evaluation Process (SREP) conducted by the National Bank of Romania during 2017.

II. Analysis of the Bank's financial position

Presentation of interim financial statements - particularities after the year of the merger

Patria Bank S.A. is the result of the merger by absorption between the former Banca Comerciala Carpatica SA (as the absorbing entity) and the former Patria Bank S.A. (as the absorbed entity), merger which was implemented on the 1st of May 2017.

In this respect, the comparatives for the Income Statement for the same period of the previous year (Q1 2017) were prepared as sub-consolidated¹ amounts for the two banks for periods before the merger. In this report the comparatives as of March 31, 2017 in the Income Statement incorporate a sub-consolidation of the financial results of the two banks involved in the merger, respectively the financial result of the former Patria Bank SA for the first 3 months of 2017 and the financial result of the former Banca Comerciala Carpatica for the first 3 months period of 2017.

The below financial analysis is made for the Bank's separate financial statements prepared in accordance with International Financial Reporting Standards prepared for the period ended March 31, 2018 and for the comparative period of the previous year.

¹ Patria Bank Group prior to the merger, controlled by EEAF - the majority shareholder of Patria Bank SA, included the two banks: Patria Bank SA and Banca Comerciala Carpatica SA, as well as their subsidiaries Patria Credit IFN, SAI Patria Asset Management, SAI Carpatica and the 3 Investment funds controlled by SAI Carpatica, as well as other entities in voluntary dissolution (which are not significant in the assets and the results of the Group). The highest level of consolidated financial statements before the merger were Patria Bank's consolidated financial statements, given that the Group's controlling entity, EEAF, is an investment firm that does not consolidate its investments according to IFRS 10.

In order to ensure the comparability of the position and financial performance of PBK resulting from the merger, the accounting policy adopted by the bank is that for the periods prior to the merger, to use as comparative the accounting values recorded in the highest consolidated financial statements prepared at the level of Patria Bank, but not for the entire Patria Bank Group as it was defined in the accounting consolidation perimeter, but only for the two banks involved in the merger. This level, which aggregates the book values of the two banks in the highest consolidated financial statements prepared by Patria Bank (for the periods prior to the merger of the financial years 2016 and 2017) is referred to in this report as the "sub-consolidated level" or "sub-consolidated statement" of the two banks before the merger.

Patria Bank S.A. – Registered office: Bucharest, District 1, 31 Brezoianu Ion Actor Street, floors 1,2 and attic; Headquarters office: Bucharest, District 2, Globalworth Plaza Building, Pipera no 42, floors 7, 8 and 10; ORC: J40/9252/2016, C.I.F. RO 11447021, RB-PJR-32-045/15.07.1999. Share Capital social: 227,121,731.30 lei; Patria Bank is registered by the National Supervisory Authority for Personal Data Processing – ANSPDCP – with the notification no. 753. Tel: 0800 410 310 | Fax: +40 372 148 273 | info@patriabank.ro | www.patriabank.ro

FINANCIAL POSITION							
-thousands RON-							
ASSETS	31-Mar-18	31-Dec-17	Mar.18/ Dec.17 (abs.)	Mar.18/ Dec.17 (%)	Buget 31-Mar-18	Actual/ Buget (abs.)	Actual/ Buget (%)
Cash and cash equivalents	497,411	623,941	(126,530)	(20.3%)	410,717	86,693	21.1%
Loans and advances to banks	103,999	17,660	86,339	488.9%	67,892	36,106	53.2%
Securities	1,249,586	1,287,407	(37,821)	(2.9%)	1,327,718	(78,131)	(5.9%)
Equity investments	26,691	27,505	(814)	(3.0%)	26,759	(68)	(0.3%)
Loans and advances to customers, net	1,380,929	1,325,216	55,713	4.2%	1,402,164	(21,235)	(1.5%)
Other assets	366,040	363,664	2,376	0.7%	364,057	1,984	0.5%
Total ASSETS	3,624,657	3,645,393	(20,736)	(0.6%)	3,599,307	25,350	0.7%
LIABILITIES	31.mar.18	31.12.2017	mar.18/ dec.17 (abs.)	mar.18/ dec.17 (%)	Buget 31.mar.18	Actual/ Buget (abs.)	Actual/ Buget (%)
Due to banks & REPO	144,414	95,967	48,447	50.5%	83,829	60,585	72.3%
Due to customers	3,183,282	3,256,296	(73,014)	(2.2%)	3,228,650	(45,368)	(1.4%)
Borrowings and other liabilities (including subordinated loans)	84,153	61,579	22,574	36.7%	78,379	5,774	7.4%
Total Liabilities	3,411,849	3,413,842	(1,993)	(0.1%)	3,390,858	20,990	0.6%
Total Equity	212,808	231,551	(18,743)	(8.1%)	208,449	4,359	2.1%
Total LIABILITIES AND EQUITY	3,624,657	3,645,393	(20,736)	(0.6%)	3,599,307	25,350	0.7%

- On 31 March 2018, **the total asset** is 1% higher than the budgeted level and approximately equal to the level at 31 December 2017, the Bank looking to gradually change the structure of the asset by increasing the credit portfolio's share of total assets;
- The net value of **Loans and advances to customers** increased by 4.2% compared to the beginning of 2018, the positive evolution being the result of the sales teams' efforts on all lines of activity: MICRO, Agro, SMEs & Companies and Retail that generated new loans in the first three months of 2018 worthing 213 million LEI. There is a redirection of the liquidity surplus in the lending activity (deposits with the Central Bank and other banks as well as the investments in Debt securities - the portfolio of TBonds decreasing compared to the beginning of 2018);
- During Q1 2018, the Bank executed a write-off operation of non-performing loans fully covered by depreciation adjustments in order to improve the non-performing loans ratio (for a gross value of 30 mil. LEI);
- **Deposits attracted from bank customers** recorded a 2% drop on March 31, 2018 compared to the beginning of the year, this decline being mainly concentrated in the Corporate & SME segment (where the volatility is higher); the financing sources were diversified through REPO operations with TBonds with market's counterparties and the subordinated loan of EUR 4.3 million received in February 2018.

Liquidity position of the bank

The liquidity indicator at March 31, 2018 is comfortably above the regulated limits as follows:

Date	<= 1 month	1 -3 months	3-6 months	6-12 months	>12 months
31.12.2017	2.59	10.86	13.26	16.04	16.99
31.03.2018	2.59	9.96	15.04	14.59	12.08
Statutory limit	>= 1	>= 1	>= 1	>= 1	-

* The liquidity indicator calculated for all currencies, in LEI equivalent

The bank keeps a **high level of liquid assets on the balance sheet (51%)**.

The **Loans / Deposits ratio** recorded a level of 47% in March 2018 (up as compared to the level 45% from the end of 2017), well below the banking system's average of 74.74% (according to data provided by the National Bank of Romania for December 2017), which indicates that the liquidity reserves required to increase lending are still very high, well above the market level.

III. The financial performance of Patria Bank SA for the first 3 months of 2018

Comparative statements for the same period of the last year (2017) presented in Profit or Loss incorporate the former Patria Bank SA financial results and the former Banca Comerciala Carpatica SA financial result for the first 3 months of 2017.

III.1. The main elements of the separate Income Statement compared to the same period of the last year and the Budget

FINANCIAL PERFORMANCE STATEMENT -thousands RON-	31-Mar-18	31-Mar-17	Δ Q1-18/ Q1-17 (abs.)	Δ Q1-18/ Q1- 17 (abs.) (%)	Budget Actual / 31-Mar-18 Budget	Actual / (abs.) Budget (%)	Actual / Budget (%)
Net interest income	21,658	21,998	(340)	(1.5%)	22,206	(548)	(2.5%)
Net fees and commission income	5,252	4,732	519	11.0%	5,837	(585)	(10.0%)
Net gains from financial activity & other income	3,966	5,206	(1,240)	(23.8%)	3,044	922	30.3%
Net banking Income	30,877	31,937	(1,060)	(3.3%)	31,087	(210)	(0.7%)
Staff costs	(19,727)	(19,877)	150	(0.8%)	(19,591)	(136)	0.7%
Depreciation and amortization	(3,790)	(3,872)	82	(2.1%)	(3,629)	(161)	4.5%
Other operating and administrative expenses	(17,055)	(17,290)	235	(1.4%)	(18,729)	1,674	(8.9%)
Total operating expense	(40,572)	(41,038)	467	(1.1%)	(41,948)	1,377	(3.3%)
Operating Result	(9,695)	(9,101)	(594)	6.5%	(10,861)	1,166	(10.7%)
Net impairment of financial assets	(9,319)	(6,422)	(2,896)	45.1%	(7,290)	(2,028)	27.8%
Loss before tax	(19,014)	(15,524)	(3,490)	22.5%	(18,152)	(862)	4.7%
Expense from deferred tax	-	-	-	0.0%	-	-	-
Loss for the year	(19,014)	(15,524)	(3,490)	22.5%	(18,152)	(862)	4.7%

Total operating income (total bank income) decreased by 3.3% over the same period of the previous year, the reasons for the decrease being the following:

- **Net interest income** decreased by 1.5% (340 thousands LEI) compared to the same period of 2017. Interest incomes increased by 2% in Q1'2018 compared to Q1'2017, of which **customer loans interest increased by 7% (+1.7 million LEI)** excluding the impact of fair value adjustments for the former BCC. The fair value adjustments which were resumed on revenue in the first quarter of 2017 were in a higher proportion (+1 mil. LEI) than in the first three months of 2018;
- There is also an increase in interest expenses of 0.9 million LEI during the analyzed period, generated both by interbank financing and by the interest rates on commercial deposits influenced by the volume increase by 64 million LEI in Q1'18 compared to Q1'17 .

- The Bank has achieved a higher **Net Income rate** in the first quarter of 2018 compared to the first quarter of 2017 (500 thousands LEI) while reducing the number of territorial units by 27 in 2017; the level achieved is still below the budget by 10%.
- As a part of the financing strategy for the loan portfolio's growth in the first quarter of 2018, the Bank realized sales from the TBonds portfolio where the excess liquidity was invested, which generated a materialization of the negative market value of these instruments (the negative value being influenced by the upward trend in interest rates since the fourth quarter of 2017).

Operating expenses decreased by 1.1% compared to the same period of the previous year, being 3% below the budgeted level; the Bank continues to identify new opportunities to optimize operational processes in order to maximize the synergies resulting from the merger process.

Net (net) adjustment for credit impairment increased by 2,9 million LEI compared to the same period last year, amid the implementation of the IFRS 9 starting with 1st of January 2018, the growth of the loan portfolio and the recording of new cases of bad loans on the "legacy" portfolios of the two merged banks. In the first three months of 2018, the recovery of non-performing loans was intensified, the Bank recovering from its legacy portfolio from the former BCC, approximately 10.2 million LEI and 2.7 mil. LEI of written-offs.

III.2. Economic & Financial ratios of Patria Bank SA

Main indicators - Bank		31.03.2018	31.12.2017
Total Own Funds Rate	%	11.01%	10.61%
Loans (gross) / Customer deposits	%	47.31%	44.62%
Liquid Assets / Total Assets	%	51%	53%
Liquidty Coverage Ratio (LCR)	%	403%	393%
Immediate Liquidity¹	%	48%	52%

¹ Cash and deposit to banks (net values) + free T-bills / sources attracted and borrowed

IV. Important events to be reported for the period 01.01.2018 – 31.03.2018

1. On 15.01.2018, the mandate contract of Mrs. Diana Maria Kallos from the position of Deputy General Manager of the Financial Division was terminated. Starting with the same date, Mrs. Lucica Cristina Pitulice was appointed as Deputy General Manager - Financial Division, receiving the prior approval of the NBR on 07.05.2018.
2. On 31.01.2018, within the file no. 45815/3/2017, the Bucharest Tribunal ruled on:
 - dismissing as unreasonable the exception of the lack of passive procedural quality, an exception invoked by individual debtors;
 - dismissing as inadmissible the application for the issue of the payment order;
 - dismissing as unreasonable the creditor's request to order debtors to pay the court fees;

We mention that the above mentioned file refers to Mrs. Ciobanu Liliane Christine 's payment injunction, through which the latter, as a plaintiff, asked the court to oblige Patria Bank SA to be obliged, in its capacity as defendant, jointly with its directors, to pay the sums "*(a) 484,178.60 lei but not less than 433,824,0256 lei (b) the penalty interest related to the due amount, equal to the NBR reference rate increased by 4% starting with the date of the submission of the payment injunction and until the effective payment date and (c) the court fees representing the stamp duty and the lawyer's fee.*" (file registered with the Sibiu Tribunal under No. 4875/85/2017, for which the Sibiu Tribunal declined territorial jurisdiction for settling disputes to the Bucharest Tribunal, file no 45815/3/2017).

3. On 23.02.2018, the bank contracted a subordinated term loan agreement from EEF Financial Services BV in amount of EUR 4.3 million, with a maturity of 6 years, with the repayment in one installment at maturity, while the subordinated loan of EUR 4.35 million contracted in 2016 from EEF Financial Services BV was further extended by one year, with a maturity of 7 years and 8 months and with the repayment in one instalment at maturity.
4. On 02.03.2018, within the file no. 43476/3/2017, the Bucharest Tribunal ruled on the following:
 - admitting the exception of the lack of passive procedural quality of debtors Horia Dragos Manda, Daniela Elena Iliescu, Bogdan Merfea, Nicolae Surdu and Vasile Iuga.
 - the rejection of the claim made in contradiction with these debtors as being brought against persons without a procedural passive quality.
 - dismissing as unreasonable the claim made in contradiction with the debtor Patria Bank SA.
 - dismissing as unreasonable the creditor's claim for the court fees incurred.

We mention that the above-mentioned file refers to the payment injunction filled by Mr. Dican Octavian through which the latter, in his capacity as plaintiff, asked the court to oblige Patria Bank SA, acting as a defendant, jointly with its directors, to pay the sums of "*(a) 318,866.2 lei but not less than 285,704.1152 lei (b) the penalty interest related to the due amount, equal to the NBR reference rate increased by 4% starting with the date of the submission of the payment injunction and until the effective payment date, and (c) the court fees representing the stamp duty and the lawyer's fee.*" (file registered with the Sibiu Tribunal under no. 4874/85/2017, for which the Sibiu Tribunal declined territorial jurisdiction for settling disputes to the Bucharest Tribunal, file no 43476/3/2017).

5. On March 12, 2018 at the Extraordinary General Meeting of Shareholders, the operation for increasing the share capital of the Bank with the amount of 60,538,661.1 lei was approved, respectively from the amount of 227,121,731.30 lei to the maximum 287,660,392.4 lei, by issuing, without the issue premium, a number of 605,386,611 new, nominative, ordinary, dematerialized shares, each having a nominal value of 0.1 lei / share. The increase of the share capital will be achieved by the conversion of two subordinated loans worth EUR 8.65 million granted by the major shareholder EEF Financial Services BV and by additional cash contribution, with the granting of preferential rights to all existing shareholders of the Bank at registration date, set for 11.04.2018.
6. On 16.03.2018, within the file no. 45821/3/2017, the Bucharest Tribunal ruled on:
 - dismissing as unreasonable the exception of the lack of passive procedural quality of individual debtors;

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- dismissing as unreasonable the creditor's claim for the issuance of a payment injunction;
- dismissing as unreasonable the creditor's claim for the court fees costs incurred.

We mention that the above-mentioned file refers to the payment injunction filed by Mr. Ilie Carabulea, through which the latter, in his capacity as a plaintiff, asked the court to oblige Patria Bank SA, in its capacity of defendant, jointly with its directors, to pay the sums of "*(a) 40,666,949.8 lei the price share of the shares redeemed by the company (b) the penalty interest related to the amount due, equal to the NBR reference rate increased by 4% starting with the date of the submission the payment injunction and until the effective payment date, and (c) the court fees representing the stamp duty and the lawyer's fees.*" (file registered with the Sibiu Tribunal under no. 4435/85/2017, for which the Sibiu Tribunal declined territorial jurisdiction for settling disputes to the Bucharest Tribunal, file no. 45821/3/2017).

7. On 29.03.2018, a subordinated term loan agreement in amount of EUR 5 million was signed with ECAF Financial Services BV, with a 6-year maturity, with the repayment in one installement on maturity.

V. Subsequent events after 31.03.2018

1. On 16.04.2018, the Bank received the notification from Mr. Ilie Carabulea, acting as a shareholder, stating that Mr. Ilie Carabulea, acting as plaintiff, filed an action for annulment of Patria Bank SA EGMS Decision no. 1/ 12.03.2018, through which the operation for increasing the share capital of the Bank was approved, the action being the subject of the file no. 11872/3/2018, under the jurisdiction of the Bucharest Tribunal, VI Civil Section.
2. Also, on the role of the Bucharest Tribunal, VI Civil Section, the file no. 11873/3/2018 is registered, parts being Mr. Ilie Carabulea, acting as plaintiff and Patria Bank S.A., as defendant, having as object an interlocutory injunction, regarding the injunction for the suspension of the execution of Patria Bank SA EGMS Decision no. 1/ 12.03.2018, through which the operation for increasing the share capital of the bank was approved. At the first trial term set up for 11.05.2018, the court established a new trial term at 25.05.2018.
3. On 26.04.2018, the Board of Directors of Patria Bank SA approved the following changes in the structure of the bank's management, which will come into force as of 01.07.2018:
 - increasing the number of managers acting as members of the Executive Committee, from four to five, by setting up a new position of Deputy General Manager - Commercial Division;
 - setting up of the Commercial Division, which will include the Retail Commercial Department and the Legal Entities Commercial Department which were previously under the coordination of the General Manager;
 - the appointment of Mr. Codrut Stefan Nicolau as Deputy General Manager - Commercial Division, member of the Executive Committee, for a mandate of 4 years and who will exercise his attributions from the date of obtaining the prior approval of the National Bank of Romania.
4. On 07.05.2018 the Ordinary General Meeting of the Shareholders took place, approving:

- the individual and consolidated annual financial statements as at 31.12.2017, prepared in accordance with the International Financial Reporting Standards, based on the report submitted by the Board of Directors and the Bank's financial auditor's report;
- the Incomes and Expenditures Budget and Activity Plan for the financial year 2018;
- the discharge for the Bank's administrators for the financial year 2017;
- the individual remuneration due to the members of the Board of Directors for the financial year 2018, respectively, to maintain it at the level set in 2017.

These Interim Financial Statements for the first 3 months of 2018 are not audited or revised by an independent financial auditor.

VI. ANNEXES:

Statement of Financial Position as of 31.03.2018 for Patria Bank SA and for the Patria Bank Group
Statement of Financial Performance for the period ended 31.03.2018 for Patria Bank SA and for the Patria Bank Group

Deputy General Director – CFO

Lucica Cristina Pitulice

Director - Finance&Accounting Division

Georgiana Stanciulescu

**Statement of Financial Position
as of March 31, 2018**

-thousands RON-

Assets	31.Mar.18	31.Dec.17	Mar-18/ Dec-17 (abs.)	Mar-18/ Dec-17 (%)
Cash and cash equivalents	596,410	636,525	(40,115)	(6.3%)
Loans and advances to banks	5,000	5,076	(76)	(1.5%)
Financial assets held for trading	12,587	28,635	(16,048)	(56.0%)
Financial assets at fair value through other comprehensive income	940,373	1,151,064	(210,691)	(18.3%)
Financial assets at amortised cost - Debt securities	296,627	107,708	188,919	175.4%
Investment in subsidiaries	26,691	27,505	(814)	(3.0%)
Loans and advances to customers ,net	1,380,929	1,325,216	55,713	4.2%
Investment property	72,382	73,476	(1,094)	(1.5%)
Other assets	63,439	56,155	7,284	13.0%
Deferred tax assets	21,786	22,936	(1,150)	(5.0%)
Intangible assets	42,087	43,211	(1,124)	(2.6%)
Tangible assets	166,347	167,886	(1,539)	(0.9%)
Total assets	<u>3,624,657</u>	<u>3,645,393</u>	<u>(20,736)</u>	<u>(0.6%)</u>
Due to other banks	144,414	95,967	48,447	50.5%
Customer deposits	3,183,282	3,256,296	(73,014)	(2.2%)
Loans from banks and other financial institutions	45	59	(14)	(23.2%)
Provisions for liabilities and charges	12,078	10,979	0	10.0%
Other liabilities	22,181	20,952	1,229	5.9%
Subordinated debt	49,848	29,589	20,259	68.5%
Total liabilities	<u>3,411,849</u>	<u>3,413,842</u>	<u>(1,993)</u>	<u>(0.1%)</u>
Share capital	231,418	231,418	(0)	(0.0%)
Merger premium	(67,569)	(67,569)	0	100.0%
Accumulated losses	(48,636)	(25,226)	(23,410)	92.8%
Revaluation reserve	55,730	51,063	4,667	9.1%
Other reserves	41,865	41,865	0	0.0%
Total equity	<u>212,808</u>	<u>231,551</u>	<u>(18,743)</u>	<u>(8.1%)</u>
Total liabilities and equity	<u>3,624,657</u>	<u>3,645,393</u>	<u>(20,736)</u>	<u>(0.6%)</u>

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Deputy General Director – CFO

Lucica Cristina Pitulice

Director - Finance&Accounting Division

Georgiana Stanciulescu

**Statement of Comprehensive Income
As of March 31, 2018**

-thousands RON-	31.Mar.18	31.Mar.17	Δ Q1-18/ Q1-17 (abs.)	Δ Q1-18/ Q1-17 (%)
Interest income	29,981	29,817	164	0.5%
Interest expense	(8,724)	(7,819)	(906)	11.6%
Net interest income	<u>21,256</u>	<u>21,998</u>	<u>(742)</u>	<u>(3.4%)</u>
Fee and commission income	6,393	6,522	(129)	(2.0%)
Fee and commission expense	(1,141)	(1,790)	649	(36.2%)
Net fee and commission income	<u>5,252</u>	<u>4,732</u>	<u>519</u>	<u>11.0%</u>
Gains /(losses) from financial trading, derivatives and FX	2,367	2,935	(568)	(19.4%)
Gains from disposals of financial assets at fair value through other comprehensive income	(487)	792	(1,280)	(161.5%)
Other operating income	2,087	1,479	608	41.1%
Total operating income	<u>30,474</u>	<u>31,937</u>	<u>(1,463)</u>	<u>(4.6%)</u>
Staff costs	(19,727)	(19,877)	150	(0.8%)
Depreciation and amortization	(3,821)	(3,872)	51	(1.3%)
Other operating and administrative expenses	(17,024)	(17,290)	266	(1.5%)
Total operating expense	<u>(40,572)</u>	<u>(41,038)</u>	<u>467</u>	<u>(1.1%)</u>
Net impairment of financial assets	<u>(8,784)</u>	<u>(6,271)</u>	<u>(2,513)</u>	<u>40.1%</u>
Provisions for credit commitments and financial guarantees	(133)	(151)	19	(12.3%)
Loss before tax	<u>(19,014)</u>	<u>(15,524)</u>	<u>(3,490)</u>	<u>22.5%</u>
Income tax	-	-	-	
Loss for the year	<u>(19,014)</u>	<u>(15,524)</u>	<u>(3,490)</u>	<u>22.5%</u>

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