

**ANNOUNCEMENT REGARDING THE FINANCIAL RESULTS OF
PATRIA BANK S.A. AS OF 30.06.2017**

Patria Bank's mission and strategy post-merger:

- On the 1st of May 2017 Banca Comerciala Carpatica S.A. merged with Patria Bank S.A., finalizing a process that started in October 2016 with the shareholders' approval for the merger of the two banks. Through the merger, Patria Bank SA became a bigger and stronger bank with a nationwide network and a portfolio of over 300,000 clients (of which 240,000 active clients). The new Patria Bank S.A. covers 67 cities, with 85 banking units, being an active and innovative participant on the agro, microenterprises and SMEs segments and is focusing on the development of the retail segment in both urban areas and in smaller towns and rural areas in particular.

- The new bank will focus on the retail segment, integrating the technology to streamline customer access to up to date financial services and will continue to be a solid and trustworthy partner for the small and medium-sized Romanian companies, contributing to the development of the local entrepreneurial environment and being an active promoter of financial inclusion in areas less covered by other banks.

- Patria Bank is now a completely different entity from either of the banks that entered into the merger, in respect of strategy, size, products and market approach, new management and solid expertise and reputation of the major shareholder. Being one of few Romanian banks listed on BVB, Patria Bank wants to become an active issuer on the capital market. In order to signal this new approach to the capital market, on the 13.07.2017 the Bank changed its trading symbol from 'BCC' to 'PBK'.

1st report on financial results after the merger

- The Bank aims to improve its financial performance and expects to become profitable in 2018, with ambitious organic growth goals and by acquisitions, which we believe it will provide confidence to the investors and raise interest in the bank's issues on the capital market.

- The financial results for the first half of 2017 include post-merger results for two months (May-June) and consolidated results of the two banks in the first four months of the reporting period before the merger date, and the main trends are as follows:

- Two months after the merger implementation, **the total assets** of the merged bank reached **RON 3,468 million**, showing a slight decrease (-4%) compared to the consolidated balance sheet of the two banks as of the 31st of December 2016, with a decrease of 8% in liquid assets explaining most of the balance sheet decrease, while the loan portfolio shows an increased share of the total assets, from 33% to 35%, a trend that signals the intensification of lending activity post-merger and the bank's efforts to make a turn-around by the end of this year, including by means of increasing the productive assets (loans) share in the total assets of the bank.

- **The liquidity level** post-merger remains one of the highest of the banking system, with a 587% liquidity coverage ratio (LCR) as of 30 June 2017, well above the banking system's average of 229% as of the end of 2016.

- The opening balance as of the 1st of May 2017 (merger date) shows **an equity** (net assets value) of the new PBK emerged from the merger of RON 265.12 million. A trend of reducing losses is observable over the past few months compared to the period before the merger, with a rhythm of decrease of only 2% in the two months post-merger of the reporting period, compared to 6% decrease versus the consolidated equity at the end of 2016 in the first four months of the year prior to the merger.

- **The Capital adequacy** as of June 2017 was **12.09%**, a slight decrease from the 12.80% recorded at the end of the previous year, in line with the budget for the first half of 2017.

- The Bank is currently finalising **the last part of the network optimization and operational streamline program** post-merger, which will be completed by the end of Sept.2017 and which is expected to generate a

further reduction in the level of the total operational expenditures in order to reach a level of 27% reduction of OPEX in 2018 compared to the full year 2016 on consolidated basis. In the first half of 2017 the OPEX reduction was 15% versus the same period of the previous year (on comparable consolidated basis) and 17% if we eliminate the non-recurring costs incurred due to the merger during the reporting period.

- **The net banking income** is in line with the budget for the first half of 2017 with a slight deviation only of -1% and, considering the 6% savings in OPEX versus the budget, **the net loss for the first half of 2017 of RON 26.15 million LEI, is with RON 6.7 million (-20%) lower than the budgeted level of the loss for this period.** The Bank expects to meet its main budget target for 2017 of breaking-even on a monthly basis by the end of this year and the budget achievement in terms of new loan sales over the reporting period supports the management expectations.

The full version of the 2017 Half-Year Report prepared according to the FSA Regulation no. 1/2016, together with the unaudited interim financial statements, prepared according to the standards applicable to the interim financial reports are available starting with 31.08.2017, after 18.30 Romanian time, on the bank's website <https://www.patriabank.ro/despre-patria/investitori/rezultate-si-rapoarte/rapoarte-financiare> or on the Bucharest Stock Exchange website in the link below.

About Patria Bank and Patria Bank Group

Patria Bank Group is owned by the Investment Fund Emerging Europe Accession Fund (EEAF), a private equity fund whose main investors are the EBRD (European Bank for Reconstruction and Development), the EIF (European Investment Fund, part of the European Investment Bank Group), DEG - part of the KfW BSTDB - Black Sea Trade Development Bank.

Patria Bank Group includes Patria Bank SA, Patria Credit IFN, SAI Carpatica Asset Management and Patria Asset Management.

August 31, 2017