

Erste Group and SIF Oltenia announce the preliminary agreement for the acquisition of a 6.29% stake in BCR

- **Erste Group to acquire the entire stake held by SIF Oltenia in Banca Comerciala Romana for EUR 140 million**
- **The execution of the transaction is planned for the second half of the year 2018**
- **Erste Group's participation in BCR is set to increase to 99.88%**

Erste Group Bank AG (Erste Group) announces it has reached a preliminary agreement with SIF Oltenia, minority shareholder in Banca Comerciala Romana (BCR), for the acquisition of its entire 6.29% stake or 1,023,534,303 shares in BCR. Subject to the successful completion of Erste Group and SIF Oltenia's corporate and regulatory approval processes (Extraordinary General Meeting of Shareholders in SIF Oltenia's case, Supervisory Board and European Central Bank in Erste Group's case), the purchase will be implemented in a single sale-purchase transaction.

The financial terms of the transaction are as follows:

Cash for 1,023,534,303 BCR shares at a price of EUR 0.136 per share (RON 0.64 per share, based on 22th June 2018 exchange rate).

Subsequent to the completion of the transaction, Erste Group's participation in BCR is set to increase to 99.88%. The remaining 0.12% or 19,830,840 shares in BCR are held mainly by former and current BCR employees.

The transaction values BCR at a price/book multiple of 1.35x as of Q1 2018, in line with market valuations for Romanian listed banks. The total value of the transaction amounts to EUR 140 million (RON 654 million, exchange rate 1:4.67).

"This transaction has been awaited by both sides for quite some time. At Erste Group, it has always been our strategy to hold the largest possible stake in our subsidiaries and we are glad that our participation in BCR is now set to increase to 99.88%. At the same time, SIF Oltenia has been interested in making the most out of what has been the largest asset in its portfolio.

While the general tendency is for international banking groups to opt to divest and reduce their exposure, we are reaffirming our long-term view on the exceptional potential of the CEE region and the transaction that will follow on the basis of this agreement will make Erste Group one of the largest foreign investors in Romania in 2018," stated Andreas Treichl, Chief Executive Officer, Erste Group.

"The senior management of SIF Oltenia has a long term commitment to its shareholders to manage its portfolio in the best possible way and maximize the trust investors have placed in us. Through its stake in BCR, Romania's largest bank, SIF Oltenia plays a strategic role in the Romanian economy. Following this transaction, it will ensure it keeps playing a significant role by investing in sectors with long-term growth potential.

BCR has been highly profitable over the last three years - therefore the opportunity to monetise our stake in the largest bank in Romania is very favourable. Considering this and the financial offer of Erste Group, which values BCR shares at a significant premium above the net value, we can confidently say that is the right timing to liquidize the most important asset from SIF Oltenia's portfolio.

SIF Oltenia and Erste Group have been reliable partners in good and bad times for over a decade; the signing of this preliminary purchase agreement for BCR shares stands as an additional proof,” commented Tudor Cirezu, Chairman and General Manager of SIF Oltenia.

The transaction would have a negligible impact on Erste Group’s CET1 Capital. The execution of the transaction is planned for the second half of the year 2018.

Erste Group in Romania – acquisition timeline

In October 2006 Erste Group completed the acquisition of a 61.9% stake from AVAS (Romanian Authority for Assets Recovery), the EBRD and IFC. In November 2006 Erste Group acquired a further 7.2% in BCR through an offer made to BCR employees. In 2011 Erste Group acquired a 24% stake in BCR from four of the five SIFs (SIF Banat-Crisana, SIF Moldova, SIF Transilvania, SIF Muntenia – each 6.0%), in an offer which involved cash and share swap.