INVESTOR INFORMATION

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Challenge of BCR Privatisation Law in the Romanian Constitutional Court delays Completion of Banca Comerciala Romana (BCR) Transaction

At its regular meeting today, the Government of Romania is expected to take a decision to extend the deadline for the completion of the privatisation of Banca Comerciala Romana ("BCR") by 30 days, to 20 October 2006.

While all other conditions for the completion of the BCR privatisation have been fulfilled and the Chamber of Deputies of the Romanian Parliament last week voted in favour of passing the Government Ordinance relating to the BCR privatisation into law, a group of opposition senators challenged the constitutionality of this Government Ordinance. Their challenge is based on the claim that the Government, by passing the Ordinance, has exceeded its remit, and that the issues regulated by this Ordinance should have been approved by way of an organic law.

The Romanian Constitutional Court is considering the challenge under an accelerated procedure and is expected to take a decision shortly.

With the current deadline for completion of the BCR privatisation expiring on 21 September 2006, an extension of the deadline by 30 days is therefore technically necessary. With all other conditions being fulfilled, completion is anticipated to go ahead at the earliest possible date following the expected favourable decision of the Constitutional Court and subsequent promulgation and publication of the privatisation law.