

ROMGAZ



Societatea Națională de Gaze Naturale Romgaz S.A. - Medias - România

To: The Extraordinary General Meeting of Shareholders of SNGN ROMGAZ SA

Ref.: Request for approval to exercise Romgaz right of withdrawal from Patria Bank SA and the submission of the withdrawal declaration

The scope of this report:

The Convening Notice of the Extraordinary General Meeting of Shareholders of Patria Bank SA was published in the Official Gazette no. 3177 on 1st of September 2016. The EGMS meeting took place on 5 October 2016 and included on the agenda "the final approval of merger by absorption between Banca Comerciala Carpatica SA and Patria Bank SA and consequently the approval of Merger Project (...)"

For the minority shareholder of SNGN Romgaz SA (0.0308%), this merger represents an opportunity to withdraw from a company which recorded losses starting from 2008.

In accordance with Article 6 of the Merger Project and the provisions of Article 134 of Law 31/1990, the shareholders which voted against the approval of the Merger Project and against the merger shall have the right to withdraw from the company and to request purchase of their shares by the company.

Taking into account the vote "against" the merger, a vote exercised on the basis of Romgaz Board of Directors endorsement as of September 21, 2016, we hereby request the General Meeting of Shareholders of SNGN Romgaz SA to approve SNGN Romgaz SA to exercise its right to withdraw from Patria Bank SA and to submit a withdrawal declaration.

I. Description of the companies participating in the merger

1. Banca Comerciala Carpatica SA is a stock company, incorporated and operating under the laws of Romania, a company managed in a one-tier system, having its social headquarters in Romania, authorized by BNR as a credit institution, registered in the registry of credit institutions under no. RB-PJR-32-045, registered with the Trade Register Office under number J40/9252/2016, fiscal code 11447021 and with a subscribed and paid up share capital of RON 220.274.282,20 divided in 2.202.742.822 shares with a nominal value of RON 0.1000.

Capital social: 385.422.400 lei

CIF: RO 14056826

Nr. Ord.reg.com/an : J32/392/2001

RO08 RNCB 0231 0195 2533 0001 - BCR Medias

RO12 BRDE 3305 V024 6190 3300 - BRD Medias

S.N.G.N. Romgaz S.A.
551130, Piața C.I. Moțaș, nr.4
Medias, jud. Sibiu - România
Telefon 004-0269-201020
Fax 004-0269-846901
E-mail: secretariat@romgaz.ro
www.romgaz.ro

The shares of Banca Carpatica S.A. are admitted for trading under the trading symbol "BCC" on the spot regulated market administered by Bursa de Valori Bucuresti SA.

The current shareholder structure of Banca Comerciala Carpatica SA is indicated below:

Shareholder	No. of shares	Nominal value (RON/share)	Subscribed and paid-In share capital	Percent against total share capital
Patria Bank SA	1,413,339,016	0.1	141,333,901.60	64.1627%
Carabulea Ilie	406,669,498	0.1	40,666,949.80	18.4620%
Other shareholders both legal and natural persons	382,734,308	0.1	38,273,430.80	17.3753%
TOTAL	2,202,742,822	0.1	220,274,282.20	100

The main scope of activity of Banca Comerciala Carpatica SA is monetary intermediation (CAEN code 641) and its main activity consists of other monetary intermediation (CAEN code 6419).

2. Patria Bank SA is a joint-stock company established and operating in accordance with the Romanian laws. The company is an one tier corporation having the headquarters in Romania, is authorized by BNR (National Bank of Romania) as a credit institution, is recorded in the credit institution register with number RB-PJR-26-020, has the Trade Registry number J23/2563/2016, sole registration number 4786360 and a subscribed and fully paid share capital of RON 194,529,507.40 lei divided in 972,647,537 shares with a nominal value of RON 0.2.

The current shareholder structure of Patria Bank SA is indicated below:

Shareholder	No. of shares	Nominal value (RON/share)	Value of shares -RON-	% of the total share capital
EEAF Financial Services B.V.	960,205,470	0.2	192,041,094	98.7208%
Legal persons	2,845,660	0.2	569,132	0.2926%
<i>-out of which Romgaz</i>	<i>299,892</i>		<i>59,978.40</i>	<i>0.0308%</i>
Natural persons	9,596,407	0.2	1,919,281.40	0.9866%
TOTAL:	972,647,537	0.2	194,529,507.40	100

The main scope of activity of Patria Bank SA is monetary intermediation (codul CAEN 641) and its main activity consists of other monetary intermediation (codul CAEN 6419).

The merger will be accomplished by Banca Comerciala Carpatica SA. absorbing Patria Bank S.A. As an effect of the merger, Banca Comerciala Carpatica SA shall take over all existing rights and obligations that exist in the patrimony of Patria Bank S.A. on the implementation date.

In view of the fact that the companies are credit institutions, the merger will be presented to BNR for approval prior to submitting to ONRC the request to record the merger. Also, as an effect of the merger, all legal procedures in connection with authorization withdrawal for Patria Bank S.A. will be carried out.

3. Shareholder structure of the absorbing company after the merger

Shareholder	Number of shares	Nominal value (RON/share)	Subscribed and paid-In share capital	Percent against total share capital
EEAF Financial Services B.V.	2,934,964,973	0.1	293,496,497.30	78.0078%
Carabulea Ilie	406,669,498	0.1	40,666,949.80	10.8088%
Other shareholders both legal and natural persons	420,764,742	0.1	42,076,474.20	11.1834%
TOTAL	3,762,399,213	0.1	376,239,921.30	100%

II. Steps taken by the two companies regarding the merger by absorption

The first step recommended to be taken in order to start the merger by absorption procedure is the adoption by The Extraordinary General Meeting of Shareholders of each company of a decision regarding the merger.

In this respect, the EGMS of Patria Bank SA of April 21, 2016 and the EGMS of Banca Comerciala Carpatica SA of April 2, 2016 approved the initiation of the merger by absorption.

For the next step, the directors of the participating companies in the merger prepared a Merger Project, in accordance with the provisions of Article 241 of Law no. 31/1990, and approved by the Board of Directors of the two banks.

After the preparation of the Merger Project, it was submitted to the Trade Register Office where the company is registered, in accordance with the provisions of Article 242, paragraph 1 of Law nr. 31/1990, and will be published in the Official Gazette of Romania, Part IV.

The companies involved in the merger have their own web page and, according to the provisions of Article 242 paragraph (2) of Law no. 31/1990, the companies opted for the publication of the Merger Project through their own websites, for a continuous period of at least one month before the extraordinary general meeting which is to decide on the merger.

Also, it is mandatory to provide the shareholders at the participating companies' headquarters the documents stipulated by law to inform upon the merger with at least one month before the extraordinary general meeting which is to decide on the merger, as according to the provisions of Article 244 of Law no.31/1990.

We mention that all documents stipulated by law were made available for the shareholders, including the Directors' Report as well as the experts' Report.

III. Substantiation of the Merger by Absorption

As of the date of the Merger Project, Patria Bank SA holds 64.1627% of the share capital of Banca Comerciala Carpatica SA and 78.744% of voting right conferred by the shares issued by Banca Comerciala Carpatica SA. Thus, the premises of the merger reside in the need to adapt to the current economic environment as well as in the need to move towards a consolidated structure in order to develop a position on the competitive market.

In this respect, Banca Comerciala Carpatica SA shall continue the activity developed by Patria Bank SA until the implementation date, integrating it in its own activity.

The merger was also based on economic as well as commercial strategy reasons, such as: efficiency of managerial decision act, reduction of administrative costs, establishing a new more efficient marketing policy, increase of efficiency as far as regards the allocation of resources, creating a robust structure, consolidated by extension of product and services portfolio of the two banks and offering the customers a complete financial services range, given the complementarity of the products offered by Banca Comerciala Carpatica SA and by Patria Bank SA, creating the synergy effect between the two banks and the efficiency of the monitoring and reporting procedures.

IV. Effects of Merger

Under the Merger Project, Patria Bank shall merge with Banca Comerciala Caratica, the patrimony of Patria Bank (respectively all its assets and liabilities, rights and obligations) being completely transferred to Banca Comerciala Carpatica by legal universal succession as it is at the moment of implementation, provided the approval of the merger by BNR (The National Bank of Romania).

Upon approval of the merger by BNR and the registration of the merger at the NTRO (National Trade Register Office), Patria Bank shall be dissolved without liquidation in accordance with Article 238 paragraph 1,a) of the Companies Law.

As of the implementation date, all individual employment contracts of Patria Bank will be transferred to Banca Comerciala Carpatica, and all procedural rights and obligations and of substantive law derived from litigations where Patria Bank is a party will be taken over by Banca Comerciala Carpatica.

In accordance with the provisions of Law 31/ 1990, Article 249 item b., the Board of Directors of Banca Comerciala Carpatica, and the Board of Directors of Patria Bank, respectively, have decided that the Implementation Date, that is the date upon which the Merger shall take effect, shall be the first day of the calendar month following the calendar month where all necessary approvals are obtained and all necessary formalities are fulfilled, respectively the prior BNR approval is obtained and the judgment of a court of competent jurisdiction is issued approving the Merger and ordering the effects of such Merger to be recorded at ONRC.

As an effect of such Merger, all places of business/ agency offices/ secondary headquarters of Patria Bank shall be transferred to the patrimony of Banca Comerciala Carpatica, as well as all bank contracts concluded by Patria Bank while performing its activity (credit contracts, deposits, etc) and, implicitly, its client portfolio.

All real estate owned by Patria Banks shall also be transferred to Banca Comerciala Carpatica as an effect of the merger, based on a delivery-receipt protocol.

V. Allotment of Shares by Banca Comerciala Carpatica and Conversion Ratio

The conversion ratio between the shares issued by the two companies was calculated based on the global assessment method which stipulates that values used within reorganization operations are set by authorized evaluators, such being included in the assessment report prepared in this respect by ERNST&YOUNG Services SRL.

The market values of the equity capital of each of the companies as of the merger reference date May 31, 2016 were set on the basis of assessment reports issued by an independent evaluator selected by the management of the two banks.

The conversion ratio of the shares of Patria Bank against the shares of Banca Comerciala Carpatica is determined by the ratio between the market value of a Patria Bank share and the market value of a Banca Comerciala Carpatica share. Therefore, a Patria Bank share will be exchanged for 3.0566 Banca Comerciala Carpatica shares. The shares will be allocated without additional payments, in cash, to the shareholders of Patria Bank.

VI. Withdrawal Effects

In accordance with Article 6 of the Merger Project and the provisions of Article 134 of Law 31/ 1990, the shareholders that voted against the Merger Project and the merger shall have the right to withdraw from the company and request their shares to be purchased by the company.

The right of withdrawal may be exercised within 30 days after the date of adopting the resolution on the Merger Project taken by the General Meeting. Hence, the shareholders shall submit at the headquarters of the company, together with a written withdrawal declaration, the owned shares or, as the case may be, the share certificates.

The procedure under which the rightful shareholders may withdraw from Patria Bank SA, and Banca Comerciala Carpatica, respectively, shall be prepared by the Board of Directors of the companies, and shall be made available to the shareholders no later than the date of the Extraordinary Generally Meetings where the final merger is to be approved.

The price paid by the company for the shares owned by those exercising their withdrawal rights shall be set by an independent authorized expert, as the average of values resulting from applying at least two assessment methods recognized by the law effective on the assessment date. Ernst&Young Service SRL has been appointed as expert by the delegated judge, in accordance with the provisions of Article 38 and 39 of Law 31/ 1990, upon request of the Boards of Directors of the two companies.

Banca Comerciala Carpatica SA as well as Patria Bank SA are credit institutions whose activity is governed and supervised by Banca Nationala a Romaniei. Therefore, in accordance with Article 15'b of the BNR 6/2008 Regulation, acquisition of own shares resulting in reimbursement of capital to the shareholder, made at the initiative of the issuing bank is subject to the prior approval of BNR.

Upon completion of the withdrawal action, SNGN Romgaz SA is going to receive the equivalent value of shares currently held at Patria Bank SA at the price established by the independent authorized expert, and ceases to be a shareholder of this bank in the first day of the calendar month following the calendar month where all necessary approvals are obtained and all necessary formalities are fulfilled, respectively the prior BNR approval is obtained and the judgment of a court of competent jurisdiction is issued approving the Merger and ordering the effects of such Merger to be recorded at ONRC.

From an accounting point of view, the investment cost with the shares of Patria Bank amounts to RON 839,698. In the period 1994 – 2016 dividends in amount of RON 171,763 were received. For the number of shares currently held by SNGN Romgaz SA at Patria Bank SA (299,892 shares) the accounting cost per share of the investment not recovered by dividends amounts to RON 2.23. Hence, if the price set through assessment by the independent authorized expert is more than RON 2.23/ share, than an accounting profit will be recorded for such shares, as a result of SNGN Romgaz SA withdrawal, and if this is not the case, a loss will be recorded.

The synthetic status of share ownership is shown below, as described in the previous paragraph.

Crt. No	Indicators	June 30, 2016
1	Investment Cost	839,698
2	Dividends received in the period 1994-2016	171,763
3	Investment not recovered (3=1-2)	667,935
4	Number of shares	299,892
5	Cost per share investment not recovered (5=3/4)	2.23

For a discounted investment value as of August 31, 2016, the cost per share not recovered amounts to RON 130.10, as shown below.

RON							
Year	Investment	Dividends received	Discounted investment as of August 31, 2016	Dividends received discounted as of August 31, 2016	Investment not recovered	Number of owned shares	Cost per share not recovered
1	2	3	4	5	6=4-5	7	8=6/7
1994	839 698.00	171 762.77					
August 2016			39 297 278.61	281 122.87	39 016 155.74	299 892	130.10

Taking into account the losses recorded by Patria Bank SA since 2008, that SNGN Romgaz SA has an insignificant share in the share capital of Patria Bank SA, that no dividends were distributed since 2004, we believe that the merger between Patria Bank SA and Banca Carpatica SA is an opportunity for SNGN Romgaz SA to withdraw from this company.

Bearing in mind that the time limit is very short to obtain the approval of the General Meeting of Shareholders of SNGN Romgaz SA as regards Romgaz mandate at the Extraordinary General Meeting of Shareholders of Patria Bank, in order to take advantage of this withdrawal opportunity it was necessary to request endorsement of the mandate by the Board of Directors of SNGN Romgaz SA, provided that the withdrawal declaration of SNGN Romgaz SA from Patria Bank SA shall only be submitted if the EGMS of SNGN Romgaz SA approves the withdrawal right to be exercised.

That is to say, The Board of Directors of SNGN Romgaz SA was requested to grant its endorsement to allow the representative of SNGN Romgaz SA to vote in the EGMS of Patria Bank SA against the merger with the aim of seizing the withdrawal right, such withdrawal from Patria Bank SA being subject to the approval of the GMS of SNGN Romgaz SA.

If the withdrawal of SNGN Romgaz SA from Patria Bank SA is not approved by the GMS of SNGN Romgaz SA, the vote against the merger, based on the endorsement given by the Board of Directors of SNGN Romgaz SA, will have no consequence as regards Romgaz ownership in Patria Bank SA, and the newly formed company resulted from the merger, respectively.

Taking into account the above, we hereby request the General Meeting of Shareholders of SNGN Romgaz SA to approve the withdrawal of SNGN Romgaz SA from Patria Bank SA and the submission of the withdrawal declaration.

**Chairperson of the Board of Directors of SNGN Romgaz SA
Aurora Negrut**

