

NEWS RELEASE

Eurohold and EIG officially notified the Government of Romania of the investment dispute regarding the case of Euroins Romania

The group will proceed with an international arbitration in case of an absence of a settlement

Sofia, 26 October 2023 - **Eurohold Bulgaria AD** and **Euroins Insurance Group AD (EIG)** officially informed the Government of Romania of their intention to initiate an international arbitration to protect the group's investment in Romania, unless the current dispute over Euroins Romania's case is remedied quickly, and the damages caused to the group are duly compensated.

The holding has already sent a Notice of Dispute to the Romanian government, which is the first formal step toward initiating an international investment arbitration under the investment treaty for protection of investments, signed between the governments of Bulgaria and Romania. *"If we do not reach an acceptable settlement within a reasonable period of time, we will protect our investment through an international arbitration,"* explained Todor Danailov, CEO of **EIG**.

Eurohold and **EIG** have taken the measure mentioned above, following the decision of ASF from 17 March to withdraw the license of Euroins Romania. The acts of the Romanian authority depicted a multiplicity of breaches in respect of the EU legislation, particularly the Solvency II regime, adopted by all member states to ensure a sound regulatory framework and consistent supervisory practices in the insurance sector across the EU. As **Eurohold** had previously announced, the decision of ASF was arbitrary, discriminatory, and constituted an unlawful expropriation in a brutal breach of international law. It led to bankruptcy proceedings and insolvency of Euroins Romania, destroying the business operations of the insurance group in Romania.

The parties involved in this investment dispute now have an opportunity to resolve the issue through negotiations before resorting to arbitration. Should a suitable settlement not be reached, **Eurohold** and **EIG** are prepared to start international investment arbitration proceedings against the Romanian government. The claim would amount to at least EUR 500 million.

Eurohold and **EIG** will be advised in the forthcoming process by the leading multinational law firm Pinsent Masons, which has 27 offices across 4 continents as well as by Djingov, Gouginski, Kyutchukov & Velichkov (DGKV), one of the largest and most prominent business law firms in Bulgaria.

EIG has been among the largest investors in the Romanian insurance market, having invested approx. EUR 280 million. *"The dispute over the case of Euroins Romania could jeopardize the stability of the entire insurance market in the EU, as the insurance sector is a key institutional investor in the development of the financial and capital market in*

Europe. The malpractices, carried out by the current management of the Romanian financial regulator against Euroins Romania, concern commonly practiced, recognized and approved reinsurance methods. If such malpractices remain unaddressed and unresolved, this will set a precedent with a heavy detrimental impact on the whole insurance and reinsurance industry in the EU,” pointed out Todor Danailov.

Eurohold Bulgaria AD

Eurohold Bulgaria AD is a leading energy and financial group operating in Central, Eastern and Southeastern Europe. It is listed on the Bulgarian and Warsaw Stock Exchange. Eurohold owns Electrohold, a leading energy group in Bulgaria and owner of the largest power distributor, supplier and trader in the country that has 3000 employees and serves more than 3 million consumers. Eurohold also owns Euroins Insurance Group AD (EIG), a leading insurance group in the region, operating in 10 countries. www.eurohold.bg; www.eig.bg; www.electrohold.bg