

NEWS RELEASE

Eurohold filed additional documents with the CPC related with the in-depth probe into the deal with CEZ

The holding company welcomes the decision of the competition authority and is ready to collaborate

Sofia, Oct 15th 2019 - With reference to the decision of the Commission for Protection of Competition (CPC) to launch an in-depth probe into the acquisition of CEZ Group's companies in Bulgaria, **Eurohold Bulgaria** filed additional documents with the antitrust regulator. The documents provide evidence about the applied regulatory requirements and provisions in the insurance and energy market, the restrictive provisions of Solvency II directive and the restrictive legal framework that regulates public companies as well as the rules that concern the control of the transactions between related parties.

Eurohold provided additional information about: the geographical extent of the researched markets in which the holding and its Bulgaria-based insurance subsidiaries (ZD Euroins AD and EIG Re EAD) operate; the products the insurers offer; the gross written premiums accumulated by them and the share of the insurance premiums in the holding's total revenue, the market shares of the insurers in the different insurance segments and others.

These are the key points in the documents filed with the competition authority:

- Bulgaria-based insurance units of **Eurohold** do not have a leading position on the Bulgarian market of “insurance guarantees neither individually nor as a group of companies. Their combined market share in this segment is 5%.
- Bulgaria-based insurance units of **Eurohold** do not offer “insurance guarantees” to electricity traders in Bulgaria and have not generated any revenue from this product.
- Bulgaria-based insurance units of **Eurohold** provide The Guarantee in Favour of Public Procurement Awarding Authority insurance product related with public tenders in different sectors. If there are any concerned energy companies the same are beneficiaries but not buyers of this type of insurance products. A lot of other insurers also offer such similar insurance products at much more attractive terms.
- In case of a merger between **Eurohold**'s insurance units and the companies of CEZ Bulgaria, the two parties will become related ones. The transactions and the financial support between related parties are highly restricted from a regulatory point of view and according to the European regulatory framework in the area of the energy sector, Solvency II directive, the common European provisions, implemented in the Bulgarian legislation. They are even prohibited in case they exceed some specific limits. This is why the electricity traders of the new group cannot gain whatever competitive advantage in the shape of an “insurance

guarantees” provided by an insurer within the same group. Actually, the electricity traders in the group can have only not guaranteed, slow and expensive intragroup access to “insurance guarantees”.

- The EU legislation, implemented in the Bulgarian law, strictly restricts the opportunities for financial groups to provide related parties with financial support.
- The EU practice in the area of competition law provides the financial groups with the opportunity to invest in the energy market and no concerns are raised regarding the possibility that the groups will gain a competitive advantage because of this relation. There are a lot of examples for large financial groups in the EU that invest in energy companies directly or indirectly. Examples for significant interaction between the energy and insurance markets on a European and global level are presented in the documents filed to the Bulgaria's competition authority.

Eurohold welcomes the decision of CPC to launch an in-depth probe and is ready to support the commission and provide it with additional information. The holding is also ready to answer all the questions that are to emerge.

The whole information (only in Bulgarian for the moment) from the files presented to the antitrust body can be checked out on **Eurohold**'s corporate site [here](#).

Eurohold Bulgaria AD

Sofia-based Eurohold Bulgaria AD is a leading independent business group, operating in the CEE/SEE/CIS region and the largest publicly-listed holding company in Bulgaria. Eurohold's subsidiaries operate in the field of insurance, leasing, car sales, asset management and investment services in 10 European countries. The company is listed on the Bulgarian Stock Exchange and the Warsaw Stock Exchange. The group has over 2.5 million clients and approximately 3000 employees. As of 2018, Eurohold's consolidated revenues amounted to BGN 1.3 billion, its operating profit reached BGN 52.3 million and its consolidated assets totalled BGN 1.4 billion. For the last 20 years the holding company has completed 16 successful acquisitions of companies in different business segments in Central and Eastern Europe in transactions with leading corporations in Europe. Eurohold owns Euroins Insurance Group (EIG), one of the largest independent insurance groups in the CEE/SEE/CIS region, operating in 10 European markets, including own subsidiaries in Bulgaria, Romania, North Macedonia, Ukraine, Georgia and Russia. EIG is also operating in Greece and has niche operations in Spain, Poland and Italy. In March, 2019, EIG agreed to take over 4 insurance companies from Germany-based ERGO in 3 European countries - Romania, the Czech Republic and Belarus.

www.eurohold.bg www.eig.bg