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**NEWS RELEASE****Eurohold will appeal the bankruptcy decision for Euroins Romania based on the exception of unconstitutionality**

**Sofia, 9 June 2023** - With reference to today's decision of the Bucharest Court to declare Euroins Romania bankrupt, Eurohold Bulgaria informs about the following:

Euroins Insurance Group maintains its financial and capital stability and will continue to protect both the interests of its shareholders and the rights of its customers - over 2 million policyholders in Romania. EIG and its shareholders continue to uphold its claims against the decision of ASF of 17th of March 2023 to revoke the license of Euroins Romania and will appeal the current decision for bankruptcy order. Additionally, EIG has already reached settlement with all non-insurance related creditors who have requested insolvency thus covering additional losses to the Romanian economy.

It is important to be noted that the Bucharest Court admitted the plea of unconstitutionality raised by Euroins Romania and EIG as well grounded and will send the motion of unconstitutionality to the Romanian Constitutional Court. Nevertheless the Bucharest Court applied the existing Romanian law while opening the procedure for insolvency, the court itself found it necessary to address the Romanian Constitutional Court with several questions on the possible unconstitutionality of key provisions of the Romanian insolvency laws in the light of several constitutional provisions, namely Art. 20 (International human rights treaties), Art. 21 (Free access to justice), Art. 16 (Equality of rights) of the Romanian Constitution, as well as Art. 6, points 1 and 2 of European Convention on Human Rights, Art. 20, 47 and 48 of the Charter of Fundamental Rights of the European Union, as well as Art. 1 of Protocol No. 1 to the European Convention on Human Rights.

The essence of the issue of unconstitutionality concerns the fact that the opening of insolvency proceedings against an insurance company following the existence of a decision to withdraw its operating license issued by the Romanian regulator, without a final judgment on the legality of the Regulator's decisions, deprives insurance companies of the right to a fair trial and effective judicial review. Under Romanian law, the granting of an exception for unconstitutionality should lead to the annulment of the decision to open bankruptcy proceedings.

We remind that in the past couple of months after the decision of the Romanian Regulator ("ASF") to withdraw the operating license of Euroins Romania, EIG and its shareholders (despite the already incurred financial and reputational losses) have made several attempts (and will continue to make such) to solve the crisis situation on the Romanian Insurance Market. EIG is ready to deploy additional capital by offering a full cover of all of the remaining Euroins Romania's insurance liabilities, which would have resulted in (1) saving more than EUR 500 million of potential future costs for the Romanian Guarantee Fund (and taxpayers) and (2) alleviation to any tension on the market related to insurance lacking MTPL insurance capacity.

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Unfortunately, besides the meetings and several formal proposal, all our efforts were not acknowledged and in violation of multiple local legislation and normal business practice the interim administrators of Euroins Romania have not made the necessary efforts to ensure the preservation of its assets and with their own actions have practically led Euroins Romania to the current state of practical insolvency, which was not the case neither at the moment of (1) the Decision of ASF (17 March 2023) nor (2) on the alleged reference dates of 30 September 2022 and 30 June 2022 (as above mentioned decision).

We would like again to draw the attention that EIG and its key subsidiaries remained fully capitalized and viable and continue their normal operations as evident in the past couple of months by (1) the seamless continuation of the normal business relations, (2) limited exposure to Euroins Romania and (3) their capital strengths as follows:

- EIG's level of SCR (as of the audited YE 2022) figures is 132%, with Q1 expectations substantially higher.
- Euroins Bulgaria's (which encompass the international EU operations) level of SCR as of Q1/23 remains stable and within market average levels and improves to the level of 130%.
- All other EU and non-EU entities remain in full compliance with their local prudential requirements

Eurohold would like to thank all customers, partners and employees for their continued support over the past few months, during which EIG has proven itself to be a stable and viable group that provides reliable services even now.

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#### **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), one of the largest insurance groups in the region. EIG provides a full range of insurance products, serves over 4 million customers in 11 countries and has over 3,000 employees.*

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