

**EUROHOLD BULGARIA AD**

43 Christopher Columbus Blvd., Iskar Region, 1592 Sofia , UIC [Unique Identification Code]  
175187337

**SUPPLEMENTED REPORT AND STATEMENT OF REASONS**

**from**

**THE MANAGEMENT BOARD OF EUROHOLD BULGARIA AD  
TO THE SHAREHOLDERS IN THE COMPANY**

Pursuant to Art. 114, par. (1) of POSA and Art. 46 of FSC Regulation no. 2

**CONCERNING**

The appropriateness and terms of transactions pursuant to Art. 114(1)(2) in conjunction with Art.114(1)(1)(a) and pursuant to Art. 114 (1) (1) (a) of the Public Offering of Securities Act (POSA), namely: incurrence of liabilities and pledging assets by the company in an amount exceeding one third of the lower asset value as per the most recent audited balance sheet of the company and the most recent balance sheet of the company

Approved at a meeting of the  
MANAGEMENT BOARD of EUROHOLD BULGARIA AD  
held on 27 November 2015 in Sofia

**The MEMBERS of the MANAGEMENT BOARD of  
EUROHOLD BULGARIA AD**

Chairman:	Kiril Ivanov Boshov
Executive Director:	Asen Minchev Minchev
Members:	Velislav Milkov Hristov
	Assen Emanuilov Asenov

## **Dear Shareholders in EUROHOLD BULGARIA AD,**

Pursuant to Art. 114, par. (1) of POSA and Art. 46 of FSC Regulation no. 2 of 17 September 2003 on public offering prospectuses and listing at a regulated securities market and on the disclosure of information by public companies and other issuers of securities, we offer to your attention the following Supplemented Report and statement of reasons from the Management Board of EUROHOLD BULGARIA AD concerning the appropriateness and terms of transactions by the company pursuant to Art. 114(1)(2) in conjunction with Art.114(1)(1)(a) of POSA and pursuant to Art. 114 (1) (1) (a) of POSA, namely: incurrence of liabilities and pledging assets by the company in an amount exceeding one third of the lower asset value as per the most recent audited balance sheet of the company and the most recent balance sheet of the company.

The aim of this supplemented report is to introduce to the shareholders in EUROHOLD BULGARIA AD the essential terms and the appropriateness of the transactions proposed for approval in accordance with Art. 114(1)(2) in conjunction with Art.114(1)(1)(a) of POSA and pursuant to Art. 114 (1) (1) (a) of POSA so that the General Meeting of the Shareholders takes an informed decision and authorises the persons that manage and represent the public company to execute the indicated transactions.

The additional information provided in the supplemented consolidated report refers to the option for conversion of the bonds from the bond issue, the minimal amount of subscribed bonds when the bond issues will be considered successful, the circumstances influencing the repayment period of the bonds from 24 months to 60 months, the indicative criteria for determination of the interest in the range between 4 and 12 per cent per annum depending predominantly on the amount of the bonds offered for subscription and the prevailing market levels of the interest, the criteria for the choice of the governing law of the bond issue, the criteria for the choice of the prospective market of securities for the bond issue, the optimal amount of the bond issue, information about the insurance policy which might be required by the bondholders, the market value of one share and the the market value of 50 % plus one shares (being the maximal amount of the envisaged collateral under the bond issue) from the share capital of EUROINS INSURANCE GROUP AD, UIC 175394058, which shall be subject of a share pledge constituted by EUROHOLD BULGARIA AD as collateral to the bond issue, the value of the assets of EUROHOLD BULGARIA as per the last audited non-consolidated financial statement of the company, the value of the assets of EUROHOLD BULGARIA as per the last unaudited non-consolidated interim financial statement of the company, the relation between the amount of the bond issue and the amount of the collateral within the indicated range.

## **I. Description of the Transactions Pursuant to POSA Art. 114(1)(2):**

### **1.1. Background Information**

EUROHOLD BULGARIA AD is a public joint-stock holding company, the business of which is acquisition, management, evaluation and disposal of interest in Bulgarian and foreign companies; financing the companies in which the holding company holds interest; stockholding in Bulgarian and foreign companies. The capital of the company is BGN 127,345,000 divided in 127,345,000 book-entry, registered, unprivileged shares of par value BGN 1.00 each. The shares of EUROHOLD BULGARIA AD are traded at the Bulgarian and Warsaw stock exchanges.

The companies included in the portfolio of EUROHOLD BULGARIA AD operate in the markets for insurance services, leasing, financial services, car sales, whereas the core business of the company is concentrated along the axis “car sales – leasing – insurance”.

EUROHOLD BULGARIA AD exercises direct control on EUROINS INSURANCE GROUP AD, UIC 175394058, having its seat and place of management in 43 Christopher Columbus Blvd., Sofia. The public company owns 82.12 % of the issued capital of EUROINS INSURANCE GROUP AD.

EUROINS INSURANCE GROUP AD is the insurance sub-holding within the group of EUROHOLD BULGARIA AD. EUROINS INSURANCE GROUP AD concentrates the insurance operations of insurance companies in which it holds capital and which are operating in Bulgaria, Romania, Macedonia and Serbia. The main activity of EUROINS INSURANCE GROUP AD is related to the management of investments in its key subsidiaries INSURANCE COMPANY EUROINS AD, EUROINS HEALTH INSURANCE AD, EUROINS LIFE INSURANCE COMPANY EAD, EUROINS ROMANIA ASIGURARE REASIGURARE SA, EUROINS OSIGURUVANYE, Macedonia.

Given the current necessity to accumulate funds to finance the general corporate needs of EUROHOLD BULGARIA AD and to refinance existing liabilities within the holding structure of EUROHOLD BULGARIA AD at a lower cost, as well as to finance the activities of the operating insurance companies subsidiaries in Bulgaria, Romania and Macedonia, to support the capital structure of the insurance subsidiaries in view of the requirements of the new Solvency II capital requirements and to provide funding for investments in new subsidiaries EUROHOLD BULGARIA AD has taken action to provide funding in the form of a bond issue. The fund raising is contemplated to be arranged at the international finance markets. Two reputable UK-based investment banks are given mandate to handle the transaction. The accumulated proceeds will help reassert and improve the market position of EUROHOLD BULGARIA AD and its insurance subdivision EUROINS INSURANCE GROUP AD.

The bonds will be offered through private offering to private investors (not by means of public offering in the meaning of POSA). The negotiations with the arrangers of the contemplated funding led to the conclusion that the Management Board of the company needs to have quite broad discretionary powers in order to react flexibly and efficiently to the fluctuating market conditions and to the investors' appetite at the corporate bonds market. Therefore, the transactions subject of this report are revealed within certain minimal and maximal limits concerning the essentials of the transactions. Thus, a number of parameters of the bond issue are indicative within specified range or will be subject of further deliberation. This is the case with the amount of the bond issue, the nominal value

of one bond and the number of all bonds, the period of maturity of the bond issue, the interest coupon, the repayment schedule, the conditions for early redemption, the starting date and the final date of subscription of the bonds, the place, the procedure and conditions for subscription of the bonds, the terms and conditions of an insurance policy, if any, which might be required to secure the repayment of the sums due under the bond issue, the conditions pursuant to which the bond loan shall be deemed successfully concluded, including, without limitation, minimal and maximal amount of the subscribed bonds and the collected money contributions pursuant to which the bond loan shall be deemed successfully concluded, as well as all remaining mandatory and optional parameters of the bond issue, the financial and other covenants which the company will need to abide by throughout the life of the bond issue, the option to extend once the term for subscription of the bonds with up to 60 (sixty) days as from the initial final term for subscription if the subscribed bonds and the related proceeds until the initial final term for subscription are not sufficient in view of the purposes of the bond issue.

EUROHOLD BULGARIA AD may offer in the future an option to the bondholders to convert all or part of their bonds into shares. If EUROHOLD BULGARIA AD decides to offer such option it shall be subject to a further resolution of the competent corporate body of EUROHOLD BULGARIA AD and may be offered to the bondholders only after introducing the mandatory amendments to the terms and conditions of the bond issue in line with its governing law. The management of EUROHOLD BULGARIA stresses on the fact that so far this option will not represent part of the initial terms and conditions of the bond issue.

Furthermore, the Management Board needs to have discretion to organize a subsequent listing of the bond issue at a suitable stock exchange following review of the results of the private placement of the securities, the willingness of the subscribers, the advice of the arrangers of the bond issue and an internal profound analysis of all relevant information.

In addition, the Management Board needs to have the power to determine the basics of the security which shall be offered to the bondholders with the aim to induce them to subscribe the issued bonds. At an earlier stage it is not possible to predict the amount of the funds which might be raised by willing private investors. Hence, the amount of the security may vary and cannot be specified precisely. A pledge on a material stake of shares from the share capital of its subsidiary EUROINS INSURANCE GROUP AD, Uniform Commercial Code 175394058, will suit best the anticipations of the private investors since the prevailing part of the raised funds will be further distributed by EUROHOLD BULGARIA AD to its insurance business. The final number of the pledged shares will be subject to the final analysis of the interest of the targeted private investors and the expected level of the bond issue.

The Management Board elaborated a flexible strategy for the use of the funds which will be accumulated through the said private placement of the bond issue. In the event

EUROHOLD BULGARIA AD raises funds from EUR 10 000 000 up to EUR 60 000 000 the proceeds will be directed to improve further the liquidity within the group of EUROINS INSURANCE GROUP AD, to finalize pending acquisitions and, to the extent possible, to refinance certain direct liabilities of the issuer EUROHOLD BULGARIA AD. In the second scenario when private investors subscribe more than EUR 60 000 000 and not more than EUR 100 000 000 EUROHOLD BULGARIA will use the accumulated funds for the same purposes and will be able to allocated them better as necessary and to focus on further investments.

## **1.2. Essential Terms of the Transactions**

1. EUROHOLD BULGARIA AD is in process of negotiating a bond issue of corporate notes with the purposes set out in item 1.1. above. The transaction aims to provide long-lasting resources to EUROINS INSURANCE GROUP AD to manage flexibly and effectively its majority shareholdings in the operating insurance companies, to procure compliance with the requirements concerning the capital adequacy and the solvency margin according to the applicable laws and the directions of the regulatory authorities, and to ensure a possibility for expansion of the market share of the insurance sub-holding. Depending on the amount of the bond issue EUROHOLD BULGARIA AD may use certain sums for general corporate purposes, including refinancing of existing liabilities.

The transaction terms are the following:

- Type of transaction: bond issue of EUROHOLD BULGARIA AD of ordinary, dematerialized, secured, non-convertible, freely transferrable, interest-bearing corporate bonds
- Maturity: from 24 to 60 months as from the issue date. The repayment period shall be conditional on the amount of the bond issue within the indicated range and the estimate of the management of the company for the realistic term of its repayment
- Issue amount (principal): from EUR 10 000 000 to EUR 100 000 000 divided in ordinary, dematerialized, secured, non-convertible, freely transferrable, interest-bearing corporate bonds , each one of nominal value of at least EUR 250 000 depending on investors' interest and preferences. The minimal amount of subscribed bonds when the bond issue will be considered successful according to the estimate of the management of the company will be

EUR 10 000 000. The optimal amount of the bond issue shall be EUR 60 000 000.

- Interest:

from 4 per cent per annum to 12 per cent per annum depending on the details of the transaction. The indicative criteria which shall influence the determination of the level of interest will be the amount of the bond issue which shall be offered finally to the bondholders and the estimate of the management of the company about a mark-to-market competitive interest coupon
- Interest payment dates:

annual or other depending on the preferences of the investors
- Early redemption clauses:

general redemption clause at the option of the issuer where the beginning of the redemption period, the price of redemption and other details shall be subject of specification, and additional redemption events in the event of changes in law, tax, or application regulation where the exact terms will be subject to defining in the draft documents
- Regulated market:

the bond issue may be listed at a stock exchange later after the private placement. Dublin Stock Exchange is an option unless the investment banks managing of the bond issue advise otherwise
- Collateral:

up to 50 per cent plus 1 registered voting shares from the entire share capital of EUROINS INSURANCE GROUP AD depending on the amount of the bond issue and the investors' preferences.
- Value of the assets of EUROHOLD BULGARIA AD as per the last audited non-consolidated financial statement as of 31.12.2014

349 824 000 Bulgarian Leva

- Value of the value of the assets of EUROHOLD BULGARIA AD as per the last unaudited non-consolidated financial statement as of 30.09.2015 369 262 000 Bulgarian Leva
- Insurance policy An insurance policy may be required by the bondholders as a condition subsequent to the issue of the bonds as security related to the issue or any part thereof. In such case EUROHOLD BULGARIA AD shall search for insurance cover from an external insurer which is not part of its holding structure. The management of EUROHOLD BULGARIA AD stresses on the fact that the bondholders may decide not to require such additional security
- Governing law English law shall be the most suitable governing law unless the investment banks managing of the bond issue advise otherwise

**2.** As part of the transaction for issuance of the bonds described in general above the issuer EUROHOD BULGARIA AD will establish a pledge on up to 50 per cent plus 1 registered voting shares from entire share capital of its subsidiary EUROINS INSURANCE GROUP AD. The exact number of the pledged shares shall depend on the amount of the bond issue and the estimation of the preferences of the investors. The pledge will be established in favour of all bondholders and holders of securities accounts from the bond issue.

The market value of one share from the share capital of EUROINS INSURANCE GROUP AD is revealed in a market valuation elaborated by a licensed valuator in the meaning of art. 5 of the Independent Valuers Act. The market value of the maximal envisaged collateral being 50 % plus 1 shares from the share capital of EUROINS INSURANCE GROUP AD is revealed in a market valuation elaborated by a licensed valuator in the meaning of art. 5 of the Independent Valuers Act.

The maximal potential amount of the bond issue plus the anticipated accruable interest, i.e. EUR 100 000 000 plus the anticipated accruable interest, shall exceed one third of the lesser of the values of the assets of EUROHOLD BULGARIA AD according to the last audited non-consolidated financial statements as of 31.12.2014 and according to the last unaudited non-consolidated financial statements as of 30.09.2015, where the lesser figure is 349 824 000 Bulgarian Leva.

The optimal amount of the bond issue plus the anticipated accruable interest, i.e. EUR 60 000 000 plus the anticipated accruable interest, shall exceed one third of the lesser of the values of the assets of EUROHOLD BULGARIA AD according to the last audited non-

consolidated financial statements as of 31.12.2014 and according to the last unaudited non-consolidated financial statements as of 30.09.2015, where the lesser figure is 349 824 000 Bulgarian Leva.

The minimal amount of the bond issue plus the anticipated accruable interest, i.e. EUR 10 000 000 plus the anticipated accruable interest, shall not exceed one third of the lesser of the values of the assets of EUROHOLD BULGARIA AD according to the last audited non-consolidated financial statements as of 31.12.2014 and according to the last unaudited non-consolidated financial statements as of 30.09.2015, where the lesser figure is 349 824 000 Bulgarian Leva.

In the event the maximal potential amount of the bond issue, i.e. EUR 100 000 000, the collateral shall most likely tend to the maximal amount of 50 % plus 1 shares of the entire share capital of EUROINS INSURANCE GROUP AD.

In the event the optional potential amount of the bond issue, i.e. EUR 60 000 000, the collateral shall most likely be in the range of 34 to 50 % plus 1 shares of the entire share capital of EUROINS INSURANCE GROUP AD.

In the event the minimal potential amount of the bond issue, i.e. EUR 10 000 000, the collateral shall most likely tend to less than 33 per cent plus one shares of the entire share capital of EUROINS INSURANCE GROUP AD.

The public company EUROHOLD BULGARIA AD observed regularly its arrangements with credit institutions.

### **3. Parties to the Transactions**

**3.1.** The parties to the first transaction as per Article 114(1)(2) of the POSA presented in this Report shall be: EUROHOLD BULGARIA AD (issuer of the bonds issue), all bondholders and holders of securities accounts from the bonds issue (bondholders-creditors).

**3.2.** The parties to the second transaction as per Article 114(1)(1) (a) of the POSA presented in this Report shall be: EUROHOLD BULGARIA AD (pledgor and issuer of the bond issue, EUROINS INSURANCE GROUP AD (issuer of the pledged shares) and all bondholders and holders of securities accounts from the bonds issue (bondholders -creditors).

### **4. Participation of Interested Parties in the Transaction**

**4.1.** There are no interested parties in the Transaction in the meaning of Art. 114(6) of the POSA. EUROHOLD BULGARIA AD will be acting both as an issuer of the bonds issue and as a pledgor of its own assets.

### **5. Beneficiaries from the Transactions**



The proposed transactions in regards to the bond issue of EUROHOLD BULGARIA AD shall benefit EUROINS INSURANCE GROUP AD. The proceeds collected by the bondholders shall provide EUROINS INSURANCE GROUP AD with the necessary funds to finance its subsidiaries from the insurance sector with the aim to comply with the regulatory capital requirements, to ensure expansion of their market share and to procure new investments, resulting in increase of the trade incomes.

## **II. The economic Benefit of EUROHOLD BULGARIA AD from the Transactions**

EUROHOLD BULGARIA AD is an integrated holding company with an investment portfolio comprised of companies operating in the area of automotive insurance, leasing, sales and maintenance. These activities are consolidated in three sub-holdings under the public company: EUROINS INSURANCE GROUP AD, EUROLEASE GROUP EAD and AUTO UNION AD. The investment broker EURO-FINANCE AD is also part of the public company.

EUROINS INSURANCE GROUP AD concentrates the entire insurance business of EUROHOLD BULGARIA AD in Bulgaria, Romania and Macedonia. The major advantage of the companies in EUROINS INSURANCE GROUP AD is the well-developed sales network which covers the territory of every country the group operates in. The network includes a combination of various sales channels (agencies, brokers, franchisers and insurance agents), which enables maximum flexibility and access to end users.

Being a holding structure, EUROHOLD BULGARIA AD presents its business on consolidated basis. The consolidated revenue and cost streams of the public company come from the individual divisions as well as from the holding's own business, namely acquisition and management of equity participations and financing of affiliated companies. The development and the good performance of the EUROHOLD BULGARIA AD group as a whole largely depends on the performance of the subsidiaries, the revenues and profits generated by them, the market shares achieved by them as well as on their growth potential. Accordingly, EUROHOLD BULGARIA AD has developed a model for the integration between its various businesses. The close cooperation between the divisions that generate growing and sustainable revenues is one of the main advantages of the public company. By integrating the three business lines – vehicle insurance, sales and leasing – EUROHOLD BULGARIA AD aims to achieve significant synergy. The established integration between the individual divisions allows the companies in the EUROHOLD BULGARIA AD group offer to their clients a unique combination of related products on the basis of packaged purchases at attractive prices and flexible terms. The offering of packaged products and the combination of sales points leads to an “all under one roof” proposition: vehicles, insurance and leasing. The cross-offering of products among the clients of the insurance, leasing and auto dealership divisions reduces the overall advertising and marketing costs. The complimentary activities drive a faster expansion of market shares. The internal working model is based on the concept that each business division should achieve financial stability and cost optimisation within its own organisation and serve as a business generator for the other divisions.

Considering the foregoing, the Management Board of the public company believes that the anticipated new financing of the parent company is important both for the individual units in the holding structure and for the public company as a whole.

The Management Board of EUROHOLD BULGARIA AD considers that the execution of the aforesaid transactions is in the interest of the public company, and thus proposes to the shareholders in EUROHOLD BULGARIA AD to approve these transactions by granting to the Management Board and to the executive members of the Management Board an authorization to implement these transactions.

### **III. Authorisation of the persons that manage and represent the company to execute the transactions**

The provisions of POSA Art. 114(1) require that the Management Board and the persons who manage and represent a public company must be explicitly authorised by the General Meeting of the Shareholders to execute transactions as a result of which the public company incurs liabilities if such liabilities exceed one third of the lower assets value as per the last audited or the last prepared balance sheet of the company.

Therefore the General Meeting of the Shareholders of EUROHOLD BULGARIA AD should take the following decisions:

**1.** The General Meeting of the Shareholders adopts a resolution for issuance by means of an initial private offering to no more than 100 (one hundred) persons (not by means of a public offering in the meaning of the Public Offering of Securities Act) of an issue of ordinary, dematerialized, secured, non-convertible, freely transferrable, interest-bearing corporate bonds of the company with an option for subsequent conversion after the issue date in the event of additional agreement in compliance with the requirements of the Bulgarian law in force as of the moment of conversion, under the following terms: total nominal value of the bond issue at least EUR 10 000 000 (ten million euros) and not exceeding EUR 100 000 000 (one hundred million euros), nominal value of one bond at least EUR 250 000 (two hundred and fifty thousand euros) and issue value of one bond equal to the nominal value, total number of all bonds equal to the quotient of the total nominal value of the bond issue within the mentioned framework and the selected nominal value of one bond, with final period (maturity) of the bond issue at least 24 (twenty-four) months and not exceeding 60 (sixty) months, with an interest of at least 4 (four) per cent per annum and not exceeding 12 (twelve) per cent per annum, with an option for early redemption of the obligations under the bond issue, with an option for listing of the issued bonds at a stock exchange outside the Republic of Bulgaria pursuant to an approved prospect for public offering of securities, whereby the proceeds of the bond issue shall be used for general corporate purposes, including for investments in subsidiaries, for support of the current activities of the subsidiaries, as well as for improvement of their capital base, whereby the obligations of the issuer under the bond issue shall be secured by establishing a pledge on up to 50 (fifty) per cent plus 1 (one) registered voting shares from the share capital of the

subsidiary "Euroins Insurance Group" AD, Uniform Commercial Code 175394058, whereby the exact number of the pledged shares shall be determined according to the total amount of the bond issue and at any time it shall represent up to 50 (fifty) per cent plus 1 (one) registered voting shares from the registered share capital of "Euroins Insurance Group" AD as at the moment of execution of the pledge agreement, whereby the Management Board of the company shall be entitled to specify within the aforesaid parameters and in compliance with the Bulgarian law in force all aforesaid terms and conditions of the bond issue and to specify all remaining terms and conditions of the bond issue.

The General Meeting of the Shareholders authorizes the Management Board of the company to act in its sole discretion, considering the best interest of the company and within the frame of the aforesaid terms and in compliance with the applicable Bulgarian law, and to specify in details all terms and conditions of the bond issue indicated above, as well as to specify all remaining terms and conditions of the bond issue, including, without limitation, to make a resolution concerning the total amount of the bond issue within the limits set by this decision, the total number of all bonds of the bond issue, the nominal value and the issue value of one bond within the limits set by this decision, the final period (maturity) of the bond issue, the payment date of the bonds within the limits set by this decision, the repayment schedule of the bond issue, including the grace period, the interest coupon, the interest payments, the mode of their calculation, the mechanics and periods of their payments, the mechanics and term of payment of the principal within the limits set by this decision, the conditions for early redemption, the starting date and the final date of subscription of the bonds, the place, the procedure and conditions for subscription of the bonds, to specify in details the parameters of the security to be provided as an exact number of the shares held by "EUROHOLD BULGARIA" ASD in the share capital of "Euroins Insurance Group" AD, Uniform Commercial Code 175394058, which shall be subject of a share pledge agreement in favour of the bondholders within the limits set by this decision, to specify in details the terms and conditions of the insurance policy, if any, which shall secure the repayment of the amounts of the principal and interest due, the conditions pursuant to which the bond loan shall be deemed successfully concluded, including, without limitation, minimal and maximal amount of the collected money contributions pursuant to which the bond loan shall be deemed successfully concluded, as well as all remaining mandatory and optional parameters of the bond issue, to specify in details all parameters and conditions of the bond issue depending on the market conditions and the investors' appetite, to sign an information memorandum, an initial non-public (private) offering for subscription of bonds and any and all required documents in connection to the placement of the bond issue.

The General Meeting of the Shareholders authorizes explicitly the Management Board of the Company to determine the covenants of the company to the bondholders.

The General Meeting of the Shareholders authorizes explicitly the Management Board of the Company to extend once the term for subscription of the bonds with up to 60 (sixty) days as from the initial final term for subscription in the event until the initial final term for subscription a minimal nominal amount of bonds has not been subscribed, respectively the

money contributions have not been paid in regards to such minimal nominal amount of bonds, and to amend respectively the information memorandum, the initial non-public (private) offering for subscription of bonds and any and all required documents. In such case the last day of the extended period shall be deemed the final term for subscription of the bonds.

The General Meeting of the Shareholders authorized explicitly the Management Board, if the latter finds it necessary, to make a subsequent resolution for listing the bonds at any organized market of securities and to procure the preparation of a prospectus, its approval by the respective regulatory authority, the signing of an agreement with a bondholders' representative, signing of any and all required documents and compliance with any requirements as per the applicable legislation in force.

The General Meeting of the Shareholders authorizes explicitly the Management Board to organize signing of agreements for subscription/placement of the bond issue, to select an investment firm which shall subscribe/sell the bond issue, as well to undertake any and all necessary acts and make all necessary resolutions in regards to completion of the initial private offering and the potential secondary public offering of the bond issue according to the requirements of the applicable legislation in force.

Parties to the transaction concerning the issuance of the bond issue shall be: "EUROHOLD BULGARIA" AD (issuer of the bond issue), ALL BONDHOLDERS AND HOLDERS OF SECURITIES ACCOUNTS FROM THE BOND ISSUE (bondholders-creditors).

**2.** The General Meeting of the Shareholders adopts a resolution that "EUROHOLD BULGARIA" AD shall establish a pledge on up to 50 (fifty) per cent plus 1 (one) registered voting shares from the share capital of the subsidiary „EUROINS INSURANCE GROUP" AD, Uniform Commercial Code 175394058, as security to the bondholders and the holders of securities accounts from the bond issue described hereunder, and, depending on the amount of the bond issue, to sign a share pledge agreement in regards to up to 50 (fifty) per cent plus 1 (one) registered voting shares from the share capital of the subsidiary „EUROINS INSURANCE GROUP" AD which shall secure until their final repayment any and all receivables of the bondholders originating from a bond issue of „EUROHOLD BULGARIA" AD issued under the terms of an initial private offering to no more than 100 (one hundred) persons (not by means of a public offering in the meaning of the Public Offering of Securities Act), where the parameters of the bond issue are, as follows: an issue of ordinary, dematerialized, secured, non-convertible, freely transferrable, interest-bearing corporate bonds of the company with an option for subsequent conversion after the issue date in the event of additional agreement in compliance with the requirements of the Bulgarian law in force as of the moment of conversion, under the following terms: total nominal value of the bond issue at least EUR 10 000 000 (ten million euros) and not exceeding EUR 100 000 000 (one hundred million euros), nominal value of one bond at least EUR 250 000 (two hundred and fifty thousand euros) and issue value of one bond equal to the nominal value, total number of all bonds equal to the quotient of the total nominal value of the bond issue within the mentioned framework and the selected nominal value of one bond, with final

period (maturity) of the bond issue at least 24 (twenty-four) months and not exceeding 60 (sixty) months, with an interest of at least 4 (four) per cent per annum and not exceeding 12 (twelve) per cent per annum, with an option for early redemption of the obligations under the bond issue, with an option for listing of the issued bonds at a stock exchange outside the Republic of Bulgaria pursuant to an approved prospect for public offering of securities, whereby the proceeds of the bond issue shall be used for general corporate purposes, including for investments in subsidiaries, for support of the current activities of the subsidiaries, as well as for improvement of their capital base, whereby the obligations of the issuer under the bond issue shall be secured by establishing a pledge on up to 50 (fifty) per cent plus 1 (one) registered voting shares from the share capital of the subsidiary "Euroins Insurance Group" AD, Uniform Commercial Code 175394058, whereby the exact number of the pledged shares shall represent at any time up to 50 (fifty) per cent plus 1 (one) registered voting shares from the registered share capital of "Euroins Insurance Group" AD as at the moment of execution of the pledge agreement, whereby the Management Board of the company shall be entitled to specify within the aforesaid parameters and in compliance with the Bulgarian law in force all aforesaid terms and conditions of the bond issue and to specify all remaining terms and conditions of the bond issue, including to extend once the term for subscription of the bonds with up to 60 (sixty) days as from the initial final term for subscription in the event until the initial final term for subscription a minimal nominal amount of bonds has not been subscribed, respectively the money contributions have not been paid in regards to such minimal nominal amount of bonds, and to amend respectively the information memorandum, the initial non-public (private) offering for subscription of bonds and any and all required documents, and in such case the last day of the extended period shall be deemed the final term for subscription of the bonds, where the bonds may be listed at any organized market of securities following the approval of a prospectus, signing of any and all required documents and compliance with any requirements as per the applicable legislation in force.

Parties to the transaction concerning the signing of the share pledge agreement in regards to up to 50 (fifty) per cent plus 1 (one) registered voting shares from the share capital of the subsidiary "EUROINS INSURANCE GROUP" AD shall be: "EUROHOLD BULGARIA" AD (pledgor and issuer of the bond issue), "EUROINS INSURANCE GROUP" AD (issuer of the shares subject of the share pledge agreement) and ALL BONDHOLDERS AND HOLDERS OF SECURITIES ACCOUNTS FROM THE BOND ISSUE (bondholders-creditors).

#### **IV. Other information:**

This report is drawn up on the ground of Art. 114, par. (1) of POSA in conjunction with Art. 46 of FSC Regulation no. 2 on Public Offering Prospectuses and on the Disclosure of Information by Public Companies and Other Issuers of Securities, and forms part of the proceedings of the General Meeting of the Shareholders in the company, which is called upon to take a decision on the basis of the requirements in POSA Art. 114(1)(2) in conjunction with Art.114(1)(1)(a) and is scheduled to take place on 28 December 2015 or, if

quorum is not present on that date, on 13 January 2016. This Report and statement of reasons is approved by decision of the Management Board of the company taken at its meeting held on 27 November 2015.

**FOR AND ON BEHALF OF EUROHOLD BULGARIA AD:**

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Assen Minchev  
Managing Director

## **MINUTES**

**27.11.2015**

### **OF THE MANAGEMENT BOARD OF "EUROHOLD BULGARIA" АД**

**(true copy)**

On 27.11.2015 a meeting of the Management Board of Eurohold Bulgaria has been held in Sofia in the presence of the following Board Members:

1. KIRIL IVANOV BOSHOV
2. ASSEN MINCHEV MINCHEV
3. VELISLAV MILKOV CHRISTOV
4. ASSEN EMANOUILOV ASSENOV

The members of the Management Board have ascertained that there are no obstacles to take valid resolutions in line with the statutory provisions and the provisions of the statute of the company and unanimously decided that the meeting will discuss the following

#### **AGENDA:**

Approval of the Supplemented Report and Statement of Reason of the Management Board of the company in line with art. 114a, para 1 of the Law on the Public Offering of Securities in regards to the agenda of the extraordinary meeting of the shareholders which shall be held on 28 December 2015.

In consideration of the said item of the agenda the Management Board unanimously took the following

#### **RESOLUTION:**

The Management Board of Eurohold Bulgaria AD approves the Supplemented Report and Statement of Reason of the Management Board of the company in line with art. 114a, para 1 of the Law on the Public Offering of Securities in regards to the agenda of the extraordinary meeting of the shareholders which shall be held on 28 December 2015 containing additional information in the interest of the shareholders.

#### **MANAGING DIRECTOR:**

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**Assen Minchev**