



PRESS RELEASE

Omnia Strategy delivers resounding success for the Government of Montenegro as arbitral tribunal dismisses all claims brought by Addiko Bank AG and orders payment of costs

26 November 2021: Omnia Strategy has secured an important victory for the Government of Montenegro after claims by Addiko Bank AG were rejected by an arbitral tribunal constituted under the Rules of the International Centre for Settlement of Investment Disputes (part of the World Bank). The bank had claimed that Montenegro's 2015 Law on the Conversion of CHF Denominated Loans into EUR Denominated Loans (as amended in August 2016) was a breach of the State's international law obligations under the Bilateral Investment Treaty between the Republic of Austria and the Former Republic of Yugoslavia (to which Montenegro is a successor).

Having confirmed it had jurisdiction to determine the claims made by Addiko Bank AG, the Tribunal proceeded to reject all claims and ordered the bank to reimburse Montenegro 70% of the costs incurred by the State to defend itself in the arbitration within 30 days.

The 2015 Law on Conversion was enacted by Montenegro as a response to severe financial hardship experienced by Montenegrin citizens who were faced with sudden and unaffordable increases in repayments under Swiss franc-denominated loans following the steep appreciation of the Swiss franc against the Euro in 2015. In particular, The Tribunal found that the Law on Conversion was a reasonable and proportionate intervention by Montenegro with the policy objective of alleviating financial distress suffered by borrowers.

The Government of Montenegro was successfully represented by Omnia Strategy and Angeline Welsh of Essex Court Chambers with expert support on quantum from Nikola Stambolic of Berkeley Research Group. The legal team was led by Cherie Blair CBE QC of Omnia Strategy, who said:

"the outcome of the arbitration is the result of great teamwork and dedication by the legal team, the Ministry of Finance and the Central Bank of Montenegro. The Tribunal found that Montenegrin policies were a rational and proportionate response to an extremely serious situation in which many citizens suffered great hardship, including one who tragically lost his life. This award is a welcome reminder to those who criticise the ICSID system that a successful State should also expect to receive a considerable contribution to its costs."

Omnia Strategy is an elite international law firm with a unique law+ approach that delivers elegant solutions to complex problems worldwide. The firm has a long and successful record in the Balkans with on-going projects in Montenegro, Serbia, Albania, Croatia and North Macedonia.

Omnia provides legal advice and strategic counsel to dozens of Governments, corporations and private clients with a core focus on contentious matters. Among our peers, Omnia's people are preeminent at preventing and resolving disputes swiftly, sensitively and cost-effectively with recognised experts, steeped in their craft, with more experience of investor-State disputes than almost any other practice.

For more information, please contact media@omniastrategy.com.