



**Extraordinary announcement of damages occurring within the framework of Italian cross-border activities**

CIG Pannónia Life Insurance Plc. (Registered seat: 1033 Budapest, Flórián tér 1; Company Registration Number: Cg.01-10-045857, hereinafter: "the Company") hereby notifies its Shareholders and the participants of the capital market the CIG Pannonia First Hungarian General Insurance cPlc, 100% subsidiary, of the Company (hereinafter referred to as "Insurance Company") the latest informations on Italian cross-border activities.

EMABIT has been operating its Italian cross-border activities since 2014. It's currently has 5553 active contracts in Italy. The total exposure in Italy is EUR 504.5 million. For a significant portion of the portfolio, for 1372 contracts, up to a cumulative contractual limit of EUR 319.2 million, the subsidiary has had implied reinsurance contracts with Africa Re since August 2015, which Africa Re confirmed at the end of September 2019 as counterfeit. Liability for Reinsurance Brokers Involved in the underwriting to begin by reporting a fraud. On September 25, 2019, the Company estimated its losses from uninsured insurance to HUF 670 million. Based on the information available until the third quarter balance sheet, the estimated loss has been reduced to HUF 525 million.

For all cross-border insurance in Italy, the loss ratio for EMABIT from start-up in Italy to September 2019 is 33% (total expense for HUF 1,428 million / earned premium of HUF 4,348 million), the ratio of claims reinsurance counterfeit 25% (for HUF 519 million) \$ 062 million earned)

Following the third quarter balance sheet, EMABIT has received a call on two of the covered insurance policies on the counterfeit reinsurance, the total limit has been drawn down for the guarantee of 5 million euros each contract for a total limit of EUR 10 million.

EMABIT disputes the merits and extent of the damage and has initiated consultations with the claimant. Under the contract, the Insurer expects to clarify the circumstances of the principal obligation and to prove the extent of the damage in order to recognize the existence of its obligations. Given that the call was received on 15 October 2019, EMABIT has not yet received adequate information from stakeholders.

The above events will affect the adequacy of the subsidiary's own funds and will require a capital increase in EMABIT. The extent of this depends on the outcome of the facts described above.

Representing the interests of the subsidiary, we entrusted remarkable English and Italian law firms.

We keep our shareholders informed of the developments. The management prepares a detailed action plan for the Board of Directors to comprehensively settlement of the situation.



**CIG PANNÓNIA**  
BIZTOSÍTÓ

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