

INFORMATION

The Managing Board of **CIG PANNONIA LIFE INSURANCE PUBLIC LIMITED COMPANY (Company or Target Company)** – in accordance with Section 73/A. Subsection (4) of the Capital Markets Act CXX of 2001 (Tpt.) and in the form required by its Annex nr. 9. – has prepared its response (**Response**) to the statutory public takeover bid (**Bid or Takeover Bid**) submitted by **Hungarikum Biztosítási Alkusz Ltd. (Designated Offeror), Keszthelyi Holding Plc. and Erik Keszthelyi natural person** (altogether: **Offerors, or Persons acting in concert**) as follows:

I. Name and address of the Company

CIG Pannonia Life Insurance Plc. (1097 Budapest, Könyves Kálmán krt. 11. „B”, company registration nr: 01 10 045857, <https://www.cigpannonia.hu>)

II. Executive summary of the bid, including fundamental terms and conditions (price, period within which the declaration of acceptance is to be introduced, payment terms)

For the reason and in order to achieve the goal of gaining influence to the extent specified in Section 68 Subsection (1) Paragraph (b) of the Capital Markets Act CXX of 2001 (Tpt.), **HUNGARIKUM Biztosítási Alkusz Ltd.** (registered office: H-8086 Felcsút, Fő utca 65., company registration nr.: 07 09 028910, tax ID nr.: 13010133-4-07, acting on its behalf: Erik Keszthelyi, managing director) previously as Designated Offeror submitted a

statutory public takeover bid

to all Shareholders of the Target Company, concerning all registered ordinary shares issued by the Target Company with a face value of HUF 33 (ISIN: HU0000180112).

The Designated Offeror and the investment service provider commissioned according to Section 68 Subsection (4) of Tpt. submitted the Takeover Bid for approval to Magyar Nemzeti Bank (The Central Bank of Hungary, registered office: 1054 Budapest, Szabadság tér 9.; customer service: 1013 Budapest, Krisztina krt. 39., www.mnb.hu/felugyelet (**Authority**) on June 18, 2021, simultaneously sent the Takeover Bid and all annexes submitted to the Authority to the Managing Board of the Target Company. The Bid was immediately submitted for publication on the website of Budapest Stock Exchange Plc. (registered office: 1054 Budapest, Szabadság tér 7. Platina torony. I. ép. IV. em.; company registration nr.: 01-10-044764): www.bet.hu, on the website of the investment service provider MKB Bank Plc. (registered office: 1056 Budapest, Váci u. 38; company registration nr.: 01-10-040952, tax ID nr.: 10011922-4-44): www.mkb.hu, on the website of the Company: www.cigpannonia.hu and on the official place of publication of the Authority: <https://kozvetetelek.mnb.hu>.

The statutory public takeover bid previously submitted on June 18, 2021¹ for the purchase of the ordinary registered shares of the Company issued to all shareholders of the Company has been

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[https://www.bet.hu/site/newkib/en/2021.06./Extraordinary Information on the submission of a mandatory public takeover bid 128577098](https://www.bet.hu/site/newkib/en/2021.06./Extraordinary%20Information%20on%20the%20submission%20of%20a%20mandatory%20public%20takeover%20bid%20128577098)

amended with regard to the deficiency order N-KE-III-276/2021 by the Authority and has been submitted to the Authority for approval².

The Authority by its decision H-KE-III-529/2021 dated September 6, 2021 approved the statutory public takeover bid which was submitted by HUNGARIKUM Biztosítási Alkusz Ltd. as Designated Offeror via MKB Bank Plc. as investment provider in order to achieve the goal of gaining influence to the extent specified in Section 68 Subsection (1) Paragraph (b) of the Capital Markets Act CXX of 2001 (Tpt.) then amended with regard and on the basis of the deficiency order N-KE-III-276/2021 of the Authority.

With regard to Persons acting in concert, in accordance with Section 5 Subsection (1) Paragraph 100 and Section 68 Subsection (3) of Tpt. the Bid was submitted as a statutory public takeover bid. The Persons acting in concert are: i) the Designated Offeror, ii) Keszthelyi Holding Plc. (registered office: 1097 Budapest, Könyves Kálmán krt. 11. C., company registration nr.: 01-10-048339, tax ID nr.: 25140770-4-43) and iii) Erik Keszthelyi natural person (place and date of birth: Szekszárd, 22. 12. 1983., address: 2049 Diósd, Árpád-házi Szent Erzsébet utca 8.).

In accordance with Section 68. Subsection (3) of Tpt. the Persons acting in concert as Offerors agreed in a separate document that the Takeover Bid will be presented to the Shareholder solely by the Designated Offeror. This agreement on the Designated Offeror by the Persons acting in concert does not release the Persons acting in concert from liability in connection with the submission of the Bid.

Persons acting in concert:	i) the Designated Offeror, ii) Keszthelyi Holding Plc. (registered office: 1097 Budapest, Könyves Kálmán krt. 11. C., company registration nr.: 01-10-048339, tax ID nr.: 25140770-4-43) iii) Erik Keszthelyi natural person (place and date of birth: Szekszárd, 22. 12. 1983., address: 2049 Diósd, Árpád-házi Szent Erzsébet utca 8.).
Designated Offeror:	HUNGARIKUM Biztosítási Alkusz Ltd. (registered office: H-8086 Felcsút, Fő utca 65., company registration nr.: 07 09 028910, tax ID nr.: 13010133-4-07, acting on its behalf: Erik Keszthelyi, managing director), http://hungarikumalkusz.hu/)
Investment service provider:	MKB Bank Public Limited Company (registered office: 1056 Budapest, Váci u. 38; company registration nr.: 01-10-040952, tax ID nr.: 10011922-4-44)
Offer price:	HUF 327 ie. Three Hundred and Twenty-Seven Hungarian Forints per share in accordance with Section 72. (1) Paragraph a) Subparagraph aa) of Tpt.
Terms of settlement of the consideration:	The Offerors shall pay the Shareholders validly accepting the Bid the amount of the Offer price multiplied by the number of Shares sold by the Accepting Shareholder in the Declaration of

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[https://www.bet.hu/site/newkib/en/2021.09./Extraordinary Information on the modification of a mandatory public takeover bid 128604641](https://www.bet.hu/site/newkib/en/2021.09./Extraordinary%20Information%20on%20the%20modification%20of%20a%20mandatory%20public%20takeover%20bid%20128604641)

Coverage:	<p>Acceptance as a Share Purchase Agreement within five (5) business days of the Closing Date fully in cash (only in Hungarian forints) by bank transfer to a bank account or customer account held with a Hungarian account manager, indicated in the Acceptance Statement or in Annex 5.</p> <p>In order to cover the fulfilment of the Offer Price, Budapest Bank Plc. issued a bank guarantee of up to HUF 20.700.000. ie. Twenty billion seven hundred million Hungarian Forints for the benefit of the Offerors as beneficiaries which complies with Section 69 Subsection (7) Paragraph c) of Tpt. As additional collateral for the fulfilment of the offer price, a total of HUF 142,476, i.e. one hundred and forty-two thousand four hundred and seventy-six Hungarian Forints is available on the bank accounts of the Designated Offeror.</p>
Duration of the Offer:	<p>The duration of the Offer is the period between 9.00 am on the Start Date and 12.00 pm on the Closing Date. The Start Date of the Duration of the Offer is September 10, 2021, the Closing Date is October 11, 2021.</p>
Accepting the Offer:	<p>By signing the Declaration of Acceptance in Annex 1 to the Offer, the Accepting Shareholder irrevocably undertakes to sell to the Offeror the number of Shares specified in the Declaration of Acceptance free from litigation, encumbrances, claims, pre-emption rights and any rights of third parties (including non-legal entities with legal capacity)</p> <p>Acceptance of the Offer can be considered valid only if the Shareholder transfers the number of Shares indicated in the Declaration of Acceptance to the securities account of the investment service provider 0070/000018 kept at KELER Zrt. prior to the submission of the Declaration of Acceptance, where it is actually credited and meets all other conditions of validity specified in the Offer</p>
Purchase option:	<p>the rules of the Purchase option are set out in Clause 10 of the Offer.</p>

III. Declaration to indicate whether the executive employees of the offeree company hold any executive office or have any participating interests in the offeror, or in the holder of a participating interest in the offeror, or any other relationship between the aforementioned:

NAME	Nature of office or relationship in the Target Company	Nature of office or relationship in the Offeror	Degree of influence in the Offeror (in the one with influence in the Offeror)
-	-	-	-



IV. The offeree company's ownership structure, list of persons having at least five per cent of the voting rights, number of their shares and the number of their votes

Name:	Holding:	Number of shares:
Hungarikum Biztosítási Alkusz Ltd.	32,69	31 125 072
VINTON Vagyonkezelő Ltd.	11,79	11 140 311
KAPTÁR Befektetési Plc.	5,34	5 050 000
Gábor Móricz	5,29	5 000 000

V. Any effect on the offeree company's employees on account of the acquisition of a participating interest

Section 13 of the **Takeover Bid** covers the probable consequences of the planned increase of influence on the employment.

As the Offeror does not plan a significant change in the management, composition and number of employees of the Target Company (not including the possibility of a possible increase in headcount of staff), the Managing Board considers that the Offerors intend to implement the business plans of the Target Company with the primary involvement of the current management and employees. **Thus, in the opinion of the Managing Board**, the influence to be increased according to the Proposal, does not mean a change in the field of employment regarding the current human resource management, and **it must not adversely affect the current and future employees of the Target Company.**

VI. Recommendation of the Company's management body whether to accept or reject the takeover bid, including a detailed explanation; in the event that there is any vote against the recommendation or if a member of the management body did not vote, it shall also be indicated along with an explanation

After the Offerors have fulfilled the provisions of Act LXXXVIII of 2014 on insurance activities (**Bit.**), conditions required for the modification of the qualified influence to be acquired in the Target Company and subject to a supervisory approval, which, in the opinion of the Authority, was a precondition for submitting the Takeover Bid, based on the available documents and information (especially according to the decision of the CIG Pannonia Independent Expert Assessment published as an annex to this Response), the **Managing Board of the Target Company does not recommend the acceptance of the Bid.** The decision of the Managing Board was made unanimously.

Detailed explanation of the recommendation:

The Management Board reviewed the Bid and the Independent Expert's Assessment prepared on the Bid by the Company's independent consultant, Concorde Securities Ltd. (Registered office: 1123 Budapest, Alkotás utca 55-61.) (**Concorde**) attached to this Board Response.

On the basis of the Bid, the Offeror's business report and the program of operation containing the mandatory elements specified by Annex 8. to Tpt. the Managing Board DOES NOT RECOMMEND the acceptance of the Takeover Bid.

Despite the NO decision, the Management Board emphasizes that:

- considers it important that the Designated Offeror is itself a supervised institution, which receives special attention from the supervisory authority in terms of both personnel and material, technical and operational aspects, thus ensuring transparency of ownership for investors;
- considers it important that the rules of increase of a qualifying holding according to Act LXXXVIII of 2014 on insurance activities (**Bit.**) be consistent with the rules of acquisition according to Tpt. in case of the approval of the Takeover Bid and the qualifying holding, in order to ensure the development of the Target Company for its current and potential customers with domestic ownership on professional basis, and for the investors with a well-capitalised, domestic investor with conservative investment policy;
- the strong presence of majority ownership is important for organic growth, and therefore welcomes, despite its decision, the Offerors' intention to be open and accessible to investors;
- in accordance both with the judgment of the Managing Board and the approval of the Authority the Bid and the Offer Price comply in all respects with the legal provisions of the Tpt. in force concerning the making of a takeover bid;
- regarding the goals set out in the business plan and the Bid the Offerors intend to achieve the prudent and organic growth of the Target Company along the same objectives as the Managing Board;
- the Offerors do not plan any significant changes in the employment policy (beyond proportionate, well-thought-out and consistent human resource management and necessary expansion), nor in the composition of the management, in the strategic directions defined by it, which in the opinion of the Board is a condition for the implementation of the growth strategy.

However, notwithstanding all the arguments listed above which are in favour of accepting the Offer, the **Managing Board** does not recommend that the Bid be approved as it considers that:

- it is in the interest of the Company to keep the free float as high as possible, because it is the basis of sufficient liquidity and shareholder control and at the same time a guarantee of a long-term regulated market presence, and aims to create / maintain a conservative, dividend-based institutional and retail investor base. It emphasizes that due to the presence on the capital market, it is especially important to create and retain an investor group optimized for the operation of the Company, which, in its view, may materialize at price levels above current share prices and which sees the possibility of higher exchange rates in the future as a result of its medium-term strategy.
- **it positions the value of the Company's shares at higher levels for the future, based both on the current situation of the Company and the future plans of the management and - in line with the opinion of Concorde as an independent expert - based also on the previously published Growth Strategy³.**

However, despite the above NO proposals, the Managing Board emphasizes that the contents of the business plan published by the Offerors are in the interest of the Company, and in the opinion of the Managing Board, its contents are important elements for the realization of further organic growth.

VII. Name of the independent financial expert appointed by the management body of the company, and the expert's statement to declare that he is immune from any conflict of interest that could affect his ability to proceed unbiased

³ https://www.bet.hu/site/newkib/en/2021.07./Creating_and_Adopting_a_Strategy_128587253

In accordance with Section 73/A Subsection (5) of Tpt. the Managing Board of The Company has commissioned an independent financial expert to assess the Bid:

Details of the independent financial expert:

Name:	Concorde Securities Ltd..
Registered office:	1123 Budapest, Alkotás utca 55-61.
Company registration number:	01 10 043521
Name of the person carrying out the assessment:	Attila Vágó

The Independent Financial Expert stated that he was immune from any conflict of interest that would affect his ability to give an unbiased opinion on the Bid. The Independent Expert's Assessment is an integral part of this Board Response.

VIII. The employees' opinion on the takeover bid

The Managing Board states that the Company does not have an employee representative, due to which there was no employee opinion regarding the Takeover Bid according to Section 73/A. Subsection (6) of Tpt.

Annex: CIG PANNONIA Independent Expert's Assessment

CIG Pannonia Life Insurance Plc.
Managing Board