

**Report of the Audit Committee of CIG Pannónia Life Insurance Plc.
on the Company's annual report in accordance with the Hungarian Accounting Act and
the Company's consolidated financial statements in accordance with international
financial reporting standards (EU IFRS) for 2017 business year**

The Audit Committee of CIG Pannónia Life Insurance Plc. (registered seat: 1033 Budapest, Flórián tér 1., hereinafter: the „Company”) currently consists of three members. The Committee operates also as the Audit Committee of CIG Pannónia First Hungarian General Insurance Company Ltd, the 100% subsidiary of the Company. The Audit Committee - in compliance with the legal obligations - examined the 2017 business year’s annual report prepared according to the Hungarian Accounting Act, and the consolidated financial statements prepared according to the international financial reporting standards (EU IFRS) for 2017 business year. The most important experiences and conclusions are the followings:

The Audit Committee set up its opinion according to the report of the Board of Directors, the auditor’s report and experiences on the reporting system gained during the business year. The Audit Committee delivered its opinion on the annual report of the Company, monitored its audit process, made a proposal on the person of auditor and on his/her remuneration, reviewed and found the validation of the professional requirements and conflict of interest against the auditor adequate. In order to support the work of the Supervisory Board it ensured the appropriate monitoring of the internal control system with particular reference to the assessment of the internal audit and risk management systems’ efficiency.

The professional contact with the management of the Company, the periodically provided information on the sessions and the regular interim control related to the quarterly reporting requirements of the Company helped the Audit Committee to form its opinion. The allocation of the tasks with the Supervisory Board – as a part of the operation of the management system – helped to carry out the tasks.

The main task of the Company in business year 2017 was to comply with the business plan, stop the portfolio decrease in the existing portfolio and to maintain the profitable operation. Strong focus has been put on the fulfilment of Solvency II requirements, the maintaining of strict cost management and the comprehensive IT development.

The merger and successful integration of Pannónia Insurance Companies (former MKB Insurance Companies), the increasing gross written premium, with the dynamically growing non-life segment in it, the more equal performance of the sales channels, the healthier insurance portfolio and the usage of opportunities on niche markets mainly in the non-life segment resulted in a profit on group level in the last year. The contribution of the MKB-Pannónia Fund Manager Ltd. as associated company also increased the profit. The performance indicators of the Group increasing continuously. The solvency capital adequacy exceeds the requirements.

The Audit Committee reviewed, discussed and issued an opinion on the Company's annual report in accordance with the Hungarian Accounting Act and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) on the annual report prepared according to Accounting Act and the consolidated financial statements prepared according to of the Company and having regard to the content of the report the Audit Committee recommends to the Annual General Meeting to accept them as follows:

- The Company's annual report for 2017 business year prepared according to the Hungarian Act on Accounting, according to which the matching grand total of assets and liabilities are THUF 94,994,919 the profit after tax is a THUF 2,079,063 profit.
- The Company's consolidated financial statements for 2017 business year prepared according to international financial reporting standards (EU IFRS) according to which the matching grand total of assets and liabilities are THUF 105,629,444 and the profit after tax is a THUF 2,598,336 profit in 2017 business year.

13 March 2018, Budapest

in the name of the Audit Committee

Mrs. Imre Fekete

Chairman of the Audit Committee

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