



**PANNÓNIA**  
ÉLETBIZTOSÍTÓ

**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 2014  
BUSINESS YEAR**

CIG PANNÓNIA LIFE INSURANCE PLC.

Date: 13 March 2015.

The Audit Committee of CIG Pannónia Life Insurance Plc. (registered seat: 1033 Budapest, Flórián tér 1., hereinafter: the „Company”) consists of four members. The Audit Committee in compliance with the legal obligations examined the 2014 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 2014 business year. The most important experiences and conclusions are the followings:

The Audit Committee set up its evaluation 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 monitored the services provided by the auditor and the audit of the annual report, 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 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 further development of the management system – helped to carry out the tasks.

The main task of the Company in 2014 business year was to increase sales, to reduce the decrease in the existing portfolio and to sustain the profitable operation. Due to the sales of pension insurance policies the first year premiums increase, the investment income improved and the administration costs decreased further. A significant amount of impairment was created due to CIG Pannónia First Hungarian General Insurance Ltd. the subsidiary of the Company, this had a negative effect on the results. The dividend from Pannónia CIG Fund Management Ltd. and the changes of the settlement of pending charges of regular premium unit-linked insurances influenced the results positively.

The financial results reported in the consolidated financial statements in accordance with international financial reporting standards are also influenced by the accounting and presentation principles that differ from the hungarian accounting. The Audit Committee acknowledged that the Company restated and published the data in the 2013 EU IFRS financial reports according to the modification of accounting policy due to calculation of pending charges.

The Audit Committee reviewed and accurately discussed the annual report and the consolidated annual report 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 2014 business year prepared according to the Hungarian Act on Accounting, according to which the matching grand total of assets and liabilities are THUF 63,860,868, the profit after tax is a THUF 81,868 profit.

- The Company's consolidated financial statements for 2014 business year prepared according to international financial reporting standards (EU IFRS) according to which the matching grand total of assets and liabilities are THUF 65,410,544 and the total comprehensive income is a THUF 206,007 loss in 2014 business year.

13 March 2015, Budapest

in the name of the Audit Committee

Imréné Fekete  
Chairman of the Audit Committee

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