

**Report of the Supervisory Board 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 2016 business year**

In compliance with the legal obligations the Supervisory Board examined the relevant parts within its competence of the annual report prepared according to the Hungarian Accounting Act, and of the consolidated financial statements prepared according to the international financial reporting standards (EU IFRS) of CIG Pannónia Life Insurance Plc. (registered seat: 1033 Budapest, Flórián tér 1., hereinafter: the „Company”). The most important experiences and conclusions are the followings:

The Supervisory Board set up its evaluation based on the report of the Board of Directors, the auditor's report and experiences on the reporting system gained during the business year, and the opinion of the Audit Committee.

The cooperation between the Supervisory Board and the Board of Directors of the Company was adequate and that helped the Supervisory Board in delivering its opinion. The Company's and the Group's business strategy was a recurring agenda of the sessions of the Supervisory Board, the Chairman of the Board of Directors, the CEO and the Deputy CEO was regularly invited to the sessions and held presentations. Their involvement contributed that the management of the Company get information immediately on the resolutions of the Supervisory Board and start the implementation. So the control function of the Board predominated completely.

Furthermore, members of the Supervisory Board conducted consultations in more cases with the members of the management, and the head of internal control in order to follow up the processes and to identify the certain problems and risks.

The most important task of the Company in 2016 was to maintain and to continue the profitable operation. The positive effect of the strategic change continued in 2016, this resulted that the Company and the Group achieved positive results in 2016.

The Supervisory Board continuously monitored the activity of the internal audit, discussed the reports and continuously supervised the follow-up of the statements and defined further tasks where it was deemed necessary. It supervised the operation of risk management, internal control mechanisms and governance functions; it called the Chief Risk Officer and the IT Security Officer to account. In cooperation with the Audit Committee the Supervisory Board continuously monitored the compliance with Solvency II requirements that was introduced in 2016.

The Supervisory Board reviewed and discussed the annual report and the consolidated financial statements of the Company in details and having regard to the content of the report the Supervisory Board recommends to the Annual General Meeting to accept them as follows:

- The Company's annual report for 2016 business year prepared according to the Hungarian Accounting Act, according to which the matching grand total of assets and liabilities are THUF 72,503,180, the profit after tax for the year is a THUF 1,064,760 profit.
- The Company's consolidated financial statements for 2016 business year prepared according to the international financial reporting standards (EU IFRS) according to which the matching

grand total of assets and liabilities are THUF 77,393,510 and the profit after tax is a THUF 723,982 profit

13 March 2017, Budapest

on behalf of the Supervisory Board

Dr. József Bayer
Chairman of the Supervisory Board

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