

Report for the year 2018, prepared by the Supervisory Board of CIG Pannonia Life Insurance Plc, on the consolidated financial statements made in accordance with the international financial reporting standards accepted by the European Union

By complying its obligations based on effective laws, the Supervisory Board have examined the parts of CIG Pannonia Life Insurance Plc (1033 Budapest, Flórián tér 1. hereinafter: „the Company”) on the 2018 consolidated financial statements made in accordance with the international financial reporting standards (IFRS). The key experience and findings made by the Supervisory Board in this context may be summarised as follows.

The Supervisory Board has made its evaluation on the basis of the reports from the Board and the auditor, its experience gained on the reporting system during the year, and the opinion expressed by the Audit Committee.

Regular and smooth cooperation between the Supervisory Board and the Company’s Board was conducive to this opinion. It was a recurring item on the Supervisory Board meetings agenda the discussion of the Company’s, and more broadly the Group’s business strategy, with the involvement of the Chairman of the Board invited regularly to the meetings of the Supervisory Board, on the basis of the presentation by the CEO and the Deputy CEO. Their participation contributed to the Company management instant information on Supervisory Board resolutions and they may be implemented. The control role of the Supervisory Board was fully enforced in this manner.

In addition to this, members of the Board have consulted on several occasions the members of the management or the head of internal audit, with the view to monitor processes and identify individual issues and risks.

The Company’s key task in the 2018 business year was, in addition to increasing sales, to maintain and continue the profitable business. The Group realised increased profits both in individual reports and at consolidated level.

The Supervisory Board continuously monitors the development of business processes, and expressed opinion on disclosed quarterly reports.

The Supervisory Board continuously monitored, on the basis of the preliminary approved work plan, the work of the internal audit, discussed reports, regularly checked the follow-up of findings, and set further tasks if it was necessary. In addition, it has checked the operation of risk management, internal control mechanisms and corporate governance functions, requested reports from the heads of risk management and compliance and the person in charge of IT security. It has also continuously checked the compliance with the set of requirements under Solvency II, launched as of 2016, in cooperation with the Audit Committee.

In the performance of its activity it has relied on the work made by the Audit Committee, about which it received continuous information and whose work plan and report have been approved by it.

The Supervisory Board have reviewed and discussed in detail the Company's individual and consolidated financial statements, and in view of its opinion, and the content of the Audit Committee's and the auditor, it recommends them for adoption by the annual General Meeting as follows:

- the Company's 2018 individual financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, where assets and liabilities total is 99,466,642 HUF thousand, profit after tax 1,243,204 HUF thousand profit, the total comprehensive income is 331,430 HUF thousand,
- and the Company's 2018 consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, where assets and liabilities total is 110,776,225 HUF thousand, profit after tax 2,054,583 HUF thousand profit, the total comprehensive income is 1,009,868 HUF thousand.

Budapest, 12 March 2019

On behalf of the Supervisory Board
Dr. József Bayer
Chairman of the Supervisory Board

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