



**SUMMARY OF THE PROPOSALS AND THE PROPOSED RESOLUTIONS  
REGARDING TO THE AGENDA ITEMS OF THE GENERAL MEETING**

**CIG PANNÓNIA LIFE INSURANCE PLC.  
FOR THE ANNUAL GENERAL MEETING TO BE HELD ON  
13<sup>TH</sup> APRIL 2017**

**Date of the Annual General Meeting: 13 April 2017 (Thursday) at 10 a.m.**

**Place of the Annual General Meeting: Registered seat of the Company**

(address: 1033 Budapest, Flórián tér 1.)

**Dear Esteemed Shareholders!**

The Board of Directors of CIG Pannónia Life Insurance Plc. (hereinafter the "Company") convened the Annual General Meeting for 10 a.m. on 13th April 2017. The agenda is included in the Notice of the invitation to the Annual General Meeting that was announced according to Article VIII. 8. of the Company's Articles of Association. The Notice of the invitation to the Annual General Meeting was published on the Company's website ([www.cigpannonia.hu](http://www.cigpannonia.hu)), on the website operated by the National Bank of Hungary ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) and on the website of the Budapest Stock Exchange Private Company Limited by Shares ([www.bet.hu](http://www.bet.hu)) on 13th March 2017.

After the publication of the announcement, none of the shareholders exercised his/her right - according to the 3:259. § (2) of the Act V of 2013 on the Civil Code - to request additional items for the agenda of the General Meeting.

According to the legislation the Board of Directors publishes the proposed resolutions on the agenda items.

The Board of Directors convenes the Annual General Meeting with the following agenda items:

I. Closing of the 2016 business year:

I. a) Discussion of the report of the Audit Committee in connection with 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;

I. b) Discussion of the report of the Supervisory Board in connection with 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;

I. c) Discussion of the report of the registered auditor in connection with 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;

I. d) Decision on the report of the Board of Directors prepared in connection with the business operation carried out in the 2016 business year, 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), and on the use of the after tax profit

I. e) Decision on the approval of the corporate governance report.

2. Decision on the release from liability to be granted to the executive officers

3. Decision on the election of the registered auditor of the Company and the determination of its remuneration as well as the material provisions of the agreement to be concluded with the registered auditor.

4. Decision on the merger by acquisition of MKB Life Insurance cPlc. into the Company

- information on the unmodified assets of the Company (there have been no substantial changes in the assets between the date of preparation of the draft terms of merger and the date of its approval by the General Meeting)
- approval of draft statements of assets and liabilities and draft inventory of assets
- approval of the draft terms of transformation
- determination of the exchange-rate
- decision on the merger by acquisition
- approval of the date of the merger by acquisition
- empower to sign the transformation agreement

5. Decision on the election of the members of the Supervisory Board

6. Decision on the election of a member of the Audit Committee

7. Decision on the remuneration of the members of the Board of Directors

8. Decision on the remuneration of the members of the Supervisory Board

9. Decision on the remuneration of the members of the Audit Committee

10. Decision and information on the use of own shares

11. Decision on the empower to acquire own shares

12. Decision on the approval of the remuneration guidelines

This document contains the summary of the proposals and the proposed resolutions regarding to the agenda items of the General Meeting. After studying this document the Esteemed Shareholders receive detailed information on the agenda items of the General Meeting. The Repeated General Meeting convened as a result of lack of quorum shall have quorum for all issues included in the original agenda with the summary of the submissions and proposals for decisions published in this document.

The detailed conditions of attending the annual General Meeting and the Repeated General Meeting are included in the Notice of the invitation of the General Meeting.

*Disclaimer: All information contained within this document is for information purposes only, and shall not be considered an official translation of the official communication referred to herein. This document does not include the integral wording of the official communication referred to herein, the original Hungarian language version of it remains to be the solely legally binding material in the subject matter. For further information, please do not hesitate to contact us.*

Proposal

**AGENDA ITEM no. 1.  
CLOSING OF THE 2016 BUSINESS YEAR**

**AGENDA ITEM no. 1.  
A)**

**Discussion of the report of the Audit Committee in connection with 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**

**SUMMARY OF THE PROPOSAL**

The proposal regarding to this item of the agenda is the same as the report of the Audit Committee in connection with 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 business year 2016. The report is attached as Annex I/A, an integral part of this document.

**PROPOSED RESOLUTION**

*Having regard that the General Meeting does not have to pass a resolution on this report of the registered auditor, the Board of Directors does not submit a resolution proposal regarding to agenda item I/A.*

**AGENDA ITEM no. I.**

**B)**

**Discussion of the report of the Supervisory Board in connection with 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 business year 2016**

**SUMMARY OF THE PROPOSAL**

The proposal regarding to this item of the agenda is the same as the report of the Supervisory Board in connection with 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 business year 2016. The report is attached as Annex I/B, an integral part of this document.

**PROPOSED RESOLUTION**

*Having regard that the General Meeting does not have to pass a resolution on this report of the Supervisory Board, the Board of Directors does not submit a resolution proposal regarding to agenda item I/B.*

**AGENDA ITEM no. I.**

**C)**

**Discussion of the report of the registered auditor in connection with 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**

**SUMMARY OF THE PROPOSAL**

The proposal regarding to this item of the agenda is the same as the report of the registered auditor in connection with 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 business year 2016. The report is attached as Annex I/C, an integral part of this document.

**PROPOSED RESOLUTION**

*Having regard that the General Meeting does not have to pass a resolution on this report of the registered auditor, the Board of Directors does not submit a resolution proposal regarding to agenda item I/C.*

## **AGENDA ITEM no. I.**

### **D)**

**Decision on the report of the Board of Directors prepared in connection with the business operation carried out in the 2016 business year, 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), and on the use of the after tax profit**

### **SUMMARY OF THE PROPOSAL**

The proposal regarding to this item of the agenda is firstly the same as the report of the Board of Directors in connection with 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) which is attached as Annex I/D an integral part of this document. The second part of this agenda item is the decision on the Company's annual report prepared according to the Hungarian Accounting Act, and the Company's consolidated financial statements prepared according to the international financial reporting standards (EU IFRS), which are attached as Annex I/D an integral part of this document.

Additional proposal of the Board of Directors is that the Company shall not pay dividends on ordinary shares for the 2016 business year and the balance sheet earnings should be transferred to the profit reserve in order to strengthen the Company's capital position.

As detailed in 2.7 of the annual report the nominal interest on interest-bearing shares, issued on 24 September 2012, for the third interest period (15.09.2015.-14.09.2016.) is expected to result in THUF 119,684 payment, which is included in the annual report as an off-balance sheet item because of the changes in the Accounting Act in 2016. The dividend will be payed after the General Meeting.

### **PROPOSED RESOLUTIONS**

*Having regard that the General Meeting does not have to pass a resolution on the report of the Board of Directors the Board of Directors does not submit a resolution proposal regarding to this part of the agenda item I/D.*

*The General meeting approves the Company's audited annual report and business report for the financial year 2016, prepared according to the Hungarian Accounting Act, in which the amount of total assets equalling to the amount of total liabilities is THUF 72,503,180 and the profit after tax is a THUF 1,064,760 profit.*

*The General Meeting approves the Company's audited, consolidated financial statements and consolidated business report for the financial year 2016, prepared according to the international financial reporting and accounting standards accepted by the European Union in which the amount of total assets equalling to the amount of total liabilities is THUF 77,393,510 and the profit after tax is a THUF 723,982 profit.*

*The General Meeting decides that the Company shall not pay dividends on ordinary shares for the financial year 2016 and the balance sheet earnings shall be transferred to the profit reserve.*

## **AGENDA ITEM no. I.**

### **E)**

#### **Decision on the approval of the corporate governance report**

##### **SUMMARY OF THE PROPOSAL**

In accordance with the Subsection (1) of the Section 3:289 of the Civil Code the Board of Directors of public limited companies shall submit to the Annual General Meeting the corporate governance report prepared in compliance with the regulation on stock exchange participants.

In the corporate governance report the Board of Directors summarizes the corporate governance practices applied by the Company in the previous financial year, and declares the differences to the Corporate Governance Recommendations of the Budapest Stock Exchange.

Given that the shares of the Company has been listed on the Budapest Stock Exchange on 8 November 2010, the Board of Directors of the Company submits the corporate governance report prepared – and approved by the Supervisory Board of the Company - in compliance with the regulation on exchange participants to the annual general meeting for the sixth time this year.

Related to the corporate governance report the Board of Directors informs the Honourable Shareholders that companies listed on the stock exchange are required to express their views on their corporate governance practices in two ways. **In the first part** of the corporate governance report they have to give an accurate, comprehensive and easily comprehensible account of the corporate governance practices applied by their company in the given business year, including their corporate governance policy, and a description of any unusual circumstances. **In the second part** of the statement, in accordance with the "comply or explain" principle, they have to indicate their compliance with those recommendations included in specified sections of the Recommendations ("R" - recommendation) and whether they apply the different suggestions formulated in the Recommendations ("S" - suggestion). If the practice followed by the limited company is identical with that included in the section of the Corporate Governance Recommendations of the Budapest Stock Exchange that is designated as a recommendation, this is to be indicated by the answer YES. If the limited company does not apply the recommendation or applies it in a different manner, an explanation of what the discrepancies are and the reasons for the said discrepancies should be provided ("comply or explain" principle). In the case of suggestions, companies shall only indicate whether they apply the given guideline or not; there is no possibility for a specific explanation.

The new recommendation of the Corporate Governance Committee of the Budapest Stock Exchange entered into force on 1 December 2012. Based on the recommendation the Company started to revise its principles of operation and within the framework of the revision it set up the Remuneration and Nomination Committee, and amended its organizational and operational regulations together with the rules of procedure of the Board of Directors.

The corporate governance report prepared by the Board of Directors and approved by the Supervisory Board as described above is attached as Annex I/E, an integral part of this document.

## **PROPOSED RESOLUTION**

*The General Meeting approves the corporate governance report prepared according to the Corporate Governance Recommendations of Budapest Stock Exchange Ltd. and approved formerly by the Company's Supervisory Board.*

Proposal

## **AGENDA ITEM no. 2.**

### **Decision on the release from liability to be granted to the executive officers**

#### **SUMMARY OF THE PROPOSAL**

According to the Article VIII. 5. of the Articles of Association and in compliance with the Paragraph (1) of Section 3:117 of the Civil Code the Annual General Meeting shall put on its agenda – at the request of the executive officer and together with the decision on the approval of the financial statements - the evaluation of the work of the executive officers performed in the previous business year and pass a resolution on the waiver (discharge) that may be granted to the Board of Directors. By granting a waiver the General Meeting verifies that the members of the Board of Directors have performed their work in the financial year 2016 under review by giving priority to the interests of the company.

#### **PROPOSED RESOLUTION**

*The General Meeting – under the Article VIII. 5. of the Articles of Association – approves the work of the members of the Board of Directors performed in the business year 2016 and grants waiver to the members of the Board of Directors under the Paragraph (1) of Section 3:117 of the Civil Code. By granting a waiver the General Meeting verifies that the members of the Board of Directors have performed their work in the period under review by giving priority to the interests of the company.*

### **AGENDA ITEM no. 3.**

**Decision on the election of the registered auditor of the Company and the determination of its remuneration as well as the material provisions of the agreement to be concluded with the registered auditor.**

#### **SUMMARY OF THE PROPOSAL**

The Audit Committee of the Company revised in 2016 the cooperation with Ernst & Young Könyvvizsgáló Kft., the statutory auditor of the Company to date and evaluated the experiences of the cooperation in details.

The Audit Committee considered the performance of the statutory auditor in the financial year 2016 appropriate. In addition, the Audit Committee formed an opinion on the binding offer of the statutory auditor for the audit of the financial year 2016.

The Audit Committee examined the previous offers in respect of the auditing services, compared the quality of the offered services and the fee for the services supplied.

Based on the opinion of the Audit Committee the Board of Directors proposes to the General Meeting to appoint Ernst & Young Audit LLC as the statutory auditor of the Company for a one-year term under the following remuneration and essential conditions of the contract to be undertaken.

The proposal of the Board of Directors for the General Meeting is to appoint Ernst & Young Audit LLC (registered seat: 1132 Budapest, Váci út 20.; company registry number: Cg.01-09-267553; chamber registration number: 001165), and as personally responsible auditor Gabriella Virágh (address: 1032 Budapest Kiscelli u. 74.; mother's name: Erzsébet Kiss; chamber registration number: 004245) as the statutory auditor of the Company until the closure of the 2017 business year (but until 30 April 2018 the latest). The proposal of the Board of Directors for the General Meeting is to approve the annual premium of the auditor in a maximum amount of HUF 27,000,000+ VAT (that is twenty-seven million Hungarian Forints plus VAT) and establish the material terms of the contract to be entered into with the auditor as follows:

#### **I. Subject-matter of the contract**

The audit of the annual report of the Company prepared according to the Hungarian Accounting Act and the consolidated financial statements prepared according to the international financial reporting standards accepted by the European Union (EU IFRS) for the financial year 2017, the examination of the Company's supplementary report prepared according to Paragraphs (4) to (7) of Section 71 of Act LXXXVIII of 2014 on Business of Insurance (hereinafter referred to as Insurance Act) and the examination of the data disclosure regimes according to the Insurance Act, and the examination of the Company's preparation for transition to single IFRS report according to subsection I of section 114/C of Act C of 2000.

## **PROPOSED RESOLUTION**

*The General Meeting appoints Ernst & Young Audit LLC (registered seat: 1113 Budapest, Váci út 20.; company registry number: Cg.01-09-267553; chamber registration number: 001165) until the closure of the financial year 2017 (but until 30 April 2018 the latest) and personally responsible auditor Gabriella Virágh (address: 1032 Budapest Kiscelli u. 74.; mother's name: Erzsébet Kiss; chamber registration number: 004245) as the statutory auditor of the Company.*

*The General Meeting approves the annual premium of the auditor in a maximum amount of HUF 27,000,000 + VAT (that is twenty-four million seven hundred fifty thousand Hungarian Forints plus VAT).*

*The General Meeting establishes the material terms of the contract to be entered into with the auditor as follows:*

*Subject of the contract:*

*The audit of the annual report of the Company prepared according to the Hungarian Accounting Act and the consolidated financial statements prepared according to the international financial reporting standards accepted by the European Union (EU IFRS) for the financial year 2017, the examination of the Company's supplementary report prepared according to Paragraphs (4) to (7) of Section 71 of Act LXXXVIII of 2014 on Business of Insurance (hereinafter referred to as Insurance Act) and the examination of the data disclosure regimes according to the Insurance Act., and the examination of the Company's preparation for transition to single IFRS report according to subsection 1 of section 114/C of Act C of 2000.*

#### **AGENDA ITEM no. 4.**

##### **Decision on the merger by acquisition of MKB Life Insurance cPlc. into the Company**

CIG Pannónia Life Insurance Plc. acquired 98.97% ownership interest in MKB Life Insurance cPlc. from Versicherungskammer Bayern. MKB Bank cPlc is still the owner of the remaining 1,03% ownership interest.

Increasing in efficiency in the sales of the products of the insurer and improvement in the profitability can be expected if the insurance technical systems will be put on the same platform and the operation of the companies will be within the same legal framework. To maintain parallel systems is unnecessary and costly. The terms of human and technical resources of the insurance operation are expensive, the duplication of them results in unreasonable costs.

In order to ensure effective operation and profitability the Company initiated the merger of MKB Life Insurance cPlc. into the Company. The Board of Directors summarised the reasons of the merger in the executive summary. For the purpose of preparing the transformation the Board of Directors made the draft statements of assets and liabilities, the draft inventory of assets and determined the steps of the merger by acquisition in the draft terms of transformation. The auditor audited the draft statements of assets and liabilities, the draft inventory of assets and the share exchange ratio and presented the findings in its opinion. The merger agreement contains the main parts of the draft terms of transformation in a contractual form, it shall be concluded by the merging companies.

The provisions of Act V of 2013 on the Civil Code in particular sections 3:39-3:47 and 3:318-3:319, Act CLXXVI of 2013 on the Transformation, Merger and Division of Legal Entities (hereinafter: „Transformation Act”) and the provisions of the 2011/35/EU directive, in particular its chapter V. (Acquisition of one Company by another, which holds 90% or more of its shares) shall be applied.

A condition of the single step transformation is that the limited company provide free access to the relevant documents at its own website for a period beginning at least thirty days before the day fixed for the general meeting which is to decide on the merger agreement and ending not earlier than the conclusion of that meeting, or if it makes the documents available in the Companies Gazette (in Hungarian *Cégek Közlöny*) for the public. The companies concerned published the documents on their website on 13 March 2017 in a downloadable form, thereby made the accessible and guaranteed the minority rights.

The management of the Company informs the General Meeting that no substantial changes took place in the company's assets between the time the draft terms of merger is prepared and the time it is approved by the general meeting.

The documents related to the transformation are available on the website of the Company.  
<https://www.cigpannonia.hu/befektetok/atalakulasi-terv>

## PROPOSED RESOLUTION

*Having regard to the fact that the information is relevant only in case when substantial changes took place in the company's assets between the time the draft terms of merger is prepared and the time it is approved by the general meeting, but no such fact exist, the Board of Directors does not submit a resolution proposal.*

## PROPOSED RESOLUTION

*The General Meeting hereby lays down that the executive officers of CIG Pannónia Life Insurance Plc. prepared the documents needed to the transformation according to subsection 1 of section 8 of the Act CLXXVI of 2013 on the Transformation, Merger and Division of Legal Entities (hereinafter the Act).*

*On the basis of the proposal of the executive officers the type of the transformation is merger by acquisition, which means that MKB Life Insurance cPlc. merges into CIG Pannónia Life Insurance Plc. by acquisition. In respect of the merger by acquisition MKB Life Insurance cPlc. shall be terminated, and its rights and responsibilities shall be transferred to CIG Pannónia Life Insurance Plc. as the general legal successor. In respect of merger by acquisition, the corporate form of CIG Pannónia Life Insurance Plc. remains unaltered, it continues its operation as a public limited company.*

*The General Meeting notes that the executive officers of CIG Pannónia Life Insurance Plc. in collaboration with the executive officers of MKB Life Insurance cPlc. determined 31 December 2016 as the balance sheet date of the draft statements of assets and liabilities according to subsection 1 of section 8 of the Act.*

*The General Meeting notes that the executive officers of CIG Pannónia Life Insurance Plc. in collaboration with the executive officers of MKB Life Insurance cPlc. prepared the draft terms of transformation of the companies which contains the draft statements of assets and liabilities and the draft inventory of assets of CIG Pannónia Life Insurance Plc. and MKB Life Insurance cPlc. the other documents that are required by law and the merger agreement.*

*The General Meeting notes that the draft statements of assets and liabilities and the draft inventory of assets were audited by Moore Stephens K-E-S Audit Kft., personally responsible auditor dr. Sugárné Kéri Anna (registered seat: 1054 Budapest Báthory str. 20. III.1.) and the report of the auditor was provided to the executive officers of CIG Pannónia Life Insurance Plc.*

*The General Meeting lays down that the General Meeting decides on the merger by acquisition in a single meeting according to subsection 1 of section 8 of the Act.*

*Account taken of above CIG Pannónia Life Insurance Plc. decides on the merger by acquisition in the form and with the content described by the executive officers above. The General Meeting approves the draft terms of the merger by acquisition with its annexes, in particular the draft statements of assets and liabilities and the draft inventory of assets, the report of the auditor and the merger agreement.*

*The General Meeting determines 30 June 2017 as the date of the transformation.*

*The General Meeting empowers the Board of Directors to sign the merger agreement and other documents required to the merger by acquisition, and to take the other necessary steps.*

*The General Meeting acknowledges that the authorization of the National Bank of Hungary is a validity criteria to the merger by acquisition.*

## **AGENDA ITEM no. 5.**

### **Decision on the election of members of the Supervisory Board**

#### **SUMMARY OF THE PROPOSAL**

The Supervisory Board consists of three to ten members. The members are elected for a maximum period of five years and recalled by the General Meeting. From the members of the Supervisory Board Mrs. Imre Fekete's mandate expired, so it has to be extended. The candidate undertakes the new mandate for a 3 year period.

Furthermore the Board of Directors considers it necessary to increase the number of the members with one person. By the nomination the Board of Directors took into consideration the guidelines of the Remuneration and Nomination Committee regarding to the nomination of members of the governing and controlling bodies. The main aspect of the nomination was that the members of the supervisory body together have those competencies that are necessary for the efficient and professional controlling functions. By the nomination the Board of Directors, in line with the European Commission's proposal, intended to increase the proportion of the female quota.

On the basis of the active shareholder cooperation and nomination recommendation the Board of Directors recommended to re-elect Mrs Imre Fekete and to elect Mr Benedek Sándor. The Board of Directors proposes to the General Meeting to appoint Mrs Imre Fekete as a member of the Supervisory Board of the Company for a three years period with the effect from the date of the authorization of the National Bank of Hungary and to appoint Mr. Benedek Sándor as a member of the Supervisory Board of the Company for a five years period with the effect from the date of the authorization of the National Bank of Hungary.

Information about the professional experiences and relevant knowledges of the nominees are attached as Annex 2.

#### **PROPOSED RESOLUTION**

*The General Meeting appoints Mrs Imre Fekete as a member of the Supervisory Board of the Company for a three years period with the effect from the date of the authorization of the National Bank of Hungary.*

*The General Meeting appoints Mr Benedek Sándor as a member of the Supervisory Board of the Company for a five years period with the effect from the date of the authorization of the National Bank of Hungary.*

**AGENDA ITEM no. 6.**  
**Decision on the election of members of the Audit Committee**

**SUMMARY OF THE PROPOSAL**

According to section 9 of Chapter X of the Articles of Association an audit committee of maximum four members has to be established at the Company, whose members must be appointed by the General Meeting from the independent members of the Supervisory Board. The Audit Committee currently consist of three members, but the Supervisory Board member mandate of Mrs Imre Fekete is expired, so she has to be re-elected. The authorization of the National Bank of Hungary is needed to fill in the audit committee member position. Therefore, the CV of the nominee is attached to the proposal on the election of members of the Supervisory Board as Annex 2. The nominee accepted the assignment for a three-year period.

**PROPOSED RESOLUTION**

*The General Meeting appoints Mrs Imre Fekete as a member of the Audit Committee of the Company for a three-year period with the effect from the date of the authorization of the National Bank of Hungary*





## **AGENDA ITEM no. 9.**

### **Decision on the determination of remuneration of the members of the Audit Committee**

#### **SUMMARY OF THE PROPOSAL**

Last time the annual general meeting of the Company held on 28 April 2015 decided on the remuneration of the Chairman and members of the Audit Committee. Resolution No. 11/2015 (IV.28.) laid down that the members shall receive a remuneration of HUF 100,000 (gross) per meetings and the Chairman of the Audit Committee shall receive a remuneration of HUF 200,000 (gross) per meetings.

The Remuneration and Nomination Committee decided on the remuneration for board membership at its meeting held on 7 March 2017 and made a proposal on the remuneration for members of each boards. The Board of Directors according to the proposal of the Committee proposes that the Chairman of the Audit Committee shall receive a remuneration of HUF 300,000 (gross) per meetings and the other members shall receive HUF 150,000 (gross) per meetings. Not more than six meetings per year entitles for remuneration.

#### **PROPOSED RESOLUTION**

*The General Meeting decides that with the effect from passing this resolution the Chairman of the Audit Committee of the Company, shall receive a remuneration of HUF 300,000 (gross) per meetings. Members of the Audit Committee shall receive a remuneration of HUF 150,000 (gross) per meetings from 2017. Not more than six meetings per year entitles for remuneration.*

## **AGENDA ITEM no. 10.**

### **Decision on the use of own shares**

#### **SUMMARY OF THE PROPOSAL**

The annual General Meeting of the Company held on 29 April 2014 authorized the Board of Directors with its resolution No. 23/1/2014. (IV. 29.) to acquire own shares. According to the authorization the Company has acquired 1,196,750 pieces of dematerialized registered voting series "A" common shares of HUF 40 (forty Hungarian Forints) of nominal value, the Board of Directors informed the General Meeting about this on the General Meeting held on 28 April 2016.

The Company wanted to ensure the establishment of the long term management interest system with the acquired shares. The General Meeting of the Company accepted the Remuneration Guidelines which contains the management interest system on 29 April 2016 with its resolution No. 8/2016. (IV.29.). The guidelines were published on the Investor Relations subpage of the Company's website, too.

The condition of granting shares to the management on long term was that the quarterly weighted average price of the share reach HUF 210 before the allowance. As the conditions were not fulfilled no long-term management interest system was established with the acquired shares, thus the number of own shares has not been changed since the last General Meeting.

The Board of Directors made a proposal to this General Meeting on the merge of MKB Life Insurance cPlc into the Company by acquisition. Moreover the Board of Directors of the Company, as the founder initiated the merger of MKB General Insurance cPlc into the Company's 100% subsidiary, the CIG Pannónia First Hungarian General Insurance Company Ltd. On the basis of the merger by acquisition the minority shareholder of MKB Insurance Companies is entitled to exchange shares calculated according to the draft statement of assets and liabilities, the draft statement of inventory of assets and reviewed by the auditor. In accordance with the draft terms of transformation the minority shareholder is entitled to 92,744 pieces of CIGPANNONIA shares. The draft terms of transformation of the general insurance companies offers the possibility to the minority shareholder of the MKB General Insurance cPlc to choose CIGPANNONIA shares instead of the shares of the CIG Pannónia First Hungarian General Insurance Company Ltd. The Board of Directors have undertaken to ensure this possibility. In this case the minority shareholder of MKB General Insurance cPlc would be entitled to 143,110 pieces of CIGPANNONIA shares and CIG Pannónia First Hungarian General Insurance Company Ltd. would remain the 100% subsidiary of the Company.

Exchange shares will be ensured by capital increase or by transfer of own shares, to this latter the Board of Directors requests the contribution of the General Meeting.

#### **PROPOSED RESOLUTION**

*The General Meeting empowers the Board of Directors in relation with the transformation of the Company and its subsidiary (CIG Pannónia First Hungarian General Insurance Company Ltd.), to transfer "A" type CIGPANNONIA shares as exchange shares to the minority shareholder of MKB Life Insurance cPlc. and MKB General Insurance cPlc. according to the exchange rates set in the draft terms of transformation.*

## **AGENDA ITEM no. 11.**

### **Decision on the empowerment to the acquisition of own shares**

#### **SUMMARY OF THE PROPOSAL**

The General Meeting of the Company held on 28 April 2015 empowered the Board of Directors with its resolution No. 12/2015. (IV. 28.) to acquire own interest-bearing and ordinary shares. The Board of Directors did not exercised its right, but the deadline of the authorisation has expired.

The Board of Directors concluded again that in order to maintain the exchange rate of the CIGPANNONIA shares it might be necessary to acquire own shares. For this case the Board of Directors asks for the authorization of the General Meeting.

According to the Subsection (1) of the Section 3:223 of the Civil Code own shares may be acquired by means of a contract for pecuniary interest upon the general meeting authorizing the Board of Directors in advance to acquire them, expressly specifying the type and class of shares that can be acquired, their quantity and nominal value, and the minimum and maximum amounts of consideration payable. Authorization may be granted for a period of eighteen months.

The proposal of the Board of Directors for the General Meeting is to authorize the Board of Directors to acquire interest-bearing own shares quid pro quo, with the lowest value of HUF 100, the highest value of HUF 750. The maximum quantity of the interest-bearing own shares to be purchased equals the maximum quantity of the share series „B” and „C”, i.e. 1,150,367 pieces of share series „B” and 730,772 pieces of share series „C”.

The proposal of the Board of Directors for the General Meeting is to authorize the Board of Directors to acquire a maximum of 10,000,000 pieces of ordinary shares quid pro quo, with the lowest value of HUF 100, the highest value of HUF 400.

The purchase of own shares shall not prevent the compliance with the Solvency II requirements.

#### **PROPOSED RESOLUTION**

*The General Meeting authorizes the Board of Directors to acquire interest-bearing own shares quid pro quo, with the lowest value of HUF 100, the highest value of HUF 750. The maximum quantity of the interest-bearing own shares to be purchased is 1,150,367 pieces of share series „B” and 730,772 pieces of share series „C”.*

*The General Meeting authorizes the Board of Directors to acquire a maximum of 10,000,000 pieces of A type ordinary shares quid pro quo, with the lowest value of HUF 100, the highest value of HUF 400.*

*The purchase of own shares shall not prevent the compliance with the Solvency II requirements. The authorization is granted for a period of 18 months that starts from the date of the decision.*

## **AGENDA ITEM no. 12.**

### **Decision on the remuneration guidelines**

#### **SUMMARY OF THE PROPOSAL**

The General Meeting of the Company approved the remuneration guidelines on its meeting held on 29 April 2016 with its resolution No. 8/2016. (IV. 29.). One part of it was the proposal of the Remuneration and Nomination Committee on a share option program for the CEO and Deputy CEOs of the Company and for the CEO of the Company's subsidiary in order that the executives have even more interest in the long-term rise of the value of the Company and in the favourable trend of the exchange rate.

The share option program was recommended for a determined period, but the share option interests have expired.

The Remuneration and Nomination Committee has reviewed the remuneration guidelines and stated that they serve the Company's and the shareholders' interests sufficiently. In order to the provisions of the guidelines remain entirely valid it recommended to the Board of Directors to extend the share option program for a further three-year period. The coverage of the share option program should be the Company's own shares. The condition of the share option program is that the quarterly weighted average price of the share reach HUF 210. Those members of the management can take part in the program, who are employed by the Company and whose tasks have essential impact on the successful operation of the Company. The participants should be determined by the Board of Directors.

#### **PROPOSED RESOLUTION**

*The General Meeting accepts the amendment of the remuneration guideline according to which the Board of Directors shall extend share option program within the management interest system with a three years period for those employees who have essential impact on the successful operation of the Company. The participants shall be determined by the Board of Directors. The coverage of the share option program shall be the Company's own shares.*

*The condition of the share option program is that the quarterly weighted average price of the share reach HUF 210.*

## Annexes

### **ANNEX I/A**

Report of the Audit Committee in connection with 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

### **ANNEX I/B**

Report of the Supervisory Board in connection with 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 business year 2016

### **ANNEX I/C**

Report of the registered auditor in connection with 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

### **ANNEX I/D**

The Company's annual report in accordance with the Hungarian Accounting Act for 2016 business year

and

the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2016 business year

and

the report of the Board of Directors in connection with 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)

### **ANNEX I/E**

Corporate Governance Report

### **ANNEX 2**

Professional CV-s of the nominees to the supervisory board membership