



PANNÓNIA
ÉLETBIZTOSÍTÓ

CIG PANNÓNIA LIFE INSURANCE PLC.

QUARTERLY REPORT

ON THE BASIS OF THE
CONSOLIDATED FINANCIAL
STATEMENTS PREPARED
ACCORDING TO THE
INTERNATIONAL FINANCIAL
REPORTING STANDARDS
ADOPTED BY THE EU

Q4 2014

17 February 2015

I. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes its report for the fourth quarter of 2014 on this day. The Issuer publishes in this quarterly report for the fourth quarter of 2014, as required by the legislation, its consolidated, unaudited data in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The quarterly report has been prepared in accordance with the provisions of IAS 34. Data compiled in accordance with the Hungarian Accounting Act, unaudited and unconsolidated, as well as data disclosed on a voluntary basis to the Association of Hungarian Insurance Companies (MABISZ), are published by the Issuer simultaneously with the present quarterly report, in a quarterly information paper concerning the Issuer and its subsidiary, CIG Pannónia First Hungarian General Insurance Company Ltd. (hereinafter referred to as EMABIT).

Main results and events of the fourth quarter of 2014:

- The operation of the Issuer in 2014 was determined by the implementation of the business strategy that was renewed in line with the changed market conditions and this had an impact on the results of the fourth quarter. The new management reviewed all fields of the operation and took the necessary actions in order to set the company on a long term profitable path. In order to build up a long term profitable and stable growing portfolio, CIG Pannónia Life Insurance Plc. diversified further its sales channels and reviewed its brokerage contracts as a result of that it terminated the contract with Quantis. The Issuer also reviewed and analysed its product line and continued the product development focusing on the profitable products. The Group started to sell the new pension insurance products on 2 January 2014 by seizing the tax allowance potentials of the pension insurance segment fastly and flexible. In line with the new strategy, CIG Pannónia First Hungarian General Insurance Ltd. gave up the operation in the non-profitable segments (home and travel insurance) and focuses on those special segments in which it can provide competitive products and the operation is profitable. In addition the Issuer made a strict cost management: it streamlined its organizational structure and renegotiated the supplier contracts. This resulted that the administration costs were stabilized at a 36% lower level than in the previous year. The cash flow from operating activities of the Issuer increased significantly (HIF 302 million, 70%) compared to the previous year.
- The Group achieved a gross written premium of HUF 16,468 million in 2014 which means a 23 percent decrease compared to the previous year. The premium income of the life insurance segment has fallen by 14 percent compared to 2013, while premium income of the non-life segment has dropped by 51 percent.
- The decrease of the gross written premium in the life segment is mainly due to the shortfall of renewal premiums. The Issuer terminated the insurance brokerage contract of services with Quantis Consulting cPlc. (formerly known as BROKERNET cPlc.) and the cooperation agreement with Quantis Holding cPlc. (formerly known as Brokernet Investment Holding cPlc.) on 8 December 2014. The Issuer believed that the aim to build a good quality portfolio cannot be guaranteed with the client support and portfolio maintenance activity of Quantis. The Issuer ensures the high quality support of the clients intermediated by Quantis and its predecessor, Brokernet in order to stop the decline of the portfolio and the gross written premium.
- The increased sales activity of the tied agent network and independent brokers (43% and 16% increase compared to the previous year) could compensate the new sales loss caused by the termination of the agreement with Quantis. Placing on the market the pension insurance products have a significant effect on the results of 2014. The Issuer has built up a pension insurance portfolio with HUF 960 million value. The distribution of the sales channels has continued, three new banking partners started to sell Best Doctors Smart, which is a health insurance product of the Issuer.
- From 27 October 2014 on the Issuer broadened its portfolio with a single-premium life insurance product which was missing from its portfolio. Besides that the product has a low cost level and a simple structure, it provides high degree of flexibility for the clients and it is available in two versions. The Issuer realized a HUF 76 million single premium from Pannonia Gravis single-premium life insurance.

- In the non-life segment, EMABIT generated a gross written premium of HUF 2,496 million, the majority thereof relating to the casco and general liability sector. From the end of 2013 EMABIT minimalized its operation in motor vehicle liability insurance segment and made a significant portfolio reduction in casco segment. Based on the sales and experience in transportation insurance business in Poland and Hungary, EMABIT started to provide suretyship-related insurance services as a cross-border activity in Italy for carriers.
- From 1 November 2014 with the supervisory authorization AEGON Hungary cPlc. took over the home and travel insurance portfolio of EMABIT. The reduction of the portfolio was inevitable since the maintenance of this small volume portfolio was uneconomical. With the termination of the home and travel insurance portfolio the related intangible assets had to be derecognized. This resulted a HUF 70 million negative effect on the financial result in the fourth quarter.
- On 5 December 2014 the Hungarian National Bank withdrew the business activity license of Széchenyi Kereskedelmi Bank Zrt. and ordered its voluntary liquidation. EMABIT had a bank deposit of HUF 170 million at Széchenyi Bank. The Insurer created 60% impairment according to the principle of prudence on this deposit, which caused an individual loss of HUF 102 million.
- The after-tax result of the Group¹ would be a HUF 212 million profit in 2014 that would mean HUF 795 million better result than in the previous year. However the previous year effect of IFRS accounting policy change of pending charges (HUF 382 million) has to be accounted in the result of 2013 and the previously disclosed data has to be restated. For these reasons the after-tax result of the Group for 2013 changed from the last year disclosed HUF 583 million loss to HUF 201 million loss. In 2014 the Group achieved an after-tax loss of HUF 170 million in 2014. The total comprehensive income is a loss of HUF 206 million.
- The Pannónia CIG Fund Manager Ltd. had more than HUF 152 billion asset under management at the end of 2014 from which more than HUF 94 billion pension fund and HUF 52 billion unit-linked insurance asset. It achieved a 7,8% market share in the market of pension fund portfolio management and a 12,3% market share in unit-linked insurance portfolio management. At the end of 2014 Pannónia CIG Fund Manager Ltd. managed five closed investment funds reaching a 7,5% market share on the Hungarian closed investment funds market, that is five times higher than in the previous year. The yearly revenue of Pannónia CIG Fund Manager Ltd. was HUF 776 million in 2014, while the profit after taxation was HUF 314 million of which HUF 145 million is the Issuer's share.

Events after the balance sheet date:

- The Competition Council of the Hungarian Competition Authority ordered the Issuer to pay 22,640,000 HUF fine for presumed violation of unfair trading regulations. According to the position of the Competition Council, the trading practice of the Company's insurance intermediary – that worked for the Company between 2010 and 2011 - was unfair and capable of misleading consumers. The Company terminated the agency contract of the affected insurance intermediary on 7 March 2011. The Issuer asked the Metropolitan Court for review and modification of the resolution of the Competition Council as it was unjustified.
- On 22 January 2015 EMABIT and MVM Hungarian Electricity Ltd. contracted a suretyship insurance framework agreement. This means that one of the largest company of the national energy sector voted confidence for the company.

Budapest, 17 February 2015

CIG Pannónia Life Insurance Plc.

¹ Group” or “CIG Group” covers the Issuer and its consolidated companies.

2. Financial Statements²

Consolidated Statement of Comprehensive Income

data in million HUF

	Q1-Q4 2014 (A)	Q1-Q4 2013 (B)	Change C=(A)-(B)	Change % (C)/(B)
Gross written premium	16 468	21 367	-4 899	-23%
Changes in unearned premiums reserve	-187	-302	115	-38%
Earned premiums, gross	16 281	21 065	-4 784	-23%
Ceded reinsurance premiums	-589	-815	226	-28%
Earned premiums, net	15 692	20 250	-4 558	-23%
Premium and commission income from investment contracts	130	190	-60	-32%
Investment income	8 744	791	7 953	1005%
Share of the profit of associates and joint ventures accounted for using the equity method	145	81	64	79%
Other operating income	896	1 244	-348	-28%
Other income	9 915	2 306	7 609	330%
Total income	25 607	22 556	3 051	18%
Claim payments and benefits, and claim settlement costs	-7 749	-8 520	771	-9%
Net change in the value of life technical reserves and unit-linked life insurance reserves	-10 926	-5 366	-5 560	104%
Investment expenditure	-861	-646	-215	33%
Change in the fair value of liabilities relating to investment contracts	-157	-40	-117	293%
Change in the fair value of assets and liabilities relating to embedded derivatives	156	31	125	403%
Investment expenses, changes in reserves and benefits, net	-19 537	-14 541	-4 996	34%
Fees, commissions and other acquisition costs	-4 101	-5 263	1 162	-22%
Administration costs	-2 084	-3 243	1 159	-36%
Operating costs	-6 185	-8 506	2 321	-27%
Profit/loss before taxation	-115	-491	376	-118%
Tax income / (expenses)	0	-7	7	-100%
Deferred tax income / (expenses)	-55	297	-352	-119%
Profit/loss after taxation	-170	-201	31	-15%
Comprehensive income, wouldn't be reclassified to profit or loss in the future	0	0	0	-
Comprehensive income, would be reclassified to profit or loss in the future	-36	64	-100	-156%
Other comprehensive income	-36	64	-100	-156%
Total comprehensive income	-206	-137	-69	50%

²The data of 2013 comparative period include re-published data – the reason for this is detailed in the 3rd paragraph: Changes in accounting policies

Consolidated Statement of Comprehensive Income (continuation)

data in million HUF

	Q1-Q4 2014 (A)	Q1-Q4 2013 (B)	Change C=(A)-(B)	Change % (C)/(B)
Profit/loss after taxation attributable to the Company's shareholders	-170	-201	31	-15%
Total comprehensive income to NCI	0	0	0	-
Profit/loss after taxation	-170	-201	31	-15%
Profit/loss after taxation attributable to the Company's shareholders	-206	-137	-69	50%
Total comprehensive income to NCI	0	0	0	-
Total comprehensive income	-206	-137	-69	50%
Earnings per share				
Basic earnings per share (HUF)	-2,7	-3,2	0,5	-14%
Diluted earnings per share (HUF)	-2,7	-3,2	0,5	-14%

Consolidated Statement of Comprehensive Income (separated quarterly data)

Data in million HUF

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Change
	(A)	(B)	(C)	(D)	(E)	(A)/(E)
Gross written premium	5 048	4 438	3 215	3 767	5 337	95%
Changes in unearned premiums reserve	97	33	28	-345	152	64%
Earned premiums, gross	5 145	4 471	3 243	3 422	5 489	94%
Ceded reinsurance premiums	-230	-150	-164	-45	-228	101%
Earned premiums, net	4 915	4 321	3 079	3 377	5 261	93%
					0	
Premium and commission income from investment contracts	62	17	11	40	28	221%
Investment income	2 423	2 736	2 182	1 403	-24	-10096%
Share of the profit of associates and joint ventures accounted for using the equity method	45	37	27	36	3	1500%
Other operating income	200	324	238	134	559	36%
Other income	2 730	3 114	2 458	1 613	566	482%
Total income	7 645	7 435	5 537	4 990	5 827	131%
Claim payments and benefits, and claim settlement costs	-2 286	-1 830	-1 576	-2 057	-1 833	125%
Net change in the value of life technical reserves and unit-linked life insurance reserves	-3 590	-3 914	-2 271	-1 151	-1 857	193%
Investment expenditure	-97	-201	-230	-333	107	-91%
Change in the fair value of liabilities relating to investment contracts	-40	-55	-33	-29	-1	4000%
Change in the fair value of assets and liabilities relating to embedded derivatives	116	-52	99	-7	-75	-155%
Investment expenses, changes in reserves and benefits, net	-5 897	-6 052	-4 011	-3 577	-3 659	161%
Fees, commissions and other acquisition costs	-1 088	-1 127	-878	-1 008	-1 227	89%
Administration costs	-675	-499	-504	-406	-1 114	61%
Operating costs	-1 763	-1 626	-1 382	-1 414	-2 341	75%
Profit/loss before taxation	-15	-243	144	-1	-173	9%
Tax income / (expenses)	25	-13	-5	-7	12	208%
Deferred tax income (expenses)	-55	0	0	0	297	-19%
Profit/loss after taxation	-45	-256	139	-8	136	-33%
Comprehensive income, wouldn't be reclassified to profit or loss in the future	0	0	0	0	0	0
Comprehensive income, would be reclassified to profit or loss in the future	-51	3	25	-13	30	-170%
Other comprehensive income	-51	3	25	-13	30	-169%
Total comprehensive income	-96	-253	164	-21	166	-58%

Consolidated Statement of Comprehensive Income (separated quarterly data) (continuation)

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Change
	(A)	(B)	(C)	(D)	(E)	(A)/(E)
Profit/loss after taxation attributable to the Company's shareholders	-45	-256	139	-8	136	-33%
Total comprehensive income to NCI	0	0	0	0	0	-
Profit/loss after taxation	-45	-256	139	-8	136	-33%
Profit/loss after taxation attributable to the Company's shareholders	-96	-253	164	-21	166	-58%
Total comprehensive income to NCI	0	0	0	0	0	-
Total comprehensive income	-96	-253	164	-21	166	-58%

Consolidated Statement of Financial Position

Data in million HUF

ASSETS	31 December 2014 (A)	31 December 2013 (B)	Change C=(A)-(B)	Change % (A-B)/(B)
Intangible assets	931	1 106	-175	-16%
Property, plant and equipment	62	100	-38	-38%
Deferred tax assets	242	297	-55	-19%
Deferred acquisition costs	958	676	282	42%
Reinsurer's share of technical reserves	737	551	186	34%
Investments in jointly controlled companies	299	195	104	53%
Available-for-sale financial assets	5 188	5 915	-727	-12%
Investments for policyholders of unit-linked life insurance policies	51 057	39 628	11 429	29%
Financial assets - investment contracts	840	720	120	17%
Financial assets - embedded derivatives	538	382	156	41%
Receivables from insurance policies and other receivables	2 459	3 549	-1 090	-31%
Other assets and prepayments	113	77	36	47%
Cash and cash equivalents	1 497	1 329	168	13%
Total assets	64 921	54 525	10 396	19%
LIABILITIES				
Technical reserves	4 544	4 938	-394	-8%
Technical reserves for policyholders of unit-linked insurance	51 057	39 628	11 429	29%
Investment contracts	840	720	120	17%
Liabilities from the issue of interest-bearing shares	2 175	1 988	187	9%
Loans and financial reinsurance	2 411	3 051	-640	-21%
Liabilities from insurance	856	888	-32	-4%
Other liabilities and provisions	770	838	-68	-8%
Total liabilities	62 653	52 051	10 602	20%
NET ASSETS	2 268	2 474	-206	-8%
SHAREHOLDERS' EQUITY				
Registered capital	2 531	2 531	0	0%
Capital reserve	15 985	15 937	48	0%
Other capital contributions	0	0	0	-
Nominal value of treasury shares	-48	0	-48	-
Other reserves	22	56	-34	-61%
Profit reserve	-16 222	-16 050	-172	1%
Equity attributable to the Company's shareholders	2 268	2 474	-206	-8%
Non-controlling interests	0	0	0	-
Total shareholders' equity	2 268	2 474	-206	-8%

Consolidated Changes in Equity Q1-Q4 2014

Data in million HUF

	Share capital	Capital reserve	Other capital contributions	Nominal value of treasury shares	Other reserves	Retained earnings	Total shareholders' equity
Balance on 31.12.2013	2 531	15 937	0	0	56	-16 050	2 474
Total comprehensive income							
Other comprehensive income	0	0	0	0	-36	0	-36
Profits in reporting year	0	0	0	0	0	-170	-170
Reserve adjustment due to voluntary liquidation of subsidiary	0	0	0	0	2	-2	0
Transactions with capital owners, directly accounted in own capital							
Other capital contributions	0	0	0	0	0	0	0
Termination of other capital contribution	0	0	0	0	0	0	0
Treasury shares acquired by donation	0	48	0	-48	0	0	0
Balance on 31.12.2014	2 531	15 985	0	-48	22	-16 222	2 268

Consolidated Changes in Equity Q1-Q4 2013

Data in million HUF

	Share capital	Capital reserve	Other capital contributions	Nominal value of treasury shares	Other reserves	Retained earnings	Total shareholders' equity
Balance on 31.12.2012	2 531	15 937	500	0	-8	-17 108	1 852
Total comprehensive income							
Other comprehensive income	0	0	0	0	64	0	64
Losses in reporting year	0	0	0	0	0	-201	-201
	0	0	0	0	0	0	0
Transactions with capital owners, directly accounted in own capital							
Other capital contributions	0	0	759	0	0	0	759
Termination of other capital contribution			-1 259		0	1 259	
Balance on 31.12.2013	2 531	15 937	0	0	56	-16 050	2 474

Consolidated Statement of Cash Flows

Data in million HUF

	Q1-Q4 2014	Q1-Q4 2013
Profit/loss after taxation	-170	-201
Modifying items		
Depreciation and amortization	429	333
Booked impairment	294	90
Other capital contributions	0	759
Exchange rate changes	113	89
Share of the profit or loss of associates and joint ventures accounted for using the equity method	-145	-81
Changes of assets and liabilities relating to embedded derivatives, net	-155	-31
Deferred tax	55	-297
Interest cost	474	449
Change of active capital items:		
Increase / decrease of deferred acquisition costs (-/+)	-282	305
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	-11 429	-5 145
Increase / decrease of financial assets – investment contracts (-/+)	-120	196
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	838	-301
Increase / decrease of reinsurer's share from technical reserves (-/+)	-186	-178
Increase / decrease of other assets and active accrued and deferred items (-/+)	-37	-6
Increase / decrease of technical reserves (+/-)	-394	655
Increase / decrease of liabilities from insurance (-/+)	-32	-215
Increase / decrease of investment contracts (+/-)	120	-196
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	11 429	5 145
Increase / decrease of other liabilities (+/-)	-68	-938
Net cash flow from operating activities	734	432

Consolidated Statement of Cash Flows (continuation)

Cash flow from investing activities	Q1-Q4 2014	Q1-Q4 2013
Purchase / sales of debt instruments (-/+)	649	-836
Purchase of tangible and intangible assets (-)	-196	-446
Sales of tangible and intangible asset (+)	22	107
Részeseések vásárlása (-)	0	-3
Obtained dividend	42	0
Cash flow from investing activities	517	-1 178
Cash flow from financing activities		
Securing loans	1 022	715
Repayment of loans	-1 997	-1 718
Interest paid for interest-bearing shares	-119	0
Cash flow from financing activities	-1 094	-1 003
Impacts of exchange rate changes	11	-17
Net increase / decrease of cash and cash equivalents (+/-)	168	-1 766
Cash and cash equivalents at the beginning of the period	1 329	3 095
Cash and cash equivalents at the end of the period	1 497	1 329

3. Changes in accounting policies

In respect of the financial year(s) after 1 January 2014 numerous standards and interpretations are mandatory applicable. The following standards are relevant for the Group:

- IFRS 10 (new) Consolidated Financial Statements
- IFRS 11 (new) Joint Arrangements
- IFRS 12 (new) Disclosure of Interests in Other Interests
- IAS 27 (2011) (amendment) Separate financial statements
- IAS 28 (2011) (amendment) Investments in associates
- IAS 32 (amendment) Financial instruments: presentation - Offsetting Financial Assets and Financial Liabilities

None of the mentioned standards will affect the structure of Group's financial statements, but because of the possible effects of the application of IFRS 10, detailed analysis is necessary.

According to the IFRS 10 Consolidated Financial Statements the Group's investments should be reviewed under the new control model to determine whether they must be included in the consolidation. During the examination the Group identified such investments - in three different asset groups - where the review is necessary; these are investments among the investments executed for policyholders of unit-linked life insurance policies (in terms of the consolidation of the investment funds), investments among the financial assets – investment contracts (in terms of the consolidation of the investment funds) and the investments in jointly controlled companies.

Under the new control model, the Group examines the following aspects related to the above investments:

- Identification of the investee
- Identification of relevant activities of the investee
- Identification of method of decision-making related to relevant activities
- Assess whether the investor is able to control the relevant activities
- Assess whether the investor is exposed to the yield variability
- Assess whether there is a correlation between control and exposure.

After considering of the above aspects the Group has determined in case of the investment among the investments executed for policyholders of unit-linked life insurance policies and the investments among the financial assets – investment contracts' current presentation meets the requirements of IFRS 10.

In case of investment at joint ventures (namely Pannónia CIG Fund Management Ltd.) the Group tested who controls the Funds Manager's relevant activities. According to the expectations of the Group, the two owners are able to influence equally the decisions of controlling organization, and the Issuer is not able to control the relevant activities of the Fund Manager alone, therefore it is not a subsidiary according to IFRS 10.

In the second quarter of 2014 the Group acquired treasury shares for free by gift contract.

According to IAS 32, point 33 and 34, if the Company acquires treasury shares, it must be recognised as equity decreasing item. No profit or loss relating to purchase, sale, issue or termination of treasury shares is allowed to recognise in the consolidated statement of comprehensive income, the amount is booked directly under equity. According to IAS 1 value of treasury shares must be disclosed separately in the Statement of Comprehensive Income and the Notes.

Due to the fact that IFRS standards do not determine special disclosure criteria relating to treasury shares, but these are recognised under equity, the Issuer applies the following disclosure method:

- a. nominal value of acquired treasury shares are recognised on a separate line under equity as equity decreasing item
- b. in case of sale or reissuing of treasury shares, the equity line is decreased by the nominal value of these shares
- c. difference between the nominal value and counter value modifies the capital reserve

In case of regular premium unit-linked life insurance policies pending charge occurs, when the Insurer is entitled to deduct costs, but the policyholder does not have sufficient accumulation units for the deduction. Although due date of cost deduction is the date of emergence, formerly, the Insurer booked income from pending charge as decreasing technical reserves of unit-linked insurances only at the date of the deduction, when available accumulation units were sufficient. Based on the accounting rule of matching whether expenditure occurs (risk exists, administration, service occurs) in parallel income should have been accounted for. Therefore the accounting policy of the Issuer has been modified; in case of emerging pending charge income is booked as other operating income and receivables from insurance policies and other receivables. The new accounting policy accurately fits to the customer options available in the product terms and reflects the real results of the Insurer more precisely. In the third quarterly IFRS report the data disclosed on other operating income line was incorrect according to pending charges (HUF 471 million) was fully booked for 2014. Pursuant to IFRS standards however the previous year effect of IFRS accounting policy change of pending charges (HUF 382 million) has to be accounted in the result of 2013 and the previously disclosed data has to be restated. The effect on the result of 2014 is only HUF 73 million.

4. Presentation of the Issuer's financial position – consolidated and unaudited data for the fourth quarter of 2014, on the basis of the financial reporting standards (IAS 34) adopted by the EU

The Issuer and its consolidated companies, representing together the CIG Group, deal with the sale of unit-linked life insurance, term life insurance, endowment insurance, health insurance, pension insurance, rider and general insurance, within that mainly casco and general liability insurance and also deal with portfolio management.

The company with a decisive impact on the Group's operations remains CIG Pannónia Life Insurance Plc., as a parent company; however, the performance of EMABIT and Pannónia CIG Fund Manager Ltd. is also significant in the results of the Group.

In 2014, the Group's gross written premium was HUF 16,468 million, which is 77 percent of the revenues generated in the previous year. Of this HUF 12,254 million is the gross written premium of unit-linked life insurance, HUF 447 million of traditional life products, HUF 201 million of health insurance policies, HUF 1,180 million of pension insurance policies, and HUF 2,386 million of non-life insurance.

The non-life insurance segment generated a gross written premium of HUF 2,386 million in 2014 according to IFRS, decreased by 66% compared to the previous year (HUF 4,964 million), which is the consequence of the portfolio reduction. In the life segment the gross written premium from the first annual premiums of policies sold was HUF 1,844 million, which is a 3% increase compared to the previous year (HUF 1,807 million). The increase of the first year premiums is mainly due to the sales of pension insurance policies. The renewal premium of policies have decreased by 26% in the life insurance portfolio, compared with the previous year. This is mainly due to the decrease of the Quantis portfolio. The gross written premium income from renewals was HUF 10,637 million in 2014, in contrast to HUF 13,106 million in 2013. Approximately 28,7 percent of life insurance clients are using their premium holiday option granted by the Issuer from the third year of the insurance policies, which is the main reason for the fall in renewals. The effect of this on the Issuer's profit is less significant, because the premium holiday option can only be used at a later, less profitable phase of the term of the contract. Top-up premiums (HUF 1,603 million) were 109% of the same period of the previous year's top-up revenue, mainly relating to unit-linked life insurance policies. Within the total life insurance premium income of HUF 14,082 million, the rate of top-up premiums is 11 percent. The low rate of top-up premiums does not have a considerable short-term effect on the profitability of the Issuer, as their cost-bearing capacity is insignificant.

The change in unearned premium reserve in 2014 was HUF 187 million, while the amount of ceded reinsurance premiums was HUF 589 million. The decrease of these items is mainly due to the reduction of the non-life portfolio.

Unit-linked life insurance policies sold by the Issuer that do not qualify as insurance policies under IFRS are classified by the Issuer as investment contracts. In connection with the investment contracts, the Issuer generated a premium and commission income of HUF 130 million in total during the reporting period. The other operating income (HUF 896 million) mainly includes the Issuer's income from portfolio management (HUF 697 million) and the income from reactivated policies (HUF 67 million) is also recognized and accounted for as part of this item, however, the income from the reactivated policies decreased compared with the previous year. Furthermore, significant item is the income from pending charge (HUF 73 million), which was significantly decreased compared to the HUF 382 million restated income booked for the previous year.

Among expenses, significant item is the net change in the value of life technical reserves and unit-linked life insurance reserves (HUF 10,926 million) which consist of the next items. HUF 11,548 million is relating to the increase in life insurance reserves for unit-linked life insurance policies. Outstanding claim reserves decreased by HUF 425 million in 2014, primarily as a result of non-life business line operations. Concurrently with the decrease in receivables the cancellation reserves also decreased by approximately HUF 468 million. In connection mainly with the life insurance policy portfolio, the reserves for premium refunds independent of profit increased by HUF 175 million, while the actuarial reserves increased by HUF 99 million.

Important items are the amount of claim payments and benefits as well as claim settlement costs (together HUF 7,749 million), including HUF 6,345 million related to partial or full surrender of unit-linked life insurance policies, and the claim settlement expenditure paid on general insurance is HUF 1,209 million.

The total operating cost of the Issuer was HUF 6,185 million during 2014, from which HUF 4,101 million is related to the fees, commissions and other acquisition costs, and HUF 2,084 million is related to administration costs. First year commissions have declined simultaneously with the new acquisitions. The administration cost decreased significantly with 36 percent compared with the previous year (HUF 3,243 million), which is the result of the Issuer's consistently implemented cost rationalization measures and its more efficient operation.

The investment result is a profit of HUF 7,883 million, which is due to the aggregated effect of the following issues. In the last quarter of 2014 the growth of the unit-linked yield continued, so at the end of 2014 the yield of the Issuer from unit-linked life insurance policies is a profit of HUF 8,125 million.

In the last quarter the main MSCI global stock market indices (World, Emerging Markets, EU) denominated in Hungarian forint realised a profit. The best performance of developed market was achieved by the S&P500 representing the North-American market, realised a yield over 10 percent. The Hungarian stock exchange index unfortunately could not produce such a performance, until the end of the quarter it decreased by almost 7 percent. Stock markets were influenced partly by macroeconomic indicators, but mainly by the monetary policy. The negative performance of Latin-American stock markets affected the profit of the investment portfolio exposed by Latin-American investment funds. During the fourth quarter, huge amount of capital has been transferred from these funds to liquidity funds, based on the signs of Navigator.

The investment results were negatively influenced by the interest costs of financial reinsurance, which amounted to HUF 166 million. The Issuer realized a profit of HUF 230 million on the investment on own funds in 2014. The effect of interest-bearing shares on profit and loss is a payable interest of HUF 306 million in 2014, and a profit of HUF 156 million of the change in the fair value of assets and liabilities relating to embedded derivatives, which in total means a loss of HUF 150 million.

The Issuer realized HUF 145 million profits from the result of the Pannónia CIG Fund Manager Ltd. at the end of 2014, the mentioned amount presented among the share of the profit of associates and joint ventures accounted for using the equity method.

As a result of all of the above, the profit before taxes amounted to HUF 115 million loss (in the same period of 2013, the loss was HUF 491 million), that is reduced by the HUF 55 million deferred tax loss. The other comprehensive income primarily contains a change in the fair value of available-for-sale financial assets amounting to HUF 36 million and, thus, the total comprehensive income represents a loss of HUF 206 million in 2014.

The Issuer's balance sheet total was HUF 64,921 million; its financial position is stable; the company has met its liabilities in full. On 31 December 2014, the shareholders' equity was HUF 2,268 million, the available solvency capital of the Issuer, according to the Hungarian Accounting Law, was HUF 4,081 million, which covers 222% of the minimum solvency capital requirement.

5. Executive summary

New sales data disclosed on a voluntary basis to the Association of Hungarian Insurance Companies (MABISZ) by the Issuer (see Annex I of Quarterly information papers) contains in life segment the increase from the reactivation of earlier cancelled policies. Contracts denominated not in Hungarian forint in the reporting of the new sales is calculated on the currency rate at the end of the period, therefore the fluctuation of euro rate can distort the comparability of the data. The management of the Issuer analyses the new sales without the effects of reactivations and exchange rate fluctuations.

The annualized premium of the new sales of regular premium life insurance policies was HUF 2,128 million, that is 8% higher than in the previous year. HUF 2,013 million is from unit-linked life insurance, HUF 115 million is from traditional and group life insurance policies. In the previous year the annualized premium of the new sales was HUF 1,974 million, of which HUF 297 million was derived from traditional and group life insurance policies and HUF 1,677 million related to unit-linked life insurance.

The increase of the sales volume of unit-linked life insurances was derived from the new pension products nonetheless that the Issuer terminated the cooperation agreement with its largest partner, Quantis. The increased sales activity of the tied agent network and independent brokers (143% and 116% compared to the previous year) could compensate the new sales loss caused by the termination of the agreement with Quantis. A corporate group life insurance policy is the main reason for the reduction of the traditional product sales which increased the new sales in 2013, thus it is not included in the new annualized premium in 2014, but contained in gross written premium. The fall of the new sales of the general insurance is due to the deliberately moderate presence in general liability insurance and casco segments.

New sales³

Annualized premium of new sales (million HUF)	31.12.2014 (A)	31.12.2013 (B)	Change (A-B)	Change % (A-B)/B
Unit-linked life insurances	2,013	1,677	336	20%
Traditional and group life insurances	115	297	-182	-61%
General insurances	1,663	3,179	-1,516	-48%
Total annualized premium of new sales	3,791	5,153	-1,362	-26%

As for life insurance policies sold in 2014 the tied network achieved 27%, while the performance of other broker sales channels – independent brokers - was 51% in Hungary and 4% in Slovakia. The share of the Quantis Group was only 18%. The non-life policies were sold mainly by the broker channel.

³ Management information data, data in accordance with the earlier reports can be found in the annexes I of quarterly information papers

Market share indicators*⁴

	Q3 2014		Q3 2013		Q3 2012	
	million HUF	Market share	million HUF	Market share	million HUF	Market share
On the basis of the gross written premium of life insurance policies	9,675	2,89%	12,431	3,80%	15,139	5,10%
On the basis of the adjusted gross written premium of life insurance policies	8,847	4,23%	11,214	5,50%	13,408	6,50%
On the basis of the gross written premium of non-life insurance policies	1,980	0,31%	3,988	0,65%	2,212	0,37%

After examining the adjusted gross written premium, it can be said that the Issuer became a key market participant in the life insurance market: with a market share of 4.23%, it is the company with the ninth largest adjusted gross written premium on the basis of the data of Q3 2014. Regarding premium income, in Q3 2014, EMABIT obtained a 0.31% share of the non-life insurance market.

The gross written premium of the non-life segment was HUF 2,496 million in 2014. Within the gross written premium the composition of the portfolio transformed significantly; instead of the previous year's casco (40%) and motor vehicle liability (24%) businesses dominance, in 2014 the liability (30%) is dominant according to the share in gross written premium. The share of the casco is still significant (28%), but decreased. The fire and natural forces, self-propelled, other damage to assets and freight sectors share are about 7-8% each. The rest is divided among accident, compulsory motor third party, illness, extended guarantee, assistance and funeral insurance.

The most important item from expenses is the amount of claim settlement expenditure, services and costs of claim settlements (HUF 1,209 million). Due to the portfolio reduction the gross claim ratio decreased from 65% to 42% and the net claim ratio fall from 67% to 41% as compared to the previous year. The operating costs of the segment is HUF 1,606 million, of which HUF 913 million is earned acquisition cost and HUF 693 million is administration cost. The level of acquisition costs decreased by 38% compared to the similar period of the previous year despite the fact that gross earned premium decreased to a greater extent since sectors operating with higher acquisition cost ratio (transportation, property, liability) predominate the product mix instead of the formerly dominating motor insurance sector with lower acquisition cost ratio. Administration costs decreased by 8% compared to 2013, along with that it contains HUF 102 million impairment for the bank deposit at Széchenyi Bank and it also contains the HUF 70 million expenditure of the derecognized assets related to the transferred home and travel insurance portfolio. Due to the above mentioned reasons the non-life segment has realised a loss of HUF 266 million in 2014.

The Issuer made a strategic reposition in 2014. It started the diversification of its products with the increase of pension insurance portfolio, achieved with such flexible products which compete in the market with real customer benefits and significantly lower costs. The company terminated the agreement with its former strategic partner, as it considers its primary assignment is to serve the clients' needs to its best knowledge and to assure fundamental value for the shareholders. For this purpose the company aims to build a good quality portfolio, that fulfil these requirements. By the fourth quarter with the home- and travel insurance portfolio transfer to AEGON Hungary General Insurance cPlc. the process that started at the end of 2013 terminated, the aim of it was a portfolio reduction and making the segment profitable. Beyond the changes in the front-office fields, the company made a significant reorganization at the back-office, it set up a more simple and transparent operation, in order to contribute the long term sustainable, efficient and profitable operation.

⁴ At the time of preparing this quarterly report, the MABISZ market data on the third quarter of 2014 were only available.

6. Operating segments

The life insurance segment is represented by CIG Pannónia Life Insurance Plc., the non-life insurance segment is represented by CIG Pannónia First Hungarian General Insurance Company Ltd., and the other segments are represented by the rest of the subsidiaries of the Group.

Segment information Q1-Q4 2014

*HAL – Hungarian Accounting Law

ASSETS	Q1-Q4 2014					
	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	Total
Intangible assets	710	99	0	122	0	931
Property, plant and equipment	57	5	0	0	0	62
Deferred tax assets	0	0	0	242	0	242
Deferred acquisition costs	675	305	0	-22	0	958
Reinsurer's share of technical reserves	127	610	0	0	0	737
Subsidiaries	2 829	0	0	0	-2 829	0
Investments in jointly controlled companies	67	0	0	232	0	299
Available-for-sale financial assets	3 120	1 964	0	104	0	5 188
Investments for policyholders of unit-linked life insurance policies	51 896	0	0	-839	0	51 057
Financial assets - investment contracts	0	0	0	840	0	840
Financial assets - embedded derivatives	0	0	0	538	0	538
Receivables from insurance policies and other receivables	1 816	643	8	-8	0	2 459
Other assets and prepayments	600	79	0	-566	0	113
Receivables from shareholders	0	0	0	0	0	0
Cash and cash equivalents	1 205	268	24	0	0	1 497
Intercompany receivables	120	0	0	0	-120	0
Total assets	63 222	3 973	32	643	-2 949	64 921

Segment information Q1-Q4 2014 (continuation)

LIABILITIES	Q1-Q4 2014					
	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	2 788	1 761	0	-5	0	4 544
Technical reserves for policyholders of unit-linked insurance	51 896	0	0	-839	0	51 057
Investment contracts	0	0	0	840	0	840
Financial liabilities - embedded derivatives	0	0	0	0	0	0
Liabilities from the issue of interest-bearing shares	0	0	0	2 175	0	2 175
Loans and financial reinsurance	2 386	22	0	3	0	2 411
Liabilities from insurance	505	353	0	-1	-1	856
Intercompany liabilities	0	120	0	0	-120	0
Other liabilities and provisions	856	331	2	-444	25	770
Total liabilities	58 431	2 587	2	1 729	-96	62 653
NET ASSETS	4 791	1 386	30	-1 086	-2 853	2 268
SHAREHOLDERS' EQUITY						
Registered capital	2 607	1 030	11	-75	-1 042	2 531
Capital reserve	16 804	2 755	60	-819	-2 815	15 985
Other capital contributions	0	0	0	0	0	0
Treasury shares	0	0	0	-48	0	-48
Other reserves	257	4	0	-239	0	22
Profit reserve	-14 877	-2 403	-41	95	1 004	-16 222
Total shareholders' equity	4 791	1 386	30	-1 086	-2 853	2 268

Segment information Q1-Q4 2014 (continuation)

COMPREHENSIVE INCOME STATEMENT	Q1-Q4 2014					
	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	Total
(data in million HUF)						
Gross written premium	14 420	2 496	0	-336	-112	16 468
Changes in unearned premiums reserve	-5	-182	0	0	0	-187
Earned premiums, gross	14 415	2 314	0	-336	-112	16 281
Ceded reinsurance premiums	-259	-430	0	0	100	-589
Earned premiums, net	14 156	1 884	0	-336	-12	15 692
Premium and commission income from investment contracts	0	0	0	130	0	130
Investment income	8 901	105	0	-262	0	8 744
Share of the profit of associates and joint ventures accounted for using the equity method	0	0	0	145	0	145
Other operating income	1 327	20	32	-407	-76	896
Other income	10 228	125	32	-394	-76	9 915
Total income	24 384	2 009	32	-730	-88	25 607
Claim payments and benefits, and claim settlement costs	-6 794	-1 209	0	238	16	-7 749
Net change in the value of life technical reserves and unit-linked life insurance reserves	-11 606	558	0	122	0	-10 926
Investment expenditure	-1 371	-18	0	-181	709	-861
Share of the loss of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0
Change in the fair value of liabilities relating to investment contracts	0	0	0	-157	0	-157
Change in the fair value of assets and liabilities relating to embedded derivatives	0	0	0	156	0	156
Investment expenses, changes in reserves and benefits, net	-19 771	-669	0	178	725	-19 537
Fees, commissions and other acquisition costs	-3 200	-913	0	0	12	-4 101
Administration costs	-1 331	-693	-38	-72	50	-2 084
Operating costs	-4 531	-1 606	-38	-72	62	-6 185
Profit/loss before taxation	82	-266	-6	-624	699	-115
Tax income / (expenses)	0	0	0	0	0	0
Deferred tax income / (expenses)	0	0	0	-55	0	-55
Profit/loss after taxation	82	-266	-6	-679	699	-170
Other comprehensive income	0	0	0	-36	0	-36
Total comprehensive income	82	-266	-6	-715	699	-206

Comparative data to the segment information of Q1-Q4 2014 (Q1 – Q4 2013)

ASSETS	Q1-Q4 2013					
	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	Total
Intangible assets	729	197	0	180	0	1 106
Property, plant and equipment	84	16	0	0	0	100
Deferred tax assets	0	0	0	297	0	297
Deferred acquisition costs	432	257	0	-12	0	676
Reinsurer's share of technical reserves	122	429	0	0	0	551
Subsidiaries	3 090	0	0	0	-3 090	0
Investments in jointly controlled companies	67	0	0	128	0	195
Available-for-sale financial assets	3 777	2 009	0	128	0	5 915
Investments for policyholders of unit-linked life insurance policies	40 348	0	0	-720	0	39 628
Financial assets - investment contracts	0	0	0	720	0	720
Financial assets - embedded derivatives	0	0	0	382	0	382
Receivables from insurance policies and other receivables	2 287	844	13	404	0	3 549
Other assets and prepayments	146	48	3	-120	0	77
Receivables from shareholders	0	0	0	0	0	0
Cash and cash equivalents	1 037	267	25	0	0	1 329
Intercompany receivables	62	79	20	0	-160	0
Total assets	52 181	4 146	61	1 388	-3 250	54 526

*HAL – Hungarian Accounting Law.

Comparative data to the segment information of Q1-Q4 2014 (Q1 – Q4 2013) (continuation)

LIABILITIES	Q1-Q4 2013					
	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	2 722	2 226	0	-9	0	4 938
Technical reserves for policyholders of unit-linked insurance	40 348	0	0	-720	0	39 628
Investment contracts	0	0	0	720	0	720
Financial liabilities - embedded derivatives	0	0	0	0	0	0
Liabilities from the issue of interest-bearing shares	0	0	0	1 988	0	1 988
Loans and financial reinsurance	3 027	24	0	0	0	3 051
Liabilities from insurance	557	329	0	0	2	888
Intercompany liabilities	85	65	11	0	-160	0
Other liabilities and provisions	733	300	4	-224	25	838
Total liabilities	47 471	2 944	14	1 755	-133	52 051
NET ASSETS	4 709	1 202	46	-367	-3 116	2 474
SHAREHOLDERS' EQUITY						
Registered capital	2 607	1 020	11	-75	-1 031	2 531
Capital reserve	16 804	2 315	60	-867	-2 375	15 937
Other capital contributions	0	0	0	0	0	0
Other reserves	0	16	-2	43	0	56
Profit reserve	-14 702	-2 148	-22	533	289	-16 051
Total shareholders' equity	4 709	1 202	46	-367	-3 116	2 474

Comparative data to the segment information of Q1-Q4 2014 (Q1 – Q4 2013) (continuation)

COMPREHENSIVE INCOME STATEMENT	Q1-Q3 2013					
	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	Total
Gross written premium	16 715	5 075	0	-312	-111	21 367
Changes in unearned premiums reserve	21	-323	0	0	-0	-302
Earned premiums, gross	16 736	4 752	0	-312	-111	21 066
Ceded reinsurance premiums	-229	-686	0	0	100	-815
Earned premiums, net	16 507	4 066	0	-312	-11	20 250
Premium and commission income from investment contracts	0	0	0	190	0	190
Investment income	675	127	1	0	-13	791
Share of the profit of associates and joint ventures accounted for using the equity method	0	0	0	81	0	81
Other operating income	897	30	504	403	-590	1 244
Other income	1 573	157	506	674	-603	2 306
Total income	18 080	4 223	506	362	-614	22 557
Claim payments and benefits, and claim settlement costs	-6 946	-2 036	0	446	16	-8 520
Net change in the value of life technical reserves and unit-linked life insurance reserves	-4 411	-676	0	-278	0	-5 366
Investment expenditure	-741	-28	-4	-119	246	-646
Share of the loss of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0
Change in the fair value of liabilities relating to investment contracts	0	0	0	-41	0	-41
Change in the fair value of assets and liabilities relating to embedded derivatives	0	0	0	31	0	31
Investment expenses, changes in reserves and benefits, net	-12 098	-2 741	-4	40	262	-14 541
Fees, commissions and other acquisition costs	-3 788	-1 484	0	0	9	-5 264
Administration costs	-1 777	-758	-495	-788	576	-3 243
Operating costs	-5 566	-2 243	-495	-788	585	-8 506
Profit/loss before taxation	416	-761	6	-386	233	-491
Tax income / (expenses)	-6	0	-1	0	0	-7
Deferred tax income / (expenses)	0	0	0	297	0	297
Profit/loss after taxation	410	-761	5	-88	233	-201
Other comprehensive income	0	0	0	64	0	64
Total comprehensive income	410	-761	5	-24	233	-137

7. Detailed explanation of IFRS – HAL adjustment items

A) Re-establishment of the foundation costs and useful life

On the basis of the Hungarian Accounting Act, the Group capitalized its general, non-life insurance subsidiary foundation costs. The foundation costs do not meet the criteria of the recognition of intangible assets according to the IFRS's, therefore, they were recognized as costs as incurred in the IFRS. Previously, in the case of intangible assets, the Group used valuation rates which were different from those used in Hungarian accounting, the effect of which appears as a difference.

B) Reclassification of investment contracts

On the basis of the IFRS accounting policies, the Group classifies its unit-linked policies which do not include significant insurance risk as investment contracts. It evaluates the receivables and liabilities related to investment contracts at fair value through profit or loss. In the case of investment contracts, the items of related premium, damage and commission items are recognized on the basis of IAS 39.

C) The recognition of the profit or loss of jointly controlled companies attributable to the Group

According to the Hungarian Accounting Act, it is an adjustment item calculated as the difference between the book values and market values of investments in jointly controlled companies.

D) The recognition of available-for-sale financial assets

In accordance with the IFRS accounting policy, the Group recognized the available-for-sale financial assets at fair value in other comprehensive income. The items of related exchange gain/exchange loss and prepayments are recognized on the basis of IAS 39.

E) Issue of interest-bearing shares

According to the EU IFRS's, the issued interest-bearing shares are shown as a liability until they are converted into ordinary shares on the basis of the conditions. As a result of all this, the registered capital and the capital reserve shown by the Group differ from the registered capital and the capital reserve shown according to the Hungarian Accounting Act. Until the conversion, the value recognized among liabilities is divided into a basic instrument recorded at amortized cost and into interest. Any changes in the liability are accounted for on the Investment expenses line. Two related derivative elements are separated from the basic instrument and they are recognized at fair value through profit or loss.

F) The recognition of government grants won in an EU tender

The amount of the aid payable in respect of the costs incurred will be included in the IFRS financial statements as income from the government grant related to tenders won by the company – in accordance with the principle of comparison. The income is divided between the various periods in proportion to the costs incurred.

G) Treasury shares

According to IAS 32, point 33 and 34, the Company's treasury shares must be recognised as equity decreasing item. No profit or loss relating to purchase, sale, issue or termination of treasury shares is allowed to recognise in the consolidated statement of comprehensive income. Due to the fact that IFRS standards do not determine special disclosure criteria relating to treasury shares, the nominal value of treasury shares are recognised under separate equity line as equity decreasing item. In case of sale or reissuing of treasury shares, the equity line is decreased by the nominal value of these shares. Difference between the nominal value and countervalue modifies the capital reserve.

Differences of adjustment items of previous periods which resulted in a rearrangement within the capital

H) Recognition of the costs of capital increase

I) Share option program

J) Cost of employee share issue

Explanation of consolidation adjustment items

Shares, receivables and liabilities and income and expenses between the segments, as well as the interim profit or loss from a transaction between the segments have been eliminated during consolidation.

8. Number of employees, ownership structure

The number of employees at the Issuer was 94 on 31 December 2014.

Composition of the Issuer's share capital (31 December 2014)*

Share series	Nominal value (HUF/each)	Issued number of shares	Total nominal value (HUF)
Series „A”	40	63 283 203	2 531 328 120
of this treasury shares:	40	1 196 750	47 870 000
Series „B”	40	1 150 367	46 014 680
Series „C”	40	730 772	29 230 880
Amount of share capital	-	-	2 606 573 680

* Data according to the Hungarian Accounting Law.

Number of voting rights connected to the shares (31 December 2014)

Series of shares	Issued number of shares	Number of voting shares	Voting rights per share	Total voting rights	Number of treasury shares
Series „A”	63 283 203	62 086 453	1	62 086 453	1 196 750
Series „B”	1 150 367	1 150 367	1	1 150 367	-
Series „C”	730 772	730 772	1	730 772	-
Total	65 164 342	63 967 592		63 967 592	1 196 750

The Issuer's ownership structure (31 December 2014)

	Number of shares	Ownership stake	Voting rights
Domestic private individual	33 343 003	51,17%	51,17%
Domestic institution	29 700 748	45,58%	45,58%
Foreign private individual	397 193	0,61%	0,61%
Foreign institution	642 833	0,99%	0,99%
Nominee, foreign institution	122 187	0,19%	0,19%
Unidentified item	958 378	1,47%	1,47%
Total	65 164 342	100,00%	100,00%

The Issuer engaged KELER Ltd. with keeping the shareholders' register. If, during the ownership verification, an account manager with clients holding CIGPANNONIA shares does not provide data regarding the shareholders, the owners of the unidentified shares are recorded as “unidentified item” in the shareholders' register.

The Issuer's investments on 31 December 2014

Name	Registered seat	The Issuer's share
CIG Pannónia First Hungarian General Insurance Company Ltd.	1033 Budapest, Flórián tér 1.	100%
CIG Pannónia Service Center Limited Liability Company 'under liquidation'	1033 Budapest, Flórián tér 1.	100%
Pannónia PI-ETA Funeral Service Limited Liability Company	1033 Budapest, Flórián tér 1.	100%
Pannónia CIG Fund Manager Ltd.	1072 Budapest, Nyár utca 12.	46%

9. Information published in the period

Date	Subject, short summary
30.09.2014	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
13.10.2014	On the capital increase at the subsidiary of CIG Pannónia Life Insurance Plc.
31.10.2014	Extraordinary announcement on the subsidiary of CIG Pannónia Life Insurance Plc.
31.10.2014	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
13.11.2014	Quarterly report, Q3 2014
26.11.2014	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares by an executive officer
27.11.2014	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares by an executive officer
28.11.2014	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares by an executive officer
01.12.2014	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares by an executive officer
01.12.2014	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
02.12.2014	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares by an executive officer
03.12.2014	Extraordinary announcement on the termination of the strategic agreement between CIG Pannónia Life Insurance Plc. and Quantis Consulting cPlc.
08.12.2014	Extraordinary announcement on the termination of the agreements between CIG Pannónia Life Insurance Plc. Quantis Consulting cPlc. and Quantis Holding cPlc.
08.12.2014	Extraordinary announcement on the claim of the subsidiary of CIG Pannónia Life Insurance Plc. against Széchenyi Kereskedelmi Bank Zrt.
09.12.2014	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares by an executive officer
23.12.2014	CIG Pannónia Life Insurance Plc. publishes its corporate events calendar for 2015 business year
29.12.2014	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares
05.01.2015	Extraordinary announcement on the resolution of the Hungarian Competition Authority
05.01.2015	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
15.01.2015	CIG Pannónia Life Insurance Plc. makes a notification due to prohibited influence of market conditions
21.01.2015	Extraordinary announcement on the branch of CIG Pannónia Life insurance Plc. in Debrecen
02.02.2015	The amendment to the Articles of Association of CIG Pannónia Life Insurance Plc. was registered by the Court of Registration
02.02.2015	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
09.02.2015	Extraordinary announcement on the members of the Supervisory Board of the subsidiary of CIG Pannónia Life Insurance Plc.

These announcements can be found on the websites of the Issuer (www.cigpannonia.hu) and the Budapest Stock Exchange Ltd. (www.bet.hu), as well as on the website of the Hungarian Financial Supervisory Authority (www.kozzetetelek.hu).

10. Disclaimer

The Issuer declares that the report for the Q4 2014 was not reviewed by an auditor, the report for the Q4 2014 presents a true and fair view of the assets, liabilities and financial position, as well as the profit and loss of the Issuer and the enterprises consolidated in the financial statements. The consolidated management report provides a reliable presentation of the position, development and performance of the Issuer and the companies consolidated in its accounts.

Budapest, 17 February 2015

Gabriella Kádár dr.
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Chief Financial Officer

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