



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

Q1 2016

24 May 2016

I. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes its report for the first quarter of 2016 on this day. The Issuer publishes in this quarterly report for the first quarter of 2016, 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 2016:

- The after-tax result of the Group¹ is a HUF 41 million profit in the first quarter of 2016, the total comprehensive income of the Group is a HUF 129 million profit. The earnings per share is HUF 0,7.
In accordance with the IFRS, the interest-bearing shares account for the lower profit compared to the previous year. Namely, the interest-bearing shares generated HUF 210 million loss in the first quarter of 2016 according to IFRS, of which HUF 72 million related to the effective interest expenditure which is shown in investment expenditures and there was HUF 138 million loss in change in fair value of assets and liabilities related to embedded derivatives. In the comparative period, the interest-bearing shares according to IFRS were HUF 23 million loss, thus this item is the main reason of the declining profit.
- The Group's gross written premium was HUF 4,059 million in the first quarter of 2016 which means a same amount compared to the same period of previous year. There is a change though in the composition of sectors: in accordance with the IFRS, the gross written premium of the non-life segment increased by 52% compared to same period of 2015, while the decrease of the life segment was 16%.
- In the life-segment the sales activity of the tied agent network has increased by 47% compared to 2015 Q1. The other brokerage network is behind the performance of 2015 Q1. In the first quarter of 2015 the new sales was also increased by a unique group policy. The sales activity of 2016 Q1 was 90% compared to previous year, same period, without this one-off item. This means, that the outstanding sales activity of the tied agent network is almost offsetting the decreasing performance of the other brokerage network.
- EMABIT– the non-life segment of the Group – continues to performance well, generated an IFRS gross written premium of HUF 1,328 million in the first quarter in 2016, the majority thereof relating to the casco, Italian guarantee and Polish freight insurance. The amount of new acquisitions was HUF 595 million in the first quarter of 2016, thus the Group has a non-life portfolio of HUF 2,362 million on 31 March 2016.
- The Group calculated the available solvency capital and the Solvency Capital Requirement according to the Solvency 2 as at 01.01.2016 for both insurance companies. According to the calculation, the capital adequacy of CIG Pannónia Life Insurance Plc. is 233%, however the capital adequacy of EMABIT is 129%.
- On 16.03.2016 the board of the Issuer decided to restructure the capital structure. The Issuer decreased the capital reserve to offset the negative retained earnings at the end of 2015 amounted to HUF 14,793,245,506. Due to the changes of the Act C of 2000 on Accounting effective since 1st January 2016 the Issuer considers it justified to transfer a part of the amount of the capital reserve – the assets provided by the Shareholders above the subscribed capital and used for the aims of the Company – used

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

to offset the retained losses, in order to ensure the prior conditions of the future dividend payment to be fulfilled. The internal restructuring of the capital structure has no effect on the equity.

- The Group fulfilled the measures and paid the supervisory fine and the consumer protection penalty on time according to the resolution H-JÉ-II-B-3/2016 and H-JÉ-II-B-1/2016 of the Hungarian National Bank (MNB).

Mérlegfordulónap utáni események:

- The Issuer launched a new product according to the conception of the “ethical life insurance” on 1 April 2016. The “Pannónia Esszencia Befektetési Életbiztosítás” is a unit-linked life insurance product - developed foremost by the Issuer – which has low cost as pension insurances and expected to meet with the planned TKM (total cost indicator) limits of the Hungarian National Bank (MNB).
- On 29 April 2016 the Issuer held its annual general meeting, where they accepted the audited separate financial statements in accordance with the Hungarian Accounting Act and the audited and consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the EU. The general meeting decided, that the profit of the Issuer will be transferred to the retained earnings and no dividends will be paid.
- The general meeting decided Ernst & Young Könyvvizsgáló Kft. as the auditor of the Issuer from 1 May 2016, the person in charge of the audit is Gabriella Virágh (chamber registration number: 004245).

Budapest, 24 May 2016

CIG Pannónia Life Insurance Plc.

2. Financial Statements

Consolidated Statement of Comprehensive Income- cumulated				data in million HUF
	2016Q1 (A)	2015Q1-Q4 (B)	2015Q1 (C)	Change (A)-(C)
Gross written premium	4 059	17 445	4 136	-77
Changes in unearned premiums reserve	-555	-547	-397	-158
Earned premiums, gross	3 504	16 898	3 739	-235
Ceded reinsurance premiums	-281	-1 311	-229	-52
Earned premiums, net	3 223	15 587	3 510	-287
Premium and commission income from investment contracts	45	147	29	16
Investment income	90	656	3 420	-3 330
Share of the profit of associates and joint ventures accounted for using the equity method	55	250	49	6
Other operating income	196	878	240	-44
Other income	386	1 931	3 738	-3 352
Total income	3 609	17 518	7 248	-3 639
Claim payments and benefits, and claim settlement costs	-1 958	-8 070	-2 280	322
Net change in the value of life technical reserves and unit-linked life insurance reserves	296	-2 363	-3 182	3 478
Investment expenditure	-408	-689	-233	-175
Change in the fair value of liabilities relating to investment contracts	-15	20	-35	20
Change in the fair value of assets and liabilities relating to embedded derivatives	-137	139	-3	-134
Investment expenses, changes in reserves and benefits, net	-2 222	-10 963	-5 733	3 511
Fees, commissions and other acquisition costs	-947	-3 775	-811	-136
Other operating costs	-391	-1 913	-477	86
Operating costs	-1 338	-5 688	-1 288	-50
Profit/loss before taxation	49	867	227	-178
Tax income / (expenses)	-8	-43	-8	0
Deferred tax income / (expenses)	0	104	0	0
Profit/loss after taxation	41	928	219	-178
Comprehensive income, wouldn't be reclassified to profit or loss in the future	0	0	0	0
Comprehensive income, would be reclassified to profit or loss in the future	88	-13	22	66
Other comprehensive income	88	-13	22	66
Total comprehensive income	129	915	241	-112

Consolidated Statement of Comprehensive Income –cumulated data

data in million HUF

	2016Q1 (A)	2015Q1-Q4 (B)	2015Q1 (C)	Change (A)-(C)
Profit/loss after taxation attributable to the Company's shareholders	41	928	219	-178
Profit/loss after taxation attributable to NCI	0	0	0	0
Profit/loss after taxation	41	928	219	-178
Total comprehensive income attributable to the Company's shareholders	129	915	241	-112
Total comprehensive income attributable to NCI	0	0	0	0
Total comprehensive income	129	915	241	-112
Earnings per share				
Basic earnings per share (HUF)	0,7	14,9	3,5	-2,9
Diluted earnings per share (HUF)	0,7	14,9	3,5	-2,9

Consolidated Statement of Financial Position

data in million HUF

ASSETS	31.03.2016.	31.12.2015.	31.03. 2015.	Change
	(A)	(B)	(C)	(A)-(C)
Intangible assets	805	852	869	-64
Property, plant and equipment	49	50	63	-14
Deferred tax assets	346	346	242	104
Deferred acquisition costs	1 036	995	947	89
Reinsurer's share of technical reserves	1 622	1 292	1 090	532
Investments in jointly controlled companies	381	326	348	33
Available-for-sale financial assets	6 395	6 115	5 173	1 222
Investments for policyholders of unit-linked life insurance policies	53 434	53 582	54 713	-1 279
Financial assets - investment contracts	1 315	1 312	935	380
Financial assets - embedded derivatives	539	676	535	4
Receivables from insurance policies and other receivables	2 456	2 616	2 748	-292
Other assets and prepayments	142	109	150	-8
Cash and cash equivalents	1 266	1 088	1 261	5
Total assets	69 786	69 359	69 074	712
LIABILITIES				
Technical reserves	5 657	5 260	4 614	1 043
Technical reserves for policyholders of unit-linked insurance	53 434	53 582	54 713	-1 279
Investment contracts	1 315	1 312	935	380
Liabilities from the issue of interest-bearing shares	2 385	2 312	2 195	190
Loans and financial reinsurance	1 663	1 863	2 221	-558
Liabilities from insurance	1 286	1 039	1 123	163
Other liabilities and provisions	734	808	764	-30
Total liabilities	66 474	66 176	66 565	-91
NET ASSETS	3 312	3 183	2 509	803
SHAREHOLDERS' EQUITY				
Registered capital	2 531	2 531	2 531	0
Capital reserve	1 144	15 937	15 937	-14 793
Other reserves	97	9	44	53
Profit reserve	-460	-15 294	-16 003	15 543
Equity attributable to the Company's shareholders	3 312	3 183	2 509	803
Non-controlling interests	0	0	0	0
Total shareholders' equity	3 312	3 183	2 509	803

Consolidated Changes in Equity QI 2016

data in million HUF

	Share capital	Capital reserve	Other reserves	Retained earnings	Equity of the shareholders of the Company	NCI	Total shareholders' equity
Balance on 31 December 2015	2 531	15 937	9	-15 294	3 183	0	3 183
Total comprehensive income							
Other comprehensive income	0	0	88	0	88	0	88
Profit in reporting year	0	0	0	41	41	0	41
Restructuring in the Shareholders' equity	0	-14 793	0	14 793	0	0	0
Balalance on 31 March 2016	2 531	1 144	97	-460	3 312	0	3 312

Consolidated Changes in Equity QI 2015

data in million HUF

	Share capital	Capital reserve	Other reserves	Retained earnings	Equity of the shareholders of the Company	NCI	Total shareholders' equity
Balance on 31 December 2014	2 531	15 937	22	-16 222	2 268	0	2 268
Total comprehensive income							
Other comprehensive income	0	0	22	0	22	0	22
Profit in reporting year	0	0	0	219	219	0	219
Balalance on 31 March 2015	2 531	15 937	44	-16 003	2 509	0	2 509

Consolidated Statement of Cash Flows

data in million HUF

	2016 Q1	2015Q1
Profit/loss after taxation	41	219
Modifying items		
Depreciation and amortization	72	74
Extraordinary depreciation	8	27
Booked impairment	8	22
Result of investment sales	-111	68
Exchange rate changes	0	-129
Share of the profit or loss of associates and joint ventures	-55	-49
Changes of assets and liabilities relating to embedded derivatives, net	138	3
Deferred tax	0	0
Interest cost	95	55
Change of active capital items:		0
Increase / decrease of deferred acquisition costs (-/+)	-41	11
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	149	-3 657
Increase / decrease of financial assets – investment contracts (-/+)	-4	-95
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	156	173
Increase / decrease of reinsurer's share from technical reserves (-/+)	-330	-353
Increase / decrease of other assets and active accrued and deferred items (-/+)	-34	-37
Increase / decrease of technical reserves (+/-)	397	69
Increase / decrease of liabilities from insurance (-/+)	247	242
Increase / decrease of investment contracts (+/-)	4	95
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	-149	3 657
Increase / decrease of other liabilities (+/-)	-73	-471
Net cash flow from operating activities	518	-76

Consolidated Statement of Cash Flows

data in million HUF

	2016 Q1	2015Q1
Purchase of debt instruments(-)	-334	-1 470
Sales of debt instruments(+)	252	1 440
Purchase of tangible and intangible assets (-)	-32	-41
Sales of tangible and intangible asset (+)	0	1
Purchase of shares (-)	0	0
Obtained dividend	0	0
Cash flow from investing activities	-114	-70
Cash flow from financing activities		
Securing loans	204	289
Repayment of loans	-430	-395
Interest payed on interest bearing shares	0	0
Cash flow from financing activities	-226	-106
Impacts of exchange rate changes	0	16
Net increase / decrease of cash and cash equivalents (+/-)	178	-236
Cash and cash equivalents at the beginning of the period	1 088	1 497
Cash and cash equivalents at the end of the period	1 266	1 261

3. Changes in accounting policies

For financial year beginning on 1 January 2016, the Group does not have new mandatory used standard which has significant influence on the structure of the Group's Financial Statements.

4. Presentation of the Issuer's financial position – consolidated and unaudited data for the first quarter of 2016, 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 freight liability and suretyship insurance and also deal with portfolio management and fund 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 becoming more substantial in the results of the Group.

In the first quarter of 2016, the Group's gross written premium was HUF 4,059 million, which is 98 percent of the revenues generated in the same period of the previous year. Of this HUF 2,479 million are the gross written premium of unit-linked life insurance (of this HUF 529 million of pension insurance policies), HUF 202 million are traditional life products, HUF 50 million are health insurance policies, and HUF 1,328 million are non-life insurance.

The non-life insurance segment generated a gross written premium of HUF 1,328 million in the first quarter of 2016 according to IFRS, increased by 52% compared to the previous year (HUF 874 million), which is mainly due to the increased sales of Italian suretyship and secondly due to the increased sales of casco portfolio. In the life segment the gross written premium from the first annual premiums of policies sold was HUF 315 million, which is a HUF 153 million decrease compared to the previous year (HUF 468 million). In the first quarter of 2015 a significant group insurance policy also increased the new sales, this is the main reason of the fall in the first year premiums. However the premium of this contract is shown in the gross written premium of renewals in 2016. The gross written premium income from renewals was HUF 2,253 million in the first quarter of 2016 in contrast to HUF 2,193 million in the same period of the previous year. The decrease of renewal premiums of policies in the previous years turned into an increase, so in the first quarter it was 3% higher than in the same period of the previous year. Top-up and single premiums (HUF 163 million) were 27% of the previous year's top-up and single premiums revenue, mainly relating to unit-linked life insurance policies. Within the total life insurance premium income- according to IFRS - of HUF 2,731 million, the rate of top-up and single premiums is 6 percent, however the profit margin of the top-up and single premiums policies is much lesser than the regular premium policies' coverage, so the decrease of these premiums have a less significant effect on the profitability of the Group.

The change in unearned premium reserve in the first quarter of 2016 was HUF 555 million, while the amount of ceded reinsurance premiums was HUF 281 million. The significant increase of these items is mainly due to the growth of the non-life portfolio and the higher reinsurance's proportion in non-life segment.

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 45 million in total during the reporting period.

The other operating income (HUF 196 million) mainly includes the Issuer's income from fund management (HUF 159 million). Also recognized and accounted for as part of this item the income from reactivated policies (HUF 10 million), the utilization of provisions (HUF 15 million) and the income from pending charge (HUF 11 million). The decrease in the other operating income is mainly caused by the decrease in the income from fund management.

Also an important item among expenses is the amount of net change in reserves (HUF 296 million), which is made up the following items. The unit-linked life insurance reserve amount decreased by HUF 148 million. Mainly due to the operation in the non-life branch, the outstanding claim reserves increased by HUF 60 million, while the cancellation reserves decreased by HUF 280 million concurrently with the decrease of the premium receivables. The reserves for premium refunds independent on profit increased by HUF 45 million, while the mathematical reserves increased by HUF 27 million.

The most important item among expenses are claim payments and benefits and claim settlement costs (together HUF 1,958 million), including HUF 1,857 million related to partial or full surrender of unit-linked life insurance policies, and HUF 53 million claim settlement expenditure paid on general insurances.

The total operating cost of the Issuer was HUF 1,338 million during the first quarter of 2016, of which HUF 947 million is related to the fees, commissions and other acquisition costs, and HUF 391 million is related to other operating costs. First year commissions have increased mainly due to the decrease in the acquisition costs of the life segment, and because of the increase in the non-life portfolio. The other operating costs decreased by HUF 86 million (18%) compared to the same period of the previous year (HUF 477 million).

The investment result is HUF 318 million loss, which is due to the aggregated effect of the following issues. After the yield decline in the first two months of 2016, the unit-linked results fall back, but that was somewhat compensated by the growth in the third month. In total, the unit-linked yield in the first quarter of 2016 was a HUF 248 million loss. The first quarter's performance was about the underachievement of the European stock markets and the overperformance of the stock markets of the emerging regions caused by the significantly increasing oil price. The BUX index has continued to rise and closed this quarter with a plus 13% yield. According to this, the Russian, Latin American and the domestic unit-linked funds had the highest yield in our funds. The most capital was also invested to the Russian, Latin American and domestic markets funds, while the capital was subtracted from the funds in China, India and liquidity funds. The absolute yield and actively managed funds' popularity increased, which caused a significant capital investment in these funds too during the quarter.

The investment results were negatively influenced by the interest costs of financial reinsurance, which amounted to HUF 23 million. The Issuer had HUF 25 million yield profit on its own investments in the first quarter of 2016.

The interest expenditure for interest-bearing shares were HUF 72 million in the first quarter of 2016 which is shown in investment expenditure, and there was HUF 138 million profit in change in fair value of assets and liabilities related to embedded derivatives, which is totally HUF 210 million loss. Changes in the Liabilities from the issue of interest bearing shares under the duration of the shares has a significant negative effect on the Issuer's results and on the capital according to IFRS, but this negative effect – except from the nominal interest payable – does not mean real expenditure for the Issuer, it represents incremental value for the owners of the interest bearing shares. At the end of the duration, when the interest bearing shares will be converted into ordinary shares, the amount of the liability (the Liabilities from the issue of interest bearing shares and the Financial assets – embedded derivatives from interest bearing shares) will be shown as capital increase, that compensates the capital decrease effect of the expenditure of interest bearing shares recognized previously.

The Issuer realized HUF 55 million profits from the result of the Pannónia CIG Fund Manager Ltd. in the first quarter of 2016, that is 12% higher than in the same period of the previous year. This is shown in 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 tax amounted to HUF 49 million profit (in the same period of 2015 the profit before taxation was HUF 227 million), that was reduced by the HUF 8 million tax liability. The profit after tax is HUF 41 million, that is HUF 178 million less than the profit after tax of the first quarter of 2015. The other comprehensive income contains the increase in the fair value of available-for-sale financial assets amounting to HUF 88 million and, thus, the total comprehensive income represents a profit of HUF 129 million in the first quarter of 2016.

The Issuer's balance sheet total was HUF 69,786 million; its financial position is stable; the company has met its liabilities in full. On 31 March 2016 the shareholders' equity was HUF 3,312 million.

5. Executive summary

In the first quarter of 2016 the annualized premium of the new sales of regular premium insurance policies sold by the Group is HUF 944 million that is 15 percent less than in the previous year. Of this HUF 320 million is from unit-linked life insurance, HUF 29 million is from traditional and group life insurance policies and HUF 595 million is from general insurance. In the previous year the annualized premium of the new sales was HUF 1,113 million, of which HUF 365 million related to unit-linked life insurance, HUF 136 million was derived from traditional and group life insurance policies and HUF 612 million related to general insurance.

The decrease of the unit-linked life insurance was due to the decrease of the other brokerage network, meanwhile the tied agent network outstanding performance was able to offset the loss of performance. The decrease of the new sales of traditional and group product sales is due to the group life and accident insurance of Ministry of Interior, which increased the new sales in 2015 Q1.

New sales²

Annualized premium of new sales (million HUF)	31.03.2016. (A)	31.12.2015. (B)	31.03.2015. (C)	Change (A - C)	Change % (A - C) / C
Unit-linked life insurances	320	1 956	365	-45	-12%
Traditional and group life insurances	29	208	136	-107	-79%
General insurances	595	1 889	612	-17	-3%
Total annualized premium of new sales	944	4 053	1 113	-169	-15%

As for life insurance policies sold in the first quarter of 2016, the share of the tied agent network is 62 percent, while the performance of other – constituted by independent brokers - sales channels was 35 percent and the bank channel was 3 percent. Nearly the whole amount of the general insurances are related to independent brokers.

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.

² Management information data, data in accordance with the earlier reports can be found in the annexes I of quarterly information papers which is according to Hungarian Accounting Law.

Market share indicators³

	2015		2014		2013	
	million HUF	Market share	million HUF	Market share	million HUF	Market share
On the basis of the gross written premium of life insurance policies	14 642	3,32%	14 420	3,19%	16 715	5,90%
On the basis of the adjusted gross written premium of life insurance policies	12 812	4,35%	12 860	4,52%	15 328	5,60%
On the basis of the gross written premium of non-life insurance policies	3 661	0,85%	2 496	0,63%	5 075	1,34%

After examining the adjusted gross written premium, the Insurer, with a market share of 4.35 percent, it is the company with the 8. largest adjusted gross written premium on the basis of the 2015' data. The EMABIT gained a 0,85 percent share in non-life market in 2015.

In the first quarter of 2016 the non-life segment achieved a gross written premium of HUF 1,426 million. In 2016 the share of the products in the gross written premium was somewhat changed. The land vehicles comprehensive coverage (casco) was still the leading product (33%), the shipment and insurance carriers is the second (27%), while the suretyship and guaranty insurances the third largest product type (18%). The most important item among expenses is the amount of net claim settlement expenditure (HUF 85 million), which is made up of claim payments (HUF 31 million), the change of the outstanding claim reserve (HUF +32 million) and the costs of claim settlement (HUF 22 million). The gross claim ratio decreased from 41% to 39% and the net claim ratio changed from 9% to 18% as compared to the previous year. The change in Other reserves is HUF +3 million.

The most significant item among expenditure is the earned acquisition cost (HUF 382 million) and the administration cost (HUF 87 million). Level of acquisition costs (including deferred acquisition costs) increased by HUF 165 million (with 43%) compared to the same period of 2015, that was mainly caused by that gross earned premiums increased by HUF 306 million (with 47%). The administration costs increased by HUF 4 million (5%) compared to the same period of 2015.

The profit after tax of the non-life segment is HUF 54 million that is the same as in the first quarter of 2015.

³ At the time of preparing this quarterly report, the MABISZ market data on the first quarter of 2016 were not yet available, thus the table shows the data for the fourth quarter of 2015.

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 2016

(data in million HUF)						
ASSETS	Life insurance segment	Non-life insurance segment	Other	Q1 2016		Total
				Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	
Intangible assets	677	88	0	40	0	805
Property, plant and equipment	46	3	0	0	0	49
Deferred tax assets	0	0	0	346	0	346
Deferred acquisition costs	315	721	0	0	0	1 036
Reinsurer's share of technical reserves	228	1 394	0	0	0	1 622
Subsidiaries	2 806	0	0	0	-2 806	0
Investments in jointly controlled companies	78	0	0	303	0	381
Available-for-sale financial assets	4 013	2 239	0	143	0	6 395
Investments for policyholders of unit-linked life insurance policies	54 749	0	0	-1 315	0	53 434
Financial assets - investment contracts	0	0	0	1 315	0	1 315
Financial assets - embedded derivatives	0	0	0	539	0	539
Receivables from insurance policies and other receivables	1 865	653	0	-63	1	2 456
Other assets and prepayments	426	161	0	-409	-36	142
Cash and cash equivalents	897	365	4	0	0	1 266
Intercompany receivables	27	47	0	0	-74	0
Total assets	66 127	5 671	4	899	-2 915	69 786

*HAL – Hungarian Accounting Law

Segment Information Q1 2016 (continuation)

(data in million HUF)						
LIABILITIES	Life insurance segment	Non-life insurance segment	Other	Q1 2016		Total
				Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	
Technical reserves	2 775	2 940	0	-58	0	5 657
Technical reserves for policyholders of unit-linked insurance	54 749	0	0	-1 315	0	53 434
Investment contracts	0	0	0	1 315	0	1 315
Liabilities from the issue of interest-bearing shares	0	0	0	2 385	0	2 385
Loans and financial reinsurance	1 663	0	0	0	0	1 663
Liabilities from insurance	457	829	0	0	0	1 286
Intercompany liabilities	47	26	1	0	-74	0
Other liabilities and provisions	843	349	1	-448	-11	734
Total liabilities	60 534	4 144	2	1 879	-85	66 474
NET ASSETS	5 593	1 527	2	-980	-2 830	3 312
SHAREHOLDERS' EQUITY						
Registered capital	2 608	1 030	3	-77	-1 033	2 531
Capital reserve	2 011	2 755	0	-867	-2 755	1 144
Other reserves	0	0	0	97	0	97
Profit reserve	974	-2 258	-1	-133	958	-460
Total shareholders' equity	5 593	1 527	2	-980	-2 830	3 312

Segment Information Q1 2016 (continuation)

COMPREHENSIVE INCOME STATEMENT	Q1 2016					
	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	2 755	1 426	0	-24	-98	4 059
Changes in unearned premiums reserve	-91	-464	0	0	0	-555
Earned premiums, gross	2 664	962	0	-24	-98	3 504
Ceded reinsurance premiums	-54	-315	0	0	88	-281
Earned premiums, net	2 610	647	0	-24	-10	3 223
Premium and commission income from investment contracts	0	0	0	45	0	45
Investment income	316	26	0	-252	0	90
Share of the profit of associates and joint ventures accounted for using the equity method	0	0	0	55	0	55
Other operating income	207	1	5	0	-17	196
Other income	523	27	5	-152	-17	386
Total income	3 133	674	5	-176	-27	3 609
Claim payments and benefits, and claim settlement costs	-1 942	-53	0	32	5	-1 958
Net change in the value of life technical reserves and unit-linked life insurance reserves	351	-24	0	-31	0	296
Investment expenditure	-322	-13	0	-73	0	-408
Change in the fair value of liabilities relating to investment contracts	0	0	0	-15	0	-15
Change in the fair value of assets and liabilities relating to embedded derivatives	0	0	0	-137	0	-137
Investment expenses, changes in reserves and benefits, net	-1 913	-90	0	-224	5	-2 222
Fees, commissions and other acquisition costs	-525	-383	0	-49	10	-947
Other operating costs	-285	-143	-8	33	12	-391
Operating costs	-810	-526	-8	-16	22	-1 338
Profit/loss before taxation	410	58	-3	-416	0	49
Tax income / (expenses)	-5	-3	0	0	0	-8
Deferred tax income / (expenses)	0	0	0	0	0	0
Profit/loss after taxation	405	55	-3	-416	0	41
Other comprehensive income	0	0	0	88	0	88
Comprehensive income	405	55	-3	-328	0	129

Comparative data to the segment information of Q1 2016 (Q1 2015)

(data in million HUF)						
ASSETS	Q1 2015			Q1 2015		Total
	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)	
Intangible assets	678	87	0	104	0	869
Property, plant and equipment	58	5	0	0	0	63
Deferred tax assets	0	0	0	242	0	242
Deferred acquisition costs	602	364	0	-19	0	947
Reinsurer's share of technical reserves	237	853	0	0	0	1 090
Subsidiaries	2 829	0	0	0	-2 829	0
Investments in jointly controlled companies	67	0	0	281	0	348
Available-for-sale financial assets	3 039	2 012	0	122	0	5 173
Investments for policyholders of unit-linked life insurance policies	55 648	0	0	-935	0	54 713
Financial assets - investment contracts	0	0	0	935	0	935
Financial assets - embedded derivatives	0	0	0	535	0	535
Receivables from insurance policies and other receivables	2 102	674	8	-36	0	2 748
Other assets and prepayments	646	77	0	-573	0	150
Cash and cash equivalents	787	452	22	0	0	1 261
Intercompany receivables	78	41	0	0	-119	0
Total assets	66 771	4 565	30	656	-2 948	69 074

*HAL – Hungarian Accounting Law

Comparative data to the segment information of Q1 2016 (Q1 2015) (continuation)

(data in million HUF)						
LIABILITIES	Life insurance segment	Non-life insurance segment	Other	Q1 2015		Total
				Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	
Technical reserves	2 593	2 038	0	-17	0	4 614
Technical reserves for policyholders of unit-linked insurance	55 648	0	0	-935	0	54 713
Investment contracts	0	0	0	935	0	935
Liabilities from the issue of interest-bearing shares	0	0	0	2 195	0	2 195
Loans and financial reinsurance	2 197	24	0	0	0	2 221
Liabilities from insurance	469	663	0	0	-9	1 123
Intercompany liabilities	31	78	0	0	-109	0
Other liabilities and provisions	892	324	1	-477	24	764
Total liabilities	61 830	3 127	1	1 701	-94	66 565
NET ASSETS	4 941	1 438	29	-1 045	-2 854	2 509
SHAREHOLDERS' EQUITY						
Registered capital	2 606	1 030	11	-75	-1 041	2 531
Capital reserve	16 804	2 755	60	-867	-2 815	15 937
Other reserves	257	3	0	-216	0	44
Profit reserve	-14 726	-2 350	-42	113	1 002	-16 003
Total shareholders' equity	4 941	1 438	29	-1 045	-2 854	2 509

Comparative data to the segment information of Q1 2016 (Q1 2015) (continuation)

COMPREHENSIVE INCOME STATEMENT	Q1 2015					
	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	3 382	972	0	-120	-98	4 136
Changes in unearned premiums reserve	-82	-315	0	0	0	-397
Earned premiums, gross	3 300	657	0	-120	-98	3 739
Ceded reinsurance premiums	-54	-263	0	0	88	-229
Earned premiums, net	3 246	394	0	-120	-10	3 510
Premium and commission income from investment contracts	0	0	0	29	0	29
Investment income	3 374	43	0	3	0	3 420
Share of the profit of associates and joint ventures accounted for using the equity method	0	0	0	49	0	49
Other operating income	262	2	5	-17	-12	240
Other income	3 636	45	5	64	-12	3 738
Total income	6 882	439	5	-56	-22	7 248
Claim payments and benefits, and claim settlement costs	-2 145	-158	0	18	5	-2 280
Net change in the value of life technical reserves and unit-linked life insurance reserves	-3 444	154	0	108	0	-3 182
Investment expenditure	-232	-8	0	7	0	-233
Change in the fair value of liabilities relating to investment contracts	0	0	0	-35	0	-35
Change in the fair value of assets and liabilities relating to embedded derivatives	0	0	0	-3	0	-3
Investment expenses, changes in reserves and benefits, net	-5 821	-12	0	95	5	-5 733
Fees, commissions and other acquisition costs	-591	-230	0	0	10	-811
Other operating costs	-313	-143	-6	-22	7	-477
Operating costs	-904	-373	-6	-22	17	-1 288
Profit/loss before taxation	157	54	-1	17	0	227
Tax income / (expenses)	-8	0	0	0	0	-8
Deferred tax income / (expenses)	0	0	0	0	0	0
Profit/loss after taxation	149	54	-1	17	0	219
Other comprehensive income	0	0	0	22	0	22
Comprehensive income	149	54	-1	39	0	241

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) 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

G) Recognition of the costs of capital increase

H) Share option program

I) 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 92 on 31 March 2016.

Composition of the Issuer's share capital (31 March 2016)*

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 March 2016)

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 March 2016)

	Number of shares	Ownership stake	Voting rights
Domestic private individual	1 323 511	50,78%	50,78%
Domestic institution	1 205 074	46,23%	46,23%
Foreign private individual	12 870	0,49%	0,49%
Foreign institution	48 581	1,86%	1,86%
Nominee, foreign individual	2 328	0,09%	0,09%
Nominee, foreign institution	4 696	0,18%	0,18%
Unidentified item	9 513	0,37%	0,37%
Total	2 606 574	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 March 2016

Name	Registered seat	The Issuer's share
CIG Pannónia First Hungarian General Insurance Company Ltd.	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.	50%

9. Information published in the period

Date	Subject, short summary
04.01.2016.	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
01.02.2016.	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
23.02.2016.	Quarterly report, Q4 2015
29.02.2016.	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
16.03.2016.	Decision on the reorganization of the capital structure of CIG Pannónia Life Insurance Plc.
18.03.2016.	Information about the members of the Board of Directors and the Supervisory Board, and about the monetary and in-kind benefits they received
18.03.2016.	Notice of Invitation to the Annual General Meeting
25.03.2016.	Summary of the proposals relating to issues placed on the agenda items and the draft resolutions
25.03.2016.	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc. at the date of convocation of the Annual General Meeting
31.03.2016.	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
18.04.2016.	Extraordinary announcement on the Annual General Meeting of CIG Pannónia Life Insurance Plc. convened for 10 a.m. on 18th April 2016
29.04.2016.	Extraordinary announcement on the new auditor of CIG Pannónia Life Insurance Plc.
29.04.2016.	Corporate governance report on business year 2015
29.04.2016.	Annual report
29.04.2016.	Resolutions of the repeated Annual General Meeting of CIG Pannónia Life Insurance Plc. held on 29 April 2016
02.05.2016.	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
06.05.2016.	Summary report
23.05.2016.	The amendment to the Articles of Association of CIG Pannónia Life Insurance Plc. was registered by the Court of Registration

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 National Bank (www.kozzetetelek.hu).

10. Disclaimer

The Issuer declares that the report for the Q1 2016 was not reviewed by an auditor, the report for the Q1 2016 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.

24 May 2016, Budapest

Gabriella Kádár dr.
Chief Executive Officer

Miklós Barta
Chief Financial Officer

Investor relations

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