



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 2017

23 May 2017

I. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes its report for the first quarter of 2017 on this day. The Issuer publishes in this quarterly report for the first quarter of 2017, 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), Pannónia Life Insurance cPlc. (hereinafter referred to as Pannónia Life Insurance), and Pannónia General Insurance cPlc. (hereinafter referred to as Pannónia General Insurance).

Main results and events of Q1 2017:

- According to the contract between CIG Pannónia Life Insurance Plc, CIG Pannónia First Hungarian General Insurance Company Ltd and VKB, the closing conditions of the contract of purchasing MKB General Insurance cPlc and MKB Life Insurance cPlc were fulfilled on 1 January 2017. The acquisition was registered by the Registry Court in case of the Issuer on 18 January 2017 and in case of the Issuer's subsidiary on 25 January 2017 and thus the CIG Group acquired 98.98% of MKB General Insurance cPlc and 98.97% of MKB Life Insurance cPlc as at 1 January 2017.
- On 9th March 2017 the Board of Directors of the Company decided on submitting a resolution proposal to the General Meeting on transformation in the form of merger by acquisition. According to the proposal MKB Life Insurance cPlc. will be merged by acquisition into the Company. At the same time the Board of the Directors of CIG Pannónia First Hungarian General Insurance Ltd. - the subsidiary of the Company - also submits a proposal to its founder on the merger by acquisition of MKB General Insurance cPlc. into EMABIT. The Board of Directors prepared the documents that are deemed necessary to the transformation - specifically the draft term of transformation, the merger agreement, the draft statements of assets and liabilities and draft inventory of holdings - and have carried out the audit of this documents. The Board of Directors proposes that the form of the transformation shall be simplified according to the section 29 of the Act CLXXVI of 2013 on the Transformation, Merger and Division of Legal Entities. The Board of Directors proposed 31 December 2016 as the balance sheet date of the draft statements of assets and liabilities and draft inventory of holdings, and proposes 30 June 2017 as the planned date of transformation.
- The General Meetings of MKB Insurance Companies decided on 24th March 2017 to change the name of the companies. The name of MKB Life Insurance cPlc. was changed to Pannónia Life Insurance cPlc. and the name of MKB General Insurance cPlc. to Pannónia General Insurance cPlc.
- The general meeting of Pannónia General Insurance cPlc. that is owned through majority ownership by EMABIT decided on 31 March 2017 to transfer the home insurance, condominium insurance and compulsory vehicle liability insurance portfolio to Aegon Hungary General Insurance cPlc. with the effect from the date of the supervisory authorization. One step of the integration process of Pannónia Insurance Companies is the portfolio adjustment and the withdraw from compulsory vehicle liability insurance segment. According to its business strategy EMABIT focuses on those niche markets where it can provide competitive products and services to its clients. Considering this, the general meeting of Pannónia General Insurance cPlc. decided to sell the above mentioned portfolio. The authorisation is in progress.
- Pannónia General Insurance cPlc restructured significantly its reinsurance structure in order to moderate the risks arising from the existing portfolio and decrease the expected losses. The Insurer concluded so called adverse development cover contracts on the portfolio obtained in the previous years.

- The review of the product structure is in progress in the case of Pannónia Life Insurance, too. The products that generate profit and fall within the target market segment of CIG Pannónia Group¹ (hereinafter: Group) will be sold in the future, too. In case of other products the goal is to maintain and serve the existing portfolio.
- The Consortium of the CIG Pannónia Life Insurance Plc and Pannónia Pension Fund has made the winning bid of the tender on the transfer of the insurance portfolio of DIMENZIÓ Kölcsönös Biztosító és Önszegélyező Egyesület in February 2017. The contract needed to finalise the transfer was concluded the transfer of the insurance portfolio will be conducted after obtaining the necessary official authorizations. The transfer is planned to be carried out in the second quarter of this year. The Insurer will take over the portfolio of life insurance products with more than HUF 2 billion technical reserves and the portfolio of ongoing life annuities from supplementary pension products with additional HUF 0.4 billion technical reserves.
- The after-tax result of the Group is a HUF 2,515 million profit in Q1 2017, the total comprehensive income of the Group is a HUF 2,387 million profit. The earnings per share of the owners' is HUF 40,6. The acquisitions' badwill and the revaluation of the contingent consideration had a HUF 3.183 million one-off revenue, though the assets held for sale resulted a HUF 463 million loss in the first quarter. The acquired companies are expected to result a loss from normal operation in 2017.
- The Group's gross written premium was HUF 6,025 million in Q1 2017 which means a 48% increase compared to the previous year, mainly due to the new subsidiaries. The non-life segment show a 74% growth in gross written premium according to IFRS, while the gross written premium according to IFRS of the life segment increased 36% compared to the first quarter of 2017.
- In the life-segment the sales activity of the tied agent network has reached 115% of Q1 2016. The performance of the broker network was 89% higher than in the same period of the previous year, while the bank channel performed twenty times better thanks to the new subsidiaries. So the total amount of new acquisitions was HUF 682 million in the first quarter in the life segment, that is 193% of the amount of the same period in the previous year. The new acquisition in non-life segment increased by 154% compared to Q1 2016.
- The available solvency capital of the Issuer is 207 percent at the end of 2016², which significantly exceeds the 150 percent Solvency Capital Requirement of the Supervisory Authority (which contains a 50 percentage volatility puffer).

¹ Group, or CIG Group is referred as the Issuer and its consolidated companies.

² At the time of preparing this quarterly report, the consolidated solvency capital calculations as at 31.03.2017 are in progress; the deadline for the completion of this calculation is the end of the second quarter.

Events after the balance sheet date:

- CIG Pannónia Life Insurance Plc. concluded a strategic cooperation agreement with MKB Bank cPlc. on 11 April 2017. According to the agreement, the two companies conclude a long-term cooperation, the pension and life insurance products of CIG Pannónia will be sold in the branches of MKB Bank, while the agents of CIG Pannónia will also sell the products of MKB Bank to the clients. With the strategic cooperation of CIG Pannónia and MKB Bank the mutually beneficial cooperation between the companies will continue to strengthen.
- On 13 April 2017 the general meetings of CIG Pannónia First Hungarian General Insurance Ltd and Pannónia General Insurance cPlc. decided on the merger by acquisition of Pannónia General Insurance cPlc. into CIG Pannónia First Hungarian General Insurance cPlc. with the effect from the date of the supervisory authorization. After the merger by acquisition Pannónia General Insurance cPlc. will be terminated and all its assets and liabilities shall be transferred to CIG Pannónia First Hungarian General Insurance cPlc. by way of universal succession. After the transformation the form of CIG Pannónia First Hungarian General Insurance cPlc. remains unchanged, it will continue its operation as a private limited company. MKB Bank cPlc as the minority shareholder of Pannónia General Insurance cPlc. submitted a statement to the Board of Directors of CIG Pannónia First Hungarian General Insurance cPlc. on the decision that it wishes not to be a shareholder of the successor (merged) company and it requests the payment for its share according to the draft terms of transformation.
- On 24 April 2017 the General Meeting of the Company approved the transformation plan of the Company, the draft terms of the merger by acquisition with its annexes, in particular the draft statements of assets and liabilities and the draft inventory of assets, the report of the auditor and the merger agreement. The General Meeting determined 30 June 2017 as the date of the transformation. The type of the transformation is merger by acquisition, which means that MKB Life Insurance cPlc. merges into CIG Pannónia Life Insurance Plc. by acquisition.
- Parallel with the legal merger, the change of IT systems and the migration of policies in the insurance registration systems of CIG Pannónia has been started. The first step is that the claim settlement of non-life insurances have been done in the systems of CIG Pannónia since 1st May 2017.
- Parallel with the IT migration the harmonisation of the operation and the merger of the operating areas are also in progress.
- The owners of Pannónia Insurance Companies approved the companies' audited annual report and business report for the financial year 2016, prepared according to the Hungarian Accounting Act, and the General Meeting of the Company held on 24 April 2017 approved the Company's audited, consolidated financial statements and consolidated business report for the financial year 2016, prepared according to the international financial reporting and accounting standards adopted by the European Union
- The General Meeting appointed Ernst & Young Audit LLC (chamber registration number: 001165) until the closure of the financial year 2017 and personally responsible auditor Gabriella Virágh (chamber registration number: 004245) as the statutory auditor of the Company.
- The General Meeting appointed Mrs Imre Fekete as a member of the Supervisory Board and Audit Committee of the Company for a three years period and Mr Benedek Sándor as a member of the Supervisory Board for a five years period with the effect from the date of the authorization of the National Bank of Hungary.

Budapest, 23 May 2017

CIG Pannónia Life Insurance Plc.

2. Financial Statements

Consolidated Statement of Comprehensive Income- cumulated				data in million HUF
	2017Q1 (A)	2016Q1-Q4 (B)	2016Q1 (C)	Change (A)-(C)
Gross written premium	6 025	18 941	4 059	1 966
Changes in unearned premiums reserve	-145	-1 388	-555	410
Earned premiums, gross	5 880	17 553	3 504	2 376
Ceded reinsurance premiums	-1 476	-1 800	-281	-1 195
Earned premiums, net	4 404	15 753	3 223	1 181
Premium and commission income from investment contracts	33	105	45	-12
Investment income	5 681	4 142	90	5 591
Share of the profit of associates and joint ventures accounted for using the equity method	54	222	55	-1
Other operating income	281	942	196	85
Other income	6 049	5 411	386	5 663
Total income	10 453	21 164	3 609	6 844
Claim payments and benefits, and claim settlement costs	-2 867	-7 899	-1 958	-909
Net change in the value of life technical reserves and unit-linked life insurance reserves	-1 796	-5 734	296	-2 092
Investment expenditure	-342	-613	-408	66
Change in the fair value of liabilities relating to investment contracts	-54	-90	-15	-39
Change in the fair value of assets and liabilities relating to embedded derivatives	-149	-162	-137	-12
Investment expenses, changes in reserves and benefits, net	-5 208	-14 498	-2 222	-2 986
Fees, commissions and other acquisition costs	-1 296	-4 039	-947	-349
Other operating costs	-928	-1 755	-366	-562
Operating costs	-2 224	-5 794	-1 313	-911
Result from the assets held for sale	-463	0	0	-463
Profit/loss before taxation	2 558	872	74	2 484
Tax income / (expenses)	-43	-142	-33	-10
Deferred tax income / (expenses)	0	-6	0	0
Profit/loss after taxation	2 515	724	41	2 474
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	-128	64	88	-216
Other comprehensive income	-128	64	88	-216
Total comprehensive income	2 387	788	129	2 258

Consolidated Statement of Comprehensive Income –cumulated data

data in million HUF

	2017Q1 (A)	2016Q1-Q4 (B)	2016Q1 (C)	Change (A)-(C)
Profit/loss after taxation attributable to the Company's shareholders	2 523	724	41	2 482
Profit/loss after taxation attributable to NCI	-8	0	0	-8
Profit/loss after taxation	2 515	724	41	2 474
Total comprehensive income attributable to the Company's shareholders	2 396	788	129	2 267
Total comprehensive income attributable to NCI	-9	0	0	-9
Total comprehensive income	2 387	788	129	2 258
Earnings per share attributable to the Company's shareholders				
Basic earnings per share (HUF)	40,6	11,7	0,7	40,0
Diluted earnings per share (HUF)	36,8	11,7	0,7	36,1
Earnings per share attributable to NCI				
Basic earnings per share (HUF)	-0,1	0,0	0,0	-0,1
Diluted earnings per share (HUF)	-0,1	0,0	0,0	0,0

Consolidated Statement of Financial Position

data in million HUF

ASSETS	31.03.2017. (A)	31.12.2016. (B)	31.03.2016. (C)	Change (A)-(B)
Intangible assets	1 246	840	805	441
Property, plant and equipment	116	39	49	67
Deferred tax assets	340	340	346	-6
Deferred acquisition costs	1 688	1 503	1 036	652
Reinsurer's share of technical reserves	4 283	2 313	1 622	2 661
Investments in jointly controlled companies	352	299	381	-29
Available-for-sale financial assets	14 086	5 952	6 395	7 691
Investments for policyholders of unit-linked life insurance policies	67 358	58 918	53 434	13 924
Financial assets - investment contracts	3 379	1 399	1 315	2 064
Financial assets - embedded derivatives	365	515	539	-174
Receivables from insurance policies and other receivables	3 546	3 533	2 456	1 090
Other assets and prepayments	176	137	142	34
Cash and cash equivalents	3 916	1 606	1 266	2 650
Assets held for sale	4 274	0	0	4 274
Total assets	105 125	77 394	69 786	35 339
LIABILITIES				
Technical reserves	14 614	7 281	5 657	8 957
Technical reserves for policyholders of unit-linked insurance	67 358	58 918	53 434	13 924
Investment contracts	3 379	1 399	1 315	2 064
Liabilities from the issue of interest-bearing shares	2 526	2 460	2 385	141
Loans and financial reinsurance	1 179	1 270	1 663	-484
Liabilities from insurance	4 109	1 312	1 286	2 823
Other liabilities and provisions	1 587	783	734	853
Liabilities related to assets held for sale	3 974	0	0	3 974
Total liabilities	98 726	73 423	66 474	32 252
NET ASSETS	6 399	3 971	3 312	3 087
SHAREHOLDERS' EQUITY				
Registered capital	2 531	2 531	2 531	0
Capital reserve	1 144	1 144	1 144	0
Other reserves	-54	73	97	-151
Profit reserve	2 746	223	-460	3 206
Equity attributable to the Company's shareholders	6 367	3 971	3 312	3 055
Non-controlling interests	32	0	0	32
Total shareholders' equity	6 399	3 971	3 312	3 087

Consolidated Changes in Equity Q1 2017

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 2016	2 531	1 144	73	223	3 971	0	3 971
Total comprehensive income							
Other comprehensive income	0	0	-127	0	-127	-1	-128
Profit in reporting year	0	0	0	2 523	2 523	-8	2 515
Result of NCI (acquisition)	0	0	0	0	0	41	41
Balance on 31 March 2017	2 531	1 144	-54	2 746	6 367	32	6 399

Consolidated Changes in Equity Q1 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 Shareholder's equity	0	0	0	0	0	0	0
Balance on 31 March 2016	2 531	1 144	97	-460	3 312	0	3 312

Consolidated Statement of Cash Flows

data in million HUF

	2017 Q1	2016 Q1
Profit/loss after taxation	2 515	41
Modifying items		
Depreciation and amortization	309	72
Extraordinary depreciation	0	8
Booked impairment	-21	8
Result of investment sales	62	-111
Exchange rate changes	-4	0
Profit or loss of joint ventures	-54	-55
Changes of assets and liabilities relating to embedded derivatives, net	149	138
Corporate tax	12	10
Interest received	-46	-66
Badwill on acquisition	-3 184	0
Result of assets held for sale	283	0
Interest cost	77	95
Change of active capital items:		
Increase / decrease of deferred acquisition costs (-/+)	5	-41
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	-2 056	149
Increase / decrease of financial assets – investment contracts (-/+)	-135	-4
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	1 911	156
Increase / decrease of reinsurer's share from technical reserves (-/+)	-2 771	-330
Increase / decrease of other assets and active accrued and deferred items (-/+)	-28	-34
Increase / decrease of technical reserves (+/-)	654	397
Increase / decrease of liabilities from insurance (-/+)	3 539	247
Increase / decrease of investment contracts (+/-)	135	4
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	2 056	-149
Increase / decrease of other liabilities (+/-)	-375	-75
Corporation tax payed	8	-8
Net cash flow from operating activities	3 041	452

Consolidated Statement of Cash Flows

data in million HUF

Cash flow from investing activities	2017 Q1	2016 Q1
Purchase of debt instruments (-)	-2 121	-334
Sales of debt instruments (+)	2 042	252
Purchase of tangible and intangible assets (-)	-71	-32
Sales of tangible and intangible asset (+)	8	0
MKB acquisition (net of cash)	-541	0
Interest received	46	66
Cash flow from investing activities	-637	-48
Cash flow from financing activities		
Securing loans	201	204
Repayment of loans	-294	-430
Cash flow from financing activities	-93	-226
Impacts of exchange rate changes	-1	0
Net increase / decrease of cash and cash equivalents (+/-)	2 310	178
Cash and cash equivalents at the beginning of the period	1 606	1 088
Cash and cash equivalents at the end of the period	3 916	1 266



3. Changes in accounting policies

For financial year beginning on 1 January 2017, 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 Q1 2017, 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, compulsory vehicle liability insurance, home insurance, business property- and liability insurance, 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. Pannónia Insurance Companies as the new members of the Group (from 1st January 2017) had a significant influence on the results of the Group.

In Q1 2017, the Group's gross written premium was HUF 6,025 million, which is 148 percent of the revenues generated in the same period of the previous year. Of this HUF 3,051 million are the gross written premium of unit-linked life insurance (of this HUF 678 million of pension insurance policies), HUF 601 million are traditional life products (of this HUF 185 million from pension insurance policies), HUF 56 million are health insurance policies, and HUF 2,317 million are non-life insurance.

The non-life insurance segment generated a gross written premium of HUF 2,317 million in Q1 2017 according to IFRS (of which 19,2% related with cross-border business line), increased by 74% compared to the previous year (HUF 1,328 million). In the life segment the gross written premium from the first annual premiums of policies sold was HUF 492 million, which is a HUF 56% increase compared to the same period of the previous year (HUF 315 million). The gross written premium income from renewals was HUF 2,462 million in Q1 2017 in contrast to HUF 2,253 million in the same period of the previous year, so the renewal premiums increased by 9%. Top-up and single premiums (HUF 754 million) were almost four times of the premiums in the same period of the previous year, mainly relating to unit-linked life insurance policies. Within the total life insurance premium income- according to IFRS - of HUF 3,708 million, the rate of top-up and single premiums is 20 percent. The increase in the insurance premiums is due to the acquisition of MKB insurance companies.

The change in unearned premium reserve in Q1 2017 was HUF 145 million, while the amount of ceded reinsurance premiums was HUF 1,476 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. Pursuant to the reinsurance contracts concluded on the portfolio of the Pannónia General Insurance Company, the reinsurer's share in the outstanding claim reserves of 31 December 2016 was transferred as reinsurance premium to reinsurers in Q1 2017.

Unit-linked life insurance policies sold by the Group that do not qualify as insurance policies under IFRS are classified by the Group as investment contracts. In connection with the investment contracts, the Issuer generated a premium and commission income of HUF 33 million in total during the reporting period.

The other operating income (HUF 281 million) mainly includes the Issuer's income from fund management (HUF 217 million), which increased significantly compared to Q1 2016. Also recognized and accounted for as part of this item the reversal of losses on receivables (HUF 28 million) and the income from pending charges (HUF 15 million).

Considering the result, an important item is the amount of net change in reserves (HUF 1,796 million), which is made up of mainly the following changes in reserves. The unit-linked life insurance reserve amount increased by HUF 2,026 million. Mainly due to the operation in the non-life branch and the change in the reinsurance structure, the outstanding net claim reserves decreased by HUF 352 million, while the cancellation reserves decreased by HUF 211 concurrently with the decrease of the premium receivables, while the result-dependent reserves decreased by 18 million. The actuarial reserves increased by HUF 271 million, while the technical reserves for the bonus payment of the clients increased by 37 million. There was a little rise in the reserve for premium refunds independent of profit and in the other technical reserves. (HUF 13 million and HUF 30 million).

The most important item among expenses are claim payments and benefits and claim settlement costs (together HUF 2,867 million), including HUF 1,808 million related to partial or full surrender of unit-linked life insurance policies, HUF 673 of maturity of unit-linked policies and HUF 175 million claim settlement expenditure paid on general insurances.

The total operating cost of the Issuer was HUF 2,224 million in the first quarter of 2017, of which HUF 1,269 million is related to the fees, commissions and other acquisition costs, and HUF 928 million is related to other operating costs. Acquisition costs show increasing tendency, although at a lower rate than the increase in the gross premiums earned. The reason for this is that the amount of new sales of the new members of the Group is mainly provided by the bank channel, where the acquisition cost rates are more favourable than by the other channels due to the different sales product mix. The other operating costs increased by HUF 512 million compared to the same period of the previous year (HUF 416 million in the first quarter of 2016). This increase is almost entirely related to the other operating costs incurred at the Pannónia Insurance Companies. The Group expects a significant decrease in the operating costs after the merger by acquisition, and the operational and IT migration.

The investment result is HUF 5,339 million profit, which is due to the aggregated effect of the following issues. The one-off item on the acquisition of MKB Insurance Companies was HUF 3,003 million on 1st January 2017. The negative difference between the cost of the acquisition and the share of the acquirer in the fair value of assets, liabilities and contingent liabilities is the badwill (negative goodwill), which is realised as profit as at the date of the acquisition. The amount of the contingent consideration was revalued through profit or loss at the end of the quarter, which resulted in a HUF 180 million profit.

The unit-linked yield was HUF 2,107 million in the first quarter of 2017. During the first quarter of 2017 stock markets overperformed the bond market instruments, while the raw material market investments had registered negative yield. On the developed stock markets Europe and the USA could rise in a tie, while Japanese stocks suffered a minimal decrease. There was a significant dissention on the developing markets: Indian, Latin-American and Eastern-European shares showed around 10% increase, while the Russian market suffered a 10% devaluation in the period. So the funds investing in Indian-, Latin-American- and developing markets reached the highest yields, and this products were the favourite items of the clients.

The investment results were negatively influenced by the interest costs of financial reinsurance, which amounted to HUF 14 million. The Issuer had HUF 128 million yield profit on its own investments in 2017.

The interest expenditure for interest-bearing shares were HUF 66 million in the first quarter of 2017 which is shown in investment expenditure, and there was HUF 149 million loss in change in fair value of assets and liabilities related to embedded derivatives, which is totally HUF 215 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 (in 2017), 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 54 million profits from the result of the Pannónia CIG Fund Manager Ltd. in the first quarter of 2017. This is shown in the Share of the profit of associates and joint ventures accounted for using the equity method.

According to EU IFRS the portfolio that Pannónia General Insurance cPlc. attends to sell to Aegon Hungary General Insurance cPlc. have to be considered as assets held for sale as they met the criteria determined by the IFRS 5. The realised loss on this group of assets was HUF 463 million, which consists of the loss of the assets held for sale (HUF -179 million) in Q1, the expected amount of the sale (HUF 300 million) and the impairment loss of the intangible asset (HUF -584 million) derived from the technical reserves revaluation on the held for sale portfolio.

As a result of all of the above, the profit before tax amounted to HUF 2,558 million profit (in the same period of 2016 the profit before taxation was HUF 74 million), that was reduced by the HUF 43 million tax liability. The profit after tax is HUF 2,515 million, that is HUF 2,474 million higher than the profit after tax of the same period of 2016. The other comprehensive income contains the decrease in the fair value of available-for-sale financial assets amounting to HUF 128 million and, thus, the total comprehensive income represents a profit of HUF 2,387 million in the first quarter of 2017.

The Issuer's balance sheet total was HUF 105,125 million; its financial position is stable; the company has met its liabilities in full. On 31 March 2017 the shareholders' equity was HUF 6,399 million.

5. Executive summary

In the first quarter of 2017 the annualized premium of the new sales of regular premium insurance policies sold by the Group is HUF 2,196 million that is 133 percent higher than in the previous year. Of this HUF 515 million is from unit-linked life insurance, HUF 167 million is from traditional and group life insurance policies and HUF 1,514 million is from general insurance. In the previous year the annualized premium of the new sales was HUF 944 million, of which HUF 320 million related to unit-linked life insurance, HUF 29 million was derived from traditional and group life insurance policies and HUF 595 million related to general insurance. From the whole amount of the annualized premium of new sales HUF 885 million is related to the recently consolidated Pannónia Insurance Companies.

New sales

Annualized premium of new sales (million HUF)	31.03.2017. (A)	31.12.2016. (B)	31.03.2016. (C)	Change (A - C)	Change % (A - C) / C
Unit-linked life insurances ³	515	1 799	320	195	61%
Traditional and group life insurances	167	182	29	138	476%
General insurances	1 514	1 522	595	919	154%
Total annualized premium of new sales	2 196	3 503	944	1 252	133%

As for life insurance policies sold in the first quarter of 2017, the share of the tied agent network is 41 percent, while the brokerage network was 39 percent and the bank channel was 20 percent. The whole amount of the general insurances are related to independent broker and bank channels. The new sales data of general insurances contains only the regular premium insurance policies.

³ In case of single-premium unit-linked policies the premium of new sales is 10% of the single premium.

Market share indicators⁴

	2016		2015		2014	
	million HUF	Market share	million HUF	Market share	million HUF	Market share
On the basis of the gross written premium of life insurance policies	13 390	2,94%	14 642	3,32%	14 420	3,19%
On the basis of the adjusted gross written premium of life insurance policies	12 202	4,04%	12 812	4,35%	12 860	4,52%
On the basis of the gross written premium of non-life insurance policies	5 934	1,28%	3 661	0,85%	2 496	0,63%

After examining the adjusted gross written premium, the Insurer, with a market share of 4.04 percent, it is the company with the 9. largest adjusted gross written premium on the basis of the fourth quarter of 2016' data. The EMABIT gained a 1.28 percent share in non-life market in Q4 2016 on examining the gross written premium. The acquisition of Pannónia Insurance Companies resulted a 4.73% share on life market, which means the 7th place in the gross written premium rank. The non-life share of the group increased to 2.72 percent.

Pannónia (former MKB) Insurance Companies were involved into the consolidation with the date of the acquisition (1st January 2017). The following tables contain the consolidated financial statements of Pannónia Insurance Companies, including the effects of the acquisition prepared on the basis of the EU IFRS accounting policy, adopted by the Group. The income statements prepared according to the Hungarian Accounting Law for Q1 2017 of the Pannóni Insurance Companies are contained in the quarterly report of CIG Pannónia.

⁴ At the time of preparing this quarterly report, the MABISZ market data on Q12017 were not yet available, thus the table shows the data for Q42016.



Pannónia General Insurance cPlc. separate financial statement (data in million HUF)		2017.01.01
Intangible assets		970
Reinsurer's share of technical reserves		1 420
Property, plant and equipment		77
Deferred acquisition costs		148
Available-for-sale financial assets		3 281
Receivables from associated companies		26
Receivables from insurance policies and other receivables		1 808
Other assets and prepayments		18
Cash and cash equivalents		199
Total assets		7 947
Technical reserves	-	4 590
Liabilities from insurance	-	287
Other liabilities and provisions	-	469
Total liabilities	-	5 346
Total fair value of net assets (Shareholder's equity)		2 601

Pannónia Life Insurance cPlc. separate financial statement (data in million HUF)		2017.01.01
Intangible assets		265
Deferred acquisition costs		109
Available-for-sale financial assets		6 034
Investments for policyholders of unit-linked life insurance policies		6 385
Financial assets - investment contracts		1 845
Receivables from insurance policies and other receivables		75
Other assets and prepayments		5
Cash and cash equivalents		163
Total assets		14 881
Technical reserves	-	4 938
Technical reserves for policyholders of unit-linked insurance	-	6 385
Investment contracts	-	1 845
Liabilities from insurance	-	95
Other liabilities and provisions	-	176
Liabilities to associated companies	-	26
Total liabilities	-	13 465
Total fair value of net assets (Shareholder's equity)		1 416

The Group evaluated the acquired insurance companies according to IFRS 3 standard at the date of the acquisition. It assessed the fair value of assets, liabilities and contingent liabilities and the cost of the acquisition (the estimated value of the acquisition) as at 1st January 2017. On evaluating the net assets of the acquired insurance companies, there was a difference between the fair value and the value according to IFRS4 valuation of technical reserves. This amounted to HUF 265 million in the case of the life insurance company and HUF 937 million in the case of the general insurance company, that is recognised among the intangible assets. This difference will be amortised parallel with the run-off of provisions.

The negative difference between the contingent consideration and cost of the acquisition and the share of the acquirer in the fair value of assets, liabilities and contingent liabilities is the badwill (negative goodwill), which is realised as profit as at the date of the acquisition.

The following table contains the settlement of the acquisition cost and badwill:

Calculation of negative goodwill at the date of acquisition (data in million HUF)	MKB General Insurance cPlc.	MKB Life Insurance cPlc.	Total
Consideration transferred	280	622	902
Expected value of the adjustment according to the contract	- 113	- 533	- 646
Contingent consideration	716	-	716
Total consideration transferred	883	89	972
NCI (proportional part of the fair value of net assets)	27	15	42
Total fair value of net assets	- 2 601	- 1 416	- 4 017
Badwill	- 1 691	- 1 312	- 3 003

The acquisition results in a badwill of HUF 1,691 million in case of MKB General Insurance cPlc. and HUF 1,312 million in case of MKB Life Insurance cPlc. The cumulative one-off effect on the results of the Group in 2017 business year is a HUF 3,003 million profit. This one-off profit may be decreased by the loss of MKB Insurance Companies for business year 2017. Moreover in case of MKB General Insurance cPlc. the share purchase agreement contains a contingent consideration depending on the future profit/loss of the insurance company, the accurate amount shall be determined the latest by the time the 2017 financial statements of Pannónia General Insurance cPlc. are approved for issuance. The Group has prepared an estimation in accordance with EU IFRSs to determine the expected value of the adjustment of the consideration transferred and the expected value of the contingent consideration as at the acquisition date. According to the agreement between the parties, the initial consideration transferred will be modified later by a correction mechanism.

The amount of the contingent consideration is recognised as a liability in the financial statements and it will be revalued through profit or loss at every reporting date. The amount of the revaluation of the contingent consideration is HUF 180 million as at 31 March 2017.

6. Operating segments

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

Segment Information Q1 2017

(data in million HUF)		Q1 2017						
ASSETS	CIG Life insurance segment	CIG Non-life insurance segment	Pannónia Life insurance segment	Pannónia 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	754	74	24	27	0	367	0	1 246
Property, plant and equipment	43	4	0	69	0	0	0	116
Deferred tax assets	0	0	0	0	0	340	0	340
Deferred acquisition costs	348	1 186	98	132	0	-76	0	1 688
Reinsurer's share of technical reserves	195	2 497	0	3 812	0	-2 221	0	4 283
Subsidiaries	0	0	0	0	0	0	0	0
Investments in jointly controlled companies	3 506	280	0	0	0	274	-3 708	352
Available-for-sale financial assets	3 548	2 288	5 548	2 953	0	-251	0	14 086
Investments for policyholders of unit-linked life insurance policies	62 537	0	8 201	0	0	-3 380	0	67 358
Financial assets - investment contracts	0	0	0	0	0	3 379	0	3 379
Financial assets - embedded derivatives	0	0	0	0	0	365	0	365
Receivables from insurance policies and other receivables	1 983	575	89	935	1	-683	646	3 546
Other assets and prepayments	121	180	156	73	1	-337	-18	176
Cash and cash equivalents	1 215	740	471	1 486	4	0	0	3 916
Intercompany receivables	17	0	0	34	0	0	-51	0
Assets held for sale	0	0	0	0	0	4 274	0	4 274
Total assets	74 267	7 824	14 587	9 521	6	2 051	-3 131	105 125

*HAL – Hungarian Accounting Law

Segment Information Q1 2017 (continuation)

(data in million HUF)		Q1 2017						
LIABILITIES	CIG Life insurance segment	CIG Non-life insurance segment	Pannónia Life insurance segment	Pannónia 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	2 941	4 583	4 833	4 682	0	-2 425	0	14 614
Technical reserves for policyholders of unit-linked insurance	62 537	0	8 201	0	0	-3 380	0	67 358
Investment contracts	0	0	0	0	0	3 379	0	3 379
Liabilities from the issue of interest-bearing shares	0	0	0	0	0	2 526	0	2 526
Loans and financial reinsurance	1 179	0	0	0	0	0	0	1 179
Liabilities from insurance	412	1 145	375	3 300	0	-1 123	0	4 109
Intercompany liabilities	0	17	34	0	0	0	-51	0
Other liabilities and provisions	813	323	141	219	1	-453	543	1 587
Liabilities from assets held for sale	0	0	0	0	0	3 974	0	3 974
Total liabilities	67 882	6 068	13 584	8 201	1	2 498	492	98 726
NET ASSETS	6 385	1 756	1 003	1 320	5	-447	-3 623	6 399
SHAREHOLDERS' EQUITY								
Registered capital	2 607	1 030	1 170	1 180	3	-76	-3 383	2 531
Capital reserve	2 011	2 755	3 800	6 372	0	-867	-12 927	1 144
Other reserves	0	0	0	0	0	-55	1	-54
Profit reserve	1 767	-2 029	-3 967	-6 232	2	551	12 654	2 746
Non-controlling interests	0	0	0	0	0	0	32	32
Total shareholders' equity	6 385	1 756	1 003	1 320	5	-447	-3 623	6 399

Segment Information Q1 2017 (continuation)

(data in million HUF)

COMPREHENSIVE INCOME STATEMENT	Q1 2017							Total
	CIG Life insurance segment	CIG Non-life insurance segment	Pannónia Life insurance segment	Pannónia Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (IFRS - HAL)	Adjusting entries for calculations in the financial statements (consolidation)	
Gross written premium	2 765	1 571	1 265	1 566	0	-1 135	-7	6 025
Changes in unearned premiums reserve	33	-128	-11	-42	0	3	0	-145
Earned premiums, gross	2 798	1 443	1 254	1 524	0	-1 132	-7	5 880
Ceded reinsurance premiums	-69	-542	0	-2 083	0	1 211	7	-1 476
Earned premiums, net	2 729	901	1 254	-559	0	79	0	4 404
Premium and commission income from investment contracts	0	0	0	0	0	33	0	33
Investment income	2 082	34	340	41	0	0	3 184	5 681
Share of the profit of associates and joint ventures accounted for using the equity method	0	0	0	0	0	54	0	54
Other operating income	253	29	7	16	6	-12	-18	281
Other income	2 335	63	347	57	6	75	3 166	6 049
Total income	5 064	964	1 601	-502	6	154	3 166	10 453
Claim payments and benefits, and claim settlement costs	-2 089	-99	-900	-176	0	391	6	-2 867
Net change in the value of life technical reserves and unit-linked life insurance reserves	-1 949	-6	-312	997	0	-526	0	-1 796
Investment expenditure	-59	-17	-188	-17	0	-61	0	-342
Change in the fair value of liabilities relating to investment contracts	0	0	0	0	0	-54	0	-54
Change in the fair value of assets and liabilities relating to embedded derivatives	0	0	0	0	0	-149	0	-149
Investment expenses, changes in reserves and benefits, net	-4 097	-122	-1 400	804	0	-399	6	-5 208
Fees, commissions and other acquisition costs	-453	-582	-85	-321	0	145	0	-1 296
Other operating costs	-285	-162	-128	-250	-5	-110	12	-928
Operating costs	-738	-744	-213	-571	-5	35	12	-2 224
Results from the assets held for sale	0	0	0	0	0	-463	0	-463
Profit/loss before taxation	229	98	-12	-269	1	-673	3 184	2 558
Tax income / (expenses)	-19	-18	-6	0	0	0	0	-43
Deferred tax income / (expenses)	0	0	0	0	0	0	0	0
Profit/loss after taxation	210	80	-18	-269	1	-673	3 184	2 515
Other comprehensive income	0	0	0	0	0	-128	0	-128
Comprehensive income	210	80	-18	-269	1	-801	3 184	2 387

Comparative data to the segment information of Q1 2017 (Q1 2016)

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

*HAL – Hungarian Accounting Law

Comparative data to the segment information of Q1 2017 (Q1 2016) (continuation)

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

Comparative data to the segment information of Q1 2017 (Q1 2016) (continuation)

COMPREHENSIVE INCOME STATEMENT	Q1 2016							
	CIG Life insurance segment	CIG Non-life insurance segment	Pannónia Life insurance segment	Pannónia 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	2 755	1 426	0	0	0	-24	-98	4 059
Changes in unearned premiums reserve	-91	-464	0	0	0	0	0	-555
Earned premiums, gross	2 664	962	0	0	0	-24	-98	3 504
Ceded reinsurance premiums	-54	-315	0	0	0	0	88	-281
Earned premiums, net	2 610	647	0	0	0	-24	-10	3 223
Premium and commission income from investment contracts	0	0	0	0	0	45	0	45
Investment income	316	26	0	0	0	-252	0	90
Share of the profit of associates and joint ventures accounted for using the equity method	0	0	0	0	0	55	0	55
Other operating income	207	1	0	0	5	0	-17	196
Other income	523	27	0	0	5	-152	-17	386
Total income	3 133	674	0	0	5	-176	-27	3 609
Claim payments and benefits, and claim settlement costs	-1 942	-53	0	0	0	32	5	-1 958
Net change in the value of life technical reserves and unit-linked life insurance reserves	351	-24	0	0	0	-31	0	296
Investment expenditure	-322	-13	0	0	0	-73	0	-408
Change in the fair value of liabilities relating to investment contracts	0	0	0	0	0	-15	0	-15
Change in the fair value of assets and liabilities relating to embedded derivatives	0	0	0	0	0	-137	0	-137
Investment expenses, changes in reserves and benefits, net	-1 913	-90	0	0	0	-224	5	-2 222
Fees, commissions and other acquisition costs	-525	-383	0	0	0	-49	10	-947
Other operating costs	-274	-129	0	0	-8	33	12	-366
Operating costs	-799	-512	0	0	-8	-16	22	-1 313
Profit/loss before taxation	421	72	0	0	-3	-416	0	74
Tax income / (expenses)	-16	-17	0	0	0	0	0	-33
Deferred tax income / (expenses)	0	0	0	0	0	0	0	0
Profit/loss after taxation	405	55	0	0	-3	-416	0	41
Other comprehensive income	0	0	0	0	0	88	0	88
Comprehensive income	405	55	0	0	-3	-328	0	129

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. 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.

G) Assets held for sale

The Insurer classifies a fixed asset (or disposal group) as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The Insurer shall evaluate the fixed asset (or disposal group) classified held for sale at the lower of an asset's fair value less costs to sell and its book value. The book value shall be decreased (increased) with the value of loss due to the impairment calculated on the disposal group (or any other further profit).

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 members of the Group was 178 on 31 March 2017.

Composition of the Issuer's share capital (31 March 2017)*

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 2017)

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 2017)

	Number of shares	Ownership stake	Voting rights
Domestic private individual	35 536 900	54,53%	54,53%
Domestic institution	26 657 465	40,91%	40,91%
Foreign private individual	291 771	0,45%	0,45%
Foreign institution	2 392 382	3,67%	3,67%
Nominee, domestic private individual	15 758	0,02%	0,02%
Nominee, foreign institution	115 165	0,18%	0,18%
Unidentified item	154 901	0,24%	0,24%
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 March 2017

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 Life Insurance cPlc.	1133 Budapest, Váci út 76.	98,97%
Pannónia General Insurance cPlc.	1133 Budapest, Váci út 76.	98,98%
Pannónia CIG Fund Manager Ltd.	1072 Budapest, Nyár utca 12.	50%

9. Information published in the period

Date	Subject, short summary
2017.01.02	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
2017.01.31	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
2017.02.21	Quarterly report, Q4 2016
2017.02.23	Extraordinary announcement on a tender won by CIG Pannónia Life Insurance Plc.
2017.02.28	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
2017.03.09	Extraordinary announcement on the decision of the Board of Directors of CIG Pannónia Life Insurance Plc.
2017.03.13	Information about the members of the Board of Directors and the Supervisory Board, and about the monetary and in-kind benefits they received
2017.03.13	Notice of Invitation to the Annual General Meeting
2017.03.14	Extraordinary announcement on the documents related to the transformation
2017.03.23	Summary of the proposals relating to issues placed on the agenda items and the draft resolutions
2017.03.23	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc. at the date of convocation of the Annual General Meeting
2017.03.24	Extraordinary announcement on crossing the 5% threshold of voting rights
2017.03.24	Extraordinary announcement on the subsidiaries of CIG Pannónia Life Insurance Plc.
2017.03.31	Extraordinary announcement on the agreement between the subsidiary of CIG Pannónia Life Insurance Plc. and Aegon Hungary cPlc.
2017.03.31	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
2017.04.11	Extraordinary announcement on the strategic agreement between CIG Pannónia Life Insurance Plc. and MKB Bank cPlc.
2017.04.13	Extraordinary announcement on the decisions regarding to the subsidiaries of CIG Pannónia Life Insurance Plc.
2017.04.13	Extraordinary announcement on the Annual General Meeting of CIG Pannónia Life Insurance Plc. convened for 10 a.m. on 13th April 2017
2017.04.24	Annual report
2017.04.24	Corporate governance report on business year 2016
2017.04.24	Extraordinary announcement on the decision regarding to the subsidiary of CIG Pannónia Life Insurance Plc.
2017.04.24	Resolutions of the repeated Annual General Meeting of CIG Pannónia Life Insurance Plc. held on 24 April 2017
2017.05.02	Number of voting rights and the amount of registered capital at CIG Pannónia Life Insurance Plc.
2017.05.19	Extraordinary announcement on a decision regarding to 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 National Bank (www.kozzetetelek.hu).

10. Disclaimer

The Issuer declares that the report for the Q1 2017 was not reviewed by an auditor, the report for the Q1 2017 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.

23 May 2017, Budapest

Gabriella Kádár dr.
Chief Executive Officer

Miklós Barta
Chief Financial Officer

Investor relations

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