



PANNÓNIA
ÁLTALÁNOS BIZTOSÍTÓ

**CIG PANNÓNIA FIRST HUNGARIAN
GENERAL INSURANCE COMPANY LTD.**

QUARTERLY INFORMATION

Q3 2015

17 November 2015

I. Summary

CIG Pannónia First Hungarian General Insurance Company Ltd. (hereinafter: EMABIT, Company or Insurer) publishes this report, simultaneously with the Q3 report to the stock exchange of its parent company, CIG Pannónia Life Insurance Plc. with the data disclosed, on a voluntary basis, to the Association of Hungarian Insurance Companies (MABISZ). Data provided to MABISZ are included in Annex I to the present information.

Main results and events of the first three quarters of 2015:

million HUF

Description	30.09.2015 (A)	30.09.2014 (B)	31.12.2014 (C)	Change (A)-(B)	% (A/B)
Gross written premium	2 642	1 980	2 496	662	133%
Technical result (without operating costs)	376	231	267	145	163%
Operating costs	-257	-314	-413	57	82%
Technical result	119	-83	-146	202	-143%
Retained profit/loss for the year	118	-33	-266	151	-358%

- After the successful previous quarters the Insurer managed to be profitable in the third quarter, too. There were measurable results of the comprehensive strategic and organizational restructuring of the group, in accordance with EMABIT discarded its unprofitable products, and changed it's focus to niche markets with profitable operation and competitive products. The non-life Insurer is on the way to provide special products for niche markets and be profitable and so have a positive influence on the result of it's parent company, the CIG Pannónia Life Insurance Plc.
- According to this after the first three quarters the retained profit is HUF 118 million, which is HUF 151 million better than the retained loss of the previous year, same period. The shareholder's equity is HUF 1,503 million as at 30 September 2015. The solvency capital is amounted to HUF 1,421 million, which covers 124 percent of the minimum solvency capital requirement.
- In first three quarters of 2015 EMABIT generated a gross written premium of HUF 2,642 million, the majority thereof relating to the casco and liability. The amount of new acquisitions was HUF 1 501 million in the first three quarters, which came to a portfolio of HUF 2,642 million as at 30 September 2015. The improved quality of the insured portfolio resulted to increase the technical result (without operating costs) by 163% compared to the previous year, same period. Meanwhile the increased efficiency of the operation led to a decrease in the operating costs (it fell with 18 percentage compared to the first three quarters of 2014).
- In accordance with the strategy, the Insurer launched a new niche product in 2015. The Agro equipment insurance is a new coverage product for machinery breakdown and extended warranty of agricultural machines. EMABIT also appeared on the land vehicles comprehensive coverage (casco) product market with a partnership of a dominant partner in vehicle financing in Poland. The cross-border activity in Italy expanded, while the new acquisition also grew.

Events after the balance sheet date:

- EMABIT decided to take over the land vehicles comprehensive coverage (casco), accident and sickness portfolio of Széchenyi István Kölcsönös Biztosító Egyesület (SZIBE). The take over was approved by the MNB on 1 October 2015.

Budapest, 17 November 2015

CIG Pannónia First Hungarian General Insurance Company Ltd.

2. Financial Statements

Headlines in the Insurer's Income Statement

million HUF

Changes in profit/loss	30.09.2015 (A)	30.09.2014 (B)	31.12.2014 (C)	(A)-(B)	% (A/B)
Gross written premium	2 642	1 980	2 496	662	133%
Change in the unearned premium reserve (gross) (-/+)	- 422	- 266	- 182	- 156	159%
Gross earned premium	2 220	1 714	2 314	506	130%
Reinsurance premiums (-)	- 1 363	- 421	- 801	- 942	324%
Reinsurer's share in unearned premium reserve	162	49	262	113	331%
Net earned premium	1 019	1 342	1 775	- 323	76%
Gross claim settlement expenditure	- 824	- 654	- 818	- 170	126%
Gross claims paid	- 711	- 1 149	- 1 368	438	62%
Gross changes in claim reserve	- 113	495	550	- 608	-23%
Claim settlement costs	- 60	- 101	- 116	41	59%
Reinsurer's share of claim settlement expenditure	743	172	199	571	432%
Reinsurer's share of claim payments	478	237	275	241	202%
Reinsurers' share of reserve changes	265	- 65	- 76	330	-408%
Net claim settlement expenditure	- 141	- 583	- 735	442	24%
Other changes in reserves	- 2	97	84	- 99	-2%
Acquisition costs	- 1 033	- 694	- 926	- 339	149%
Changes in deferred acquisition cost	256	47	60	209	545%
Commissions and profit shares from reinsurers	371	95	109	276	391%
Other technical result	- 94	- 73	- 100	- 21	129%
Technical result (without operating costs)	376	231	267	145	163%
Operating costs	- 257	- 314	- 413	57	82%
Technical result	119	- 83	- 146	202	-143%
Investment result	68	71	88	- 3	96%
Other result	- 63	- 21	- 208	- 42	300%
Profit/loss for the period before taxes	124	- 33	- 266	157	-376%
Tax liability	- 6	-	-	- 6	n/a
Retained profit/loss for the period	118	- 33	- 266	151	-358%

Headlines in the Insurer's Balance Sheet

million HUF

Description	30.09.2015 (A)	30.09.2014 (B)	31.12.2014 (C)	(A)-(B)	% (A/B)
Intangible assets	83	167	99	- 84	50%
Investments	1 977	2 048	1 964	- 71	97%
Receivables	568	711	642	- 143	80%
Other assets	345	142	274	203	243%
Prepaid expenses and accrued income	642	386	384	256	166%
Total assets:	3 615	3 454	3 363	161	105%
Shareholders' equity	1 503	1 419	1 386	84	106%
Technical reserves	1 261	1 486	1 152	- 225	85%
Unearned premium reserve	830	866	570	- 36	96%
a) gross amount	1 314	975	892	339	135%
b) reinsurers' share of the reserve (-)	- 484	- 109	- 322	- 375	444%
Outstanding claim reserves	360	563	512	- 203	64%
a) gross amount	907	856	794	51	106%
b) reinsurers' share of the reserve (-)	- 547	- 293	- 282	- 254	187%
Premium refund reserves	11	12	13	- 1	92%
a) gross amount	11	12	13	- 1	92%
Other reserves	60	45	57	15	133%
a) gross amount	103	52	63	51	198%
b) reinsurers' share of the reserve (-)	- 43	- 7	- 6	- 36	614%
Liabilities	640	275	602	365	233%
Accrued expenses and deferred income	211	274	223	- 63	77%
Total liabilities:	3 615	3 454	3 363	161	105%

3. Presentation of the Insurer's financial position – the Insurer's non-audited data for 2015Q3, according to the Hungarian Accounting Act

In the first three quarters of 2015 the Insurer realized a gross written premium of HUF 2,642 million, of which the amount of premiums transferred to the reinsurer was HUF 1,363 million, the change of the unearned premium reserve was HUF 422 million, and the reinsurer's share of the latter was HUF 162 million. The total amount of the net earned premiums was HUF 1,019 million. The total amount of the gross earned premium has increased by 30% (with HUF 506 million), while the structural change of the reinsurance related to the new operating conditions led to a decrease by 24% (with HUF 323 million) in the total amount of the net earned premium compared to the previous year, same period. This is due to a new structure of reinsurance in case of the casco, other damage to property and general liability insurance products, which is more beneficial for EMABIT.

Within the gross written premium the composition of the portfolio was similar to the previous year. In the first three quarters of 2015 the land vehicles comprehensive coverage (casco) is the leading product (37%), while the general liability insurance is the second (26%) and the suretyship, guarantee is the third largest branch (7,86%). The fire and natural forces, other damage to property, goods in transit, self-propelled motor vehicles and accident shares are about 4-7% each. The rest is divided among compulsory motor third party and other smaller products.

The most important item among expenses is the amount of claim settlement expenditure (HUF 141 million), which is made up of claim payments (HUF 233 million), the change of the outstanding claim reserve (HUF -152 million) and the costs of claim settlement (HUF 60 million). The net claim settlement expenditure increased in the last quarter, caused by the summer storms, which had a huge effect on Fire and natural forces branch. Despite of this, in the first three quarters the trend of the net claim settlement expenditure is favourable (HUF 442 million less than the previous year, same period). It is caused by the change of the reinsurancence structure and the positive run off results of the compulsory motor third party and land vehicles comprehensive coverage (casco). The net claim expenditure decreased by 76%, while the net claim ratio decreased by 24% compared to the previous year, same period. This led the gross claim ratio decrease from 46% to 40% and the net claim ratio fall from 43% to 14% as compared to the previous year. The Other Reserves changed by HUF -2 million.

The Insurer maintains relationships with several reinsurance partners. The Insurer covers its risks by reinsurance in the field of property and technical insurance, liability insurance, carrier and transporter liability insurance, suretyship-related insurance and motor insurance. In connection with this, HUF 371 million were recognized as reinsurers' commissions and profit shares.

The gross operating costs of the Insurer amount to HUF 1,096 million, of which HUF 257 million are administration cost, HUF 778 million are earned acquisition cost, HUF 1 million is investment cost and HUF 60 million are claim settlement cost. Level of acquisition costs (including deferred acquisition costs) increased by HUF 130 million (with 20%) despite the fact that gross earned premium increased by HUF 506 million (with 30%), since products operating with lower acquisition cost ratio (casco) predominate instead of the formerly dominating products with higher acquisition cost ratio (transportation, property, liability). The claim settlement costs decreased significantly by 40% compared to 2014, same period, while the administration costs decreased by 18% compared to the first three quarters of 2014.

The "Other technical expenses" line includes the insurance tax, the supervisory fee, MABISZ indemnification account, indemnification fund and the profit sharing.

The investment result is a profit of HUF 68 million, consist of mostly realised result of securities.

The other result line shows the local tax expenses and the innovation contributions. This line also contains the extraordinary depreciation of the systems not in use (HUF 34,8 million).

As a result of the written above, the retained profit is HUF 118 million, which is HUF 151 million better as the retained profit of the previous year, same period.

The Insurer's balance sheet total was HUF 3,615 million at the end of September 2015; the Company has met its liabilities in full. On 30 September 2015, the shareholders' equity was HUF 1,503 million, the solvency capital of the Insurer available on the balance sheet date was HUF 1,421 million, which covers 124% of the minimum solvency capital requirement.

Annex I

Presentation of the portfolio of the non-life business line of the Issuer at the end of the period (number)

Description	Opening stock on 01.01.2015	New business	Closing stock on 30.09.2015
Accident	50	11	50
Illness	5	2	7
Casco	6 526	6 517	10 669
Freight	13	4	17
Damage through fire or disaster	400	79	387
Other damage to assets	254	92	242
Total motor vehicle liability	3 010	641	2 997
Of this: compulsory third party motor insurance	2 199	359	2 140
General liability	10 848	8 166	12 000
Suretyship-related insurance	19	9	28
Total regular-premium policies	21 125	15 521	26 397
Accident	1	3	1
Illness	4	-	-
Casco	1 112	667	1 655
Freight	6 342	4 468	6 177
Other damage to assets	844	228	1 021
Suretyship-related insurance	5	1 039	1 042
Total single premium policies	8 308	6 405	9 896
Total	29 433	21 926	36 293

Presentation of the stock of the non-life business line of the Issuer at the end of the period

thousand HUF

Description	Opening stock on 01.01.2015	New business	Closing stock on 30.09.2015
Accident	18 490	731	17 454
Illness	534	341	875
Casco	637 732	737 117	1 113 403
Freight	3 229	158	3 387
Damage through fire or disaster	223 570	93 478	240 727
Other damage to assets	74 088	22 099	68 630
Total motor vehicle liability	237 300	61 558	237 649
Of this: compulsory third party motor insurance	40 855	21 486	40 592
General liability	712 840	521 503	816 797
Suretyship-related	73 555	64 218	137 773
Funeral insurance	5 603	0	5 285
Total non-life business line:	1 986 941	1 501 203	2 641 980

The Insurer's gross written premium at the end of the period, broken down by insurance sectors

thousand HUF

Description	Total gross written premium	Gross written premium from single premium products	Premiums earned
Accident	112 241	97 838	85 930
Illness	682	-92	921
Casco	982 320	204 599	60 397
Freight	144 859	141 641	92 280
Damage through fire or disaster	128 137	8 268	24 729
Other damage to assets	191 482	131 057	65 452
Total motor vehicle liability	175 313	0	85 572
Of this: compulsory third party motor insurance	29 720	0	77
General liability	694 098	469 609	534 707
Suretyship-related	207 559	141 683	64 782
Assistance	1 165	-22	544
Funeral insurance	4 052	0	4 053
Total non-life business line:	2 641 908	1 194 581	1 019 367

The Insurer's costs at the end of the period

thousand HUF

Description	Acquisition costs	Administration costs	Claim settlement costs	Investment costs	Total
Total non-life business line	777 487	257 234	60 424	1 026	1 096 171
Of this: compulsory third party motor insurance	7 476	3 423	4 304	14	15 217