



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

**CIG PANNÓNIA LIFE INSURANCE PLC.  
FOR THE ANNUAL GENERAL MEETING TO BE HELD ON  
16<sup>TH</sup> APRIL 2018**

**Date of the Annual General Meeting: 16 April 2018 (Monday) at 10 a.m.**

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

(address: 1033 Budapest, Flórián tér 1.)

## Dear Esteemed Shareholders!

The Board of Directors of CIG Pannónia Life Insurance Plc. (hereinafter the "Company") convened the Annual General Meeting for 10 a.m. on 16th April 2018. The agenda is included in the Notice of the invitation to the Annual General Meeting that was announced according to Article VIII. 8. of the Company's Articles of Association. The Notice of the invitation to the Annual General Meeting was published on the Company's website ([www.cigpannonia.hu](http://www.cigpannonia.hu)), on the website operated by the National Bank of Hungary ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) and on the website of the Budapest Stock Exchange Private Company Limited by Shares ([www.bet.hu](http://www.bet.hu)) on 14th March 2018.

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

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

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

I. a) Discussion of the report of the Audit Committee in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year;

I. b) Discussion of the report of the Supervisory Board in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year;

I. c) Discussion of the report of the registered auditor in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year;

I. d) Discussion of the report of Board of Directors in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year; Decision on the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS).

I.e) Decision on the use of the after tax profit of 2017

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

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

3. Decision on the election of the registered auditor of the Company and the determination of its remuneration as well as the material provisions of the agreement to be concluded with the registered auditor.
4. Decision on the amendment of the Articles of Association of the Company
5. Decision on the approval of the rules of procedure of the Supervisory Board
6. Decision on the election of the members of the Supervisory Board
7. Decision on the election of a members of the Board of Directors
8. Decision on the remuneration of the members of the Board of Directors
9. Decision on the remuneration of the members of the Supervisory Board
10. Decision on the remuneration of the members of the Audit Committee
11. Information on the use of treasury shares
12. Information on the implementation of the remuneration guidelines
13. Amendment of the previous General Meeting resolution on the capital increase

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

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

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

**AGENDA ITEM no. I.  
CLOSING OF THE 2017 BUSINESS YEAR**

**AGENDA ITEM no. I.  
A)**

**Discussion of the report of the Audit Committee in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year**

**SUMMARY OF THE PROPOSAL**

The proposal regarding to this item of the agenda is the same as the report of the Audit Committee in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for business year 2017. The report is attached as Annex I/A, an integral part of this document.

**PROPOSED RESOLUTION**

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

**AGENDA ITEM no. I.**

**B)**

**Discussion of the report of the Supervisory Board in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for business year 2017**

**SUMMARY OF THE PROPOSAL**

The proposal regarding to this item of the agenda is the same as the report of the Supervisory Board in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for business year 2017. The report is attached as Annex I/B, an integral part of this document.

**PROPOSED RESOLUTION**

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

**AGENDA ITEM no. I.**

**C)**

**Discussion of the report of the registered auditor in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year**

**SUMMARY OF THE PROPOSAL**

The proposal regarding to this item of the agenda is the same as the report of the registered auditor in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for business year 2017. The report is attached as Annex I/C, an integral part of this document.

**PROPOSED RESOLUTION**

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

**AGENDA ITEM no. I.  
D)**

**Discussion on the report of the Board of Directors prepared in connection with the the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for business year 2017. Decision on the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for business year 2017.**

**SUMMARY OF THE PROPOSAL**

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

The Board of Directors makes proposal on the use of the after tax profit in the next agenda item.

The Supervisory Board supports the approval of the proposed resolutions.

**PROPOSED RESOLUTIONS**

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

*The General meeting approves the Company's audited annual report and business report for the financial year 2017, prepared according to the Hungarian Accounting Act, in which the amount of total assets equalling to the amount of total liabilities is THUF 94,994,919 and the profit after tax is a THUF 2,079,063 profit.*

*The General Meeting approves the Company's audited, consolidated financial statements and consolidated business report for the financial year 2017, prepared according to the international financial reporting and accounting standards accepted by the European Union in which the amount of total assets equalling to the amount of total liabilities is THUF 105,629,444 and the profit after tax is a THUF 2,598,336 profit.*

**AGENDA ITEM no. I.**

**E)**

**Decision on the use of the after tax profit of 2017**

**SUMMARY OF THE PROPOSAL**

The Company published its dividend policy on 24 August 2017 in order to finance the increase and development of business activities of the company, in accordance with the strategy of the company, and also taking the interests of its shareholders into account. According to the dividend policy the Company declared its intention to pay HUF 10 dividend per share after the business year 2017, in case the conditions of the payment of dividends apply. Thereafter the Company wishes to pay a maximum of 50% of the after-tax profit available for the payment of dividends of the current year to its shareholders.

The Board of the Directors reviewed the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year on 12 March 2018, and proposed them for approval to the Annual General Meeting. The Board of Directors also proposed a dividend payment of gross HUF 10 per share after the business year 2017 for approval to the Annual General Meeting and published its proposal.

In case that the General Meeting decides on payment of dividend, the detailed conditions and agenda of the payment will be published after the General Meeting.

The Supervisory Board supports the approval of the proposed resolution.

**PROPOSED RESOLUTION**

*The General Meeting decides that the dividend after business year 2017 is gross HUF 10 per ordinary share (that is ten Hungarian Forints) that the Company shall pay to the shareholders entitled to dividend in the proportion of their shares. The remaining part of the profit shall be transferred to the profit reserve.*



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

### **F)**

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

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

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

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

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

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

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

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

The Supervisory Board supports the approval of the proposed resolution.

**PROPOSED RESOLUTION**

*The General Meeting approves the corporate governance report for 2017 prepared according to the Corporate Governance Recommendations of Budapest Stock Exchange Ltd. and approved formerly by the Company's Supervisory Board.*

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

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

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

According to the Article VIII. 5. of the Articles of Association and in compliance with the Paragraph (1) of Section 3:117 of the Civil Code the Annual General Meeting shall put on its agenda – at the request of the executive officer and together with the decision on the approval of the financial statements - the evaluation of the work of the executive officers performed in the previous business year and pass a resolution on the waiver (discharge) that may be granted to the Board of Directors. By granting a waiver the General Meeting verifies that the members of the Board of Directors have performed their work in the financial year 2017 under review by giving priority to the interests of the company.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting – under the Article VIII. 5. of the Articles of Association – approves the work of the members of the Board of Directors performed in the business year 2017 and grants waiver to the members of the Board of Directors under the Paragraph (1) of Section 3:117 of the Civil Code. By granting a waiver the General Meeting verifies that the members of the Board of Directors have performed their work in the period under review by giving priority to the interests of the company.*

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

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

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

The Audit Committee of the Company revised in 2017 the cooperation with Ernst & Young Könyvvizsgáló Kft., the statutory auditor of the Company to date and evaluated the experiences of the cooperation in details.

The Audit Committee considered the performance of the statutory auditor in the financial year 2016 appropriate. In addition, the Audit Committee formed an opinion on the binding offer of the statutory auditor for the audit of the financial year 2017.

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

The proposal of the Board of Directors for the General Meeting is to appoint Ernst & Young Audit LLC (registered seat: 1132 Budapest, Váci út 20.; company registry number: Cg.01-09-267553; chamber registration number: 001165), and as personally responsible auditor Gabriella Virágh (address: 1032 Budapest Kiscelli u. 74.; mother's name: Erzsébet Kiss; chamber registration number: 004245) as the statutory auditor of the Company until the closure of the 2018 business year (but until 30 April 2020 the latest). The proposal of the Board of Directors for the General Meeting is to approve the annual premium of the auditor in a maximum amount of HUF 30,000,000+ VAT (that is thirty million Hungarian Forints plus VAT) and establish the material terms of the contract to be entered into with the auditor as follows:

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

The audit of the single annual report of the Company prepared according to the international financial reporting standards accepted by the European Union (EU IFRS) and the consolidated financial statements prepared according to the international financial reporting standards accepted by the European Union (EU IFRS) for the financial years 2018-2019, the examination of the Company's supplementary report prepared according to Paragraphs (4) to (7) of Section 71 of Act LXXXVIII of 2014 on Business of Insurance (hereinafter referred to as Insurance Act) and the examination of the data disclosure regimes and audit of the SII compliance.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting appoints Ernst & Young Audit LLC (registered seat: 1113 Budapest, Váci út 20.; company registry number: Cg.01-09-267553; chamber registration number: 001165) until the closure of the financial year 2019 (but until 30 April 2020 the latest) and personally responsible auditor Gabriella Virágh (address: 1032 Budapest Kiscelli u. 74.; mother's name: Erzsébet Kiss; chamber registration number: 004245) as the statutory auditor of the Company.*

*The General Meeting approves the annual premium of the auditor in a maximum amount of HUF 30,000,000 + VAT (that is thirty million Hungarian Forints plus VAT).*

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

*Subject of the contract:*

*The audit of the single annual report of the Company prepared according to the international financial reporting standards accepted by the European Union (EU IFRS) and the consolidated financial statements prepared according to the international financial reporting standards accepted by the European Union (EU IFRS) for the financial years 2018-2019, the examination of the Company's supplementary report prepared according to Paragraphs (4) to (7) of Section 71 of Act LXXXVIII of 2014 on Business of Insurance (hereinafter referred to as Insurance Act) and the examination of the data disclosure regimes and audit of the SII compliance.*

**AGENDA ITEM no. 4.**  
**Decision on the amendment of the Articles of Association of the Company**

**SUMMARY OF THE PROPOSAL**

The Articles of Association of the Company include certain conditional provisions that have become unnecessary due to the listing of the shares on the stock exchange. Section VII.2.; VIII.2. , 4. and 24. of the Articles of Association literally include the condition that “*if the Company’s shares are listed on the Budapest Stock Exchange*”. The elimination of this condition is a technical matter.

The Directive 2007/36/EC of the European Parliament and the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies targets to support the active participation and voting of shareholders on the general meeting. Article 12 of the Directive regulates the voting by correspondence which requires section VIII of the Articles of Association to be complemented as followings:

“Shareholders may exercise their voting right by post before the general meeting takes place. The validity criteria of voting by post are defined in the publication of notice for the convocation of the general meeting. “

People who may support the passing of resolutions by the shareholders are allowed to attend the general meeting. This provision extends the right of the shareholders to be properly informed and up-dated at the general meeting. Section VIII.7. of the Articles of Association has been completed to be in conformity with the Directive.

“The board of directors or the chairman of the supervisory board is entitled to invite people to the general meeting and to provide them the right of comment if their attendance and opinion is considered to be essential or supports informing the shareholders and the passing of the resolutions. If the shareholders exercise their right of making addition to the agenda and they claim for the attendance of third parties at the proposed addition, the board of directors or the chairman of the supervisory board may invite these third parties upon the written proposal of the shareholders and may provide them the right of comment at the negotiation of the affected part of the agenda.”

Section VIII.26. of the Articles of Association shall include the following clarification regarding the task of the chairperson of the general meeting:

“The summaries prepared by the vote counting committee during the election of the vote counting committee are presented by the chairperson of the general meeting.”

Section IX.5. (board of directors) and X. 4. (supervisory board) of the Articles of Association extend the possibility of attending the meetings of the corporate bodies by providing the possibility of attendance by means of electronic communications. In case of choosing the latter way of attendance shareholders are construed as present according to following amendments to both above mentioned sections:

“The Member is construed as present if he/she attended the meeting by means of electronic communications.”

The Company intends to emphasize the active role of the auditor by implementing the legal provisions and extending section XI.4. of the Articles of Association.

“The auditor may attend the meetings of the supervisory board in an advisory capacity, or must attend such meetings when so requested by the supervisory board.”

The general meeting may decide on each amendment of the Articles of Association separately or collectively as well. The amendment of the Articles of Association requires two-third of qualified majority of the votes.

The Supervisory Board supports the approval of the proposed resolution.

## **PROPOSED RESOLUTION**

*The general meeting intends to pass one resolution on all amendments of the Articles of Association.*

*The general meeting passes a resolution on the amendment of the Articles of Association as follows:*

*“If the Company’s shares are listed on the Budapest Stock Exchange” phrase is eliminated from section VII.2.; VIII.2. , 4. and 24. of the Articles of Association.*

*Section VIII.6. of the Articles of Association is complemented as follows:*

*“Shareholders may exercise their voting right by post before the general meeting takes place. The validity criteria of voting by post are defined in the publication of notice for the convocation of the general meeting.”*

*Section VIII.7. of the Articles of Association is complemented as follows:*

*“The board of directors or the chairman of the supervisory board is entitled to invite people to the general meeting and to provide them the right of comment if their attendance and opinion is considered to be essential or supports informing the shareholders and the passing of the resolutions. If the shareholders exercise their right of making addition to the agenda and they claim for the attendance of third parties at the proposed addition, the board of directors or the chairman of the supervisory board may invite these third parties upon the written proposal of the shareholders and may provide them the right of comment at the negotiation of the affected part of the agenda.”*

*Section VIII.26. of the Articles of Association is amended as follows:*

*“The summaries prepared by the vote counting committee during the election of the vote counting committee are presented by the presiding chairperson.”*

*Section IX.5. (board of directors) of the Articles of Association is completed as follows:*

*“The Member is construed as present if he/she attended the meeting by means of electronic communications.”*

*Section X.4. (supervisory board) of the Articles of Association is completed as follows:*

*“The Member is construed as present if he/she attended the meeting by means of electronic communications.”*

*Section XI.4. of the Articles of Association is completed as follows:*

*“The auditor may attend the meetings of the supervisory board in an advisory capacity, or must attend such meetings when so requested by the supervisory board.”*



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

### **Decision on the approval of the rules of procedure of the Supervisory Board**

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

The Company' General Meeting approved the rules of procedure of the Supervisory Board on 29 April 2016 at last. In the meantime the Act LXXXVIII of 2014 on the Business of Insurance (hereinafter referred to as „Insurance Act”) and the National Bank of Hungary's recommendation No. 5/2016 (VI.06.) of the internal lines of defence set-up and operation, management and control functions of financial organizations (hereinafter referred to as "supervisory recommendation") have been modified.

Other part of the modifications were generated by the regulatory need of holding the Supervisory Board meetings and the possibility of being represented by means of electronic communication.

According to the new rules of procedure the Supervisory Board holds its meetings as determined in the annual work plan in which the days and the topics of the meetings are also determined. So the adoption of the annual work plan means also the convocation of the meetings, only extraordinary meetings shall be individually convened.

Keeping the minutes and the rules of this has been determined by the Insurance Act. The rules of procedure introduces the category of regularly invited persons who are the Chairman of the Board of Directors, the CEO, the deputy CEO.

Meeting might be held via electronic communication as the amended Articles of Association also provides this possibility.

The new rules of procedure was set by the Supervisory Board meeting held on 13 March 2018 and it shall be accepted by the General Meeting according to section 3:122 (3) of the Civil Code.

The rules of procedure is attached as Annex 2.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting approves the rules of procedure of the Supervisory Board that was set on 13 March 2018.*



**AGENDA ITEM no. 6.**

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

**SUMMARY OF THE PROPOSAL**

The proposal for this agenda item was withdrawn by the Board of Directors of the Company as announced on 22 March 2018.

## **AGENDA ITEM no. 7.**

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

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

According to section 2 of Chapter IX of the Articles of Association a Board of Directors of maximum seven members has to be established at the Company, whose members must be appointed by the General Meeting. The Board of Directors currently consist of five members, but the member mandate of Dr. Mária Király, Gergely Domonkos Horváth and Dr. Gyula Mikó expires. The Remuneration and Nomination Committee proposed the reelection of Dr. Mária Király and Gergely Domonkos Horváth, the Board of Directors accepted this proposal and submits to the General Meeting.

By the nomination the Board of Directors took into consideration the guidelines of the Remuneration and Nomination Committee regarding to the nomination of members of the governing and controlling bodies. The main aspect of the nomination was that the members of the supervisory body together have those competencies that are necessary for the efficient and professional controlling functions.

The authorization of the National Bank of Hungary is needed to fill in the Board of Directors member position. Therefore, the CV of the nominees are attached to the proposal on the election of members of the Board of Directors as Annex 3. The General Meeting accepts the proposed resolutions per person.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting appoints Dr. Mária Király as a member of the Board of Directors of the Company for a five-year period with the effect from the date of the authorization of the National Bank of Hungary*

*The General Meeting appoints Gergely Domonkos Horváth as a member of the Board of Directors of the Company for a five-year period with the effect from the date of the authorization of the National Bank of Hungary*

## **AGENDA ITEM no. 8**

### **Decision on the determination of remuneration of the members of the Board of Directors**

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

Last time the annual general meeting of The Company held on 24 April 2017 decided on the remuneration of the Board of Directors. Resolution No. 12/2017 (IV.24.) laid down that those members of the Board of Directors who have employment contracts with the Company, still shall not receive any remuneration. Those members of the Board of Directors who are not employed by the Company, shall receive a remuneration of HUF 300,000 (gross) per sessions. The Chairman of the Board of Directors if he/she does not have employment contract with the Company shall receive a remuneration of HUF 600,000 (gross) per sessions.

The Remuneration and Nomination Committee decided on the remuneration for board membership on its meeting held on 8 March 2018 and made a proposal on retaining the remuneration for members of each boards according to the previously established remuneration guidelines. The Board of Directors proposes this with unchanged content to the General Meeting. The Chairman of the Board of Directors shall receive a remuneration of HUF 600,000 (gross) per meetings and the other members shall receive HUF 300,000 (gross) per meetings. Not more than six meetings per year entitles for remuneration. Those members of the Board of Directors who have employment contracts with the Company, shall not receive any remuneration.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting decided that members of the Board of Directors, who have employment contracts with the Company, still shall not receive any remuneration. Effective from the passing of this resolution, the General Meeting decides that from 2018 those members of the Board of Directors who are not employed by the Company, shall receive a remuneration of HUF 300,000 (gross) per session. Not more than six meetings per year entitles for remuneration. The Chairman of the Board of Directors if he/she does not have employment contract with the Company shall receive a remuneration of HUF 600,000 (gross) per session. Not more than six sessions per year entitles for remuneration.*

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

### **Decision on the determination of remuneration of the members of the Supervisory Board**

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

Last time the annual general meeting of the Company held on 24 April 2017 decided on the remuneration of the Chairman and members of the Supervisory Board. Resolution No. 13/2017 (IV.24.) laid down that the members shall receive a remuneration of HUF 300,000 (gross) per meetings and the Chairman of the Supervisory Board shall receive a remuneration of HUF 600,000 (gross) per meetings.

The Remuneration and Nomination Committee decided on the remuneration for board membership at its meeting held on 8 March 2018 and made a proposal on retaining the remuneration for members of each boards. The Board of Directors proposes this with unchanged content to the General Meeting. The Chairman of the Supervisory Board shall receive a remuneration of HUF 600,000 (gross) per meetings and the other members shall receive HUF 300,000 (gross) per meetings. Not more than six meetings per year entitles for remuneration.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting decides that from 2018 - effective from the passing of this resolution -the Chairman of the Supervisory Board of the Company, shall receive a remuneration of HUF 600,000 (gross) per session. Members of the Supervisory Board shall receive a remuneration of HUF 300,000 (gross) per session. Not more than six meetings per year entitles for remuneration.*

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

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

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

Last time the annual general meeting of the Company held on 24 April 2017 decided on the remuneration of the Chairman and members of the Audit Committee. Resolution No. 14/2017 (IV.24.) laid down that the members shall receive a remuneration of HUF 150,000 (gross) per session and the Chairman of the Audit Committee shall receive a remuneration of HUF 300,000 (gross) per session.

The Remuneration and Nomination Committee decided on the remuneration for board membership at its meeting held on 8 March 2018 and made a proposal on retaining the remuneration for members of each boards. The Board of Directors proposes this with unchanged content to the General Meeting. The Chairman of the Audit Committee shall receive a remuneration of HUF 300,000 (gross) per meetings and the other members shall receive HUF 150,000 (gross) per meetings. Not more than six meetings per year entitles for remuneration.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting decides that with the effect from passing this resolution the Chairman of the Audit Committee of the Company, shall receive a remuneration of HUF 300,000 (gross) per session. Members of the Audit Committee shall receive a remuneration of HUF 150,000 (gross) per session from 2018. Not more than six meetings per year entitles for remuneration.*

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

### **Information on the acquisition of own shares**

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

The General Meeting of the Company empowered the Board of Directors with its resolution No. 15/2017. (IV. 24.) to acquire interest-bearing own shares quid pro quo, with the lowest value of HUF 100, the highest value of HUF 750. The maximum quantity of the interest-bearing own shares to be purchased equals the maximum quantity of the share series „B” and „C”, i.e. 1,150,367 pieces of share series „B” and 730,772 pieces of share series „C”.

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

The Company purchased 200,000 pieces of “C” type interest bearing shares issued by the Company of HUF 40 nominal value by purchase contract. The purchase price was HUF 750/each.

The Company purchased 133,333 pieces of “B” type interest bearing shares issued by the Company of HUF 40 nominal value by purchase contract. The purchase price was HUF 750/each.

The above mentioned shares were withdrawn and it decreased the share capital of the Company. The owners of A” ordinary shares gave their consent to the decrease of the capital on the repeated General Meeting of the Company held on 26 September 2017. The share capital reduction does not affect the shareholders shareholdings.

The General Meeting shall not decide on this information, so the Board of Directors proposes no resolution.

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

### **Information on the implementation of remuneration guidelines**

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

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

The General Meeting extended the share option program within the management interest system with a three years period with its resolution No. 16/2017. (IV. 24.).

The Remuneration and Nomination Committee has reviewed the remuneration guidelines on 8 March 2018 and stated that they serve the Company's and the shareholders' interests sufficiently so it proposes no amendment. The Board of Directors found it justified to retain the guidelines unchanged.

The General Meeting shall not decide on this information, so the Board of Directors proposes no resolution.

## **AGENDA ITEM no. 13.**

### **Amendment of the previous General Meeting resolution on the capital increase**

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

The General Meeting of the Company decided with its resolution No 4/2018. (I. 30.) to increase the share capital of the Company with through issuing new “A” series shares as a private placement for the payment of cash contribution (method of the Share Capital increase)

The Board of the Directors of the Company appointed KONZUM Investment and Asset Management Plc. (registered seat: 1065 Budapest, Révay Street 10 II.floor.; company registration number: Cg 01-10-049323; tax ID: 10210901-2-42). to take over the above described shares at a HUF 350 /share price:

According to the General Meeting resolution KONZUM shall transfer the price on the Company’s bank account until 31st March 2018 with the condition that the National Bank of Hungary authorised the share acquisition.

KONZUM Investment and Asset Management Plc. made a final declaration of undertaking on the takeover of the shares, but the National Bank of Hungary still not have made a resolution on the share acquisition. So at the date of publishing this proposal, modification of the deadline of the payment is justified.

The Supervisory Board supports the approval of the proposed resolution.

#### **PROPOSED RESOLUTION**

*The General Meeting amends resolution No. 4/2018. (I. 30.) as follows: The shareholder appointed to capital increase by private placement is committed to pay the issue price – HUF 8,213,107,000 that is eight billion two hundred and thirteen million one hundred and seven thousand Hungarian Forints - of the shares it has been committed to take over. It has to pay the price within 15 days after getting the authorisation of the National Bank of Hungary on the share acquisition, by transferring the price on the Company’s bank account. Other parts of resolution No. 4/2018. (I. 30.) remain unchanged.*



## Annexes

### **ANNEX I/A**

**Report of the Audit Committee in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year**

### **ANNEX I/B**

**Report of the Supervisory Board in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for business year 2017**

### **ANNEX I/C**

**Report of the registered auditor in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year**

### **ANNEX I/D**

**The Company's annual report in accordance with the Hungarian Accounting Act for 2017 business year**

**and**

**the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS) for 2017 business year**

**and**

**the report of the Board of Directors in connection with the Company's annual report in accordance with the Hungarian Accounting Act, and the Company's consolidated financial statements in accordance with international financial reporting standards (EU IFRS)**

### **ANNEX I/F**

**Corporate Governance Report**

### **ANNEX 2**

**Rules of procedure of the Supervisory Board**

### **ANNEX 3**

**Professional CV-s of the nominees to the Board of Directors membership**