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Registration number

## **CIG Pannónia Life Insurance Plc.**

1033 Budapest, Flórián tér 1.

1 January 2011 - 31 December 2011

## **ANNUAL FINANCIAL STATEMENTS**

Budapest, 21 March 2012

ASSETS HUF thousand	31.12.2010	31.12.2011
<b>A. Intangible assets</b>	<b>1 408 946</b>	<b>860 302</b>
<b>B. Investments</b>	<b>9 715 136</b>	<b>5 317 009</b>
I. Land and buildings	44 738	35 417
of which: property in own use	0	0
II. Investments in related companies	1 306 526	1 888 826
1. Ownership share investments in parent and subsidiary companies	1 306 526	1 852 826
2. Debt securities in parent and subsidiaries, loans granted	0	27 000
3. Ownership share investments in joint venture and associated companies	0	9 000
4. Debt securities in joint venture and associated companies	0	0
III. Other investments	8 363 872	3 392 765
1. Ownership share investments in affiliated companies	648 599	652 239
2. Debt securities (except II/2 and II/4)	3 188 860	1 928 493
3. Holding in investment pool	0	0
4. Mortgaged loans (except II/2, II/4 and III/5)	0	0
5. Other loans (except II/2 and II/4 and III/4)	29 444	37 640
6. Deposits at credit institutions	4 294 000	625 000
7. Other investments	202 969	149 393
IV. Deposit receivables from reinsurance business assumed	0	0
V. Adjustments for investments	0	0
VI. Valuation difference for investments		0
<b>C. Investments executed for policyholders of unit-linked life insurance policies</b>	<b>19 724 280</b>	<b>27 045 435</b>
<b>D. Receivables</b>	<b>3 139 882</b>	<b>4 747 664</b>
I. Receivables from direct insurance transactions	1 423 054	2 742 750
1. Receivables from insurance policy holders	989 944	2 149 679
of which: a) from related companies	0	0
b) from affiliated companies	0	0
2. Receivables from insurance brokers	433 110	593 071
of which: a) from related companies	0	0
b) from affiliated companies	0	0
II. Receivables from reinsurance	1 590 502	1 704 325
of which: a) from related companies	0	0
b) from affiliated companies	0	0
III. Reinsurers' share of life insurance premium reserve	0	0
IV. Other receivables	126 326	300 589
of which: a) from related companies	0	0
b) from affiliated companies	0	0
V. Revaluation difference on receivables	0	0
VI. Revaluation difference (+) on derivative transactions	0	0
<b>E. Other assets</b>	<b>3 048 944</b>	<b>2 556 196</b>
1. Tangible assets (without land and buildings), inventories	221 827	181 208
2. Bank deposits, cash and cash equivalents	2 827 044	2 374 989
3. Repurchased own equities	0	0
4. Other	73	0
<b>F. Prepaid expenses and accrued income</b>	<b>4 176 304</b>	<b>3 754 685</b>
1. Interest and rentals	115 175	76 617
2. Deferred acquisition cost	4 035 595	3 618 769
3. Other prepaid expenses and accrued income	25 534	59 299
<b>TOTAL ASSETS</b>	<b>41 213 492</b>	<b>44 281 292</b>

EQUITY AND LIABILITIES HUF thousand	31.12.2010	31.12.2011
<b>A. Shareholders' capital</b>	<b>9 742 946</b>	<b>5 055 418</b>
I. Share capital	2 531 328	2 531 328
of which: repurchased ownership shares at face value	0	0
II. Subscribed, but unpaid capital (-)	0	0
III. Capital reserve	15 468 540	15 468 540
IV. Profit reserve (+/-)	-4 334 559	-8 725 467
V. Non-distributable reserve	957 961	468 545
VI. Valuation reserve	0	0
1. Valuation reserve from upwards revaluations		0
2. Valuation reserve from fair valuations		0
of which: share attributable to insureds		0
VII. Retained profit or loss for the year (+/-)	-4 880 324	-4 687 528
<b>B. Subordinated loan capital</b>	<b>0</b>	<b>0</b>
<b>C. Technical reserves</b>	<b>1 061 380</b>	<b>2 394 631</b>
1. Unearned premium reserve [a)+b)]	179 538	212 425
a) gross amount	179 538	212 425
b) reinsurers' share of the reserve (-)	0	0
2. Actuarial reserves	10 583	30 539
a) life insurance premium reserve [aa) + ab)]	10 583	30 539
aa) gross amount	10 583	30 539
of which: reinsurers' share of the reserve	0	0
ab) reinsurers' share of the reserve (term insurance)(-)		0
b) health insurance premium reserve [ba) + bb)]	0	0
ba) gross amount	0	0
bb) reinsurers' share of the reserve (-)	0	0
c) casualty insurance annuity reserve [ca) + cb)]	0	0
ca) gross amount	0	0
cb) reinsurers' share of the reserve (-)	0	0
d) liability insurance annuity reserve [da) + db)]	0	0
1. gross amount	0	0
2. reinsurers' share of the reserve (-)	0	0
3. Reserves for outstanding claims [a)+b)]	116 886	119 915
a) RBNS reserve (outstanding claims) [aa)+ab)]	49 802	14 409
aa) gross amount	49 802	15 809
ab) reinsurers' share of the reserve (-)	0	-1 400
b) IBNR reserve [ba)+bb)]	67 084	105 505
ba) gross amount	78 668	135 025
bb) reinsurers' share of the reserve (-)	-11 584	-29 520
4. Reserves for premium refunds [a)+b)]	22 562	144 923
a) reserve for result-dependent premium refunds [aa)+ab)]	196	829
aa) gross amount	196	829
ab) reinsurers' share of the reserve (-)	0	0
b) reserve for premium refunds independent of profit [ba)+bb)]	22 366	144 094
ba) gross amount	22 366	144 094
bb) reinsurers' share of the reserve (-)	0	0
5. Equalisation reserve	0	0
6. Other reserves [a)+b)+c)]	731 811	1 886 829
a) reserve for major losses	0	0
b) cancellation reserve [ba)+bb)]	731 811	1 886 829
ba) gross amount	731 811	1 886 829
bb) reinsurers' share of the reserve (-)	0	0
c) other technical reserve [ca)+cb)]	0	0
ca) gross amount	0	0
cb) reinsurers' share of the reserve (-)	0	0

EQUITY AND LIABILITIES HUF thousand	31.12.2010	31.12.2011
<b>D. Technical reserves for policyholders of unit-linked life insurance policies (1+2)</b>	<b>19 724 280</b>	<b>27 045 435</b>
1. gross amount	19 724 280	27 045 435
2. reinsurers' share of the reserve (-)	0	0
<b>E. Provisions</b>	<b>671 117</b>	<b>0</b>
1. Provisions for expected liabilities	671 117	0
2. Provisions for future charges	0	0
3. Other provisions	0	0
<b>F. Deposit liabilities to reinsurers</b>	<b>0</b>	<b>0</b>
<b>G. Liabilities</b>	<b>5 466 280</b>	<b>4 808 261</b>
I. Liabilities from direct insurance	3 199 298	989 085
of which: a) to related companies	0	0
b) to affiliated companies	0	0
II. Liabilities from reinsurance	1 220 398	2 653 777
of which: a) to related companies	0	0
b) to affiliated companies	0	0
III. Liabilities from the issuance of bonds	0	0
of which: a) to related companies	0	0
b) to affiliated companies	0	0
IV. Loans	0	0
of which: a) to related companies	0	0
b) to affiliated companies	0	0
V. Other liabilities	1 046 584	1 165 398
of which: a) to related companies	70 000	0
b) to affiliated companies	0	0
VI. Revaluation difference on liabilities	0	0
VII. Revaluation difference (-) on derivative transactions	0	0
<b>H. Accrued expenses and deferred income</b>	<b>4 547 489</b>	<b>4 977 549</b>
1. Accruals on revenues	0	7 387
2. Accruals on charges, expenditures	458 076	49 096
3. Deferred income	4 089 413	4 921 066
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>41 213 492</b>	<b>44 281 292</b>

Budapest, 21 March 2012

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Chief Executive Officer

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Chief Financial Officer

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Chief Actuary

INCOME STATEMENT	1 January 2010 - 31 December 2010	1 January 2011 - 31 December 2011
<b>A.) Non-life insurance</b>		
<b>A.) TECHNICAL RESULT</b>		
<b>B.) Life insurance</b>		
01. Earned premiums without reinsurance	18 016 676	20 072 575
a) gross written premiums	25 804 852	28 062 692
b) ceded reinsurance premiums (-)	-7 750 304	-7 957 230
c) changes in unearned premium reserve (+-)	-37 872	-32 887
d) reinsurers' share from change in unearned premium reserve (+-)	0	0
02. Technical income from investments	0	1 239
a) dividends and profit shares received	0	0
of which: from related companies	0	0
b) other investment income	0	1 239
of which: from related companies	0	0
ba) tangible asset income related to insurance portfolio	0	0
bb) interest received and similar income	0	1 239
c) exchange gain from the sale of investments and other income from investments	0	0
d) investment income allocated from life insurance (same as row C/05)(-)	0	0
03. Non-realized gains on investments	1 495 669	0
of which: revaluation difference	0	0
04. Other technical income	226 312	414 735
05. Claim expenses	4 169 818	6 001 259
a) claim payments and claim settlement charges	4 074 577	5 998 232
aa) claims paid	4 059 972	5 969 385
1. gross amount	4 087 247	5 982 745
2. reinsurers' share (-)	-27 275	-13 360
ab) claim settlement charges	14 605	28 846
ac) income from claim refunds and claim settlement charge refunds	0	0
b) change in outstanding claim reserves (+-)	95 241	3 027
ba) change in RBNS reserve for outstanding claims (+-)	44 594	-35 394
1. gross amount	44 594	-33 994
2. reinsurers' share (-)	0	-1 400
bb) change in IBNR reserve (+-)	50 647	38 421
1. gross amount	62 231	61 477
2. reinsurers' share (-)	-11 584	-23 056
06. Change in actuarial reserves (+-)	6 583	19 956
a) change in life insurance premium reserve (+-)	6 583	19 956
aa) gross amount	6 583	19 956
ab) reinsurers' share (term insurance)(-)	0	0
b) changes in health insurance premium reserve (+-)	0	0
ba) gross amount	0	0
bb) reinsurers' share (-)	0	0
c) changes in casualty insurance annuity reserve (+-)	0	0
ca) gross amount	0	0
cb) reinsurers' share (-)	0	0
07. Change in reserve for premium refunds (+-)	19 042	122 361
a) Change in reserve for result-dependent premium refunds (+-)	-3 324	633
aa) gross amount	-3 324	633
ab) reinsurers' share (-)	0	0
b) Change in reserve for premium refunds independent of profit (+-)	22 366	121 729
ba) gross amount	22 366	121 729
bb) reinsurers' share (-)	0	0
08. Change in equalization reserve (+-)	0	0
09. Change in other reserves (+-)	549 085	1 155 018
a) Change in reserve for major losses (+-)	0	0
b) Change in cancellation reserves (+-)	549 085	1 155 018
ba) gross amount	549 085	1 155 018
bb) reinsurers' share (-)	0	0
b) Change in other technical reserves (+-)	0	0
ca) gross amount	0	0

INCOME STATEMENT	1 January 2010 - 31 December 2010	1 January 2011 - 31 December 2011
cb) reinsurers' share (-)	0	0
<b>10. Change in unit-linked life insurance reserves (+-)</b>	<b>11 293 685</b>	<b>7 321 154</b>
a) gross amount	11 293 685	7 321 154
b) reinsurers' share (-)	0	0
<b>11. Net operating charges</b>	<b>7 393 219</b>	<b>8 277 917</b>
a) acquisition costs in the reporting year	13 161 569	10 781 215
b) changes in deferred acquisition costs (+-)	-1 849 279	416 826
c) administration costs (except investment charges)	3 544 908	4 930 157
d) commissions and profit shares due from reinsurers (-)	-7 463 979	-7 850 280
<b>12. Technical expenses on investments</b>	<b>33 700</b>	<b>355 971</b>
expenses	33 624	355 971
b) impairment and reversed impairment of investments (+-)	0	0
c) exchange loss on sale of investments, other expenses on investments	76	0
<b>13. Unrealized loss on investments</b>	<b>0</b>	<b>1 647 819</b>
of which: revaluation difference	0	0
<b>14. Other technical expenses</b>	<b>0</b>	<b>15 732</b>
<b>B.) TECHNICAL RESULT (01+02+03+04-05+-06+-07+-08+-09+-10-11+-12-13-14)</b>	<b>-3 726 475</b>	<b>-4 428 638</b>
<b>C.) Non-technical settlements</b>	<b>0</b>	<b>0</b>
01.Dividends and profit shares received	0	0
of which: from related companies	0	0
of which: revaluation difference	0	0
02. Interest received and similar income	154 072	304 173
of which: from related companies	0	0
03.Tangible asset income related to insurance portfolio	0	0
04.Exchange gain from the sale of investments and other income from investments	49 005	345 334
05.Investment income allocated from life insurance (same as row B/02/d)	0	0
06. Investment profit to be returned to insured parties (-) (same as row A/02)	0	0
expenses	143 025	78 145
of which: revaluation difference	0	0
08. Impairment and reversed impairment of investments (+-)	0	75 683
09. Exchange loss on investment sales, other expenses on investments	101 505	710 766
10. Other income	32 952	855 301
11. Other expenses	1 082 106	899 103
<b>C.) NON-TECHNICAL SETTLEMENTS (+01+02+03+04+05-06-07-08-09+10-11)</b>	<b>-1 090 607</b>	<b>-258 890</b>
<b>08-09+10-11)</b>	<b>-4 817 082</b>	<b>-4 687 528</b>
12. Extraordinary income	0	0
13. Extraordinary expenses	63 242	0
14. Extraordinary profit/loss (12-13)	-63 242	0
<b>E.) PROFIT/LOSS BEFORE TAXATION (+-D+-14)</b>	<b>-4 880 324</b>	<b>-4 687 528</b>
15. Tax liability	0	0
<b>F.) PROFIT/LOSS AFTER TAX (+-E-15)</b>	<b>-4 880 324</b>	<b>-4 687 528</b>
16. Use of profit reserve for dividends, profit shares	0	0
17. Approved dividends and profit shares	0	0
<b>G.) RETAINED PROFIT/LOSS FOR THE YEAR (+-F+16-17) HUF thousand</b>	<b>-4 880 324</b>	<b>-4 687 528</b>

Budapest, 21 March 2012

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Chief Executive Officer

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Chief Financial Officer

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Chief Actuary