



PANNÓNIA
ÉLETBIZTOSÍTÓ

CIG PANNONIA LIFE INSURANCE PLC.

QUARTERLY PROSPECTUS

II. QUARTER 2011.

25 August 2011.

I. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes its quarterly prospectus today. The purpose of the present prospectus is to publish non-audited and non-consolidated data which have been prepared in accordance with the Hungarian accounting act and are also meant to be voluntarily provided to the Association of Hungarian Insurance Companies (MABISZ), along with the simultaneously published quarterly report. Appendix I. of this prospectus contains the data provided to MABISZ.

The Issuer also publishes its second Quarterly Report separately from this Prospectus. The Quarterly Report includes consolidated and non-audited data of the first half of 2011 required by law in accordance with the international financial accounting standards (IFRS).

- The Issuer achieved HUF 12, 642 billion gross written premium in the first half of 2011 in comparison to the gross written premium worth HUF 8,530 billion in the similar period of 2010. The great increase in new sales of unit-linked life insurances and the incoming renewal premium from existing life insurance portfolios resulted in a 48 percent increase in gross written premium. The financial status of the Issuer is stable; its share capital on June 30th 2011 was HUF 7,301 billion which ensures the financing of its operation.
- The Issuer held its annual general meeting on April 19th 2011, and it made resolutions regarding the approval of the Annual Report of 2010 and the new appointments of the former auditor KPMG Hungary Ltd. for year 2011 and new Supervisory Board members. The supervisory approval regarding the new Supervisory Board members as decided on the annual general meeting was given in the case of László Asztalos in June and in the case of Attila Solymár after the subject period but before the publication of this prospectus.
- The Issuer appointed Sándor Csepeli as the new CEO of its Romanian branch as of May 14th 2011 who will contribute to the branch's' success with his experience in the field of developing, training and managing life insurance sales channels and years of experience will add a valuable contribution to the successful operation of the branch.
- The agreement on a strategic cooperation between the Issuer and the Pension Fund of Electricity Companies came into effect. The parties started to work together in order to exploit possible synergies in the cooperation effectively. The Pension Fund was renamed Pannónia Pension Fund and by the time of the publication of this prospectus the Court of registration has registered the investment service and the fund service companies founded as part of the cooperation.
- The Issuer resigned from the Association of Hungarian Insurance Companies (MABISZ) as of June 1st.
- The Issuer and its subsidiary performing non-life activity, CIG Pannónia First General Life Insurance cPlc. made a strategic trilateral agreement with Granit Bank cPlc. The Parties' objective is to synchronize their operations and to provide joint services to their retail and business clients. Within the framework of the cooperation they intend to enter the market with premium financial services, insurance packages connected to credit cards and mortgage, property and liability insurance product packages aimed at small and mid cap companies.

The Board interprets the results achieved in the second fiscal quarter of 2011 as a success. The Issuer continued negotiations with domestic and foreign investors, to seek out possible areas of cooperation, it participated in conferences, summits and held introductory presentations in several major European cities.

Budapest, 25 August 2011.

CIG Pannónia Life Insurance Plc.

2. Financial statements

The main lines of the Issuers' profit and loss account

HUF million

Denomination	2011.06.30 (A)	2010.12.31 (B)	2010.06.30 (C)	Change % (A)/(C)
Gross written premium	12 642	25 805	8 530	148%
Claims, services	-3 038	-4 075	-1 800	169%
Change in reserves	-2 047	-12 002	-3 280	62%
Gross operating costs	-9 154	-16 755	-6 802	135%
Technical result	-2 947	-3 726	-1 329	222%
Non-technical settlements	520	-1 091	24	2147%
Retained profit/loss for the year	-2 427	-4 880	-1 305	186%

The main lines of the Issuer's balance sheet

HUF million

Denomination	2011.06.30 (A)	2010.12.31 (B)	2010.06.30 (C)	Change (A)/(C)
Investments	5 388	9 715	3 504	154%
Investments for policyholders of unit-linked life insurance policies	21 668	19 724	11 643	186%
Receivables	3 686	3 140	4 086	90%
Other assets	1 043	3 049	1 227	85%
Total assets	37 656	41 213	23 567	160%
Share capital	7 301	9 743	3 347	218%
Technical reserves for holders of unit-linked life insurance policies	21 668	19 724	11 643	186%
Liabilities	2 132	5 467	3 603	59%
Total equity and liabilities	37 656	41 213	23 567	160%

3. Presentation of the financial position of the Issuer - the non-audited, non-consolidated data regarding the first half of 2011 in accordance with the Hungarian accounting act.

During the reported period, the gross written premium of the Issuer was HUF 12,642 billion which is 148 percent of the performance of last years' similar period. Out of this unit-linked life insurances account for HUF 12,546 billion and traditional insurances account for HUF 96 million. The incoming gross written premium from policies sold in the first half of 2011 was HUF 4,701 billion, which is a 31% increase in comparison with the similar time period of the previous year. The increase in renewal from policies sold in previous years' was 167%, the renewal premium of the first half of the year was HUF 3,641 billion in contrast to the renewal premium worth HUF 1,369 billion in the first half of 2010. The top-up premiums reached HUF 4,300 billion, most of which came from unit-linked life insurance policies (HUF4,298 billion) while the income from top-up premiums was HUF 3,584 billion in last years' similar period. The 34% share of top-up premiums within the HUF 12,642 billion gross written premium is appropriate to the market average. The sales of unit-linked life insurances remained the driving force behind the Issuers' growth, but the sales of traditional life insurances increased as well. In accordance with the Issuers' plans there will be more emphasis put on the sales of traditional life insurances.

Among expenses the greatest item was claim expenses (HUF 3,038 billion) out of which the gross sum of claims and services was HUF 3,012 billion, out of which HUF 13 million was connected to traditional life insurances, the rest was made up from the partial or full surrender of unit-linked life insurances. The expenses on change in reserves (HUF 2,047 billion) were also significant, out of which HUF 1,944 billion is connected to the growth of unit linked life insurance reserves, while the extent of traditional technical reserves cannot be considered significant.

The gross operating costs of the Issuer in the first half year were HUF 9,154 billion, out of which HUF 5,928 billion were acquisition costs and HUF 3,137 billion were administration costs, 26 million were claim settlement costs and 63 million were investment costs. The acquisition costs grew in proportion with the dynamically increasing gross written premium. Out of the administration costs HUF 1,147 billion was connected to liabilities like tax and contribution in relation to the closure of the employee share issuing program and the success fee connected to the IPO, which is counterweighed by the disengagement of the provisional reserves worth HUF 671 million, which was accounted for in the audited report of 2010 within the non technical results as other income. Beyond the items mentioned above, the dynamic growth of the Issuer also had a significant role: the number of employees (along with the Romanian branch) grew to 164 in the first half of 2011 from the 113 at the end of 2010.

The Issuers' balance sheet result is HUF 37,656 billion, its *financial position is stable* and it fully fulfilled its responsibilities. The amount of share capital was HUF 7,301 billion on June 30th 2011, which assured the solvency required by law, and which assured the operability.

4. Executive report

The new sales of life insurances continued to grow dynamically: the Issuer sold regular premium policies with an annualized premium of HUF 4,923 billion, out of which unit-linked life insurances account for HUF 4,837 billion, while traditional life insurances account for HUF 86 million.

Unit-linked life insurances, new sales

HUF million

	2011.06.30 (A)	2010.12.31 (B)	2010.06.30 (C)	Change % (A)/(C)
Pieces	8 190	17 268	7 142	115%
Annualized premium HUF million	4 837	10 199	3 816	127%

During the first half of 2011, 11 119 pieces of life insurance policies have been sold, out of which 8 190 pieces were unit-linked life insurance policies, while 2 929 pieces were traditional life insurance policies. The Issuer achieved 15 percent growth in volume and 27 percent growth in annualized premium of unit-linked life insurances – which account for two thirds of the life insurance market – which also shows the increase in average annualized premiums.

With the new sales in the subject period the Issuers' closing portfolio grew to 36 971 pieces (out of this 31 316 pieces are unit-linked life insurance policies and 5 655 pieces of traditional life insurance policies), its closing annualized premium grew to HUF 19,067 billion (out of this unit-linked life insurance annualized premium account for HUF 18, 850 billion and traditional life insurance annualized premium for HUF217million).

The diversification of distribution channels has improved further. In relation to annualized premiums, besides the significant growth in sales of policies by BROKERNET Group, the production of tied-agents and alternative distribution channels also increased in volume as well. During the first half of 2011, BROKERNERT Groups' share in production was 70% out of which 63% are sales in Hungary and 7% are sales in Slovakia. The tied-agent network accounts for 10 percent of the production, while other distribution channels account for 20 percent.

Market share indicators*

	2011.06.30		2010.12.31		2009.12.31	
	HUF million	Market share	HUF million	Market share	HUF million	Market share
Annualized premium of unit-linked life insurances, new sales	4 837	-	10 199	24,0%	4 782	16,0%
According to the annualized premium of life insurance business line, new sales	4 923	-	10 312	19,6%	4 828	11,6%
According to the gross written premium of life insurance business line	12 642	5,6%	25 807	5,8%	12 082	2,9%

*At the time of the preparation of the quarterly report, data from the Association of Hungarian Insurance Companies on markets shares for the 2nd Quarter of 2011. were only available regarding gross written premiums. Therefore market share data regarding new sales are not indicated in the table.

In the time period, the annualized premiums resulting from the sales of unit-linked investments denominated in Euros and endowment insurances launched during the first quarter of 2011 by the Issuers' Romanian branch was HUF 58 million. The Issuer entered the Slovakian market in September of 2010, where it sells its life insurance products through cross-border services. The Issuer sells unit-linked life insurance policies denominated in Euros through the Slovakian subsidiary of the BROKERNET Group. Policies with an annualized premium of HUF 330 million have been sold in Slovakia during the first half of 2011.

The sales of unit-linked life insurances in Hungary are dominant in the Issuers' activity and continue to remain a significant factor in business growth.

5. Number of employees, ownership structure

Number of the Issuers' employees 164 people (with the Romanian branch).

The amount of the Issuer's registered capital (30 June 2011)

Share Series	Face (HUF/piece)	Value	Number of pieces issued	Total face value (HUF)
Series "A"	40,-		63.283.203	2.531.328.120,-
Amount of the registered capital	-		-	2.531.328.120,-

Number of voting rights (30 June 2011)

Share Series	Number of pieces issued	Number of voting rights	Voting rights per share	Total number of voting rights	Number of own shares
"A" Series	63.283.203	63.283.203	1	63.283.203	0
Total:	63.283.203	63.283.203	-	63.283.203	0

Ownership structure of the Issuer (30 June 2011)

	Number of Shares	Participation rate	Voting rate
Domestic private investor	53 608 436	84,711 %	84,711 %
Domestic institutional investor	7 925 718	12,525 %	12,525 %
Foreign private investor	293 736	0,464 %	0,464 %
Foreign institutional investor	581 365	0,918 %	0,918 %
Non specified item	873 948	1,382 %	1,382 %
Total	63 283 203	100 %	100 %

The Issuer laid a charge on the KELER to conduct the register of shareholders. If there is a financial institution managing securities accounts of clients owning CIGPANNONIA shares, which does not supply data about the shareholder(s) for the identification process, then the shareholders of resulting unidentified shares will be included in the register under "Non specified item".

I. Appendix

Presentation of the life insurance business lines' portfolio of the Issuer at the end of the subject period (pieces)

Denomination	Opening portfolio 2011.01.01	New sales	Closing portfolio 2011.06.30
Traditional life insurances	3 144	2 929	5 655
Life insurance for death coverage	2 134	1 271	3 108
Endowment life insurance	34	166	190
Accident and health insurance riders	976	1 492	2 357
Unit-linked life insurance	26 220	8 190	31 316
Life insurance business line in total	29 364	11 119	36 971

Presentation of the life insurance business lines' portfolio at the Issuer at the end of the subject period

HUF thousand

Denomination	Opening portfolio 2011.01.01	New sales	Closing portfolio 2011.06.30
Traditional life insurances	141 511	85 915	217 569
Life insurance for death coverage	130 822	58 764	184 450
Endowment life insurance	3 354	15 730	15 041
Accident and health insurance riders	7 335	11 422	18 078
Unit-linked life insurance	15 469 581	4 837 072	18 849 602
Life insurance business line in total	15 611 092	4 922 987	19 067 171

The Issuers' gross written premium according to the business lines at the end of the subject period

HUF thousand

Denomination	Total premium	Top-up payable out of the revenue	Earned premium
Traditional life insurances	96 281	1 620	83 472
Life insurance for death coverage	84 713		78 266
Endowment life insurance	7 301		5 110
Accident and health insurance riders	4 267		96
Unit-linked life insurance	12 545 652	4 298 425	8 731 213
Life insurance business line in total:	12 641 933	4 300 046	8 814 685

Actuarial reserves of single/top-up premium life insurance policies at the end of the subject period

HUF thousand

Denomination	Sum of actuarial reserves	
	Single premium	Top-up premium
Reserves on unit-linked life insurance policies	0	0
Total traditional	0	4 422

Costs of the Issuer at the end of the subject period

HUF thousand

Denomination	Acquisition cost	Administration cost	Claim expenses	Investment cost	Total
Life business line in total	5 339 420	3 095 897	25 713	63 084	8 524 114
From this: unit-linked life insurance	5 318 145	2 648 738	24 516	53 435	8 044 834