



PANNÓNIA
ÉLETBIZTOSÍTÓ

CIG PANNONIA LIFE INSURANCE PLC.

QUARTELY REPORT

DESIGNED ACCORDING TO THE
INTERNATIONAL ACCOUNTING
STANDARDS, BASED ON
CONSOLIDATED FINANCIAL
STATEMENTS

I. QUARTER 2011.

May 18 2011.

I. Summary

CIG Pannónia Life Insurance Plc, (hereinafter: Issuer) publishes today its Quarterly Report regarding I. Quarter 2011. The Issuer publishes non-audited and non-consolidated data in the Quarterly which is required by law in accordance with the international financial accounting standards (IFRS). The Issuer simultaneously publishes its quarterly report and quarterly prospectus meant to be voluntarily provided to Hungarian Insurers' Association (MABISZ), which includes non-audited and non-consolidated data and have been prepared in accordance with the Hungarian Law of Accounting.

- The Issuer achieved HUF 7,896 billion gross written premium in the first quarter of 2011 in comparison to the gross written premium worth HUF 4,965 billion in the similar period of 2010. The increase in new sales of unit-linked life insurances and the incoming renewal fees from existing life insurance portfolios resulted in a 59% increase in gross income. The financial status of the Issuer is stable; its shareholders' equity on March 31st 2011 was HUF 7,548 billion which ensures the financing of its operation.
- The Issuer signed a strategic agreement with BROKERNET Group, the largest actor on the national insurance brokerage market, in order to achieve shared business goals.
- The Issuers' shares registered under the name CIGPANNONIA became part of the BUX and BUMIX index baskets at the Budapest Stock Exchange as of 1st of April 2011.
- The Hungarian Financial Supervisory Authority approved with its resolution No. EN-II-61/2011 the expansion of the circle of activities of CIG Pannónia First Hungarian General Insurance Plc. the Company's subsidiary.
- The Hungarian Financial Supervisory Authority approved with its resolution No. EN-II-63/2011 the transfer TIR Insurance Unions' (H-1097 Budapest, Lónyai u. 12.) domestic (FAF) and international (CMR) carrier insurance policies, and the liability insurances contracted according to the modus called UNIÓ, UNIÓBUSZ, VBT and Spenditőr to CIG Pannónia First Hungarian General Insurance Plc. as of 1st of April 2011. The Issuers' subsidiary launched sales on the 1st of April 2011 in the possession of the necessary licenses and the carrier insurance policies worth a hundred and forty million HUF.
- The Issuer signed a Letter of Intent with the Pension Fund of Electricity Companies (H-1072 Budapest, Nyár u. 12.) regarding a long-term strategic cooperation.

The Board interprets the results achieved in the first fiscal quarter of 2011 as a success, which provides a solid base to reach the goals for the year. The Issuer continued negotiations with domestic and foreign investors, to seek out possible areas of cooperation.

Budapest, May 18. 2011.

CIG Pannónia Life Insurance Plc.

2. Presentation of the data of the 1st Quarter of 2011 consolidated, non-audited financial status of the Issuer, according to the EU approved international standards of financial accounting (IFRS)

The Issuer and its subsidiaries which constitute the Group, deal with unit-linked risk, life and accident supplementary insurances, and non-life insurance.

The Hungarian Financial Supervisory Authority approved the expansion of the circle of activities of CIG Pannonia First Hungarian General Insurer Plc., a subsidiary of the Issuer. The license includes CASCO land vehicle mode, liability insurance related to self-propelled land vehicle (without mandatory car insurance), and general liability insurance furthermore insurances related to funeral services and financial loss. During the quarter, a significant team of expert joined the Company. Under the leadership of CEO of the Company Dr. Otto Csurgó, they started to design the conditions for the operation of the non-life business line. The Company plans to launch the sales of wealth and liability insurance products during the year. The increase in sales is planned to be achieved by the IV. Quarter of 2011.

The Issuer signed a Letter of Intent regarding a long-term strategic cooperation with the Pension Fund of Electricity Companies. The development of details of the cooperation is expected during the second quarter of 2011.

The Issuers' dominant activity remains the activity of CIG Pannonia Life Insurance Plc. as the parent Company; the rest of the Groups activity cannot be viewed as significant for the present.

During the reported period, the gross written premium of the Group was HUF 7,896 billion which is 159% of the revenue of last years' similar period. Out of this gross written premium, unit-linked life insurances account for HUF 7,856 billion, traditional insurances account for HUF 35 million and non-life insurances account for HUF 5 million. The incoming gross written premium from policies sold in the first quarter of 2011 was HUF 3,101 billion, which is a 39% increase in comparison with the similar time period of the previous year. Meanwhile the increase of renewal of policies sold in previous years was 168%, the gross written premium of the quarter was HUF 1,627 billion in contrast to the gross written premium worth HUF 606 million in the first quarter of 2010. The top-up premiums reached HUF 3,168 billion, most of which came from unit-linked life insurances. The 40% share of top-up premiums within the life insurance gross written premium is appropriate to the market average.

Those unit-linked life insurances which do not qualify as insurance policies according to IFRS, the Issuer classifies them as investment contracts. In connection to the investment contracts, the Issuer had a gross written premium worth HUF 156 million in the subject period.

Premium of policies sold during the first quarter of 2011 was 3,485 billion HUF, which exceeds the performance of the previous years' similar period by 35%. The sales of unit-linked life insurances remain the driving force behind the Issuers' growth. Meanwhile the sales of traditional products increased as well. The Issuer plans to put increasingly more emphasis on the sales of traditional products. During the quarter the Issuer became the winning bidder of the procurement procedure called "Unit-linked lifelong life insurance" of Budapest Transport Company Plc. (Seated: H-1980 Budapest, Akácfa utca 15.)

Among the expenditures, the most significant items were expenditures worth HUF 3,019 billion related to changes in net reserves and services, out of which, HUF 1,284 billion is connected to the increase of technical reserves and HUF 1,789 billion is connected to payments for services primarily connected to the partial or full redemptions of unit-linked life insurances.

The operating costs of the Issuer in the first quarter were HUF 5,350 billion, out of which HUF 4,288 billion were acquisition costs and HUF 1,062 billion were administration costs. The premium costs grew in proportion with the dynamically increasing gross written premium.

Other overall revenues include the changes in the fair value of realizable financial assets by HUF 76 million.

The main lines of the Issuers' consolidated overall revenue statement:

Data in million HUF	2011.03.31 (A)	2010.12.31 (B)	2010.03.31 (C)	Change % (A)/(C)
Insurance premiums	7 896	24 536	4 965	159 %
Income in the form of premiums and commissions from investment contracts	156	255	161	96 %
Changes in reserves and services	-3 019	-15 171	-3 080	98 %
Gross operational costs	-5 350	-19 282	-3 573	169 %
Net income after taxes	-679	-6 400	-575	118 %
Other overall revenues	76	45	33	235 %
Total overall revenues	-602	-6 356	-543	111 %

The main lines of the statement on the Issuers' consolidated financial status:

Data in million HUF	2011.03.31 (A)	2010.12.31 (B)	2010.03.31 (C)	Change % (A)/(C)
Realizable financial assets	4 257	4 153	157	2 714 %
Investments made for the benefit of unit-linked life insurance policy	20 030	18 795	9 765	205 %
Financial assets- investment contracts	941	929	858	110 %
Financial assets and financial asset-equivalents	4 477	8 162	1 410	318 %
Total assets	37 550	38 589	17 784	211 %
Technical reserves for the benefit of unit-linked life insurance policy holders	20 030	18 795	9 765	205 %
Investment contracts	941	929	858	110 %
Total liabilities	30 002	30 438	15 259	197 %
Shareholders' Equity	7 548	8 151	2 525	299 %

The Issuers' balance sheet result is HUF 37,6 billion, its *financial status is stable* and it fully fulfilled its responsibilities. The value of shareholders' equity was HUF 7,548 billion on March 31st 2011, which assured the solvency, required by law and which assured operation.

3. Executive report

Concerning the production, the first three months of the year were outstanding. The new sales of life insurances were 35% greater than the performance of the similar period in 2010. The Issuer sold annually paid policies worth HUF 3,485 billion in premiums. In the first quarter of 2010 the premium was HUF 2,584 billion HUF.

The sales of the unit-linked life insurances remain dominant among the sales of insurance policies (HUF 3,440 billion), while this number is HUF 45 million in the case of traditional life insurances.

Unit-linked life insurances, new sales*

	2011.03.31 (A)	2010.12.31 (B)	2010.03.31 (C)	Change% (A)/(C)
Pieces	5 429	17 268	4 050	134 %
Premium , million HUF	3 440	10 199	2 568	134 %

* The data include the unit-linked insurance policies which are qualified according to IFRS as investment contracts.

During the first quarter of 2011, 5939 pieces of life insurance policies have been sold, out of which 5429 pieces were unit-linked life insurance policies, while 510 pieces were traditional life insurance policies. The issuer achieved 34% growth both in terms of the volume of unit linked life insurances which account for two thirds of the life insurance market and the value of annual premiums which also means that the new sales of high average premiums have remained. The Issuers' final life insurance premium increased to 32833 pieces and its final premium increased to HUF 18,425 billion in the subject year.

The diversification of distribution channels has improved. In relation to annual premiums, besides the significant growth in sales of policies by BROKERNET Group, the production of tied-agents and other brokers also increased in volume as well. During the first quarter of 2011, the BROKERNERT Groups' share in sold policies was 76% out of which 69% are sales in Hungary and 7% are sales in Slovakia. The network of tied agents account for 8 % of the production, while other distribution channels account for 16%.

Life Insurance market share indicators

	2011.03.31 million HUF	2010.12.31 million HUF	Market share	2009.12.31 million HUF	Market share
Annualized premium of unit-linked life insurances, new sales	3 438	10 199	24,0 %	4 782	16,0 %
According to annualized premium of the life insurance business line, new sales	3 485	10 312	19,6 %	4 828	11,6 %
According to the gross written premium of the life insurance business line	8 157	25 807	5,8 %	12 082	2,9 %

*According to the data provided by MABISZ and reported in accordance with the Hungarian Law of Accounting.

Compared to the similar period of the previous year, the Issuers' revenues along with volume and premiums from new sales have increased significantly during the first quarter of 2011. Market data on the first quarter of 2011 are not yet available at the time of the construction of this quarterly report.

In the time period the annual premiums resulting from the sales of the Issuers' Romanian branch was HUF 47 million, which is appropriate to preliminary plans. This was generated by various policies including unit-linked life insurances denominated in Euros and composite insurances which launched in the first quarter of 2011. In sales, the priorities remain the building of relations with new business partners and the development of distribution channels.

The Issuer entered the Slovakian market in September of 2010. The choice of cross-border service as a business activity was made with the consideration of cost-effectiveness as well. The Issuer sells investment life insurances denominated in Euros in Slovakia through the Slovakian subsidiary of the BROKERNET Group. During the first quarter of 2011 policies with a premium worth HUF 235 million were sold.

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.

4. Number of employees, ownership structure

The number of the Issuer's employees is 132 people, and the number of employees working as tied agents is 675 (including the branch office in Romania).

The composition of the Issuer's registered capital (31st March 2011)

Share Series	Face Value (HUF/piece)	Number of pieces issued	Total nominal value (HUF)
Series "A"	40,-	63.283.203	2.531.328.120,-
Size of Capital Fund	-	-	2.531.328.120,-

Number of voting rights related to shares on (31st March 2011)

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

The Board of the Issuer awarded selected employees 7.405.000,-pieces of employee shares within the framework of its employee incentive program. These employee shares converted into series "A" ordinary shares in accordance with the respective resolutions of the Assembly. The Board concluded the employee incentive program on its meeting on the 23rd of March 2011. As a result of the resolution of the Board, the voting rights related to the above mentioned shares are not restricted, the total number of shares qualifying for voting rights is 63.283.203,- pieces as of 23rd of March 2011.

Ownership structure of the Issuer (31st March 2011)

	Number of Shares	Participation rate	Voting rate
Domestic private investor	43 141 724	68,173 %	68,173 %
Domestic institutional investor	18 684 482	29,526 %	29,526 %
Foreign private investor	291 300	0,460 %	0,460 %
Foreign institutional investor	458 494	0,724 %	0,724 %
Non specified item	707 203	1,117 %	1,117 %
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”.

Investments of the Issuer

	Name	Registered Seat	Issuers' participation rate
1.	CIG Pannonia First Hungarian General Insurance Plc.	H-1033 Budapest, Flórián tér 1.	100 %
2.	CIG-Pannónia Advisory Ltd.	H-1033 Budapest, Flórián tér 1.	100 %
3.	S.C. Tisia Expert SRL	133 Calea Serban Voda, Central Business Park, Building E, 2nd Floor, Section E 2.13, District 4, Bucharest, Romania	100 %
4.	Pannonia PI-ETA Tribute Service Ltd.	H-1033 Budapest, Flórián tér 1.	60 %

Official communications published in the time period concerned

Date	Topic, short summary
2011.01.03.	Extraordinary announcement regarding the registration of Capital Increase at CIG Pannonia First Hungarian General Insurance Ltd.
2011.01.03.	Extraordinary announcement regarding the registration of Capital Increase at CIG Pannonia First Hungarian General Insurance Ltd.
2011.01.03.	The number of votes, the size of the Capital Fund at CIG Pannonia Life Insurance Plc.
2011.01.06.	Extraordinary announcement regarding the results for 2010 of CIG Pannonia Life Insurance Plc.
2011.01.17.	Extraordinary information regarding the contracting between CIG Pannonia Life Insurance Plc and GEM Global Yield Fund Limited
2011.01.24.	Extraordinary announcement regarding the resignation of a member of the Supervisory Board
2011.01.25.	Extraordinary information regarding a strategic agreement between CIG Pannonia Life Insurance Plc. and BROKERNET Group
2011.01.26.	Extraordinary announcement regarding the appointment of the chief leading officer and the member of the Board of Directors at CIG Pannonia Plc.
2011.01.27.	Quarterly Report
2011.02.01.	Number of voting rights and the amount of the registered capital of CIG Pannonia Life Insurance Plc.
2011.02.02.	Extraordinary announcement regarding conversion of employee shares at CIG Pannonia Plc.
2011.02.15.	Extraordinary information regarding the permission to appoint the chief legal advisor of CIG Pannonia Life Insurance Plc.
2011.02.15.	Extraordinary information regarding the cooperation between CIG Life Insurance Plc. and BKV Plc.
2011.02.17.	Extraordinary announcement regarding the registration of modification of the Deed of Company Foundation of CIG Pannonia Life Insurance Plc.
2011.02.24.	CIG Pannonia Life Insurance Plc. doubled its market share.
2011.03.01.	The number of votes, the size of the Capital Fund at CIG Pannonia Life Insurance Plc.
2011.03.16.	Other announcement regarding the membership of CIG Pannonia Life Insurance Plc in the BUX and BUMIX indexes.

Date	Topic, short summary
2011.03.16.	Extraordinary announcement regarding the approval the expansion the of the non-life activity of the subsidiary of CIG Pannónia Life Insurance Plc. and the takeover of the carriers' insurance policies from TIR Insurance Union.
2011.03.18.	Notice of Invitation to the General Meeting
2011.03.18.	Announcement regarding the members of the Board of Directors and the Supervisory Board of CIG Pannónia Life Insurance Plc and the monetary and non-monetary benefits awarded to them.
2011.03.23.	Extraordinary announcement regarding the broker license of CIG Pannónia Advisory Ltd. a subsidiary of CIG Pannónia Life Insurance Plc
2011.03.23.	Extraordinary announcement regarding the closure of the employee incentive program at CIG Pannónia Life Insurance Plc.
2011.03.28.	Summary of the referrals regarding issues on the assembly's agenda and resolution proposals connected to the points of the agenda.
2011.03.28.	Summary of the size of the Capital Fund and number of votes at the Company on the day of the Call of the General Assembly on the 18 th of March 2011
2011.03.30.	Information on the Letter of Intent about the strategic cooperation between the CIG Pannónia Life Insurance Plc. and the Pension Fund of Electricity Companies

The official communications are available on the Issuer's official website (www.cig.eu), on the official website of the Budapest Stock Exchange Plc. (www.bet.hu) and on the official website of the Hungarian Financial Supervisory Authority (www.kozzetetelek.hu).

5. Responsibility statements

The Issuer declares that the Quarterly report for the I. Quarter of 2011 has not been audited by an auditor.

Budapest, May 18th 2011.

Csaba Gaál
CEO

Zsolt Kelemen
Deputy CFO

The Issuer declares that the Quarterly report for the I. Quarter of 2011 gives a valid and reliable picture regarding the assets, responsibilities, financial status and results of the company.

Budapest, May 18th 2011.

Csaba Gaál
CEO

Zsolt Kelemen
Deputy CFO

The Issuer declares that the information in the executive report give a valid and reliable picture regarding the status, development and performance of the company.

Budapest, May 18th 2011.

Csaba Gaál
CEO

Zsolt Kelemen
Deputy CFO