CIG PANNÓNIA LIFE INSURANCE PLC.

QUARTERLY REPORT

BASED ON CONSOLIDATED
FINANCIAL STATEMENTS
PREPARED ACCORDING TO THE
INTERNATIONAL FINANCIAL
REPORTING STANDARDS

THIRD QUARTER OF 2012

20 November 2012

1. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes this day its report for the third quarter of the year 2012. The Issuer publishes in this quarterly report for the third quarter of the year 2012, as required by the legislation, its consolidated, unaudited data in accordance with the international financial reporting standards (IFRS). Data compiled in accordance with the Hungarian Accounting Act, unaudited and unconsolidated, as well as data disclosed on a voluntary basis to the Association of Hungarian Insurance Companies (MABISZ), are published by the Issuer simultaneously with the present quarterly report, in a quarterly information paper concerning the Issuer and its subsidiary, the CIG Pannónia First Hungarian General Insurance Company Ltd. (hereinafter referred to as EMABIT).

The main results and events of the first three quarters of 2012 were the following:

- In the first three quarters of 2012 the Issuer achieved a gross written premium of HUF 16.865 billion comprising HUF 15.007 billion in regular premiums and HUF 1.858 billion in top-up/one-off premiums. The gross written premium decreased by 11% compared to the same period of 2011, mainly because of the lower volume of new sales and top-up revenues of life insurance products. However, the increase of regular premiums is 7% due to the steep rise of non-life insurance sales and because the renewal premiums of the portfolio grew as expected and flowed in reliably. Due to the financial and economic turmoil, household disposable income has significantly decreased, which also had a negative effect on the entire Hungarian insurance market's performance and this market stagnation also continued in Q3. In response to the negative market environment, the Issuer implemented cost rationalization and introduced efficiency-promoting measures to which the Issuer continues to be committed and continues to adjust its cost structure according to the level of sales. Thanks to the measures taken, operating costs fell considerably (by 25%). Parallel with this, the reorganization of the sales force is in progress, from which the management of the Issuer expects a considerable improvement in performance. The existing stock of regular premium life insurance policies of the Issuer, however, provides a reliable foundation and its cost-bearing capacity will improve with the growth and maturity of the investment portfolio. Thanks to this and the decrease of operation costs the losses of the third quarter were HUF 488 million only as opposed to HUF 1.390 billion of the previous of quarter. The balance sheet result realized by the Issuer in the first three quarter is a loss of HUF 3.041 billion, which, despite the difficult market situation, is still in accordance with management expectations and with the declared business objective that the Issuer would become profitable by 2014.

- The Board of Directors of the Issuer, on the basis of an authorization granted by a General Meeting earlier, resolved to increase its capital through private placement through the issue of interest-bearing shares. The shareholders carried out a capital increase of HUF 1.4 billion. The Extraordinary General Meeting of the Issuer held on 16 August 2012 decided, among other things, to convert its interest-bearing shares of series "B" and "C" into ordinary shares of series "A" (date of conversion: 11 September 2017).

- The General Meeting elected the following new members of the Board of Directors: Mr Miklós Barta, Dr Gabriella Kádár and Mr Balázs Birkás. The top management of the Issuer was joined by Ms Linda Sallai on 1 October 2012 as a Deputy CEO for product design and underwriting.

- In September, the Issuer joined the health insurance market through an agreement of strategic cooperation made with Best Doctors Inc., a company offering award-winning services and one of the best network of physicians of the world. The Issuer began the sales of four new and innovative products, which makes the services of Best Doctors available for Hungarian customers.

- Due to a significant level of interest shown by potential customers and an increased demand, the Issuer decided to re-launch the sale of its "Pannónia Sunset" life insurance product.

- At the MoneyMoon Gala, the Issuer received awards for three of its unit-linked products. Through this event, the financial consultant company recognizes the outstanding performance of unit-linked funds held by insurance companies in various categories and also the best asset manager. CIG's Warren Buffet Pro unit-linked fund won the "HUF Based Equity Unit-Linked Fund" category, CIG's Chinese Pro Equity beat all competitors in the "Chinese Equity Unit-Linked Fund" category, and CIG Amazonas Latin America came first in the "Latin American Equity Unit-Linked Fund" category.

- This capital increase of EMABIT in a total value of HUF 400 million (HUF 395 million of which went to capital reserve and the remaining 5 million was used to increase the registered capital) was necessary due to a faster than expected growth of the EMABIT. Within the framework of the Polish professional liability insurance project launched in the previous quarter, the sale of EMABIT's special liability insurance product proved to be a success in Poland; the portfolio of newly acquired policies was worth HUF 238.5 million with 1,867 new policies made in the third quarter.

- The asset portfolio managed by Pannónia Investment Services Ltd., a company founded in the course of the Issuer's strategic cooperation with the Pannónia Pension Fund, now exceeds HUF 100 billion.

The most important events after the balance date:

- The Issuer is working on the development of an innovative insurance product which would allow the customer to pay premium in proportion to the distance covered by the vehicle. Within the framework of this product development project funded by the European Union, a Casco product is being developed that would allow the user to calculate the amount of the due premium easily and the owner of the vehicle can also track the relevant data.

Budapest, 20 November 2012

CIG Pannónia Life Insurance Plc.

2. Financial reports

Consolidated Statement of Comprehensive Income Data in million HUF

Description	2012Q3 (A)	2011 (B)	2011Q3 (C)	% (A)/(C)
Insurance premiums	16,865	27,196	19,011	89%
Ceded reinsurance premiums	-683	-131	-41	1666%
Insurance premiums, net	**16,182**	**27,065**	**18,970**	**85%**
Fee and commission income from investment contracts	195	414	309	63%
Investment income (expenses)	-252	-2,085	-2,572	10%
Other operating income	646	556	327	198%
Other income (expenses)	**589**	**-1,115**	**-1,936**	**-30%**
Total income	**16,771**	**25,950**	**17,034**	**98%**
Claim payments and benefits, and claim settlement costs	-5,082	-5,515	-3,887	131%
Net change in the value of life technical reserves and unit-linked life insurance reserves	-6,045	-8,607	-3,950	153%
Change in the fair value of liabilities relating to investment contracts	-4	56	-2	200%
Change in fair value of embedded derivatives connected to interest-bearing shares	-1	0	0	-
Changes of reserves, services, net	**-11,132**	**-14,066**	**-7,839**	**142%**
Fees, commissions and other acquisition costs	-6,040	-11,667	-8,532	71%
Administration costs	-2,640	-4,269	-2,989	88%
Operating costs	**-8,680**	**-15,936**	**-11,521**	**75%**
Profit/loss before taxation	**-3,041**	**-4,052**	**-2,326**	**131%**
Tax income (expenses)	0	0	0	-
Profit/loss after tax	**-3,041**	**-4,052**	**-2,326**	**131%**
Other comprehensive income	119	-98	-155	-77%
Total comprehensive income	**-2,922**	**-4,150**	**-2,481**	**118%**

Consolidated statement of financial position

Data in million HUF

ASSETS	30 September 2012 (A)	31 December 2011 (B)	30 September 2011 (C)	% (A)/(C)
Intangible assets	980	744	672	146%
Property, plant and equipment	152	223	347	44%
Deferred acquisition costs	1,375	3,417	3,904	35%
Reinsurer's share of technical reserves	343	68	82	418%
Investments in jointly controlled companies	46	8	0	-
Available-for-sale financial assets	2,397	2,665	3,384	71%
Investment for policy holders of unit-linked life insurance policies	31,039	26,128	21,841	142%
Financial assets – investment contracts	828	917	780	106%
Financial assets – embedded derivatives connected to interest-bearing shares	244	0	0	-
Receivables from direct insurance policies and other receivables	4,308	3,066	2,883	149%
Other assets and prepayments	88	294	405	-
Cash and cash equivalent	4,343	4,323	3,055	142%
Total assets	**46,143**	**41,853**	**37,353**	**124%**
LIABILITIES				
Technical reserves	3,822	2,409	2,057	186%
Technical reserves for policyholders of unit-linked life insurance	31,039	26,128	21,841	142%
Investment contracts	828	917	780	106%
Financial liabilities arising from the issue of interest-bearing shares	1,660	0	0	-
Loans and financial reinsurance	4,814	5,848	5,177	93%
Liabilities from direct insurance	1,339	1,036	1,308	102%
Other liabilities and provisions	1,143	1,330	317	361%
Total liabilities	**44,645**	**37,668**	**31,480**	**142%**
NET ASSETS	**1,498**	**4,185**	**5,873**	**26%**
SHAREHOLDERS' EQUITY				
Share capital	2,531	2,531	2,531	100%
Capital reserve	15,937	15,937	15,937	100%
Stock-based transactions	420	184	205	-
Other reserves	36	-83	-141	-26%
Profit reserve	-17,426	-14,384	-12,658	138%
Equity attributable to the Company's shareholders	**1,498**	**4,185**	**5,874**	**26%**
Non-controlling interests	0	0	-1	-
Total shareholders' equity	**1,498**	**4,185**	**5,873**	**26%**

3. Presentation of the Issuer's financial position – consolidated, unaudited data for the third quarter of 2012, on the basis of the financial reporting standards (IFRS) adopted by the EU

The Issuer and its subsidiaries, representing together the CIG Group, deal with the sale of unit-linked life insurance, term life insurance, endowment insurance, rider and general insurance, within that mainly Casco and compulsory motor third party liability insurance.

The company with a decisive impact on the Group's operations remains CIG Pannónia Life Insurance Plc., as a parent company; however, with the starting of its operation, the performance of EMABIT becomes more and more important in the result of the Group.

In the reporting period, the Issuer's gross written premium was HUF 16.865 billion, which is 89% of the revenue of the similar period of the previous year. Of this, HUF 14.450 billion is the gross written premium of unit-linked life insurance, HUF 204 million is that of traditional life products, and HUF 2.211 million is the gross written premium from non-life insurance.

The renewal fees of life insurance policies concluded in the previous years have increased by 46 percent in the portfolio, which largely compensated for the decline in revenues from new life insurance sales and top-up premiums. In the first three quarters of 2012, the gross written premium arising from renewals was HUF 10.609 billion, in contrast with HUF 7.242 billion in the same period of 2011. Gross written premium from the first annual premiums of policies sold was HUF 4.398 billion, which is a 35% decrease compared to the similar period of 2011 (HUF 6.752 billion). First of all, an important factor in this change is the situation of the life insurance market, which is seriously affected by the protracted financial and economic turmoil and early repayments. Also, the reorganization of the Issuer's sales force, which is currently in progress and from which the management expects a significant improvement in performance. However, it should be noted that the sales of non-life insurance products has been on the rise lately, resulting in a gross written premium of HUF 2.211 billion over the first nine months of the year. The gross written premium from top-up and one-off premiums amounted to 37% of the top-up and one-off revenue realized in the same period of 2011 (HUF 1.858 billion), mainly relating to unit-linked life insurance policies. Within the total gross written premium of HUF 16.865 billion, the share of top-up premiums is 11%. The decline in top-up premiums does not have a considerable effect on the profitability of the Issuer, as their cost-bearing capacity is insignificant.

Unit-linked life insurance policies sold by the Issuer that do not qualify as insurance policies under IFRSs are qualified by the Issuer as investment contracts. In connection with the investment contracts, the Issuer generated a gross written premium of HUF 195 million in total during the period. The other operating income mainly includes the Issuer's income arising from portfolio management and the losses transferred back that were paid during the previous periods on reactivated policies are also registered and accounted for as part of this item.

The reason for the significant change in the fee transferred to the reinsurer is primarily the reinsurance fee paid on general insurance and the premium paid on life insurance policies for cumulated risks, which is a natural consequence of the mortality risk arising from the growth of the portfolio.

Among expenses, the most important item is the amount of claims and benefits as well as claim settlement costs, HUF 5.082 billion altogether, including HUF 4.129 million related to partial or full surrender of unit-linked life insurance policies, and the claim settlement expenditure paid on general insurance is HUF 755 million. Another significant item is the expenditure on the change of net technical reserves (HUF 6.045 billion), including HUF 4.910 billion relating to the increase in reserves for unit-linked life insurance policies. Concurrently with the increase in receivables, the cancellation reserves also increased by approximately HUF 234 million. Primarily as a result of the operation of the non-life business, the outstanding claim reserves increased by HUF 365 million and the unearned premium reserve increased by HUF 281 million during the first nine months. In connection with the portfolio of life insurance policies, the reserves for premium refunds independent of profit rose by HUF 186 million.

The operating costs of the Issuer in the first three quarters of 2012 totaled HUF 8.680 billion, of which HUF 6.040 billion originates from fees, commissions and other acquisition costs, and HUF 2.640 billion from administration costs. Renewal commissions have increased in accordance with the growth of the portfolio and the first year commissions have changed simultaneously with the new acquisitions. The administration costs decreased considerably, by 12% compared to the similar period of the previous year, which is the result of the Issuer's cost rationalization measures, announced in August 2011 and consistently applied ever since, and the rearrangement of the organizational structure.

The investment result is a loss of HUF 252 million. Of this, HUF -179 million were unrealized losses on unit-linked life insurance policies, which means that it improved significantly, by HUF 707 million, compared to the previous quarter. The change is mainly a result of an improvement in the performance of the unit-linked funds. As compared to the previous quarter, the HUF/EUR and HUF/USD parity further improved slightly, which generated losses in HUF terms for the EUR funds. In contrast, there was a significant improvement of performance of domestic, North American and some emerging market assets reaching a value of 2.5% of the total net asset value of the entire managed portfolio. It helped the improvement of performance that the amount of capital in capital guarantee funds dropped by HUF 1 billion and was mainly transferred to Chinese, Indian, Latin American and Warren Buffet unit-linked funds, and the latter three categories' performance got a lot better. The volume of the capital influx of Hungarian equity and Hungarian and international mixed funds was lower represented a high proportion, and their increase in yield was also above average. The investment results were significantly influenced by the interest costs of financial reinsurance, which amounted to HUF 235 million. The Issuer's own investments generated a return of HUF 162 million.

As a result of all of the above, the balance sheet profit and loss amounted to HUF 3.041 billion in loss, in accordance with the plans of the Issuer. The other comprehensive income contains a change in the fair value of available-for-sale financial assets, with HUF 119 million and thus, the total comprehensive income on 30 September 2012 represented a loss of HUF 2.922 billion. The quarterly result was improved significantly by the cost cuts and the building of the portfolio. The distribution of portfolio acquired over the past few years is uneven within the year. The majority of renewal fees is generally collected in the second half of the year and thus the technical income, as expected by management, improved in the second half of the year.

The Board of Directors of the Issuer, on the basis of an authorization granted by a General Meeting earlier, resolved to increase its capital through private placement through the issue of interest-bearing shares. The shareholders carried out a capital increase of HUF 1.4 billion. The share capital consists of 63,283,203 dematerialized registered voting ordinary series "A" shares of HUF 40 of nominal value each, 1,150,367 registered voting interest-bearing series "B" shares of HUF 40 of nominal value each and 730,772 dematerialized registered voting interest-bearing series "C" shares of HUF 40 of nominal value each. Of the interest-bearing shares, an annual fixed interest rate of 9% (i.e. nine percent) is payable in HUF on the issue value of the series "B" shares. Series "C" shares have an annual fixed interest rate of 7% (i.e. seven percent) payable in EUR on the issue value also recorded in EUR. When 5 years have passed following the issue, series "B" and "C" shares will be converted into series "A" ordinary shares according to the specified conversion rate.

Due to the special IFRS rules applicable to the accounting of convertible shares, the capital increase carried out will be presented in a special way in the Issuer's consolidated financial reports prepared in accordance with the IFRS.

The conversion rate of the issued interest-bearing shares to be applied in 5 years is not fixed, which means that the exact rate (how many ordinary shares will be issued to replace an interest-bearing one) cannot be determined at the time of the issue. According to the applicable terms, the rate depends on the turnover-weighted average price of ordinary shares at the Budapest Stock Exchange during the six-month period before the date of conversion. As the rate of conversion to ordinary shares cannot be determined at the time of issue, the applicable IFRS rules state that the capital increase will be recognized as a liability.

The amount of the liability will be divided up between a base instrument recorded at an amortized carrying value (liability arising from the issue of interest-bearing shares), which will represent any interest and value increase the holders of interest-bearing shares receive according to the equity terms. The change in liability will be accounted for as an interest expense on the Investment income (expense) line. A part that depends on the exchange rate of the share and that includes a derivative item (Financial assets – embedded derivatives connected to interest-bearing shares) will be separated from the base instrument, whose valuation will be carried out against the result at a real value (Change in fair value of embedded derivatives connected to interest-bearing shares).

The changes of these liabilities during the duration of the share will have a very negative effect on the results of the Issuer and also its capital according to the IFRS. However, this negative effect does not generate actual expense for the Issuer (beyond the interest payment obligation according to the terms applicable to the interest-bearing shares); it actually reflects a value growth for the holders of the interest-bearing shares. When the duration expires and the interest-bearing shares are converted into ordinary shares, the amount shown as a liability (both the "liability arising from the issue of interest-bearing shares" and the "Financial assets – embedded derivatives connected to interest-bearing shares") will be automatically shown as capital increase.

As a result of the above, the capital increase of HUF 1.410 billion as carried out will be shown in the books as a constantly increasing liability during the duration, and the increase of liability will be accounted for against the result. When the 5-year duration expires, the entire amount shown as liability will be accounted for as a capital growth, which will first of all compensate for the capital reducing effects of the expenses accounted for earlier in connection with the interest-bearing shares and will also show the amount of capital raised at the time of the current share issue. The shareholders' equity will then reflect the amount of capital increase (HUF 1.410 billion) and the interest actually paid to holders up to that point according to the relevant terms.

The Issuer's balance sheet total was HUF 46.143 billion, its financial position is stable; the company has met its liabilities in full. The size of the shareholders' equity was HUF 1.498 billion on 30 September 2012, and according to the Hungarian Accounting Act it was HUF 3.877 billion, which ensures the necessary solvency and operability by providing 205% of the level required by law.

4. Executive summary

In the first half the performance of the Issuer was seriously affected by the financial and economic turmoil and early repayments, which caused a decline principally in the life insurance business. Market stagnation also continued in Q3. However, the new sales of general insurance amounting to HUF 2.926 billion is a remarkable achievement.

Of the new sales of an annualized premium of HUF 6.056 billion, HUF 2.926 billion is the increase of general insurance (primarily compulsory motor third party liability insurance and CASCO), while HUF 3.038 million derives from unit-linked life insurance (of which HUF 17 million is investment contracts) and HUF 92 million derives from traditional life insurance policies.

In the similar period of the previous year the annualized premium of new sales was HUF 7.227 billion, of which only HUF 161 million derived from the sale of general insurance. The major part of sales, HUF 6.624 billion, was related to unit-linked life insurance, HUF 284 million was related to investment contracts and HUF 158 million to traditional life products.

The processes in the economy and the insurance market, as well as the start of EMABIT's activity, significantly rearranged the trends of new sales in the first half of 2012, and nearly compensated for the loss of life insurance acquisitions.

New sales

	2012Q3 (A)	2011 (B)	2011Q3 (C)	Change D = (A) - (C)	Change % (D) / (C)
Unit-linked life insurance					
Number of insurance policies	5,739	15,063	11,879	-6,140	-52%
Annualized premium - insurance policies, million HUF	3,021	8,662	6,624	-3,603	-54%
Number of investment contracts	8	27	23	-15	-65%
Annualized premium - investment contracts, million HUF	17	326	284	-267	-94%
Total number of unit-linked life insurances	5,747	15,090	11,902	-6,155	-52%
Annualized premium - unit-linked life insurance - total in HUF million	3,038	8,988	6,908	-3,870	-56%
Traditional life products					
Number	635	5,704	2,425	-1,790	-74%
Annualized premium	92	174	158	-66	-42%
General insurance					
Number	49,601	2,867	2,659	46,942	1765%
Annualized premium	2,926	212	161	2,765	1717%
Total new sales:	**55,983**	**23,661**	**16,986**	**38,997**	**230%**
Total annualized premium of new sales million HUF	**6,056**	**9,374**	**7,227**	**-1,171**	**-16%**

In the first three quarters of 2012, a total of 6,382 life insurance policies were sold, of which 5,747 were unit-linked life insurance policies and 635 were traditional life insurance policies. However, in the non-life business line, a total of 49,601 policies were sold. With new sales in the current year, the Issuer's closing stock of life insurance policies changed to 39,408 units, the closing annualized premium thereof to HUF 21.088 billion, while the non-life insurance portfolio includes 45,940 policies with an annualized premium of HUF 2.842 billion.

As to life insurance policies sold in the first nine months of 2012, the share of the BROKERNET Group was almost 53.6%, of which 45.6% is related to sales in Hungary, 7.5% to sales in Slovakia and 0.5% to sales in Romania. The tied network achieved 16.7%, while the performance of other sales channels was 29.7%, which means that the diversification process of the sales channels continued, which is the intention of the Issuer.

Market share indicators*

	2012Q2		2011Q2		2010Q2	
	million HUF	Market share	million HUF	Market share	million HUF	Market share
On the basis of the gross written premium of life insurance policies	9,261	4.4%	12,642	5.6%	8,530	3.8%
On the basis of the corrected gross written premium of life insurances	8,088	5.8%	8,773	6.1%	5,307	3.7%

* Data according to the Hungarian Accounting Act. At the time of preparing this quarterly report, the MABISZ market data on the third quarter of 2012 were not yet available.

From the end of 2011, MABISZ does not publish official, new sales data from the market, therefore this comparison will not be available to the Issuer in the future. However, after examining the corrected gross written premium, it can be said that the Issuer became a key market participant in the life insurance market: with a market share of 5.8%, it is the company with the 6th largest adjusted gross written premium. As regards premium income, in the first half of 2012 EMABIT obtained a 0.66% share of the non-life insurance market.

EMABIT, the subsidiary of the Issuer, having started its active operation, receives a more and more significant role in the operation of the Group. Until the end of September 2012, more than 900 fleets, or nearly 25,000 vehicles were covered by the automobile liability insurance. Of these fleets, 80% were of smaller-sized fleets from the premium target market. The others were larger-sized fleets, including numerous international corporate clients, while the institutional and municipal sectors were also well-represented. As for Casco indemnity insurances, EMABIT insures almost 300 fleets, made up of more than 13,000 vehicles. In this case as well, policies are distributed similarly to the automobile insurance mentioned above. In addition to motor insurance, EMABIT intensified its sales of property and liability insurance products to the business and institutional sector and also began to sell its household insurance product. The portfolio grew by more than HUF 2.9 billion this year.

EMABIT's growth is in parallel with its product design and the development of the product range. EMABIT has commenced the sale of household insurance products in the retail business unit, while the corporate unit has been enlarged with freight insurance collateral and other carrier's liability coverage. Within the framework of the Polish professional liability insurance project launched in the previous quarter, the sale of a special liability insurance product proved to be a success; the portfolio of newly acquired policies was worth HUF 238.5 million in the third quarter from a total of 1,867 policies.

CIG Pannónia Service Center LLC, created by jointly by EMABIT and the Issuer, started its operation on 1 May 2012. The Service Center shall primarily undertake administrative, claim settlement and IT activities for the purpose of increasing customer satisfaction via coordinated work; more effective and smoother service and further cost savings shall also be achieved in this way.

Pannónia Investment Services Ltd, after the closing of the permits procedure, began its activity in January 2012 and entered into an asset management contract with the Issuer and Pannónia Pension Fund, as a result of which its managed assets exceeded 100 billion HUF in September 2012. However, the increase in managed assets requires more share capital, and in order to ensure this the general meeting of Pannónia Investment Services Ltd. decided to increase its share capital by HUF 100 million. The registered capital of Pannónia Investment Services Ltd. is thus HUF 140 million, in which the Issuer continues to have a share of 20%.

The sale of unit-linked life insurance policies is still an activity of the Issuer with particular significance, as part of which the new generation NOVA Unit-linked Life Insurance developed jointly with BROKERNET Group in Q1 of 2012 plays a major role. The Issuer focuses more and more on the diversification of its activities to complement the unit-linked life insurance policies, and it is a priority to expand its non-life insurance, conventional life insurance and health insurance portfolios.

In September, the Issuer joined the health insurance market through an agreement of strategic cooperation made with Best Doctors Inc., a company offering award-winning services and one of the best network of physicians of the world. The Issuer began the sales of four new and innovative products, which makes the services of Best Doctors available for Hungarian customers. The company offers a personalized second medical opinion (InterConsultationTM) to its customers issued by doctors recognized as the leading experts of the given illness. The company also arranges the treatment of the patient in the healthcare institution that will give the patient the best possible treatment, no matter where in the world that institution is (FindBestCare®). There are four products in CIG Pannónia's Best Doctors Health Insurance portfolio: the individual product is available for private individuals, HUF and EUR riders are offered to both private individuals and businesses, while the group product version is provided to companies only. It is another advantage for companies that they can provide the Best Doctors health insurance to their employees as a tax-free fringe benefit and they may account for these benefits as costs; these characteristics make the insurance a great alternative of cafeteria benefits.

The Issuer's existing regular premium unit-linked portfolio provides a reliable foundation for operation, and its cost-bearing capacity has been improving. Thanks to this, the losses of the third quarter were HUF 488 million only as opposed to HUF 1.390 billion of the previous of quarter. The existing unit-linked portfolio, the more intensive sale of conventional life insurance products by the Issuer and the introduction of the new health insurance product will all contribute to the Insurer becoming profitable in 2014. The implemented and consistently applied cost rationalization measures and the structural rearrangement launched in the operation and the network also serve this goal.

5. Number of employees, ownership structure

The number of the Issuer's employees was 158 persons on 30 September 2012.

Breakdown of the Issuer's equity capital (30 September 2012)

Series of shares	Nominal value (HUF/share)	Issued number of shares	Total nominal value (HUF)
Series "A"	40	63,283,203	2,531,328,120
Series "B"	40	1,150,367	46,014,680
Series "C"	40	730,772	29,230,880
Size of capital	-	-	2,606,573,680

Number of votes attached to the shares (30 September 2012)

Series of shares	Issued number of shares	Number of voting shares	Voting power per share	Total voting powers	Number of treasury shares
Series "A"	63,283,203	63,283,203	1	63,283,203	0
Series "B"	1,150,367	1,150,367	1	1,150,367	0
Series "C"	730,772	730,772	1	730,772	0
Total	65,164,342	65,164,342		65,164,342	

The creation of the series "B" and "C" shares (from the capital increase by private placement through the issue of interest-bearing shares as resolved by the Board of Directors of the Company on 16 August 2012) will be carried out before Central Clearing House and Depository (Budapest) Ltd. with a valuation date of 24 October 2012. Voting rights of interest-bearing shares may only be exercised when they have been created and registered in the shareholders' register.

The Issuer's ownership structure (30 September 2012)

	Number of stocks	Ownership stake	Voting power
Domestic private individuals	39,937,048	63.1%	63.1%
Domestic institution	19,031,478	30.1%	30.1%
Foreign private individuals	566,649	0.9%	0.9%
Foreign institution	386,566	0.6%	0.6%
Unspecified item	3,361,462	5.3%	5.3%
Total	**63,283,203**	**100%**	**100%**

The Issuer engaged KELER Ltd. with keeping the shareholders' register. If, on occasion of ownership verification, an account manager with clients holding CIGPANNONIA shares does not provide data regarding the shareholders, the owners of the unidentified stocks are recorded as "unspecified item" in the shareholder's register.

Investments made by the Issuer

	Name	Registered seat	The Issuer's share
1.	CIG Pannónia First Hungarian General Insurance Company Ltd.	H-1033 Budapest, Flórián tér 1.	100%
2.	CIG Pannónia Service Center Limited Liability Company	H-1033 Budapest, Flórián tér 1.	100%
3.	S.C. Tisia Expert SRL	Romania - Bucharest, str. Povernei nr. 20, etaj 4, apartament 9, sector 1.	100%
4.	Pannónia PI-ETA Funeral Service Limited Liability Company	H-1033 Budapest, Flórián tér 1.	100%
5.	Pannónia Investment Services Ltd.	H-1072 Budapest, Nyár utca 12.	20%
6.	Pannónia Pension Fund Service Provider Ltd.	H-1072 Budapest, Nyár utca 12.	20%

Information published in the period in question

Date	Subject, short summary
02.07.2012	Number of voting powers and size of the authorized capital
09.07.2012	Extraordinary announcement on the postponement of the Extraordinary General Meeting of CIG Pannónia Life Insurance Plc. originally scheduled for 31 July 2012
09.07.2012	Announcement on the invitation to the Annual General Meeting
10.07.2012	Extraordinary announcement on new members in the Supervisory Board of CIG Pannónia Life Insurance Plc.
17.07.2012	Extraordinary announcement on a capital increase planned by the Board of Directors of CIG Pannónia Life Insurance Plc.
25.07.2012	A summary of the submissions of the Board of Directors related to the issues on the agenda of the General Meeting and the resolution recommendations related to the items on the agenda
25.07.2012	Number of voting powers and size of the authorized capital at CIG Pannónia Life Insurance Plc. on the day the Extraordinary General Meeting of 16 August 2012 is convened
03.08.2012	Extraordinary announcement on a capital increase through the issue of interest-bearing shares as planned by the Board of Directors of CIG Pannónia Life Insurance Plc.
06.08.2012	Extraordinary announcement on the equity financing plans of CIG Pannónia Life Insurance Plc. (joint announcement with MFB Invest)
16.08.2012	Extraordinary announcement on the Extraordinary General Meeting of CIG Pannónia Life Insurance Plc. convened for 11 a.m. on 16 August 2012
16.08.2012	Extraordinary announcement on the resolutions of the Extraordinary General Meeting of CIG Pannónia Life Insurance Plc. held on 16 August 2012
16.08.2012	Semi-annual report
17.08.2012	Extraordinary announcement on changes in personnel resolved by the extraordinary General Meeting of CIG Pannónia Life Insurance Plc.
30.08.2012	Extraordinary announcement on the new chief actuary of CIG Pannónia Life Insurance Plc's general insurance subsidiary
31.08.2012	Extraordinary announcement from CIG Pannónia Life Insurance Plc on a transaction relating to CIGPANNONIA shares
31.08.2012	Number of voting powers and size of the authorized capital
03.09.2012	Extraordinary announcement on a personnel change at CIG Pannónia Life Insurance Plc.
04.09.2012	Extraordinary announcement from CIG Pannónia Life Insurance Plc. on a transaction relating to CIGPANNONIA shares by a company within the scope of interests of a company officer
04.09.2012	Extraordinary announcement on another business activity license obtained by CIG Pannónia Life Insurance Plc.
11.09.2012	Extraordinary announcement on the increase of the capital of CIG Pannónia Life Insurance Plc. by HUF 1.4 billion
13.09.2012	Extraordinary announcement on the new branch office of CIG Pannónia Life Insurance Plc. in Debrecen
17.09.2012	General Meeting Resolution No. 28/2012 (VIII.16.)
17.09.2012	Extraordinary announcement on the re-launch of the "Pannónia Sunset" life insurance product
20.09.2012	The value of assets managed by Pannónia Investment Services Ltd. exceeds HUF 100 billion
26.09.2012	Extraordinary announcement on the capital increase of a subsidiary of CIG Pannónia Life Insurance Plc.
27.09.2012	Extraordinary announcement on the increase of the capital of CIG Pannónia Life Insurance

	Plc. by HUF 1.4 billion and on the registration of other amendments to the Articles of Association

These announcements can be found on the websites of the Issuer (www.cig.eu) and the Budapest Stock Exchange Company Limited by Shares (www.bet.hu), as well as on the website of the Hungarian Financial Supervisory Authority (www.kozzetetelek.hu).

6. Disclaimer

The Issuer declares that the report for the third quarter of the year 2012 was not checked by an auditor, the report for the third quarter of the year 2012 presents a fair and reliable picture on the assets, liabilities, financial position, as well as profit and loss of the Issuer and the undertakings consolidated in the financial statements. The consolidated management report provides a reliable presentation of the position, development and performance of the Issuer and the companies consolidated in its accounts.

Budapest, 20 November 2012

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Dr Ottó Csurgó CEO	Miklós Barta CFO

Investor liaison

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