



**CIG PANNÓNIA**  
BIZTOSÍTÓ

**GENERAL MEETING**  
**CHIEF EXECUTIVE OFFICERS' REPORT**  
**19.04.2022.**

Zoltán Polányi – CEO  
Dr. István Fedák - CEO



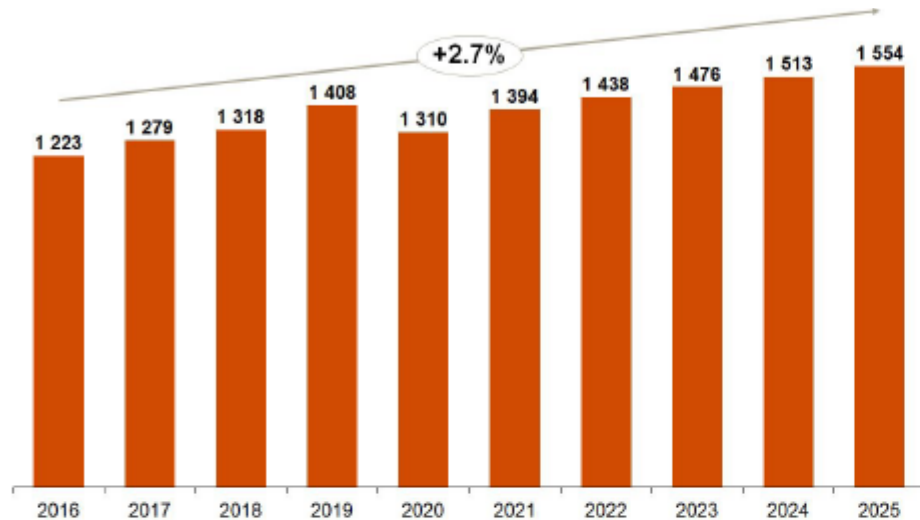
**CIG PANNÓNIA**  
BIZTOSÍTÓ

Proficiency  
Strategy  
**Trustfulness**  
**Achievement**  
Innovation  
Quality  
**Commitment**

# Main topics of the CEO's report

- **Market overview – main features of the European and Hungarian insurance market**
- **CIG Group's new growth strategy 2021-2026**
- **Achievements in 2021 in the light of the strategy**
- **Stable vision, long-term partnership**

## Development of income in the European insurance market 2016-25 (M€)



### Average spending on insurance by type in Europe

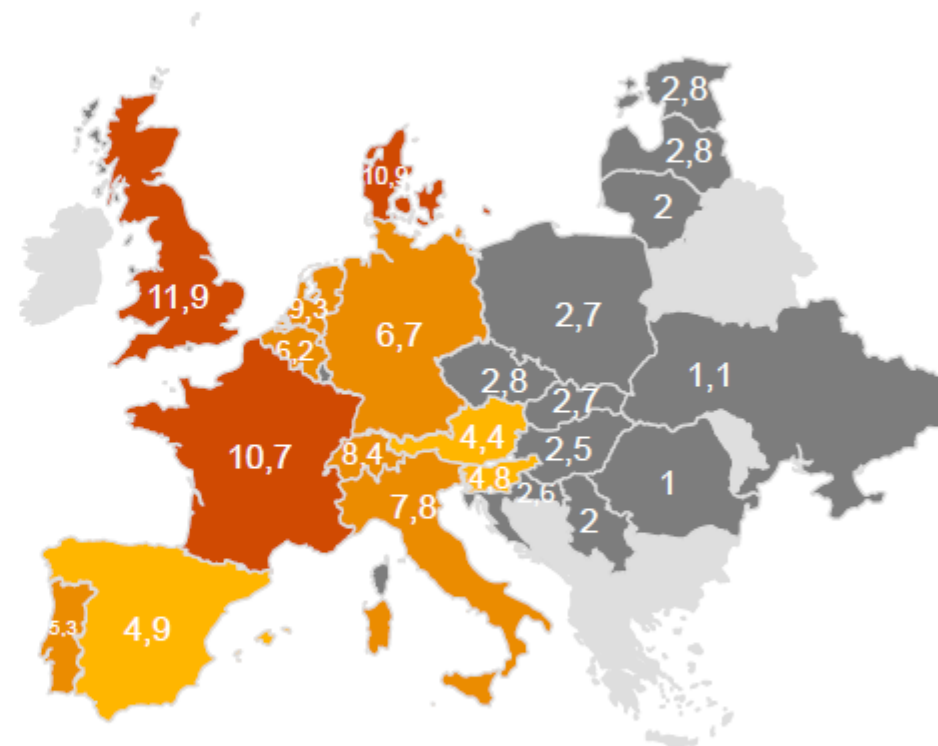
<b>680€/PAX</b>	<b>1 163€/PAX</b>	<b>248€/PAX</b>
Property & Injury	Life	Health

### Average amount spent on insurance

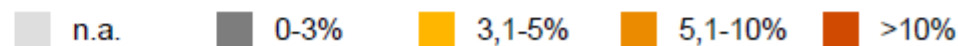
<b>362€/PAX</b>	<b>2 085€/PAX</b>	<b>6 156€/PAX</b>
Hungary	Regional average	Switzerland

Forrás: Insurance Europe, MarketLine, OECD

## Insurance penetration in Europe 2019 (%)

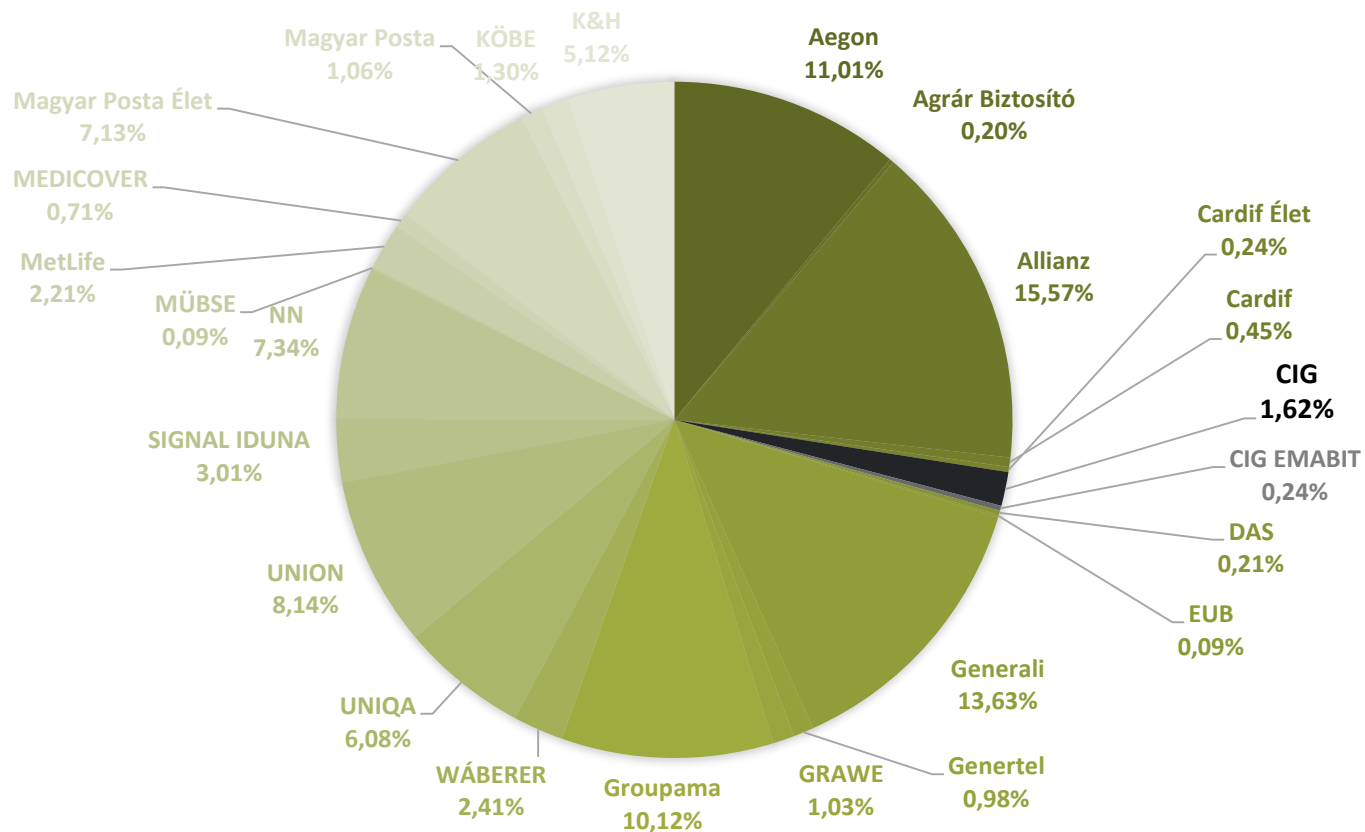


Forrás: Insurance Europe, MarketLine



Insurance penetration = Gross Written Premium

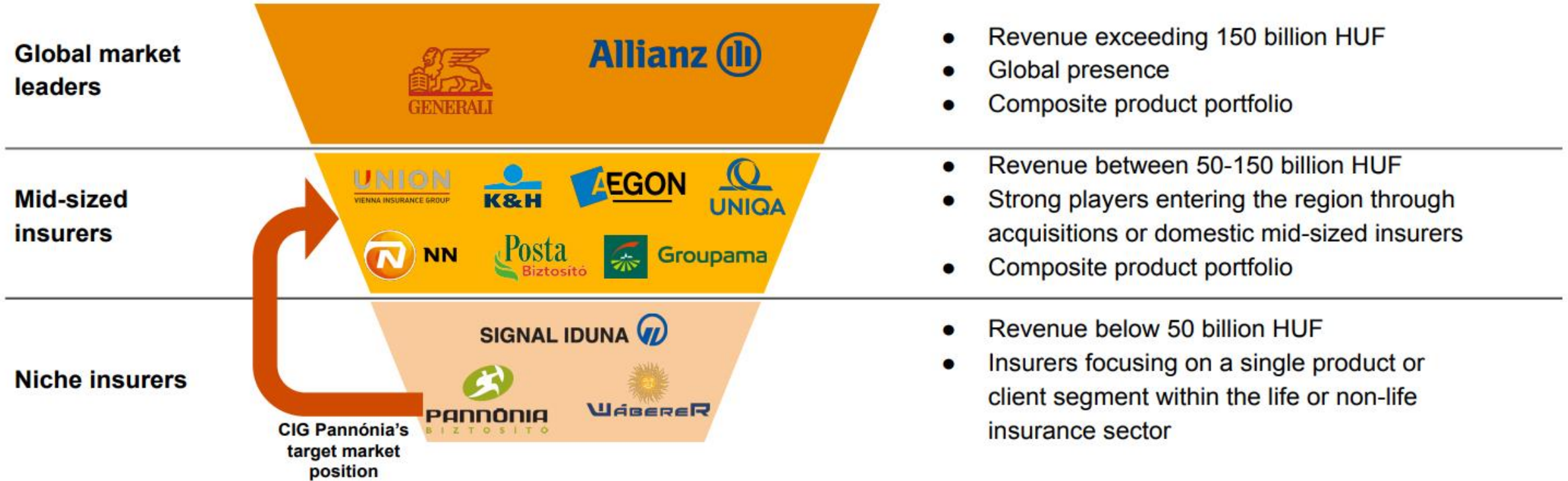
## INSURANCE COMPANIES' MARKET SHARE (2020)



**CIG Life Insurance Co. had a market share of 3.62% in the life insurance market (2020)**



**In 2021, CIG Life Insurance's market share increased to ~4.5% in the life insurance segment.**



- **CIG Pannónia Life Insurance** is the only Hungarian insurer present on the **BSE**
- **CIG First Hungarian General Insurance** (EMABIT) is a 100% subsidiary of CIG Pannonia Life Insurance Company
- CIG Pannónia Life Insurance has a very **strong life insurance portfolio**:
  - Assets under management related to unit-linked life insurance policies exceed **HUF 80 billion (6.5% of the unit-linked market)**
  - Length of the unit-linked life insurance policies could last **up 47 years** (average duration 20 years) → mainly due to pension insurances, it is a very **stable, long-term profitable portfolio**
  - The number of insured customers is more than **300 000** (including group and individual insurances)

**In 2021, CIG Pannonia transformed from a niche insurer with a mainly life insurance product portfolio into a composite insurer with a full range of products. By 2026, it wants to move to the level of regional medium and local large insurers present on the Hungarian market**



**CIG Pannonia plans to position itself in the market as a composite insurer with a focused product portfolio representing a high level of service**



# New Development Strategy – 2021-2026

## Strategic vision of CIG Pannonia

Innovative products and services

Prudence

Customer and employee centric approach

Flexible internal operations

Increasing profits and stable dividends

## Short-term strategic focus areas

### Laying the foundations



Based on domestic market needs CIG Pannónia should focus on developing non-life insurance products with which they can quickly enter the market supported by strong marketing and sales activities, thus creating a composite product portfolio and the stable organizational and IT foundations which are necessary for growth.

### Strategic playing fields



### Strategic areas for action

Laying the foundations for composite operations

Strengthening the retail and corporate market presence

Developing a composite product portfolio

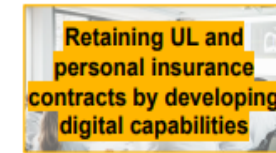
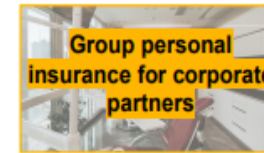
## Long-term strategic focus areas

### Entering the growth stage



Following the creation of the foundations of the composite operation, CIG Pannónia will be able to enter into the growth stage, while further expanding its product portfolio within the retail segment and continuously increasing customer value through the implementation of advanced digital solutions and customer management capabilities.

### Strategic playing fields



### Strategic areas for action

Expansion in the retail segment

Developing advanced customer management capabilities

Client- and partner-side digitization

# Outstanding Results in 2021!

**1 682** Consolidated  
million HUF profit after  
tax

Of this the (continuing operations') profit excluding extraordinary items increased by HUF **1,809 million**, which was HUF **-130 million** last year.

**18%** Increase in  
net insurance  
premium income

Our revenues grew by **42%** overall in the first three quarters in 2021.

**76%** Growth in group  
life insurance  
products

Increase in the new acquisition numbers of sales channels:  
**55%** - bank sales network  
**49%** - independent brokerage channel

Increase in the number of our active independent brokerage partners:  
LIFE Insurer:  
from **20 to 215 partners**  
EMABIT:  
from **0 to 141 partners**

**276%** Solvency  
capital ratio

The value expected by the regulator is **150%**.

# SUCCESS

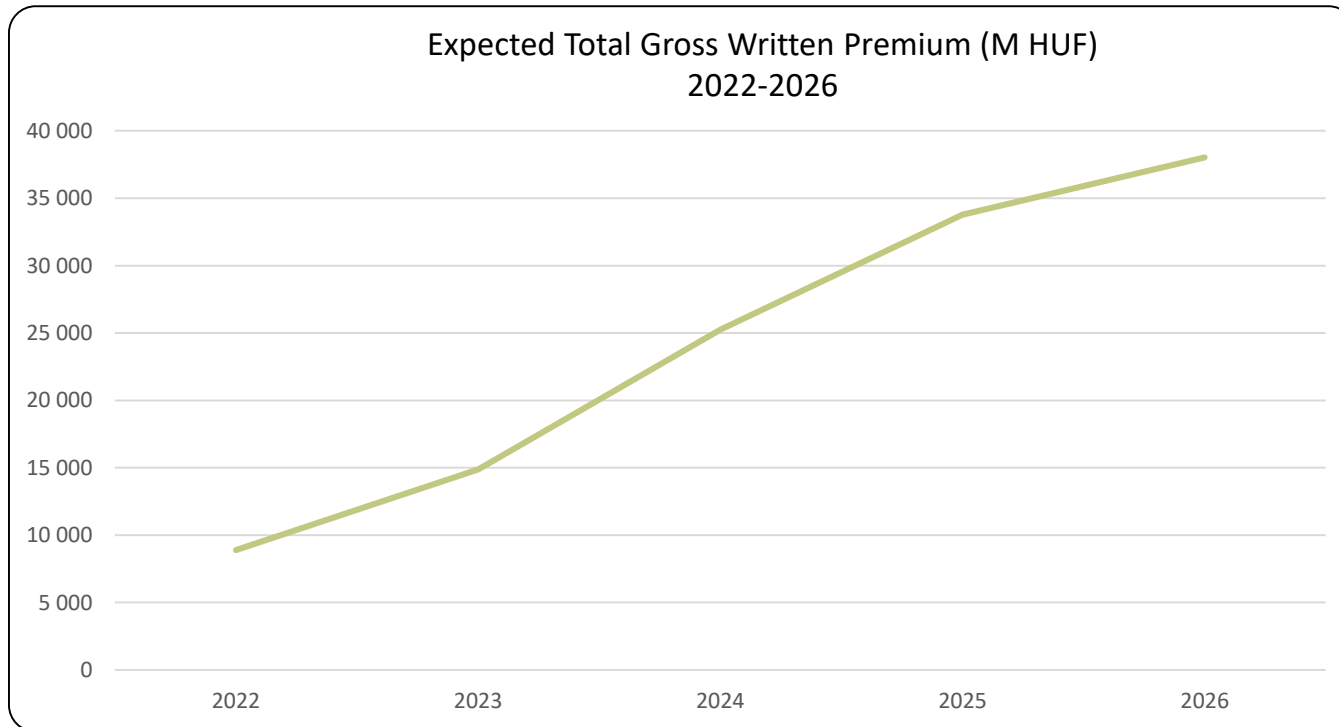
- The volume of **new business** increased by 31% from 2020 to 2021
- The **headcount** of the two Insurance companies rose from 98 to over 170 employees → new business fields have been developed and new processes have been introduced by the Insurers
- The number of **independent sales network** partners raised from 20 to more than 215 contracted brokers (380 independent brokers are working in Hungary) → the **acceptance and awareness** of the Insurers have significantly increased
- CIG EMABIT – In line with the growth strategy - in September 2021 restarted its operations with **corporate insurances** → the insurance portfolio in these sectors after the restart **exceeding 2,5 Billion HUF in 5 months**
- **Another drive of the growth** in 2021 was the introduction of **new group life insurance, service-financed health insurance** and the new individual accident insurance

# Stable Background - Stable Vision

- The development of a complete **composite product portfolio** began during 2021
- A strong **reinsurance pool** is available → this strong background provides opportunities for flexible risk-taking and market-based pricing
- **Our claims settlement partners** are market leaders in their field for both group personal and property insurances

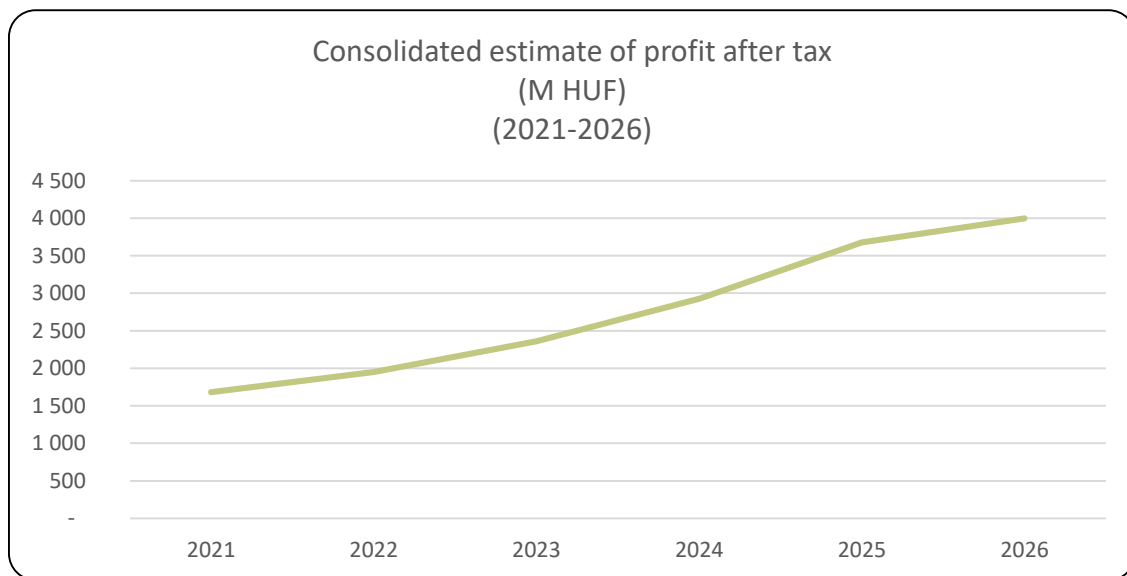


- **20-year** strategic agreement with Magyar Bankholding
- Agreement with MBH's leasing subsidiary in progress → **Euroleasing**
- **Dedicated sales and product development teams** in order to prioritize the strategic relationship



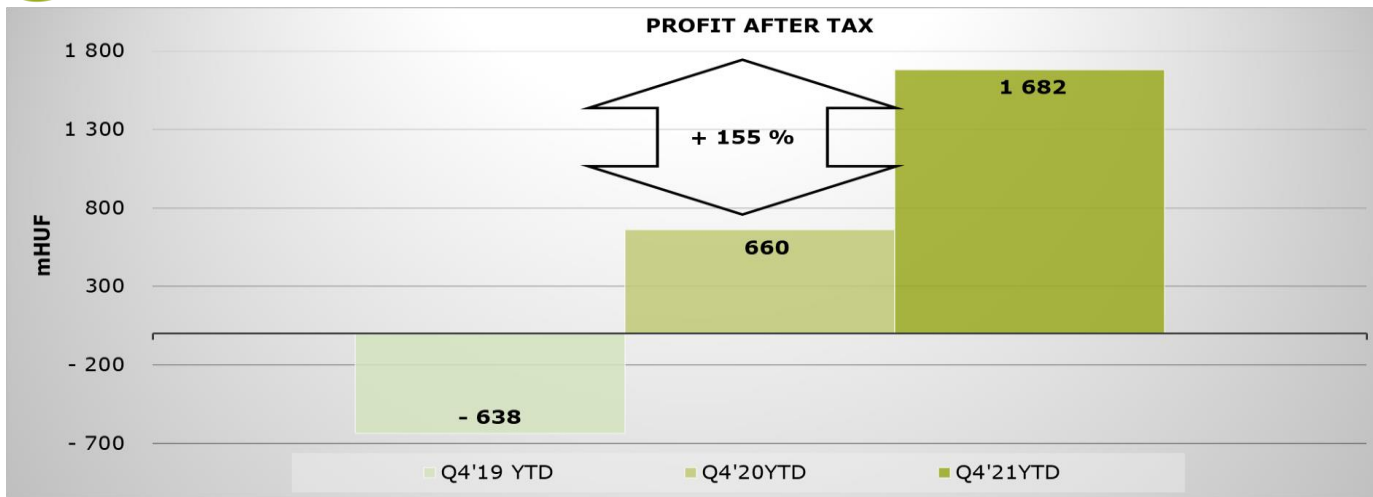
# Rising Results and Acquisitions

- **Continuously increasing outcome** as a result of strategic agreements and planned developments
- **Dividend payment** potential is expected **to be stable** for shareholders
- **Exploring acquisition opportunities** as a professional investor to further increase market share



*Please kindly note that the above mid-term performance assessment is based on the full feasibility of the management plans included in the Growth Strategy; a kind of optimal modelling of the future cycle of the company and the market environment currently to be calculated. It is a management estimate only, it is neither the Company's official, nor the strategical elements that was approved by the Board of Directors.*

# Results in 2021: significant growth



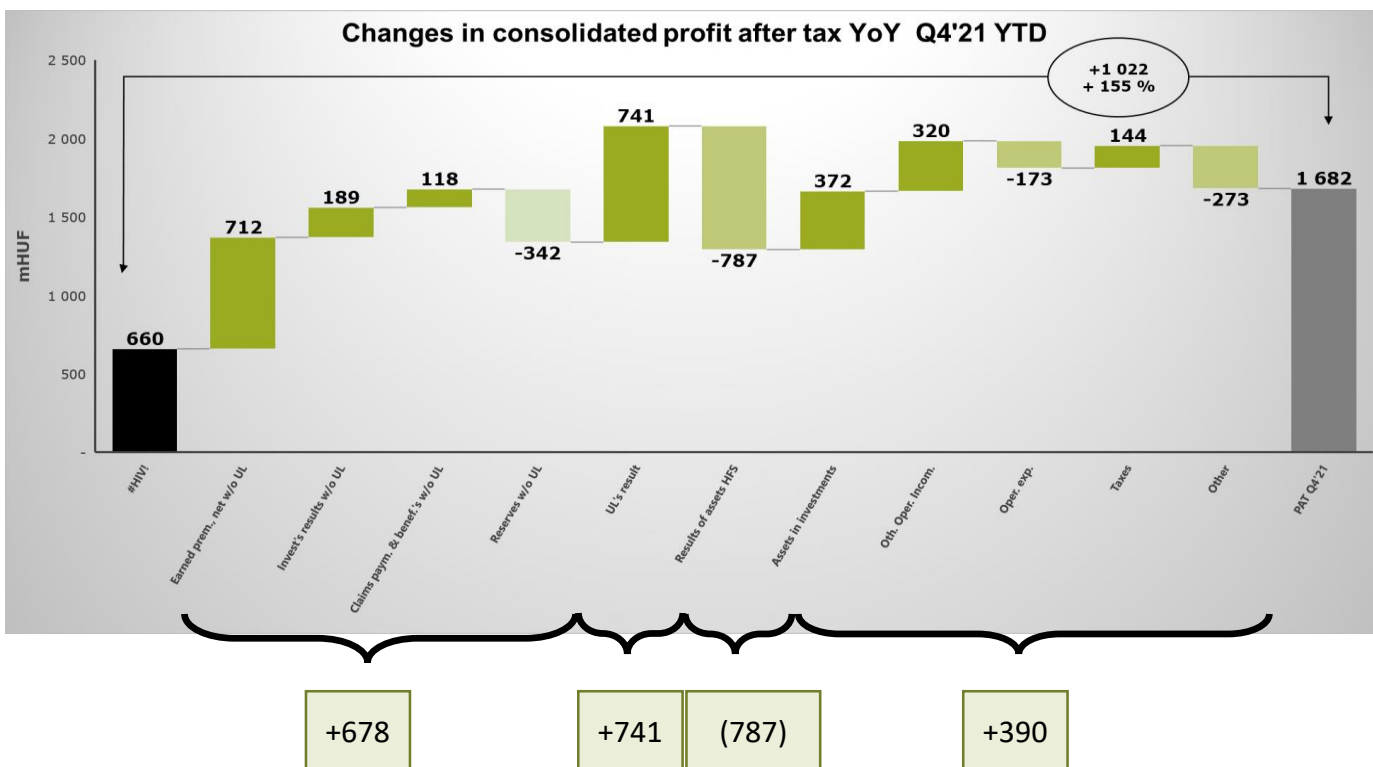
- **More than 1 bHUF increase profit after tax (15%)**

- Traditional products: **678 mHUF.**

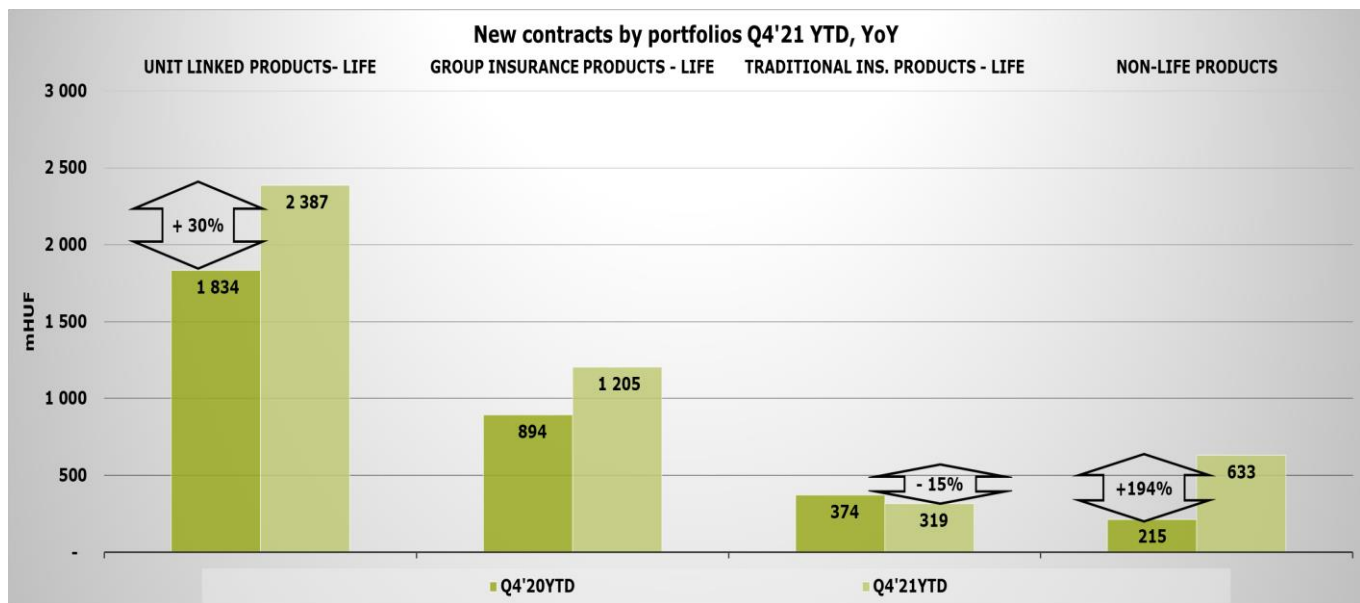
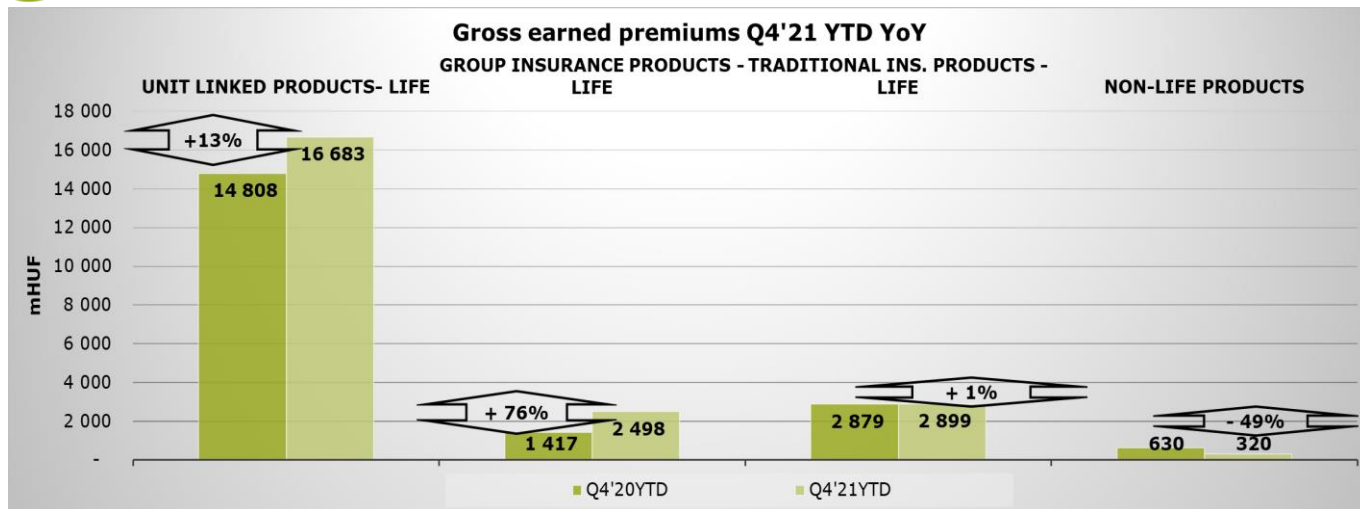
- Unit-linked products: **741mHUF.**

- Impact of sold portfolio of EMABIT: **(787)mHUF**

- Other items (dividend of MKB Alapkezelő): **390mHUF (372 mHUF)**



# Results in 2021: significant growth



- **3.4 bHUF** increase of gross premiums
  - Unit linked products
  - Group insurance products (MVM)
  - Traditional life and health insurance contracts
  - Non-life products





## CIG Pannónia's list of short-term strategic actions

Short-term strategic action areas	Strategic actions	Actual status
<b>Developing a composite product portfolio</b>	1.1 Development of non-life base products	50%
	1.2 Development of non-life technical pricing competence, methodology and platform	20%
	1.3 Development of claims handling and customer management processes (non-life)	30%
	1.4 Developing risk monitoring and risk management branches	50%
	1.5 Developing broker network coverage	90%
	1.6 Developing own agent network	90%
	1.7 Setting up a call center (Telesales)	100%
<b>Laying the foundations for composite operations</b>	2.1 IFRS17 preparations	70%
	2.2 Development of BanCS core system	20%
	2.3 Development of webservices	10%
	2.4 Further development of customer portals	10%
	2.5 Implementing IT operation and development supporting processes and solutions	20%
	2.6 Digitization of claims handling	10%
	2.7 Development of corporate governance and internal operating rules	80%
	2.8 Developing the sales support team	70%
	2.9 Building the structure of an HR organization	100%
	2.10 Development of the organizational culture	50%
<b>Strengthening the retail and corporate market presence</b>	3.1 Increasing brand awareness in the retail and corporate sectors	50%
	3.2 Improving communication towards investors	30%
	3.3 Strengthening banking and corporate partnerships	70%

# Capital market presence and vision can be integrated into the Growth Strategy

## GOOD COMPANY - GOOD SHARE

### The role of a stable ownership background

**OUR GOAL:** provide a predictable vision for our shareholders and potential investors so that the short- and medium-term challenges we face and the responses to those challenges deliver our vision of a predictable growth path for our investor environment.

The internal tool for this is the creation and continuous strengthening of the **Corporate Governance**.

### Shareholder with an ownership share of more than 5% for the listed series:

Hungarikum Biztosítási Alkusz Kft.

57,35%

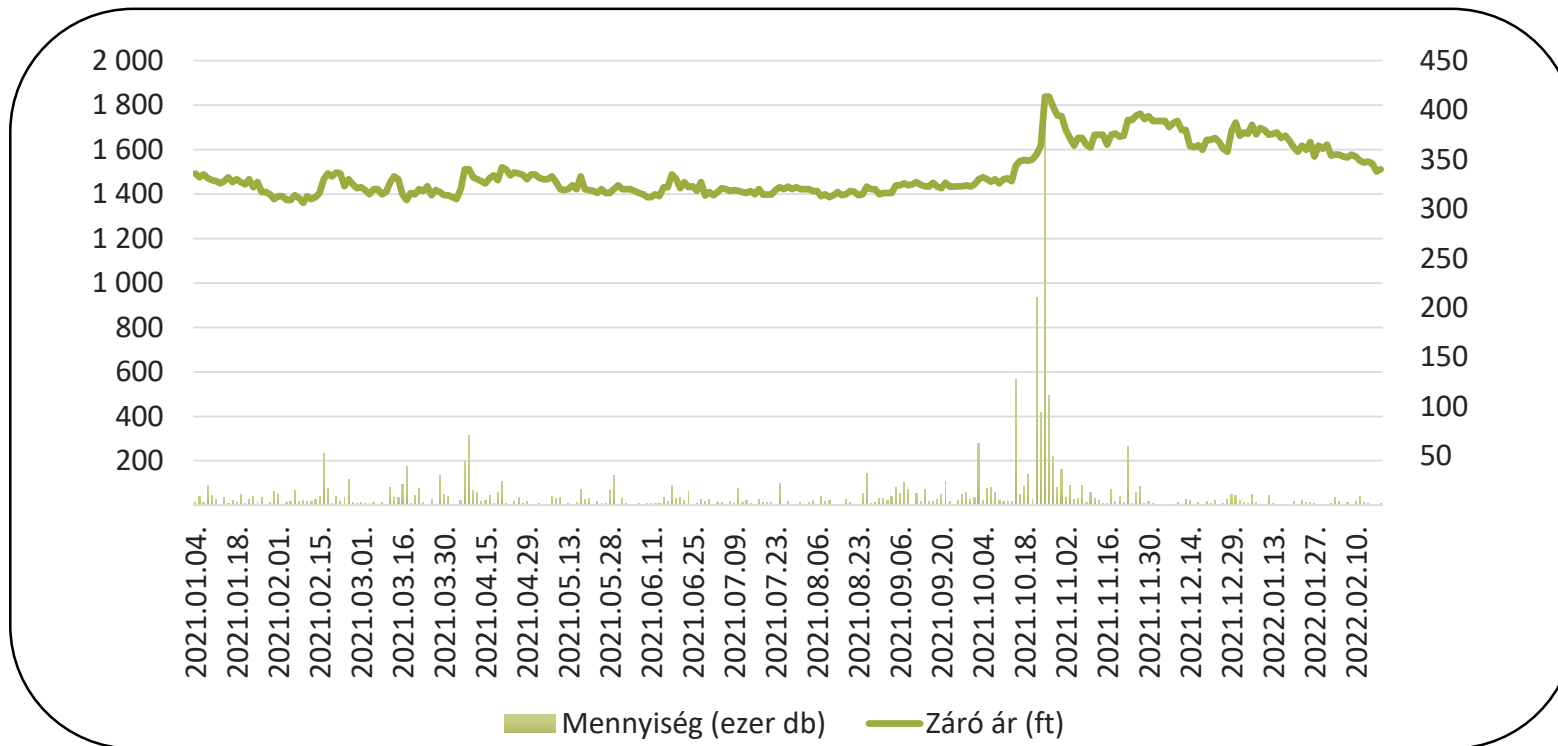
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**Free Float: 42,65%**

# What a stable ownership background means to us

- **Scale-based, well-thought-out and consistent human resource management**, which in 2021 created an opportunity to implement certain steps of the **Growth Strategy** as a listed company, taking into account the far-reaching interests of shareholders, while **ensuring cost-effectiveness and strict management rules**;
- the direct intention of the major owner of the Company to support **prudent and organic growth** and, consequently, **predictable dividend policy**, while **ensuring the independence of management** to a large extent;
- the **transparency of a strong and stable ownership background**, which is ensured for investors through the influence and direct conservative investment policy of the dominant and professionally based domestic owner;
- in order to create and retain **an investor circle optimized for the operation of the Company**, the creation of a **conservative institutional and small investor layer** based on the interests of the dominant owner and **based on dividend policy**.

# After stabilization (2021), the goal is healthy growth



Change of Management

Positioning of EMABIT

External consolidation

**Internal consolidation**

# Integrating prudence and transparency requirements into operation

- High focus on capital market presence – strengthening investor relations
- Active professional communication and presence
- Differentiated ways of communicating with authorities
- **Strengthening internal controls**