



**CIG PANNÓNIA**  
INSURANCE

# **CIG Pannonia Life Insurance Plc.**

Quarterly report

On the basis of the consolidated financial  
statements prepared according to the  
International Financial Reporting Standards  
adopted by the EU

Q2 2020

13 Aug 2020, Budapest

## I. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes its report for the second quarter of 2020 on this day. The Issuer publishes in this quarterly report for the second quarter of 2020, as required by the legislation, its consolidated, unaudited data in accordance with the International Financial Reporting Standards adopted by the EU (hereinafter: EU IFRS). The quarterly report has been prepared in accordance with the provisions of IAS 34.

Main results and events of 2020:

- The profit after tax of the CIG Pannónia Group<sup>1</sup> (hereinafter: Group) is HUF 1 174 million in 2020 (in 2019 HUF - 648 million), the total comprehensive income of the Group is HUF 492 million gain. The increase in after-tax profit (HUF 1 822 million) compared to 2019 is due to two main reasons. The profit after tax of the non-life segment, as a discontinued operation, is HUF 337 million gain, compared to the HUF 312 million loss in previous year same period. At the same time, the life segment increased its profit after tax from the first half of 2019 (HUF 336 million loss) to HUF 837 million gain in the first half of 2020. The life segment's result for the first half of 2019 was affected by HUF - 1,057 million due to the exchange rate difference realized on the Konzum-Opus share transformation. Excluding this one-off item, the life segment achieved a profit after tax of HUF 116 million higher than in the comparative period. The other comprehensive income is HUF 682 million loss, of which HUF 550 million is the unrealized loss on OPUS shares and HUF 132 million is the unrealized loss on government bonds owned by the Group.
- Insurance premium revenue was HUF 9 232 million, 13% higher than premium income for the comparative period. In the life segment, the new acquisition is HUF 1 554 million which is 32% lower compared to the new acquisition of 2019 same period. In the traditional segment the reason of the decrease is due to a significant group insurance policy, which increased the acquisition in the first quarter of 2019. While in case of the unit-linked products, the decrease is mainly due to the COVID-19.
- The Group has taken and implemented fast and effective measures to compensate for the effects of the emergency situation caused by the COVID-19 epidemic. The measures can be divided into two groups: measures to protect the health of our customers and employees, and steps taken to maintain and support business continuity, especially sales, during epidemiological restrictions. The Group continuously monitors the impact of the COVID-19 on its business and profitability and takes the necessary steps to mitigate them. So far, the Company's premium income has not been significantly affected by the epidemic. In response to any payment difficulties of our customers, we develop an action plan in such a way that it has the least negative impact on the development of

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<sup>1</sup> Group or CIG Pannónia Group is referred as the Issuer and its consolidated companies.

our premiums, but at the same time it is an acceptable alternative for all our customers who have temporary payment difficulties due to the epidemic. The uncertainty on the capital market has had an impact for two weeks in an increased number of surrenders, but since then, the trend has stopped and the rate of surrenders are below the planned rate.

- Diversification of the Company's sales channels is balanced. The CIG Pannónia Financial Intermediary cPlc. (PPK) - founded at the end of 2018 - now have 69 registered insurance agents, it sold insurance of HUF 116 million in annualized premiums in 2020.
- MNB has set a deadline of 30 June 2020 for the elimination of deficiencies in case of its crossborder activities investigation towards the subsidiary of the Company (CIG Pannónia First Hungarian General Insurance Ltd. hereinafter: EMABIT). At the same time, by resolution 15/2020, the HFSA rejected (on 30 March 2020) the Recovery Plan submitted by EMABIT on 6 January 2020 and supplemented on 28 February 2020, and, ordered the Subsidiary to submit a new Recovery Plan by – not later than - 15 April 2020. The new Recovery Plan should be appropriate for the followings 4 May 2020 at the latest (this deadline has been postponed to 4 August 2020): - restoring the margin of the solvency capital recovering the solvency capital requirement, - or to reduce the risk profile to meet the solvency capital requirement. In addition, the above mentioned resolution, until the ban is lifted, suspends the payment of dividends of EMABIT, and, until the restoration of the solvency capital, but no longer than one year, prohibits new insurance contracts to be entered into and existing insurance contracts to be extended.
- On 28 May 2020 the HFSA with its resolution No. H-EN-II-60/2020. approved CIG EMABIT to sell its casco, Hungarian property and liability, Hungarian compulsory third party insurance and the Hungarian goods in transit and road liability insurance branches specified in the application submitted to the HFSA on 22 April 2020, to Aegon Insurance Hungary Plc. on 1st of June 2020.
- On 3 June 2020 the Board of Directors of CIG EMABIT has decided to sell the Polish carrier's professional liability insurance business in the context of a transfer of portfolio. The HFSA approved this on 28 July 2020, with the effect of 1 Aug 2020. Both portfolio transfer have taken place, the settlement between the participants is in progress.
- On 22 June 2020 the Board of Directors of the Group decided that the parent company make a commitment to take over the operating costs of EMABIT from 1 Aug 2020 to ensure the solvency of its subsidiary. The maximum amount of the operating cost takeover is HUF 519 million, for a period of three years, as set out in the recovery plan in parallel with the run-off of the portfolio. In addition, the Company undertook an additional capital increase of HUF 500,000,000 in the event that EMABIT's solvency capital would fall below the capital adequacy of 120%. At the same time, the Company authorized the Board of Directors of EMABIT to increase the share capital in its own competence in the event of a call. The authorization to increase the share capital is for a period of 5 years.
- The HFSA with its resolution No. H-JÉ-II-39/2020. approved CIG EMABIT recovery plan with the condition of an additional capital requirement for

the subsidiary with an amount of HUF 500 million. The resolution does not require extra capital from the Company in addition to the above.

- As a result of all these recovery measures, EMABIT's solvency capital adequacy has been restored by increasing to 147% by 30 June 2020, including the additional capital requirement.
- On 9 April 2020 the Group informed its shareholders that the Annual General Meeting scheduled for 17 April 2020 will not be held. According to Par. (2) Section 9 of Decree no. 102/2020, in case of a public limited company, the Board of Directors has the right to decide by passing resolutions which conform with the already published proposals, including the acceptance of the annual report of the Company. According to the above mentioned, the Board of Directors held its board meeting on 24 April 2020, where it approved the separate and consolidated financial statements, which were published on 26 March 2020 with the independent auditor's report published on 16 April.
- On 22 May 2020 the Kaptár Befektetési Ltd. announced that it had acquired 1,300,000 CIGPANNONIA shares from GridLogic Ltd. who is under its influence. The number of shares directly owned by Kaptár Ltd. has changed to 5,050,000, with which its direct voting right in the Company exceeds 5%.
- On 29 June 2020, the Board of Directors of the Company decided, based on the authorization of the General Meeting, to increase the share capital of the Company by HUF 6,326,693,420, as result of which the share capital of the Company increases to HUF 9,442,826,000. The share capital increase will be carried out by the Company in such a way that the nominal value of 94,428,260 dematerialized ordinary share (serie A) with nominal value of HUF 33 will be increased to HUF 100 per share (ie the method of implementing the share capital increase: increasing the nominal value of the shares). The Board of Directors stated that in order to increase the share capital from the own funds, the capital included in the balance sheet of the business year closed with the last financial statements provides cover. At the same time the Board of Directors decided to amend the Articles of Association in accordance with the capital increase. The share capital increase was entered in the company register by the order No. Cg.01-10-045857 / 411 of the Registry Court of the Metropolitan Court.
- On 30 June 2020 the MKB Plc. terminated its cooperation and insurance brokerage agreement with the Company and its subsidiary (EMABIT) with 6 months' notice period.
- Equity of the Issuer increased from HUF 13,601 million (at the end of 2019) to HUF 14,098 million in 2020. The Shareholders' equity change was influenced by the total comprehensive income (HUF +492 million) and the capital differences arising from the employee stock options (HUF 5 million).
- CIG Pannónia Life Insurer is financially stable, its fundamentals are certain, the Solvency II capital adequacy is outstandingly high 336%. The consolidated capital adequacy is 311%.

Subsequent events:

- On 6 July 2020 OPUS GLOBAL Plc., as a shareholder with at least 1% of the voting rights of the Company, initiated the convening of an Extraordinary General Meeting to recall certain members of the Supervisory Board, Audit Committee and Board of Directors of the Company and to elect new officers in their place. The Extraordinary General Meeting was convened by the Board of Directors of the Company on 14 August 2020.
- The employment of the Group's Chief Executive Officer and Deputy Chief Executive Officer - dr. Gabriella Kádár and Miklós Barta - will be terminated on September 30, 2020. With effect from 1 August 2020, the Board of Directors appointed dr. István Fedák to the position of Deputy Chief Executive Officer of the Company and its subsidiary and from 1 October 2020, with the permission of the MNB, dr. István Fedák is appointed to the position of Chief Executive Officer.
- Dr. Mária Király, dr. Gabriella Kádár, Miklós Barta and Gergely Domonkos Horváth the members of the Board of Directors of the Company and its Subsidiary, EMABIT have resigned with the effect of the next General Meeting of the Company, but at the latest 60 days within the resignation.
- Dr. Erzsébet Hajnalka Czakó, István Boros, dr. József Bayer, dr. Sándor Kerekes and István Papp, members of the Supervisory Board of the Company, have resigned with the effect of the 14 August General Meeting of the Company, but at the latest 60 days within the resignation. Furthermore dr. Erzsébet Hajnalka Czakó, dr. Sándor Kerekes and István Papp have resigned as members of the Audit Committee and István Boros, dr. József Bayer and dr. Sándor Kerekes as members of the Supervisory Board of EMABIT.

13 Aug 2020, Budapest

CIG Pannonia Life Insurance Plc.

## 2. Financial statements

**Consolidated Statement of Comprehensive Income – cumulated data** (data in HUF millions)

	2020 Q1-Q2 (A)	2019 Q1-Q4 (B)	2019 Q1-Q2 (C) restated	Change (A)-(C)
Gross written premium	9 232	18 041	8 170	1 062
Changes in unearned premiums reserve	- 13	- 157	- 26	13
Earned premiums, gross	9 219	17 884	8 144	1 075
Ceded reinsurance premiums	- 125	- 249	- 119	- 6
<b>Earned premiums, net</b>	<b>9 094</b>	<b>17 635</b>	<b>8 025</b>	<b>1 069</b>
Premium and commission income from investment contracts	73	125	56	17
Commission and profit sharing due from reinsurers	-	2	1	- 1
Investment income	309	10 269	4 725	- 4 416
Yield on investment accounted for using equity method (profit)	160	442	159	1
Other operating income	492	875	398	94
<b>Other income</b>	<b>1 034</b>	<b>11 713</b>	<b>5 339</b>	<b>-4 305</b>
<b>Total income</b>	<b>10 128</b>	<b>29 348</b>	<b>13 364</b>	<b>- 3 236</b>
Claim payments and benefits, claim settlement costs	-6 491	- 14 459	-6 716	225
Recoveries, reinsurer's share	30	28	17	13
Net changes in value of the life technical reserves and unit-linked life insurance reserves	4 375	- 7 093	-3 187	7 562
Investment expenses	-4 719	- 1 374	-1 156	-3 563
Change in the fair value of liabilities relating to investment contracts	147	- 458	- 217	364
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 6 658</b>	<b>- 23 356</b>	<b>- 11 259</b>	<b>4 601</b>
Fees, commissions and other acquisition costs	-1 767	- 3 586	-1 653	-114
Other operating costs	- 707	- 1 393	- 664	-43
Other expenses	- 44	- 235	- 51	7
<b>Other expenses</b>	<b>- 2 518</b>	<b>- 5 214</b>	<b>- 2 368</b>	<b>-150</b>
<b>Profit/Loss before taxation</b>	<b>952</b>	<b>778</b>	<b>- 263</b>	<b>1 215</b>
Tax income/expenses	- 115	- 171	- 73	- 42
Deferred tax income/expenses	-	54	-	-
<b>Profit/Loss after taxation</b>	<b>837</b>	<b>661</b>	<b>- 336</b>	<b>1 173</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>337</b>	<b>- 1 299</b>	<b>- 312</b>	<b>649</b>
<b>Total Profit/Loss after taxation</b>	<b>1 174</b>	<b>- 638</b>	<b>- 648</b>	<b>1 822</b>
Comprehensive income, wouldn't be reclassified to profit or loss in the future	-	-	-	-
Comprehensive income, would be reclassified to profit or loss in the future	- 633	273	928	- 1 561
<b>Other comprehensive income</b>	<b>- 633</b>	<b>273</b>	<b>928</b>	<b>- 1 561</b>
<b>Other comprehensive income of discontinued operations</b>	<b>- 49</b>	<b>42</b>	<b>99</b>	<b>- 148</b>
<b>Total other comprehensive income</b>	<b>- 682</b>	<b>315</b>	<b>1 027</b>	<b>- 1 709</b>
<b>Total comprehensive income</b>	<b>492</b>	<b>- 323</b>	<b>379</b>	<b>113</b>

**Consolidated Statement of Comprehensive Income- cumulated data continuation**  
 (data in HUF millions)

	2020 Q1-Q2 (A)	2019 Q1-Q4 (B)	2019 Q1-Q2 (C) restated	Change (A)-(C)
Profit/loss after taxation attributable to the Company's shareholders	1 178	- 634	- 646	1 824
Profit/loss after taxation attributable to NCI	- 4	- 4	- 2	-2
<b>Profit/Loss after taxation</b>	<b>1 174</b>	<b>- 638</b>	<b>- 648</b>	<b>1 822</b>
Total comprehensive income attributable to the Company's shareholders	496	- 319	383	115
Total comprehensive income to NCI	- 4	- 4	- 2	-2
<b>Total comprehensive income</b>	<b>492</b>	<b>- 323</b>	<b>381</b>	<b>113</b>

<b>Earnings per share of the Company's shareholders – continuing operations</b>				
Basic earnings per share (HUF)	12,5	7,0	- 6,9	19,4
Diluted earnings per share (HUF)	12,5	7,0	- 6,9	19,4

<b>Earnings per share of NCI's</b>				
Basic earnings per share (HUF)	-	-	-	-
Diluted earnings per share (HUF)	-	-	-	-

**Number of average shares used to calculate earnings per share:**

Date	Issued ordinary shares (db)	Treasury shares (db)	Ordinary shares in volume (db)	Days	Weighted average number of shares
2019.12.31	94 428 260	374 006	94 054 254	182	94 054 254
2020.06.30	94 428 260	374 006	94 054 254	182	94 054 254

The treasury shares transferred to the Company's Employee Shareholder Program (hereinafter: MRP) do not legally qualify as treasury shares, however, the MRP is included in the consolidation, therefore the transferred shares reduce the number of ordinary shares outstanding when calculating earnings per share.

**Consolidated Statement of Comprehensive Income - quarterly data**

(data in HUF millions)

	2020Q2 (A)	2020Q1 (C)	2019Q2 restated (B)	Change (A)-(B)
Gross written premium	5 083	4 149	4 568	515
Changes in unearned premiums reserve	-51	38	24	-75
Earned premiums, gross	5 032	4 187	4 592	440
Ceded reinsurance premiums	-60	-65	-73	13
<b>Earned premiums, net</b>	<b>4 972</b>	<b>4 122</b>	<b>4 519</b>	<b>453</b>
Premium and commission income from investment contracts	31	42	33	-2
Commission and profit sharing due from reinsurers	-	-	1	-1
Investment income	96	213	1 217	-1 121
Yield on investment accounted for using equity method (profit)	86	74	86	-
Other operating income	317	175	200	117
<b>Other income</b>	<b>530</b>	<b>504</b>	<b>1 537</b>	<b>-1 007</b>
<b>Total income</b>	<b>5 502</b>	<b>4 626</b>	<b>6 056</b>	<b>- 554</b>
Claim payments and benefits, claim settlement costs	-2 467	-4 024	-3 473	1 006
Recoveries, reinsurer's share	14	16	4	10
Net changes in value of the life technical reserves and unit-linked life insurance reserves	-4 132	8 507	-790	-3 342
Investment expenses	3 058	-7 778	-1 084	4 142
Change in the fair value of liabilities relating to investment contracts	-155	302	-61	-94
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>-3 682</b>	<b>-2 977</b>	<b>-5 404</b>	<b>1 722</b>
Fees, commissions and other acquisition costs	-866	-901	-880	14
Other operating costs	-353	-354	-293	-60
Other expenses	-17	-27	-36	19
<b>Other expenses</b>	<b>-1 236</b>	<b>-1 282</b>	<b>-1 209</b>	<b>-27</b>
<b>Profit/Loss before taxation</b>	<b>584</b>	<b>367</b>	<b>- 557</b>	<b>1 141</b>
Tax income/expenses	-64	-51	-31	-33
Deferred tax income/expenses	-	-	-	-
<b>Profit/Loss after taxation</b>	<b>520</b>	<b>316</b>	<b>- 588</b>	<b>1 108</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>410</b>	<b>- 73</b>	<b>- 561</b>	<b>971</b>
<b>Total Profit/Loss after taxation</b>	<b>930</b>	<b>243</b>	<b>- 1 149</b>	<b>2 079</b>
Comprehensive income, wouldn't be reclassified to profit or loss in the future	-	-	-	-
Comprehensive income, would be reclassified to profit or loss in the future	676	-1 309	1 144	-468
<b>Other comprehensive income</b>	<b>676</b>	<b>-1 309</b>	<b>1 144</b>	<b>-468</b>
<b>Other comprehensive income of discontinued operations</b>	<b>73</b>	<b>-122</b>	<b>31</b>	<b>42</b>
<b>Total other comprehensive income</b>	<b>749</b>	<b>- 1 431</b>	<b>1 175</b>	<b>- 426</b>
<b>Total comprehensive income</b>	<b>1 679</b>	<b>- 1 188</b>	<b>26</b>	<b>1 653</b>



**Consolidated Statement of Comprehensive Income- quarterly data continuation**  
 (data in HUF millions)

	2020Q2 (A)	2020Q1 (C)	2019Q2 restated (B)	Change (A)-(B)
Profit/loss after taxation attributable to the Company's shareholders	931	246	-1 148	2 079
Profit/loss after taxation attributable to NCI	-1	-3	-1	-
<b>Profit/Loss after taxation</b>	<b>930</b>	<b>243</b>	<b>- 1 149</b>	<b>2 079</b>
Total comprehensive income attributable to the Company's shareholders	1 680	-1 185	27	1 653
Total comprehensive income to NCI	-1	-3	-1	9
<b>Total comprehensive income</b>	<b>1 679</b>	<b>- 1 188</b>	<b>26</b>	<b>1 653</b>

**Consolidated Statement of Financial Position** (data in million HUF)

Assets	30 June 2020 (A)	31 December 2019 (B)	30 June 2019 (C) restated	Change (A)-(C)
Intangible Assets	584	614	730	-146
Property, plant and equipment	95	97	106	-11
Right-of use assets	99	119	132	-33
Deferred tax asset	415	415	484	-69
Deferred acquisition costs	1 208	1 374	2 805	-1 597
Reinsurer's share of technical reserves	384	243	3 864	-3 480
Investments accounted for using the equity method	365	566	282	83
Available-for-sale financial assets	19 913	19 710	29 870	-9 957
Investments for policyholders of unit-linked life insurance policies	65 936	70 548	68 054	-2 118
Financial assets - investment contracts	3 684	3 984	3 675	9
Financial asset - forward	22	-	31	-9
Receivables from insurance policy holders	1 992	1 953	1 897	95
Receivables from insurance intermediaries	93	41	519	-426
Receivables from reinsurance	8	9	129	-121
Other assets and prepayments	33	13	349	-316
Other receivables	364	221	352	12
Cash and cash equivalents	2 199	1 487	1 907	292
Assets of discontinued operations	6 926	13 138	-	6 926
<b>Total Assets</b>	<b>104 320</b>	<b>114 532</b>	<b>115 186</b>	<b>- 10 866</b>
<b>LIABILITIES</b>				
Technical reserves	13 597	13 233	19 567	-5 970
Technical reserves for policyholders of unit-linked life insurance policies	65 935	70 548	68 054	-2 119
Investment contracts	3 684	3 984	3 675	9
Financial liabilities-derivatives	-	5	41	-41
Loans and financial reinsurance	231	436	684	-453
Liabilities from reinsurance	63	95	1 569	-1 506
Liabilities to insurance policy holders	637	438	741	-104
Liabilities to insurance intermediaries	183	268	517	-334
Lease liabilities	111	124	132	-22
Other liabilities and provisions	1 172	732	2 899	-1 727
Liabilities to shareholders	20	25	8	12
Liabilities of discontinued operations	4 590	11 043	-	4 590
<b>Total Liabilities</b>	<b>90 222</b>	<b>100 931</b>	<b>97 887</b>	<b>- 7 665</b>
<b>Net Assets</b>	<b>14 098</b>	<b>13 601</b>	<b>17 299</b>	<b>- 3 201</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	9 443	3 116	3 777	5 666
Capital reserve	1 153	7 480	9 674	-8 521
Share-based payment	21	16	-	21
Other reserves	-1 077	-395	316	-1 393
Retained earnings	4 561	3 383	3 529	1 032
<b>Equity attributable to the Company's Shareholders</b>	<b>14 101</b>	<b>13 600</b>	<b>17 296</b>	<b>- 3 195</b>
Non-controlling interest	-3	1	3	-6
<b>Total Shareholder's Equity</b>	<b>14 098</b>	<b>13 601</b>	<b>17 299</b>	<b>- 3 201</b>

**Consolidated Changes in Equity Q1-Q2 2020** (data in million HUF)

	Share capital	Capital reserve	Share-based payment	Other reserves	Retained earnings	Equity of the shareholders of the Company	NCI	Total shareholders' equity
<b>Balance on 31 December 2019</b>	<b>3 116</b>	<b>7 480</b>	<b>16</b>	<b>- 395</b>	<b>3 383</b>	<b>13 600</b>	<b>1</b>	<b>13 601</b>
<b>Total comprehensive income</b>								
Other comprehensive income	-	-	-	- 633	-	- 633	-	- 633
Profit in reporting year	-	-	-	-	841	841	- 4	837
Profit after tax of discontinued operations	-	-	-	-	337	337	-	337
Other comprehensive income of discontinued operations	-	-	-	- 49	-	- 49	-	- 49
<b>Transactions with equity holders recognized directly in Equity</b>								
Equity difference realized on exercise of employee stock option	-	-	5	-	-	5	-	5
Capital increase	6 327	- 6 327	-	-	-	-	-	-
<b>Balance on 30 June 2020</b>	<b>9 443</b>	<b>1 153</b>	<b>21</b>	<b>- 1 077</b>	<b>4 561</b>	<b>14 101</b>	<b>- 3</b>	<b>14 098</b>

**Consolidated Changes in Equity Q1-Q2 2019 restated** (data in million HUF)

	Share capital	Capital reserve	Other reserves	Retained earnings	Equity of the shareholders of the Company	NCI	Total shareholders' equity
<b>Balance on 31 December 2018 restated</b>	<b>3 777</b>	<b>9 599</b>	<b>-711</b>	<b>4 102</b>	<b>16 767</b>	<b>5</b>	<b>16 772</b>
<b>Total comprehensive income</b>							
Other comprehensive income	-	-	928	-	928	-	928
Profit in reporting year	-	-	-	-334	-334	-2	-336
Profit after tax of discontinued operations	-	-	-	-312	-312	-	-312
Other comprehensive income of discontinued operations	-	-	99	-	99	-	99
<b>Transactions with equity holders recognized directly in Equity</b>							
Sales of treasury shares	-	75	-	73	148	-	148
<b>Balance on 30 June 2019 restated</b>	<b>3 777</b>	<b>9 674</b>	<b>316</b>	<b>3 529</b>	<b>17 296</b>	<b>3</b>	<b>17 299</b>

**Consolidated Statement of Cash Flows** (data in HUF millions)

	2020 Q1-Q2	2019 Q1- Q4	2019 Q1-Q2 restated
<b>Profit/loss after taxation</b>	<b>1 174</b>	- <b>639</b>	<b>- 648</b>
<b>Modifying items</b>			
Depreciation and amortization	151	403	210
Extraordinary depretiation	-	39	1
Booked impairment	-3	393	-
Result of assets sales	-10	871	339
Share based payments	-	2	9
Exchange rate changes	-31	-10	1 057
Share of the profit or loss of associates accounted for using the equity method	-160	-442	-157
Income taxes	115	214	99
Deferred tax	-	80	12
Income on interests	-174	-893	-325
Result of derivatives	-51	-3	2
Provision (-/+)	-339	-	-
Result of minority interests	-	-	-2
Change in cash of discontinued operation	- 2 982	- 1 596	- 903
Interest cost	6	25	16
<b>Change of active capital items:</b>			
Increase / decrease of deferred acquisition costs (-/+)	166	101	-202
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	4 612	-5 271	-2 776
Increase / decrease of financial assets – investment contracts (-/+)	301	-304	6
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	-167	130	491
Increase / decrease of reinsurer's share from technical reserves (-/+)	-141	239	284
Increase /decrease of other assets and active accrued and deferred items (-/+)	-19	9	-82
Increase / decrease of technical reserves (+/-)	403	2 773	1 306
Increase / decrease of liabilities from insurance (-/+)	82	-346	-39
Increase / decrease of investment contracts (+/-)	-301	304	-6
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	-4 612	5 271	2 778
Increase / decrease of other liabilities (+/-)	754	-337	672
Paid income taxes	- 90	-257	- 95
IFRS 2 capital difference	5	16	-
<b>Cash flows from operating activities</b>	<b>1 312</b>	<b>770</b>	<b>2 045</b>

**Consolidated Statement of Cash Flows continuation** (data in HUF millions)

Cash flow from investing activities	2020 Q1- Q2	2019 Q1- Q4	2019 Q1-Q2 restated
Purchase of debt instruments (-)	-4 664	-23 944	-10 023
Sales of debt instruments (+)	3 899	24 591	7 404
Purchase of tangible and intangible assets (-)	-91	-243	-130
Sales of tangible and intangible assets (-)	1	1	-
Result of derivatives	-	- 1	-
Interest received	73	846	318
Dividend received	361	342	342
Investment cash flows from discontinued operations	2 633	1 292	9
<b>Cash flow from investing activities</b>	<b>2 214</b>	<b>2 884</b>	<b>-2 080</b>
<b>Cash flow from financing activities</b>			
Securing loans	-	154	154
Lease instalments payment	-28	-61	- 31
Lease interest payment	-2	-4	- 3
Repayment of loans and their interests	- 232	-732	- 457
Equity difference realized on sale of treasury shares in a employee share based option program	-	148	75
Capital decrease	-	-2 988	-
Financing cash flows from discontinued operations	12	18	-7
<b>Cash flow from financing activities</b>	<b>- 250</b>	<b>- 3 464</b>	<b>-269</b>
Impacts of exchange rate changes	60	-2	10
<b>Net increase / decrease of cash and cash equivalents (+/-)</b>	<b>712</b>	<b>188</b>	<b>-294</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 487</b>	<b>1 300</b>	<b>1 300</b>
<b>Cash and cash equivalents of discontinued operations at the end of the period</b>	<b>-</b>	<b>-</b>	<b>901</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2 199</b>	<b>1 487</b>	<b>1 006</b>

### **3. Discontinued operations**

The Group classifies an investment asset (or disposal group) as held for sale if its book value is primarily recovered through a sale transaction, and not through continuing use. For this to apply, the asset (or disposal group) must be ready for immediate sale in its present condition, under terms customary during the sale of such assets (or disposal groups), and the sale must be highly probable. The Group values an investment asset (or disposal group) classified as held for sale at the lower of its book value and fair value less costs to sell. The book value of the disposal group's assets shall be reduced (or increased) by the amount of the impairment loss (or any subsequent gain) recognized for the disposal group.

The criteria for held for sale were present, in accordance with IFRS 5, parallel to the Group's portfolio transfer decision and were therefore classified as held for sale in the total non-life insurance segment. In accordance with the accounting policy described above, the portfolio held for sale is valued at its book value, because its fair value less costs to sell is expected to be higher, than the book value. The fair value less costs to sell is equal to the estimated purchase price less the legal, consulting, and data room service expenses. With the sale of part of the portfolio, the purchase price of the sold portfolio was recognized in profit and loss report, while the related reserves and receivables and liabilities were removed from the consolidated statement of financial position.

Therefore, the total non-life segment of the Group was reclassified in the consolidated statement of financial position to the discontinued operations' assets and liabilities. Likewise, in the Consolidated Statement of Comprehensive Income we separately disclosed the discontinued operations' after-tax income and other comprehensive income. Data for the comparative period were consequently restated to reflect reclassification. A detailed derivation of the comparative period is also presented, together with a correction for prior years.

**Consolidated Statement of Financial Position** (data in million HUF)

<b>ASSETS</b>	<b>Consolidated data before reclassification</b>	<b>Reclassification of discontinued operations</b>	<b>30.06.2020</b>
Intangible Assets	598	- 14	584
Property, plant and equipment	103	- 8	95
Right of use assets	112	- 13	99
Deferred tax asset	415	-	415
Deferred acquisition costs	1 605	- 397	1 208
Reinsurer's share of technical reserves	637	- 253	384
Investments accounted for using the equity method	365	-	365
Available-for-sale financial assets	24 268	-4 355	19 913
Investments for policyholders of unit-linked life insurance policies	65 936	-	65 936
Financial assets – investment contracts	3 684	-	3 684
Financial asset - forward	38	- 16	22
Receivables from insurance policy holders	2 003	- 11	1 992
Receivables from insurance intermediaries	148	- 55	93
Receivables from reinsurance	62	- 54	8
Other assets and prepayments	204	- 171	33
Other receivables	1 205	- 841	364
Cash and cash equivalents	2 937	- 738	2 199
Assets of discontinued operations	-	6 926	6 926
<b>Total assets</b>	<b>104 320</b>	<b>-</b>	<b>104 320</b>
<b>LIABILITIES</b>			
Technical reserves	16 555	-2 958	13 597
Technical reserves for policyholders of unit-linked life insurance policies	65 934	-	65 934
Investment contracts	3 684	-	3 684
Financial liabilities-derivatives	-	-	-
Loans and financial reinsurance	231	-	231
Liabilities from reinsurance	213	- 150	63
Liabilities to insurance policy holders	668	- 31	637
Liabilities to insurance intermediaries	290	- 107	183
Lease liabilities	127	- 16	111
Other liabilities and provisions	2 500	- 1 328	1 172
Liabilities to shareholders	20	-	20
Liabilities of discontinued operations	-	4 590	4 590
<b>Total liabilities</b>	<b>90 222</b>	<b>-</b>	<b>90 222</b>
<b>NET ASSETS</b>	<b>14 098</b>	<b>-</b>	<b>14 098</b>



**Consolidated Statement of Comprehensive Income**

Data in million HUF

	Consolidated data before reclassification	Reclassification of discontinued operations	2020 Q1-Q2
Gross written premium	11 878	-2 646	9 232
Changes in unearned premiums reserve	762	- 775	- 13
Earned premiums, gross	12 640	-3 421	9 219
Ceded reinsurance premiums	-2 202	2 077	- 125
<b>Earned premiums, net</b>	<b>10 438</b>	<b>-1 344</b>	<b>9 094</b>
Premium and commission income from investment contracts	73	-	73
Commission and profit sharing due from reinsurers	539	- 539	-
Investment income	474	- 165	309
Yield on investment accounted for using equity method(profit)	160	-	160
Other operating income	1 017	- 525	492
<b>Other income</b>	<b>2 263</b>	<b>- 1 229</b>	<b>1 034</b>
<b>Total income</b>	<b>12 701</b>	<b>- 2 573</b>	<b>10 128</b>
Claim payments and benefits, claim settlement costs	-7 894	1 403	-6 491
Recoveries, reinsurer's share	1 072	-1 042	30
Net changes in value of the life technical reserves and unit-linked life insurance reserves	4 402	- 27	4 375
Investment expenses	-4 817	98	-4 719
Change in the fair value of liabilities relating to investment contracts	147	-	147
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 7 090</b>	<b>432</b>	<b>- 6 658</b>
Fees, commissions and other acquisition costs	-2 812	1 045	-1 767
Other operating costs	-1 169	462	- 707
Other expenses	- 311	267	- 44
<b>Operating costs</b>	<b>- 4 292</b>	<b>1 774</b>	<b>- 2 518</b>
<b>Profit/Loss before taxation</b>	<b>1 319</b>	<b>- 367</b>	<b>952</b>
Tax income/expenses	- 145	30	- 115
Deferred tax income/expenses	-	-	-
<b>Profit/Loss after taxation</b>	<b>1 174</b>	<b>- 337</b>	<b>837</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>-</b>	<b>337</b>	<b>337</b>
<b>Total Profit/Loss after taxation</b>	<b>1 174</b>	<b>-</b>	<b>1 174</b>
Comprehensive income, would be reclassified to profit or loss in the future	- 682	49	- 633
<b>Other comprehensive income</b>	<b>- 682</b>	<b>49</b>	<b>- 633</b>
<b>Other comprehensive income of discontinued operations</b>	<b>-</b>	<b>- 49</b>	<b>- 49</b>
<b>Total other comprehensive income</b>	<b>- 682</b>	<b>-</b>	<b>- 682</b>
<b>Total comprehensive income</b>	<b>492</b>	<b>-</b>	<b>492</b>

**Consolidated Statement of Comprehensive Income**

Data in million HUF

	30.06.2019	Modification due to Error	Reclassification of discontinued operation	Modified
Gross written premium	13 286	-	- 5 116	8 170
Changes in unearned premiums reserve	- 731	-	705	-26
Earned premiums, gross	12 555	-	- 4 411	8 144
Ceded reinsurance premiums	- 2 797	282	2 396	- 119
<b>Earned premiums, net</b>	<b>9 758</b>	<b>282</b>	<b>- 2 015</b>	<b>8 025</b>
				-
Premium and commission income from investment contracts	56	-	-	56
Commission and profit sharing due from reinsurers	965	- 106	- 858	1
Investment income	4 866	-	- 141	4 725
Yield on investment accounted for using equity method(profit)	159	-	-	159
Other operating income	412	-	- 14	398
<b>Other income</b>	<b>6 458</b>	<b>- 106</b>	<b>- 1 013</b>	<b>5 339</b>
<b>Total income</b>	<b>16 216</b>	<b>176</b>	<b>- 3 028</b>	<b>13 364</b>
Claim payments and benefits, claim settlement costs	- 8 534	-	1 818	- 6 716
Recoveries, reinsurer's share	1 489	- 33	- 1 439	17
Net changes in value of the life technical reserves and unit-linked life insurance reserves	- 3 717	12	518	- 3 187
Investment expenses	- 1 260	-	104	- 1 156
Change in the fair value of liabilities relating to investment contracts	- 217	-	-	- 217
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 12 239</b>	<b>- 21</b>	<b>1 001</b>	<b>-11 259</b>
Fees, commissions and other acquisition costs	- 3 213	-	1 560	- 1 653
Other operating costs	- 1 014	-	350	- 664
Other expenses	- 261	- 193	403	- 51
<b>Operating costs</b>	<b>- 4 488</b>	<b>- 193</b>	<b>2 313</b>	<b>- 2 368</b>
<b>Profit/Loss before taxation</b>	<b>-511</b>	<b>- 38</b>	<b>286</b>	<b>- 263</b>
Tax income/expenses	- 99	-	26	- 73
<b>Profit/Loss after taxation</b>	<b>-610</b>	<b>- 38</b>	<b>312</b>	<b>- 336</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>- 312</b>	<b>- 312</b>
<b>Total Profit/Loss after taxation</b>	<b>-610</b>	<b>- 38</b>	<b>-</b>	<b>- 648</b>
Comprehensive income, would be reclassified to profit or loss in the future	1 027	-	- 99	928
<b>Other comprehensive income</b>	<b>1 027</b>	<b>-</b>	<b>-99</b>	<b>928</b>
Other comprehensive income of discontinued operations	-	-	99	99
<b>Total other comprehensive income</b>	<b>1 027</b>	<b>-</b>	<b>-</b>	<b>1 027</b>
<b>Total comprehensive income</b>	<b>417</b>	<b>- 38</b>	<b>-</b>	<b>379</b>

data in million HUF

**Consolidated Statement of Financial Position**

<b>ASSETS</b>	<b>30.06.2019</b>	<b>Modification due to Error</b>		<b>Modified</b>
Reinsurer's share of technical reserves	4 865	-	1 001	3 864
<b>Total assets</b>	<b>116 187</b>	<b>-</b>	<b>1 001</b>	<b>115 186</b>
Reinsurance liabilities	1 913	-	344	1 569
<b>Total liabilities</b>	<b>98 231</b>	<b>-</b>	<b>344</b>	<b>97 887</b>
<b>NET ASSETS</b>	<b>17 956</b>	<b>-</b>	<b>657</b>	<b>17 299</b>
Retained earnings	4 186	-	619	3 567
Total income		-	38	- 38
<b>Total shareholder's equity</b>	<b>17 956</b>	<b>-</b>	<b>657</b>	<b>17 299</b>

#### **4. Changes of accounting policy**

For financial year beginning on 1 January 2020, the following new mandatory standards become effective, whose effect - except for IFRS 9 and IFRS 17 - are not expected to have a material impact on the financial statements:

- Amendments to IAS 1 and IAS 8: Revision of materiality's definition
- IFRS 3: amendments to the notes and amendments to the examples
- Changes in the Conceptual Framework: minor changes in the definitions of assets and liabilities
- Revisions to IFRS 9, IAS 39, IFRS 7: IBOR Reform

IFRS 17 Insurance Contract (expected application from 1 January 2023) – the Insurer made a gap analysis about the introduction of the IFRS 17 in 2018, then made a detailed IFRS 17 project plan in 2019 and the introduction project has started in the middle of 2020.

IFRS 17 will have a significant effect on the earnings of all product portfolios, and also the operating processes of the Insurer. The aim of IFRS 17 to harmonise the evaluation of insurance policies and insurance liabilities, as the insurance technical result among countries according to standardised principles instead of the own evaluation method of the different countries. The main component of the insurer's performance will be CSM, the not yet realised future contractual service margin, which can be realised against the profit or loss in parallel with the performed insurance services of the given product portfolio.

## **5. Presentation of the Issuer's financial position – consolidated and unaudited data for 2020, on the basis of the international financial reporting standards (IAS 34) adopted by the EU**

The Issuer and its consolidated companies, representing together the CIG Group, deal with unit-linked life insurance, term life insurance, endowment insurance, health insurance, pension insurance, rider accident insurance and general insurance, within that mainly suretyship insurance.

**In the first half of 2020, the Group's gross written premium was HUF 9 232 million, which is 113% of the gross written premium in the first half of 2019. Of this HUF 7 158 million are the gross written premium of unit-linked life insurance (of this HUF 3 010 million of pension insurance policies), HUF 1 887 million are traditional life products (of this HUF 592 million from pension insurance policies), HUF 187 million are health insurance policies.**

In the life segment the gross written premium from the first annual premiums of policies sold was HUF 1 846 million, which is a 39% increase compared to the same period of the previous year (HUF 1 331 million). The gross written premium income from renewals was HUF 5 493 million in 2020 in contrast to HUF 4 776 million in the same period of the previous year, so the renewal premiums increased by 15%. Top-up and single premiums (HUF 1 893 million) were 8% lower as the premiums in the same period of the previous year, mainly relating to unit-linked life insurance policies. Within the total life insurance premium income- according to IFRS - of HUF 9 232 million, the rate of top-up and single premiums is 21 percent.

The change in unearned premium reserve in 2020 was HUF 13 million loss, while the amount of ceded reinsurance premiums was HUF 125 million loss.

Unit-linked life insurance policies sold by the Group that do not qualify as insurance policies under IFRS are classified by the Group as investment contracts. In connection with the investment contracts, the Issuer generated a premium and commission income of HUF 73 million in total during the reporting period. The change in the fair value of liabilities relating to investment contracts was HUF 147 million gain in the first half, due to the unit-linked yield.

The other operating income (HUF 492 million) is mainly the Issuer's income from fund management (HUF 294 million), which decreased compared to the first half of 2019. In addition, significant other income (HUF 105 million) in the life segment is the value of the maturities and claims paid of unit-linked investments withdrawn from funds after the balance sheet day, which is, however, offset in claims expenses.

The most important item among expenses are claim payments and benefits and claim settlement costs (together HUF 6 491 million), this expenditure is decreased by the recoveries from reinsurers (HUF 30 million).

The amount of net change in reserves (HUF 4 375 million), which is made up mainly the following changes in reserves. The unit-linked life insurance reserve amount decreased by HUF 4 611 million, which is mainly due to the unfavourable first-quarter unit-linked yield. The actuarial reserves increased by HUF 373 million, the technical reserves for the bonus payment of the life insurance clients increased by HUF +134 million, and the result-dependent premium refund reserves increased by HUF 177 million. The result-independent reserves decreased by HUF 9 million, the outstanding net claim reserves increased by HUF 28 million, while the cancellation reserves decreased by HUF 113 million concurrently with the decrease of the premium receivables.

The total operating cost of the Issuer was HUF 2 518 million in the first half, of which HUF 1 767 million is related to the fees, commissions and other acquisition costs, and HUF 707 million is related to other operating costs and 44 other expenses. Acquisition costs increased lower than the earned premiums. The other operating costs increased by HUF 43 million compared to the previous year, same period (HUF 664 million in 2019). The volume of other expenses (HUF 44 million) is 14% lower compared to the previous period (HUF 51 million), mainly contains the pending premiums.

The investment result in the first half of 2020 is HUF 4,410 million loss, which is due to the aggregated effect of the following issues. The unit-linked yield in the first half is a loss of HUF 4,643 million. In the second quarter of this year, events related to the corona virus continued to be the most significant factors in the capital markets. The spread of the virus has slowed significantly, but experts say there is a growing chance of a second wave appearing. Economic decisionmakers have tried to prevent further stock market downturns through coordinated fiscal and monetary action, which seems to have been halted. The combination of concerted economic action and favorable news about the spread of the virus pushed stock markets out of the under-position in March with a rarely seen rise, closing some markets in the second quarter with an appreciation of around 20 percent. The previously collapsed oil price also showed a significant positive correction after being in the negative range at certain futures, which was favorable for some emerging market equities. The forint strengthened by 1,18 percent against the euro and by 3,5 percent against the dollar during the quarter. In line with the above, most of our unit-linked portfolios appreciated in the second quarter, with the highest-yielding portfolios being the Ural Russia Equity Fund, the Amazon Latin American Equity Fund and the Indian Equity Fund.

The Issuer had HUF 233 million yield profit on its own investments in this half year.

Earnings from the MKB-Pannónia Fund Management Company to the Company appear on "investments accounted for using the equity method", which is a profit of HUF 160 million in the first half of 2020, which is nearly the same compared to the same period last year.

As a result of all of the above, the profit before tax amounted to HUF 952 million profit (in 2019 the profit before taxation was HUF 263 million loss), that was reduced by HUF 115 million tax liability. The profit of the EMABIT from discontinued operations is HUF 337 million, mainly due to portfolio sales. The overall profit after tax is HUF 1 174 million, that is HUF 1 822 million higher than the profit after tax of first half in 2019. The other comprehensive income contains the decrease in the fair value of available-for-sale financial assets amounting to HUF 682 million, of which HUF 550 million is the unrealized loss on OPUS shares owned by the Group, while the remaining loss arise from the unrealized loss on government bonds. The total comprehensive income represents a gain of HUF 492 million in 2020.

The Issuer's balance sheet total was HUF 104,320 million; its financial position is stable; the company has met its liabilities in full. On 30 June 2020 the shareholders' equity was HUF 14,098 million.

## 6. Executive summary

In the second quarter of 2020, the annualized premium of the new sales of insurance policies in life segment sold by the Company is HUF 1 554 million that is 32 percent lower than in the previous year, same period. Of this HUF 959 million is from unit-linked life insurance, HUF 595 million is from traditional and group life insurance policies. In the previous year the annualized premium of the new sales was HUF 2 276 million, of which HUF 1 430 million related to unit-linked life insurance, HUF 846 million was derived from traditional and group life insurance policies.

### New sales and portfolio development

Annualized premium of new sales - Life segment (million HUF)	2020.06.30 (A)	2019.06.30 (B)	Change (A - B)	Change % (A - B) / B
Unit-linked life insurances	959	1 430	-471	-33%
Traditional and group life insurances	595	846	-251	-30%
<b>Total annualized premium of new sales - Life</b>	<b>1 554</b>	<b>2 276</b>	<b>- 722</b>	<b>-32%</b>

As for life insurance policies sold in 2020 the share of the tied agent network is 12 percent, the independent broker channel was 37 percent and the bank channel was 20 percent. The financial intermediary subsidiary accounted for 7 percent of sales, while other business development accounted for 24 percent of new sales.

In the first quarter of 2019, the result of other business development was significantly increased by group insurance contracts, which are not new acquisition in 2020, but still showed in volume of premium. In addition, the group life insurance contracts with the National Utilities still have a significant impact on the volume of new sales. In the life segment, the effects of diversifying sales channels are already having a tangible impact on new acquisitions.



## 7. Operating Segments

### Segment informations Q1-Q2 2020 (data in HUF millions)

ASSETS	Life insurance segment	Non-life insurance segment	Other	Reclassification of discontinued operations	Adjusting entries for calculations in the financial statements (consolidation)	Total
Intangible assets	580	14	4	-14	-	584
Property, plant and equipment	67	8	28	-8	-	95
Right of use assets	23	13	76	-13	-	99
Deferred tax assets	415	-	-	-	-	415
Deferred acquisition costs	1 208	397	-	-397	-	1 208
Reinsurer's share of technical reserves	384	253	-	-253	-	384
Subsidiaries	1 979	-	-	-	-1 979	-
Investments by equity method	52	-	-	-	313	365
Available-for-sale financial assets	19 913	4 355	-	-4 355	-	19 913
Investments for policyholders of unit-linked life insurance policies	65 936	-	-	-	-	65 936
Financial assets - investment contracts	3 684	-	-	-	-	3 684
Financial asset - forward	22	16	-	-16	-	22
Receivables from insurance policyholders	1 992	11	-	-11	-	1 992
Receivables from intermediaries	67	55	26	-55	-	93
Receivables from reinsurances	8	54	-	-54	-	8
Treasury shares	-	-	64	-	-64	-
Other assets and prepayments	33	171	-	-171	-	33
Other receivables	347	841	14	-841	3	364
Cash and cash equivalents	2 164	738	35	-738	-	2 199
Intercompany receivables	476	78	278	-	-832	-
Assets of discontinued operations	-	-	-	6 926	-	6 926
<b>Total assets</b>	<b>99 350</b>	<b>7 004</b>	<b>525</b>	<b>-</b>	<b>-2 559</b>	<b>104 320</b>

Liabilities	Life insurance segment	Non-life insurance segment	Other	Reclassification of discontinued operations	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	13 597	2 958	-	-2 958	-	13 597
Technical reserves for policyholders of unit-linked insurance	65 935	-	-	-	-	65 935
Investment contracts	3 684	-	-	-	-	3 684
Loans and financial reinsurance	231	-	-	-	-	231
Liabilities from reinsurance	63	150	-	-150	-	63
Liabilities from insurance policyholders	637	31	-	-31	-	637
Liabilities from intermediaries	150	107	33	-107	-	183
Intercompany liabilities	357	48	113	-	-518	-
Liabilities from lease	27	16	83	-16	-	110
Other liabilities and provisions	1 118	1 375	27	-1 375	27	1 172
Liabilities to shareholders	20	-	-	-	-	20
Liabilities from discontinued operations	-	-	-	4 637	-47	4 590
<b>Total liabilities</b>	<b>85 819</b>	<b>4 685</b>	<b>256</b>	<b>-</b>	<b>-538</b>	<b>90 222</b>
<b>NET Assets</b>	<b>13 531</b>	<b>2 319</b>	<b>269</b>	<b>-</b>	<b>-2 021</b>	<b>14 098</b>
<b>Shareholder's Equity</b>						
Registered capital	9 443	1 060	216	-	-1 276	9 443
Capital reserve	4 019	2 839	81	-	-5 786	1 153
Share-based payment	16	5	-	-	-	21
Other reserve	-1 081	4	-	-	-	-1 077
Retained earnings	1 134	-1 589	-28	-	5 044	4 561
NCI	-	-	-	-	-3	-3
<b>Total shareholder's equity</b>	<b>13 531</b>	<b>2 319</b>	<b>269</b>	<b>-</b>	<b>-2 021</b>	<b>14 098</b>

Statement of comprehensive income	Life insurance segment	Non-life insurance segment	Other	Reclassification of discontinued operations	Adjusting entries for calculations in the financial statements (consolidation)	Total
Gross written premium	9 232	2 647	-	-2 647	-	9 232
Changes in unearned premiums reserve	-13	776	-	-776	-	-13
Earned premium Gross	9 219	3 423	-	-3 423	-	9 219
Ceded reinsurance premium	-125	-2 077	-	2 077	-	-125
<b>Earned premiums net</b>	<b>9 094</b>	<b>1 346</b>	<b>-</b>	<b>-1 346</b>	<b>-</b>	<b>9 094</b>
Premium and commission income from investment contracts	73	-	-	-	-	73
Investment income	305	165	106	-165	-102	309
Share of the profit of associates and joint ventures accounted for using the equity method	361	-	-	-	-201	160
Other operative income	542	599	88	-599	-138	492
Commission and profit sharing from reinsurance	-	539	-	-539	-	-
<b>Other income</b>	<b>1 281</b>	<b>1 303</b>	<b>194</b>	<b>-1 303</b>	<b>-441</b>	<b>1 034</b>
<b>Total income</b>	<b>10 375</b>	<b>2 649</b>	<b>194</b>	<b>-2 649</b>	<b>-441</b>	<b>10 128</b>
Claim payments and benefits, and claim settlement costs	-6 501	-1 403	-	1 403	10	-6 491
Recoveries from reinsurance	30	1 042	-	-1 042	-	30
Net change in the value of life technical reserves and unit-linked life insurance reserves	4 375	27	-	-27	-	4 375
Investment expenditure	-4 712	-98	-7	98	-	-4 719
Change in the fair value of liabilities relating to investment contracts	147	-	-	-	-	147
<b>Change in the fair value of assets and liabilities relating to embedded derivatives</b>	<b>-6 661</b>	<b>-432</b>	<b>-7</b>	<b>432</b>	<b>10</b>	<b>-6 658</b>
Fees, commissions and other acquisition costs	-1 673	-1 045	-141	1 045	47	-1 767
Other operating costs	-693	-462	-15	462	1	-707
Other expenses	-118	-266	-5	266	79	-44
<b>Operating costs</b>	<b>-2 484</b>	<b>-1 773</b>	<b>-161</b>	<b>1 773</b>	<b>127</b>	<b>-2 518</b>
<b>Profit/loss before taxation</b>	<b>1 230</b>	<b>444</b>	<b>26</b>	<b>-444</b>	<b>-304</b>	<b>952</b>
Tax income / (expenses)	-114	-30	-1	30	-	-115
Deferred tax income / (expenses)	-	-	-	-	-	-
<b>Profit/loss after taxation</b>	<b>1 116</b>	<b>414</b>	<b>25</b>	<b>-414</b>	<b>-304</b>	<b>837</b>
<b>Profit/loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>414</b>	<b>-77</b>	<b>337</b>
Other comprehensive income	-633	-49	-	49	-	-633
Other comprehensive income of discontinued operations	-	-	-	-49	-	-49
<b>Comprehensive income</b>	<b>483</b>	<b>365</b>	<b>25</b>	<b>-</b>	<b>-381</b>	<b>492</b>

**Segment information Q1-Q2 2019 restated (data in million HUF)**

ASSETS	CIG Life insurance segment	CIG Non-life insurance	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Intangible assets	644	80	6	-	730
Property, plant and equipment	70	13	23	-	106
Leasing assets	61	37	34	-	132
Deferred tax assets	361	123	-	-	484
Deferred acquisition costs	1 229	1 576	-	-	2 805
Reinsurer's share of technical reserves	116	3 748	-	-	3 864
Subsidiaries	5 384	-	-	-5 384	-
Investments in jointly controlled companies	52	-	-	230	282
Available-for-sale financial assets	21 803	8 067	-	-	29 870
Investments for policyholders of unit-linked life insurance policies	68 054	-	-	-	68 054
Financial assets - investment contracts	3 675	-	-	-	3 675
Financial asset - forward	31	-	-	-	31
Receivables from insurance policyholders	1 617	280	-	-	1 897
Receivables from intermediaries	45	474	-	-	519
Reinsurance receivables	13	116	-	-	129
Treasury shares	-	-	141	-141	-
Other assets and prepayments	34	323	1	-9	349
Other receivables	224	114	12	2	352
cash and cash equivalents	914	901	92	-	1 907
Intercompany receivables	544	-	307	-851	-
<b>Total assets</b>	<b>104 871</b>	<b>15 852</b>	<b>616</b>	<b>-6 153</b>	<b>115 186</b>

LIABILITIES	CIG Life insurance segment	CIG Non-life insurance	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	11 301	8 266	-	-	19 567
Technical reserves for policyholders of unit-linked insurance	68 054	-	-	-	68 054
Investment contracts	3 675	-	-	-	3 675
Loans and financial reinsurance	41	-	-	-	41
Liabilities from reinsurance	684	-	-	-	684
Liabilities from insurance policyholders	70	1 499	-	-	1 569
Liabilities from intermediaries	459	282	-	-	741
Intercompany liabilities	206	271	50	-10	517
Liabilities from leases	298	102	573	-973	-
Liabilities from leases	61	36	35	-	132
<b>Liabilities to shareholders</b>	<b>584</b>	<b>2 276</b>	<b>23</b>	<b>16</b>	<b>2 899</b>
Technical reserves	8	-	-	-	8
<b>Total liabilities</b>	<b>85 441</b>	<b>12 732</b>	<b>681</b>	<b>-967</b>	<b>97 887</b>
<b>NET Assets</b>	<b>19 430</b>	<b>3 120</b>	<b>-65</b>	<b>-5 186</b>	<b>17 299</b>
<b>Shareholder's Equity</b>					
Registered capital	3 777	1 060	23	-1 083	3 777
Capital reserve	12 540	2 839	81	-5 786	9 674
Other reserves	207	109	-	-	316
Retained earnings	2 906	-888	-169	1 680	3 529
NCI	-	-	-	3	3
<b>Total Shareholder's equity</b>	<b>19 430</b>	<b>3 120</b>	<b>-65</b>	<b>-5 186</b>	<b>17 299</b>

STATEMENT OF COMPREHENSIVE INCOME	CIG Life insurance segment	CIG Non-life insurance	Other	Reclassification of discontinued operations	Adjusting entries for calculations in the financial statements (consolidation)	Total
Gross written premium	8 170	5 116	-	-5 116	-	8 170
Changes in unearned premiums reserve	-26	-705	-	705	-	-26
Earned premiums, gross	8 144	4 411	-	-4 411	-	8 144
Ceded reinsurance premiums	-119	-2 396	-	2 396	-	-119
<b>Earned premiums, net</b>	<b>8 025</b>	<b>2 015</b>	<b>-</b>	<b>-2 015</b>	<b>-</b>	<b>8 025</b>
Premium and commission income from investment contracts	56	-	-	-	-	56
Investment income	5 994	141	-	-141	-1 269	4 725
Share of the profit of associates and joint ventures accounted for using the equity method	342	-	-	-	-183	159
Other operating income	436	14	213	-14	-251	398
Commission and profit sharing from reinsurance	1	858	-	-858	-	1
<b>Other income</b>	<b>6 829</b>	<b>1 013</b>	<b>213</b>	<b>-1 013</b>	<b>-1 703</b>	<b>5 339</b>
<b>Total income</b>	<b>14 854</b>	<b>3 028</b>	<b>213</b>	<b>-3 028</b>	<b>-1 703</b>	<b>13 364</b>
Claim payments and benefits, and claim settlement costs	-6 716	-1 818	-	1 818	-	-6 716
Recoveries from reinsurance	17	1 439	-	-1 439	-	17
Net change in the value of life technical reserves and unit-linked life insurance reserves	-3 187	-518	-	518	-	-3 187
Investment expenditure	-1 157	-105	-133	105	134	-1 156
Change in the fair value of liabilities relating to investment contracts	-217	-	-	-	-	-217
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>-11 260</b>	<b>-1 002</b>	<b>-133</b>	<b>1 002</b>	<b>134</b>	<b>-11 259</b>
Fees, commissions and other acquisition costs	-1 609	-1 560	-227	1 560	183	-1 653
Other operating costs	-665	-348	-11	348	12	-664
Other expenses	-100	-402	-8	402	57	-51
<b>Operating costs</b>	<b>-2 374</b>	<b>-2 310</b>	<b>-246</b>	<b>2 310</b>	<b>252</b>	<b>-2 368</b>
<b>Profit/loss before taxation</b>	<b>1 220</b>	<b>-284</b>	<b>-166</b>	<b>284</b>	<b>-1 317</b>	<b>-263</b>
Tax income / (expenses)	-69	-28	-4	28	-	-73
Deferred tax income / (expenses)	-	-	-	-	-	-
<b>Profit/loss after taxation</b>	<b>1 151</b>	<b>-310</b>	<b>-170</b>	<b>312</b>	<b>-1 317</b>	<b>-336</b>
<b>Profit/loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-312</b>	<b>-</b>	<b>-312</b>
Other comprehensive income	930	99	-	-99	-2	928
Other comprehensive income of discontinued operations	-	-	-	99	-	99
<b>Comprehensive income</b>	<b>2 081</b>	<b>-213</b>	<b>-170</b>	<b>-</b>	<b>-1 319</b>	<b>379</b>

## 7. Number of employees, ownership structure

The number of employees at the members of the Group was 114 on 30 June of 2020.

### Composition of the Issuer's share capital (30 June 2020)

Series of shares	Nominal value (HUF/each)	Issued number of shares	Total nominal value (HUF)
Series „A”	100	94 428 260	9 442 826 000
Amount of share capital	-	-	9 442 826 000

The above data has been determined in accordance with the current Articles of Association of the Company. The nominal value of the Company's shares currently outstanding is HUF 33.

### Number of voting rights connected to the shares (30 June 2020)

Series of shares	Number of shares issued	Number of voting shares	Voting rights per share	Total voting rights	Number of treasury shares
„A” series	94 428 260	94 428 260	1	94 428 260	-

### The Issuer's ownership structure (30 June 2020)

Owners	Number of shares	Ownership stake	Voting rights
Domestic private individual	42 037 290	44,52%	44,52%
Domestic institution	49 693 583	52,63%	52,63%
Foreign private individual	222 025	0,24%	0,24%
Foreign institution	709 163	0,75%	0,75%
Nominee, domestic private individual	1 158 518	1,23%	1,23%
Nominee, foreign private individual	350 768	0,37%	0,37%
Nominee, foreign institution	242 096	0,26%	0,26%
Unidentified item	14 817	0,02%	0,02%
<b>Total</b>	<b>94 428 260</b>	<b>100%</b>	<b>100%</b>

The Issuer engaged KELER Ltd. with keeping the shareholders' register. If, during the ownership verification, an account manager with clients holding CIGPANNONIA shares does not provide data regarding the shareholders, the owners of the unidentified shares are recorded as “unidentified item” in the shareholders' register.

### The Issuer's investments on 30 June 2020

Name	Registered seat	The Issuer's share
CIG Pannonia First Hungarian General Insurance Company cPlc.	1033 Budapest, Flórián tér 1.	100,0%
Pannonia PI-ETA Funeral Service Limited Liability Company	1033 Budapest, Flórián tér 1.	100,0%
MKB-Pannonia Fund Manager cPlc.	1072 Budapest, Nyár utca 12.	16,0%
CIG Pannonia Financial Intermediary cPlc.	1033 Budapest, Flórián tér 1.	95,0%
OPUS GLOBAL Plc.	1062 Budapest, Andrássy út 59.	1%



## 8. Information published in the period

Date	Subject, short summary
1 April 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
8 April 2020	Extraordinary announcement on the transfer of certain Hungarian branches of the Company's Subsidiary
9 April 2020	Extraordinary announcement on the cancellation of the annual general meeting
16 April 2020	Extraordinary announcement of CIG Pannónia Life Insurance Plc. on its annual General Meeting
20 April 2020	Extraordinary announcement of CIG Pannónia on measures taken related to coronavirus
24 April 2020	Resolutions of the Board of Directors of CIG Pannónia Life Insurance Plc. in competence of the General Meeting on the Board meeting held on 24 April 2020.
28 April 2020	Extraordinary announcement on the authorization of Chairman of the Supervisory Board of EMABIT
4 May 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
4 May 2020	Annual Report
4 May 2020	Corporate governance report
18 May 2020	Extraordinary announcement on the authorization of member of the Supervisory Board of EMABIT
19 May 2020	Quarterly Report, Q1 2020
22 May 2020	Extraordinary announcement on the acquisition of voting rights above 5%
26 May 2020	Extraordinary announcement on the company court registry of the Chairman of the Supervisory Board of the Company's Subsidiary
27 May 2020	Extraordinary announcement on the authorization of Chairman of the Supervisory Board
28 May 2020	Extraordinary announcement on the HFSA authorization of transfer of certain Hungarian branches of the Company's Subsidiary
2 June 2020	Extraordinary announcement on expiry of mandate of a member of the Supervisory Board
2 June 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
3 June 2020	Extraordinary announcement on the sale of Polish carrier's professional indemnity insurance portfolio of EMABIT
22 June 2020	Extraordinary announcement on the undertakings taken by Company towards its Subsidiary
29 June 2020	Extraordinary announcement on the share capital increase and the amendment of the Articles of Associations
30 June 2020	Extraordinary announcement on termination of cooperation agreement between the Company and MKB plc
1 July 2020	Extraordinary announcement on the approval of the recovery plan of the Company's Subsidiary
1 July 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
6 July 2020	Extraordinary announcement on shareholder proposal
10 July 2020	Extraordinary announcement on the authorization of members of the Supervisory Board
14 July 2020	NOTICE OF THE INVITATION TO THE EXTRAORDINARY GENERAL MEETING
17 July 2020	Extraordinary announcement on the Company Court registry of the capital increase of the Company
22 July 2020	Summary of the proposals and the proposed resolutions regarding the agenda items of the extraordinary general meeting of the Company

22 July 2020	Extraordinary announcement on shareholder proposal
28 July 2020	Extraordinary announcement on the authorization of member of the Supervisory Board
29 July 2020	Announcement on the exchange of shares
30 July 2020	Extraordinary announcement on the HFSA authorization of transfer of Polish carrier's professional indemnity insurance portfolio of the Company's Subsidiary
3 August 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
4 August 2020	Extraordinary announcement on the completion of the share exchange at a later date
10 August 2020	Extraordinary announcement on the resignation of the members of the Board of Directors of the Company and its Subsidiary
11 August 2020	Extraordinary announcement on the resignation of a member of the Board of Directors of the Company and its Subsidiary
13 August 2020	Extraordinary announcement on the resignation of a members of the Supervisory Board and Audit Committee of the Company and its Subsidiary

These announcements can be found on the websites of the Issuer ([www.cigpannonia.hu](http://www.cigpannonia.hu)) and the Budapest Stock Exchange Ltd. ([www.bet.hu](http://www.bet.hu)), as well as on the website of the Hungarian National Bank ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)).

## 9. Disclaimer

The Issuer declares that the report for the first half of 2020 was not reviewed by an auditor, the report for the first half of 2020 presents a true and fair view of the assets, liabilities and financial position, as well as the profit and loss of the Issuer and the enterprises 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.

13 August 2020, Budapest

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Dr. Kádár Gabriella  
Chief Executive Officer

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Barta Miklós  
Deputy CEO, Chief Financial Officer

### **Investor relations**

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