



**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

Q1 2020

19 May 2020, Budapest

## I. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes its report for the first quarter of 2020 on this day. The Issuer publishes in this quarterly report for the first 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 243 million in 2020, the total comprehensive income of the Group is HUF 1 188 million loss. The decrease in after-tax profit (HUF 258 million) compared to 2019 is due to one main reason. The profit after tax of the non-life segment, as a discontinued operation, is HUF 73 million loss, compared to the HUF 249 million gain in previous year same period. At the same time, the life segment increased its profit after tax from the first quarter of 2019 (HUF 252 million) to HUF 316 million in the first quarter of 2020. The other comprehensive income is HUF 1,431 million loss, of which HUF 1,057 million is the unrealized loss on OPUS shares owned by the Group.
- Insurance premium revenue was HUF 4 149 million, 15% higher than premium income for the comparative period. In the life segment, the new acquisition is HUF 845 million which is 29% lower compared to the new acquisition of 2019 same period, due to a significant group insurance policy, which increased the acquisition in the first quarter of 2019.
- Diversification of the Company's sales channels is balanced.
- The CIG Pannónia Financial Intermediary cPlc. (PPK) - founded at the end of 2018 - now have 105 registered insurance agents, it sold insurance of HUF 73 million in annualized premiums in 2020.
- The CIG Pannónia First Hungarian General Insurance Ltd. (hereinafter: EMABIT), the subsidiary of the Company, had events occurred in the Italian business, which had a significant negative impact on the subsidiary's solvency capital in 2019. On 5 November 2019, EMABIT notified the Hungarian National Bank (MNB), pursuant to Section 267 (1) (c) of the Act on Insurance Activities, that the Company's solvency adequacy fell to 102% of the required rate, and that there was a risk that during the next three months it will fall below the statutory level. As a result of the events, MNB obliged EMABIT to submit a financial recovery plan ("Recovery Plan") to MNB for approval by 4 January 2020 at the latest. The primary objective of the Recovery Plan is for the Company to present specific measures which ensure that the Company's Solvency

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

Capital Requirement (SCR) remains above 100%, with respect to the guidelines of Section 309 (2) of the Act on Insurance Activities.

EMABIT prepared the Recovery Plan by the due date, detailing the events related to the Italian business line, and analyzing the company's historical activities. EMABIT then presented the various potential measures available to restore solvency adequacy, as well as their advantages and disadvantages. In addition to these possible alternatives, the Recovery Plan outlined the specific steps of the action plan adopted by the Board of Directors, which aim to address the legal situation in Italy and to repair the damages through a 12-point action plan, and also help to raise its capital adequacy to the expected level. To restore the solvency adequacy within half a year, EMABIT assessed the possibility of disposing individual portfolio items and commissioned an international consulting firm to prepare the sale of certain portfolio segments.

According to the pending claims and the still very high exposure the solvency ratio of EMABIT fell to 60% at 31 December 2019, and 57% as at 31 March 2020. Decreasing the Italian claims is set back by the situation in Italy caused by COVID-19 virus, the temporary blocked state entities and jurisdiction.

As a result of above, the decision of the EMABIT on 8 April 2020 is to sell the Hungarian property, liability, goods in transit, cargo and vehicles insurances (more than 100 thousand pieces insurance, nearly 6 billion Hungarian forint annualized premium) with a portfolio transfer –with the dependent effect of the license of the Hungarian National Bank. According to this, the going concern is unsustainable in case of the EMABIT. The whole activity of the subsidiary defined as discontinued activity according to IFRS, shown in point 3.

- The Hungarian Financial Supervisory Authority has closed its general investigation and imposed a supervisory fine of HUF 30 million and a consumer protection fine of HUF 40 million on the Company, and a supervisory fine of HUF 10 million and a consumer protection fine of HUF 1 million on EMABIT. The HFSA has set a deadline of 30 June 2020 for the elimination of deficiencies. The Company published the operative part of the abovementioned resolutions on its website and at the same time takes measures to eliminate the identified deficiencies within the deadline.
- The Hungarian Financial Supervisory Authority has closed its crossborder activities investigation towards EMABIT and imposed a supervisory fine of HUF 50 million. The HFSA has set a deadline of 30 June 2020 for the elimination of deficiencies, too. At the same time, by resolution 15/2020, the HFSA rejected 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. EMABIT takes measures to eliminate the identified deficiencies within the deadline and submitted a new Recovery Plan until 15 April 2020.

- The CIG Pannónia Life Insurer Plc, as founder, decided on 30 January 2020 to reelect dr. József Bayer as chairman of the Supervisory Board and István Papp as member of the Supervisory Board in its subsidiary, the CIG Pannónia First Hungarian General Insurer Ltd. The mandate of the elected persons hold for 3 years, depending on the approval and the effect of the approval of the Hungarian National Bank. Regarding EMABIT, the Hungarian National Bank authorized dr. József Bayer to hold the position of the chairman of the Supervisory Board by decree no. H-EN-II-36/2020 on 28 April 2020.
- The mandate of dr. Gábor Móricz, the chairman of the Supervisory Board and Imréné Fekete, member of the Supervisory Board have been expired on 9 February 2020. There were no new members elected for the Supervisory Board, so the board works with 3 members from the date above.
- Equity of the Issuer decreased from HUF 13,601 million HUF 12,416 million in 2020. The Shareholders' equity change was influenced by the total comprehensive income (HUF -1 188 million) and the capital differences arising from the employee stock options (HUF 3 million).

#### Subsequent events:

- On 9 April 2020 the Group informed its shareholders that the Annual General Meeting scheduled for 17 April 2020 will not be hold. 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.

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. At the beginning of the epidemic in Hungary, the management prepared a detailed risk analysis of the company's operations elements that may be affected by the expected epidemiological restrictions, furthermore developed a plan on how the company and its employees can work safely – even in case of a complete epidemic quarantine (lockdown). In accordance with the agreed plan, the management has taken the following measures.

Protecting the health of our customers and employees:

- Our personal customer service is limited. We have informed our clients that they can handle their insurance matters via call center or e-mail, as well as through their personal online client portal. The rapid transition went smoothly, due to the digital developments implemented at our Company in recent years.
- We provided the opportunity for our central office employees to work from home. For this, we organized the necessary technical and IT security conditions.
- We kept our sales agents informed about epidemiological restrictions, hygiene, curfew and social distancing rules, which have been strictly followed ever since.

Maintaining business continuity and sales support:

- We introduced customer authentication via video chat - among the first in the domestic insurance market. With this, we have entirely digitised the conclusion of insurance contracts. This allows the insurer's sales agents to continue working even during the epidemic. The most important innovation of the service is that under the Civil Code and the legislation on distance selling, clients make contractual statements on video chat instead of the traditional signature, thus they are legally equivalent to contracts signed on paper. As there is no personal meeting between clients and sales agents, contracting is completely safe from a health point of view. The period that can be examined (April YTD) regarding new acquisitions is 68% of last year's performance, however as already written above, this is mainly (29%) caused by a significant group policy, which increased last year's sales.
- Due to the economic crisis caused by the epidemic, we informed our interested clients that it is not worth surrendering their investments due to the temporary unfavourable financial conditions. Their investments are safe and it is not worth making hasty decisions in times of temporary crises'.
- 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 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.

- The CIG Pannónia Life Insurance is financially stable, its fundamentals are solid, its Solvency II ratio is exceptionally high 329 percent. The consolidated Solvency II ratio is 254%. The above mentioned epidemiological measures are strengthening this stability.

19 May 2020, Budapest

CIG Pannonia Life Insurance Plc.

## 2. Financial statements

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

	2020Q1 (A)	2019 Q1-Q4 (B)	2019 Q1 (C) restated	Change (A)-(C)
Gross written premium	4 149	18 041	3 602	547
Changes in unearned premiums reserve	38	- 157	- 50	88
Earned premiums, gross	4 187	17 884	3 552	635
Ceded reinsurance premiums	- 65	- 249	- 46	- 19
<b>Earned premiums, net</b>	<b>4 122</b>	<b>17 635</b>	<b>3 506</b>	<b>616</b>
Premium and commission income from investment contracts	42	125	23	19
Commission and profit sharing due from reinsurers	-	2	-	-
Investment income	213	10 269	3 508	- 3 295
Yield on investment accounted for using equity method (profit)	74	442	73	1
Other operating income	175	875	198	- 23
<b>Other income</b>	<b>504</b>	<b>11 713</b>	<b>3 802</b>	<b>-3 298</b>
<b>Total income</b>	<b>4 626</b>	<b>29 348</b>	<b>7 308</b>	<b>- 2 682</b>
Claim payments and benefits, claim settlement costs	- 4 024	-14 459	- 3 243	-781
Recoveries, reinsurer's share	16	28	13	3
Net changes in value of the life technical reserves and unit-linked life insurance reserves	8 507	- 7 093	- 2 397	10 904
Investment expenses	- 7 778	- 1 374	- 72	-7 706
Change in the fair value of liabilities relating to investment contracts	302	- 458	- 156	458
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 2 977</b>	<b>- 23 356</b>	<b>- 5 855</b>	<b>2 878</b>
Fees, commissions and other acquisition costs	- 901	- 3 586	- 773	-128
Other operating costs	- 354	- 1 393	- 371	17
Other expenses	- 27	- 235	- 15	-12
<b>Other expenses</b>	<b>- 1 282</b>	<b>- 5 214</b>	<b>- 1 159</b>	<b>-123</b>
<b>Profit/Loss before taxation</b>	<b>367</b>	<b>778</b>	<b>294</b>	<b>73</b>
Tax income/expenses	- 51	- 171	- 42	-9
Deferred tax income/expenses	-	54	-	-
<b>Profit/Loss after taxation</b>	<b>316</b>	<b>661</b>	<b>252</b>	<b>64</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>- 73</b>	<b>- 1 299</b>	<b>249</b>	<b>- 322</b>
<b>Total Profit/Loss after taxation</b>	<b>243</b>	<b>- 638</b>	<b>501</b>	<b>- 258</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	- 1 309	273	- 216	- 1 093
<b>Other comprehensive income</b>	<b>- 1 309</b>	<b>273</b>	<b>- 216</b>	<b>- 1 093</b>
<b>Other comprehensive income of discontinued operations</b>	<b>- 122</b>	<b>42</b>	<b>68</b>	<b>- 190</b>
<b>Total other comprehensive income</b>	<b>- 1 431</b>	<b>315</b>	<b>- 148</b>	<b>- 1 283</b>
<b>Total comprehensive income</b>	<b>- 1 188</b>	<b>- 323</b>	<b>353</b>	<b>- 1 541</b>

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

	2020Q1 (A)	2019 Q1-Q4 (B)	2019 Q1 (C) restated	Change (A)-(C)
Profit/loss after taxation attributable to the Company's shareholders	246	- 634	502	- 256
Profit/loss after taxation attributable to NCI	- 3	- 4	1	-2
<b>Profit/Loss after taxation</b>	<b>243</b>	<b>- 638</b>	<b>501</b>	<b>- 258</b>
Total comprehensive income attributable to the Company's shareholders	- 1 185	- 319	354	-1 539
Total comprehensive income to NCI	- 3	- 4	1	-2
<b>Total comprehensive income</b>	<b>- 1 188</b>	<b>- 323</b>	<b>353</b>	<b>- 1 541</b>

**Earnings per share of the Company's shareholders – continuing operations**

Basic earnings per share (HUF)	2,6	7,0	5,4	-3
Diluted earnings per share (HUF)	2,6	7,0	5,4	-3

**Earnings per share of NCI's**

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	91	94 054 254
2020.03.31	94 428 260	-374 006	94 054 254	91	94 054 254



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

Assets	31 March 2020(A)	31 December 2019(B)	31 March 2019 (C) restated	Change (A)-(C)
Intangible Assets	597	614	770	-173
Property, plant and equipment	104	97	97	7
Right-of use assets	114	119	149	-35
Deferred tax asset	415	415	489	-74
Deferred acquisition costs	1 335	1 374	2 657	-1 322
Reinsurer's share of technical reserves	313	243	3 688	-3 375
Investments accounted for using the equity method	640	566	197	443
Available-for-sale financial assets	18 363	19 710	28 113	-9 750
Investments for policyholders of unit-linked life insurance policies	61 917	70 548	67 510	-5 593
Financial assets - investment contracts	3 536	3 984	3 662	-126
Financial asset - forward	58	-	24	34
Receivables from insurance policy holders	1 873	1 953	1 980	-107
Receivables from insurance intermediaries	62	41	604	-542
Receivables from reinsurance	14	9	486	-472
Other assets and prepayments	28	13	621	-593
Other receivables	370	221	431	-61
Cash and cash equivalents	1 452	1 487	1 443	9
Assets of discontinued operations	12 489	13 138	-	12 489
<b>Total Assets</b>	<b>103 680</b>	<b>114 532</b>	<b>112 921</b>	<b>- 9 241</b>
<b>LIABILITIES</b>				
Technical reserves	12 957	13 233	18 287	-5 330
Technical reserves for policyholders of unit-linked life insurance policies	61 917	70 548	67 510	-5 593
Investment contracts	3 536	3 984	3 662	-126
Financial liabilities-derivatives	-	5	41	-41
Loans and financial reinsurance	265	436	837	-572
Liabilities from reinsurance	86	95	1 487	-1 401
Liabilities to insurance policy holders	615	438	741	-126
Liabilities to insurance intermediaries	225	268	538	-313
Lease liabilities	128	124	149	-21
Other liabilities and provisions	1 006	732	2 537	-1 531
Liabilities to shareholders	20	25	8	12
Liabilities of discontinued operations	10 509	11 043	-	10 509
<b>Total Liabilities</b>	<b>91 264</b>	<b>100 931</b>	<b>95 797</b>	<b>- 4 533</b>
<b>Net Assets</b>	<b>12 416</b>	<b>13 601</b>	<b>17 124</b>	<b>- 4 708</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	3 116	3 116	3 777	-661
Capital reserve	7 480	7 480	9 599	-2 119
Share-based payment	19	16	-	19
Other reserves	-1 826	- 395	-859	-967
Retained earnings	3 629	3 381	4 603	-974
<b>Equity attributable to the Company's Shareholders</b>	<b>12 418</b>	<b>13 600</b>	<b>17 120</b>	<b>- 4 702</b>
Non-controlling interest	-2	1	4	-6
<b>Total Shareholder's Equity</b>	<b>12 416</b>	<b>13 601</b>	<b>17 124</b>	<b>- 4 708</b>

**Consolidated Changes in Equity Q1 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>3 381</b>	<b>13 601</b>	<b>1</b>	<b>13 602</b>
<b>Total comprehensive income</b>								
Other comprehensive income	-	-	-	- 1 309	-	- 1 309	-	- 1 309
Profit in reporting year	-	-	-	-	319	319	- 3	316
Profit after tax of discontinued operations	-	-	-	-	- 73	- 73	-	-73
Other comprehensive income of discontinued operations	-	-	-	- 122	-	- 122	-	- 122
<b>Transactions with equity holders recognized directly in Equity</b>								
Equity difference realized on exercise of employee stock option	-	-	3	-	-	3	-	3
<b>Balance on 31 March 2020</b>	<b>3 116</b>	<b>7 480</b>	<b>19</b>	<b>- 1 826</b>	<b>3 629</b>	<b>12 418</b>	<b>- 2</b>	<b>12 416</b>

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

	Share capital	Capital reserve	Treasury shares	Other reserves	Retained earnings	Equity of the shareholders of the Company	NCI	Total shareholders' equity
<b>Balance on 31 December 2018</b>	<b>3 777</b>	<b>9 599</b>	<b>-</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	-	-	-	-216	-	-216	-	-216
Profit in reporting year	-	-	-	-	252	252	-1	251
Profit after tax of discontinued operations	-	-	-	-	249	249	-	249
Other comprehensive income of discontinued operations	-	-	-	68	-	68	-	68
<b>Balance on 31 March 2019</b>	<b>3 777</b>	<b>9 599</b>	<b>-</b>	<b>- 859</b>	<b>4 603</b>	<b>17 120</b>	<b>4</b>	<b>17 124</b>

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

	2020 Q1	2019 Q1- Q4	2019 Q1 restated
<b>Profit/loss after taxation</b>	<b>243</b>	<b>- 639</b>	<b>500</b>
<b>Modifying items</b>			
Depreciation and amortization	73	403	103
Extraordinary depretiation	-	39	5
Booked impairment	-5	393	-
Result of assets sales	-2	871	-228
Share based payments	-1	2	-90
Exchange rate changes	-165	-10	-9
Share of the profit or loss of associates accounted for using the equity method	-74	-442	-73
Income taxes	51	214	73
Deferred tax	-	80	6
Income on interests	-83	-893	-186
Result of derivatives	-62	-3	10
Change in cash of discontinued operation	-437	-1 596	-551
Interest cost	3	25	9
<b>Change of active capital items:</b>			
Increase / decrease of deferred acquisition costs (-/+)	38	101	-54
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	8 630	-5 271	-2 234
Increase / decrease of financial assets – investment contracts (-/+)	448	-304	19
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	-4	130	-174
Increase / decrease of reinsurer’s share from technical reserves (-/+)	-69	239	461
Increase /decrease of other assets and active accrued and deferred items (-/+)	-14	9	-11
Increase / decrease of technical reserves (+/-)	160	2 773	135
Increase / decrease of liabilities from insurance (-/+)	125	-346	-101
Increase / decrease of investment contracts (+/-)	-448	304	-19
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	-8 630	5 271	2 234
Increase / decrease of other liabilities (+/-)	269	-337	336
Paid income taxes	-125	-257	-8
IFRS 2 capital difference	3	16	-
<b>Cash flows from operating activities</b>	<b>-76</b>	<b>770</b>	<b>153</b>

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

<b>Cash flow from investing activities</b>	<b>2020 Q1</b>	<b>2019 Q1- Q4</b>	<b>2019 Q1 restated</b>
Purchase of debt instruments (-)	-1 434	-23 944	-5 826
Sales of debt instruments (+)	1 123	24 591	5 427
Purchase of capital instruments (-)	-	-	-
Purchase of tangible and intangible assets (-)	-48	-243	-76
Sales of tangible and intangible assets (-)	-	1	10
Result of derivatives	-	- 1	-
Cash flow from NCI owners	-	-	-
Interest received	-3	846	58
Dividend received	-	342	-
Investment cash flows from discontinued operations	558	1 292	-69
<b>Cash flow from investing activities</b>	<b>196</b>	<b>2 884</b>	<b>- 486</b>

<b>Cash flow from financing activities</b>			
Securing loans	-	154	154
Lease instalments payment	-12	-61	-17
Lease interest payment	-1	-4	-
Repayment of loans and their interests	-198	-732	-290
Equity difference realized on sale of treasury shares in a employee share based option program		148	-
Capital decrease	-	-2 988	-
Financing cash flows from discontinued operations	-5	18	-7
<b>Cash flow from financing activities</b>	<b>- 217</b>	<b>- 3 464</b>	<b>-160</b>
Impacts of exchange rate changes	62	-2	9
<b>Net increase / decrease of cash and cash equivalents (+/-)</b>	<b>-35</b>	<b>188</b>	<b>-484</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>
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<b>Cash and cash equivalents of discontinued operations at the end of the period</b>	<b>-</b>	<b>-</b>	<b>627</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 452</b>	<b>1 487</b>	<b>816</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.

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)

ASSETS	Consolidated data before reclassification	Reclassification of discontinued operations	31.03.2020
Intangible Assets	621	-24	597
Property, plant and equipment	113	-9	104
Right of use assets	133	-19	114
Deferred tax asset	415	-	415
Deferred acquisition costs	2 402	-1 067	1 335
Reinsurer's share of technical reserves	3 831	-3 518	313
Investments accounted for using the equity method	640	-	640
Available-for-sale financial assets	24 733	-6 370	18 363
Investments for policyholders of unit-linked life insurance policies	61 917	-	61 917
Financial assets – investment contracts	3 536	-	3 536
Financial asset - forward	58	-	58
Receivables from insurance policy holders	2 101	-228	1 873
Receivables from insurance intermediaries	201	-139	62
Receivables from reinsurance	202	-188	14
Other assets and prepayments	255	-227	28
Other receivables	500	-130	370
Cash and cash equivalents	2 022	-570	1 452
Assets of discontinued operations	-	12 489	12 489
<b>Total assets</b>	<b>103 680</b>	<b>-</b>	<b>103 680</b>
<b>LIABILITIES</b>			
Technical reserves	20 863	-7 906	12 957
Technical reserves for policyholders of unit-linked life insurance policies	61 917	-	61 917
Investment contracts	3 536	-	3 536
Financial liabilities-derivatives	-	-	-
Loans and financial reinsurance	265	-	265
Liabilities from reinsurance	1 199	-1 113	86
Liabilities to insurance policy holders	908	-293	615
Liabilities to insurance intermediaries	407	-182	225
Lease liabilities	151	-23	128
Other liabilities and provisions	1 998	-992	1 006
Liabilities to shareholders	20	-	20
Liabilities of discontinued operations	-	10 509	10 509
<b>Total liabilities</b>	<b>91 264</b>	<b>-</b>	<b>91 264</b>
<b>NET ASSETS</b>	<b>12 416</b>	<b>-</b>	<b>12 416</b>

**Consolidated Statement of Comprehensive Income**

Data in million HUF

	Consolidated data before reclassification	Reclassification of discontinued operations	2020 Q1
Gross written premium	5 817	- 1 668	4 149
Changes in unearned premiums reserve	343	- 305	38
Earned premiums, gross	6 160	- 1 973	4 187
Ceded reinsurance premiums	- 1 264	1 199	- 65
<b>Earned premiums, net</b>	<b>4 896</b>	<b>- 774</b>	<b>4 122</b>
Premium and commission income from investment contracts	42	-	42
Commission and profit sharing due from reinsurers	386	- 386	-
Investment income	306	- 93	213
Yield on investment accounted for using equity method(profit)	74	-	74
Other operating income	179	- 4	175
<b>Other income</b>	<b>987</b>	<b>- 483</b>	<b>504</b>
<b>Total income</b>	<b>5 883</b>	<b>- 1 257</b>	<b>4 626</b>
Claim payments and benefits, claim settlement costs	- 4 944	920	- 4 024
Recoveries, reinsurer's share	728	- 712	16
Net changes in value of the life technical reserves and unit-linked life insurance reserves	8 298	209	8 507
Investment expenses	- 7 833	55	- 7 778
Change in the fair value of liabilities relating to investment contracts	302	-	302
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 3 449</b>	<b>472</b>	<b>- 2 977</b>
Fees, commissions and other acquisition costs	- 1 466	565	- 901
Other operating costs	- 543	189	- 354
Other expenses	- 121	94	- 27
<b>Operating costs</b>	<b>- 2 130</b>	<b>848</b>	<b>- 1 282</b>
<b>Profit/Loss before taxation</b>	<b>304</b>	<b>63</b>	<b>367</b>
Tax income/expenses	- 61	10	- 51
Deferred tax income/expenses	-	-	-
<b>Profit/Loss after taxation</b>	<b>243</b>	<b>73</b>	<b>316</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>-</b>	<b>73</b>	<b>- 73</b>
<b>Total Profit/Loss after taxation</b>	<b>243</b>	<b>-</b>	<b>243</b>
Comprehensive income, would be reclassified to profit or loss in the future	- 1 187	- 122	- 1 309
<b>Other comprehensive income</b>	<b>- 1 187</b>	<b>- 122</b>	<b>- 1 309</b>
<b>Other comprehensive income of discontinued operations</b>	<b>- 244</b>	<b>122</b>	<b>- 122</b>
<b>Total other comprehensive income</b>	<b>- 1 431</b>	<b>-</b>	<b>1 431</b>
<b>Total comprehensive income</b>	<b>- 1 188</b>	<b>-</b>	<b>1 188</b>

**Consolidated Statement of Comprehensive Income**

Data in million HUF

	31.03.2019	Modification due to Error	Reclassification of discontinued operation	Modified
Gross written premium	6 278	-	-2 676	3 602
Changes in unearned premiums reserve	-521	-	471	-50
Earned premiums, gross	5 757	-	-2 205	3 552
Ceded reinsurance premiums	-1 346	128	1 172	-46
<b>Earned premiums, net</b>	<b>4 411</b>	<b>128</b>	<b>-1 033</b>	<b>3 506</b>
Premium and commission income from investment contracts	23	-	-	23
Commission and profit sharing due from reinsurers	655	-57	-598	-
Investment income	3 593	-	-85	3 508
Yield on investment accounted for using equity method(profit)	73	-	-	73
Other operating income	205	-	-7	198
<b>Other income</b>	<b>4 549</b>	<b>-57</b>	<b>-690</b>	<b>3 802</b>
<b>Total income</b>	<b>8 960</b>	<b>71</b>	<b>- 1 723</b>	<b>7 308</b>
Claim payments and benefits, claim settlement costs	-4 302	-	1 059	-3 243
Recoveries, reinsurer's share	847	-3	-831	13
Net changes in value of the life technical reserves and unit-linked life insurance reserves	-2 346	38	-89	-2 397
Investment expenses	-151	-	79	-72
Change in the fair value of liabilities relating to investment contracts	-156	-	-	-156
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 6 108</b>	<b>35</b>	<b>218</b>	<b>- 5 855</b>
Fees, commissions and other acquisition costs	-1 615	-	842	-773
Other operating costs	-528	-	157	-371
Other expenses	-131	-114	230	-15
<b>Operating costs</b>	<b>- 2 274</b>	<b>- 114</b>	<b>1 229</b>	<b>- 1 159</b>
<b>Profit/Loss before taxation</b>	<b>578</b>	<b>-8</b>	<b>-276</b>	<b>294</b>
Tax income/expenses	-73	-	31	-42
Deferred tax income/expenses	4	-	-4	-
<b>Profit/Loss after taxation</b>	<b>509</b>	<b>-8</b>	<b>-249</b>	<b>252</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>249</b>
<b>Total Profit/Loss after taxation</b>	<b>509</b>	<b>-8</b>	<b>-</b>	<b>501</b>
Comprehensive income, would be reclassified to profit or loss in the future	-148	-	-68	-216
<b>Other comprehensive income</b>	<b>-148</b>	<b>-</b>	<b>-68</b>	<b>-216</b>
<b>Other comprehensive income of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>68</b>
<b>Total other comprehensive income</b>	<b>-148</b>	<b>-</b>	<b>-</b>	<b>-148</b>
<b>Total comprehensive income</b>	<b>361</b>	<b>- 8</b>	<b>-</b>	<b>353</b>



data in million HUF

**Consolidated Statement of Financial Position**

<b>ASSETS</b>	<b>31.03.2019</b>	<b>Modification due to Error</b>	<b>Modified</b>
Reinsurer's share of technical reserves	4 491	-804	3 687
<b>Total assets</b>	<b>113 725</b>	<b>- 804</b>	<b>112 921</b>
Reinsurance liabilities	1 664	-177	1 487
<b>Total liabilities</b>	<b>95 974</b>	<b>- 177</b>	<b>95 797</b>
<b>NET ASSETS</b>	<b>17 751</b>	<b>- 627</b>	<b>17 124</b>
Retained earnings	5 230	-619	4 611
Total income	-	-8	-8
<b>Total shareholder's equity</b>	<b>17 751</b>	<b>- 627</b>	<b>17 124</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 starts from 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 casco, business property- and liability insurance, freight liability and suretyship insurance.

**In the first quarter of 2020, the Group's gross written premium was HUF 4 149 million, which is 115% of the gross written premium in the first quarter of 2019. Of this HUF 3 178 million are the gross written premium of unit-linked life insurance (of this HUF 1 192 million of pension insurance policies), HUF 872 million are traditional life products (of this HUF 284 million from pension insurance policies), HUF 99 million are health insurance policies.**

In the life segment the gross written premium from the first annual premiums of policies sold was HUF 846 million, which is a 54% increase compared to the same period of the previous year (HUF 551 million). The gross written premium income from renewals was HUF 2,576 million in 2020 in contrast to HUF 2,233 million in the same period of the previous year, so the renewal premiums increased by 15%. Top-up and single premiums (HUF 727 million) were 11% 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 4,149 million, the rate of top-up and single premiums is 18 percent.

The change in unearned premium reserve in 2020 was HUF 38 million profit, while the amount of ceded reinsurance premiums was HUF 65 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 42 million in total during the reporting period. The change in the fair value of liabilities relating to investment contracts was HUF 302 million in the first quarter, due to the significant negative unit-linked yield.

The other operating income (HUF 175 million) mainly includes the Issuer's income from fund management (HUF 156 million), which decreased slightly (12%) compared to the first quarter of 2019.

The most important item among expenses are claim payments and benefits and claim settlement costs (together HUF 4,024 million), this expenditure is decreased by the recoveries from reinsurers (HUF 16 million).

The amount of net change in reserves (HUF 8,507 million), which is made up of mainly the following changes in reserves. The unit-linked life insurance reserve amount decreased by HUF 8,630 million, which is mainly due to the unfavourable first-quarter unit-linked yield. The actuarial reserves increased by HUF 143 million, the technical reserves for the bonus payment of the life insurance clients increased by HUF +122 million, and the result-dependent premium refund reserves decreased by HUF 75 million. The result-independent reserves also increased by HUF 7 million, the outstanding net claim reserves increased by HUF 77 million, while the cancellation reserves decreased by HUF 151 million concurrently with the decrease of the premium receivables.

The total operating cost of the Issuer was HUF 1,282 million in the first quarter, of which HUF 901 million is related to the fees, commissions and other acquisition costs, and HUF 354 million is related to other operating costs and 27 other expenses. Acquisition costs show an increasing trend in parallel with the earned premiums. The other operating costs decreased by HUF 17 million compared to the previous year, same period (HUF 371 million in 2019). The volume of other expenses (HUF 27 million) is 80% higher compared to the previous period (HUF 15 million), mainly due to the increase of the pending premiums.

The investment result in the first quarter of 2020 is HUF 7,565 million loss, which is due to the aggregated effect of the following issues. The unit-linked yield in the first quarters is a profit of HUF 7,738 million. In October of last year started an increase with low fluctuation in the capital market, which lasted this year. This trend was broken by a "Black Swan" event, the COVID-19 pandemic. Due to this event, the major asset classes (except the developed bonds) suffered an unprecedented devaluation from 21 February. On 23 March, at the bottom, the stock market indexes had a minus 30% performance. The raw material market index devaluation was minus 45% because of the collapse of the oil market, while the precious metals market was supported because of the low yield environment. The developed countries have begun to create economic stimulus packages due to the collapsing markets and the high rate of spread of the COVID-19. Huge easing measures have been announced in fiscal and monetary policy. By the end of the quarter, stock market indexes had corrected back about one-third of the decline as a result of the announced fiscal and monetary measures, but still closed the period with significant deficits. As mentioned above, most of our unit-linked portfolios closed the period with a devaluation, best yields were generated by the International Mixed, Global Convertible Bond and Metallicum Commodity Market Asset Funds. During the first quarter, the forint depreciated by around 10 percent against the dollar and by 9 percent against the euro, which provided protection for investments in foreign currency.

The Issuer had HUF 173 million yield profit on its own investments in this 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 74 million in the first quarter of 2020, which is 1% higher than compared to the same period last year.

As a result of all of the above, the profit before tax amounted to HUF 367 million profit (in 2019 the profit before taxation was HUF 294 million), that was reduced by EMABIT's HUF 73 million result as a discontinued operation and the HUF 51 million tax liability. The overall profit after tax is HUF 243 million, that is HUF 258 million lower than the profit after tax of first quarter, 2019. The other comprehensive income contains the decrease in the fair value of available-for-sale financial assets amounting to HUF 1,431 million, of which HUF 1,057 million is the unrealized loss on OPUS shares, while the remaining loss arise from the unrealized loss on government bonds. The total comprehensive income represents a loss of HUF 1,188 million in 2020.

The Issuer's balance sheet total was HUF 103,680 million; its financial position is stable; the company has met its liabilities in full. On 31 March 2020 the shareholders' equity was HUF 12,416 million.

## 6. Executive summary

In the first quarter of 2020, the annualized premium of the new sales of insurance policies in life segment sold by the Company is HUF 845 million that is 29 percent lower than in the previous year, same period. Of this HUF 570 million is from unit-linked life insurance, HUF 275 million is from traditional and group life insurance policies. In the previous year the annualized premium of the new sales was HUF 1 186 million, of which HUF 602 million related to unit-linked life insurance, HUF 584 million was derived from traditional and group life insurance policies.

### New sales and portfolio development

Annualized premium of new sales - Life segment (million HUF)	2020.03.31 (A)	2019.03.31 (B)	Change (A - B)	Change % (A - B) / B
Unit-linked life insurances	570	602	-32	-5%
Traditional and group life insurances	275	584	-309	-53%
<b>Total annualized premium of new sales - Life</b>	<b>845</b>	<b>1 186</b>	<b>- 341</b>	<b>-29%</b>

As for life insurance policies sold in 2020 the share of the tied agent network is 13 percent, the independent broker channel was 40 percent and the bank channel was 20 percent. The financial intermediary subsidiary accounted for 9 percent of sales, while other business development accounted for 18 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 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	592	24	5	-24	-	597
Property, plant and equipment	72	8	32	-8	-	104
Right of use assets	33	19	81	-19	-	114
Deferred tax assets	415	-	-	-	-	415
Deferred acquisition costs	1 335	1 067	-	-1 067	-	1 335
Reinsurer's share of technical reserves	313	3 518	-	-3 518	-	313
Subsidiaries	1 979	0	-	0	-1 979	-
Investments by equity method	52	0	-	0	588	640
Available-for-sale financial assets	18 363	6 370	-	-6 370	-	18 363
Investments for policyholders of unit-linked life insurance policies	61 917	-	-	-	-	61 917
Financial assets - investment contracts	3 536	-	-	-	-	3 536
Financial asset - forward	58	-	-	-	-	58
Receivables from insurance policyholders	1 873	228	-	-228	-	1 873
Receivables from intermediaries	46	139	16	-139	-	62
Receivables from reinsurances	14	188	-	-188	-	14
Treasury shares	-	-	51	-	-51	-
Other assets and prepayments	36	699	1	-699	-9	28
Other receivables	353	130	14	-130	3	370
Cash and cash equivalents	1 440	570	42	-570	-	1 452
Intercompany receivables	300	11	88	-	-399	-
Assets of discontinued operations	-	-	-	12 960	-471	12 489
<b>Total assets</b>	<b>92 697</b>	<b>12 971</b>	<b>330</b>	<b>-</b>	<b>-2 318</b>	<b>103 680</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	12 957	7 906	-	-7 906	-	12 957
Technical reserves for policyholders of unit-linked insurance	61 917	-	-	-	-	61 917
Investment contracts	3 536	-	-	-	-	3 536
Loans and financial reinsurance	265	-	-	-	-	265
Liabilities from reinsurance	86	1 113	-	-1 113	-	86
Liabilities from insurance policyholders	615	293	-	-293	-	615
Liabilities from intermediaries	191	182	34	-182	-	225
Intercompany liabilities	99	107	53	-	-259	-
Liabilities from lease	40	23	88	-23	-	128
Other liabilities and provisions	963	1 511	25	-1 512	19	1 006
Liabilities to shareholders	20	-	-	-	-	20
Liabilities from discontinued operations	-	-	-	11 029	-520	10 509
<b>Total liabilities</b>	<b>80 689</b>	<b>11 135</b>	<b>200</b>	<b>-</b>	<b>-760</b>	<b>91 264</b>
<b>NET Assets</b>	<b>12 008</b>	<b>1 836</b>	<b>130</b>	<b>-</b>	<b>-1 558</b>	<b>12 416</b>
<b>Shareholder's Equity</b>						
Registered capital	3 116	1 060	216	-	-1 276	3 116
Capital reserve	10 346	2 839	81	-	-5 786	7 480
Share-based payment	14	5	-	-	-	19
Other reserve	-1 757	-69	-	-	-	-1 826
Retained earnings	289	-1 999	-167	-	5 506	3 629
NCI	-	-	-	-	-2	-2
<b>Total shareholder's equity</b>	<b>12 008</b>	<b>1 836</b>	<b>130</b>	<b>-</b>	<b>-1 558</b>	<b>12 416</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	4 149	1 669	-	-1 669	-	4 149
Changes in unearned premiums reserve	38	306	-	-306	-	38
Earned premium Gross	4 187	1 975	-	-1 975	-	4 187
Ceded reinsurance premium	-65	-1 199	-	1 199	-	-65
<b>Earned premiums net</b>	<b>4 122</b>	<b>776</b>	<b>-</b>	<b>-776</b>	<b>-</b>	<b>4 122</b>
Premium and commission income from investment contracts	42	-	-	-	-	42
Investment income	213	93	-	-93	-	213
Share of the profit of associates and joint ventures accounted for using the equity method	-	-	-	-	74	74
Other operative income	216	78	51	-78	-92	175
Commission and profit sharing from reinsurance	-	386	-	-386	-	-
<b>Other income</b>	<b>471</b>	<b>557</b>	<b>51</b>	<b>-557</b>	<b>-18</b>	<b>504</b>
<b>Total income</b>	<b>4 593</b>	<b>1 333</b>	<b>51</b>	<b>-1 333</b>	<b>-18</b>	<b>4 626</b>
Claim payments and benefits, and claim settlement costs	-4 049	-920	-	920	25	-4 024
Recoveries from reinsurance	16	712	-	-712	-	16
Net change in the value of life technical reserves and unit-linked life insurance reserves	8 507	-209	-	209	-	8 507
Investment expenditure	-7 791	-57	-75	57	88	-7 778
Change in the fair value of liabilities relating to investment contracts	302	-	-	-	-	302
<b>Change in the fair value of assets and liabilities relating to embedded derivatives</b>	<b>-3 015</b>	<b>-474</b>	<b>-75</b>	<b>474</b>	<b>113</b>	<b>-2 977</b>
Fees, commissions and other acquisition costs	-844	-565	-83	565	26	-901
Other operating costs	-347	-189	-7	189	-	-354
Other expenses	-67	-94	-1	94	41	-27
<b>Operating costs</b>	<b>-1 258</b>	<b>-848</b>	<b>-91</b>	<b>848</b>	<b>67</b>	<b>-1 282</b>
<b>Profit/loss before taxation</b>	<b>320</b>	<b>11</b>	<b>-115</b>	<b>-11</b>	<b>162</b>	<b>367</b>
Tax income / (expenses)	-50	-10	-1	10	-	-51
Deferred tax income / (expenses)	-	-	-	-	-	-
<b>Profit/loss after taxation</b>	<b>270</b>	<b>1</b>	<b>-116</b>	<b>-1</b>	<b>162</b>	<b>316</b>
<b>Profit/loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-74</b>	<b>-73</b>
Other comprehensive income	-1 309	-122	-	122	-	-1 309
Other comprehensive income of discontinued operations	-	-	-	-122	-	-122
<b>Comprehensive income</b>	<b>-1 039</b>	<b>-121</b>	<b>-116</b>	<b>-</b>	<b>88</b>	<b>-1 188</b>

**Segment information Q1 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	680	90	-	-	770
Property, plant and equipment	67	12	18	-	97
Leasing assets	71	42	36	-	149
Deferred tax assets	361	128	-	-	489
Deferred acquisition costs	1 109	1 548	-	-	2 657
Reinsurer's share of technical reserves	138	3 550	-	-	3 688
Subsidiaries	5 384	-	-	-5 384	-
Investments in jointly controlled companies	52	-	-	145	197
Available-for-sale financial assets	19 923	8 190	-	-	28 113
Investments for policyholders of unit-linked life insurance policies	67 510	-	-	-	67 510
Financial assets - investment contracts	3 662	-	-	-	3 662
Financial asset - forward	24	-	-	-	24
Receivables from insurance policyholders	1 687	293	-	-	1 980
Receivables from intermediaries	51	553	-	-	604
Reinsurance receivables	11	475	-	-	486
Other assets and prepayments	385	242	3	-9	621
Other receivables	306	115	8	2	431
cash and cash equivalents	734	627	82	-	1 443
Intercompany receivables	69	-	10	-79	-
<b>Total assets</b>	<b>102 224</b>	<b>15 865</b>	<b>157</b>	<b>-5 325</b>	<b>112 921</b>

LIABILITIES	CIG Life insurance segment	CIG Non-life insurance	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	10 975	7 312	-	-	18 287
Technical reserves for policyholders of unit-linked insurance	67 510	-	-	-	67 510
Investment contracts	3 662	-	-	-	3 662
Loans and financial reinsurance	41	-	-	-	41
Liabilities from reinsurance	837	-	-	-	837
Liabilities from insurance policyholders	124	1 363	-	-	1 487
Liabilities from intermediaries	470	271	-	-	741
Intercompany liabilities	241	290	17	-10	538
Liabilities from leases	1	67	1	-69	-
Liabilities from leases	70	42	37	-	149
Liabilities to shareholders	725	1 784	12	16	2 537
Technical reserves	8	-	-	-	8
<b>Total liabilities</b>	<b>84 664</b>	<b>11 129</b>	<b>67</b>	<b>-63</b>	<b>95 797</b>
<b>NET Assets</b>	<b>17 560</b>	<b>4 736</b>	<b>90</b>	<b>-5 262</b>	<b>17 124</b>
<b>Shareholder's Equity</b>					
Registered capital	3 777	1 060	23	-1 083	3 777
Capital reserve	12 465	2 839	81	-5 786	9 599
Other reserves	-939	80	-	-	-859
Retained earnings	2 257	757	-14	1 603	4 603
NCI	-	-	-	4	4
<b>Total Shareholder's equity</b>	<b>17 560</b>	<b>4 736</b>	<b>90</b>	<b>-5 262</b>	<b>17 124</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	3 602	2 676	-	-2 676	-	3 602
Changes in unearned premiums reserve	-50	-471	-	471	-	-50
Earned premiums, gross	3 552	2 205	-	-2 205	-	3 552
Ceded reinsurance premiums	-46	-1 172	-	1 172	-	-46
<b>Earned premiums, net</b>	<b>3 506</b>	<b>1 033</b>	<b>-</b>	<b>-1 033</b>	<b>-</b>	<b>3 506</b>
Premium and commission income from investment contracts	23	-	-	-	-	23
Investment income	3 508	85	-	-85	-	3 508
Share of the profit of associates and joint ventures accounted for using the equity method	342	0	-	-	-269	73
Other operating income	216	7	61	-7	-79	198
Commission and profit sharing from reinsurance	-	598	-	-598	-	-
<b>Other income</b>	<b>4 089</b>	<b>690</b>	<b>61</b>	<b>-690</b>	<b>-348</b>	<b>3 802</b>
<b>Total income</b>	<b>7 595</b>	<b>1 723</b>	<b>61</b>	<b>-1 723</b>	<b>-348</b>	<b>7 308</b>
Claim payments and benefits, and claim settlement costs	-3 248	-1 059	-	1 059	5	-3 243
Recoveries from reinsurance	13	831	-	-831	-	13
Net change in the value of life technical reserves and unit-linked life insurance reserves	-2 397	89	-	-89	-	-2 397
Investment expenditure	-72	-80	-1	80	1	-72
Change in the fair value of liabilities relating to investment contracts	-156	-	-	-	-	-156
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>-5 860</b>	<b>-219</b>	<b>-1</b>	<b>219</b>	<b>6</b>	<b>-5 855</b>
Fees, commissions and other acquisition costs	-756	-842	-66	842	49	-773
Other operating costs	-368	-154	-5	154	2	-371
Other expenses	-38	-231	-2	231	25	-15
<b>Operating costs</b>	<b>-1 162</b>	<b>-1 227</b>	<b>-73</b>	<b>1 227</b>	<b>76</b>	<b>-1 159</b>
<b>Profit/loss before taxation</b>	<b>573</b>	<b>277</b>	<b>-13</b>	<b>-277</b>	<b>-266</b>	<b>294</b>
Tax income / (expenses)	-41	-32	-1	32	-	-42
Deferred tax income / (expenses)	-	4	-	-4	-	-
<b>Profit/loss after taxation</b>	<b>532</b>	<b>249</b>	<b>-14</b>	<b>-249</b>	<b>-266</b>	<b>252</b>
<b>Profit/loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>-</b>	<b>249</b>
Other comprehensive income	-215	68	-	-68	-1	-216
Other comprehensive income of discontinued operations	-	-	-	68	-	68
<b>Comprehensive income</b>	<b>317</b>	<b>317</b>	<b>-14</b>	<b>-</b>	<b>-267</b>	<b>353</b>

## 7. Number of employees, ownership structure

The number of employees at the members of the Group was 138 on 31 March of 2020.

### Composition of the Issuer's share capital (31 March 2020)

Series of shares	Nominal value (HUF/each)	Issued number of shares	Total nominal value (HUF)
Series „A”	33	94 428 260	3 116 132 580
Amount of share capital	-	-	3 116 132 580

### Number of voting rights connected to the shares (31 March 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 (31 March 2020)

Owners	Number of shares	Ownership stake	Voting rights
Domestic private individual	41 855 672	44,33%	44,33%
Domestic institution	49 719 441	52,65%	52,65%
Foreign private individual	234 505	0,25%	0,25%
Foreign institution	849 881	0,90%	0,90%
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	17 379	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 31 March 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
2 January 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
30 January 2020	Extraordinary announcement on the election of the Chairman and Member of the Supervisory Board of the Company's subsidiary
3 February 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
7 February 2020	Extraordinary announcement on the changes in the Supervisory Board of the Company's subsidiary
17 February 2020	Extraordinary announcement on changes in the date of the Annual General Meeting and the quarterly report of the Company
2 March 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc
10 March 2020	Closing of the general investigation of HFSA
17 March 2020	Announcement of the invitation to the general meeting
26 March 2020	Number of voting rights and the amount of registered capital.
26 March 2020	Information about the members of the Board of Directors and the Supervisory Board, and about the monetary and in-kind benefits they received
26 March 2020	Quarterly report, Q4 2019
26 March 2020	Summary of the proposals relating to issues placed on the agenda items and the draft resolutions for the AGM and the draft of the 2019 Annual report
30 March 2020	Extraordinary announcement on supervisory measures taken by HFSA towards EMABIT
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.

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 quarters of 2020 was not reviewed by an auditor, the report for the first quarters 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.

19 May 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**

Dr. Al Saida Leila, Investor relations  
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