



**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

Q3 2020

17 Nov 2020, Budapest

## I. Summary

CIG Pannónia Life Insurance Plc. (hereinafter: Issuer) publishes its report for the third quarter of 2020 on this day. The Issuer publishes in this quarterly report for the third 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 746 million gain in the first three quarters of 2020 (in 2019 same period HUF 314 million loss), the total comprehensive income of the Group is HUF 212 million loss. The increase in after-tax profit (by HUF 1 060 million) compared to 2019 is due to two main reason. The profit after tax of the non-life segment, as a discontinued operation, is HUF 100 million loss, compared to the HUF 467 million loss in previous year same period. At the same time, the life segment increased its profit after tax from the first three quarter of 2019 (HUF 153 million profit) to HUF 846 million gain in the first three quarter of 2020. The life segment's result for the first three quarter 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 364 million lower in 2020 than in the comparative period. The other comprehensive income is HUF 958 million loss, of which HUF 667 million is the unrealized loss on OPUS shares and HUF 291 million is the unrealized loss on government bonds owned by the Group.
- Insurance premium revenue was HUF 13 466 million, 7% higher than premium income for the comparative period. In the life segment, the new acquisition is HUF 2 235 million which is 30% lower compared to the new acquisition of 2019 same period. In the traditional segment the main 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 already in the spring 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 all the possible necessary steps to mitigate the claims. 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 developed an action plan in such a way that it has the least negative impact on the

---

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

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.

- 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, suspended 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 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 7 Sept 2020 the HFSA with its resolutions No. H-EN-15/ 2020 lifted the ban imposed on EMABIT regarding conclusion of new insurance contracts and the extension of existing contracts in all cultivated sectors in Hungary with a view to restoring the capital adequacy, while for its cross-border activities in Italy decided to maintain the restrictions for another year.
- The Company's Board of Directors asked Dr. István Fedák to handle the risks in EMABIT's Italian claims and to change the strategy for ongoing legal matters. The Solvency ratio of the EMABIT fell to 135% at the end of the third quarter, mainly due to an increase in claims reserve of the Italian cases. In connection with the change of strategy, the review of existing claim reserves and regression reserves has started and is in progress at the time of publishing this report. As a result of the review, EMABIT expects

to account for additional losses, primarily in respect of regression reserves, which are expected to be quantified by the end of the year.

- 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 - was 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, dr. István Fedák is appointed to the position of Chief Executive Officer. With its resolutions No. H-EN-II-89 / 2020, the HFSA authorized dr. István János Fedák as CEO.
- 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.
- The Company and its subsidiary has elected dr. Péter Bogdánffy and Zsuzsanna Ódorné Angyal as members and dr. István Fedák as chairman of the Board of the Directors, while János Tima, Ákos Veisz and Erika Vada as members of the Supervisory Board. The mandate of the elected persons is valid for a definite period of 3 years, with the effect of the authorization of the HFSA.
- The Supervisory Board has elected János Tima as the Chairman of the Supervisory Board while the Audit Committee has elected Erika Vada as the Chairman of the Audit Committee with the effect of the authorization of the HFSA. Gábor Dakó is the Chairman of the Supervisory Board of EMABIT.
- At the end of 2018, CIG Pannónia Life Insurance Plc. established its subsidiary CIG Pannónia Pénzügyi Közvetítő Zrt. with the purpose of expanding the Insurer's distribution channels, thereby increasing the volume of new acquisitions. In 2019, CIG Pannónia Pénzügyi Közvetítő Zrt. sold insurances with a premium of HUF 443 million, in 2020 HUF 141 million. The Insurer closely monitored the activities of the intermediary and found several times that the insurance policies sold by the subsidiary have a significantly higher premium non-payment rate than the average market benchmark. The high non-payment rate caused a high commission write-

off. The decreasing coverage did not meet with the operating expenses, so the pre-tax profit of CIG Pannónia Pénzügyi Közvetítő Zrt. became negative in the 2019 business year. The loss-making operation continued in 2020, causing the Group a loss of HUF 129 million. According to the Company's repeated analysis, it is not possible to make the operation of the subsidiary profitable in the long run. After reviewing the analysis, on 9 September 2020, the Board of Directors of the Company initiated the liquidation of its qualified majority-owned subsidiary. At the General Meeting of CIG Pannónia Pénzügyi Közvetítő Zrt. held on 30 September 2020, it decided to initiate the liquidation. With the liquidation, the Group expects that a significant portion of the previously contracted life insurance policies by the subsidiary will be cancelled. At the end of the third quarter, the Group created a provision of HUF 185 million to cover losses from cancellations.

- Hungarikum Insurance Broker Ltd. announced that it had made an agreement with OPUS GLOBAL Plc. on 24 September 2020 on the acquisition of CIG Pannónia Life Insurance Plc.'s 23,466,020 series "A" dematerialized ordinary shares with a nominal value of HUF 33, representing 24.85% of the Company's share capital.
- Equity of the Issuer increased from HUF 13,601 million (at the end of 2019) to HUF 13,397 million in 2020. The Shareholders' equity change was influenced by the total comprehensive income (HUF -212million) and the capital differences arising from the employee stock options (HUF 8 million).
- CIG Pannónia Life Insurer is financially stable, its fundamentals are certain, the Solvency II capital adequacy is outstandingly high 348%. The consolidated capital adequacy is 326%.

#### Subsequent events:

- On 22 October 2020 Hungarikum Insurance Broker Ltd., the shareholder of the Company purchased 400.000 pieces of CIG Pannónia Life Insurance Plc. ordinary shares. The number of shares directly owned by Hungarikum Insurance Broker Ltd. has changed to 4.933.980. If the HFSA approves the transaction between Hungarikum Insurance Broker Ltd. and OPUS GLOBAL Plc. then the share of Hungarikum Insurance Broker Ltd. will increase to 30.08%.

17 November 2020, Budapest

CIG Pannonia Life Insurance Plc.

## 2. Financial statements

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

	2020 Q1-Q3 (A)	2019 Q1-Q4 (B)	2019 Q1-Q3 (C) restated	Change (A)-(C)
Gross written premium	13 466	18 041	12 644	822
Changes in unearned premiums reserve	140	- 157	19	121
Earned premiums, gross	13 606	17 884	12 663	943
Ceded reinsurance premiums	- 195	- 249	-164	- 31
<b>Earned premiums, net</b>	<b>13 411</b>	<b>17 635</b>	<b>12 499</b>	<b>912</b>
Premium and commission income from investment contracts	108	125	93	15
Commission and profit sharing due from reinsurers	1	2	1	-
Investment income	421	10 269	7 657	- 7 236
Yield on investment accounted for using equity method (profit)	240	442	243	- 3
Other operating income	549	875	601	- 52
<b>Other income</b>	<b>1 319</b>	<b>11 713</b>	<b>8 595</b>	<b>-7 276</b>
<b>Total income</b>	<b>14 730</b>	<b>29 348</b>	<b>21 094</b>	<b>- 6 364</b>
Claim payments and benefits, claim settlement costs	- 9 348	- 14 459	- 10 578	1 230
Recoveries, reinsurer's share	35	28	23	12
Net changes in value of the life technical reserves and unit-linked life insurance reserves	1 802	- 7 093	- 5 016	6 818
Investment expenses	- 2 110	- 1 374	- 1 200	-910
Change in the fair value of liabilities relating to investment contracts	47	- 458	-351	398
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 9 574</b>	<b>- 23 356</b>	<b>- 17 122</b>	<b>7 548</b>
Fees, commissions and other acquisition costs	- 2 641	- 3 586	- 2 560	-81
Other operating costs	- 1 130	- 1 393	- 1 028	-102
Other expenses	- 377	- 235	-102	-275
<b>Other expenses</b>	<b>- 4 148</b>	<b>- 5 214</b>	<b>- 3 690</b>	<b>-458</b>
<b>Profit/Loss before taxation</b>	<b>1 008</b>	<b>778</b>	<b>282</b>	<b>726</b>
Tax income/expenses	- 162	- 171	- 129	- 33
Deferred tax income/expenses	-	54	-	-
<b>Profit/Loss after taxation</b>	<b>846</b>	<b>661</b>	<b>153</b>	<b>693</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>- 100</b>	<b>- 1 299</b>	<b>- 467</b>	<b>367</b>
<b>Total Profit/Loss after taxation</b>	<b>746</b>	<b>-638</b>	<b>- 314</b>	<b>1 060</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	- 850	273	655	- 1 505
<b>Other comprehensive income</b>	<b>- 850</b>	<b>273</b>	<b>655</b>	<b>- 1 505</b>
<b>Other comprehensive income of discontinued operations</b>	<b>- 108</b>	<b>42</b>	<b>162</b>	<b>- 270</b>
<b>Total other comprehensive income</b>	<b>- 958</b>	<b>315</b>	<b>817</b>	<b>- 1 775</b>
<b>Total comprehensive income</b>	<b>- 212</b>	<b>- 323</b>	<b>503</b>	<b>- 715</b>

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

	2020 Q1-Q3 (A)	2019 Q1-Q4 (B)	2019 Q1-Q3 (C) restated	Change (A)-(C)
Profit/loss after taxation attributable to the Company's shareholders	752	- 634	- 310	1 062
Profit/loss after taxation attributable to NCI	- 6	- 4	- 4	-2
<b>Profit/Loss after taxation</b>	<b>746</b>	<b>-638</b>	<b>-314</b>	<b>1 060</b>
Total comprehensive income attributable to the Company's shareholders	- 206	- 319	507	-713
Total comprehensive income to NCI	- 6	- 4	- 4	-2
<b>Total comprehensive income</b>	<b>- 212</b>	<b>-323</b>	<b>503</b>	<b>- 715</b>

<b>Earnings per share of the Company's shareholders – continuing operations</b>				
Basic earnings per share (HUF)	8,0	7,0	- 3,3	11
Diluted earnings per share (HUF)	8,0	7,0	- 3,3	11

<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	274	94 054 254
2020.09.30	94 428 260	374 006	94 054 254	274	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)

	2020Q3 (A)	2020Q2 (C)	2020Q1 (D)	2019Q3 restated (B)	Change (A)-(B)
Gross written premium	4 234	5 083	4 149	4 474	-240
Changes in unearned premiums reserve	153	-51	38	45	108
Earned premiums, gross	4 387	5 032	4 187	4 519	-132
Ceded reinsurance premiums	-70	-60	-65	-45	-25
<b>Earned premiums, net</b>	<b>4 317</b>	<b>4 972</b>	<b>4 122</b>	<b>4 474</b>	<b>-157</b>
Premium and commission income from investment contracts	35	31	42	37	-2
Commission and profit sharing due from reinsurers	1	-	-	-	1
Investment income	112	96	213	2 932	-2 820
Yield on investment accounted for using equity method (profit)	80	86	74	84	-4
Other operating income	57	317	175	203	-146
<b>Other income</b>	<b>285</b>	<b>530</b>	<b>504</b>	<b>3 256</b>	<b>-2 971</b>
<b>Total income</b>	<b>4 602</b>	<b>5 502</b>	<b>4 626</b>	<b>7 730</b>	<b>- 3 128</b>
Claim payments and benefits, claim settlement costs	-2 857	-2 467	-4 024	-3 862	1 005
Recoveries, reinsurer's share	5	14	16	6	-1
Net changes in value of the life technical reserves and unit-linked life insurance reserves	-2 573	-4 132	8 507	-1 829	-744
Investment expenses	2 609	3 058	-7 778	-44	2 653
Change in the fair value of liabilities relating to investment contracts	-100	-155	302	-134	34
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>-2 916</b>	<b>-3 682</b>	<b>-2 977</b>	<b>-5 863</b>	<b>2 947</b>
Fees, commissions and other acquisition costs	-874	-866	-901	-907	33
Other operating costs	-423	-353	-354	-364	-59
Other expenses	-333	-17	-27	-51	-282
<b>Other expenses</b>	<b>-1 630</b>	<b>-1 236</b>	<b>-1 282</b>	<b>-1 322</b>	<b>-308</b>
<b>Profit/Loss before taxation</b>	<b>56</b>	<b>584</b>	<b>367</b>	<b>545</b>	<b>- 489</b>
Tax income/expenses	-47	-64	-51	-56	9
Deferred tax income/expenses	-	-	-	-	-
<b>Profit/Loss after taxation</b>	<b>9</b>	<b>520</b>	<b>316</b>	<b>489</b>	<b>- 480</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>- 437</b>	<b>410</b>	<b>- 73</b>	<b>- 155</b>	<b>- 282</b>
<b>Total Profit/Loss after taxation</b>	<b>- 428</b>	<b>930</b>	<b>243</b>	<b>334</b>	<b>- 762</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	-217	676	-1 309	-273	56
<b>Other comprehensive income</b>	<b>-217</b>	<b>676</b>	<b>-1 309</b>	<b>-273</b>	<b>56</b>
<b>Other comprehensive income of discontinued operations</b>	<b>-59</b>	<b>73</b>	<b>-122</b>	<b>63</b>	<b>-122</b>
<b>Total other comprehensive income</b>	<b>- 276</b>	<b>749</b>	<b>- 1 431</b>	<b>- 210</b>	<b>- 66</b>
<b>Total comprehensive income</b>	<b>- 704</b>	<b>1 679</b>	<b>- 1 188</b>	<b>124</b>	<b>- 828</b>



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

	2020Q3 (A)	2020Q2 (C)	2020Q1 (D)	2019Q3 restated (B)	Change (A)-(B)
Profit/loss after taxation attributable to the Company's shareholders	-426	931	246	336	-762
Profit/loss after taxation attributable to NCI	-2	-1	-3	-2	0
<b>Profit/Loss after taxation</b>	<b>- 428</b>	<b>930</b>	<b>243</b>	<b>334</b>	<b>- 762</b>
Total comprehensive income attributable to the Company's shareholders	-702	1 680	-1 185	126	-828
Total comprehensive income to NCI	-2	-1	-3	-2	0
<b>Total comprehensive income</b>	<b>- 704</b>	<b>1 679</b>	<b>- 1 188</b>	<b>124</b>	<b>- 828</b>

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

Assets	30 September 2020 (A)	31 December 2019 (B)	30 September 2019 (C) restated	Change (A)-(C)
Intangible Assets	547	614	698	-151
Property, plant and equipment	76	97	102	-26
Right-of use assets	24	119	115	-91
Deferred tax asset	415	415	524	-109
Deferred acquisition costs	1 124	1 374	2 762	-1 638
Reinsurer's share of technical reserves	551	243	3 995	-3 444
Investments accounted for using the equity method	445	566	367	78
Available-for-sale financial assets	20 758	19 710	27 798	-7 040
Investments for policyholders of unit-linked life insurance policies	68 183	70 548	69 032	-849
Financial assets – investment contracts	3 734	3 984	3 867	-133
Financial asset - forward	0	-	9	-9
Receivables from insurance policy holders	1 693	1 953	1 920	-227
Receivables from insurance intermediaries	154	41	411	-257
Receivables from reinsurance	10	9	128	-118
Other assets and prepayments	20	13	332	-312
Other receivables	633	221	890	-257
Cash and cash equivalents	1 194	1 487	2 248	-1 054
Assets of discontinued operations	6 024	13 138	0	6 024
<b>Total Assets</b>	<b>105 585</b>	<b>114 532</b>	<b>115 198</b>	<b>- 9 613</b>
<b>LIABILITIES</b>				
Technical reserves	13 823	13 233	20 702	-6 879
Technical reserves for policyholders of unit-linked life insurance policies	68 183	70 548	69 032	-849
Investment contracts	3 734	3 984	3 867	-133
Financial liabilities-derivatives	1	5	-	1
Loans and financial reinsurance	192	436	559	-367
Liabilities from reinsurance	108	95	1 355	-1 247
Liabilities to insurance policy holders	674	438	804	-130
Liabilities to insurance intermediaries	193	268	440	-247
Lease liabilities	27	124	123	-96
Other liabilities and provisions	1 130	732	3 845	-2 715
Liabilities to shareholders	20	25	60	-40
Liabilities of discontinued operations	4 103	11 043	-	4 103
<b>Total Liabilities</b>	<b>92 188</b>	<b>100 931</b>	<b>100 787</b>	<b>- 8 599</b>
<b>Net Assets</b>	<b>13 397</b>	<b>13 601</b>	<b>14 411</b>	<b>- 1 014</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	9 443	3 116	3 116	6 327
Capital reserve	1 153	7 480	7 480	-6 327
Share-based payment	24	16	-	24
Other reserves	-1 353	-395	106	-1 459
Retained earnings	4 135	3 383	3 708	427
<b>Equity attributable to the Company's Shareholders</b>	<b>13 402</b>	<b>13 600</b>	<b>14 410</b>	<b>- 1 008</b>
Non-controlling interest	-5	1	1	-6
<b>Total Shareholder's Equity</b>	<b>13 397</b>	<b>13 601</b>	<b>14 411</b>	<b>- 1 014</b>

**Consolidated Changes in Equity Q1-Q3 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	-	-	-	- 850	-	- 850	-	-850
Profit in reporting year	-	-	-	-	852	852	- 6	846
Profit after tax of discontinued operations	-	-	-	-	- 100	- 100	-	- 100
Other comprehensive income of discontinued operations	-	-	-	- 108	-	- 108	-	-108
<b>Transactions with equity holders recognized directly in Equity</b>								
Share based payments	-	-	8	-	-	8	-	8
Capital increase	6 327	- 6 327	-	-	-	-	-	-
<b>Balance on 30 September 2020</b>	<b>9 443</b>	<b>1 153</b>	<b>24</b>	<b>- 1 353</b>	<b>4 135</b>	<b>13 402</b>	<b>- 5</b>	<b>13 397</b>

**Consolidated Changes in Equity Q1-Q3 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	-	-	655	-	655	-	655
Profit in reporting year	-	-	-	157	157	- 4	153
Profit after tax of discontinued operations	-	-	-	- 467	- 467	-	- 467
Other comprehensive income of discontinued operations	-	-	162	-	162	-	162
IFRS 16 alkalmazása	-	-	-	- 7	- 7	-	- 7
<b>Transactions with equity holders recognized directly in Equity</b>							
Capital decrease	- 661	- 2 195	-	- 150	- 3 006	-	- 3 006
Sales of treasury shares	-	75	-	73	148	-	148
<b>Balance on 30 September 2019 restated</b>	<b>3 116</b>	<b>7 480</b>	<b>106</b>	<b>3 708</b>	<b>14 410</b>	<b>1</b>	<b>14 411</b>

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

	2020 Q1-Q3	2019 Q1- Q4	2019 Q1-Q3 restated
<b>Profit/loss after taxation</b>	<b>746</b>	- <b>639</b>	<b>- 314</b>
<b>Modifying items</b>			
Depreciation and amortization	227	403	307
Extraordinary depretiation	6	39	4
Booked impairment	-2	393	0
Result of assets sales	-13	871	268
Share based payments	3	2	8
Exchange rate changes	-61	-10	1 064
Share of the profit or loss of associates accounted for using the equity method	-240	-442	-243
Deferred tax	-	80	-28
Income taxes	162	214	-488
Income on interests	-263	-893	-488
Result of derivatives	-28	-3	-17
Provision (-/+)	196	-	525
Result of minority interests	-	-	-4
Termination of leasing assets	-8	-	-
Change in cash of discontinued operation	-2 590	- 1 596	-827
Interest cost	8	25	21
<b>Change of active capital items:</b>			
Increase / decrease of deferred acquisition costs (-/+)	250	101	-159
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	2 365	-5 271	-3 756
Increase / decrease of financial assets – investment contracts (-/+)	250	-304	-186
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	-28	130	118
Increase / decrease of reinsurer’s share from technical reserves (-/+)	-308	239	154
Increase /decrease of other assets and active accrued and deferred items (-/+)	-7	9	-65
Increase / decrease of technical reserves (+/-)	748	2 773	2 033
Increase / decrease of liabilities from insurance (-/+)	175	-346	-268
Increase / decrease of investment contracts (+/-)	-250	304	186
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	-2 365	5 271	3 756
Increase / decrease of other liabilities (+/-)	93	-337	1 097
Increase / decrease of shareholder liabilities (+/-)	-	-	52
Paid income taxes	-181	-257	-227
IFRS 2 capital difference	8	16	-
<b>Cash flows from operating activities</b>	<b>- 1 108</b>	<b>770</b>	<b>3 179</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 (-)	-8 119	-23 944	-15 480
Sales of debt instruments (+)	6 233	24 591	15 337
Purchase of tangible and intangible assets (-)	-115	-243	-179
Sales of tangible and intangible assets (-)	16	1	1
Result of derivatives	-	- 1	-1
Interest received	105	846	346
Dividend received	361	342	342
Investment cash flows from discontinued operations	2 557	1 292	-157
<b>Cash flow from investing activities</b>	<b>1 038</b>	<b>2 884</b>	<b>209</b>
<b>Cash flow from financing activities</b>			
Securing loans	-	154	154
Lease instalments payment	-32	-61	-46
Lease interest payment	-3	-4	-4
Repayment of loans and their interests	- 277	-732	-609
Equity difference realized on sale of treasury shares in a employee share based option program	-	148	75
Capital decrease	-	-2 988	-3 006
Financing cash flows from discontinued operations	12	18	-7
<b>Cash flow from financing activities</b>	<b>- 300</b>	<b>- 3 464</b>	<b>- 3 443</b>
Impacts of exchange rate changes	75	-2	10
<b>Net increase / decrease of cash and cash equivalents (+/-)</b>	<b>- 294</b>	<b>188</b>	<b>- 45</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>993</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 194</b>	<b>1 487</b>	<b>1 255</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>30.09.2020</b>
Intangible Assets	550	- 3	547
Property, plant and equipment	84	- 8	76
Right of use assets	33	- 9	24
Deferred tax asset	415	-	415
Deferred acquisition costs	1 347	- 223	1 124
Reinsurer's share of technical reserves	763	- 212	551
Investments accounted for using the equity method	445	-	445
Available-for-sale financial assets	24 719	- 3 961	20 758
Investments for policyholders of unit-linked life insurance policies	68 183	-	68 183
Financial assets – investment contracts	3 734	-	3 734
Financial asset - forward	14	- 14	-
Receivables from insurance policy holders	1 725	- 32	1 693
Receivables from insurance intermediaries	174	- 20	154
Receivables from reinsurance	62	- 52	10
Other assets and prepayments	145	- 125	20
Other receivables	773	- 140	633
Cash and cash equivalents	2 419	- 1 225	1 194
Assets of discontinued operations	-	6 024	6 024
<b>Total assets</b>	<b>105 585</b>	<b>-</b>	<b>105 585</b>
<b>LIABILITIES</b>			
Technical reserves	16 586	- 2 763	13 823
Technical reserves for policyholders of unit-linked life insurance policies	68 183	-	68 183
Investment contracts	3 734	-	3 734
Financial liabilities-derivatives	1	-	1
Loans and financial reinsurance	192	-	192
Liabilities from reinsurance	196	- 88	108
Liabilities to insurance policy holders	702	- 28	674
Liabilities to insurance intermediaries	251	- 58	193
Lease liabilities	38	- 11	27
Other liabilities and provisions	2 285	- 1 155	1 130
Liabilities to shareholders	20	-	20
Liabilities of discontinued operations	-	4 103	4 103
<b>Total liabilities</b>	<b>92 188</b>	<b>-</b>	<b>92 188</b>
<b>NET ASSETS</b>	<b>13 397</b>	<b>-</b>	<b>13 397</b>



**Consolidated Statement of Comprehensive Income**

Data in million HUF

	Consolidated data before reclassification	Reclassification of discontinued operations	2020 Q1-Q3
Gross written premium	16 274	- 2 808	13 466
Changes in unearned premiums reserve	1 099	- 959	140
Earned premiums, gross	17 373	- 3 767	13 606
Ceded reinsurance premiums	- 2 361	2 166	- 195
<b>Earned premiums, net</b>	<b>15 012</b>	<b>- 1 601</b>	<b>13 411</b>
Premium and commission income from investment contracts	108	-	108
Commission and profit sharing due from reinsurers	566	- 565	1
Investment income	676	- 255	421
Yield on investment accounted for using equity method(profit)	240	-	240
Other operating income	850	- 301	549
<b>Other income</b>	<b>2 440</b>	<b>- 1 121</b>	<b>1 319</b>
<b>Total income</b>	<b>17 573</b>	<b>- 2 843</b>	<b>14 730</b>
Claim payments and benefits, claim settlement costs	-10 896	1 548	- 9 348
Recoveries, reinsurer's share	1 086	- 1 051	35
Net changes in value of the life technical reserves and unit-linked life insurance reserves	1 652	150	1 802
Investment expenses	- 2 238	128	- 2 110
Change in the fair value of liabilities relating to investment contracts	47	-	47
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 10 349</b>	<b>775</b>	<b>- 9 574</b>
Fees, commissions and other acquisition costs	-3 841	1 200	-2 641
Other operating costs	- 1 730	600	- 1 130
Other expenses	- 585	208	- 377
<b>Operating costs</b>	<b>- 6 156</b>	<b>2 008</b>	<b>- 4 148</b>
<b>Profit/Loss before taxation</b>	<b>947</b>	<b>61</b>	<b>1 008</b>
Tax income/expenses	- 201	39	- 162
Deferred tax income/expenses	-	-	-
<b>Profit/Loss after taxation</b>	<b>746</b>	<b>100</b>	<b>846</b>
<b>Profit/Loss after taxation of discontinued operations</b>		<b>100</b>	<b>100</b>
<b>Total Profit/Loss after taxation</b>	<b>746</b>	<b>-</b>	<b>746</b>
Comprehensive income, would be reclassified to profit or loss in the future	- 958	108	- 850
<b>Other comprehensive income</b>	<b>-958</b>	<b>108</b>	<b>-850</b>
<b>Other comprehensive income of discontinued operations</b>	<b>-</b>	<b>-108</b>	<b>-108</b>
<b>Total other comprehensive income</b>	<b>-958</b>	<b>-</b>	<b>-958</b>
<b>Total comprehensive income</b>	<b>-212</b>	<b>-</b>	<b>-212</b>

**Consolidated Statement of Comprehensive Income**

Data in million HUF

	30.09.2019	Modification due to Error	Reclassification of discontinued operation	Modified
Gross written premium	20 110	-	- 7 466	12 644
Changes in unearned premiums reserve	- 572	-	591	19
Earned premiums, gross	19 538	-	- 6 875	12 663
Ceded reinsurance premiums	- 4 303	451	3 688	- 164
<b>Earned premiums, net</b>	<b>15 235</b>	<b>451</b>	<b>- 3 187</b>	<b>12 499</b>
Premium and commission income from investment contracts	93	-	-	93
Commission and profit sharing due from reinsurers	1 405	- 173	- 1 231	1
Investment income	7 880	-	- 223	7 657
Yield on investment accounted for using equity method(profit)	243	-	-	243
Other operating income	621	-	- 20	601
<b>Other income</b>	<b>10 242</b>	<b>- 173</b>	<b>- 1 474</b>	<b>8 595</b>
<b>Total income</b>	<b>25 477</b>	<b>278</b>	<b>- 4 661</b>	<b>21 094</b>
Claim payments and benefits, claim settlement costs	- 13 363	-	2 785	- 10 578
Recoveries, reinsurer's share	2 292	- 45	- 2 224	23
Net changes in value of the life technical reserves and unit-linked life insurance reserves	- 5 508	43	448	- 5 016
Investment expenses	- 1 334	-	134	- 1 200
Change in the fair value of liabilities relating to investment contracts	- 351	-	-	- 351
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>- 18 264</b>	<b>-1</b>	<b>1 143</b>	<b>-17 122</b>
Fees, commissions and other acquisition costs	- 5 056	-	2 496	- 2 560
Other operating costs	- 1 454	-	426	- 1 028
Other expenses	- 936	- 237	1 071	- 102
<b>Operating costs</b>	<b>- 7 446</b>	<b>- 237</b>	<b>3 993</b>	<b>- 3 690</b>
<b>Profit/Loss before taxation</b>	<b>-233</b>	<b>39</b>	<b>475</b>	<b>282</b>
Tax income/expenses	- 168	-	39	- 129
Deferred tax income/expenses	47	-	- 47	-
<b>Profit/Loss after taxation</b>	<b>-354</b>	<b>39</b>	<b>467</b>	<b>153</b>
<b>Profit/Loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>- 467</b>	<b>- 467</b>
<b>Total Profit/Loss after taxation</b>	<b>- 354</b>	<b>39</b>	<b>-</b>	<b>- 314</b>
Comprehensive income, would be reclassified to profit or loss in the future	817	-	- 162	655
<b>Other comprehensive income</b>	<b>817</b>	<b>-</b>	<b>- 162</b>	<b>655</b>
Other comprehensive income of discontinued operations	-	-	162	162
<b>Total other comprehensive income</b>	<b>817</b>	<b>-</b>	<b>-</b>	<b>817</b>
<b>Total comprehensive income</b>	<b>463</b>	<b>39</b>	<b>-</b>	<b>503</b>

data in million HUF

**Consolidated Statement of Financial Position**

<b>ASSETS</b>	<b>30.09.2019</b>	<b>Modification due to Error</b>		<b>Modified</b>
Reinsurer's share of technical reserves	4 935	-940		3 995
<b>Total assets</b>	<b>116 138</b>	<b>- 940</b>		<b>115 198</b>
Reinsurance liabilities	1 715	-360		1 355
<b>Total liabilities</b>	<b>101 147</b>	<b>- 360</b>		<b>100 787</b>
<b>NET ASSETS</b>	<b>14 991</b>	<b>- 580</b>		<b>14 411</b>
Retained earnings	4 287	-619		3 668
Total income	-	39		39
<b>Total shareholder's equity</b>	<b>14 991</b>	<b>- 580</b>		<b>14 411</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 three quarter of 2020, the Group's gross written premium was HUF 13 466 million, which is 107% of the gross written premium in the first three quarter of 2019. Of this HUF 10 352 million are the gross written premium of unit-linked life insurance (of this HUF 4 228 million of pension insurance policies), HUF 2 830 million are traditional life products (of this HUF 896 million from pension insurance policies), HUF 284 million are health insurance policies.**

In the life segment the gross written premium from the first annual premiums of policies sold was HUF 2 247million, which is a 1% increase compared to the same period of the previous year (HUF 2 223 million). The gross written premium income from renewals was HUF 8 831million in 2020 in contrast to HUF 7 514 million in the same period of the previous year, so the renewal premiums increased by 18%. Top-up and single premiums (HUF 2 388million) were 18% 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 13 466million, the rate of top-up and single premiums is 18 percent.

The change in unearned premium reserve in 2020 was HUF 140 million gain, while the amount of ceded reinsurance premiums was HUF 195 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 108 million in total during the reporting period. The change in the fair value of liabilities relating to investment contracts was HUF 47 million gain in the first three quarter, due to the unit-linked yield.

The other operating income (HUF 549 million) is mainly the Issuer's income from fund management (HUF 436 million), which decreased with HUF 88 million compared to the first three quarter of 2019.

An important item among expenses are claim payments and benefits and claim settlement costs (together HUF 9 348million), this expenditure is decreased by the recoveries from reinsurers (HUF 35 million).

The amount of net change in reserves is HUF 1 802 million gain, which is made up mainly the following changes in reserves. The unit-linked life insurance reserve amount decreased by HUF 2 366 million, which is mainly due to the unfavourable first-quarter unit-linked yield. The actuarial reserves increased by HUF 825 million, the technical reserves for the bonus payment of the life insurance clients increased by HUF +152 million, and the result-dependent premium refund reserves increased by HUF 192 million. The result-independent reserves decreased by HUF 3 million, the outstanding net claim reserves decreased by HUF 43 million, while the cancellation reserves decreased by HUF 175 million concurrently with the decrease of the premium receivables.

The total operating cost of the Issuer was HUF 4 148 million in the first three quarter, of which HUF 2 641 million is related to the fees, commissions and other acquisition costs, and HUF 1 130 million is related to other operating costs and 377 other expenses. Acquisition costs increased lower than the earned premiums. The other operating costs increased by HUF 102 million compared to the previous year, same period (HUF 1 028 million in 2019), mainly due to the increase of personnel costs. The volume of other expenses (HUF 377 million) is higher with HUF 275 million compared to the 2019 same period (HUF 102 million), the most significant part of the rise (HUF 185 million) is the expected loss on policies sold by CIG Pannónia Pénzügyi Közvetítő Zrt.

The investment result in the first half of 2020 is HUF 1,689 million loss, which is due to the aggregated effect of the following issues. The unit-linked yield in the first three quarter is a loss of HUF 2,021 million. During the third quarter, another wave of the coronavirus began to spread around the world, causing new numbers of infections to reach new highs. However, the markets no longer attached so much importance to soaring infection numbers. The developed stock markets rose around 8%, while emerging stocks rose above 9% during the third quarter. On the developed stock market, North America outperformed due to the high weight of the technology sector, while Europe lagged behind during the period. In the developing countries, the Asian region was outperforming, with China and India leading the rise. Latin America and Russia from the initial rise moved into a relapse, while Central European stock markets lagging far behind. Raw materials also become more valuable during the quarter. During the third quarter of 2020, the forint first strengthened and then started to weaken from August. Overall, the domestic currency weakened 2.3 percent against the euro, while the domestic currency strengthened 2 percent against the dollar. Our unit-linked portfolios performed as described above, with the highest yielding portfolios being the Warren Buffett Equity Asset Fund, the Chinese Equity Asset Fund, the Indian Equity Asset Fund and the Metallicum Commodity Markets Fund.

The Issuer had HUF 332 million yield profit on its own investments in the first threequarter of the 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 240 million in the first three quarter 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 1 008 million profit (in 2019 the profit before taxation was HUF 282 million gain), that was reduced by HUF 162 million tax liability. The profit of EMABIT as discontinued operation is HUF 100 million loss. The overall profit after tax is HUF 746 million, that is HUF 1 060 million higher than the profit after tax of first three quarter in 2019. The other comprehensive income contains the decrease in the fair value of available-for-sale financial assets amounting to HUF 958 million, of which HUF 667 million is the unrealized loss on OPUS shares owned by the Group, while the remaining loss (HUF 291 million) arose from the unrealized loss on government bonds. The total comprehensive income represents a gain of HUF 212 million in 2020.

The Issuer's balance sheet total was HUF 105,585 million; its financial position is stable; the company has met its liabilities in full. On 30 Sept 2020 the shareholders' equity was HUF 13,397 million.

## 6. Executive summary

In the third quarter of 2020, the annualized premium of the new sales of insurance policies in life segment sold by the Company is HUF 2 235 million that is 30 percent lower than in the previous year, same period. Of this HUF 1 306 million is from unit-linked life insurance, HUF 929 million is from traditional and group life insurance policies. In the previous year the annualized premium of the new sales was HUF 3 201 million, of which HUF 2 093 million related to unit-linked life insurance, HUF 1 108 million was derived from traditional and group life insurance policies.

### New sales and portfolio development

Annualized premium of new sales - Life segment (million HUF)	2020.09.30 (A)	2019.09.30 (B)	Change (A - B)	Change % (A - B) / B
Unit-linked life insurances	1 306	2 093	-787	-38%
Traditional and group life insurances	929	1 108	-179	-16%
<b>Total annualized premium of new sales - Life</b>	<b>2 235</b>	<b>3 201</b>	<b>- 966</b>	<b>-30%</b>

As for life insurance policies sold in 2020 the share of the tied agent network is 12 percent, the independent broker channel was 36 percent and the bank channel was 18 percent. The financial intermediary subsidiary accounted for 6 percent of sales, while other business development accounted for 28 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.



## 7. Operating Segments

### Segment informations Q1-Q3 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	547	3	-	-3	-	547
Property, plant and equipment	64	8	12	-8	-	76
Right of use assets	24	9	-	-9	-	24
Deferred tax assets	415	-	-	-	-	415
Deferred acquisition costs	1 124	223	-	-223	-	1 124
Reinsurer's share of technical reserves	551	212	-	-212	-	551
Subsidiaries	1 958	-	-	-	-1 958	-
Investments by equity method	52	-	-	-	393	445
Available-for-sale financial assets	20 758	3 962	-	-3 962	-	20 758
Investments for policyholders of unit-linked life insurance policies	68 183	-	-	-	-	68 183
Financial assets - investment contracts	3 734	-	-	-	-	3 734
Financial asset - forward	-	14	-	-14	-	-
Receivables from insurance policyholders	1 693	32	-	-32	-	1 693
Receivables from intermediaries	153	20	1	-20	-	154
Receivables from reinsurances	10	52	-	-52	-	10
Treasury shares	-	-	109	-	-109	-
Other assets and prepayments	20	125	-	-125	-	20
Other receivables	617	140	13	-140	3	633
Cash and cash equivalents	1 153	1 225	40	-1 224	-	1 194
Intercompany receivables	784	199	543	-	-1 526	-
Assets of discontinued operations	-	-	-	6 024	-	6 024
<b>Total assets</b>	<b>101 840</b>	<b>6 224</b>	<b>718</b>	<b>-</b>	<b>-3 197</b>	<b>105 585</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	13 823	2 762	-	-2 762	-	13 823
Technical reserves for policyholders of unit-linked insurance	68 183	-	-	-	-	68 183
Investment contracts	3 734	-	-	-	-	3 734
Financial liabilities - derivatives	1	-	-	-	-	1
Liabilities from financial reinsurance	192	-	-	-	-	192
Liabilities from reinsurance	108	88	-	-88	-	108
Liabilities from insurance policyholders	674	28	-	-28	-	674
Liabilities from intermediaries	175	58	18	-58	-	193
Intercompany liabilities	742	129	108	-	-979	-
Liabilities from lease	27	11	-	-11	-	27
Other liabilities and provisions	1 076	1 156	31	-1 157	24	1 130
Liabilities to shareholders	20	-	-	-	-	20
Liabilities from discontinued operations	-	-	-	4 104	-1	4 103
<b>Total liabilities</b>	<b>88 755</b>	<b>4 232</b>	<b>157</b>	<b>-</b>	<b>-956</b>	<b>92 188</b>
<b>NET Assets</b>	<b>13 085</b>	<b>1 992</b>	<b>561</b>	<b>-</b>	<b>-2 241</b>	<b>13 397</b>
<b>Shareholder's Equity</b>						
Registered capital	9 443	1 060	246	-	-1 306	9 443
Capital reserve	4 019	2 839	81	-	-5 786	1 153
Share-based payment	19	5	-	-	-	24
Other reserve	-1 298	-55	-	-	-	-1 353
Retained earnings	902	-1 857	234	-	4 856	4 135
NCI	-	-	-	-	-5	-5
<b>Total shareholder's equity</b>	<b>13 085</b>	<b>1 992</b>	<b>561</b>	<b>-</b>	<b>-2 241</b>	<b>13 397</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	13 466	2 809	-	-2 809	-	13 466
Changes in unearned premiums reserve	140	960	-	-960	-	140
Earned premium Gross	13 606	3 769	-	-3 769	-	13 606
Ceded reinsurance premium	-195	-2 166	-	2 166	-	-195
<b>Earned premiums net</b>	<b>13 411</b>	<b>1 603</b>	<b>-</b>	<b>-1 603</b>	<b>-</b>	<b>13 411</b>
Premium and commission income from investment contracts	108	-	-	-	-	108
Investment income	461	255	514	-255	-554	421
Share of the profit of associates and joint ventures accounted for using the equity method	361	-	-	-	-121	240
Other operative income	577	543	145	-543	-173	549
Commission and profit sharing from reinsurance	1	565	-	-565	-	1
<b>Other income</b>	<b>1 508</b>	<b>1 363</b>	<b>659</b>	<b>-1 363</b>	<b>-848</b>	<b>1 319</b>
<b>Total income</b>	<b>14 919</b>	<b>2 966</b>	<b>659</b>	<b>-2 966</b>	<b>-848</b>	<b>14 730</b>
Claim payments and benefits, and claim settlement costs	-9 365	-1 548	-	1 548	17	-9 348
Recoveries from reinsurance	35	1 051	-	-1 051	-	35
Net change in the value of life technical reserves and unit-linked life insurance reserves	1 802	-150	-	150	-	1 802
Investment expenditure	-2 129	-128	-100	128	119	-2 110
Change in the fair value of liabilities relating to investment contracts	47	-	-	-	-	47
<b>Change in the fair value of assets and liabilities relating to embedded derivatives</b>	<b>-9 610</b>	<b>-775</b>	<b>-100</b>	<b>775</b>	<b>136</b>	<b>-9 574</b>
Fees, commissions and other acquisition costs	-2 487	-1 200	-212	1 200	58	-2 641
Other operating costs	-1 106	-600	-24	600	-	-1 130
Other expenses	-669	-207	-33	207	325	-377
<b>Operating costs</b>	<b>-4 262</b>	<b>-2 007</b>	<b>-269</b>	<b>2 007</b>	<b>383</b>	<b>-4 148</b>
<b>Profit/loss before taxation</b>	<b>1 047</b>	<b>184</b>	<b>290</b>	<b>-184</b>	<b>-329</b>	<b>1 008</b>
Tax income / (expenses)	-160	-39	-2	39	-	-162
Deferred tax income / (expenses)	-	-	-	-	-	-
<b>Profit/loss after taxation</b>	<b>887</b>	<b>145</b>	<b>288</b>	<b>-145</b>	<b>-329</b>	<b>846</b>
<b>Profit/loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145</b>	<b>-245</b>	<b>-100</b>
Other comprehensive income	-850	-108	-	108	-	-850
Other comprehensive income of discontinued operations	-	-	-	-108	-	-108
<b>Comprehensive income</b>	<b>37</b>	<b>37</b>	<b>288</b>	<b>-</b>	<b>-574</b>	<b>-212</b>

**Segment information Q1-Q3 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	616	77	5	-	698
Property, plant and equipment	66	11	25	-	102
Leasing assets	52	30	33	-	115
Deferred tax assets	361	163	-	-	524
Deferred acquisition costs	1 248	1 514	-	-	2 762
Reinsurer's share of technical reserves	254	3 741	-	-	3 995
Subsidiaries	5 384	-	-	-5 384	-
Investments in jointly controlled companies	52	-	-	315	367
Available-for-sale financial assets	19 482	8 316	-	-	27 798
Investments for policyholders of unit-linked life insurance policies	69 032	-	-	-	69 032
Financial assets - investment contracts	3 867	-	-	-	3 867
Financial asset - forward	6	3	-	-	9
Receivables from insurance policyholders	1 741	179	-	-	1 920
Receivables from intermediaries	37	374	-	-	411
Reinsurance receivables	5	123	-	-	128
Treasury shares	-	-	109	-109	-
Other assets and prepayments	29	311	1	-9	332
Other receivables	758	114	17	1	890
cash and cash equivalents	1 178	993	77	-	2 248
Intercompany receivables	382	-	249	-631	-
<b>Total assets</b>	<b>104 550</b>	<b>15 949</b>	<b>516</b>	<b>-5 817</b>	<b>115 198</b>

<b>LIABILITIES</b>	<b>CIG Life insurance segment</b>	<b>CIG Non-life insurance</b>	<b>Other</b>	<b>Adjusting entries for calculations in the financial statements (consolidation)</b>	<b>Total</b>
Technical reserves	12 635	8 067	-	-	20 702
Technical reserves for policyholders of unit-linked insurance	69 032	-	-	-	69 032
Liabilities from reinsurance	3 867	-	-	-	3 867
Liabilities from insurance policyholders	559	-	-	-	559
Liabilities from intermediaries	70	1 285	-	-	1 355
Intercompany liabilities	556	248	-	-	804
Liabilities from leases	177	226	40	-3	440
Liabilities from leases	245	23	575	-843	-
Technical reserves	58	34	31	-	123
Liabilities to shareholders	750	3 041	40	14	3 845
Technical reserves	60	-	-	-	60
<b>Total liabilities</b>	<b>88 009</b>	<b>12 924</b>	<b>686</b>	<b>-832</b>	<b>100 787</b>
<b>NET Assets</b>	<b>16 541</b>	<b>3 025</b>	<b>-170</b>	<b>-4 985</b>	<b>14 411</b>
<b>Shareholder's Equity</b>					
Registered capital	3 116	1 060	23	-1 083	3 116
Capital reserve	10 346	2 839	81	-5 786	7 480
Other reserves	-66	172	-	-	106
Retained earnings	3 145	-1 046	-274	1 883	3 708
NCI	-	-	-	1	1
<b>Total Shareholder's equity</b>	<b>16 541</b>	<b>3 025</b>	<b>-170</b>	<b>-4 985</b>	<b>14 411</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	12 644	7 466	-	-7 466	-	12 644
Changes in unearned premiums reserve	19	-591	-	591	-	19
Earned premiums, gross	12 663	6 875	-	-6 875	-	12 663
Ceded reinsurance premiums	-164	-3 688	-	3 688	-	-164
<b>Earned premiums, net</b>	<b>12 499</b>	<b>3 187</b>	<b>-</b>	<b>-3 187</b>	<b>-</b>	<b>12 499</b>
Premium and commission income from investment contracts	93	-	-	-	-	93
Investment income	8 893	223	13	-223	-1 249	7 657
Share of the profit of associates and joint ventures accounted for using the equity method	342	-	-	-	-99	243
Other operating income	660	20	323	-20	-382	601
Commission and profit sharing from reinsurance	1	1 231	-	-1 231	-	1
<b>Other income</b>	<b>9 989</b>	<b>1 474</b>	<b>336</b>	<b>-1 474</b>	<b>-1 730</b>	<b>8 595</b>
<b>Total income</b>	<b>22 488</b>	<b>4 661</b>	<b>336</b>	<b>-4 661</b>	<b>-1 730</b>	<b>21 094</b>
Claim payments and benefits, and claim settlement costs	-10 593	-2 785	-	2 785	15	-10 578
Recoveries from reinsurance	23	2 224	-	-2 224	-	23
Net change in the value of life technical reserves and unit-linked life insurance reserves	-5 016	-448	-	448	-	-5 016
Investment expenditure	-1 200	-134	-220	134	220	-1 200
Change in the fair value of liabilities relating to investment contracts	-351	-	-	-	-	-351
<b>Investment expenses, changes in reserves and benefits, net</b>	<b>-17 137</b>	<b>-1 143</b>	<b>-220</b>	<b>1 143</b>	<b>235</b>	<b>-17 122</b>
Fees, commissions and other acquisition costs	-2 473	-2 496	-361	2 496	274	-2 560
Other operating costs	-1 016	-424	-17	424	5	-1 028
Other expenses	-181	-1 071	-10	1 071	89	-102
<b>Operating costs</b>	<b>-3 670</b>	<b>-3 991</b>	<b>-388</b>	<b>3 991</b>	<b>368</b>	<b>-3 690</b>
<b>Profit/loss before taxation</b>	<b>1 681</b>	<b>-473</b>	<b>-272</b>	<b>473</b>	<b>-1 127</b>	<b>282</b>
Tax income / (expenses)	-123	-41	-6	41	-	-129
Deferred tax income / (expenses)	-	47	-	-47	-	-
<b>Profit/loss after taxation</b>	<b>1 558</b>	<b>-467</b>	<b>-278</b>	<b>467</b>	<b>-1 127</b>	<b>153</b>
<b>Profit/loss after taxation of discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-467</b>	<b>-</b>	<b>-467</b>
Other comprehensive income	655	162	-	-162	-	655
Other comprehensive income of discontinued operations	-	-	-	162	-	162
<b>Comprehensive income</b>	<b>2 213</b>	<b>-305</b>	<b>-278</b>	<b>-</b>	<b>-1 127</b>	<b>503</b>

## 7. Number of employees, ownership structure

The number of employees at the members of the Group was 109 on 30 September of 2020.

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

Owners	Number of shares	Ownership stake	Voting rights
Domestic private individual	40 097 468	42,46%	42,46%
Domestic institution	51 784 596	54,84%	54,84%
Foreign private individual	183 370	0,19%	0,19%
Foreign institution	595 372	0,63%	0,63%
Nominee, domestic private individual	1 158 518	1,23%	1,23%
Nominee, foreign private individual	353 112	0,37%	0,37%
Nominee, foreign institution	240 936	0,26%	0,26%
Unidentified item	14 888	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 September 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 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
14 August 2020	Resolutions of the extraordinary General Meeting of CIG Pannónia Life Insurance Plc. held on 14 August 2020
14 August 2020	Extraordinary announcement on the MNB authorization of member of the Board of Directors and Supervisory Board
14 August 2020	Extraordinary announcement on the election of members and chairman of the Board of Directors and Supervisory Board of the Company and EMABIT
28 August 2020	Extraordinary information on the MNB approval of the senior executives and member of the Supervisory Board of the Company and its Subsidiary
2 September 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
4 September 2020	Extraordinary announcement on the MNB approval of member of the Supervisory Board of the Company
7 September 2020	Extraordinary announcement on the lifting of the ban of sectoral activities of the Company's Subsidiary
8 September 2020	Extraordinary announcement on the election of the Chairman of the Company's Supervisory Board and Audit Committee
9 September 2020	Extraordinary announcement on the liquidation of the Company's Intermediary Subsidiary
10 September 2020	Extraordinary announcement on the Company Court registration of senior executives of the Company
11 September 2020	Extraordinary announcement on the strategic change in the Italian legal cases of the Company's Subsidiary
22 September 2020	Extraordinary announcement on the MNB approval of the Chairman of the Board of Directors of the Company's Subsidiary
23 September 2020	Extraordinary announcement on the MNB approval of the members of the Supervisory Board of the Company's Subsidiary

23 September 2020	Announcement on Res. H-JÉ-III-B-49_2020 MNB of MNB
29 September 2020	Extraordinary announcement on share acquisition in the Company
30 September 2020	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
1 October 2020	Extraordinary announcement on the MNB approval of the member of the Board of Directors of the Company's Subsidiary
1 October 2020	Extraordinary announcement on the appointment of the new general manager of the Company
1 October 2020	Extraordinary information on voluntary liquidation of the company intermediary subsidiary
1 October 2020	The person in charge of Investor Relations at CIG Pannónia Life Insurance Plc has changed
7 October 2020	Extraordinary announcement on the MNB approval of the members of the Supervisory Board of the Company's Subsidiary
13 October 2020	Extraordinary announcement on the authorization of Chairman of the Supervisory Board
21 October 2020	Extraordinary announcement on the acquisition of voting rights above 5%
31 October 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 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.

17 November 2020, Budapest

-----  
Dr. Fedák István  
Chief Executive Officer

-----  
Tóth Alexandra  
Chief Financial Officer

### **Investor relations**

Dr. Csevár Antal, Investor relations  
investor.relations@cig.eu; +36-70-372-5138

Disclaimer: All information contained within this document is for information purposes only, and shall not be considered an official translation of the official communication referred to herein. This document does not include the integral wording of the official communication referred to herein, the original Hungarian language version of it remains to be the solely legally binding material in the subject matter. For further information, please do not hesitate to contact us.