



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 2021

18 May 2021, Budapest

I. Summary

1.1. Economic summary

CIG Pannónia Life Insurance Public Limited Company (registered office: 1097 Budapest Könyves Kálmán krt. 11, building „B”; company registration number: 01 10 045857; court of registration: Registry Court of the Metropolitan Court (hereinafter: **Issuer** or **Company**) publishes on this day - at 18 May 2021, the date specified in the Calendar of Corporate Events published on the website of the Budapest Stock Exchange - its report (hereinafter: **Report**) for the first quarter of 2021. The Issuer publishes in this Report for the first quarter of 2021, 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 Report has been prepared in accordance with the provisions of IAS 34.

Overall the **profit after tax** of the CIG Pannónia Group (the Issuer and its consolidated companies; hereinafter: **Group**) is **HUF 383 million gain** (in 2020 same period, HUF 243 million gain), **the total comprehensive income** of the Group is **HUF 67 million loss**. The increase in after-tax profit (by HUF 140 million) compared to 2020 is due to more reasons. **The loss of the profit after tax of the individual non-life segment decreased**, it is amounted to a HUF 50 million loss, compared to the HUF 73 million loss in previous year, same period. At the same time, **the life segment increased its profit after tax (without its subsidiaries) from HUF 365 million profit in 2020 to HUF 444 million gain in 2021**. Loss of the other segments is HUF 11 million, which is HUF 37 million less than in the previous year, same period. The other comprehensive income is HUF 450 million loss, of which HUF 205 million is the unrealized loss on OPUS shares and HUF 245 million is the unrealized loss on government bonds owned by the Group.

The Issuer's equity decreased from HUF 13,894 million at the end of 2020 to HUF 13,795 million in the first quarter of 2021. The change in equity was caused by the settlement of total comprehensive income (- HUF 67 million) and the amount of repurchased treasury shares (- HUF 32 million).

CIG Pannónia Life Insurer is financially stable, its fundamentals are certain, the Solvency II capital adequacy is outstandingly high 340%. **The consolidated capital adequacy is 344%.**

Insurance premium revenue was HUF 4 979 million, 19% higher than premium income for the comparative period. In the life segment, the new acquisition is HUF 1 058 million which is 25% higher compared to the new acquisition of 2020, first quarter.

However, it is important to note related to the growth:

- (i) in the first quarter of 2021, the Group was prepared for the period after COVID-19, in order to be able to exploit the growth potential detailed in the next section in such a way that the level of service to our customers would continuously increase. As a first step in increasing customer satisfaction, it reviews its internal processes, especially those related to customer service, and works on their development;
- (ii) in its fourth quarter report for 2020, the Company projected that it would develop a strategy for the insurance sector and also the capital market presence to complement it, which would redefine the Company's position in the spirit of external growth and internal transparency. The positioning of the Company and the establishment of its expansion is the task of the year 2021, during which the goal is to ensure the outstanding service of the customers. In addition, the goal for investors and other

capital market participants is to make the group-level strategy clear and accountable. The Company intends to communicate certain steps of the strategy continuously in the next period.

The zero step in developing a Group-level strategy is to ensure ongoing risk management. In addition, in the fourth quarter of 2020, the Group provided an opportunity at the operational level to enable the **CIG Pannónia Első Magyar Általános Biztosító Ltd (EMABIT)** to contribute to the development of a dynamic growth model by restarting its operations – with the requirements of providing the required Group-level warranty elements.

To achieve this, the Company decided to increase the share capital of EMABIT by HUF 5,000,000 at 26 March 2021. As a result of the capital increase, the new share capital of EMABIT is HUF 1,065,000,000. The share capital is increased by 5 new dematerialized registered ordinary shares - embodying the same rights as previously issued shares - with a nominal value of HUF 1,000,000 and an issue value of HUF 300,000,000 each by paying a cash contribution. Simultaneously with the share capital increase, the Company placed the difference between the issue and the nominal value of the shares, i.e HUF 1,495,000,000 in the capital reserve of EMABIT.

The capital increase and the creation of the capital reserve took place in accordance with the new strategic ideas of the Company, with a view to financing the operation of the newly established domestic-focused property insurance business lines. An important element of the Company's direct intention and new strategy is to relaunch and operate EMABIT in a transparent manner with the need for growth – which includes setting sales targets, setting up internal lines of defense and strengthening the capital position.

1.2. Results of the main events of the reporting period (Q1) in the timeline of capital market disclosures and related history,

1.2.1. Company and group level events during the period covered by the Report

In order to achieve dynamic growth and prudent sales targets, Zoltán Polányi took up the new position of CEO of the Company and its 100% subsidiary, CIG Pannónia Első Magyar Általános Biztosító Ltd., from 11 January 2021. The proceedings initiated by Company's request, the Hungarian National Bank with the decision nr. 2021 H-EN-II9/2021. authorized the employment of Zoltán Polányi as executive officer in the position of CEO on 24 February 2021. Furthermore, by the request initiated by EMABIT, the Hungarian National Bank with the decision nr. 2021 H-EN-8/2021. authorized the employment of Zoltán Polányi as executive officer in the position of deputy CEO on 24 February 2021. With 17 years of senior management background in insurance, Zoltán Polányi focuses on the direct management of sales, marketing, claims settlement, human resources and product development in order to achieve the dual goal of providing high-quality customer service and to achieve market growth.

The goal of the responsible corporate governance model implemented in the Company and EMABIT is to fully coordinate the front office and back office areas. A key element of the management structure is to filter and manage risks and ensure prudence for all operating segments.

In order to achieve the objective above, Dr. Gábor Dakó joined the Company and its subsidiary on 1 January 2021 as Deputy CEO. His task are the areas covered by corporate governance. Primarily the classic corporate functions, the coordination of decision-making mechanisms, the strengthening of the compliance area. In addition, performing the tasks associated with a capital market (regulated market) presence and exploiting the opportunities inherent in a

regulated market presence at the strategic level, as well as official relations. At the same time, Dr. Gábor Dakó resigned from his membership of the Supervisory Board of the Company and from his position as Chairman of the Supervisory Board of CIG Pannónia Első Magyar Általános Biztosító Ltd.

In order to establish the growth objective of the strategy, the first quarter of 2021 was characterized by the expansion of human resources, supporting the insurance intermediation market, which resulted the Company reaching nationwide coverage. The establishment of webservice relationships with independent partners started in this quarter, which is a step towards expanding product development opportunities. In addition, the development of the Company's human resources was given a special role in general, as a result of which several colleagues with outstanding insurance experience were hired. The rethinking of the reinsurance department should be emphasized. The staff recruited in this area will serve to develop international reinsurance relations and strengthen control in the reinsurance areas.

In addition to the growth goal, the stock market presence and the interests of investors, the customer satisfaction is also paramount importance. Therefore, the Company's management continuously controls all steps in the process of recording new policies, customer service activities and the claims settlement process. The goal in this area is to provide customers with the highest level of service.

Pursuant to the authorization of the Articles of Association, the Board of Directors relocated the registered office of the Company with effect from 1 February 2021, the new registered office: 1097 Budapest, Könyves Kálmán krt. 11. B. The Company also relocated the registered office of its subsidiaries with the same effective day.

During the change of the registered office of the Company, the Company paid special attention to enforcing the system of requirements set out in the legislation and HFSA recommendations necessary for the performance of the supervised activity. At its registered office, it has developed the areas provided for customer traffic along this set of requirements with the aim of serving the achievement of future strategic goals.

This strategic goal is also served by a review at the group level, initiated in accordance with the principles of regulation, process and responsible corporate governance, which affects the levels of the Group's management bodies and operations. This enable the Group to maintain and continuously improve prudent operation at the organization level along its growth objectives.

At 13 February 2021, the Company reported in extraordinary report that the National Office for Research, Development and Innovation has issued an eligible professional opinion, based on which the Company receives HUF 799,977,189 in support in the field of "Development of personalizable insurance products with the help of artificial intelligence".

On 19 March 2021, the Group notified its shareholders that it will not hold its Annual General Meeting convened on 19 April 2021. According to the 502/2020. (XI. 16.) Gov. Decree ("Gov. Decree") Section 9 (2), the management of a public limited company has the right to decide on all issues that are on the agenda of the previously published notice of the general meeting, including the approval of the annual report of the company. In accordance with the above, the Company held its Board of Directors meeting on 19 April 2021. Based on these proposals submitted to the General Meeting, the auditor's opinion and related reports published on 9 April 2021, the Board of Directors approved the individual and consolidated financial statements of the Company (like the draft decisions on the agenda items tabled) within the competence of the General Meeting on 19 April 2021.

The Board of Directors of the Company with the no. 19/2020. (IV.24.) authorized by a resolution of the Board of Directors within the competence of the General Meeting for the purpose of providing benefits to an MRP organization, with the help of MKB Bank Plc., on 29 March 2021, it purchased 100,000 treasury shares at an average price of HUF 319 (no payment was made from the MRP Organization during the relevant period). The purchase was made for the purpose of providing a benefit to the MRP organization. The shares provided will cover future payments subject to the terms and conditions of the MRP Organization, which are conditional and deferred, as well as maintenance obligations. As a result of the transaction the Company's treasury shares inventory has increased from 0 pieces to 100,000 pieces, which is 0,10 % of the amount of issued shares. The treasury shares were transferred to the MRP Organization on 6 May 2021 for the purpose specified in the disclosure, as an event after the balance sheet date.

1.2.2. Events after the balance sheet date

The share capital increase in the subsidiary by the Company was registered by the Registry Court of the Metropolitan Court on 14 April 2021.

The key event of the events after the balance sheet date was the adoption of resolutions by the Board of Directors' of CIG Pannonia Életbiztosító Plc. meeting held on 19 April 2021 within the competence of the General Meeting.

The decisions were based on the proposals prepared by the Company. The Board of Directors arranged for the proposals to be communicated to the Shareholders within the legal deadline on the Company's website, on the website of the Budapest Stock Exchange and at the official publication site operated by the Hungarian National Bank. These submissions have thus become available and downloadable without restriction. It also took immediate action to publish decisions based on submissions¹

In a procedure initiated at the request of EMABIT, the Company's subsidiary, the HFSA authorized it by a decision no. H-EN-II-56/2021. dated on 23 April 2021 that EMABIT transfers the contractual portfolio of Hungarian "Defend GAP", "Defend Warranty" and Polish "Defend GAP", "Defend Warranty" products and casco and extended warranty insurance to Fortegra Europe Insurance Company Ltd. (registered office: Office 13, SOHO Office The Strand, Fawwara Building, Triq l-Imsida, Gzira, GZR 1401, Malta) with effect on 1 May 2021.

The Hungarian National Bank with the decision nr. H-EN-II-63/2021. authorized Zoltán Polányi as executive officer to hold the position of a member of the Board of Directors on 3 May 2021. The request was made on the basis of a request made within the competence of the General Meeting based on the decision of the General Meeting to expand the Board of Directors. Furthermore, by the request initiated by EMABIT, the Hungarian National Bank with the decision nr. H-EN-II-64/2021. authorized Zoltán Polányi as executive officer to hold the position of a member of the Board of Directors of EMABIT on 3 May 2021.

The Company has completely reworked and enacted its remuneration system, which supports its vision aligned with its strategy and renewal. The remuneration system thus redesigned was created as a unified remuneration system consisting of three pillars (Unified Remuneration System).

¹ https://bet.hu/site/newkib/en/2021.04./DECISIONS_OF_THE_BOARD_OF_DIRECTORS_ON_THE_AGENDA_ITEMS_OF_ITS_ANNUAL_GENERAL_MEETING_128550099

The Company implements the Unified Remuneration System, taking into account the connections and connections between the individual regulatory regimes, within the personal scope of the regulators and, as a special element, along a consistent system of remuneration with independent rules, so as to support the implementation of growth plans.

This strategic goal is also supported by the change in the remuneration structure of the members of the Board of Directors made as part of the remuneration system adopted by the Board of Directors as a General Meeting and fixed in accordance with uniform principles. This pays special attention to the continuous activity of the board members, while also keeping in mind the aspects of cost optimization.

18 May 2021, Budapest

CIG Pannonia Life Insurance Plc.

2. Financial statements

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

	2021 Q1 (A)	2020 Q1-Q4 (C)	2020 Q1 (B) restated	Change (A)-(B)
Gross written premium	4 979	19 319	4 171	808
Changes in unearned premiums reserve	- 34	611	298	- 332
Earned premiums, gross	4 945	19 930	4 469	476
Ceded reinsurance premiums	- 115	- 463	- 116	1
Earned premiums, net	4 830	19 467	4 353	477
Premium and commission income from investment contracts	47	159	42	5
Commission and profit sharing due from reinsurers	17	73	23	- 6
Investment income	5 676	4 637	306	5 370
Yield on investment accounted for using equity method (profit)	81	436	74	7
Other operating income	232	838	179	53
Other income	6 053	6 143	624	5 429
Total income	10 883	25 610	4 977	5 906
Claim payments and benefits, claim settlement costs	- 3 934	- 13 350	- 4 138	204
Recoveries, reinsurer's share	37	49	17	20
Net changes in value of the life technical reserves and unit-linked life insurance reserves	- 4 656	- 5 046	8 256	-12 912
Investment expenses	- 43	- 350	- 7 832	7 789
Change in the fair value of liabilities relating to investment contracts	- 277	- 274	302	-579
Investment expenses, changes in reserves and benefits, net	- 8 873	- 18 971	- 3 395	-5 478
Fees, commissions and other acquisition costs	- 936	- 3 834	- 968	32
Other operating costs	- 551	- 2 188	- 516	-35
Other expenses	- 109	- 499	-35	-74
Operating costs	- 1 596	- 6 521	- 1 519	-77
Result of assets held for sale	32	790	241	-209
Profit/Loss before taxation	446	908	304	142
Tax income/expenses	- 63	- 219	-61	-2
Deferred tax income/expenses	-	- 29	-	-
Profit/Loss after taxation	383	660	243	140
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	- 450	- 376	- 1 431	981
Other comprehensive income	- 450	- 376	- 1 431	981
Total comprehensive income	- 67	284	- 1 188	1 121

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

	2021 Q1 (A)	2020 Q1-Q4 (C)	2020 Q1 (B) restated	Change (A)-(B)
Profit/loss after taxation attributable to the Company's shareholders	384	668	246	138
Profit/loss after taxation attributable to NCI	- 1	- 8	- 3	2
Profit/Loss after taxation	383	660	243	140
Total comprehensive income attributable to the Company's shareholders	- 66	292	- 1 185	1 119
Total comprehensive income to NCI	- 1	- 8	- 3	2
Total comprehensive income	- 67	284	- 1 188	1 121
Earnings per share of the Company's shareholders – continuing operations				
Basic earnings per share (HUF)	4,1	7,1	2,6	1,5
Diluted earnings per share (HUF)	4,1	7,1	2,6	1,5

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
2020.12.31	94 428 260	374 006	94 054 254	88	91 964 159
2021.03.29	94 428 260	474 006	93 954 254	2	2 087 872
2021.03.31	94 428 260	474 006	93 954 254	90	94 052 032

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 Financial Position (data in million HUF)

Assets	31 March 2021 (A)	31. December 2020 (C)	31 March 2020 (B) restated	Change (A)-(B)
Intangible Assets	532	570	621	-89
Property, plant and equipment	91	58	113	-22
Right-of use assets	323	58	133	190
Deferred tax asset	386	386	415	-29
Deferred acquisition costs	1 221	1 215	1 399	-178
Reinsurer's share of technical reserves	325	622	498	-173
Investments accounted for using the equity method	722	641	640	82
Available-for-sale financial assets	26 548	27 462	23 041	3 507
Investments for policyholders of unit-linked life insurance policies	78 772	74 122	61 917	16 855
Financial assets – investment contracts	4 915	4 230	3 536	1 379
Financial asset - derivatives	0	11	58	-58
Receivables from insurance policy holders	1 539	1 765	1 887	-348
Receivables from insurance intermediaries	70	78	102	-32
Receivables from reinsurance	81	56	64	17
Other assets and prepayments	33	26	158	-125
Other receivables	255	241	409	-154
Cash and cash equivalents	1 199	862	2 022	-823
Assets held for sale	270	294	6 650	-6 380
Total Assets	117 282	112 697	103 663	13 619
LIABILITIES				
Technical reserves	16 387	17 064	15 514	873
Technical reserves for policyholders of unit-linked life insurance policies	78 772	74 122	61 917	16 855
Investment contracts	4 915	4 230	3 536	1 379
Financial liabilities-derivatives	13	-	-	13
Loans and financial reinsurance	84	150	265	-181
Liabilities from reinsurance	141	162	173	-32
Liabilities to insurance policy holders	723	665	686	37
Liabilities to insurance intermediaries	276	245	399	-123
Lease liabilities	332	60	150	182
Other liabilities and provisions	1 650	1 886	2 456	-806
Liabilities to shareholders	20	20	20	-
Liabilities held for sale	174	199	6 131	-5 957
Total Liabilities	103 487	98 803	91 247	12 240
Net Assets	13 795	13 894	12 416	1 379
SHAREHOLDERS' EQUITY				
Share capital	3 116	3 116	3 116	-
Capital reserve	1 153	1 153	7 480	-6 327
Treasury shares	-32	-	-	-32
Share-based payment	9	9	19	-10
Other reserves	-1 221	-771	-1 826	605
Retained earnings	10 778	10 394	3 629	7 149
Equity attributable to the Company's Shareholders	13 803	13 901	12 418	1 385
Non-controlling interest	-8	-7	-2	-6
Total Shareholder's Equity	13 795	13 894	12 416	1 379

Consolidated Changes in Equity Q1 2021 (data in million HUF)

	Share capital	Capital reserve	Share based payment	Treasury shares	Other reserves	Retained earnings	Equity of the shareholders of the Company	NCI	Total shareholders' equity
Balance on 31 December 2020	3 116	1 153	9	-	- 771	10 394	13 901	7	13 894
Total comprehensive income									
Other comprehensive income	-	-	-	-	- 450	-	- 450	-	- 450
Profit in reporting year	-	-	-	-	-	384	384	- 1	383
Transactions with equity holders recognized directly in Equity									
Treasury shares	-	-	-	- 32	-	-	- 32	-	- 32
Balance on 31 March 2021	3 116	1 153	9	- 32	- 1 221	10 778	13 803	- 8	13 795

Consolidated Changes in Equity Q1 2020 restated (data in million HUF)

	Share capital	Capital reserve	Share based payments	Other reserves	Retained earnings	Equity of the shareholders of the Company	NCI	Total shareholders' equity
Balance on 31 December 2019 restated	3 116	7 480	16	- 395	3 383	13 600	1	13 601
Total comprehensive income								
Other comprehensive income	-	-	-	- 1 431	-	- 1 431	-	- 1 431
Profit in reporting year	-	-	-	-	246	246	- 3	243
Transactions with equity holders recognized directly in Equity								
Share based payments	-	-	3	-	-	3	-	3
Balance on 31 March 2020 restated	3 116	7 480	19	- 1 826	3 629	12 418	-2	12 416

Consolidated Statement of Cash Flows (data in HUF millions)

	2021 Q1	2020 Q1-Q4	2020 Q1 restated
Profit/loss after taxation	383	- 660	- 243
Modifying items			
Depreciation and amortization	92	371	91
Extraordinary depreciation	- 2	-28	3
Booked/reversed impairment, debt cancelled	- 15	-73	-5
Result of assets sales	20	194	18
Share based payments	-1	4	-1
Exchange rate changes	-1	38	-47
Share of the profit or loss of associates accounted for using the equity method	-81	-436	-74
Deferred tax	0	29	0
Income taxes	63	219	51
Income on interests	-106	-608	-137
Result of derivatives	15	-74	-62
Provisions (-/+)	-97	293	-
Termination of leasing assets	-	-8	-
Interest cost	2	9	3
Change of active capital items:			
Increase / decrease of deferred acquisition costs (-/+)	-6	318	134
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	-4 650	-3 574	8 630
Increase / decrease of financial assets – investment contracts (-/+)	-685	-246	448
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	122	401	-31
Increase / decrease of reinsurer's share from technical reserves (-/+)	298	-159	-35
Increase /decrease of other assets and active accrued and deferred items (-/+)	-7	38	-2
Increase / decrease of technical reserves (+/-)	-233	1 130	153
Increase / decrease of liabilities from insurance (-/+)	67	-111	74
Increase / decrease of investment contracts (+/-)	685	246	-448
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	4 650	3 574	-8 630
Increase / decrease of other liabilities (+/-)	-139	-288	580
Paid income taxes	-10	-245	-125
Increase/ decrease in assets held for sale (-/+)	25	6 633	277
Increase/ decrease in liabilities held for sale (+/-)	- -25	-6 729	-797
Settlement of assets held for sale	-	-1 800	-108
IFRS 2 capital difference	-	9	3
Cash flows from operating activities	398	- 215	204

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

Cash flow from investing activities	2021 Q1	2020 Q1-Q4	2020 Q1 restated
Purchase of debt instruments (-)	-5 122	-19 824	-2 312
Sales of debt instruments (+)	5 238	18 740	2 559
Purchase of tangible and intangible assets (-)	-77	-178	-53
Sales of tangible and intangible assets (-)	9	42	-
Result of derivatives	9	58	-
Interest received/paid	-11	527	-
Dividend received	-	361	-
Cash flow from investing activities	46	-274	194

Cash flow from financing activities			
Lease instalments payment	-9	-40	-12
Lease interest payment	-1	-4	-2
Purchase of treasury shares	-32	-	-
Repayment of loans and their interests	-68	-320	-198
Cash flow from financing activities	- 111	-364	- 212
Impacts of exchange rate changes	4	- 59	62
Net increase / decrease of cash and cash equivalents (+/-)	- 337	911	248

Cash and cash equivalents at the beginning of the period	862	1 774	1 774
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Cash and cash equivalents at the end of the period	1 199	862	2 022
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3. Result from assets held for sale

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.

According to IFRS 5, based on the Group's transfer decision in early 2020, the criteria held for sale related to EMABIT as the whole non-life segment existed. Therefore, it classified its entire non-life insurance portfolio as held for sale in both the 2019 consolidated financial statements and the 2020 quarterly financial statements. In the case of the entire non-life segment, the criterion that it was ready for sale at that time was met. The Group has commissioned an international consulting firm to sell its entire non-life portfolio, which has begun to identify potential buyers, and negotiations have begun between the parties. In accordance with the accounting policy described above, the portfolio held for sale was valued at its book value, because its fair value less costs to sell was 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.

In the consolidated financial statements for 2019 and the first quarter of 2020, the Group presented its non-life segment insurance portfolio as discontinued operations in accordance with IFRS 5. That is, the full result of the non-life segment appeared on a single row in the consolidated statement of comprehensive income. Similarly, all assets and liabilities of the non-life segment appeared in the consolidated statement of financial position as a 1-1 row.

In 2020, as a result of the remedial measures, the capital adequacy of EMABIT increased to 147% by 30 June 2020, including the imposition of the volatility extra capital requirement, its capital position recovered. At the end of 2020 the capital adequacy was 113%.

By the decision No. H-EN-II-15/2020 of the Hungarian National Bank lifted the ban on concluding new insurance contracts and extending existing contracts in the case of the Hungarian portfolio, which was ordered on 7 September 2020 with the goal to restore the coverage level of the Solvency Capital Requirement. In contrast, it maintained its ban for another year for its cross-border activities in Italy.

At the end of 2020 the Group took steps at the operational level to restart EMABIT, with providing the required Group-level warranty elements. Followed by EMABIT to implement the steps, that was taken place in the recovery plan by the HFSA and to stabilize its own funds, it is also necessary to adopt EMABIT's strategy, which includes setting sales targets, setting up internal lines of defense and strengthening the capital position. To achieve all these goals, the parent company undertook to carry out the necessary capital increases to enable EMABIT to continue operating in the long term. In addition to the remaining portfolio of the non-life segment, the operational planning also planned to sell new products from 2021. In addition

to the completed business plans and the support of the parent company, the operation will be ensured for at least the next 12 months, therefore the business continuity principle can be maintained in the case of EMABIT as well.

As a result of the steps above, definition of IFRS 5 held for sale is no longer appropriate for the entire non-life segment for the financial statements of 2020 and the first quarter of 2021. The criteria for the Italian guarantee portfolio are no longer valid due to the unlikely scenario of the sale of the portfolio, despite the fact that the Insurer has not accepted new contracts for more than a year. From the existing and unsold portfolio of the Insurer (group credit insurance, group income insurance, Hungarian guarantor insurance, Italian guarantor insurance, Hungarian and Polish extended warranty and gap casco insurances) the held for sale criteria can only be interpreted for the smaller Hungarian and Polish extended warranty and gap casco portfolio that are still actually on sale. Because of this, the currently active portfolios will appear as continuing operations in the individual and consolidated financial statements of 2020, just like in the consolidated financial statements of 2021, first quarter. According to the requirements of IFRS 5, the financial statements include data for the comparative period in such a way that only the portfolios that actually sold or those which currently held for sale are shown as result of assets held for sale, assets held for sale and liabilities held for sale and the result of assets held for sale.

The tables below show the effects of the reclassification in the consolidated financial statements for the first quarter of 2020 and the first quarter of 2021 and in the consolidated statement of comprehensive income.

Consolidated Statement of Financial Position (data in million HUF)

ASSETS	Consolidated data before reclassification	Reclassification of assets held for sale	31.03.2021
Intangible Assets	532	-	532
Property, plant and equipment	91	-	91
Right of use assets	323	-	323
Deferred tax asset	386	-	386
Deferred acquisition costs	1 303	- 82	1 221
Reinsurer's share of technical reserves	377	- 52	325
Investments accounted for using the equity method	722	-	722
Available-for-sale financial assets	26 576	- 28	26 548
Investments for policyholders of unit-linked life insurance policies	78 772	-	78 772
Financial assets – investment contracts	4 915	-	4 915
Financial asset - derivatives	-	-	-
Receivables from insurance policy holders	1 539	-	1 539
Receivables from insurance intermediaries	75	- 5	70
Receivables from reinsurance	84	- 3	81
Other assets and prepayments	133	- 100	33
Other receivables	255	-	255
Cash and cash equivalents	1 199	-	1 199
Assets held for sale	-	270	270
Total assets	117 282	-	117 282
LIABILITIES			
Technical reserves	16 550	- 163	16 387
Technical reserves for policyholders of unit-linked life insurance policies	78 772	-	78 772
Investment contracts	4 915	-	4 915
Financial liabilities-derivatives	13	-	13
Loans and financial reinsurance	84	-	84
Liabilities from reinsurance	152	- 11	141
Liabilities to insurance policy holders	723	-	723
Liabilities to insurance intermediaries	276	-	276
Lease liabilities	332	-	332
Other liabilities and provisions	1 650	-	1 650
Liabilities to shareholders	20	-	20
Liabilities held for sale	-	174	174
Total liabilities	103 487	-	103 487
NET ASSETS	13 795	-	13 795

Consolidated Statement of Comprehensive Income

Data in million HUF

	Consolidated data before reclassification	Reclassification of assets held for sale	2021Q1
Gross written premium	5 006	- 27	4 979
Changes in unearned premiums reserve	- 7	- 27	- 34
Earned premiums, gross	4 999	- 54	4 945
Ceded reinsurance premiums	- 132	17	- 115
Earned premiums, net	4 867	- 37	4 830
Premium and commission income from investment contracts	47	-	47
Commission and profit sharing due from reinsurers	18	- 1	17
Investment income	5 676	-	5 676
Yield on investment accounted for using equity method(profit)	81	-	81
Other operating income	261	- 29	232
Other income	6 083	- 30	6 053
Total income	10 950	- 67	10 883
Claim payments and benefits, claim settlement costs	- 3 938	4	- 3 934
Recoveries, reinsurer's share	40	- 3	37
Net changes in value of the life technical reserves and unit-linked life insurance reserves	- 4 652	- 4	- 4 656
Investment expenses	- 43	-	- 43
Change in the fair value of liabilities relating to investment contracts	- 277	-	- 277
Investment expenses, changes in reserves and benefits, net	- 8 870	- 3	- 8 873
Fees, commissions and other acquisition costs	- 972	36	- 936
Other operating costs	- 551	-	- 551
Other expenses	- 111	2	- 109
Operating costs	- 1 634	38	- 1 596
Result of assets held for sale	-	32	32
Profit/Loss before taxation	446	-	446
Tax income/expenses	- 63	-	- 63
Profit/Loss after taxation	383	-	383
Comprehensive income, would be reclassified to profit or loss in the future	- 450	-	- 450
Other comprehensive income	- 450	-	- 450
Total comprehensive income	- 67	-	- 67

Data for the comparative period
Consolidated statement of financial position

(data in million HUF)

ASSETS	31.03.2020	Consolidated data before reclassification	Reclassification of assets held for sale	31.12.2020 restated
Intangible Assets	597	24	-	621
Property, plant and equipment	104	9	-	113
Right of use assets	114	19	-	133
Deferred tax asset	415	-	-	415
Deferred acquisition costs	1 335	1 067	-1 003	1 399
Reinsurer's share of technical reserves	313	3 518	-3 333	498
Investments accounted for using the equity method	640	-	-	640
Available-for-sale financial assets	18 363	6 370	-1 692	23 041
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	1 873	228	- 214	1 887
Receivables from insurance intermediaries	62	139	- 99	102
Receivables from reinsurance	14	188	- 138	64
Other assets and prepayments	28	227	- 188	67
Other receivables	370	130	-	500
Cash and cash equivalents	1 452	570	-	2 022
Assets held for sale	-	-	6 650	6 650
Assets of discontinued operations	12 489	- 12 489		-
Total assets	103 680	-	- 17	103 663
LIABILITIES				
Technical reserves	12 957	7 906	-5 349	15 514
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	86	1 113	-1 026	173
Liabilities to insurance policy holders	615	293	- 222	686
Liabilities to insurance intermediaries	225	182	- 8	399
Lease liabilities	128	23	- 1	150
Other liabilities and provisions	1 006	992	458	2 456
Liabilities to shareholders	20	-	-	20
Liabilities held for sale			6 131	6 131
Liabilities of discontinued operations	10 509	- 10 509	-	-
Total liabilities	91 264	-	- 17	91 247
NET ASSETS	12 416	-	-	12 416

Data in million HUF

Consolidated total comprehensive income	2020 Q1	Consolidated data before reclassification	Reclassification of assets held for sale	2020 Q1 restated
Gross written premium	4 149	1 668	-1 646	4 171
Changes in unearned premiums reserve	38	305	- 45	298
Earned premiums, gross	4 187	1 973	-1 691	4 469
Ceded reinsurance premiums	- 65	-1 199	1 148	- 116
Earned premiums, net	4 122	774	- 543	4 353
Premium and commission income from investment contracts	42	-	-	42
Commission and profit sharing due from reinsurers	-	386	- 363	23
Investment income	213	93	-	306
Yield on investment accounted for using equity method(profit)	74	-	-	74
Other operating income	175	4	-	179
Other income	504	483	- 363	624
Total income	4 626	1 257	- 906	4 977
Claim payments and benefits, claim settlement costs	-4 024	- 921	807	-4 138
Recoveries, reinsurer's share	16	712	- 711	17
Net changes in value of the life technical reserves and unit-linked life insurance reserves	8 507	- 209	- 42	8 256
Investment expenses	-7 778	- 54	-	-7 832
Change in the fair value of liabilities relating to investment contracts	302	-	-	302
Investment expenses, changes in reserves and benefits, net	- 2 977	- 472	54	- 3 395
Fees, commissions and other acquisition costs	- 901	- 565	498	- 968
Other operating costs	- 354	- 189	27	- 516
Other expenses	- 27	- 94	86	- 35
Operating costs	- 1 282	- 848	611	- 1 519
Result of assets held for sale	-	-	241	241
Profit/Loss before taxation	367	- 63		304
Tax income/expenses	- 51	- 10		- 61
Profit/Loss after taxation	316	- 73	-	243
Profit/Loss after taxation of discontinued operations	- 73	73	-	-
Total Profit/Loss after taxation	243	-	-	243
Comprehensive income, would be reclassified to profit or loss in the future	-1 309	- 122	-	-1 431
Other comprehensive income	- 1 309	- 122	-	- 1 431
Other comprehensive income of discontinued operations	- 122	122	-	-
Total other comprehensive income	- 1 431	-	-	- 1 431
Total comprehensive income	- 1 188	-	-	- 1 188

4. Changes of accounting policy

For financial year beginning on 1 January 2021, the following new mandatory standards became 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 16: Exemption of Covid-19-related rental discounts from leasing change rules
- IFRS 9, IAS 39, IFRS 7, IFRS 4 Interest rate reference reform - Stage 2 - use of alternative interest rates

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 2020.

At the end of 2020, after approval by the Board of Directors, by involving external experts the Company accelerated its preparation to comply with IFRS 17, which - similar to the expectations of other players in the sector - will result in a significant change in the Company's accounting results and comparisons with similar companies.

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 the first quarter of 2021, 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 quarter of 2021, the Group's gross written premium was HUF 4 979 million, which is 119% of the gross written premium in 2020, same period. Of this HUF 3 555 million are the gross written premium of unit-linked life insurance (of this HUF 1 279 million of pension insurance policies), HUF 1 267 million are traditional life products (of this HUF 299 million from pension insurance policies), HUF 83 million are health insurance policies and HUF 74 million are the non-life products.

The non-life insurance generated premium income of HUF 74 million in the first quarter of 2021, which is a 144 percent increase compared to the same period previous year. In the life segment the gross written premium from the first annual premiums of policies sold was HUF 648 million, which is a 32% increase compared to the same period of the previous year (HUF 490 million). The gross written premium income from renewals was HUF 3 164 million in the first quarter of 2021 in contrast to HUF 2 932 million in the same period of the previous year, so the renewal premiums increased by 8%. Top-up and single premiums (HUF 1 093 million) were 50% higher 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 4 905 million, the rate of top-up and single premiums is 22 percent.

The change in unearned premium reserve in the first quarter of 2021 was HUF 34 million loss (compared to the first quarter of 2020 HUF 298 million gain), while the amount of ceded reinsurance premiums was HUF 115 million loss (compared to first quarter of 2020 HUF 116 million loss). The change in the reserve of unearned premiums decreased mainly due to the non-life segment's suretyship portfolio.

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 47 million in total during the reporting period. The change in the fair value of liabilities relating to investment contracts was HUF 277 million loss in the first quarter, due to the unit-linked yield.

The other operating income (HUF 232 million) is mainly the Issuer's income from fund management (HUF 144 million), which decreased with HUF 12 million compared to first quarter of 2020, as it is related to a previously sold, unit-linked product with a declining portfolio of the Group.

An important item among expenses are claim payments and benefits and claim settlement costs (together HUF 3 934 million), this expenditure is decreased by the recoveries from reinsurers (HUF 37 million). Claims expenditures decreased by HUF 204 million compared to 2020, mainly due to life segment claims expenditures of the claims and surrenders of unit-linked products.

The amount of net change in reserves is HUF 4 656 million loss, which is made up mainly the following changes in reserves. The unit-linked life insurance reserve amount increased by HUF 4 650 million, which is due to significant positive unit-linked returns. The actuarial reserves increased by HUF 230 million, the technical reserves for the bonus payment of the life insurance clients increased by HUF +10 million, the result-independent premium refund reserves increased by HUF 27 million. The result-depending premium refund reserves decreased by HUF 1 million. The outstanding net claim reserves decreased by HUF 110 million, while the cancellation reserves decreased by HUF 150 million concurrently with the decrease of the premium receivables.

The total operating cost of the Issuer was HUF 1 596 million in the first quarter of 2021, of which HUF 936 million is related to the fees, commissions and other acquisition costs, and HUF 551 million is related to other operating costs and HUF 109 million is other expenses. Acquisition costs show a declining trend overall, while gross earned premiums increased by 11%. This is primarily the result of a change in the product mix. In the life segment, the earned premium of group contracts is increased significantly, but the commission rate is lower compared to the other products. The other operating costs increased by HUF 35 million compared to the previous year, same period (HUF 516 million in the first quarter of 2020), mainly due to the increase of personnel costs. The volume of other expenses (HUF 109 million) is higher with HUF 74 million compared to the 2020 same period (HUF 35 million), the most significant part of the rise is due to increasing expenses of the pending charges (HUF 50 million).

The investment result in the first quarter of 2021 is HUF 5 633 million gain, which is due to the aggregated effect of the following issues.

The unit-linked yield in 2021 is a gain of HUF 5 577 million. As an investor, the highest returns could be achieved in the U.S. stock market in the first quarter of 2021, but the global developed market stock index also performed excellently. In emerging equity markets, Indian and Russian stock markets rose the most. Among the asset funds, the winners of the quarter were the Pannonia Active Mixed and the Warren Buffett Equity asset funds.

In the first quarter of 2021, we saw a mixed picture in the international financial markets. Mass vaccination programs have been launched and the economic policy environment remains supportive. Joe Biden's record-breaking USD 1 900 billion stimulus package also had a positive impact. In addition to the stimulus provided by the speed of the British and American vaccination campaigns, the slowness of the EU campaign may have worsened the mood. The continued emergence of individual coronavirus mutants in different parts of the world has not helped stock exchanges to rise either. Another risk in the first quarter of 2021 was the increase in inflation expectations, which can be observed in rising bond yields.

In terms of developed equity markets, the outbreak in the previous quarter "tamed" to a moderate increase by the end of the quarter. The expansion was still driven by 12% growth in US low-cap stocks, followed by a rise of over 8% in the European stock market, followed by the Japanese and US S&P 500 stock indexes.

Negative returns in the first quarter were not uncommon in emerging equity markets after a strong expansion in the fourth quarter. The Indian stock market led the rise with returns above 5%, while the Hungarian and Russian stock markets rose around 4%. Central and

Eastern European stock markets and Chinese domestic and foreign equities closed the quarter down about 1%, while Latin American markets closed down 5.3%.

The yield on Hungarian bonds in the first quarter of 2021, moving together with the regional markets, followed a slightly upward trend. The performance of domestic government securities within one year did not change significantly in the first quarter. The MAX Composite, which represents the overall yield curve, and the MAX indices, which represent securities longer than one year, performed -2.21% and -2.30%, respectively, during this period.

Together with regional currencies, the forint strengthened in the first half of the quarter, and then moved with the Polish zloty and the Czech koruna during the weakening that began at the end of February. In the first two weeks of March, the forint weakened significantly against the dollar, and the euro also depreciated. By the end of March, the domestic currency was able to offset a significant part of the weakening against the euro, but not against the dollar: by the end of 2020, the EUR / HUF exchange rate did not change significantly by the end of the quarter, while the forint weakened by 4% against the dollar.

The Issuer had HUF 56 million yield profit on its own investments in 2021.

Earnings from the MKB-Pannónia Fund Management Company to the Company appear on "investments accounted for using the equity method", which was a profit of HUF 74 million gain in the first quarter of 2020, while HUF 81 million gain 2021.

The result of assets held for sale was HUF 32 million in 2021, while it was HUF 241 million in 2020, same period. In the first quarter of 2020, the total non-life segment held for sale still contributed to the results. After the sale of the portfolio, in the first quarter of this year the profit of HUF 32 million will come only from the remaining, much smaller portfolio held for sale.

As a result of all of the above, the profit before tax amounted to HUF 446 million profit (in 2020 the profit before taxation was HUF 304 million gain), that was reduced by HUF 63 million tax liability. The overall profit after tax is HUF 383 million, that is HUF 140 million higher than the profit after tax in the first quarter of 2020. The other comprehensive income contains the decrease in the fair value of available-for-sale financial assets amounting to HUF 450 million, of which HUF 205 million is the unrealized loss on OPUS shares owned by the Group, while the remaining loss (HUF 245 million) arose from the unrealized loss on government bonds. The total comprehensive income represents a loss of HUF 67 million in the first quarter of 2021.

The Issuer's balance sheet total was HUF 117,282 million; its financial position is stable; the company has met its liabilities in full. On 31 March 2021 the shareholders' equity was HUF 13,795 million.

6. Executive summary

In 2021, the annualized premium of the new sales of insurance policies in life segment sold by the Company is HUF 1 058 million that is 25 percent higher than in the previous year, same period. Of this HUF 527 million is from unit-linked life insurance, HUF 531 million is from traditional and group life insurance policies. In the previous year the annualized premium of the new sales was HUF 845 million, of which HUF 570 million related to unit-linked life insurance, HUF 275 million was derived from traditional and group life insurance policies.

New sales and portfolio development

Annualized premium of new sales - Life segment (million HUF)	31.03.2021 (A)	31.03.2020 (B)	Change (A - B)	Change % (A - B) / B
Unit-linked life insurances	527	570	-43	-8%
Traditional and group life insurances	531	275	256	93%
Total annualized premium of new sales – Life	1 058	845	213	25%

As for life insurance policies sold in 2021 the share of the tied agent network is 11 percent, the independent broker channel was 50 percent while the bank channel and the other business development combined was 39 percent.

7. Operating Segments

Segment informations Q1 2021 (data in HUF millions)

ASSETS	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Intangible assets	512	20	-	-	532
Property, plant and equipment	84	7	-	-	91
Right of use assets	260	63	-	-	323
Deferred tax assets	386	-	-	-	386
Deferred acquisition costs	1 157	64	-	-	1 221
Reinsurer's share of technical reserves	218	107	-	-	325
Subsidiaries	2 956	-	-	-2 956	-
Investments by equity method	52	-	-	670	722
Available-for-sale financial assets	21 104	5 444	-	-	26 548
Investments for policyholders of unit-linked life insurance policies	78 772	-	-	-	78 772
Financial assets - investment contracts	4 915	-	-	-	4 915
Financial asset - derivatives	-	-	-	-	-
Receivables from insurance policyholders	1 539	-	-	-	1 539
Receivables from intermediaries	52	16	2	-	70
Receivables from reinsurances	17	64	-	-	81
Treasury shares	-	-	117	-117	-
Other assets and prepayments	17	16	-	-	33
Other receivables	166	85	1	3	255
Cash and cash equivalents	739	429	31	-	1 199
Intercompany receivables	834	-	586	-1 420	-
Assets held for sale	-	270	-	-	270
Total assets	113 780	6 585	737	-3 820	117 282

Liabilities	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	13 914	2 473	-	-	16 387
Technical reserves for policyholders of unit-linked insurance	78 772	-	-	-	78 772
Financial liabilities – investment contracts	4 915	-	-	-	4 915
Financial liabilities - derivatives	-	13	-	-	13
Liabilities from financial reinsurance	84	-	-	-	84
Liabilities from reinsurance	87	54	-	-	141
Liabilities from insurance policyholders	700	23	-	-	723
Liabilities from intermediaries	230	41	5	-	276
Intercompany liabilities	586	128	152	-866	-
Liabilities from lease	266	66	-	-	332
Other liabilities and provisions	883	738	6	23	1 650
Liabilities to shareholders	20	-	-	-	20
Liabilities held for sale	-	174	-	-	174
Total liabilities	100 457	3 710	163	-843	103 487
NET Assets	13 323	2 875	574	-2 977	13 795
Shareholder's Equity					
Registered capital	3 116	1 065	246	-1 311	3 116
Capital reserve	4 019	4 630	81	-7 577	1 153
Treasury shares	-32	-	-	-	-32
Share-based payment	9	-	-	-	9
Other reserve	-1 204	-17	-	-	-1 221
Retained earnings	7 415	-2 803	247	5 919	10 778
NCI	-	-	-	-8	-8
Total shareholder's equity	13 323	2 875	574	-2 977	13 795

Statement of comprehensive income	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Gross written premium	4 906	73	-	-	4 979
Changes in unearned premiums reserve	-90	56	-	-	-34
Earned premium Gross	4 816	129	-	-	4 945
Ceded reinsurance premium	-71	-44	-	-	-115
Earned premiums net	4 745	85	-	-	4 830
Premium and commission income from investment contracts	47	-	-	-	47
Investment income	5 669	-1	-66	74	5 676
Share of the profit of associates and joint ventures accounted for using the equity method	-	-	-	81	81
Other operative income	216	30	-3	-11	232
Commission and profit sharing from reinsurance	-	17	-	-	17
Other income	5 932	46	-69	144	6 053
Total income	10 677	131	-69	144	10 883
Claim payments and benefits, and claim settlement costs	-3 795	-139	-	-	-3 934
Recoveries from reinsurance	9	28	-	-	37
Net change in the value of life technical reserves and unit-linked life insurance reserves	-4 768	112	-	-	-4 656
Investment expenditure	-20	-24	-1	2	-43
Change in the fair value of liabilities relating to investment contracts	-277	-	-	-	-277
Change in the fair value of assets and liabilities relating to embedded derivatives	-8 851	-23	-1	2	-8 873
Fees, commissions and other acquisition costs	-874	-55	6	-13	-936
Other operating costs	-427	-124	-10	10	-551
Other expenses	-128	-8	-3	30	-109
Operating costs	-1 429	-187	-7	27	-1 596
Result of assets held for sale	-	32	-	-	32
Profit/loss before taxation	397	-47	-77	173	446
Tax income / (expenses)	-58	-5	-	-	-63
Profit/loss after taxation	339	-52	-77	173	383
Other comprehensive income	-423	-27	-	-	-450
Comprehensive income	-84	-79	-77	173	-67

Segment information Q1 2020 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	592	24	5	-	621
Property, plant and equipment	72	9	32	-	113
Right of use assets	33	19	81	-	133
Deferred tax assets	415	-	-	-	415
Deferred acquisition costs	1 335	64	-	-	1 399
Reinsurer's share of technical reserves	313	185	-	-	498
Subsidiaries	1 979	-	-	-1 979	-
Investments in jointly controlled companies	52	-	-	588	640
Available-for-sale financial assets	18 363	4 678	-	-	23 041
Investments for policyholders of unit-linked life insurance policies	61 917	-	-	-	61 917
Financial assets - investment contracts	3 536	-	-	-	3 536
Financial assets - derivatives	58	-	-	-	58
Receivables from insurance policyholders	1 873	14	-	-	1 887
Receivables from intermediaries	46	40	16	-	102
Reinsurance receivables	14	50	-	-	64
Treasury shares	-	-	51	-51	-
Other assets and prepayments	36	39	1	-9	67
Other receivables	353	130	14	3	500
Cash and cash equivalents	1 410	570	42	-	2 022
Intercompany receivables	300	11	88	-399	-
Assets held for sale	-	7 123	-	-473	6 650
Total assets	92 697	12 956	330	-2 320	103 663

LIABILITIES	CIG Life insurance segment	CIG Non-life insurance	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	12 957	2 557	-	-	15 514
Technical reserves for policyholders of unit-linked insurance	61 917	-	-	-	61 917
Financial liabilities – investment contracts	3 536	-	-	-	3 536
Liabilities from financial reinsurance	265	-	-	-	265
Liabilities from reinsurance	86	87	-	-	173
Liabilities from insurance policyholders	615	71	-	-	686
Liabilities from intermediaries	191	174	34	-	399
Intercompany liabilities	99	107	53	-259	-
Liabilities from lease	39	23	88	-	150
Other liabilities and provisions	961	1 451	25	19	2 456
Liabilities to shareholders	20	-	-	-	20
Liabilities held for sale	-	6 651	-	-520	6 131
Total liabilities	80 686	11 121	200	-760	91 247
NET Assets	12 011	1 835	130	-1 560	12 416
Shareholder's Equity					
Registered capital	3 116	1 060	216	-1 276	3 116
Capital reserve	10 346	2 839	81	-5 786	7 480
Share based payments	14	5	-	-	19
Other reserves	-1 757	-69	-	-	-1 826
Retained earnings	292	-2 000	-167	5 504	3 629
NCI	-	-	-	-2	-2
Total Shareholder's equity	12 011	1 835	130	-1 560	12 416

STATEMENT OF COMPREHENSIVE INCOME	CIG Life insurance segment	CIG Non-life insurance	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Gross written premium	4 149	22	-	-	4 171
Changes in unearned premiums reserve	38	260	-	-	298
Earned premiums, gross	4 187	282	-	-	4 469
Ceded reinsurance premiums	-65	-51	-	-	-116
Earned premiums, net	4 122	231	-	-	4 353
Premium and commission income from investment contracts	42	-	-	-	42
Investment income	213	93	-	-	306
Share of the profit of associates and joint ventures accounted for using the equity method	-	-	-	74	74
Other operating income	216	4	51	-92	179
Commission and profit sharing from reinsurance	-	23	-	-	23
Other income	471	120	51	-18	624
Total income	30 523	7 291	490	-1 665	29 348
Claim payments and benefits, and claim settlement costs	-4 049	-114	-	25	-4 138
Recoveries from reinsurance	16	1	-	-	17
Net change in the value of life technical reserves and unit-linked life insurance reserves	8 507	-251	-	-	8 256
Investment expenditure	-7 791	-54	-75	88	-7 832
Change in the fair value of liabilities relating to investment contracts	302	-	-	-	302
Investment expenses, changes in reserves and benefits, net	-3 015	-418	-75	113	-3 395
Fees, commissions and other acquisition costs	-844	-67	-83	26	-968
Other operating costs	-346	-163	-7	-	-516
Other expenses	-67	-8	-1	41	-35
Operating costs	-1 257	-238	-91	67	-1 519
Result of assets held for sale	-	315	-	-74	241
Profit/loss before taxation	321	10	-115	88	304
Tax income / (expenses)	-50	-10	-1	-	-61
Profit/loss after taxation	271	-	-116	88	243
Other comprehensive income	-1 309	-122	-	-	-1 431
Comprehensive income	-1 038	-122	-116	88	-1 188

7. Number of employees, ownership structure

The number of employees at the members of the Group was 119 on 31 March of 2021.

Composition of the Issuer's share capital (31 March of 2021)

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
of this treasury share	33	100 000	3 300 000
Amount of share capital	-	-	3 116 132 580

Number of voting rights connected to the shares (31 March of 2021)

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	94 328 260	1	94 328 260	100 000

The Issuer's ownership structure (31 March of 2021)

Owners	Number of shares	Ownership stake	Voting rights
Domestic private individual	37 727 558	39,95%	39,95%
Domestic institution	54 554 011	57,77%	57,77%
Foreign private individual	186 585	0,20%	0,20%
Foreign institution	560 634	0,59%	0,59%
Nominee, domestic private individual	1 178 518	1,25%	1,25%
Nominee, foreign private individual	178 900	0,19%	0,19%
Nominee, foreign institution	32 512	0,03%	0,03%
Unidentified item	9 542	0,01%	0,01%
Total	94 428 260	100%	100%

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 December 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.	1068 Budapest, Benczúr utca 11.	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
11 January 2021	Extraordinary announcement of the change of the registered seat of the Company and of its subsidiaries
27 January 2021	Extraordinary announcement on the authorization of Chairman of the Supervisory Board of the Company's subsidiary
29 January 2021	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
13 February 2021	Extraordinary announcement on government grant
23 February 2021	Quarterly Report, Q4 2020
26 February 2021	Extraordinary announcement on the authorization of an executive officer
26 February 2021	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
19 March 2021	Extraordinary Information on the changes made due to the legal provisions to be taken into account in connection with the Annual General Meeting of the Company
26 March 2021	Announcement of the invitation to the general meeting.
26 March 2021	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
26 March 2021	Information about the members of the Board of Directors and the Supervisory Board of CIG Pannonia Life Insurance Plc. and about the monetary and in-kind benefits they received in this position in the 2020 business year
26 March 2021	EXTRAORDINARY INFORMATION about the subsidiary involved in the consolidation
30 March 2021	EXTRAORDINARY ANNOUNCEMENT about the buying of CIGPANNONIA treasury shares
1 April 2021	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
12 April 2021	Summary of the proposals relating to issues placed on the agenda items and the draft resolutions for the AGM and the draft of the 2020 Annual report
15 April 2021	EXTRAORDINARY INFORMATION about the subsidiary involved in the consolidation
19 April 2021	Information on the Decisions of the Board of Directors of CIG Pannónia Life Insurance Plc. made under the authority of the General Meeting
23 April 2021	EXTRAORDINARY INFORMATION about the subsidiary involved in the consolidation
4 May 2021	Extraordinary announcement on the authorization of an executive officer
7 May 2021	Extraordinary Announcement on the transfer of treasury shares of CIG Pannónia Plc.
13 May 2021	EXTRAORDINARY INFORMATION on the election of the new Chairman of the Board of Directors

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

9. Disclaimer

The Issuer declares that the report for the first quarter of 2021 was not reviewed by an auditor, the report for the first half of 2021 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.

18 May 2021, Budapest

Polányi Zoltán
Chief Executive Officer

Tóth Alexandra
Chief Financial Officer

Investor relations

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