

CIG PANNONIA LIFE INSURANCE PLC.

Quarterly report

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

Q2 2022



CIG PANNÓNIA
BIZTOSÍTÓ

22 August 2022, Budapest



Zoltán Polányi
 Chief Executive Officer



dr. István Fedák
 Chief Executive Officer

1. 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 its second quarterly report (hereinafter: **Report**) for 2022. The Issuer publishes in this Report for the second quarter of 2022, 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.

Significant results of the second quarter of 2022:

Our taxable profit increased from HUF 506 million last year to HUF 645 million by the end of the second quarter of 2022. This 27% profit increase is another significant milestone in the implementation of our Growth Strategy, as despite the turbulent market dynamics, we managed to keep growing, increased our premium income by 37% and became one of the TOP 10 defining members of the life segment/sector of the Hungarian insurance market by the end of the current period. Our profit growth in EUR and adjusted for FX effects, was 19%, which further emphasizes the success of our strategy.

- The main milestone of our strategy, in addition to maintaining the growth dynamics of the unit-linked sales, was to increase the penetration of health and risk-type insurance in the private insurance area, and to increase the sales of industrial property, fleet casco and home and travel insurance product groups in the non-life area. **Our insurance premiums increased by HUF 4,031 million, or 37%** compared to the same period last year, exceeding in every quarter the results of the same periods of the previous year. The growth dynamics of our strategic products is very balanced, **the growth of our unit-linked, industrial property and fleet casco products reached HUF one billion per product**, and **our group private insurance sales exceeded HUF 700 million** in the comparative period.
- The growth of our developing portfolio is based on **new sales**, the dynamics of which are well reflected by the new acquisitions of **industrial property and fleet casco products** in the non-life sector, which also increased significantly in the last quarter, **reaching HUF 1.5 and 1.8 billion gross premium** compared to 2021. In the area of **group private insurance, new acquisitions were doubled**, while we were able to **increase** new acquisitions of **other non-life**

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1. SUMMARY

products by 64%. The sales results of other life products also show positive development. In the Hungarian insurance market, which has nearly 30 insurance companies, **we achieved a market share of 4.49% in the life insurance sector, and 6.39% in the pension insurance products of the life insurance market**. With this result, CIG Pannónia Életbiztosító became an increasingly defining actor and one of the life insurance **market's TOP 10 members**.

- The dynamic development of our new sales results is ensured by the results of our sales channels. Our predictable and dynamic development in the future is also ensured by our **20-year strategic agreement signed with Magyar Bankholding** in the previous quarter. In the second quarter of 2022, we concluded a similar strategic agreement with the largest player in the leasing market, **Euroleasing Zrt.** In 2022, among our sales channels, **the independent network increased its performance fivefold**, the **bank sales channel** - launched based on the strategic agreement established in the first quarter of 2022 - was able to increase its performance by **11%**, and the **alternative sales channel by 4%**. In this quarter, we also started the sales of our **new individual passenger and home insurance policies**. It should be noted that we also introduced our **Qualified Consumer-Friendly Home Insurance product**, the sales of which is constantly increasing. The average daily sales of our home insurance policy reached 15 units, while our individual travel insurance results exceeded 20 units per day.
- Among the market effects, we must highlight the significant weakening of the forint against the euro, which was seen in the entire first half of 2022, directly affecting the size of our claim payments - especially in the case of the fleet casco. We manage the risks arising from the currency exposure of our balance sheet with natural hedging and hedging transactions, thus ensuring that we avoid sudden negative effects appearing in our results.
- Our insurer's capital position is stable, **our consolidated capital adequacy ratio is 237%**

Record results and growth

HUF 645 million profit after tax / 2021 Q2 profit was HUF 506 million
27% profit increase / **37%** (+ HUF 4,031 million) premium increase

Portfolio growth

Compared to Q1-Q2 2021

- + **HUF 1 billion** fleet casco
- + **HUF 1,1 billion** unit-linked
- + **HUF 1,15 billion** in industrial property
- + **HUF 700 million** group personal insurance

CIG is among the TOP 8 pension insurers

6.39% market share in the pension insurance market

CIG is among the TOP 10 life insurance companies

4.49% market share in the life insurance industry

Among nearly 30 insurance companies operating in Hungary

237% Our consolidated capital adequacy (The value expected by the Supervisor is 150%.)

Sales our channels growth

Over 500% new acquisition of brokers
11% increase in the banking channel
4% is alternative sales network growth

The number of our cooperating broker partners

Life insurance: **from 20 to 217** partners
EMABIT: **from 0 to 150** partners

11,000
insured
vehicles

More than 11,000 vehicles
in the casco portfolio

1 500. BajTárs

- 1 500 BajTárs sold ✓
- LakóTárs / LakóTárs Extra ✓
- home insurance
- Qualified Consumer-friendly ✓
- Home Insurance product

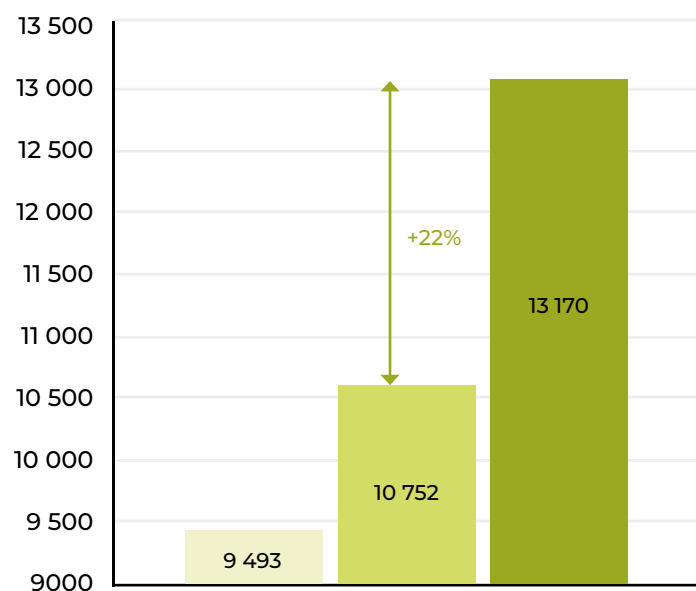
Daily

15 pcs
home insurance

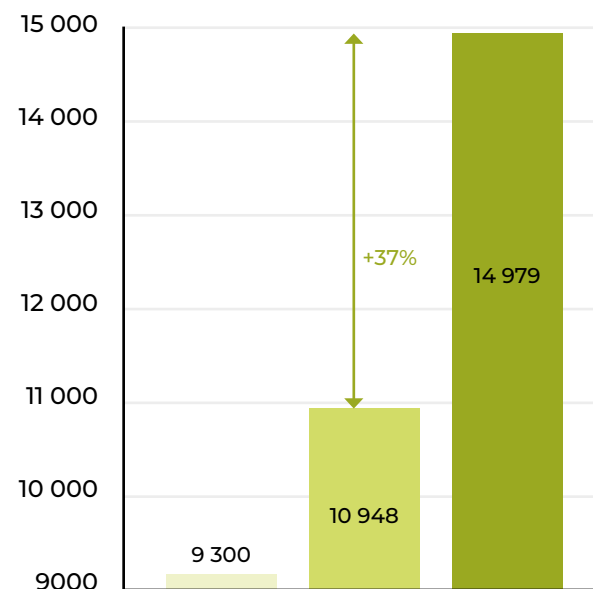
20 pcs
travel insurance

Graph 1

Net earned premiums (million HUF)


Graph 2

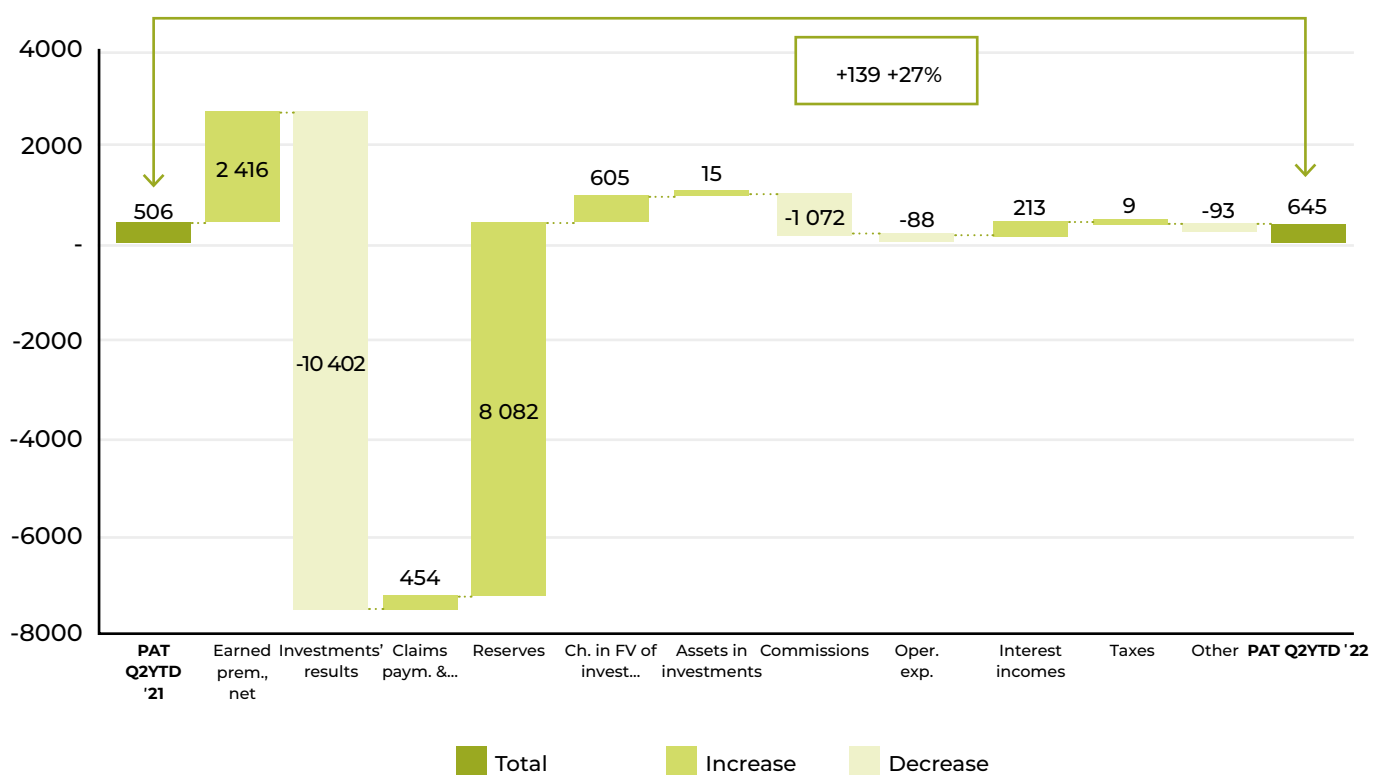
Gross earned premiums (million HUF)



■ Q2YTD '20 ■ Q2YTD '21 ■ Q2YTD '22

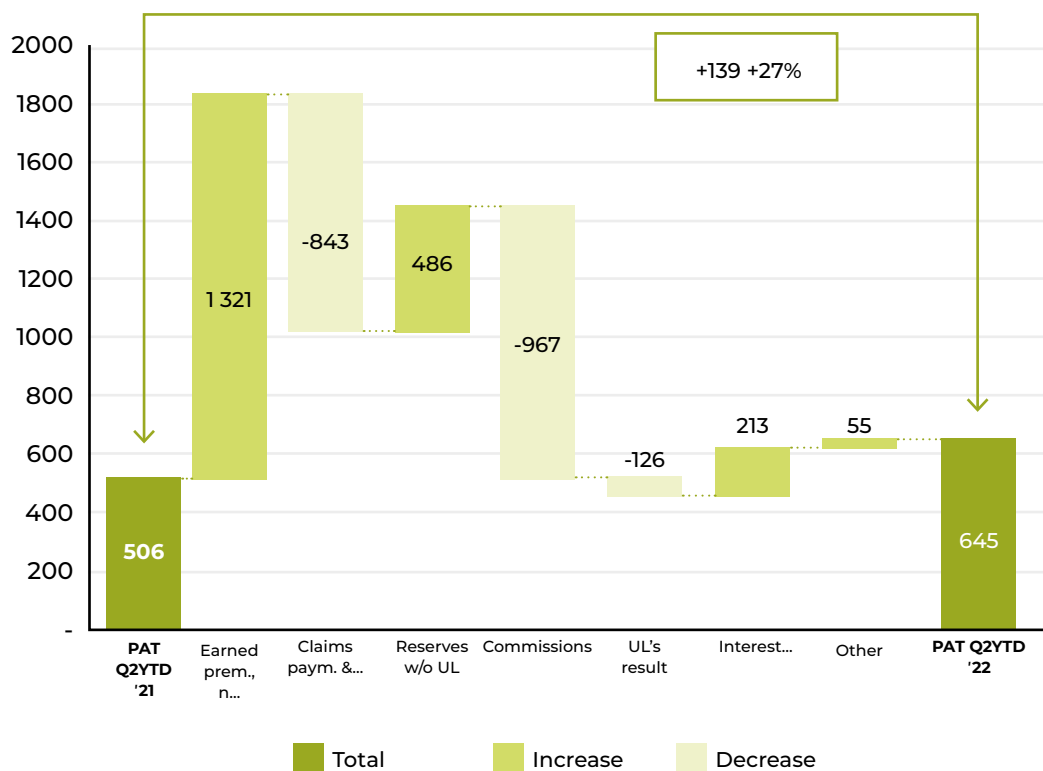
Graph 3

Changes in consolidated profit after tax YoY Q2'22 YTD (million HUF)



Graph 4

Changes in consolidated profit after tax, netting UL's results YoY Q2'22 YTD (million HUF)



In the analysis of the growth of our result¹, it is expedient to handle the effect of the so-called unit-linked (UL) products together, as this product group has a significant effect on several profit lines, however, the individual increases and decreases are related compared to the previous year, therefore we also made a diagram highlighting this.

We must begin the evaluation of the profit movement of the first two quarters by mentioning the significant increase in yield compared to last year, which affected individual lines of our profit and loss statement to different extents. The increase in yield has a negative effect on some of our product groups - especially UL products - but it has a positive effect on the increased interest income - increasing it by HUF 213 million. The figure above shows that the result of the two effects is positive for us in the first half of 2022, which thus significantly contributed to the 27% annual profit increase.

Other significant impacts compared to last year are the increase in inflation and the weakening of the HUF

compared to major foreign currencies. The increase in inflation has a direct negative effect on our claim payments, especially for casco products, and on our costs, however, we reduced the profit-reducing effect of the weakening of the HUF with natural hedging and currency risk transactions, so this did not cause a significant loss for our Insurer.

Our unit-linked products overall reduced our result compared to 2021. In the case of our regular premium products, we can see that the change in the aforementioned yield environment basically reduces the profitability of these products, while the positive change in the result of the single premium products partially offsets this. In the case of regular premium products - in addition to the impact of the yield environment - we must mention also in this quarter that new acquisitions in 2020-21 showed a decline compared to new contracts in 2019-20, which - due to the prolonged profit and loss accounting of insurance contracts - appears delayed, i.e. in 2022, reducing this year's result in annual comparison.

¹ AE: Profit after tax; UL: unit-linked insurances

The positive effect of single-fee products is the sum of the profit-enhancing effects of successful sales and reserves.

The business basis of our profit growth is the increase in our premium income. We see robust premium growth for UL, group, industrial property and casco products, as a result of which our premium income increased by 37% compared to last year. Our net premium income, excluding reinsurance premiums, also increased by 22% year-on-year. The implementation of our Growth Strategy and the continuous, prudent growth in terms of premium income are important to us, therefore we highlight that our premium income in both quarters this year was higher than the premium income of the same quarters in 2021.

Another important component of the increase in our result is the movement of our insurance reserves, which was positive in the first half of 2022, improving our result. This positive effect can be traced back to two reasons: (i) the reduction in the reserves of the already mentioned single-premium UL products, (ii) and the decrease of accounting reserves of the traditional products.

The increase in commissions reduces our profit, but this is closely related to the new policies² and the increase in premiums for later periods, thus we can interpret this profit-reducing effect as a sign of the realization of our strategy. The dynamic growth of new acquisitions is seen in all portfolios.

Graph 5

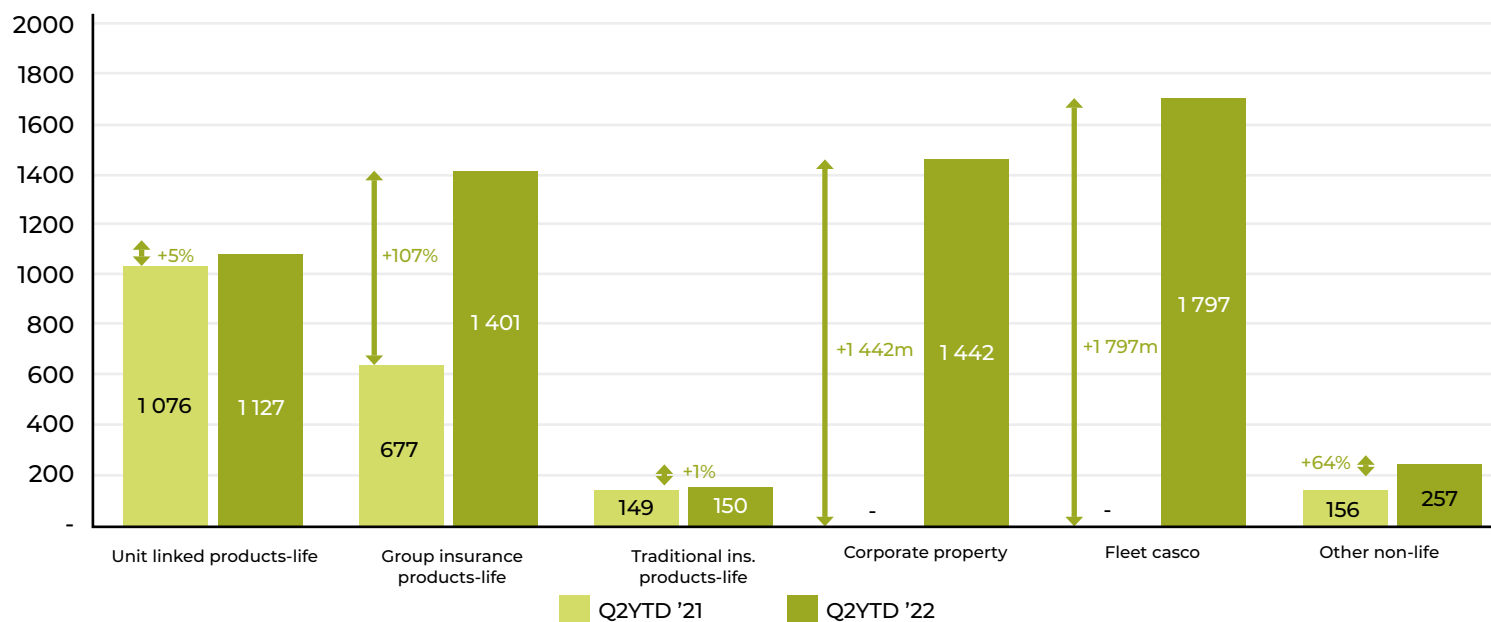
Changes in gross earned premium YoY Q2'22 YTD (million HUF)



2 In the life insurance segment by new policies we mean the increase of the annual premium of the regular premium policies concluded in the given period, and the increase of 10% of the premium of single premium contracts (in total so-called APE value), in accordance with the usual standards. In the non-life insurance segment with the exception of group insurances, we understand the change in the given period as new policies; the total change in gross premium. In the case of group insurance contracts, the change in the total gross written premiums.

Graph 6

New contracts by portfolios Q2'22 YTD YoY (million HUF)

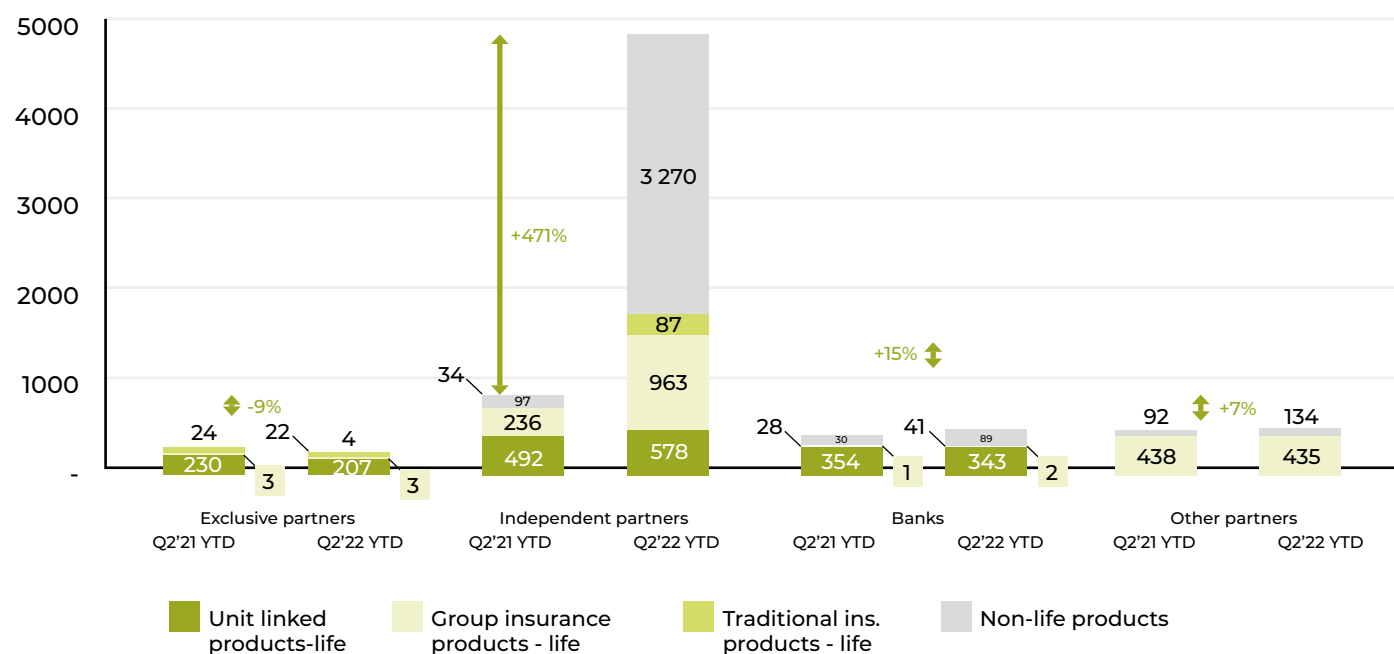


As in the first quarter, the annual increase of industrial property, fleet casco and group products is outstanding, but it is also worth mentioning the growth of UL products. We consider this latter positive change to be significant in light of the already mentioned yield increase. Behind

the expansion of other non-life insurance products the positive effect of surety and loan coverage products can be seen, the latter of which is the first sign of our strategic agreement with Magyar Bankholding Zrt.

Graph 7

New contracts by portfolios and partners' type Q2'22 YTD, YoY (million HUF)

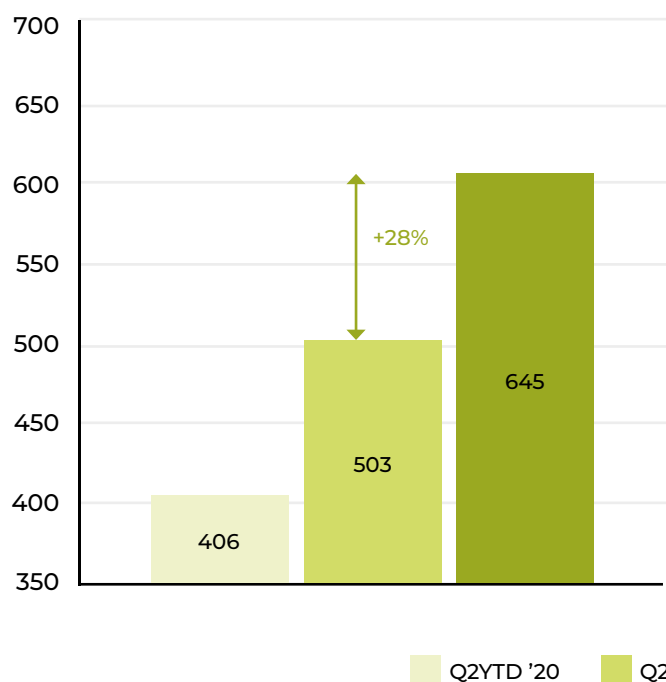


The increase in new acquisitions can be observed in almost all channels, of which the fivefold increase of new

acquisitions in the independent channel is extremely outstanding, however, we evaluate the growth of the

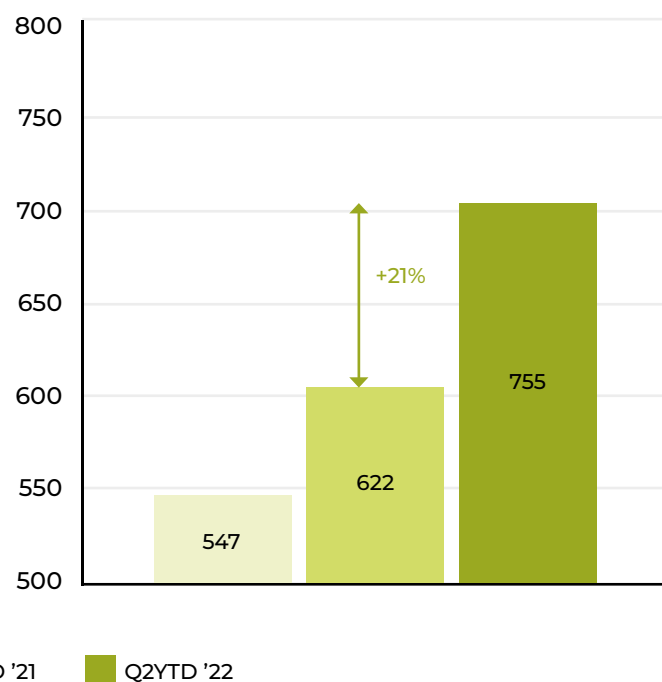
Graph 8

Profit after tax W/O result of assets held for sale (million HUF)



Graph 9

Profit before tax W/O result of assets held for sale (million HUF)



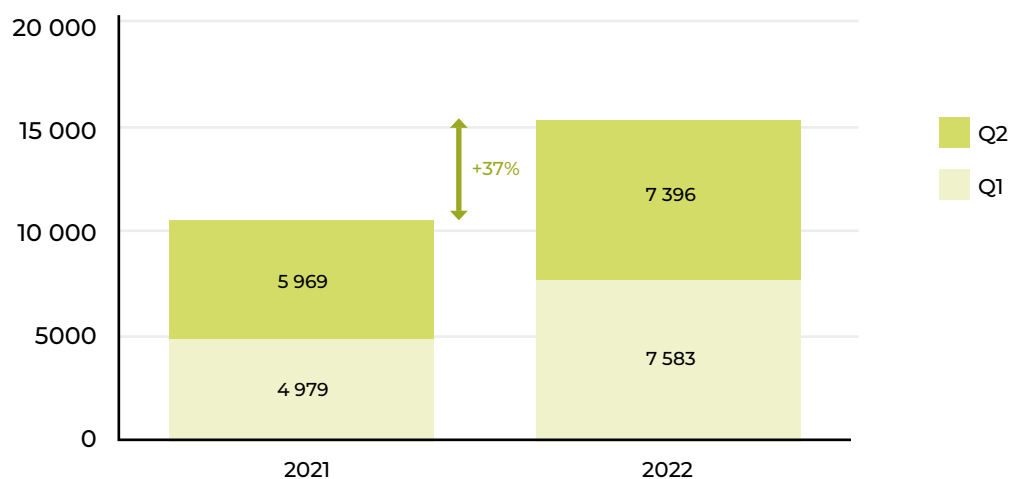
banking channel and our other business developments as a positive sign of the new sales directions.

Despite the HUF 139 million increase in our profit after tax, our equity decreased by HUF 3.2 billion in 2022. The primary reason for this is the unrealized exchange rate loss on our securities portfolio - HUF 2,926 million - which

occurred due to the drastic increase in HUF yields. Since, based on the relevant standards, we recognize the fair value of our securities at market price, the unrealized exchange rate loss caused by the market dynamics in the Hungarian bond market reduces our capital without affecting our after-tax profit.

Graph 10

Gross earned premium by quarters Q2'22 YTD YoY (million HUF)



1.2 The implementing steps of the Growth Strategy:

Precondition for the realization of the growth opportunities at the group level - i.e. jointly with the companies included in the consolidation of the Company's interests (hereinafter: the "Group" or the "CIG Pannónia Group") - was the resumption of the operation of CIG Pannónia Első Magyar Általános Biztosító Zrt. (**EMABIT**), whose first results are mostly visible in the numbers of new acquisitions - new contracts.

We did not change our strategy, that is, in addition to not changing our main goals – i.e. increasing insurance premiums and effectiveness -, we placed emphasis on their development and implementation also in this quarter. The development of our product range and the expansion of the sales channels played a prominent role in the implementation.

In the development of the product portfolio, we achieved two significant results this quarter, we introduced our new passenger and home insurance products, which won the trust of customers in the light of the achieved sales figures. In connection to this we also introduced our Qualified Consumer-friendly Home Insurance product.

When looking at the development of our sales channels, the twenty-year strategic agreement with Euroleasing Zrt needs to be highlighted, within the framework of which, in addition to our property insurance and casco schemes, our credit coverage insurance product became available to Euroleasing's customers.

The status of achieving our strategic goals is illustrated in the figure below

Short-term strategic action areas	Strategic actions	Actual status
Developing a composite product portfolio	1.1 Development of non-life base products	70%
	1.2 Development of non-life technical pricing competence, methodology and platform	25%
	1.3 Development of claims handling and customer management processes (non-life)	80%
	1.4 Developing risk monitoring and risk management branches	80%
	1.5 Developing broker network coverage	95%
	1.6 Developing own agent network	100%
	1.7 Setting up a call center (Telesales)	100%
Laying the foundations for composite operations	2.1 IFRS17 preparations	80%
	2.2 Development of BanCS core system	30%
	2.3 Development of webservices	10%
	2.4 Further development of customer portals	10%
	2.5 Implementing IT operation and development supporting processes and solutions	25%
	2.6 Digitization of claims handling	10%
	2.7 Development of corporate governance and internal operating rules	95%
	2.8 Developing the sales support team	95%
	2.9 Building the structure of an HR organization	100%
	2.10 Development of the organizational culture	60%
Strengthening the retail and corporate market presence	3.1 Increasing brand awareness in the retail and corporate sectors	60%
	3.2 Improving communication towards investors	50%
	3.3 Strengthening banking and corporate partnerships	95%

In addition to the above main goals, the development of brand awareness is also important in the implementation of our strategy, thereby supporting sales. The already mentioned two strategic agreements supported this goal, as we achieved a high number of appearances in major economic media following our related press releases.

We put high emphasis on social media also in the 2nd quarter. The effects of the gradual change in content and visuals, and the performance of the comment-based prize game that encourages activity and the so-called „page like” campaigns, all resulted in the increase of our Facebook page’s followers by nearly 1,000 people.

Between 20 June and 10 July, our Compass Travel Insurance comment-based Facebook prize game took place, during which the players had to answer questions related to the Compass Travel Insurance. As a result of the prize game, which ended in July, the winners received valuable gifts, where a HUF 100,000 VISTA voucher was the main prize, and 5 further gift packages were awarded.

It may already be known from last year that the CIG brand can also be found in the Balaton region, as from mid-May the Kisfaludy ferry, running between Tihany and Szántód continuously throughout the summer, is dressed in CIG colors, carrying more than 1 million passengers in the summer period.

An important element of our strategy is the commitment and organizational „well-being” of our colleagues. Our company’s growth goals can be achieved with a motivated, stable and cooperative team.

To this end, we have introduced additional incentives in the areas of Administration and Customer Service: in both areas, a variable salary system was established that in addition to the quality performance of tasks also measures individual and team performance. In addition to incentivise financially, the goal of the system is to raise the professional level of the participating colleagues to the same level, and in the case of lower performance, to identify and remedy the missing knowledge through additional training and preparation.

In order to implement the development of the already mentioned sales channels, we started to build our Agricultural Insurance team, the first step of which was to fill the sales positions, who provide high-level support to our key partners - Takarékbank’s Agricultural Centers - in order to ensure an excellent customer experience. We paid a lot of attention to the training of these colleagues with a dedicated product, sales and company training program organized for them, since the appropriate level of their knowledge is key to the provision of the previously mentioned quality support.

MAIN EVENTS AND RESULTS OF THE REPORTING PERIOD (REFERENCE PERIOD, Q2) IN THE TIMELINE OF CAPITAL DISCLOSURES AND PREVIOUS EVENTS

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

1.2.1.1. Closing of the 2021 business year

The Company's Board of Directors convened the Annual General Meeting (General Meeting) for 19 April 2022 10:00 a.m., the agenda of which was included in the announcement of the invitation to the General Meeting, published according to the specificities set out in the Company's Articles of Association, Chapter VIII, Point 8. The announcement of the invitation to the General Meeting, as well as - within the legal deadline - the relevant proposals and their annexes, were published on the Company's website³ (www.cigpannonia.hu), on the website operated by the Magyar Nemzeti Bank (www.kozzetetelek.hu) and on the website of the Budapest Stock Exchange (www.bet.hu).

The General Meeting was held valid and successful, and concluded its decisions regarding all points included in the Invitation. The Company published the decisions of the General Meeting immediately after its conclusion³. In particular, the General Assembly accepted the individual and consolidated financial statements and business reports, together with all their annexes, for 2021 prepared on the basis of the international financial reporting standards adopted by the European Union, and also learned and acknowledged the management report presenting the Company's business performance, development and situation prepared by the Board of Directors - which is attached to the Company's individual and consolidated annual report for the year 2021 -; the Supervisory Board and Audit Committee reports for the year 2021 prepared by the Supervisory Board; and the Audit Committee, and the reports prepared by the Auditor.

After the Company decided to develop a substantive corporate and corporate group strategy – one of the components of which is the reconstruction and successful operation of the property (non-life) insurance sales and business in the Hungarian market, changing the private insurance sales product mix, correcting the key sales figures, developing missing sales channels, as well as the expansion of the existing sales capacity,

which, by definition, require financing – the Company took meaningful steps to achieve the outlined goal in full. Accordingly, it formed the appropriate personnel, the regulatory and contractual terms and conditions, and the documentation, it developed the reinsurance framework, and progressed and is progressing in full along its Growth Strategy⁴ announced on 19 July 2021.

Although the aforementioned tasks, as well as further plans will require additional resources both in terms of financing and equity capital in the coming years, the reserve of which the Company's management intends to primarily ensure by using available resources without resorting to loans or other external sources, the compliance with the steps of the Growth Strategy and the results already achieved made it possible to pay dividends for the 2021 business year.

Hence, in relation to the dividend policy, the Company's Board of Directors **submitted to the General Assembly a decision for approval to pay a total of almost HUF 1,700 million in dividends** for the 2021 business year.

Regarding the background of the dividend payment, the Board of Directors emphasized that it attributes particular importance to the presence of the public share, which is the basis of sufficient liquidity and shareholder control, as well as the guarantee of a long-term regulated market presence. In order to create and maintain a circle of investors optimized to the operation of the Company, the Company has set itself the goal of creating a conservative, institutional and small investor group building on its dividend policy, that also matches the interests of the majority shareholder – for which goal to achieve, a predictable dividend policy forms an active tool. In light of these the General Meeting decided that the Company will pay a dividend from the profit after tax and partly from the profit reserve. Based on the profit after tax of HUF 1,160,677 thousand and using a part of the profit reserve, the Company paid as a result of the decision a dividend of HUF 18 per share for the 94,428,260 series „A” ordinary shares with a nominal value of HUF 33 per share. The amount of dividend payments totaled HUF 1,699,709 thousand according to the provisions of the current Articles of Association.

3 https://bet.hu/newkibdata/128708779/20220419_KGY_D%C3%96NT%C3%89SEK.pdf

4 https://bet.hu/site/newkib/hu/2021.07./Strategia_megalkotasa_es_elfogadasa_128587250

5 https://bet.hu/newkibdata/128721933/CIG_Oszt_Fiz_20220518_jav.pdf

After the Company entrusted KELER Zrt., latter paid the dividends in full compliance with the provisions of the announcement published on this subject⁵.

The General Assembly also made decisions regarding the personnel issues of the leading bodies. The General Assembly elected a new member in the person of Ginzer Ildikó to replace Ákos Veisz, the resigning member of the Supervisory Board and Audit Committee, who resigned on the same day. Also - taking into account the expiration of the mandate of some leading and supervisory bodies -, based on the corresponding license granted by the Magyar Nemzeti Bank, for a period of five (5) years the Company elected János Tima as a Member of the Supervisory and Audit Committees and re-elected dr. István Fedák and dr. Péter Bogdánffy as Members of the Board.

Due to the expansion of corporate governance tasks resulting from the Growth Strategy, the increased frequency and the operative nature of the Board's work, the Board of Directors was expanded by one person - with Dr. Miklós Gábor Dakó, the deputy CEO responsible for the Company's corporate governance and prudential adequacy.

In connection with the closing of the 2021 business year, it needs to be further highlighted that the Company's Board of Directors presented at the General Meeting - and at the same time with the General Meeting through the presentation (CEO report⁶) published in the official publication places - the main characteristics of the European and Hungarian insurance market, the results achieved in the 2021 business year focusing on growth and the strategic partnerships, the planned steps of the renewed Growth Strategy of the CIG Group for the years 2021-2026, and outlined the background of the management's stable vision for the capital market presence.

All decisions of the General Assembly became immediately available to the public at https://bet.hu/newkibdata/128708779/20220419_KGY_D%C3%96NT%C3%89SEK.pdf and at the other official publication sites.

1.2.1.2. Others

Further events in Q2 2022 were that the Company

- (i) on 14 April 2022 - immediately after the conclusion of the contract process - informed the public that its subsidiary, CIG Pannónia Első Magyar Általános Biztosító Zrt. (EMABIT) concluded with Magyar Nemzeti Vagyonkezelő Zrt. (headquarters: 1133 Budapest, Pozsonyi út 56.) a fixed-term, three-year property insurance contract in the subject area „Property and liability insurance” with an annual insurance premium of HUF 589,843,922⁷.
- (ii) announced on 26 April 2022 that in the legal case of CIG Pannónia Pénzügyi Közvetítő Zártkörűen Működő Részvénytársaság „under liquidation” (1097 Budapest, Könyves Kálmán körút 11. B.; tax number: 26609063-2-43, registered at the Company Registry of the Capital City Court under company registry number Cg.01-10-140117), considering the cease of its operations, the court ordered the deletion of the company from the company register with effect from 25 April 2022⁸.
- (iii) on 3 May 2022 informed the public that the Company and EMABIT (together: CIG Pannónia Group) with MKB Bank Nyrt. (headquarters: 1056 Budapest, Váci u. 38.; company registry number: 01-10-040952) and as a step arising from the framework agreement concluded with Magyar Bankholding Zrt. (headquarters: 1134 Budapest, Kassák Lajos utca 18.; company registry number: 01-10-140865) concluded a strategic cooperation framework agreement for twenty years also with Euroleasing Pénzügyi Szolgáltató Zrt. (headquarters: 1134 Budapest, Lőportár u. 24.). Based on and pursuant to the framework agreement, with the long-term cooperation, the CIG Pannónia Group - by providing various property insurance and casco constructions and credit collateral insurance products - covers almost the entire range of the insurance needs of all of the contracting partner's customer segments (residential, SME, large corporate and agricultural)⁹.

6 https://bet.hu/site/newkib/hu/2022.04./Kozgyules_reszere_keszitett_vezerigazgatoi_prezentacio_128708789

7 https://bet.hu/site/newkib/hu/2022.04./RENDKIVULI_TAJEKOZTATAS_konszolidacios_korbe_bevont_leanyvallalattal_kapcsolatban_128707803

8 https://bet.hu/newkibdata/128712957/CIG_PPK_20220426.pdf

- (iv) in May 2022, in the form of an extraordinary announcement, gave an account of the approval by the Magyar Nemzeti Bank of the Members of the Board of Directors and the Supervisory Board elected at the General Assembly, both in relation to the Company and EMABIT; as well as
- (v) fulfilling his obligation set forth in the law (according to Article 19 of Regulation (EU) No. 596/2014 on market abuse (MAR)) disclosed in all official publication places that a) as the CEO of the Company and as a person performing leading duties, Dr. István Fedák on 17 May 2022 purchased a total of 9,000 registered CIG Pannónia ordinary shares with a nominal value of HUF 33 (ISIN: HU0000180112) in market circulation at an average price of HUF 324.33/share, for a total net value of HUF 2,919,000, and b) CEO Zoltán Polányi on 17 May 2022 purchased a total of 7,395 registered CIG Pannónia ordinary shares with a nominal value of HUF 33 in market circulation at an average price of HUF 324/share, for a total net value of HUF 2,395,980.
- (vi) on 31 May 2022 amended the previously - on 30 December 2021 - published calendar of events for the 2022 business year due to the completeness of the future planning of the financial area and the consideration of changing components – which were beyond the control of our Company - by specifying two new dates. The calendar of events amended this way - clearly marking the amended dates - was published as an annex to the extraordinary announcement in a unified structure including the amendments¹⁰.

1.2.2. Events after the balance sheet date and thus after the reporting period

The Company informed in two consecutive announcements, that, based on the agreement published on 18 October 2021 by CIG Pannónia – the Agreement concluded with BNP Paribas Cardif Életbiztosító Zrt. (headquarters: 1062 Budapest, Teréz körút 55-57, company registration number: 01-10-044718) and with BNP Paribas Cardif Biztosító Zrt. (headquarters:

1062 Budapest, Teréz körút 55-57., company registration number: 01-10-044717) (collectively: BNP Paribas Cardif Biztosítók) - Magyar Nemzeti Bank (Hungarian National Bank, MNB) authorized with its decision no. H-EN-II-115/2022 dated 13 July 2022, that BNP Paribas Cardif Biztosító Zrt.'s contract portfolio containing all group non-life insurance contracts (credit coverage insurance resulting from non-life insurance contracts [except residential property insurance with credit coverage clause], insurance against various financial losses, other residential property insurance contracts) and to which the insurance contracts are contracted by MKB Bank Nyrt., as the legal successor of BUDAPEST Hitel- és Fejlesztési Bank Zártkörűen Működő Részvénytársaság, are transferred to CIG Pannónia Első Magyar Áltános Biztosító Zrt. with the effect of 1 September 2022. With its decision no. HEN-II-115/2022 dated 13 July 2022 Magyar Nemzeti Bank also authorized that - likewise based on the referred Agreement - BNP Paribas Cardif Életbiztosító Zrt.'s contract portfolio containing all group life insurance contracts (insurance contracts belonging to the risk group of group credit coverage life insurance) and to which the insurance contracts are contracted by MKB Bank Nyrt., as the legal successor of BUDAPEST Hitel- és Fejlesztési Bank Zártkörűen Működő Részvénytársaság, are transferred to CIG Pannónia Életbiztosító Nyrt. with effect of 1 September 2022. Following the transfer of the portfolio, CIG Pannónia Biztosítók will be the insurer of the portfolio of contracts specified in the license of the Magyar Nemzeti Bank, which will be reinsured by BNP Paribas Cardif Biztosítók in accordance with the aforementioned Agreement. The Company previously also published that there is no obstacle to the acquisition of the stocks by the Economic Competition Office, so there are no additional conditions for the transactions to be concluded based on the given MNB license.

Budapest, 22 August 2022

CIG Pannónia Életbiztosító Nyrt.

9 https://bet.hu/site/newkib/hu/2022.05./Rendkívüli_tajekoztatás_keretmegállapodásról_128720703

10 https://bet.hu/site/newkib/hu/2022.05./Rendkívüli_tajekoztatás_a_Társaság_2022._évre_vonatkozó_esemenynaptárban_bekövetkezett_valtozasokról_128734949

11 https://bet.hu/site/newkib/hu/2022.07./RENDKIVÜLI_TAJEKOZTATÁS_Gazdasági_Versenyhivatali_altali_hatosagi_bizonyítvány_megadásáról_128754396

12 https://bet.hu/site/newkib/hu/2022.07./RENDKIVÜLI_TAJEKOZTATÁS_-_MNB_engedély_megadása_szerződésállomány_atruházására_vonatkozóan_128756679

2. FINANCIAL STATEMENTS

Table 1 Consolidated Statement of Comprehensive Income – cumulated data (data in million HUF)

	2022 Q1-Q2 (A)	2021 Q1-Q4 (C) restated	2021 Q1-Q2 (B) restated	Change (A)-(B)
Gross written premium	14 979	22 845	10 948	4 031
Changes in unearned premiums reserve	-855	-157	23	-878
Earned premiums, gross	14 124	22 688	10 971	3 153
Ceded reinsurance premiums	-954	-502	-219	-735
Earned premiums, net	13 170	22 186	10 752	2 418
Premium and commission income from investment contracts	63	147	60	3
Commission and profit sharing due from reinsurers	205	60	32	173
Interest income calculated using the effective interest method	428	475	215	213
Investment income	283	11 616	6 848	-6 565
Yield on investment accounted for using equity method (profit)	173	808	159	14
Other operating income	374	1 113	441	67
Other income	1 526	14 219	7 755	-6 229
Total income	14 696	36 405	18 507	-3 811
Claim payments and benefits, claim settlement costs	-7 527	-15 465	-7 821	294
Recoveries, reinsurer's share	231	147	72	159
Net changes in value of the life technical reserves and unit-linked life insurance reserves	1 490	-11 964	-6 591	8 081
Investment expenses	-3 912	-240	-77	-3 835
Impairment and impairment reversal of financial assets	-9	-14	-	-9
Change in the fair value of liabilities relating to investment contracts	326	-437	-277	603
Investment expenses, changes in reserves and benefits, net	-9 401	-27 973	-14 694	5 293
Fees, commissions and other acquisition costs	-3 178	-4 154	-1 933	-1 245
Other operating costs	-1 195	-2 256	-1 106	-89
Other expenses	-167	-239	-152	-15
Operating costs	-4 540	-6 649	-3 191	-1 349
Result of assets held for sale	-	3	3	- 3
Profit/Loss before taxation	755	1 786	625	130

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

	2022 Q1-Q2 (A)	2021 Q1-Q4 (C) restated	2021 Q1-Q2 (B) restated	Change (A)-(B)
Tax income/expenses	-110	-192	-119	9
Deferred tax income/expenses	-	88	-	-
Profit/Loss after taxation	645	1 682	506	139
Comprehensive income, wouldn't be reclassified to profit or loss in the future	-275	-575	-205	-70
Comprehensive income, would be reclassified to profit or loss in the future	-2 926	-1 801	-480	-2 446
Other comprehensive income	-3 201	-2 376	-685	-2 516
Total comprehensive income	-2 556	-694	-179	-2 377
Profit/loss after taxation attributable to the Company's shareholders	645	1 675	507	138
Profit/loss after taxation attributable to NCI	-	7	-1	1
Profit/Loss after taxation	645	1 682	506	139
Total comprehensive income attributable to the Company's shareholders	-2 556	-701	-178	-2 378
Total comprehensive income to NCI	-	7	-1	1
Total comprehensive income	-2 556	-694	-179	-2 377
Earnings per share of the Company's shareholders				
Basic earnings per share (HUF)	6,9	17,8	5,4	1,5
Diluted earnings per share (HUF)	6,9	17,8	5,4	1,5
Earnings per share of NCI's				
Basic earnings per share (HUF)	-	0,1	-	-
Diluted earnings per share (HUF)	-	0,1	-	-

Table 2 Consolidated Statement of Comprehensive Income – standalone quarterly data (data in million HUF)

	2022Q2 (A)	2022Q1 (B) restated	Change (A)-(B)
Gross written premium	7 474	7 505	-31
Changes in unearned premiums reserve	-44	-811	767
Earned premiums, gross	7 430	6 694	736
Ceded reinsurance premiums	-566	-388	-178
Earned premiums, net	6 864	6 306	558
Premium and commission income from investment contracts	24	39	-15
Commission and profit sharing due from reinsurers	94	111	-17
Interest income calculated using the effective interest method	229	199	30
Other investment income	231	52	179
Yield on investment accounted for using equity method (profit)	80	93	-13
Other operating income	214	160	54
Other income	872	654	218
Total income	7 736	6 960	776
Claim payments and benefits, claim settlement costs	-3 744	-3 783	39
Recoveries, reinsurer's share	167	64	103
Net changes in value of the life technical reserves and unit-linked life insurance reserves	609	881	-272
Investment expenses	-1 845	-2 067	222
Impairment and impairment reversal of financial assets	-11	2	-13
Change in the fair value of liabilities relating to investment contracts	50	276	-226
Investment expenses, changes in reserves and benefits, net	-4 774	-4 627	-147
Fees, commissions and other acquisition costs	-1 647	-1 531	-116
Other operating costs	-617	-578	-39
Other expenses	-57	-110	53
Operating costs	-2 321	-2 219	-102
Result of assets held for sale	0	0	0
Profit/Loss before taxation	641	114	527

Consolidated Statement of Comprehensive Income – standalone quarterly data continuation (data in million HUF)

	2022Q2 (A)	2022Q1 (B) restated	Change (A)-(B)
Tax income/expenses	-62	-48	-14
Deferred tax income/expenses	0	0	0
Profit/Loss after taxation	579	66	513
Comprehensive income, wouldn't be reclassified to profit or loss in the future	-402	127	-528
Comprehensive income, would be reclassified to profit or loss in the future	-1 476	-1 450	-27
Other comprehensive income	-1 878	-1 323	-555
Total comprehensive income	-1 299	-1 257	-42
Profit/loss after taxation attributable to the Company's shareholders	579	66	513
Profit/loss after taxation attributable to NCI	0	0	0
Profit/Loss after taxation	579	66	513
Total comprehensive income attributable to the Company's shareholders	-1 299	-1 257	-42
Total comprehensive income to NCI	0	0	0
Total comprehensive income	-1 299	-1 257	-42

Table 3 Number of average shares used to calculate earnings per share:

Date	Issued ordinary shares (db)	Treasury shares (db)	Days	Weighted average number of shares
31.12.2021	94 428 260	474 006	181	93 954 254
30.06.2022	94 428 260	474 006	181	93 954 254

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.

Table 4 Consolidated Statement of Financial Position (data in million HUF)

ASSETS	30 June 2022 (A)	31 December 2021 restated (C)	30 June 2021 restated (B)	Change (A)-(B)
Intangible Assets	908	720	533	375
Property, plant and equipment	160	179	180	-20
Right-of use assets	499	494	398	101
Deferred tax asset	474	474	386	88
Deferred acquisition costs	1 685	1 328	1 189	496
Reinsurer's share of technical reserves	1 138	453	313	825
Investments accounted for using the equity method	343	1 013	364	-21
Available-for-sale financial assets	0	28 409	27 006	-2 428
Other financial assets at fair value	24 578	0	0	
Investments for policyholders of unit-linked life insurance policies	83 986	85 664	81 683	2 303
Financial assets – investment contracts	5 264	5 238	3 825	1 439
Financial asset - derivatives	0	1	0	0
Receivables from insurance policy holders	2 046	1 958	1 645	401
Receivables from insurance intermediaries	84	56	63	21
Receivables from reinsurance	3	88	68	-65
Other assets and prepayments	147	76	32	115
Other receivables	276	183	331	-55
Cash and cash equivalents	2 714	1 498	1 175	1 539
Assets held for sale	0	0	87	-87
Total Assets	124 305	127 832	119 278	5 027
LIABILITIES				
Technical reserves	20 525	19 320	16 626	3 899
Technical reserves for policyholders of unit-linked life insurance policies	83 986	85 664	81 683	2 303
Investment contracts	5 264	5 238	3 825	1 439
Financial liabilities-derivatives	39	12	2	37
Loans and financial reinsurance	8	38	64	-56
Liabilities from reinsurance	731	279	106	625
Liabilities to insurance policy holders	954	882	826	128
Liabilities to insurance intermediaries	345	244	223	122
Lease liabilities	559	532	407	152
Other liabilities and provisions	2 919	2 435	1 789	1 130
Liabilities to shareholders	35	20	20	15
Liabilities held for sale	0	0	24	-24
Total Liabilities	115 365	114 664	105 595	9 770
Net Assets	8 940	13 168	13 683	-4 743

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

ASSETS	30 June 2022 (A)	31 December 2021 restated (C)	30 June 2021 restated (B)	Change (A)-(B)
SHAREHOLDERS' EQUITY				
Share capital	3 116	3 116	3 116	-
Capital reserve	1 153	1 153	1 153	-
Treasury shares	-32	-32	-32	-
Share-based payment	23	-	9	14
Other reserves	-6 283	-3 147	-1 456	-4 827
Retained earnings	10 963	12 078	10 901	62
Equity attributable to the Company's Shareholders	8 940	13 168	13 691	-4 751
Non-controlling interest	-	-	-8	8
Total Shareholder's Equity	8 940	13 168	13 683	-4 743



Table 5 Consolidated Changes in Equity Q1-Q2 2022 (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 2021	3 116	1 153	-	-32	-3147	12 078	13 168	-	13 168
Impact of Amendment to IFRS 9 Accounting Policies	-	-	-	-	65	-65	-	-	-
Restated balance on 1 January 2022	3 116	1 153	-	-32	-3 082	12 013	13 168	-	13 168
Total comprehensive income									
Other comprehensive income	-	-	-	-	-3 201	-	-3 201	-	-3 201
Profit in reporting year	-	-	-	-	-	645	645	-	645
Transactions with equity holders recognized directly in Equity									
Share-based payments	-	-	23	-	-	-	23	-	23
Dividend payments	-	-	-	-	-	-1 700	-1 700	-	-1 700
Transactions with NCI									
Derecognition of NCI	-	-	-	-	-	5	5	0	5
Balance on 30 June 2022	3 116	1 153	23	-32	-6 283	10 963	8 940	-	8 940



Table 6 Consolidated Changes in Equity Q1-Q2 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	-	-	-	-	-685	-	-685	-	-685
Profit in reporting year	-	-	-	-	-	507	507	1	506
Transactions with equity holders recognized directly in Equity									
Treasury share purchase	-	-	-	-32	-	-	-32	-	-32
Balance on 30 June 2021	3 116	1 153	9	-32	-1 456	10 901	13 691	-8	13 683

Table 7 Consolidated Statement of Cash Flows (data in million HUF)

	2022 Q1-Q2	2021 Q1-Q4	2021 Q1-Q2
Profit/loss after taxation	645	1 682	506
Modifying items			
Depreciation and amortization	204	384	176
Extraordinary depreciation	7	-2	0
Booked/reversed impairment, debt cancelled	-61	14	-11
Result of assets sales	49	49	32
Share-based services	-	-7	-7
Exchange rate changes	-75	-20	-8
Share of the profit or loss of associates accounted for using the equity method	-173	-808	-159
Deferred tax	-	-88	-
Income taxes	110	192	119
Income on interest	-394	-476	-215
Result of derivatives	-66	-2	65
Provisions (-/+)	-55	-509	-137
Termination of leasing assets	13	4	0
Interest cost	2	7	4
Change of active capital items:			
Increase / decrease of deferred acquisition costs (-/+)	-357	-113	26
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	547	-11 542	-6 248
Increase / decrease of financial assets – investment contracts (-/+)	1 105	-1 008	-909
Increase / decrease of receivables from insurance contracts and other receivables (-/+)	-79	-149	53
Increase / decrease of reinsurer's share from technical reserves (-/+)	-685	169	309
Increase / decrease of other assets and active accrued and deferred items (-/+)	-71	-50	-6
Increase / decrease of technical reserves (+/-)	1 260	3 231	79
Increase / decrease of liabilities from insurance (-/+)	625	333	83
Increase / decrease of investment contracts (+/-)	-1 105	1 008	909
Increase / decrease of technical reserves due to unit-linked life insurance (+/-)	-547	11 542	6 248
Increase / decrease of other liabilities (+/-)	532	1 067	27
Paid income taxes	-109	-189	-106
Increase/ decrease in assets held for sale (-/+)	-	294	208
Increase/ decrease in liabilities held for sale (+/-)	-	-199	-175
Settlement of assets held for sale	-	-23	0
Share-based payment	23	-	-
Cash flows from operating activities	1 345	4 791	863

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

	2022 Q1-Q2	2021 Q1-Q4	2021 Q1-Q2
Cash flow from investing activities			
Purchase of debt instruments (-)	-6 511	-25 916	-9 908
Sales of debt instruments (+)	7 363	21 364	9 180
Sales of equity instruments (+)	12	0	0
Purchase of tangible and intangible assets (-)	-301	-573	-241
Sales of tangible and intangible assets (-)	1	26	16
Result of derivatives	94	24	52
Interest received/paid	205	704	171
Dividend received	844	436	436
Cash flow from investing activities	1 707	-3 935	-398
Cash flow from financing activities			
Lease instalments payment	-64	-71	-26
Lease interest payment	-8	-9	-4
Purchase of treasury shares	-	-32	-32
Repayment of loans and their interests	-33	-118	-87
Dividend payment	-1697	-	0
Cash flow from financing activities	-1 802	-230	-149
Impacts of exchange rate changes	-34	11	-3
Net increase / decrease of cash and cash equivalents (+/-)	1 216	637	313
Cash and cash equivalents at the beginning of the period	1 498	862	862
Financial assets of discontinued operations at the end of the year	0	0	0
Cash and cash equivalents at the end of the period	2 714	1 498	1 175

3. TRANSITION TO IFRS 9

From 2022, the Company decided to apply IFRS 9. Previously, it deferred the adoption of IFRS 9 until the introduction of IFRS 17 under the exemption of paragraph 20K of IFRS 4. The introduction of IFRS 17 is effective from 01.01.2023, however, according to the current decision of the Company, IFRS 9 will be applied from 01.01.2022. One of the reasons for the application of IFRS 9 one year earlier is that when IFRS 17 is introduced, the Company needs to present data in accordance with IFRS 9 for the comparative period. In addition, the Company believes that the impairment principles in IFRS 9 allow for a more realistic presentation considering the current capital market conditions.

IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities and replaces the standard IAS 39 Financial Instruments: Classification and Measurement. The significant effects of the change in accounting policy on the Company's financial statements are described below.

Classification and measurement

IFRS 9 retains the existing principles of IAS 39 in many respects of classification and measurement, however, it applies fewer categories for the classification of financial assets and liabilities, i.e. the category of held-to-maturity loans, receivables and held-for-sale financial assets is eliminated. The Company performed the business model tests required for classification as at the date of transition. Financial assets are to be presented at the amortized cost if the Company intends to collect the cash flows from the contractual obligation, which typically consist of equity and interest, and measures them not through profit or loss at fair value.

Debt assets are measured at fair value through other comprehensive income, if they are not measured at fair value through profit or loss by the Company and the Company's intention with holding them is to collect the cash flows from the contractual obligation, which typically consists of equity and interest, and their sale.

In the case of initial application, with respect to the non-trading equity instruments, the Company may irrevocably decide fair measurement through other comprehensive income. The decision must be made on an instrument-

by-instrument basis.

All financial assets that the Company measures not through amortized cost or through other comprehensive income, are to be measured at fair value through profit or loss, including derivatives. Financial assets (other than trade receivables that do not have a significant financing component, which are to be measured at transaction price) are initially measured at fair value plus direct transaction costs.

The following need to be applied at the measurement following the initial measurement:

- Assets measured at fair value through profit or loss at fair value; related income and expenses (including interest and dividend income) are recognized in profit or loss.
- Assets measured at amortized cost are measured at amortized cost using the effective interest method; interest income, foreign currency revaluations, impairment and sales results are also recognized in profit or loss.
- Debt instruments measured at fair value through other comprehensive income are to be measured at fair value. Interest income recognized using the effective interest method, foreign currency revaluations and impairment are recognized in profit or loss, and the measurement difference due to the market prices are to be recognized through other comprehensive income. In case of a sale, the differences accumulated in the revaluation reserve are reversed through profit or loss
- Ownership assets measured at fair value through other comprehensive income are to be measured at fair value. Dividends are recognized in profit or loss, all measurement differences are recognized through other comprehensive income and are never reversed through profit or loss.

The following effects incur in connection with the Company's financial statements upon transition to IFRS 9.

There has been one single significant change in the consolidated statement of financial position compared to the presentation in accordance with IAS 39. From 2022, financial assets previously presented under Available-for-sale financial assets will be presented by the Company

under Other financial assets at fair value.

Company presents following assets under this financial line:

- Financial assets used to cover reserves for traditional (non-unit-linked) life insurance contracts, which typically consist of government securities and corporate bonds. They are measured through other comprehensive income.
- Financial assets underlying the equity, which likewise consist of government securities and corporate bonds, and are also measured by the Insurer through other comprehensive income.
- The Company measures its existing shareholding in OPUS GLOBAL Plc. purchased as a strategic share through other comprehensive income using the fair value method. With respect to the strategic interest, the Company applied the “designation” option of IFRS 1 in relation to IFRS 9, paragraph 5.7.5, when

transitioning to individual IFRSs, which allows for the irrevocable decision of share-type investments to be measured through equity. Thus, any change in the fair value of the strategic interest is to be recognized through other comprehensive income and not in profit after tax, except for dividend income. Changes in recognized capital do not reverse to profit after tax even upon derecognition.

The effect of the change in accounting policy on the consolidated statement of financial position is presented in the below table for the data as of 31 December 2021.

Table 8 Consolidated Statement of Financial Position at 31 December 2021 (data in HUF millions)

ASSETS	IAS 39 classification	IFRS 9 classification	31.12.2021 IAS 39	01.01.2022 IFRS 9
Intangible Assets	-	-	720	720
Property, plant and equipment	-	-	179	179
Right of use assets	-	-	494	494
Deferred tax asset	-	-	474	474
Deferred acquisition costs	-	-	1 328	1 328
Reinsurer's share of technical reserves	-	-	453	453
Investments accounted for using the equity method	-	-	1 013	1 013
Available-for-sale financial assets	Available-for-sale financial assets	-	28 409	
Other financial assets at fair value	-	Financial assets at fair value through other comprehensive income		28 175
	-	Financial assets at fair value through profit or loss		234
Investments for policyholders of unit-linked life insurance policies	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	84 533	84 533
Financial assets – investment contracts	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	6 369	6 369
Financial asset – derivatives	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	1	1
Receivables from insurance policy holders	-	-	1 910	1 910

Consolidated Statement of Financial Position at 31 December 2021 continuation (data in HUF millions)

Receivables from insurance intermediaries	Loans and receivables	Financial assets measured at amortized cost	56	56
Receivables from reinsurance	Loans and receivables	Financial assets measured at amortized cost	88	88
Other assets and prepayments	Loans and receivables	Financial assets measured at amortized cost	76	76
Other receivables	Loans and receivables	Financial assets measured at amortized cost	183	183
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortized cost	1 498	1 498
Assets held for sale	-	-	-	-
Total assets			127 784	127 784
LIABILITIES	IAS 39 classification	IFRS 9 classification	31.12.2021 IAS 39	01.01.2022 IFRS 9
Technical reserves	-	-	19 298	19 298
Technical reserves for policyholders of unit-linked life insurance policies	-	-	84 533	84 533
Investment contracts	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through profit or loss	6 369	6 369
Financial liabilities-derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through profit or loss	12	12
Loans and financial reinsurance	Other financial liabilities	Financial assets measured at amortized cost	38	38
Liabilities from reinsurance	Other financial liabilities	Financial assets measured at amortized cost	279	279
Liabilities to insurance policy holders	Other financial liabilities	Financial assets measured at amortized cost	882	882
Liabilities to insurance intermediaries	-	-	244	244
Lease liabilities	-	-	532	532
Other liabilities and provisions	Other financial liabilities	Financial assets measured at amortized cost	2 409	2 409
Liabilities to shareholders	Other financial liabilities	Financial assets measured at amortized cost	20	20
Liabilities held for sale	-	-	-	-
Total liabilities	-	-	114 616	114 616
NET ASSETS	-	-	13 168	13 168

* Not all assets / liabilities of the balance sheet line fall within the scope of IAS 39 / IFRS 9

The consolidated statement of comprehensive income has been amended by the Company as a result of the change in the accounting policy as follows.

Due to compliance with IFRS 9, it is necessary to take out from the results presented previously under the line Income from investments the line Interest income calculated using the effective interest method, which includes interest income of all financial assets accounted for using the effective interest method. The item Other investment income also includes the income from realized exchange rate differences recognized in addition to interest income, the positive result of foreign currency revaluations and the income from derivatives. Impairment and impairment reversal of financial assets, which includes the recognition of impairment losses on financial assets in accordance with IFRS 9, has also been taken out from the line Investment expenses. In addition, the Company continues to present under the line Investment expenses its interest expenses, negative foreign exchange revaluation gains, realized foreign exchange losses, negative foreign exchange gains on derivatives and other investment-related expenses.

The Company has also reclassified investment result items in the consolidated statement of comprehensive income for the comparative period to ensure comparability.

The effect of the change in accounting policy on the consolidated statement of comprehensive income is presented in the below table for data of the year 2021.

Consolidated statement of comprehensive income	Consolidated statement of comprehensive income (original title)	2021 IAS 39	2021 IFRS 9
Gross written premium		22 713	22 713
Changes in unearned premiums reserve		-157	-157
Earned premiums, gross		22 556	22 556
Ceded reinsurance premiums		-502	-502
Earned premiums, net		22 054	22 054
Premium and commission income from investment contracts		223	223
Commission and profit sharing due from reinsurers		60	60
Interest income calculated using the effective interest method	Income from investments	12 091	475
Other investment income	Income from investments		11 616
Yield on investment accounted for using equity method(profit)		808	808
Other operating income		1 113	1 113
Other income		14 295	14 295
Total income		36 349	36 349
Claim payments and benefits, claim settlement costs		-15 059	-15 059
Recoveries, reinsurer's share		147	147
Net changes in value of the life technical reserves and unit-linked life insurance reserves		-12 153	-12 153

Investment expenses	Investment expenses		-240
Impairment and impairment reversal of financial assets	Investment expenses	-254	-14
Change in the fair value of liabilities relating to investment contracts		-598	-598
Changes in fair value of assets and liabilities related to embedded derivatives		-	-
Investment expenses, changes in reserves and benefits, net		-27 917	-27 917
Fees, commissions and other acquisition costs		-4 154	-4 154
Other operating costs		-2 256	-2 256
Other expenses		-239	-239
Operating costs		-6 649	-6 649
Result of assets held for sale		3	3
Profit/Loss before taxation		1 786	1 786
Tax income/expenses		-192	-192
Deferred tax income/expenses		88	88
Profit/Loss after taxation		1 682	1 682
Other comprehensive income, would not be reclassified to profit or loss in the future		-	-575
Other comprehensive income, would be reclassified to profit or loss in the future		-2 376	-1 801
Other comprehensive income		-2 376	-2 376
Total comprehensive income		-694	-694

Impairment effects

In accordance with IFRS 9, the Insurer recognizes expected credit losses for financial assets at fair value not through profit or loss, i.e. financial assets of the debt instrument type at fair value through other comprehensive income (impairment is not relevant in the case of equity instruments) and financial assets measured at amortized cost.

Expected credit losses are probability-weighted estimates of credit losses over the expected lifetime of the financial asset (i.e. the present value of all expected cash flow shortfalls). The estimate of expected credit losses always has to reflect both possibilities of credit losses occurring and not occurring, even if the most likely outcome is that no credit loss will occur. The estimate of expected credit losses has to reflect an unbiased and probability-weighted amount, which is determined by evaluating different possible outcomes. In determining the credit losses, the Insurer also takes into account forward-looking information.

The Insurer assesses the expected credit loss of the given financial asset at the same amount as the 12-month expected credit loss (Stage 1), if the credit risk of the financial asset is low or has not increased significantly since the initial recognition. The 12-month expected credit loss is part of the expected lifetime credit loss. It represents the expected credit loss that may occur in the 12 months after the balance sheet date as a result of defaults on the financial instrument.

At each balance sheet date the Insurer recognizes expected credit losses over the entire lifetime (Stage 2 and Stage 3) in the following cases:

- if the credit risk of the particular financial asset has increased significantly since initial recognition but the financial asset is not impaired („Stage 2 financial assets“);
- if the particular financial asset is impaired at the balance sheet date („Stage 3 financial assets“);
- for trade receivables and receivables from insurance intermediaries (the Insurer uses a simplified model to determine the expected credit loss).

The expected credit loss over the entire lifetime of the financial asset is the expected credit loss that arises from all possible events of default during the lifetime of the financial asset.

The Insurer considers financial assets to have a low credit risk when their external rating is BBB- (Standard & Poors rating) or better, i.e. the assets are recommended for investment (“investment grade”). In the case of its government securities and externally rated financial assets other than government securities - if they do not have a low credit risk on the balance sheet date - the Insurer considers a deterioration of at least 2 notch ratings to be a significant increase in credit risk. Government bonds are currently rated BBB.

The Company performed an impairment test of financial assets by 1 January 2022, the date of transition to IFRS 9, as a result of which an impairment loss of HUF 65 million is justified compared to the impairment recognized by IAS 39. The recognition of this difference, i.e. the effect of the change in accounting policy in the measurement of financial assets and liabilities, is shown as the 01.01.2022 change through retained earnings, as seen in the statement of changes in equity. The Company applies IFRS 9 retrospectively with the exception (based on paragraph 7.2.15) that re-disclosure of the comparative period is not required.

4. MODIFICATION OF ACCOUNTING POLICY FOR INVESTMENT CONTRACTS

Contract classification – separation of insurance and investment contracts

Insurance contracts are contracts in which the Company assumes a significant insurance risk from the policyholder by agreeing to indemnify the policyholder in the event that an uncertain future event (insurance event) adversely affects him/her. The insurance risk is significant if and only if, at the time of concluding the contract, it can be assumed that there is an economically realistic insurance event that would require the Insurer to make a significant additional payment compared to if the insurance event had not occurred. Such contracts remain insurance contracts after the conclusion of the contract until all rights and obligations related to the contract cease or expire.

In order to determine the significance of the insurance risk for each contract up to now, it has been determined that in the case of regular premium payment how the initial insurance amount is proportional to the sum of the initial regular premium and the initial top-up payments, and in the case of a single premium payment, how the risk excess service is proportional to the single premium.

The Company classified the risk as significant if it reached 5 percent. Contracts containing a significant insurance risk were accounted for as insurance contracts. In the case of contracts that do not fulfill the condition, at the first level, if there was an initial top-up payment, the components related to the regular/single and the top-up premium payments were separated; the latter were accounted for as investment contracts. With regard to the regular/single premium payment component, the above-described test was repeatedly carried out by the Company. If the result of the test was that the insurance risk is significant, then the component was accounted for as an insurance contract, otherwise as an investment contract.

In the case of the portfolios acquired during the acquisition of MKB Életbiztosító Zrt., the Insurer retained the original classification regarding the insurance/investment classification of the contracts, evaluating them according to the classification applied at the time

the insurance contract was concluded. Regarding these contracts, it considered contracts with a risk ratio below 10% as investment contracts. The investment contracts determined according to this ratio form an expiring portfolio.

As of the second quarter of 2022, for the classification of insurance and investment contracts, the Company clarified its accounting in terms of the separation of the components of a contract. To determine the significance of the insurance risk it continues to compare the initial investment and the service payment.

The policyholder's initial investment includes the first regular premium installment or single premium, as well as any top-up premiums that they wish to pay together with the first regular premium installment or single premium. The initial settled premium is the regular, single or top-up premium credited to the contract until the issue date of the policy.

In the future, the Insurer qualifies a unit-linked contract as an insurance contract if the initial settled premium is positive and the maximum of the guaranteed insurance amount, the risk-excess service and all additional, complementary insurance amounts related to the contract is at least 5% compared to the initial settled premium or if the initial settled premium is zero and the sum of the guaranteed insurance amount, the risk-excess service and all additional, complementary insurance amounts related to the contract is positive.

Separation of investment contracts, paid premiums

The contracts described above, which primarily represent the transfer of financial risks, are not accounted for by the Insurer as insurance contracts, but as investment contracts and are separated into two parts:

- a financial liability part, that is accounted for in accordance with IFRS 9,
- and an investment service contract part, which (the related income) is accounted for according to IFRS 15.

The amounts to be repaid to the investor are accounted for using deposit accounting, based on which the received amounts, after validating the cost coverage according to the contractual conditions, are directly included in the statement of financial position as a financial liability towards the investor.

Services

In the case of investment contracts, the paid services are not included in the comprehensive income statement, their effect is realized in the reduction of liabilities arising from investment contracts.

Acquisition costs

Acquisition costs include all direct and indirect costs that arise in connection with the conclusion of investment contracts. All acquisition costs are accounted for as a cost as they incur. The part of the settled acquisition costs, which is covered by the premiums of the investment contract in later periods or the commissions returned from the intermediaries in the event of the cancellation of the contract, is accrued until the relevant cost coverage is received by the Insurer. The Insurer individually evaluates the probability of recovering the accrued acquisition costs. If the cover for the accrued cost is not expected to arrive, or if the investment contract is terminated, the Insurer will terminate the accrual and recognize the cost against the result (among Fees, commissions and other acquisition costs).

Liabilities

All liabilities arising from investment contracts are classified by the Insurer as valued at fair value against profit and loss upon initial recognition, since the Insurer manages these financial liabilities together with the related assets (investments) on a fair value basis. The value of financial liabilities arising from investment contracts is determined based on the net asset value of the investment funds divided into investment units on the reporting date.

In addition, other accounting technical reserves related to investment contracts (in addition to unit-linked reserves) are reclassified to the balance sheet line of other liabilities and provisions.

Premium and commission income from investment contracts

Premium income includes a number of fees levied in connection with investment and insurance contracts, the amount of which is determined by the product conditions (e.g. administration fee, management fee, fee of asset fund change, risk fee). The fees charged for investment management services are recognized as income during the period of service provision, in the case of single premium contracts, the standard management fee which is in proportion to the fund value and which dominates deductions, is a similar amount each year. In the case of contracts with regular premium, the deduction of the management fee varies in proportion to the managed assets. The contract conclusion and administration fees of a contract are recognized by the Insurer at the beginning of the term, in parallel with the emergence of the service (i.e. registration and creation of the contract in the systems). The costs charged to the customer related to the payment of the services are presented when the services are paid.

The accounting policy amendment affected the statement of the Insurer's financial position and the statement of comprehensive income for the comparative period (30 June 2021) as follows.

Table 9 Consolidated Statement of Cash Flows (data in HUF millions)

Consolidated statement of comprehensive income 30 June 2021	Restated	Original	Change
Gross written premium	10 948	10 830	118
Changes in unearned premiums reserve	23	23	-
Earned premiums, gross	10 971	10 853	118
Ceded reinsurance premiums	-219	-219	-
Earned premiums, net	10 752	10 634	118
Premium and commission income from investment contracts	60	95	-35
Commission and profit sharing due from reinsurers	32	32	-
Income of investments	-	7 063	-
Interest income calculated using the effective interest method	215	-	-
Other investment income	6 848	-	-
Yield on investment accounted for using equity method	159	159	-
Other operating income	441	441	-
Other income	7 755	7 790	-35
Total income	18 507	18 424	83
Claim payments and benefits, claim settlement costs	-7 821	-7 610	-211
Recoveries, reinsurer's share	72	72	-
Net changes in value of the life technical reserves and unit-linked life insurance reserves	-6 591	-6 629	38
Investment expenses	-77	-77	-
Impairment and impairment reversal of financial assets	-	-	-
Change in the fair value of liabilities relating to investment contracts	-277	-367	90
Changes in fair value of assets and liabilities related to embedded derivatives	-	-	-
Investment expenses, changes in reserves and benefits, net	-14 694	-14 611	-83
Fees, commissions and other acquisition costs	-1 933	-1 933	-
Other operating costs	-1 106	-1 106	-
Other expenses	-152	-152	-
Operating costs	-3 191	-3 191	-
Result of assets held for sale	3	3	-
Profit/Loss before taxation	625	625	-
Tax income/expenses	-119	-119	-
Deferred tax income/expenses	-	-	-
Profit/Loss after taxation	506	506	-
Other comprehensive income, would not be reclassified to profit or loss in the future	-205	-205	-
Other comprehensive income, would be reclassified to profit or loss in the future	-480	-480	-
Other comprehensive income	-685	-685	-
Total comprehensive income	-179	-179	-

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

ASSETS	30 June 2021 restated	30 June 2021 original	Change
Intangible Assets	533	533	0
Property, plant and equipment	180	180	0
Right of use assets	398	398	0
Deferred tax asset	386	386	0
Deferred acquisition costs	1 189	1 189	0
Reinsurer's share of technical reserves	313	313	0
Investments accounted for using the equity method	364	364	0
Available-for-sale financial assets	27 006	27 006	0
Investments for policyholders of unit-linked life insurance policies	81 683	80 369	1 314
Financial assets – investment contracts	3 825	5 139	-1 314
Receivables from insurance policy holders	1 645	1 630	15
Receivables from insurance intermediaries	63	63	0
Receivables from reinsurance	68	68	0
Other assets and prepayments	32	32	0
Other receivables	331	331	0
Cash and cash equivalents	1 175	1 175	0
Assets held for sale	87	87	0
Total assets	119 278	119 263	15
LIABILITIES			
Technical reserves	16 626	16 632	-6
Technical reserves for policyholders of unit-linked life insurance policies	81 683	80 369	1 314
Investment contracts	3 825	5 139	-1 314
Financial liabilities - derivatives	2	2	0
Loans and financial reinsurance	64	64	0
Liabilities from reinsurance	106	106	0
Liabilities to insurance policy holders	826	826	0
Liabilities to insurance intermediaries	223	223	0
Lease liabilities	407	407	0
Other liabilities and provisions	1 789	1 768	21
Liabilities to shareholders	20	20	0
Liabilities held for sale	24	24	0
Total liabilities	105 595	105 580	15
NET ASSETS	13 683	13 683	-

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

ASSETS	30 June 2021 restated	30 June 2021 original	Change
SHAREHOLDERS' EQUITY			
Share capital	3 116	3 116	0
Capital reserve	1 153	1 153	0
Treasury shares	-32	-32	0
Share-based payment	9	9	0
Other reserves	-1 456	-1 456	0
Retained earnings	10 901	10 901	0
Equity attributable to the Company's Shareholders	13 691	13 691	-
Non-controlling interest	-8	-8	0
Total Shareholder's Equity	13 683	13 683	-

5. CHANGES OF ACCOUNTING POLICY

For the financial year beginning on 1 January 2022, the following new mandatory standards became effective, whose impact - except for IFRS 9 and IFRS 17 - is not material on the financial statements:

- IFRS 16: Lease Concessions Related to COVID-19
- Annual Improvements to IFRS Standards 2018–2020.
- IAS 16 Property, Plant and Equipment: Revenue Before Intended Use
- Amendment to IFRS 3 Reference to Framework
- Standard amendments to IAS 1 Presentation of Financial Statements: Amendments to the Classification of Liabilities and Current Assets and Presentation of Accounting Policies
- IAS 8: Definition of Accounting Estimates
- IAS 37 Loss-making contracts - Cost of performing a contract
- Standard amendments to IAS 12 Income Taxes: The Deferred Tax Effect of Assets and Liabilities Arising on a Transaction

IFRS 17 Insurance Contracts (expected application from 1 January 2023) - the Insurer prepared a gap analysis in connection with the introduction of IFRS 17 in 2018 and a detailed IFRS 17 project plan was prepared in 2019.

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. During 2021 and the first half of 2022, the implementation project moved forward continuously and according to plans for implementing methodological issues and IT developments. Currently the Company is preparing the conversion calculations.

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.

6. PRESENTATION OF THE ISSUER'S FINANCIAL POSITION – CONSOLIDATED AND UNAUDITED DATA FOR THE SECOND QUARTER OF 2022, 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 non-life insurance (primarily property and liability, suretyship, casco, home and travel insurance).

In the first two quarters of 2022, the Group's gross written premium was HUF 14,979 million, which is 137% of the gross written premium in the comparative period of 2021. Of this HUF 9,247 million are the gross written premium of unit-linked life insurance (of which HUF 3,705 million of pension insurance policies), HUF 2,891 million are traditional life products (of which HUF 620 million from pension insurance policies), HUF 443 million are health insurance policies and HUF 2,398 million are the non-life products.

The non-life insurance generated a premium income of HUF 2,398 million in the first half of 2022, which is a substantial (1,449 percent) increase compared to the same period previous year. The non-life business was restarted in the fourth quarter of 2021, so the Group still expects further dynamic growth in the segment. In the life segment the gross written premium from the first annual premiums of policies sold was HUF 1,801 million, which is a 48% increase compared to the previous year (HUF 1,218 million). The gross written premium income from renewals was HUF 7,371 million in the first half of 2022 in contrast to HUF 6,667 million in the same period of 2021, so the renewal premiums increased by 11%. Top-up and single premiums (HUF 3,409 million) were 17% higher as the premiums of 2021's first two quarters, mainly relating to unit-linked life insurance policies. Within the total life

insurance premium income- according to IFRS - of HUF 12,581 million, the rate of top-up and single premiums is 27 percent, keeping up the 27% ratio of the previous year. The significant increase in premium income in the life-segment is therefore due to the surge in single and top-up premium sales and the stable and growing portfolio of regular premium contracts.

The change in unearned premium reserve in the first two quarters of 2022 was HUF 855 million loss (compared to 2021 HUF 23 million loss), which jump is mainly due to the increase in the stock of new products in the non-life segment and the rising group stock in the life segment. However, the amount of premiums earned transferred to the reinsurer also increased significantly, likewise due to the restart of the non-life segment (HUF 954 million loss in the first two quarters of 2022, while HUF 219 million loss in the comparative period of 2021). In terms of reinsurance "earnings", the Companies are interested in increasing the sales volume as quick as possible, given the specificities of the agreed structure.

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 63 million in total during the reporting period, HUF 3 million more than in the comparison period (which was announced again), also due to the increasing sales of single premiums. The change in the fair value of liabilities relating to investment contracts was HUF 326 million gain in 2022, due to the negative unit-linked yields.

The other operating income (HUF 374 million) is mainly the Issuer's income from fund management (HUF 243 million), which was HUF 41 million less compared to 2021, as it is related to a unit-linked product previously sold by the Group with a declining portfolio.

An important item among expenses are claim payments and benefits and claim settlement costs (together HUF 7,527 million), this expenditure is decreased by the recoveries from reinsurers (HUF 231 million). Claims expenditures decreased by HUF 294 million compared to 2021, which is the result of two opposite effects. In the life segment, claims and repurchases of unit-linked products decreased significantly compared to the comparative period, while traditional and group payments increased, but to a lesser extent than unit-linked repurchases. Claim payments in the non-life segment increased as a result of the expansion of the portfolio.

The amount of net change in reserves is HUF 1,490 million profit, which is made up mainly the following changes in reserves. The unit-linked life insurance reserve amount decreased by HUF 1,677 million, which is primarily due to negative unit-linked returns. The actuarial reserves increased by HUF 222 million, the technical reserves for the bonus payment of the life insurance clients increased by HUF 258 million, while the result-independent premium refund reserves decreased by HUF 50 million. The result-dependent premium refund reserves decreased by HUF 67 million. The outstanding net claim reserves decreased by HUF 244 million, while the cancellation reserves increased by HUF 68 million parallel to the change of the premium receivables.

The total operating cost of the Issuer was HUF 4,540 million in the first two quarters of 2022, of which HUF 3,178 million is related to the fees, commissions and other acquisition costs, and HUF 1,195 million is related to other operating costs and HUF 167 million is other expenses. Acquisition costs show a significantly increasing trend overall (+64%), while gross earned premiums increased by 29%. This is primarily due to an increase in other acquisition costs beyond commissions, following the development and recruitment of new business lines, organizations and employees, and the related implementation of the Growth Strategy. The other operating costs increased by HUF 89 million compared to the previous year (HUF 1,106 million in the first half of 2021), mainly due to the increase of personal costs. The volume of other expenses (HUF 167 million) is HUF 15 million higher compared to the comparative period (HUF 152 million).

The investment result in the first two quarters of 2022 is HUF 3,210 million loss, while it was a profit of HUF 6,986 million in the comparative period. The huge difference was caused by the change in unit-linked returns (explains HUF 10,588 million of the change).

The unit-linked return is a loss of HUF 3,700 million. As an investor, the highest returns in the first two quarters of 2022 were achieved with Chinese Share and the Jangce Chinese asset funds.

Following the first quarter, the central banks, who have a significant impact on the world's capital markets (i.e. FED, Bank of England) implemented further monetary tightening, due to the fact that inflation and inflation expectations are still present as a result of soaring energy prices, labor market tightness, and the ongoing war. The coronavirus seemingly mutated into a mild cold, however, the number of cases in China began to rise again in the second quarter. The mood on the stock markets was pessimistic also in the spring months, as more and more investors expect a bear market, i.e. a further fall of the stock markets. Inflationary pressure continued to strengthen both in America and Europe. There are several reasons for this: rising raw material and food prices as a result of the Russian-Ukrainian war, labor market tightness, and rising inflationary expectations among the population. Inflation also accelerated in the euro zone in the second quarter. If the medium-term inflation outlook does not moderate, the European Central Bank may begin to raise rates to a greater extent. While the fall in the developed markets in the first quarter was due to the correction of last year's rise and the war, the fall in the second quarter was mainly due to the strengthening of the inflationary pressure and the fears of recession. Emerging markets also began to fall following the first quarter. The Hungarian bond market did not perform well in the second quarter either, due to the further increase in bond yields, but at the same time the indices representing short-term bonds were able to increase. The Hungarian National Bank (MNB) continued with its monetary tightening. In the second quarter, MNB increased the one-week deposit tender by an additional 160 basis points following the first quarter, and increased its base rate by 335 basis points. The Hungarian stock market is still considered cheap compared to developed markets, despite this, investors see a significant risk in the Hungarian market. The domestic currency once again made history in the second quarter, as the HUF reached record lows against major currencies.

The Issuer's return on its own investments was HUF 490 million profit in the first half of 2022, while it was HUF 98 million profit in the same period of 2021. The increase in profits is driven by a rising yield environment.

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 173 million gain in the first half of 2022, while it was HUF 159 million gain in 2021, the primary reason for which is the increase in assets under management.

The result of assets held for sale did not arise in the first half of 2022, as the Company no longer has assets held for sale in 2022, while in the same period of 2021 it was HUF 3 million.

As a result of all of the above, the profit before tax amounted to HUF 755 million profit (in the first half of 2021 the profit before taxation was HUF 625 million gain), that was reduced by HUF 110 million tax liability. The overall profit after tax is HUF 645 million, that is HUF 139 million higher than the profit after tax in the comparative period of 2021. The other comprehensive income contains the decrease in the fair value of available-for-sale financial assets amounting to HUF 3,201 million, of which HUF 275

million is the unrealized gain on OPUS shares owned by the Group, while the remaining loss (HUF 2,926 million) arose from the unrealized loss on government bonds caused by rising yields on the government securities market. The total comprehensive income represents a loss of HUF 2,556 million in the first half of 2022.

The Issuer's balance sheet total was HUF 124,305 million; its financial position is stable; the company has met its liabilities in full. On 30 June 2022 the shareholders' equity was HUF 8,940 million.

7. OPERATING SEGMENTS

Table 10 Segment informations Q2 2022 (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	708	200	-	-	908
Property, plant and equipment	142	18	-	-	160
Right of use assets	336	163	-	-	499
Deferred tax assets	474	-	-	-	474
Deferred acquisition costs	1 372	313	-	-	1 685
Reinsurer's share of technical reserves	182	956	-	-	1 138
Subsidiaries	3 627	-	-	-3 627	-
Investments by equity method	52	-	-	291	343
Other financial assets at fair value	18 091	6 487	-	-	24 578
Investments for policyholders of unit-linked life insurance policies	83 986	-	-	-	83 986
Financial assets - investment contracts	5 264	-	-	-	5 264
Receivables from insurance policyholders	1 805	241	-	-	2 046
Receivables from intermediaries	63	21	-	-	84
Receivables from reinsurances	1	2	-	-	3
Treasury shares	-	-	132	-132	-
Other assets and prepayments	83	64	-	-	147
Other receivables	170	103	-	3	276
Receivables from shareholder	-	-	-	-	-
Cash and cash equivalents	1 068	1 632	14	-	2 714
Intercompany receivables	100	11	435	-546	-
Assets held for sale	-	-	-	-	-
Total assets	117 524	10 211	581	-4 011	124 305

Segment informations Q2 2022 continuation (data in HUF millions)

Liabilities	Life insurance segment	Non-life insurance segment	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	17 019	3 506	-	-	20 525
Technical reserves for policyholders of unit-linked insurance	83 986	-	-	-	83 986
Financial liabilities – investment contracts	5 264	-	-	-	5 264
Financial liabilities - derivatives	25	14	-	-	39
Liabilities from financial reinsurance	8	-	-	-	8
Liabilities from reinsurance	87	644	-	-	731
Liabilities from insurance policyholders	819	135	-	-	954
Liabilities from intermediaries	206	139	-	-	345
Intercompany liabilities	11	99	-	-110	-
Liabilities from lease	376	183	-	-	559
Other liabilities and provisions	1 052	1 866	1	-	2 919
Liabilities to shareholders	35	-	-	-	35
Liabilities held for sale	-	-	-	-	-
Total liabilities	108 888	6 586	1	-110	115 365
NET Assets	8 636	3 625	580	-3 901	8 940
Shareholder's Equity					
Registered capital	3 116	1 070	276	-1 346	3 116
Capital reserve	4 019	6 625	1	-9 492	1 153
Share-based payment	11	12	-	-	23
Treasury shares	-32	-	-	-	-32
Other reserve	-5 852	-431	-	-	-6 283
Retained earnings	7 374	-3 651	303	6 937	10 963
NCI	-	-	-	-	-
Total shareholder's equity	8 636	3 625	580	-3 901	8 940

Segment informations Q2 2022 continuation (data in HUF millions)

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	12 581	2 398	-	-	14 979
Changes in unearned premiums reserve	-117	-738	-	-	-855
Earned premium Gross	12 464	1 660	-	-	14 124
Ceded reinsurance premium	-145	-809	-	-	-954
Earned premiums net	12 319	851	-	-	13 170
Premium and commission income from investment contracts	63	-	-	-	63
Other investment income	127	131	-	25	283
Interest income calculated using the effective interest method	321	107	-	-	428
Change in capital of joint ventures and associates (profit)	843	-	-	-670	173
Other operative income	390	61	5	-82	374
Commission and profit sharing from reinsurance	-	205	-	-	205
Other income	1 744	504	5	-727	1 526
Total income	14 063	1 355	5	-727	14 696
Claim payments and benefits, and claim settlement costs	-7 039	-488	-	-	-7 527
Recoveries from reinsurance	61	170	-	-	231
Net change in the value of life technical reserves and unit-linked life insurance reserves	1 366	124	-	-	1 490
Investment expenditure	-4 314	-39	-661	1 102	-3 912
Impairment and impairment reversal of financial assets	-10	1	-	-	-9
Change in the fair value of liabilities relating to investment contracts	326	-	-	-	326
Change in the fair value of assets and liabilities relating to embedded derivatives	-9 610	-232	-661	1 102	-9 401
Fees, commissions and other acquisition costs	-2 336	-842	-	-	-3 178
Other operating costs	-853	-341	-9	8	-1 195
Other expenses	-122	-118	-	73	-167
Operating costs	-3 311	-1 301	-9	81	-4 540
Profit/loss before taxation	1 142	-178	-665	456	755
Tax expenses	-92	-18	-	-	-110
Deferred tax income/expenses	-	-	-	-	-
Profit/loss after taxation	1 050	-196	-665	456	645
Other comprehensive income	-2 947	-254	-	-	-3 201
Comprehensive income	-1 897	-450	-665	456	-2 556

Table 11 Segment information 2021 Q2 (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	513	20	-	-	533
Property, plant and equipment	163	17	-	-	180
Right of use assets	304	94	-	-	398
Deferred tax assets	386	-	-	-	386
Deferred acquisition costs	1 140	49	-	-	1 189
Reinsurer's share of technical reserves	205	108	-	-	313
Subsidiaries	2 956	-	-	-2 956	-
Investments in jointly controlled companies	52	-	-	312	364
Available-for-sale financial assets	21 815	5 191	-	-	27 006
Investments for policyholders of unit-linked life insurance policies	81 683	-	-	-	81 683
Financial assets - investment contracts	3 825	-	-	-	3 825
Receivables from insurance policyholders	1 645	-	-	-	1 645
Receivables from intermediaries	39	24	-	-	63
Reinsurance receivables	23	45	-	-	68
Treasury shares	-	-	149	-149	-
Other assets and prepayments	19	13	-	-	32
Other receivables	210	118	1	3	332
Cash and cash equivalents	874	278	23	-	1 175
Intercompany receivables	62	-	489	-551	-
Assets held for sale	-	87	-	-	87
Total assets	115 914	6 044	662	-3 341	119 279

Segment information 2021 Q2 continuation (data in million HUF)

LIABILITIES	CIG Life insurance segment	CIG Non-life insurance	Other	Adjusting entries for calculations in the financial statements (consolidation)	Total
Technical reserves	14 240	2 387	-	-	16 627
Technical reserves for policyholders of unit-linked insurance	81 683	-	-	-	81 683
Financial liabilities – investment contracts	3 825	-	-	-	3 825
Financial liabilities-derivatives	-	2	-	-	2
Liabilities from financial reinsurance	64	-	-	-	64
Liabilities from reinsurance	60	46	-	-	106
Liabilities from insurance policyholders	803	23	-	-	826
Liabilities from intermediaries	164	59	-	-	223
Intercompany liabilities	-	62	160	- 222	-
Liabilities from lease	310	97	-	-	407
Other liabilities and provisions	1 006	756	4	23	1 789
Liabilities to shareholders	20	-	-	-	20
Liabilities held for sale	-	24	-	-	24
Total liabilities	102 175	3 456	164	- 199	105 596
NET Assets	13 739	2 588	498	-3 142	13 683
Shareholder's Equity					
Registered capital	3 116	1 065	266	-1 331	3 116
Capital reserve	4 019	4 630	80	-7 576	1 153
Share-based payments	9	-	-	-	9
Own shares	-32	-	-	-	-32
Other reserves	-1 420	-36	-	-	-1 456
Retained earnings	8 047	-3 071	152	5 773	10 901
NCI	-	-	-	-8	-8
Total Shareholder's equity	13 739	2 588	498	-3 142	13 683

Segment information 2021 Q2 continuation (data in million HUF)

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	10 793	155	-	-	10 948
Changes in unearned premiums reserve	-67	90	-	-	23
Earned premiums, gross	10 727	244	-	-	10 971
Ceded reinsurance premiums	-133	-86	-	-	-219
Earned premiums, net	10 594	158	-	-	10 752
Premium and commission income from investment contracts	60	-	-	-	60
Other investment income	6 900	-50	91	-93	6 848
Interest income calculated using the effective interest method	194	21	-	-	215
Change in capital of joint ventures and associates (profit)	449	-	-	-290	159
Other operating income	442	31	-	-32	441
Reinsurance commissions and profit sharing	-1	33	-	-	32
Other income	8 044	35	91	-415	7 755
Bevételek összesen	18 638	193	91	-415	18 507
Claim payments and benefits, and claim settlement costs	-7 593	-228	-	-	-7 821
Recoveries from reinsurance	42	30	-	-	72
Net change in the value of life technical reserves and unit-linked life insurance reserves	-6 755	164	-	-	-6 591
Investment expenditure	-54	-23	-266	266	-77
Change in the fair value of liabilities relating to investment contracts	-277	-	-	-	-277
Investment expenses, changes in reserves and benefits, net	-14 637	-57	-266	266	-14 694
Fees, commissions and other acquisition costs	-1 759	-158	5	-21	-1 933
Other operating costs	-827	-277	-15	13	-1 106
Other expenses	-201	-14	-	63	-152
Operating costs	-2 787	-449	-10	55	-3 191
Result of assets held for sale	-	3	-	-	3
Profit/loss before taxation	1 214	-310	-185	-94	625
Tax expenses	-11	-8	-	-	-119
Deferred tax income / expenses	-	-	-	-	-
Profit/loss after taxation	1 103	-318	-185	-94	506
Other comprehensive income	-640	-45	-	-	-685
Comprehensive income	463	-363	-185	-94	-179

8. NUMBER OF EMPLOYEES, OWNERSHIP STRUCTURE

The number of employees at the members of the Group was 191 on 30 June 2022.

Table 12 Composition of the Issuer's share capital (30 June 2022)

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	-	-	-
Amount of share capital	-	-	3 116 132 580

Table 13 Number of voting rights connected to the shares (30 June 2022)

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	-

Table 14 The Issuer's ownership structure (30 June 2022)

Owners	Number of shares	Ownership stake	Voting rights
Domestic private individual	29 873 442	31,64%	31,64%
Domestic institution	63 064 968	66,79%	66,79%
Foreign private individual	147 690	0,16%	0,16%
Foreign institution	26 220	0,03%	0,03%
Nominee, domestic private individual	1 158 518	1,23%	1,23%
Nominee, foreign private individual	118 400	0,13%	0,13%
Nominee, foreign institution	29 726	0,03%	0,03%
Unidentified item	9 296	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.

Table 15 The Issuer's investments on 30 June 2021

Name	Registered seat	The Issuer's share
CIG Pannonia First Hungarian General Insurance Company cPlc.	1097 Budapest, Könyves Kálmán krt. 11.	100.0%
Pannonia PI-ETA Funeral Service Limited Liability Company	1097 Budapest, Könyves Kálmán krt. 11.	100.0%
MKB-Pannonia Fund Manager cPlc.	1068 Budapest, Benczúr utca 11.	16.0%
OPUS GLOBAL Plc.	1062 Budapest, Andrássy út 59.	1%

9. INFORMATION PUBLISHED IN THE PERIOD

Date	Title, short content
7 April 2022	Change in the trade of asset funds in April 2022
11 April 2022	OTHER INFORMATION on the reported change of voting shares - below the threshold
14 April 2022	EXTRAORDINARY INFORMATION concerning a subsidiary included in the scope of consolidation
19 April 2022	CIG PANNÓNIA LIFE INSURANCE PLC. RESOLUTIONS OF THE GENERAL MEETING ON ITEMS ON THE AGENDA OF THE ANNUAL GENERAL MEETING
19 April 2022	EXTRAORDINARY INFORMATION Publication of the CEO's presentation in connection with the Annual General Meeting of the Company
26 April 2022	EXTRAORDINARY INFORMATION concerning a subsidiary included in the scope of consolidation
29 April 2022	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
3 May 2022	EXTRAORDINARY INFORMATION
4 May 2022	Extraordinary information on the announcement of dividend payments
5 May 2022	EXTRAORDINARY INFORMATION approval of the appointment of a board member
5 May 2022	EXTRAORDINARY INFORMATION on the approval of the appointment of another board member
12 May 2022	EXTRAORDINARY INFORMATION - approval of the appointment of a board member
12 May 2022	EXTRAORDINARY INFORMATION approval of the appointment of a board member
12 May 2022	EXTRAORDINARY INFORMATION approval of the appointment of a board member (EMABIT)
31 May 2022	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
31 May 2022	EXTRAORDINARY INFORMATION on changes in the Company's calendar of events for 2022
30 June 2022	Number of voting rights and the amount of registered capital at CIG Pannonia Life Insurance Plc.
7 July 2022	EXTRAORDINARY INFORMATION on the granting of an official certificate by the Hungarian Competition Authority
14 July 2022	EXTRAORDINARY INFORMATION on the Central Bank of Hungary granting authorization for the transfer of contract portfolios
29 July 2022	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 (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 second quarter of 2022 was not reviewed by an auditor, the report for the second quarter of 2022 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.

22 August 2022, Budapest

Zoltán Polányi
Chief Executive Officer

Alexandra Tóth
Chief Financial Officer

Investor relations

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