

This is an English translation of the Independent Auditor's Report on the 2022 financial statements of CIG Pannónia Életbiztosító Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete statutory financial statements it refers to.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CIG Pannónia Életbiztosító Nyrt.

Report on the audit of the financial statements

Opinion

We have audited the accompanying 2022 financial statements of CIG Pannónia Életbiztosító Nyrt. ("the Company") CIG_Pannonia_IFRS_beszamolo_uzleti_2022_egyedi_HU.xhtml¹ attached in a digital file, which comprise the statement of financial position as at 31 December 2022 - showing a balance sheet total of HUF 121,756,194 thousand and a total comprehensive income for the year of HUF 2,274,517 thousand loss-, the related statement of comprehensive income, statement of changes in equity, cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and has been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (Regulation (EU) No. 537/2014). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

¹ digital identification of the above-mentioned financial statements with the SHA 256 HASH algorithm:
c84818dac3b3a6dfc4817131adb11e79e9e60291abd0705fb64586f67c6f7fa8

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Diligences performed in relation to the Key Audit Matters
<p>Calculation of the solvency capital requirements in line with Solvency 2 regulations</p> <p>Insurance companies are required to calculate their solvency capital and fulfil their regulatory reporting obligations on their solvency capital adequacy based on Solvency 2 regulations. In Note 7 Capital adequacy of the notes to the financial statements the Company discloses its solvency capital position in accordance with the Solvency 2 regulations. The calculation of the solvency capital under Solvency 2 regulations is complex and involves several future assumptions and requires a significant degree of judgement determining the best estimate insurance liabilities, as the liabilities are based on their best estimate and investments are valued at their fair value.</p> <p>We therefore consider this as a key audit matter.</p>	<p>We assessed the applied standard formula methodology, models and assumptions used in the management estimate and due to the high complexity and specifics of the calculation we involved actuarial specialists.</p> <p>We performed completeness check on the contractual data used and checked the mathematical accuracy of the calculation.</p> <p>We checked the calculations on selected samples used by management for the calculation of the best estimate to assess if cash-flow projections took into account all of the necessary cash-in and out-flows required to settle the future insurance and reinsurance obligations. We also assessed the appropriateness and completeness of the Company's disclosures included in Note 7 Capital adequacy to the financial statements.</p>
<p>Valuation of life insurance technical provisions</p>	<p>Diligences performed in relation to the Key Audit Matters</p>
<p>Valuation of life technical insurance provisions involves a significant degree of assumptions and complex judgments particularly future investment yields, mortality, morbidity, longevity and the frequency and ultimate cost of claims assumptions. The life insurance technical provisions in Note 3.4.4 Valuation of insurance technical liabilities, Note 36 Technical provisions and re-insurer's share thereof and Note 38 Unit- linked provisions of the financial statements represent more than 86% of the total assets of the Company as at 31 December 2022. Range of methods, including actuarial and statistical projections, are used to determine these provisions. Underlying these methods there are various explicit or implicit assumptions (such as ultimate loss ratio, lapse ratios, future investments yields, mortality,</p>	<p>We understood and tested the policies and controls underlying the life insurance technical provisioning process. We involved actuarial specialist in understanding the methodologies, models, and assumptions used by the company for the calculation of life insurance technical provisions. We evaluated and tested the methodologies, models and actuarial assumptions by comparing them to the underlying in-force insurance policies and to the valuation practice of the company to assess their consistent application. Our audit procedures also included assessing the Company's methodology for calculation the insurance liability adequacy tests and analysing annual movements in life insurance technical provisions. We assessed whether the annual movements in life insurance technical provisions are in line with our understanding of developments in the Company's</p>

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<p>morbidity, longevity, and the frequency of claims assumptions), which led us together with the relative size of these life insurance technical provisions to the total assets to consider this as a key audit matter.</p>	<p>business, the market benchmarks and changes in the assumptions. We also tested the underlying data used for the calculation of life insurance technical provisions to the source documentation on a sample basis. We checked the mathematical accuracy of calculations on selected samples of contracts or lines of business. We also assessed the appropriateness and completeness of the Company's disclosures included in Note 3.4.4 Valuation of insurance technical liabilities, Note 36 Technical provisions and re-insurer's share thereof and Note 38 Unit-linked provisions of the financial statements.</p>
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Other information: business report

Other information consists of the 2022 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the financial statements does not cover the business report. In connection with our audit of the financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)- d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available, whether the business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

When fulfilling this responsibility, we have considered the following law: Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation"), as such prescribing specific requirements for the business report, in relation with forming our opinion on the business report.

In our opinion, the business report of the Company, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2022 is consistent, in all material respects, with the 2022 financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

We also confirm that the Company have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement

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in the business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU IFRSs and the supplementary requirements of the Hungarian Accounting Law relevant for financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern; and management is responsible for preparing the financial statements on a going concern basis. Management shall apply the going concern basis of accounting unless the use of going concern principle is precluded by any provision of other applicable laws or regulations, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Report on compliance with the requirements of the regulation on the european single electronic format

We have undertaken a reasonable assurance engagement on the compliance of the annual financial statements included in the digital file CIG_Pannonia_IFRS_beszamolo_üzleti_2022_egyedi_HU.xhtml prepared by the Company ("financial statements in ESEF format") with the requirements set out in the ESEF Regulation.

Responsibilities of the management and those charged with governance for the annual financial statements in ESEF format

The Company's management is responsible for preparing the annual financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

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- the preparation of the annual financial statements in the applicable XHTML format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Company's financial reporting process including compliance with the ESEF Regulation.

Our responsibility and summary of the work performed

Our responsibility is to express an opinion on whether the annual financial statements in ESEF format complies, in all material respects, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation and verifying whether the XHTML format was applied properly.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the annual financial statements in ESEF format of the Company for the year ended 31 December 2022 included in the digital file CIG_Pannonia_IFRS_beszamolo_üzleti_2022_egyedi_HU.xhtml complies, in all material respects, with the requirements of the ESEF Regulation.

Report on other legal and regulatory requirements

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

- We were appointed as statutory auditor by the General Assembly of Shareholders of the Company on 19 April 2021. Our engagement is uninterrupted since this date.
- Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

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- We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and we remained independent from the Company in conducting the audit.
- In addition, no other services were provided by us to the Company.

The engagement partner on the audit resulting in this independent auditor's report is Molnár Andrea Kinga.

Budapest, March 28, 2023

Philippe Michalak Budzan
Philippe Michalak Budzan
Partner

Molnár Andrea Kinga
Molnár Andrea Kinga
Registered Auditor
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