

This is an English translation of the Independent Auditor's Report on the 2021 consolidated 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 consolidated financial statements it refers to.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CIG Pannónia Életbiztosító Nyrt.

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying 2021 consolidated financial statements of CIG Pannónia Életbiztosító Nyrt. ("the Company") and its subsidiaries (altogether "the Group") 529900QYECVOWB4EMB78-2021-12-31-hu.xhtml¹ attached in a digital file, which comprise the consolidated statement of financial position as at 31 December 2021 - showing a balance sheet total of HUF 127,784,290 thousand and a total comprehensive income for the year of HUF 693,523 thousand loss-, the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 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 consolidated 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 consolidated financial statements" section of our report.

We are independent of the Group 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

¹ digital identification of the above mentioned 529900QYECVOWB4EMB78-2021-12-31-hu.xhtml consolidated financial statements with the SHA 256 HASH algorithm: 6a6cb329587d672ddaee938156e3517c84f747c3b1f80664e88f2b5e9f5b2ec

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Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements the Group 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 Group's disclosures included in Note 7 Capital adequacy to the consolidated financial statements.</p>
<p>Valuation of life and non-life insurance technical provisions</p> <p>Valuation of life and non-life insurance technical 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 and non-life insurance technical provisions in Note 3.5.4 Valuation of insurance technical liabilities, Note 36 Technical provisions and re-insurer's share thereof and Note 38 Unit-linked provisions of the consolidated financial statements represent more than 89% of the total assets of the Group as at 31 December</p>	<p>Diligences performed in relation to the Key Audit Matters</p> <p>We understood and tested the policies and controls underlying the life and non-life insurance technical provisioning process. We involved actuarial specialist in understanding the methodologies, models, and assumptions used by the Group for the calculation of life and non-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 Group to assess their consistent application. Our audit procedures also included assessing the Group's methodology for</p>

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<p>2021. 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, morbidity, longevity, and the frequency of claims assumptions), which led us together with the relative size of these life and non-life insurance technical provisions to the total assets to consider this as a key audit matter.</p>	<p>calculation the insurance liability adequacy tests and analysing annual movements in life and non-life insurance technical provisions. We assessed whether the annual movements in life and non-life insurance technical provisions are in line with our understanding of developments in the Group's business, the market benchmarks and changes in the assumptions. We also tested the underlying data used for the calculation of life and non-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 Group's disclosures included in Note 3.5.4 Valuation of insurance technical liabilities, Note 36 Technical provisions and re-insurer's share thereof and Note 38 Unit-linked provisions of the consolidated financial statements.</p>
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Other matters

The management of the Group is responsible for the implementation of the Commission Regulation (EU) 2019/815. (17 December 2018) ("ESEF Regulation") for the presentation of financial statements in a format that complies with the requirements set out in Article 3.

Our audit covered the human readable content of the digital file containing the financial statements, which is electronically identified in our report, however the scope of our audit did cover the overall validation of this file, accordingly, we do not express an opinion on the compliance of the digitalized information with the requirements of ESEF Regulation in all material respects.

Other information

Other information consists of the 2021 consolidated business report and Annual Report of the Group. Management is responsible for the preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the business report is materially inconsistent with the consolidated 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

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information prescribed in Subsection (2) a)- d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available.

In our opinion, the business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2021 is consistent, in all material respects, with the 2021 consolidated financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements with regards to its business report, we do not express opinion in this regard.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law. Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement 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 consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and are therefore the key audit matters.

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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 Group on 19 April 2021. Our engagement is uninterrupted since this date.
- Our audit opinion on the consolidated 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.
- 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 Group and its controlled undertakings and we remained independent from the Group in conducting the audit.
- In addition, no other services were provided by us to the Group and its controlled undertakings.

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

Budapest, March 28, 2022

Philippe Michalak Budzan
Philippe Michalak Budzan
Partner

Molnár Andrea Kinga
Molnár Andrea Kinga
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