

*This is an English translation of the Independent Auditor's Report on the 2024 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 2024 consolidated financial statements of CIG Pannónia Életbiztosító Nyrt. ("the Company") and its subsidiaries (altogether "the Group") 529900QYECVOWB4EMB78-2024-12-31-0-hu.zip 1 included in the digital files, which comprise the consolidated statement of financial position as at 31 December 2024 - showing a balance sheet total of mHUF 183,672 and a total comprehensive income for the year of mHUF 1,728 profit - , 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 material accounting policy information.

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 2024 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all material respects, in accordance with the provisions 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

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<sup>1</sup> digital identification of the above mentioned consolidated financial statements with the SHA 256 HASH algorithm: 471C250F2347457DE90B5BF10897DDF4F5618ED9133C4C209AAB6EA6B23E5651

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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><b>Valuation insurance contract liabilities and insurance contract assets</b></p> <p>As at December 31 2024 the Group's Insurance and reinsurance contract liabilities are valued at mHUF 149,816 and mHUF 366 respectively, while the insurance contract assets mHUF 1,145 and reinsurance contract assets are valued at mHUF 3,985 respectively. (see notes 32-33 to the financial statements for details).</p> <p>Valuation of insurance and reinsurance contract assets and liabilities involves significant judgements and estimates particularly with respect to the estimation of the present value of future cash flows, eligibility of the different measurement models, identification of onerous contracts and estimation of the liabilities for incurred claims.</p> <p>These cash flows primarily include determination of the expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries.</p> <p>Calculation for these assets and liabilities includes estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cash flows.</p> <p>We therefore consider this as a key audit matter.</p>	<p>We performed the following procedures in conjunction with our actuarial specialist:</p> <ul style="list-style-type: none"> <li>- Understanding and evaluating the process, the design and implementation of the controls in place to determine valuation of Insurance and reinsurance contract assets and liabilities</li> <li>- tested the operating effectiveness of the controls in place for the insurance and reinsurance liabilities,</li> <li>- evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, VFA, GMM, and PAA eligibility assessment, discount rates and expenses included within the fulfilment cash flows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgements applied.</li> <li>- we independently reperformed the calculation to assess the mathematical accuracy of the insurance and reinsurance contract assets and liabilities on selected classes of business, particularly focusing on largest provisions.</li> </ul>

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Audit of the exposure due to Italian surety policies and their impact on reserves	Diligences performed in relation to the Key Audit Matters
<p>Since 2019, the Group has continuously monitored and regularly reviewed the reported claim reserves for surety products sold under previous cross-border activities. In the financial statements' supplementary notes, section 41. Contingent liabilities, the Group presents the results of the review, the total exposure from surety products (currently reduced from mEUR 504.5 to mEUR 14.1), and the best estimate resulting in an increased specific contingent claim reserve amounting to mEUR 11.8. The Group issued extraordinary information to stakeholders about the situation, including the increase of the subsidiary's capital by mHUF 3,000 and the conclusion of a subordinated loan agreement with the qualified controlling owner for mHUF 4,000, of which mHUF 2,000 has been provided as a subordinated loan to cover emerging obligations and maintain solvency capital requirements.</p> <p>Italian legal cases involve highly complex estimation models, assumptions provided by management, and significant estimation uncertainty, thus we consider it a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We evaluated the summary provided by the management's legal expert regarding the Italian cases.</li> <li>• We assessed the section of the reserve policy related to the Italian cases.</li> <li>• We held discussions with the management about the status of the legal cases, the relationship with the law firm, and the decisions underlying the assumptions.</li> <li>• We recalculated the reserve amount based on the reserve policy.</li> <li>• Based on sampling, we separately analyzed the progress of certain cases and reconciled them with the legal representative's standpoint.</li> <li>• We tested the payments for closed cases.</li> <li>• For regress cases, we assessed the reserve amounts and evaluated the management's assumptions.</li> <li>• We checked the accuracy and completeness of the cost reserve amount also.</li> </ul>

## Other information

Other information comprises the information included in the consolidated business report of the Group for 2024, which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to us after that date, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information and for the preparation of the consolidated business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the consolidated financial statements provided in the section of our independent auditor's report entitled "*Opinion*" does not apply to the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities regarding the consolidated business report also include reviewing the consolidated business report to assess whether the consolidated business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the consolidated business report complies with the

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requirements of Section 95/B (2) e) and f) of the Accounting Act, and to express an opinion on the above and on whether the consolidated business report is consistent with the consolidated financial statements.

Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B. (2) a)-d), g) and h) has been provided in the consolidated business report and whether the consolidated business report includes the consolidated sustainability report required by Chapter VI/C. of the Accounting Act.

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 consolidated business report, in relation with forming our opinion on the consolidated business report.

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 2024 is consistent, in all material respects, with the 2024 consolidated financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

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. Since the conditions set out in Section 134/I of the Accounting Act were not met as of the balance sheet date of the given financial year for the Group, therefore the Group does not prepare consolidated sustainability report, there is nothing to report in this regard.

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.

When we read the Consolidated annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **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.

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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.

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 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.

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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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **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.

## **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 consolidated financial statements included in the digital file 529900QYECVOWB4EMB78-2024-12-31-0-hu.zip prepared by the

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Group ("consolidated annual 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 consolidated annual financial statements in ESEF format**

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

- the preparation of the consolidated financial statements in the applicable XHTML format;
- the selection and application of appropriate iXBRL tags as required by ESEF Regulation using judgement where necessary; including completeness of use of the relevant tags, appropriateness of creation and anchoring of the extension elements; 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 Group'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 consolidated 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 tagging, obtaining an understanding of the Group's internal controls relevant to the application of the requirements of the ESEF Regulation, verifying whether the XHTML format was applied properly, evaluating the completeness of the Group's tagging of the consolidated annual financial statements using the XBRL markup language, evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified and evaluating the use of anchoring in relation to the extension elements.

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

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## Opinion

In our opinion, the consolidated financial statements in ESEF format of the Group for the year ended 31 December 2024 included in the digital files 529900QYECVOWB4EMB78-2024-12-31-0-hu.zip complies, in all material respects, with the requirements of the ESEF Regulation.

Budapest, March 26, 2025

*Philippe Michalak Budzan*  
Philippe Michalak Budzan  
Partner

*Molnár Andrea Kinga*  
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