



PANNÓNIA BIZTOSÍTÓK

**CIG PANNONIA LIFE
INSURANCE PLC.**

SEPARATE FINANCIAL STATEMENTS AND
BUSINESS REPORT FOR THE YEAR 2025,
PREPARED ACCORDING TO THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS ACCEPTED
BY THE EUROPEAN UNION

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**CIG PANNONIA LIFE
INSURANCE PLC.**

Separate Financial Statements for the year
2025, prepared according to the International
Financial Reporting Standards accepted by the
European Union

30 March 2026

Statement of Comprehensive Income

Data in million HUF

	megj.	2025	2024 Restated
Insurance Revenue	10	15 793	14 896
Insurance service expenses	11	- 13 613	- 12 378
Reinsurance expense – allocation of premium	12	- 794	- 719
Amount of recoverables from reinsurance	12	- 27	385
Insurance service result		1 359	2 184
Interest income calculated using the effective interest method	13	1 219	1 276
Investment income	13	5 028	24 893
Impairment and impairment reversal of financial assets	13	12	-
Investment expenses	13	- 1 271	- 4 135
Yield on investment accounted for using equity method (profit)	13	1 068	555
Investment income		6 056	22 589
Insurance financial result	14	- 2 352	- 23 459
Reinsurance financial result	14	- 1	31
Change in the fair value of liabilities relating to investment contracts	15	- 133	- 1 049
Financial result		- 2 486	- 24 477
Premium and commission income from investment contracts	16	93	282
Other operating costs	16	- 396	- 219
Other (non-financial) income	17	476	427
Other (non-financial) expenses	17	- 563	- 768
Profit/Loss before taxation		4 539	18
Tax income/expenses	18	- 175	- 36
Deferred tax income/expenses	18	- 109	55
Profit/Loss after taxation		4 255	37
OCI from change in fair value of other financial assets at fair value	19	154	- 712
OCI from insurance contracts	19	- 41	473
OCI from reinsurance contracts	19	33	18
Comprehensive income, would be reclassified to profit or loss in the future	19	146	- 221
Comprehensive income, wouldn't be reclassified to profit or loss in the future	19	274	766
Other comprehensive income		420	545
Total comprehensive income		4 675	582
	Notes	2025	2024 restated
Profit/loss after taxation attributable to the Company's shareholders	20	3 958	634
Weighted average number of shares	20	93 954	93 954
EPS (basic) HUF		42.1	6.7
	Notes	2025	2024 restated
Profit/loss after taxation attributable to the Company's shareholders	20	3 958	634
Weighted average number of shares (diluted)	20	94 428	94 428
EPS (diluted) HUF (calculated)	20	41.9	6.7
EPS (diluted) HUF		41.9	6.7

Statement of financial position

Data in million HUF

ASSETS	Notes	31 December 2025	31 December 2024 Restated	31 December 2023 Restated
Intangible Assets	21	1 224	673	662
Property, plant and equipment	22	98	86	104
Right of use assets	23	321	264	175
Deferred tax asset	18	393	544	474
Subsidiaries	24	7 960	6 077	6 500
Associates	25	52	52	52
Insurance contract assets	34	976	1 121	1 058
Reinsurance contract assets	35	635	699	594
Investments for policyholders of unit-linked life insurance policies	26	135 308	127 680	94 424
Financial assets – investment contracts	27	5 391	5 942	4 763
Financial assets – derivatives	28	53	-	109
Other financial assets at fair value	29	24 716	22 371	24 498
Other assets and prepayments	30	57	54	65
Other receivables	31	478	487	76
Intercompany receivables	32	53	155	118
Cash and cash equivalents	33	4 421	2 368	1 709
Total Assets		182 136	168 573	135 381
LIABILITIES				
Insurance contract liabilities	34	149 727	140 418	106 134
Reinsurance contract liabilities	35	73	52	91
Financial liabilities -Investment contracts	36	5 391	5 942	4 763
Financial liabilities -Derivatives	28	5	224	-
Lease liabilities	37	331	278	203
Provisions	38	462	303	126
Other liabilities	39	1 068	1 264	1 563
Intercompany liabilities	40	495	189	67
Liabilities to shareholders	CF	22	37	33
Total Liabilities		157 574	148 707	112 980
NET ASSETS		24 562	19 866	22 401
SHAREHOLDERS' EQUITY				
Share capital	41	3 116	3 116	3 116
Capital reserve	41	4 019	4 019	4 019
Treasury shares	42	- 32	- 32	- 32
Share-based payments	16	21	-	-
Other reserves	43	9	- 411	- 956
Retained earnings		17 429	13 174	16 254
Total SHAREHOLDERS' EQUITY		24 562	19 866	22 401

Changes in Equity 2025

Data in million HUF

	Notes	Share capital	Capital reserve	Share-based payment	Treasury shares	Other reserves	Retained earnings	Total equity
Balance on 31 December 2024 (restated)		3 116	4 019	-	-32	- 411	13 174	19 866
Total comprehensive income								
Other comprehensive income	19	-	-	-	-	420	-	420
Profit after tax in reporting year		-	-	-	-	-	4 255	4 255
Transactions with equity holders, recognized in equity								
Share-based payment	16	-	-	21	-	-	-	21
Balance on 31 December 2025		3 116	4 019	21	-32	9	17 429	24 562

Changes in Equity 2024 (restated)

Data in million HUF

	Notes	Share capital	Capital reserve	Treasury shares	Other reserves	Retained earnings	Total equity
Balance on 31 December 2023 (restated)		3 116	4 019	- 32	- 956	16 254	22 401
Total comprehensive income							
Other comprehensive income (restated)	19	-	-	-	545	-	545
Profit after tax in reporting year (restated)		-	-	-	-	37	37
Transactions with equity holders, recognized in equity							
Payment of dividend		-	-	-	-	- 3 117	- 3 117
Balance on 31 December 2024 (restated)		3 116	4 019	- 32	- 411	13 174	19 866

Statement of Cash Flows

Data in million HUF

	Notes	2025	2024 (restated)
Profit/loss after taxation		4 255	37
Modifying items			
Depreciation and amortization	15	377	351
Derecognized asset	17	- 2	-
Booked/reversed impairment, debt cancelled	12	- 1 895	3 423
Result of assets sales	12	-75	- 98
Share-based payments	16	21	-
Exchange rate changes	12	568	-552
Share of the profit or loss of associates accounted for using the equity method	12	- 1 105	-592
Deferred tax	18	109	-55
Income taxes expenditure	18	259	44
Income on interest	12	- 1 219	-1 276
Result of derivatives	12	- 546	361
Provisions	38	159	177
Income on dividend	CF	- 103	-72
Termination of leasing assets	37	- 21	-17
Interest cost	12	30	4
Change of active capital items:			
Increase / decrease of investments for policyholders of unit-linked life insurance policies (-/+)	27	- 7 628	- 33 255
Increase / decrease of financial assets – investment contracts (-/+)	27	551	- 1 179
Increase / decrease assets resultant of insurance (-/+)	25	145	- 63
Increase / decrease assets resultant of reinsurance (-/+)	26	96	- 87
Increase / decrease of intercompany receivables (-/+)	32	102	- 37
Increase /decrease of other assets and active accrued and deferred items (-/+)	30	- 231	525
Increase / decrease of reinsurance contract liabilities (+/-)	35	21	-39
Increase / decrease of insurance contract liabilities (+/-)	34	9 268	34 757
Increase / decrease of investment contracts (+/-)	36	- 551	1 179
Increase / decrease of other liabilities (+/-)	39	- 210	- 254
Increase / decrease of intercompany liabilities (+/-)	40	306	122
Increase / decrease in liability to equity holders (+/-)		- 15	3
Paid Income Taxes	18	- 22	-969
Cash flows from operating activities		2 644	2 438

Statement of Cash Flows (cont.)

Data in million HUF

Cash flow from investing activities	megj.	2025	2024 (restated)
Purchase of debt instruments (-)	29	- 80 536	- 49 175
Sales of debt instruments (+)	29	78 380	51 980
Purchase of tangible and intangible assets (-)	29	-	-
Sales of tangible and intangible assets (+)	21, 22	- 822	- 244
Result of derivatives	21, 22	- 1	-
Interest received	25	273	-28
Dividend received	11	899	1 123
Equity increase in subsidiaries	11	1 207	664
Cash flow from investing activities	24	-600	- 3 000
Cash flow from financing activities			
Interest paid	12	- 30	- 4
Lease repayment payment	37	- 65	- 98
Lease interest payment	37	- 24	- 8
Repayment of loans and their interests		-	- 7
Dividend payment	CF	-	- 3 117
Cash flow from financing activities		- 119	- 3 227
Impacts of exchange rate changes		128	128
Net increase / decrease of cash and cash equivalents (+/-)		2 053	659
Cash and cash equivalents at the beginning of the period		2 368	1 709
Cash and cash equivalents at the end of the period		4 421	2 368

Notes to the financial statements

1 GENERAL INFORMATION

CIG Pannónia Life Insurance Public Limited Company (registered office: 1097, Budapest, Könyves Kálmán krt. 11. B; company registration number: 01 10 045857; registry court: Court of Registration of the Budapest-Capital Regional Court) (hereinafter: Company or Insurer) is registered in Hungary which was established as a Private Limited Company on 26 October 2007.

Since 12 April 2012 the Securities of the Insurer can be traded in the BSE Shares in the “premium” category (previously: Class “A” shares). The shares are included in the basket of the BUX index, which summarizes the prices of shares with the largest capitalization that can be traded on the BSE.

The Insurer is operating actively in Hungary. However, in Romania and Slovakia the existing portfolio is managed. The Company did not have foreign assets and liabilities related to cross-border services.

Hungarikum Biztosítási Alkusz Zrt. (registered office: 8086 Felcsút, Fő utca 65.; company reg. no.: 07-10-001617), whose legal predecessor is Hungarikum Biztosítási Alkusz Kft. (hereafter: Hungarikum Alkusz) made a conditional (with the official authorization) agreement with OPUS GLOBAL Plc. (registered office: 1062 Budapest, Andrásy út 59.; Company registration number: 01-10-042533) on 24 September 2020 on the acquisition of Company's 23,466,020 series “A” dematerialized ordinary shares with a nominal value of HUF 33, representing 24.85% of the Company's share capital.

Following the above acquisitions, Hungarikum Alkusz further increased its shareholding until the end of 2024 by acquiring shares in the stock exchange, notifying the Company in a transparent manner also of the acquisitions in the stock exchange that did not reach the threshold, so that in the end the number of its voting shares changed to 55,460,487 shares, bringing the proportion of its voting shares to 58.73%.

In connection with the unified strategy containing the development directions and objectives, narrowed down to organic growth targets (Growth Strategy) –published by the Company on 19 July 2021 in the official publication places¹ –, it should be emphasized that the Company intends to focus on intensive growth of the gross premium income and the technical result, and besides growth to focus on profitability, which it intends to achieve through new insurance products and by making fuller utilization of the distribution channels.

In the second quarter of 2021, the Company has already focused on the development and finalization of the new organizational structure aligned with the Growth Strategy.

In the autumn of 2021, EMABIT relaunched its non-life insurance sector, entering the market with large corporate liability insurance, property insurance and fleet casco.

CIG Pannónia Insurers have signed an agreement with BNP Paribas Cardif Insurers on 18 October 2021. As a result of the agreement, on 1 September 2022, following the supervisory approval, BNP Paribas Cardif insurers transferred all of their group credit coverage life and non-life insurance

¹ https://bse.hu/site/newkib/en/2021.07./Creating_and_Adopting_a_Strategy_128587253

portfolios, for which, as the legal successor of BUDAPEST Hitel- és Fejlesztési Bank Zrt., the contractor was MKB Bank Nyrt., to CIG Pannónia Insurers.

EMABIT as principal entered into a partnership agreement with UNION Vienna Insurance Group Biztosító Plc. (registered office: 1082 Budapest, Baross u. 1., company registration number: 01-10-041566) on 11 November 2021. Thanks to the agreement EMABIT has further expanded its range of non-life insurance as an integral part of the implementation of the Growth Strategy and will offer travel and home insurance to its retail customers from 2022. On the non-life insurance line, EMABIT has entered the retail market with its Iránytű travel and LakóTárs home insurance, and has also been awarded the Qualified Consumer Friendly Home Insurance rating by the Hungarian National Bank on 9 March 2022.

On 22 February 2022, the Company and EMABIT entered into a 20-year framework agreement with MKB Bank Plc. (Registered seat: 1056 Budapest, Váci u. 38.; Reg. no.: 01-10-040952) and Magyar Bankholding Ltd. (1134 Budapest, Kassák Lajos utca 18.; Reg. no.: 01-10-140865). Pursuant to the framework agreement, according to the implementation and timing of its terms, Magyar Bankholding Ltd. undertook to distribute and sell only the products of the CIG Pannónia Group with respect to products belonging to the life and non-life insurance segments through all sales channels of its member banks controlled and managed by a qualified majority, i.e. MKB Bank Plc., Budapest Bank Ltd. and Takarékbank Ltd. (member banks).

The establishment of the framework agreement created the long-term conditions for making full use of the synergies inherent in a banking-insurance cooperation, for which the parties have undertaken to establish targeted cooperation agreement(s) in a regulated form and manner.

The Company signed a similar strategic agreement with Euroleasing Pénzügyi Szolgáltató Zrt, the largest player in the leasing market, in the second quarter of 2022. The joint insurance portfolio is growing steadily, and our Company already sells with the Partner four products tailored to Euroleasing customers through the sales networks.

On 18 July 2023 CIG Pannónia Group and VISTA Travel Agencies Ltd. signed a 3+3-year strategic cooperation framework agreement, according to which the travel agency will sell exclusively the customer-oriented travel and cancellation insurance products of CIG Pannónia First Hungarian General Insurance cPlc., the property insurance member of the insurer, to its customers.

On 17 September 2025, our Company announced that, as part of its Growth Strategy, in order to strengthen its alternative (affinity) sales channel, it had concluded portfolio transfer agreements with certain insurance companies, concerning portfolios of group insurance contracts², in accordance with the provisions of Section 118 of Act LXXXVIII of 2014 on Insurance Activities (Bit.)³ and the market standards. Based on the above, the acquisition of the aforementioned portfolios is subject to the decision/approval of the Hungarian Competition Authority in accordance with competition law, as well as the approval of the Hungarian National Bank (and, in the case of the transferor listed under number 5 below, the French insurance supervisory authority, the “Autorité de Contrôle Prudentiel et de Résolution”). On 2 December 2025, the Company announced that the Hungarian Competition Authority had found no grounds for ordering an investigation and that the Hungarian

² Section 6:442 (1) of the Civil Code.: “For group insurances, the insured persons are determined on the basis of their membership of an organization, the legal relationship or other connection between the insured persons and the contracting party, and the insurer’s risk is assessed and committed with regard to the group.”

³ Section 118. (6) of Bit.: “For portfolio transfers, the consent of the insured parties and contracting parties is not required.”

National Bank had granted permission for all entities included in the requests to transfer the following portfolios to the Company and/or EMABIT with effect from January 1, 2026, in accordance with the conditions specified in the requests.

The approval process of the French insurance supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution in the case of the portfolio transfer agreement on the transfer of assistance insurances between Europ Assistance S.A. Irish Branch as the transferring insurer and CIG Pannónia First Hungarian General Insurance Plc. is still ongoing.

	Name of the transferring insurer	Name of the receiving CIG Pannónia Insurer	Type of group insurance included in the contract portfolio
1.	BNP Paribas Cardif Insurance cPlc	CIG Pannónia Life Insurance Plc and CIG Pannónia First Hungarian General Insurance cPlc	Group account protection insurance contract
2.	UNION Vienna Insurance Group Insurance cPlc	CIG Pannónia Life Insurance Plc	Group health insurance contract
3.	ALFA Vienna Insurance Group Insurance cPlc	CIG Pannónia Life Insurance Plc.	Group accident insurance contract
4.	ALFA Vienna Insurance Group Insurance cPlc	CIG Pannónia First Hungarian General Insurance cPlc	Group assistance insurance contract
5.	Europ Assistance S.A. Irish Branch	CIG Pannónia First Hungarian General Insurance cPlc	Group assistance insurance contract

On 26 September 2025 our company disclosed⁴ that our group and the Funds, including MBH Gondoskodás Health and Mutual Aid Fund (registered office: 1134 Budapest, Váci út 23-27.; registration number: 01-04-0000198; tax number: 18232761-1-41) (MBH EP) and the MBH Gondoskodás Pension Fund (registered office: 1134 Budapest, Váci út 23-27.; registration number: 01-04-0000109; tax number: 18079409-2-41) (MBH NYP) have entered into a long-term, fixed-term (10-year) strategic cooperation framework agreement in order to make full use of the synergies in the cooperation between funds and insurers. Through the cooperation under the framework agreement, which also aligns with the process of the Growth Strategy, CIG Pannónia Group will be able to potentially reach more than 167,000 additional customers on top of its current customer base of nearly 100,000 through joint synergies and potential linked product developments, new product and service packages, while the Funds gained the opportunity to offer personalized insurance products.

In 2024, the Company also started to build for the next period of success: it has launched the so-called Innovation Project, which aims to create the necessary capabilities to achieve its strategic goals of further broadening its product portfolio and improving its customer management capabilities. Modern IT solutions are essential for efficient operations. The Group is renewing its IT system with new, fresh ideas and solutions in this area as well, adapting - in modern terms - its IT ecosystem to the opportunities of the 21st century. The Innovation Project was concluded on schedule by 31

⁴ https://bse.hu/site/newkib/en/2025.09./Extraordinary_information_conclusion_of_a_strategic_cooperation_framework_agreement_129324082

December 2025, within the planned budget. As a result of developments carried out within the innovation project, in January 2026 the Group launched its CIG LakóTárs+ Home Insurance, which uses a state-of-the-art, artificial intelligence-supported recommendation system, which can supplement the basic coverage - already covering a wide range of basic risks - with 18 additional packages tailored to the current life situation of our customers.

Company's registered office: 1097, Budapest, Könyves Kálmán krt. 11. B

Phone: +36-1-5-100-200

webpage: www.cigpannonia.hu

1.1. Owners

The owners of the Company are Hungarian and foreign private individuals and legal entities, the number of shareholders is 5,228 at 31 December 2025. A share of above 10% is owned by Hungarikum Alkusz, who has a 58.73% share through owning 55,460,487 shares.

The ownership structure:

Owners description	Number of shares	Ownership ratio	Voting right
Domestic private individual	26 689 769	28,26%	28,26%
Domestic institution	66 211 784	70,12%	70,12%
Foreign private individual	100 736	0,11%	0,11%
Foreign institution	42 152	0,04%	0,04%
Nominee, domestic private individual	1 158 518	1,23%	1,23%
Nominee, foreign private individual	169 947	0,18%	0,18%
Nominee, foreign institution	43 789	0,05%	0,05%
Unidentified item	11 565	0,01%	0,01%
Total	94 428 260	100%	100%

The Insurer charged 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 "unidentifiable item" in the shareholders' register.

Insurer implemented Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (MAR Regulation) and implemented technical standards for the precise format used for the preparation and updating of the insider list (10 March 2016) Regulation (EU) No 2016/347 and so maintains an insider list. The Insurer publishes a prohibited trading period for insiders every year on its website.

1.2. Supervisory Board

Chairman: János Tima
Members: Erika Vada
Ildikó Ginzer

1.3. Audit Committee

Chairman: Erika Vada
Members: János Tima
Ildikó Ginzer

1.4. Remuneration and Nomination Board

dr. István János Fedák
dr. Péter Bogdánffy (until 30.11.2025)
dr. Gábor Miklós Dakó
dr. Dávid Kozma (from 17.12.2025)

1.5. Board of Directors

Chairman: dr. Péter Bogdánffy (until 30.11.2025)
dr. István János Fedák (from 01.12.2025)
Members: dr. Gábor Miklós Dakó
dr. Dávid Kozma (from 28.11.2025)
dr. István János Fedák (until 01.12.2025)

The Insurer shall disclose the amount of actual remuneration for the performance of elected officers annually in the form of a declaration of assurance on its website.

1.6. Management

Primary CEO, Chief Executive Officer:	dr. István János Fedák
Chief Financial Officer:	Árpád Szűcs
Deputy CEO responsible for corporate governance and prudential compliance:	dr. Gábor Miklós Dakó
Deputy Chief Sales Officer:	Zoltán Kőrösi
Executive Director of Strategy and Innovation:	Antal Kóka (from 25.02.2026)
Deputy CEO for Legal and Business Support:	dr. Dávid Kozma
Chief Accounting Officer:	Alexandra Tóth
Chief lawyer and Data protection officer:	dr. Dávid Kozma
Chief actuary:	Géza Szabó
Responsible for actuarial function:	Melinda Márton Gábor Varga
Chief Risk Officer and Responsible for risk management:	Gábor Tamás Veitz
Head of internal audit:	dr. Erika Marczi (until 27.04.2025) Petra Kovács (from 28.04.2025)
Head of compliance:	dr. Katalin Déri
Responsible for consumer protection:	dr. Dávid Kozma
Senior doctor:	dr. Halász Katalin
Investment relations:	dr. Sági Szulamit (until 10.08.2025) dr. Gábor Miklós Dakó (from 11.08.2025)

1.7. Data of the signatories of the annual report

dr. István János Fedák

Primary Chief Executive Officer
1026 Budapest, Küküllő street 6.

Géza Szabó

Chief actuary
1123 Budapest, Csörsz street 13.

Public data of the person who is responsible for the financial statements:

Alexandra Tóth

Chief Accounting Officer
1132 Budapest, Csanády str. 4/a.
Registration number: 206 012

1.8. External auditor

In the case of the Insurer, LXXXVIII. (1) of Act LX. statutory audit is mandatory.

Data of the auditor:

Forvis Mazars Kft.
1139 Budapest, Fiastyúk utca 4-8., 2nd floor
Registration number: 000220
Molnár Andrea Kinga, registered auditor
Chamber membership number: 007145

The fees charged by the registered auditor for services for the 2025 business year were as follows:

Review of the consolidated and standalone financial statements prepared by the Insurer in accordance with International Financial Reporting Standards ("IFRS") and the issuance of an audit report (together with the related Solvency II Review of the Annual Report), and the preparation of a supplementary report in accordance with Article 71 (4) - (7) (Insurance Act) for (for individual supervisory report) and in addition, the verification of the information contained in the remuneration report under the SRD Act, altogether: HUF 39,650 thousand +1% plus VAT.

2 STATEMENT OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AND BASIS OF MEASUREMENT

2.1 Compliance with the International Financial Reporting Standards

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards that have been adopted by the European Union (EU IFRSs). The EU IFRSs include standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC). The Company also prepares and publishes the consolidated financial statements on its website.

2.2 First Application

Until 31 December 2017 CIG Pannónia Life Insurance Plc. prepared its individual financial statements in accordance with the Hungarian Accounting Act. According to Section 9/A of the accounting law for listed insurance corporations as annual periods beginning after 1 January 2018 it is mandatory to prepare individual financial statements according to IFRS instead of Hungarian Accounting Act. CIG Pannónia Life Insurance Plc. has prepared its separate financial statements of 2018 according to the IFRS for the first time, however the company prepared earlier consolidated financial statements in which it expressed unrestrictedly that those complied with IFRSs. The Company as mother company became later a first-time adopter in its separate financial statements than in the consolidated financial statements. Therefore, in the separate financial statements the assets and liabilities are recognized at their value of the consolidated financial statements without the consolidating entries.

2.3 Basis for measurement

The valuation basis for financial statements is the original cost, except for the following assets and liabilities that are stated at fair value: assets and liabilities arising from insurance contracts, assets and liabilities arising from reinsurance contracts, derivative financial instruments, financial instruments at fair value through profit or loss and available-for-sale financial instruments valued at fair value against comprehensive result.

2.4 Functional and presentation currency

The financial statements are presented in Hungarian forints (HUF), which is the Company's presentation currency. The Hungarian forint (HUF) is the functional currency of the Company. The financial statements are presented in Hungarian forints (HUF), rounded to the nearest million, except if indicated otherwise.

2.5 Use of estimates and assumptions

The preparation of financial statements in compliance with the EU IFRSs requires management to make judgments, estimates and assumptions that affect the applied accounting policies and the reported amounts of assets and liabilities, income and costs. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for the judgments about the

carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The estimates used by the Company are presented in Note 4 Estimates and Assumptions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied to prepare the financial statements are set out below. The accounting policies have been applied consistently to the periods of operation presented by these financial statements.

3.1 Shares in separate financial statements

The accounting policy chosen for the measurement of shares under IAS 27 determines the range of methods that can be used to determine the carrying amount of a share.

The Insurer decided to use the cost method for the valuation of its insurance subsidiaries, other subsidiaries and other shareholdings.

The Company's strategic stake in OPUS GLOBAL Plc is valued by the fair value method against other comprehensive income. With respect to strategic interest, the Company applied the "designation" option under IFRS 1 in connection with paragraph 5.7.5 of IFRS 9 when transitioning to individual IFRSs, which allows for the irrevocable decision of equity-type investments to be measured against equity. Thus, any change in the fair value of the strategic interest is recognized in other comprehensive income and no impairment loss is recognized in respect of the strategic interest.

In the case of shares measured at cost, the Insurer used the value used in the Hungarian individual financial statements as a deemed cost for the transition by other subsidiaries and other shareholdings. The Company has decided to use fair value as a deemed cost in respect of insurance subsidiaries. For this purpose, the Company performed a discounted cash flow assessment of its insurer subsidiary as of the date of transition and the amount calculated from the discounted cash flow method was the basis of cost.

As the Insurer decided, at the time of transition, to measure interests at cost determined in accordance with IAS 27, it should perform an impairment test for shares on the basis of IAS 36.

3.2 Foreign currency translation

Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction to the amount of foreign currency. Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the periods are recognized in the consolidated statement of comprehensive income in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange prevailing at the end of reporting period. Items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign exchange differences on trade receivables and payables and on borrowings are recorded as investment income or expense. The impacts of period-end translations are accounted in the profit for the period, except for non-monetary items valued at fair value against other comprehensive result, where the impact of the translation is recorded under other comprehensive income.

Foreign exchange rate gains and losses resulting from the year-end revaluation of financial assets denominated in foreign currency valued at amortized cost and valued at fair value against other comprehensive income shall be accounted for as follows:

- amortized cost value determined in foreign currency, converted to the functional currency at the closing exchange rate, less
- amortized cost value determined in functional currency at the beginning of the period, adjusted by: interest calculated using the effective interest method, where applicable, impairment, and payments during the period (adjusting items expressed in functional currency).

3.3 Policy classification – separation of insurance and investment contracts

Insurance policies are defined as contracts under which the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The insurance risk is significant if, and only if, it is deemed at the inception of the policy that an insured event could cause the Company to have to finance significant additional payments in any scenario. Such policies remain insurance policies until all rights and obligations are extinguished or expire.

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

The Company classifies a unit-linked policy as an insurance policy if the initial settled premium is positive and the maximum of the guaranteed insurance amount, the risk excess service and all supplementary insurance amounts related to the policy is at least 5% of 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 supplementary insurance amounts related to the policy is positive.

3.4 Investment contracts

3.4.1 Division of investment contracts, premiums paid

Contracts that primarily involve the transfer of financial risks (the insurer does not transfer significant insurance risk, such as long-term savings policies) are not accounted for by the Insurer as insurance contracts, but as investment contracts and are divided into two parts:

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

The Company's investment contracts include unit-linked contracts that do not meet the definition of an insurance contract. (See note 3.3.)

Amounts repayable to the investor are accounted for using deposit accounting methods, under which the amounts received reduced by the cost coverage specified in policy terms are recognized directly

in the statement of financial position as financial liabilities to the investor. For the settlement of liabilities, see note 3.4.4.

For the accounting of premiums charged in the framework of investment contracts as income, see note 3.4.5.

3.4.2 Benefits

In case of investment contracts, benefits paid are not included in the statement of comprehensive income, their effects are presented as a reduction of the investment contract liabilities.

3.4.3 Acquisition and overhead costs

Acquisition and overhead costs comprise all direct and indirect costs arising from the sale of investment contracts. All acquisition and overhead costs are expensed as incurred. The portion of the accounted acquisition costs, which is covered by subsequent premiums for the investment contract, or if the policy is cancelled, then by returned commissions from brokers, is deferred until the cost coverage is received by the Company. The Company assesses the probability of recovery of deferred acquisition costs on an individual basis. If the coverage is not likely to be received for the deferred costs, or if the investment contract is cancelled, the Company cancels the deferral and accounts the cost to profit or loss (under Other non-financial expenses).

3.4.4 Liabilities

All investment contract liabilities are designated on initial recognition as held at fair value through profit or loss by the Insurer, since the Insurer manages these financial liabilities, together with the related assets (investments), on a fair value basis. The financial liability in respect of investment contracts is measured based on the underlying net asset value of the unitized investment funds on the reporting date.

Other reserves related to investment contracts (other than unit-linked reserves) are formed to the provisions balance sheet line against other (non-financial) expenses.

3.4.5 Premium and commission income from investment contracts

Premium income includes various premiums charged on investment and insurance policies, the amount of which is determined by the product conditions (e.g. administration fee, management fee, fee for changing the asset fund, risk fee). Fees charged for investment management services provided are recognized as revenue in the period when the services are provided, for single premium contracts, the fund-proportional management fee dominating the deductions is a similar amount for each year. In the case of contracts with regular fees, the deduction of the management fee varies in proportion to the managed assets. The contract conclusion and administration fees are charged by the Company at the beginning of the term, at the same time as the service - i.e. registration and creation of the contract in the systems - is incurred. The costs charged to the customer in relation to the payment of the services are recognized when the services are paid for.

3.5 Transition to IFRS 17 (effective from 01.01.2023)

Since the Company did not take advantage of the option of preliminary application of IFRS 17, it applied IFRS 17 for the first time for the business year starting on 1 January 2023. The date of the first application of IFRS 17 is therefore 1 January 2023, and the date of transition to IFRS 17 - the

beginning of the annual reporting period immediately preceding the date of the first application of IFRS 17, hereinafter referred to as "Transition Date" or "Date of Transition" - is 1 January 2022. The Company had to present already the 2022 business year, as the comparative year to be included in the 2023 financial year, in accordance with IFRS 17.

The Company used two of the transition methods listed by IFRS 17, which are

- the full retrospective approach ("FRA", the "default" transition approach of IFRS 17), and
- the fair value approach ("FVA", IFRS 17.C20-24B)

The Company is not using the modified retrospective approach for the transition to IFRS 17.

During the transition to IFRS 17, the Company focused on the preparation of the opening balance sheet for the Transition Date and on ensuring the feasibility of IFRS 17 calculations after the Transition Date and did not aim to create complete financial statements before the Transition Date.

3.5.1 FRA transition approach at the Company

The FRA method means that the Company applies IFRS 17 as if it had always applied it, thus all relevant parts of the accounting policy related to IFRS 17 are to be applied to GICs affected by the FRA transition method.

In the case of both direct insurance and reinsurance contracts, the Company applies the FRA method to those GICs whose initial recognition had to be made in 2016 or subsequent years (the latest in 2021), except in the case of direct insurance contracts for certain (through portfolio acquisition or business combination) acquired contract portfolios.

The reason for the above is that for the periods before the Solvency II regulation (2016), the Company does not have, or would only at a disproportionate cost and effort have access to the essential data required for the full retrospective application of IFRS 17 (e.g. cash-flow runs, risk adjustment, commission and other facts in appropriate breakdowns, etc.). In the case of acquired stocks, the mentioned data are only available for periods after the migration of these stocks to the Company's systems.

The relevant acquired contract portfolios (divided into insurance contract portfolios) and the first year of application of the FRA method to them is the following:

Insurance contract portfolio (direct insurances)	First application of the FRA method for the year ⁵
Traditional regular premium pension savings (ex-MKB Portfolio)	2018
Traditional regular premium savings (ex-MKB Portfolio)	2018

IFRS 17 calculations concerning GICs affected by the FRA method, from their initial recognition to the Transition Date, are performed by the Company in a software purchased for this purpose. For this purpose, it uses annual reporting periods from initial recognition. The necessary cash-flow runs (predicted cash-flows) contain monthly data in the same way as in the case of IFRS 17 calculations performed after the Transition Date.

⁵ the FRA method is first applied by the Group to the GICs initially recognized in the given year (and for the last time to the GICs initially recognized in 2021)

3.5.2 FVA transition approach at the Company

Decisions when applying the FVA method

The FVA transition method is applied by the Company - also in the case of direct insurance and reinsurance contracts - to those GICs that had to be initially recognized in 2015 or before (belonging to the cohorts of 2015 or earlier), supplemented by the acquired direct insurance portfolios indicated in the table above, for which the FVA method is applied in the case of contracts belonging to cohorts prior to the first year of the application of the FVA method.

For the reason for applying the FVA method to the above cohorts, see also above.

For the purposes of applying the FVA method, the Company grouped the contracts into GICs (especially the profitability classification) based on reasonable and supportable information available on the Transition Date. In the case of the FVA transition method, the Company uses the option of including contracts issued more than one year apart in the same GIC (grouped cohorts).

The Company grouped the cohorts as follows:

- in the case of stocks acquired through the acquisition of the MKB Groups in 2017 (ex-MKB portfolios), the grouped cohort affected by the FVA transition lasts until 31.12.2017;
- in the case of stocks acquired from Dimenzió (ex-Dimenzió portfolio), the grouped cohort affected by the FVA transition lasts until 31.12.2021;
- in all other cases, the grouped cohort affected by the FVA transition lasts until 31.12.2015.

In the case of (direct) insurance contracts acquired in a business combination or portfolio acquisition before the Transition Day, the Company makes always use of the option to present the obligation to compensate for claims incurred before the acquisition of these contracts as LIC (and not as LRC), in this way not quantifying / calculating CSM / loss component for these (IFRS 17.C22A).

In the case of GICs affected by the FVA method, the Company determines the valuation model based on the insurance contract portfolio - based on the information available on the Transition Date - to which the affected GIC belongs. Accordingly, it identified in the case of direct GICs those valued in the GMM and VFA valuation models after the Transition Date, and in the case of reinsurance GICs those valued in the GMM valuation model after the Transition Date.

The Company defines the yield curve used for the initial recognition (locked-in yield curve) and the yield curve observed at the claim occurrence, in cases where their definition is relevant, as the yield curve observed on the Date of Transition and not according to its processes after the transition to IFRS 17 (IFRS 17.C23). The relevant cases are GICs valued with the GMM model after the Transition Day, and, in the case of the yield curve observed at the occurrence of the claims, those where the Company applies the OCI option.

In the case of GICs affected by the FVA transition method, the Company has not identified commissions related to contract renewals that cross cohorts, which would require it to record an insurance acquisition cash-flow asset at the Transition Date

On the Transition Day, the Company considers the parts of the premium related to the recovery of insurance acquisition cash-flows and which would be settled after the Transition Day, to be 0. The reason for this is that the Company cannot determine these amounts, even at a disproportionate cost and effort, because it does not have the necessary past commission data for GICs affected by FVA and the above amount is expected to be immaterial when calculated on the Transition Date, considering the time elapsed between the last cohort still eligible for FVA GIC and the Transition Date (amortization period).

As the underlying assets are held by the Company in all cases, the Transition Date cumulative OCI, where relevant, is reported consistently with the Transition Date cumulative OCI of the underlying

items for the Company's GICs valued in the VFA model and subject to the FVA method after the Transition Date. If the underlying items have a cumulative OCI gain (loss) on the Transition Date, the Company recognizes the same amount of cumulative OCI as a loss (gain) in its insurance liabilities on the Transition Date (IFRS 17.C24(c)).

In the case of all other GICs calculated using the FVA method, the Group recognizes the cumulative OCI on the Transition Date, where relevant, at a value of 0 (IFRS 17.C24(b)).

The essence and calculation of the FVA method in the case of direct GICs at the Company

The focus of the FVA method is the LRC, and in connection to the LRC the determination of the CSM/loss component. After determining the CSM/loss component, the Company has all the data available to calculate the LRC and LIC of the GICs affected by the FVA method on the Transition Date:

- LRC where the GIC is profitable: CSM on the Transition Date according to FVA + the present value of the future (LRC) cash flows on Transition Date according to IFRS 17 + the RA on Transition Day (LRC) according to IFRS 17.
- LRC where the GIC is loss-making + the present value of the future (LRC) cash flows on Transition Date according to IFRS 17 + the RA on Transition Date (LRC) according to IFRS 17 (and the loss component on the Transition Date according to FVA is recorded separately for the purposes of later IFRS 17 calculations by the Company).
- The present value of the future (LIC) cash-flows on Transition Date according to IFRS 17 for GIC where the LIC is either profitable or loss-making + the RA on Transition Date (LIC) according to IFRS 17

The CSM/loss component must be defined as follows (IFRS 17.C20):

$$CSM(LC) = FV_{GIC} - FCF_{GIC} = FV_{GIC} - (PVCF_{IFRS\ 17} + RA_{IFRS\ 17})$$

where

- $CSM(LC)$: the CSM/loss component on Transition Date
- FV_{GIC} : the fair value of the given GIC affected by FVA, determined in accordance with IFRS 13 on the Transition Date (not applying IFRS 13.47, which concerns the on demand nature)
- FCF_{GIC} : the current amount of the performance cash-flows of the given GIC affected by FVA according to IFRS 17 on the Transition Date, i.e. the sum of the value of the forecasted future cash-flows discounted with the current yield curve according to IFRS 17 ($PVCF_{IFRS\ 17}$) and the risk adjustment for non-financial risks ($RA_{IFRS\ 17}$) on the Transition Date.

The definition of FV_{GIC} in the formula above requires special considerations (beyond IFRS 17).

The Company captures the value of FV_{GIC} as follows:

$$FV_{GIC} = PVCF_{IFRS\ 13} + FVRA + Adj_{CD}$$

$PVCF_{IFRS\ 13}$: the present value of future current cash flows in accordance with IFRS 13 discounted with a risk-free return on the Transition Date. Cash flows according to IFRS 13 differ from IFRS 17 cash flows mainly in the costs to be taken into account. Typically, the range of cash flows to be taken into account in IFRS 13 is wider than in IFRS 17. For example, in IFRS 13 it may include costs that

cannot be assigned to GIC in IFRS 17 and are therefore not part of the performance cash flows, but appear as expected costs in the expectations of a market actor. The discounting was done with the EIOPA yield curve published on 31.12.2021 without volatility adjustment.

FVRA: Risk adjustment that takes into account both financial and non-financial risks.

Adj_{CD}: Adjustment for the Company's own credit risk (negative number, reduces the value of *FV_{GIC}*). The Company determines it with the help of default probabilities (PDs) found in Article 199, point 3 of the Solvency II Regulation.

FVRA is captured by the Company by quantifying the cost of the capital it has to hold thanks to the given GIC for each year. *FVRA* is the present value of the estimated capital requirement for each year calculated on the Transition Date.

The essence and calculation of the FVA method in the case of reinsured GICs at the Company

In the case of its reinsured GICs, the Company determines the Transition Date CSM (loss component is not relevant) based on the FVA calculations performed in the case of direct GICs using the following formula:

$$CSM_{VB} = (PVCF_{VB}^{IFRS 13} - PVCF_{VB}^{IFRS 17}) + (FVRA_{VB} - RA_{VB}^{IFRS 17})$$

and

$$FVRA_{VB} = RA_{VB}^{IFRS 17} \cdot \frac{FVRA_{direct}}{RA_{direct}^{IFRS 17}}$$

In the above formulas

- CSM, FVRA, RA (IFRS 17), PVCF (IFRS 17), PVCF (IFRS 13) with the subscript "VB" have a similar meaning as above for the FVA calculations used in the case of direct GICs, only that they apply not to direct GIC, but to reinsured GIC.
- CSM, FVRA, RA (IFRS 17), PVCF (IFRS 17), PVCF (IFRS 13) with the "direct" subscript have a similar meaning as above for the FVA calculations used in the case of direct GICs.

Acquisition and transition of insurance stocks

There are two exemption rules to the general rules of insurance stock acquisitions in the context of transition:

- 1) Insurance contracts acquired in a business combination before the first application date of IFRS 17 (1 January 2023) are classified as insurance contracts, contrary to the above, on the basis of the contractual terms and conditions existing at the beginning of the contract or at the time of their subsequent amendment (and not at the time of acquisition) (see also the chapter discussing the transition to IFRS 17)
- 2) For (direct) insurance contracts acquired in a business combination or portfolio acquisition before the Transition Date (1 January 2022), it is possible for the Company to recognize the liability for the settlement of claims incurred before the acquisition as LIC (and not as LRC), in which way the CSM/loss component does not need to be quantified/accounted for.

The Company classified all insurance (and reinsurance) contract portfolios acquired before the date of first application of IFRS 17 as insurance (reinsurance) contracts based on the contractual terms and conditions valid at the beginning of the acquired insurance (and reinsurance) contracts (or on the date of their subsequent amendment). Of the acquired portfolios, there were none that contained contracts that do not qualify as insurance (reinsurance) contracts according to IFRS 17, except for 57 single-premium contracts, which remained investment contracts as originally classified.

From the point of view of the exemption rule affecting LIC, only the Company has relevant acquired stock, and the Group used the exemption rule for that stock (see also above in the chapter "*Decisions when applying the FVA method*").

3.6 IFRS 17 Insurance contracts

3.6.1 Important issues in IFRS 17

3.6.1.1 Classification of insurance, reinsurance and investment contracts

The contracts under which the Company assumes a significant insurance risk are considered insurance contracts. Reinsurance contracts are those contracts of the Company under which it transfers significant insurance risk of the underlying insurance contracts. Both insurance and reinsurance contracts expose the Company to financial risks. (See notes 3.3 and 3.4.)

Contracts that the Company initially recognizes as investment contracts may later become insurance contracts, for example because the insurance risk in the contract becomes significant. With the date when investment contracts that have become insurance contracts are initially recognized in accordance with IFRS 17, the Company derecognizes from the books all previously recognized assets and liabilities related to the investment contract. In cases where the insurance contract has a CSM at the initial recognition, the net effect of said derecognitions will modify this CSM.

According to the rules of IFRS 17, an insurance contract remains an insurance contract until all the rights and obligations included in it cease (that is, they are fulfilled, cancelled or expired), unless, based on the relevant rules of IFRS 17, the contract is derecognized from the books due to the amendment of the contract and the amended contract is recognized in the books (as a new contract). A new contract recognized in the books may be classified as an investment contract based on the criteria mentioned above. The Company does and did not sell investment contracts containing discretionary profit sharing.

The Company applies IFRS 17 with regard to direct contracts, reinsurance held and reinsurance issued by it ("active reinsurance"). The provisions of IFRS 17 for direct insurance contracts also apply to active reinsurance contracts, except that they cannot be valued in the VFA valuation model.

3.6.1.2 Separation of insurance and reinsurance contracts into components

In the case of its insurance contracts, the Company evaluates whether they contain components that, according to the rules of IFRS 17, must be separated from the insurance contract and accounted for based on a different standard. If it identifies such components, it separates them and applies IFRS 17 only to the part that remains after the separation.

The principles and order of separation are as follows:

1. Separating embedded derivatives (IFRS 9)
2. Separation of distinct investment components, i.e. investment components for which it is true that
 - a. the investment component and the insurance component are not closely linked; and

- b. insurance policy issuers or other parties separately sell or could sell policies under equivalent terms in the same market or jurisdiction.

The Company accounts for the separate investment components in accordance with IFRS 9.

3. separation of promises that relate to the transfer of individual goods or services other than insurance contract services to the policyholder. These are accounted for in accordance with IFRS 15.

The Company's portfolio does not include any contracts whose contents' presentation requires a set or series of contracts to be treated as a whole, and none of the direct and reinsurance contracts in the Company's portfolio contain an investment component or a component for services other than insurance contract services (or both), therefore the insurance contracts fall fully within the scope of IFRS 17.

With the exception of those listed below, the Group treats the Company policies as one contract, as even though the various contracts could be terminated, but

- on the one hand, their pricing and risk assessment is not done at an individual level,
 - on the other hand, the products are not available on group pricing at the individual level,
- thus, there is no possibility of interpreting them as separate contracts per policyholder.

Group life insurances, for which the Company charges a premium depending on the age of the policyholder and which can be joined individually are treated by the Company as separate contracts for each policyholder, as they are group insurance policies only in terms of their form.

3.6.1.3 Valuation models

The IFRS17 standard permits three measurement methods for the measurement of direct insurance contracts:

- general measurement model (GMM) (or BBA/building block approach),
- variable fee approach (VFA),
- premium allocation approach (PAA).

The listed valuation models are applicable to the valuation of both the liability for remaining coverage (LRC) and the liability for incurred claims (LIC), and in the case of reinsurances, the asset for remaining coverage (ARC) and the asset for incurred claims (AIC).

3.6.1.4 Insurance contract portfolios, cohorts, date of initial recognition

For contracts exposed to similar risks and managed together, the Company creates portfolios of contracts, where the individual portfolios are also separated by cohorts (i.e. year of issue). At the Company, the individual cohorts are formed according to calendar years based on the date of issue, and in an analogous way during the quarterly reports.

Profitability is determined at the contract level based on the sum of the present value of the expected future cash flows and the value of the risk adjustment for the given contract (initial profit content). The risk adjustment is determined at the contract level.

Among the categories defined in the standard, the Company uses the following profitability groups for GMM and VFA evaluation models:

- if the initial profit content for the contract is greater than 0 or 0, the contract is not initially unprofitable, but there is a significant chance that it may become unprofitable over its duration,
- if it is less than 0, the contract is unprofitable

The Company does not use the profitability category designated by the standard, for which there is no significant chance of becoming onerous at the time of initial recognition.

In the case of contract groups subject to PAA valuation, it performs the same initial profitability analysis as in the case of GMM, VFA.

The Company applies a uniform treatment regarding the date of the initial recognition. The Company's underwriting procedures ensure that the issue date is the same as the start of the coverage period and that the date of the first payment due from the policyholder does not precede the issue date, except for certain cases.

The Company applies the provisions of the standard for initial recognition in accordance with the relevant principles of IFRS 17, by considering the date of issue as the date used for initial recognition, with the exception of certain group insurances. More specifically, the date of initial recognition according to IFRS 17 is the earlier of the dates of issue without a premium and the date of issue with a premium. In the case of the mentioned group contracts, the date of joining the group for certain products is the initial recognition date, in the case of other products, it is the date when the insured person is included in the data service received from the policyholder for the first time, even if at 0 premium.

The above initial recognition principle is the same for contracts measured with all three valuation models, except that in the case of contract groups valued with PAA for anniversary (and longer duration but also renewable) products, on the anniversary (if the contract is renewed), a new contract is created for IFRS 17. The initial recognition date of the new contract, which also determines the cohort to which it is assigned, is the start date of the renewed contract (the anniversary of the contract).

3.6.1.5 Year to date approach

The Company also prepares interim (condensed) financial statements. For the IFRS 17 calculations it uses the year-to-date approach. This means that when applying the IFRS 17 standard, the Company changes its accounting estimates in the previous interim financial statements, as if the previous reporting periods did not exist as a separate period. This affects several parts of the IFRS 17 calculations (e.g. determination of the yield curve used for initial recognition, profitability classification, quantification of period variances and estimate change effects).

3.6.1.6 Contract limits (direct and reinsurance)

The valuation of a group of contracts includes all future cash flows within the limits of each contract in the group. Cash flows are within the limit of the insurance contract if they arise from actual rights and obligations existing in the reporting period in which the entity can require the policyholder to pay premiums or in which the entity has an actual obligation to provide insurance contract services to the policyholder.

Individual life insurance policies consist of a main insurance policy and rider insurance policies. Even though the rider insurances - if sold separately by the Company - could be repriced and cancelled annually, the Group does not separate these contracts into their components, because

- the rider insurances in question are typically not sold separately
- if the main insurance is cancelled, the rider insurance is also cancelled, and
- it is not typical for the rider insurances in question to be cancelled before the expiry of the main insurances.

Due to the above, the contract limit of the rider insurances is the same as the contract limit established for the main insurance.

In the case of held reinsurance contracts, the Company takes into account contracts not yet recognized from the direct underlying stock of the held reinsurance contract in question, i.e. also the cash flows of these contracts.

The Company assessed its held reinsurance contracts and found that most of the "legal contracts" can be cancelled on the calendar anniversary, therefore the limit of these contracts is one year, either in the sense that it provides cover for claims arising in one calendar year (LOD) or in the sense that it provides coverage for risks undertaken in one calendar year (RAD).

For contracts that cannot be cancelled at the end of the calendar year, the limits of the contract are the same as those set out in the contract.

3.6.1.7 Cash flows of insurance/reinsurance contracts in general

When valuating a group of insurance contracts, the Company must take into account all future cash flows within the limits of each contract in the group. The Company distinguishes in accordance with the provisions of IFRS 17:

- cash flows attributable to insurance contracts, and
- cash flows not attributable to insurance contracts.

The projected cash flows are generated by the Company's actuaries at the contract level in the modelling tools and the contract level data is aggregated to the GIC level.

The Company considers the following as insurance acquisition cash flow and costs attributable to insurance contracts:

- direct acquisition costs
- other acquisition costs
- claim settlement costs
- investment and management costs
- administrative and maintenance costs
- other costs charged to the insured/policyholder
- costs related to the provision of services in kind

The Company considers the following as not attributable to insurance contracts:

- education and training costs
- product development costs that are not directly attributable to the insurance contracts portfolio to which the contract belongs
- costs of individual stock transfer/acquisition projects
- costs incurred in connection with the stock market presence

- other costs related to consultancy services that constitute wasted costs.

The Company immediately recognizes these costs as expenses when they incur, outside of IFRS17.

The timing of the projected cash flow:

- insurance premiums and fee-based cash-flow; insurance tax: beginning of the period,
- insurance acquisition cash-flow: beginning of the period,
- costs: end of the period,
- claims and services (investment and insurance component): end of the period.

The Company prepares monthly cash flow estimates.

3.6.1.8 Insurance acquisition cash flows

The Company allocates the insurance acquisition cash flows to the insurance contract groups using a systematic and reasonable method, unless it decides to recognize them as expenses using paragraph 59 (a) of IFRS17

The Company divides acquisition costs into two groups

- direct acquisition costs
- other acquisition costs

Part of the direct acquisition costs and other acquisition costs are available at the contract level. These are directly attributed to the insurance contract group after aggregation from contract level to GIC level.

The acquisition costs available at the company level are separated between the direct GICs created in the current year in proportion to the stock price of the new acquisition.

The Company has reviewed and has currently not identified any products where the insurance acquisition cash flows paid would be associated with a subsequent group of contracts not yet disclosed. Therefore, it does not recognize an insurance acquisition cash flow (hereinafter: IACF) asset according to IFRS 17 28 B. The IACF asset recognition test is reviewed for each new product launched by the Group.

The Company does not classify renewal commissions as insurance acquisition cash-flows, but as administrative and maintenance costs, therefore they are accounted for as insurance technical expenses in the period of occurrence.

3.6.1.9 Management of insurance tax and insurance surtax

Cash flows within the limits of the insurance contract are cash flows directly related to the fulfillment of the contract. This includes transaction-based tax, including insurance tax, which arise directly from existing insurance contracts.

The largest part of the insurance tax affects non-life risk contracts, the insurance extra profit tax or surtax affects both life and non-life contracts.

The Company does not distinguish between the insurance tax and the extra profit tax in terms of IFRS 17 calculations. Both taxes are considered to be directly related to GICs and are treated in the same way as the insurance premium, as a kind of negative premium and are included in the IFRS 17 calculations as such (e.g. in the case of GMM and VFA valuation models, the related experience variance modifies the CSM).

3.6.1.10 Mutualization (cash-flow transfers between certain contract groups)

The Company has products where mutualization can be considered and the Company does not use the exemption allowed by the European Union when adopting IFRS 17, according to which - based on the choice of accounting policy - insurance contracts with direct profit sharing which have a cash-flow effect on the cash-flow of other insurance contracts, contracts issued more than one year apart can also be classified in a GIC.

This primarily occurs in the Company's traditional profit-sharing contracts and the reason is that the policyholders' share of the investment returns in these contracts is based on the book returns of investment portfolios ("underlying asset portfolio(s)" or asset management portfolio(s)) in which several GIC- mathematical reserves of the contracts belonging to were invested and the calculation of the policyholders' share of the investment returns is independent of when the initial recognition of the given GIC took place. As a result, the newly created GICs share in the returns of the portfolio(s) of invested assets from which, before the initial recognition of the new GIC, only existing GICs shared. By recognizing the newly created GIC, the share in the return of the underlying asset portfolio(s) is reallocated. If the above reallocation was not taken into account, the CSM or loss component calculated for each GIC would be distorted.

The Company has developed the following systematic allocation method to take mutualization into account.

In the case of relevant life insurance contracts, the cash flow that is to be allocated from the existing GICs to the newly recognized GICs due to mutualization is determined for each newly recognized GIC upon its initial recognition. This cash-flow is calculated as the difference in the present value of the various cash-flow runs at the initial recognition of the new GIC.

The cash flow allocated to the newly created GICs is allocated to the previously created GICs (with the opposite sign as the "transferred cash flow" from the previous GICs to the new GIC) based on the average mathematical reserve duration as a driver.

3.6.1.11 Investment component

The investment component represents amounts that the insurer must pay to the policyholder regardless of whether an insured event has occurred.

According to IFRS 17, the (non-separated) investment component cannot be included in the insurance sales revenue under either valuation model. The reason for this is that the standard does not consider these as a consideration for a service, but simply as a paid amount to be returned to the policyholder (similar to a type of deposit). When the investment component occurs, it is transferred from the LRC directly to the LIC and then paid from there.

When determining the investment component, the Company proceeds as follows:

In the case of the projected LRC cash flows, at the beginning of the period, the investment component is the sum of the redemption value and maturity payments expected for the period, as well as the portion of the death payments equal to the redemption or maturity amount, since this is the amount that must be repaid to the policyholder

In the case of current cash flows, the value of the investment component is determined when the claim occurs. This makes it possible for only the insurance component to be included in the income statement, but regardless of this, both components (not separated from each other) are included in the liabilities for the incurred claims. Separation is no longer necessary when the insurance service is provided.

3.6.1.12 Application of yield curves during IFRS 17 calculations

The Company uses a discount rate for many IFRS 17 calculations (various present value determinations, interest calculations) in accordance with the guidance described in point 17.B72 of IFRS.

The types of yield curves used are:

- current yield curve (for determining the closing LRC, ARC in the GMM model, for determining the closing LIC, AIC in all valuation models, and for the interest payments of LIC, AIC in the following period)
- yield curve used for initial recognition (in GMM and VFA models for initial recognition, in GMM model for CSM interest payments, in GMM model for measuring CSM adjustment due to changes in the estimate of non-financial conditions, to determine the part of insurance financial income/expenses to be recognized in the result if the OCI option is chosen)
- yield curve observed at the time of when the claims incur (in the PAA model, to determine the part of insurance financial income/expenses to be recognized in the result if the OCI option is chosen)

In all cases, the applied discount rates are derived from yield curves that contain forward yields for monthly periods. The application of individual points of the yield curve for discounting takes into account the timing of the cash flows to be discounted (beginning of period or end of period cash flows).

In all cases, the applied yield curves are the risk-free yield curves modified with the appropriate illiquidity premium. The illiquidity premiums are determined by the Company at the portfolio level. The current risk-free yield curves modified with the illiquidity premium are therefore determined at the portfolio level, while the yield curves used for the initial recognition (see table below) are at the contract group level due to the linkage of the weighting to the contract group.

The Company uses weighted average discount rates (yield curves) for the initial recognition of *direct* contract groups. The weighting is done for the period of issue of the contracts belonging to the group, i.e. the Company weights yield curves observed at given times during this period. The weighting is applied to the period of issue of the contracts in the group, i.e. the Company weights the yield curves observed at specific times during this period. The weights represent the actual gross premiums of contracts issued during the given period.

The Company also uses a weighted average yield curve for the initial recognition of *reinsurance* contract groups. It derives this from the weighted average yield curves used for initial recognition, but not modified by the illiquidity premium, produced for the direct GICs covered by the given reinsurance GIC. The weights are the claim recoveries for the given direct GIC covered by the reinsurance GIC. An illiquidity premium determined separately for the reinsurance GIC is added to the weighted yield curves produced in this way.

The *yield curve observed at the time of claim incurrence* for a given claim year is determined by weighting the yield curves observed in that year. The yield curves to be weighted are the yield curves observed on the first day of the claim year (last day of the previous year) and on the last days of the previous quarters of the claim year. The weights are RBNS reserves for claims that incurred in the given year.

The yield curve used for the initial recognition changes during the year of the GIC's build-up and is then locked in ("locked-in yield curve").

Likewise, if the yield curve observed at *the time of claim incurrence* changes in the claim year to which it belongs, it will get locked in at the end of the claim year ("locked-in yield curve").

3.6.1.13 Management of foreign exchange insurances

The Company does not separate the currency derivatives embedded in its insurance contracts if they do not contain a leverage and an optional feature, and the derivative's cash flows are denominated in the currency that is the functional currency of one of the contracting parties.

When creating contract portfolios, the Company takes the currency into account and groups insurance contracts exposed to different currencies into separate portfolios. Thus, for example, insurance contracts belonging to the same product group but exposed to different currencies are classified in separate portfolios. When classifying portfolios according to currency, the Company classifies those insurance contracts in a single portfolio, in which the premium and/or claim is denominated in the same currency.

The Company considers all contract groups in a given currency portfolio and the entirety of these contract groups (i.e. all future cash flows and risk adjustments) to be denominated in the currency of the portfolio.

In cases where the various cash flows within a given contract group are in reality denominated in different currencies (e.g. in addition to HUF premiums, claims and commissions, there are also costs in EUR), for the purposes of IFRS 17 calculations, the Company expresses these cash flows denominated in different currencies - both planned and actual data - in the currency of the contract group, which is the same as the currency of the portfolio to which the given contract group belongs

In order to convert the projected values of future cash flows into the currency of the portfolio, the Company uses the monthly forward exchange rates calculated between the relevant future cash flow and the currency of the portfolio as at the reference date of the projection, i.e. 1 January of the year in the case of an early projection or the last day of the period in the case of a late (end-of-period) projection.

To convert the actual values of the cash flows into the currency of the portfolio, the Company uses the arithmetic average of the daily MNB exchange rates of the relevant period.

Liability arising from insurance contracts, including CSM, is a monetary item. As a result, they must be revalued on the reporting date if they are denominated in a currency other than HUF. The Company converts the insurance liability denominated in the currency of the given contract group, as well as the transactions of the current period affecting them, into HUF by applying IAS 21.

3.6.2 Insurance contracts - liability for remaining coverage (LRC)

3.6.2.1 General measurement model (GMM)

The Company values all insurance contract groups within the scope of the IFRS 17 standard using the general measurement method, except for those for which it applies the PAA valuation method or the VFA valuation method.

The Company does not have any contract group to which it would apply the modified GMM measurement model.

Initial recognition

The Company recognizes (prepaid) premiums received before the initial display of insurance contract groups as a liability and as part of the liability for remaining coverage (LRC). When the insurance contract group is initially recognized, these liabilities are derecognized by the Company:

- a) if the contract group is profitable at its initial recognition and there is a contractual service margin (hereinafter: CSM) at the time of its initial recognition, the value of the CSM at the time of initial recognition is modified;
- b) if the contract group is unprofitable at its initial recognition, it is accounted for in the result (as insurance service expenses)

For all GICs valued according to the GMM and VFA valuation models, the initial recognition requires the calculation of the risk adjustment (hereinafter: RA) for non-financial risks at the time of the initial recognition.

Follow-up valuation

Movements of the LRC

Among the movements of the LRC following are accounted for in the insurance revenue:

- release of the RA,
- the release of the CSM,
- the release of the claims and costs expected (excluding amounts allocated to the loss component),
- the experience variance of premiums (if not related to future services),
- insurance acquisition cash-flows allocated to the period.

Following are accounted for under insurance financial income and expenses:

- interests,
- exchange rate differences (except for the OCI option).

The CSM is modified by

- the change in the estimates and the experience variance related to future services,
- the experience variance of the investment component.

The release of the loss component is profit-neutral (it appears both as a deduction from the insurance revenue and as a deduction from the expense of insurance services), since the loss component is immediately recognized in profit or loss at the moment the contract becomes unprofitable. The subsequent profit-neutral release is necessary so that, during the coverage period, overall insurance revenue consistent with the premiums received and insurance service expenditure related to the claims and costs paid are included in the profit or loss.

The Company currently has not identified any experience variance related to premiums and insurance acquisition cash-flows that is not related to a future service, therefore it currently treats all as related to future service.

CSM/LC transfer of insurance contracts during the follow-up valuation

During the follow-up valuation, the CSM of a given GIC can be reversed into a loss component by the movements that modify it, or vice versa, the loss component for a given GIC can be reversed into the CSM by the said movements.

The mentioned reversals can be in the following directions:

If the existing CSM - i.e. the CSM of the new policies from the opening CSM and the CSM resulting from the settlement of interest on the CSM - decreases to zero and there is a residual portion from movements (estimate changes, experience variance related to future services), this portion is immediately accounted for in the insurance service cost in the given period and the Company follows the accounting for the loss component in the further valuation of the relevant GIC until the loss component reverses back to CSM. The movement that reduces the CSM to 0 is accounted for by the Company as a decrease in the CSM in the period in which it occurs.

If the existing loss component - i.e. the loss component of the new policies from the opening loss component and the part of the interest settlement allocated to the loss component - decreases to zero and there is a residual portion from movements (estimate changes, experience variance related to future services), this portion is accounted for as an increase in CSM in the given period, and the Company follows the accounting for the CSM in the further valuation of that GIC until the CSM reverses back to a loss component. The movement that reduces the loss component to 0 is immediately accounted for by the Company as a decrease in insurance service cost in the period in which it occurs.

CSM release and coverage units

The CSM value on the reporting date must be divided into two parts, the amount affecting the current period is accounted for in profit or loss (insurance revenue) (CSM release), while the remaining part (modified according to estimation changes and experience variances, updated to the last day of the reporting period) is for the period until the end of risk bearing and must be recognized as a liability.

The division is determined based on the coverage units. The coverage unit shows the extent of the contractual insurance service taking into account the duration of this service. From the total CSM, the rate recognized in the current year is the rate at which the coverage units are prorated between the current period and the current period plus all future periods.

CSM release is done as follows

$$\text{CSM release} = \text{CSM to be released} * [\text{Factual coverage units in the current period} / (\text{Factual coverage units in the current period} + \text{Factual coverage units expected after the current period})]$$

The CSM to be released is the CSM updated to the last day of the relevant period, i.e. the new policies, the (relevant) experience variances of the current period, the non-financial estimate changes - including the changes in the risk adjustment estimate for non-financial risks – and, in the case of VFA valuation models, CSM adjusted for the effect of the change in the fair value of the underlying items attributable to the Company.

The Company determines the release of its foreign currency GIC CSM in foreign currency, converting the amount of the release into HUF at the average exchange rate for the period. Then, the closing CSM converted to forints at the closing exchange rate is determined, and the exchange rate difference is calculated and accounted for in the profit or loss.

The coverage units are determined by the Company in the value of the maximum insurance amount for all insurances (the higher of the (maximum) insurance service amount and the repurchase service amount).

The Company produces the estimated (planned) values of the cover units every month as part of the cash-flow runs of the plan, estimating the maximum insurance service amount at the end of each month. The Company discounts the planned coverage units. The Company does not discount the

factual coverage units in the current period. The Company determines the amount of factual coverage units for the relevant period by multiplying the (factual) maximum insurance service amount determined for the last day of the current period by the number of months of the current period. The reason for the determination in this way is to ensure that the factual coverage units of the current period can be compared with the planned coverage units.

Loss component release

In the GMM and VFA valuation models, at the time of initial recognition, if the performance cash flows embody a net cash outflow, then the amount of the loss is immediately recognized by the Company in profit or loss. A loss component equal to this amount must be formed. The loss component is accounted for separately as part of the liability for remaining coverage (the LRC) and its movements are tracked in accordance with IFRS 17. The loss component shows the amount that is included in the result as reversals of losses on adverse contracts and therefore cannot be taken into account when determining the insurance revenue.

The Company systematically divides the following changes in performance cash flows between the loss component and the liability for the remaining coverage taken without the loss component:

- a. estimates of the present value of future cash flows related to claims and expenses that are released from the liabilities of the remaining coverage due to incurred insurance service costs;
- b. the changes of the risk adjustment for non-financial risk recognized in profit or loss due to exemption from the risk (RA release)
- c. financial income or expenditure on insurance.

The systematic division is achieved by the Company by multiplying the above performance cash flow changes by a so-called loss component release ratio.

Determination of end-of-period risk adjustment

For all GICs valued according to the GMM and VFA valuation models, it is necessary to calculate the risk adjustment (RA) due to non-financial risks at the end of the period, which the Group establishes using the "provision for adverse deviation" method, as the difference in the present value of cash-flow runs.

In the event that a GIC valued in the PAA model is unprofitable or becomes unprofitable in a given period, it becomes necessary to calculate the performance cash-flows for the last day of the period, which also includes the calculation of the end-of-period (closing) RA, which in these cases is done in the same way, like the RA calculation mentioned above.

Release of risk adjustment in the period

During the valuation following the LRC, it must be determined how much of the risk adjustments will be released in the given period. The release is done in proportion to the coverage units. The value to be released is determined according to assumptions made at the beginning of the period. The release of the risk adjustment for the current period is equal to the opening risk adjustment multiplied by the quotient of the sum of the discounted coverage units projected for the period and the sum of

the discounted coverage units projected for the entire remaining period (including the current period). The coverage units are discounted using the yield curve valid at the beginning of the period.

The release of the risk adjustment is only relevant for contract groups valued with GMM and VFA, because in the case of the PAA valuation model, risk adjustment is only included in the IFRS17 calculations in the case of unprofitable contracts, and even there, only as a final risk adjustment (therefore, the release is not relevant).

3.6.2.2 Variable fee approach (VFA)

In the case of the VFA measurement method, application is mandatory if the VFA criteria are met for a contract.

The VFA valuation model must be applied in the case of insurance contracts containing so-called direct profit-sharing, which IFRS 17 essentially considers as investment-related service contracts, in the framework of which the entity promises an investment return based on underlying items.

According to the standard, the VFA valuation model is not applicable to reinsurances.

Initial recognition

The initial recognition of insurance contracts valued in the VFA valuation model does not differ from the initial recognition of contracts valued in the GMM valuation model.

Subsequent valuation

Insurance contracts valued in the VFA valuation model are considered by IFRS 17 primarily as contracts providing investment-related services. This is the main difference between the VFA model and the GMM. Deviations from the GMM model affect the LRC and related settlements, while the LIC is determined and settled according to the same principles as for the GMM and PAA models.

All contracts that meet the criteria defined in IFRS 17 must be valued in the VFA model.

The following are the Company's deviations from GMM affecting LRC:

- a) There is no separate interest settlement on the CSM.
- b) Changes in performance cash flows resulting from the time value of money and financial risks, affecting the variable premium, are accounted for in the CSM.
- c) When releasing CSM, the coverage units are discounted using the current discount rate.
- d) For VFA calculations, the Company uses the value of the underlying asset returns allocated to GICs.
- e) In the VFA model, the application of the yield curve used for the initial recognition as a locked-in yield curve is not interpreted. At the same time, for the initial recognition the Company uses a weighted average yield curve produced in the same way.
- f) In the case of the VFA, the calculation to be followed in the case of the OCI option starts from the underlying assets, in contrast to the difference between the values discounted with the locked-in and the current yield curves.
- g) The Company, unlike the GMM valuation model, can choose whether to apply the risk mitigation approach according to paragraph 17.B115 of IFRS. The Company does not use the mentioned approach and the accompanying special accounting - i.e. the recognition of certain effects attributable to changes in the time value of money and changes in financial

assumptions not in the CSM, not in the insurance finance income and expenses, as a departure from the main rule of the VFA.

3.6.2.3 Premium allocation approach (PAA)

The premium allocation approach is a simplified method, its use is optional. That is, even if the conditions of applicability are met, it is not compulsory to apply this method. The premium allocation approach is a simplified method compared to the GMM measurement model with the following simplifications:

- no CSM and related accounting
- no risk adjustment for non-financial risks, except when the contract group is unprofitable or becomes unprofitable
- the determination of the remaining coverage liability is simplified;
- the time value of money should only be taken into account if the contract group contains a material financing component or the contract group is unprofitable or becomes unprofitable

Initial recognition

The Company recognizes (prepaid) premiums, received before the recognition of insurance contract groups, as a liability and presents them as part of the liability for remaining coverage (LRC). When the insurance contract group is initially recognized, these liabilities are derecognized by the Company. In the case of the PAA valuation model, if the contract group is not unprofitable at the time of initial recognition, there is no separate accounting step required for the premium liability entered in the books before the initial recognition, as it was already part of the LRC and in the PAA model it remains a part of the LRC. The change with the initial recognition is that the accounting (release) of the LRC as income during the coverage period is interpreted starting from the initial recognition, i.e. the accounting of the liability due to the premiums received before the initial recognition as income is not possible before the initial recognition.

In the case of the PAA valuation model, if the contract group is unprofitable at the time of initial recognition, the Company accounts for the liability due to premiums received before the initial recognition in the profit or loss (among insurance service costs).

Financing component

Based on the characteristics of the Company's non-life insurance products, currently no adjustment with a financing component is necessary.

Insurance acquisition costs

After the allocation of the insurance acquisition costs to the contract group, the acquisition costs are activated and then released. The release logic is the same as the logic and schedule of the settlement of the liability through insurance revenue.

Determination of insurance revenue and the logic of acquisition cost release

The Company also releases its insurance acquisition costs allocated to the insurance contract group according to the same pattern as the sales revenue pattern

Unprofitable contracts

The loss component according to the GMM model is not interpreted.

If, at any time during the coverage period, facts and circumstances indicate that the GIC is loss-making (adverse), the value of the LRC under the PAA and the present value of the settlement cash flows at the end of the period according to the GMM model shall be calculated.

If the latter is a larger liability, the difference must be accounted for in the profit or loss, as an insurance service cost.

3.6.3 Insurance contracts – liabilities for incurred claims (LIC)

3.6.3.1 Claim reserves and claim payment obligations

The LIC of the Company at the reporting date consists of the following:

- i. the value of future cash flows derived from claims reserves (RBNS and IBNR) and claim cost reserves discounted with the current yield curve on the reporting date and from the related risk adjustment for non-financial risks and
- ii. liabilities related to claims and claim costs that have already been approved for payment, but the financial settlement has not yet taken place by the reporting date.

LIC is determined in the same way for PAA, GMM and VFA valuation models.

3.6.3.2 Initial recognition

Liability for incurred claims related to the group of insurance contracts is valued at the value of the future cash-flows related to the incurred claims, adjusted by the time value of money of the future cash-flow and the effect of financial risk. The LIC recognized in relation to the incurred claims also includes the risk adjustment for non-financial risks related to these claims.

When applying the premium allocation approach, if the cash flows are expected to be settled within one year or less from the date of the claim, discounting of the cash flows is not required, but the Company does not take advantage of this relief and discounts these cash flows within one year.

For contract groups using the premium allocation approach, the Company uses the yield curve observed at the time of claim incurrence to discount the LIC cash flows.

3.6.3.3 Interest

The interest settlement for the current period is based on the yield curve observed for the opening value of the LIC at the beginning of the period (on the last day of the previous period). The Company recognizes this interest in the income statement under insurance financial income and expenses.

For contract groups using the premium allocation approach, the Company uses the yield curve observed at the time of the claim incurrence to determine insurance financial income or expenses (including interest settlement).

3.6.3.4 Experience variances and risk adjustment change management

Experience variances affecting LIC can be grouped as follows:

- for the period in subject, there is a difference between the cash flow expected at the beginning of the period and the cash flow actually paid.
- the cash-flow estimate at the beginning of the period changes by the end of the period.

Experience variances are recognized by the Company among insurance service costs, separately from the change in the discount rate and from the LIC change due to possible financial risks, which is recognized as part of insurance financial income and expenses.

The change in the risk adjustment for non-financial risk is recognized by the Company as part of the insurance services cost (as a reducing item of the risk adjustment in the event of a decrease in the risk adjustment)

Risk adjustment for non-financial risks on LIC

General

In the case of LIC, it is necessary to calculate the risk adjustment for non-financial risks (hereafter LIC RA) for newly incurred claims, i.e. incurred in the given reporting period, as well as for the last day of the reporting period. For LIC RA, unlike the RA to be calculated in case of LRC section, RA release is not interpreted. The reason for this is that all changes in the LIC RA are accounted for by the Company under insurance service costs (financial results are not accounted for either, as changes in RA are not divided between insurance service results and insurance financial income or expenses), therefore the separate calculation of the RA release is not relevant.

The Company quantifies the LIC RA for claims incurred in a given reporting period by separating the LIC RAs calculated for the last day of the reporting period, generated at a higher (company or SII LoB) level, into GICs and, within these, into claim years. The LIC RA for the given reporting period as a claim year will therefore be the LIC RA for the claims incurred in the given reporting period.

The LIC RA is calculated based on a different methodology for life insurance and non-life insurance, however, within life insurance uniformly for GICs valued according to the GMM, VFA and PAA models, and within non-life insurance also uniformly for GICs assessed according to the PAA and GMM models, except that the Company uses a different calculation methodology for annuity and non-annuity claims LICs.

The Company's LIC for annuity claims is also relevant in the case of life insurance, however, at present, claims are only paid in the form of bank annuities, for which essentially no non-financial risks occur, and the Company considers the risk of changes in costs to be negligible. For this reason, in the case of life insurance policies, it currently does not count with LIC RA for annuity LIC. The Company will review this conclusion in the event of new-type claims to be paid in the form of an annuity.

In the case of life insurance, the LIC RA is determined by the Company using a quantile approach. It assumes a (normal) distribution for the changes in LIC relative to the present value of LIC cash flow calculated for the last day of the reporting period and considers the difference between 80% and 50% of the quantiles of this distribution as the LIC RA calculated for the end of the reporting period.

The Company identifies the changes in LIC with the 1-year transaction results for the past years.

3.6.4 Reinsurance contracts held - asset for remaining coverage (ARC) of reinsurance

The recognition of the held reinsurance contracts is similar to that of direct insurances, therefore only the differences to the Company's current direct insurances are presented here.

The Company does not enter into reinsurance contracts that refer to events that have already occurred, the financial impact of which is still uncertain.

Classification into contract groups

Compared to direct insurance, one of the most important differences is that the Company classifies all held reinsurance contracts according to the definition under IFRS17 into separately held reinsurance contract groups, with the restriction that it classifies contracts resulting from the separation of the same "legal contract" and which can be detected in one year into a single held reinsurance contract group

Absence of onerous contract groups

Another important difference – which follows from the standard itself – is that the held reinsurance contracts cannot be onerous.

That is, no Loss component is determined. Which also means that the Contractual Service Margin, which is normally an asset, may even be a liability.

The risk adjustment - in contrast to direct contracts - is an asset and does not express what kind of compensation the Company expects due to uncertain future cash flows, but how much risk it transferred to the reinsurer through the given contract.

Recognition of amounts received from and paid to the reinsurer

The Company recognizes the amounts received from the reinsurer and the allocation of premiums paid to the reinsurer between periods in the income statement separately.

Acquisition costs

For held reinsurance, the Company has no insurance acquisition costs.

Allocated costs

For held reinsurance, the Company has no allocated costs.

Investment component

Unlike direct insurances, held reinsurance contracts have an Investment component. When determining the cash flows, the Company acts on the basis of the following:

Since it presents the amounts received from reinsurance and the allocation of premiums paid separately,

- a) it treats reinsurance cash flows depending on the claims of the underlying contracts as part of the claims expected to be recovered based on the held reinsurance contract;
- b) it treats the amounts expected from the reinsurer, that do not depend on the claims of the underlying contracts (such as certain types of reinsurance commissions) as a reduction of the fee payable to the reinsurer.

On the other hand, after the allocation of the individual commission items (especially, but not exclusively, the sliding scale, the profit commission), a part of the fee-reducing items is considered an investment component. Both decisions "remove" the item from both the revenue and the expenditure.

In the first step, the Company divides the amounts expected from the reinsurance company into two and then classifies them into the categories of premium reduction or investment component based on whether the given commission item was "only withheld" from the premium or was remitted by the reinsurance company.

The above also means that the amounts actually paid/accounted for as claim recoveries may have to be accounted for as an investment component under IFRS17.

Partner risk

Estimates of the present value of the future cash flows of the reinsurance contract groups held shall take into account the effect of any risk of default by the issuer of the reinsurance contract, including the effects of collateral and litigation losses.

Loss recovery component

If the underlying direct contract groups are onerous or become onerous and the reinsurance contract was not concluded for the onerous contract groups, the Company will create a Loss Recovery component as follows, determining the proportion in which each held reinsurance. Using this loss recovery ratio(s), the Company forms the Loss Recovery component by prorating the loss component/loss components of the onerous underlying direct contract group(s), when the underlying direct contract group becomes initially onerous.

In the case of reinsurance GICs valued in the GMM valuation model, the opening value of the Loss Recovery component (which can be 0) is modified during the given period by the following:

- addition to the Loss recovery component due to the inclusion of the underlying direct GICs as new business (calculated as described in the previous paragraph)
- the effect of changes in the cash-flow estimate affecting the underlying adverse direct GICs, modifying their loss component

The Loss Recovery component formed after the above modifications is then released in proportion to the coverage units characteristic of the given reinsurance GIC (with a similar logic to the CSM release in the case of direct GMM GICs).

In the case of reinsurance GICs valued in the PAA valuation model, the Loss Recovery component is modified similarly to the GMM, and the release is made by multiplying the Loss Recovery component formed after the modifications by the release (allocation) ratio of the PAA model income calculated for the relevant period.

In the case of reinsurance GICs valued in the GMM model, the release of the Loss Recovery component has basically the same purpose as the release of the loss component in the case of direct GICs. The release takes place on a profit-neutral basis, reducing both the reinsurance expense allocated to the period in question and the income for the period resulting from reinsurance claim recoveries.

For reinsurance GICs valued in the PAA model, the release of the Loss recovery component modifies the ARC (as does the formation of the loss component for underlying adverse direct GICs).

For reinsurance GICs valued in the GMM model, it is calculated with the weighting of the yield curve used for initial recognition with reference to the direct GICs covered by the given reinsurance GIC.

3.6.5 Reinsurance contracts held – assets for incurred claims (AIC)

In the case of held reinsurance contracts, not the liability for claims incurred, but the assets for claims incurred is reported in the Company's balance sheet. The claim itself is not quantified on the basis of the "legal contract", since

- its accounting may differ from the standard, for example because it only applies to reported claims;
- it does not include the risk adjustment for non-financial risks.

The Company derives the cash flows of the reinsurance contracts held from that of the underlying direct insurances.

In the case of reinsurance GICs for which the Group applies the OCI option, the calculation of the yield curve observed at the time of the claim incurrence becomes relevant (see the chapter discussing yield curves).

3.6.6 Contract amendments, derecognition of contracts

The Company may derecognize an insurance contract under IFRS 17 only if, and only if

- a) it ceases, i.e. when the obligation defined in the insurance contract expires, is fulfilled or cancelled; or
- b) the contract is amended in such a way that it results in derecognition based on IFRS 17 (see below)

If an insurance contract is amended, it must be decided whether it should be derecognized from the books or whether the amendment should be accounted for as a change in the cash-flow estimate (see point b) above)

An amendment to a contract can be any change in the contractual condition (e.g. modification of duration, optionality in the contract) or a change required by the regulator (e.g. MNB or legislator).

It is not to be treated as a contract amendment if the contracting party exercises an option already existing in the original conditions.

Derecognition of the contract and recognition of a new contract into the books is necessary in the following cases:

if the modified contract conditions were agreed upon when the contract was concluded,

- then the contract would not have been within the scope of IFRS 17; or
- then other components would have been separated from the contract, and the remaining insurance contract subject to IFRS 17 would therefore have been different
- the contract limit of the amended contract would have been essentially different from the contract limit of the contract before the amendment
- the amended contract should have been classified in a different GIC than the one before the amendment

In all other cases, the contract amendment does not result in derecognition, and it must be accounted for as a cash-flow estimate

3.6.7 Insurance contracts acquired in a business combination or portfolio transfer

Insurance contracts acquired in a business combination under IFRS 3 or portfolio transfer that does not qualify as a business combination are recognized on the acquisition date.

Insurance contracts acquired in the above ways are classified and valued on the basis of the terms, conditions and information of the contracts existing at the time of acquisition, not on the basis of the conditions, conditions and information existing at the time of the original inception of the contracts.

For the exception rules applicable/to be applied to the portfolio acquisition in the context of the transition, see the chapter discussing the transition to IFRS 17.

For insurance contracts acquired in a business combination under IFRS 3 or portfolio transfer that does not qualify as a business combination, the CSM to be recognized on the recognition of the contracts is calculated - for contracts valued in the GMM and VFA models - in accordance with the general rules (IFRS 17.38 for direct insurance contracts and IFRS 17.65 for reinsurance contracts held), with the consideration received or paid for the contracts to be considered as the premium received or paid on initial recognition.

The consideration received or paid for contracts must not include consideration paid by the Company in the same transaction but for other assets (e.g. related investments) or liabilities.

If the contracts were acquired in a business combination according to IFRS 3, the above-mentioned consideration received or paid for the contracts must be considered equal to the fair value of the contracts (according to IFRS 13) at the time of acquisition.

If in the transaction the consideration received for the direct insurance contracts and the performance cash flows together show a net cash outflow, the contract group acquired is unprofitable.

With the amount of this loss (net cash outflow), the Company at the time of the acquisition

- in the case of a contract group acquired in a business combination according to IFRS 3 increases the goodwill or reduces the profit achieved on a beneficial purchase (no loss may arise on the business combination);
- in the case of direct insurance contracts acquired during a portfolio transfer that does not qualify as a business combination, it reduces the result.

In the aforementioned case of loss, the Company identifies a loss component, regardless of whether the direct insurance contracts were acquired in a business combination or a portfolio transfer that does not qualify as such, and later releases it according to the general rules.

If in the transaction the Company acquires held reinsurance GICs that also cover adverse direct GICs, the reinsurance CSM established as above must be adjusted with the loss recovery component, which is determined as follows:

- the loss component of the underlying adverse direct GICs at the time of acquisition, multiplied by
- the percentage of losses of the underlying adverse direct GICs, which the Group is expected to receive as a return from the acquired reinsurance contracts

The Loss recovery component

- is recognized in the result in the case of reinsurance GIC acquired in a portfolio transfer that is not considered a business combination (as income), or
- is recognized as an item that reduces goodwill or increases the profit due to a beneficial purchase in the case of a reinsurance GIC acquired in a business combination.

The Company identifies, records and later accounts for the Loss recovery component on the day of acquisition in the same way as it does in the case of its concluded held reinsurance contracts.

3.6.8 Presentation

The Company presents the following book values separately for the financial position:

- the portfolios of issued insurance contracts that are assets,
- the portfolios of issued insurance contracts that are liabilities,
- the portfolios of held reinsurance contracts that are assets,

— the portfolios of held reinsurance contracts that are liabilities.

Individual components of liabilities and assets arising from insurance contracts (e.g. CSM, loss component, RA) are not included in the balance sheet, they are presented as part of the reconciliation tables required by IFRS 17. In the case of a loss component, the amount of the LRC without the loss component and the amount of the loss component are published separately in the reconciliation tables.

3.6.8.1 Presentation in the statement of comprehensive income

When choosing the OCI option, the Company presents the part of the insurance financial result accounted for in OCI under the following:

- for insurance contracts under "Financial result from insurance transactions"
- for reinsurance contracts under "Financial result from reinsurance".

3.6.8.2 Insurance revenue

Under insurance revenue the Company recognizes following:

- the release of Risk Adjustment based on the expectations at the beginning of the relevant period,
- the release of CSM,
- the release of claims and costs expected for the period at the beginning of the period (except for their amounts allocated to the loss component),
- experience variance related to the premium (if related to non-future services),
- the part of the premiums related to the reimbursement of insurance acquisition cash-flows, allocated to the relevant period.

The insurance revenue cannot include amounts related to an investment component.

3.6.8.3 Insurance service result (income and expense)

In the case of the GMM and VFA valuation models, if the contract group is unprofitable when it is initially recognized, the Company immediately recognizes the loss in the result under "Insurance services expenses".

The Company accounts for the change in Risk Adjustment in the insurance service result under "Expenses for insurance services" because, in accordance with point 17.81 of IFRS, it does not separate the change in Risk Adjustment between insurance financial income and expense and insurance services result.

This is also where the Company accounts for experience variances (separated from changes in the discount rate and changes due to possible financial risks).

3.6.8.4 Insurance financial result

Under insurance financial income and expense, the Company accounts for the effect of interest settlement and changes in exchange rate differences (except in the case of the OCI option), changes in the discount rate and changes due to possible financial risks.

In all cases, the Company accounts for the exchange rate difference in the income statement in accordance with the IAS 21 standard. In the case of insurance contracts under "Financial result from insurance transactions", in the case of reinsurance contracts under "Financial result from

reinsurance", except for the cases when the given group of contracts is valued in the GMM valuation model and the OCI option is applied.

Based on the requirements of the standard, the Company decides for each insurance contract portfolio whether to account for the periodic insurance financial income/expenditure in the result or divided between the result and other comprehensive income (hereafter: OCI option).

In the case of unit-linked contract groups valued in the VFA model, the underlying assets behind the LRC are valued at FVTPL by the Company. In the case of UL contract portfolios, the Company does not apply the OCI option.

In the case of choosing the OCI option for insurance contract groups valued with the GMM valuation model, the Company values the effect of the time value of money and its changes, as well as the effect of financial risk and its changes, with the discount rate at the time of initial recognition (at locked in rate) for both LRC and LIC. and also discounts it with the current discount rate.

The value discounted at the locked in rate is accounted for in the result as follows:

- for insurance contracts under "Financial result from insurance transactions"
- for reinsurance contracts under "Financial result from reinsurance"

The difference between the value discounted at the current rate and the value discounted at the locked in rate is accounted for in the other comprehensive income as follows:

- for insurance contracts under "Financial result from insurance transactions"
- for reinsurance contracts under "Financial result from reinsurance"

For portfolios of contracts valued in the VFA model to which the Company applies the OCI option, because the Company holds the underlying items in each case, it must recognize in profit or loss an amount by allocating the periodic insurance finance income or expense that eliminates the accounting mismatch related to the income or expense recognized in profit or loss for the underlying items held.

If the return allocated to the given GIC affected by the OCI option on the underlying items and accounted for in other comprehensive income is a profit (loss), the Company accounts for the same amount of insurance financial expenditure (income) in other comprehensive income.

For contract groups valued in the PAA model, the Group uses for OCI calculations the discount rates applied at the time of the incurrence of the incurred claim (LIC). The logic of the PAA LIC OCI calculation is otherwise identical to the logic used for the GMM LIC OCI.

When applying the OCI option, the Company divides the exchange rate difference into parts to be recognized in profit or loss and in other comprehensive income. The division is made by the Company calculating the following value:

- a) period closing balance converted from the currency of the contract group into forints at the period closing exchange rate, where for the calculation of the closing balance, discounting is performed using the discount rates determined at the time of the initial recognition of the contract group (locked-in discount rates); less
- b) the closing balance of the period in forints, calculated from the currency of the contract group converted into forints at the previous period's closing exchange rate, and from the movements of the contract group's currency converted into forints using the exchange rates in the accounting policy. For the calculation of the period opening balance and for the calculation of all period movements, where discounting can be interpreted, the Company uses locked-in discount rates.

The value calculated in the above manner is recognized by the Company in the income statement under Financial result from insurance transactions in the case of insurance contracts and under Financial result from reinsurance in the case of reinsurance contracts.

The difference between the total foreign exchange rate difference and the foreign exchange rate difference accounted for in the result is accounted for by the Company in other comprehensive income, in the case of insurances under Financial result from insurance transactions, in the case of reinsurance under Financial result from reinsurance.

3.6.8.5 Presentation of reinsurance contracts

The Company presents income or expenses from held reinsurance contracts separated from expenses or income from issued insurance contracts.

In the case of reinsurance, the release of the risk adjustment is not an income, but an expense.

Expected reinsurance service returns at the beginning of the period appear under "Claims returns, commission and profit sharing from reinsurer" (not as an item reducing insurance income).

The Company recognizes the premiums paid to reinsurers under "Expenditure due to premiums transferred to reinsurers" among the result of insurance services.

Based on paragraph 86 of IFRS 17, the Company chooses to present the amounts received from reinsurers and the allocation of premiums paid separately.

3.7 Investment income and expenses

Income and expenses relating investments comprise dividend and interest income, interest expenses, gains and losses from exchange rate differences, and gains and losses (both unrealized and realized) arising from net fair value changes of financial assets measured at fair value through profit or loss. Interest received in respect of interest-bearing financial assets measured at fair value through profit or loss is included in net gains and losses arising from fair value changes. Interest income, and expenses from loans, receivables and funds is accounted using the effective interest rate method. Interest income calculated using the effective interest rate method is included in a separate line of the comprehensive income statement (Interest income calculated using the effective interest method).

3.8 Leases

According to IFRS 16 the contract is a lease or contains a lease, if it transfers the right to control the use of an identified asset for a period of time in exchange for a fee. One asset can be identified, if the lessee has the right to obtain substantially all the economic benefits of the use, and the lessee controls the use of the asset. Short term leases (less than 12 months without a purchase option) and low value assets are excluded from the standard as simplification option.

The lessee shall disclose in its statements of financial position the depreciable asset that represents the right of use in the financial statement and the liability for leasing payments on the liability side. While depreciation and interest component are recognized as an expense in the income statement.

The insurer identified the following leasing contracts, which were examined in detail:

- software leases
- server leases

- office equipment leasing (e.g. printers)
- office lease
- car lease

In the case of software leasing, the lessee may choose, in accordance with IFRS 16.4, not to apply the requirements of the standard and continue to account for the cost of the lease as an expense. The Company makes use of this exemption and treats software leases as operating leases.

In connection with the servers, several points of the definition are fulfilled by the existing contract. However, since the server capacity is rented in a server park where not all capacity is occupied by the part used by the insurer or the servers are not specifically identifiable or detachable, therefore, according to IFRS 16:B20 the Company treats it as an operating lease.

In the case of printers and other office equipment, the Company has identified contracts for which the terms of the lease definition are met. For these contracts, the Company intends to make use of the simplification of low-value leases, as the value of the leased assets identified in these contracts is not significant.

In the case of office rent and car rent (based on IFRS 16: 13-15), components related to a lease agreement, such as operating fees or other service charges, must be separated, these components are eligible as expenses. The office lease contract is terminated at 28 February 2029, the length of the car rental contracts ranges between 22 and 60 months.

After the separation of the other components, the lease contract meets the terms of the leasing definition, so the central office leased by the Company is classified as a finance lease in accordance with IFRS 16. The value of the right of use assets will equal the discounted present value of the leasing payments, which were depreciated linearly by the Company over the lifetime of the contract.

When discounting the leasing payments, the effective interest rate is defined as the current (valid at the start date) EULIBOR (plus the interest premium used in the 2017 financial reinsurance contract (3.15%)), which represents the market interest rate available to the Company.

3.9 Income from state subsidies

When presenting state subsidies, the Company examines whether the criteria set as preconditions for financial realization are expected to be met. The subsidy is accounted for in the period when they are recognized by the company in parallel to the related costs it intends to compensate, to ensure systematic adequacy. [IAS 20.12]

Revenue-related subsidies may be reported separately as “other revenue” or can be deducted from related expenditure. [IAS 20.29] The Company has opted for net accounting and will thus deduct from expenses. The cost-reducing item (the amount of subsidy for the costs incurred) is entered in the financial statements in accordance with the principle of matching.

3.10 Employee benefits

The Insurer applies IAS 19 to the settlement of employee benefits. Employee benefits are all forms of remuneration given by an entity for the service provided by employees are not only cash benefits but also benefits in kind.

Grouping Employee Benefits:

- Short-term employee benefits.
- Post-employment benefits.
- Other long-term employee benefits.
- Severance payments

On 29 November 2018, the Company decided to establish the Employee Ownership Program (hereinafter referred to as “MRP”). The establishment of the MRP took place in order to implement the Remuneration Directives adopted by the General Meeting of the Company. The MRP Organization is a separate legal entity, over which the CIG Pannónia Life Insurance Plc., as a final mother company, exercises control along the IFRS 10 criteria, as with the application of the remuneration policy it influences the earnings to be distributed, and defines its revenue and liabilities.

On 05 April 2019 CIG Pannónia Life Insurance Plc. transferred its own shares to CIG Pannónia Life Insurance Employee Ownership Program Organization (MRP). Besides transferring its own shares the Company also offered a purchase option of CIGPANNONIA shares to the MRP. The grant date evaluation of the option constitutes the initial evaluation of the optional commitment, decreased by the option fee paid by MRP.

During the grant date valuation and the subsequent valuation date valuation of employee share based payments was determined using the Cox-Ross-Rubinstein binomial tree method. To determine the value of the options, the risk-free yield for model calculations was determined by the relevant risk-free yield curves published by EIOPA, and the exchange rate standard deviation was determined using the experimental exchange rate data. In assessing this option, the Company took into account the trading data of CIGPANNONIA shares for the last two years.

Performance bonuses for fulfilling and superseding the company’s budget are – according to the remuneration policy – paid for the employees through the MRP organization. The remuneration policy allows for the payments of bonuses, as outlined in employment contracts, to be partially deferred. Since 2021, if the bonus targets are met, 70% of the payments through the MRP are due in cash to the employees, while 10-10-10% of the bonus is due in shares in the following years through the MRP. In this case, 70% of the bonus is an employee benefit accounted for under IAS 19. Regardless of the position of the parties, the remaining 30% is, as defined in the remuneration policy, executed in the form of shares and is therefore a share-based payment under IFRS 2.

The main attributes of the benefit are as follows. The date the benefit is granted is the date on which the parties mutually understood the terms of the benefit. This is the date when the parties sign the bonus agreement. The bonus vesting period is 4 business years to which the bonus agreement applies; however, the performance criteria must be evaluated for the business year to which the agreement applies. A further three-year deferred performance criterion needs to be applied for the payment of the additional 10-10-10%. A share-based payment defined as a fixed amount shall be classified as an equity-settled share-based payment in accordance with IFRS 2 BC106–118, regardless of the requirements of IAS 32. Based on the above, the Group recognizes the portion of the fixed amount attributable to the given year continuously against equity, while the number of shares is determined only in the year following the relevant period in accordance with the rules of

the remuneration policy. In the course of valuation, the Group considers expected changes in performance criteria and vesting conditions using historical data of the previous periods.

With regard to the year 2024, based on the decision of the supervisory board, taking into account the primary goals defined in the Company's Growth Strategy - to the shareholders' expectation that the Company's model based on predictable, conservative dividend payments can be realized in the medium and long term, as well as to the obligation to bear the public burdens acting against this, and the impact of this on the Company's KPIs - the conditions for payment based on the MRP Remuneration did not exist as a whole, i.e. the 2024 report did not contain share-based payments. However, after 2025, with the support of the Supervisory Board's decision and in accordance with the decision of the Board of Directors, payments will be made through the MRP, therefore the Company will also report share-based benefits in its 2025 financial statements.

3.11 Income taxes

Income tax costs include current and deferred taxes. Current and deferred taxes are charged to profit or loss, unless they are related to an item which must be accounted through equity or other comprehensive income, because then they must be recognized in equity or in other comprehensive income together with the related income. Current income tax is the tax expected to be paid on the taxable profit of the reporting year, calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is accounted for the temporary differences between the accounting values of assets and liabilities in the statement of financial position and their values for tax purposes. Deferred tax assets are recognized for unutilized tax losses if it is likely that sufficient taxable profit will be available in the future against the deferred tax asset. The amount to be set as deferred tax receivable is expected to be recoverable from the tax losses in the medium term, that is the tax expected to be deductible according to the Company's business plans and the effective tax rate. Considering the volatile economic environment, the Company defined 'medium term' as 2 years. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which the temporary differences are reversed. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities which relate to income taxes imposed by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.12 Intangible assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the given item. Amortization is recognized on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives and the amortization method are reviewed at the end of each annual reporting period, with the effects of any changes in estimates being accounted for on a prospective basis. Subsequent expenditure related to intangible assets is capitalized only if this results in future economic benefits for the Company. All other subsequent costs are accounted for as expense in the period when incurred. The Company only has intangible assets with definite useful lives; amortization rates of 14.5%-33% are applied. Amortization is charged to profit or loss under other operating costs.

Goodwill acquired in business combinations is initially recognized under intangible assets in accordance with Note 4.4. Goodwill is subsequently presented at cost less any impairment losses.

3.13 Property, plant and equipment

All items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the given item. High-value components of a device with different useful lives are recorded and depreciated separately.

Depreciation is recorded from the date of first use and is calculated using the straight-line method over the estimated useful lives. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is earlier.

For its asset types the Company applies following depreciation rates:

Type of asset	Depreciation rate
Investment on rented property	50%
Motor vehicles	20%
Office and IT equipment	20-33%
Furniture and other fittings	14.5%

Residual values and useful lives are reviewed, and adjusted, if necessary, at the end of each reporting period. The carrying amount is written down immediately to the asset's recoverable amount if it is higher than the estimated recoverable amount. (see note 3.14)

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are recognized in the profit or loss for the period.

Property, plant and equipment include computers, office equipment, fixtures and vehicles at cost less accumulated depreciation and impairment losses. Acquisitions below HUF 200 thousand are written off in the year of acquisition.

3.14 Impairment of non-financial assets

Assets are tested for impairment if internal or external circumstances indicate that the asset may be impaired. Depreciated or amortized assets and cash generating units are tested for impairment if there is any indication that the carrying amount may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-flows (cash-generating units). An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.15 Financial assets

A financial instrument is any contract that creates a financial asset for one economic entity and a financial liability or equity instrument for another economic entity.

3.15.1 Initial recognition

All financial assets are initially displayed and derecognized on the trade date when the Insurer becomes a party to the contract creating the financial asset, including when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned (regular way trade). All financial assets are initially measured at fair value plus, in the case of financial assets not classified as at fair value through profit or loss, transaction costs which are directly attributable to the acquisition of the financial asset.

The fair value of the financial asset at initial recognition is usually the transaction price (i.e. the fair value of the consideration paid). However, if part of the consideration is not given or received for the financial asset, but for something else, the Insurer values the fair value of the financial asset and recognizes it at this value. The part of the consideration paid that exceeds the fair value of the financial asset at the time of acquisition is accounted for by the Insurer according to the relevant standard. The principles for determining fair value are described in Note 3.18.

Financial assets and liabilities are netted and presented in the statement of financial position when, and only when, the Insurer has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.15.2 Classification and valuation of financial assets

Upon initial recognition, the Insurer classifies its financial assets into the following three groups based on the business model for managing financial assets and the contractual cash flow characteristics of the financial asset:

- financial assets valued at fair value through profit or loss,
- financial assets valued at fair value against other comprehensive income,
- financial assets valued at the amortized cost.

3.15.2.1 Equity instruments

As a general rule, the valuation of investments in equity instruments (which do not qualify as equity investments in subsidiaries) must be made at fair value through profit or loss.

However, at the time of initial recognition, the Insurer may irrevocably decide to present subsequent changes in the fair value of the investment in certain equity instruments, which are otherwise valued at fair value through profit or loss, in other comprehensive income ("FVOCI option"), provided that the equity instrument is not held for trading and is not a contingent consideration recognized by the acquirer of a business combination within the scope of the IFRS 3 standard either. The decision is made by the CEO and the Chief Accounting Officer on an instrument-by-instrument basis, taking into account ALCO's recommendation.

Dividends from equity instruments where the Insurer used the FVOCI option must be recognized in profit or loss.

3.15.2.2 Debt instruments

When classifying debt instrument financial assets, the Insurer considers two aspects:

- the business model used to manage the financial assets, and
- the contractual cash flow characteristics of the financial instrument.

The Insurer values its financial assets at amortized cost if both of the following conditions are met and the given financial asset was not irrevocably designated as valued at fair value through profit or loss upon initial recognition:

- the financial asset is held by the Insurer based on a business model designed to hold financial assets to collect contractual cash flows; and
- the contractual conditions of the financial asset at specified dates result in cash flows that are exclusively payments of principal and interest on the outstanding principal amount.

Debt instruments are valued at fair value against other comprehensive income by the Insurer if both of the following conditions are met and the given financial asset was not irrevocably designated as valued at fair value through profit or loss upon initial recognition:

- the financial asset is held by the Insurer based on a business model that achieves its goal by collecting contractual cash flows and selling the financial assets; and
- the contractual conditions of the financial asset at specified dates result in cash flows that are exclusively payments of principal and interest on the outstanding principal amount.

The Insurer classifies all other debt instrument-type financial assets in the category valued at fair value through profit or loss.

3.15.3 Business model test

The Insurer's business models have been defined at a level that reflects how it manages groups of financial assets together in order to achieve a particular business objective, whether the cash flows from the financial asset arise from the collection of contractual cash flows, the sale of financial assets, or both.

When evaluating the business model applied to the management of financial assets, the Insurer takes into account all relevant evidence: the performance of the assets, their risks and the management of those risks and their role in remuneration.

When defining the business model, the Insurer takes into account the frequency, value and schedule of sales from the given portfolio in previous periods, the reason for the sales and expectations for future sales activity.

The Insurer defined the following business models for its portfolio:

Name of business model	Content and main features of the business model
Business model for holding financial assets to collect contractual cash flows ("HTC")	It aims to realize the cash flows of the asset by collecting contractual payments made over its lifetime. Sales are not an integral part of the business model, but a contingent element of it, although sales are not incompatible with this business model.
Business model to collect and sell contractual cash flows of financial assets ("HTCAS")	Both the collection of the contractual cash flows of the assets and their sale are an integral part of the business model. This business model typically has more sales than the HTC business model.
Other business model	For example: holding for trading or handling on a fair value basis.

In the case of its financial assets, the Insurer defines the business model at the portfolio level, for which it has identified the following portfolios:

- Financial assets related to life insurance linked to investment units accounted for as insurance contracts
- Financial assets related to investment contracts
- Financial assets serving as collateral for reserves of traditional (non-unit-linked) life insurance contracts
- Own investments (multiple portfolios)
- Derivatives
- Cash accounts and bank deposits
- Other financial receivables (these include: trade receivables, loans granted, deferred income, asset management fee receivables, other financial receivables not mentioned above)

The Insurer manages the portfolios of financial assets related to life insurance linked to investment units accounted for as insurance contracts and financial assets related to investment contracts on a fair value basis (together with the related insurance obligations, and in the case of investment contracts together with the related financial obligations), therefore the Insurer has established that the business model of these portfolios is Other business model.

The business model of traditional (non-unit-linked) life insurance contracts with its financial assets serving as collateral for reserves is such, that the Insurer, in addition to collecting the contractual cash flows from these financial assets, carries out substantial buying and selling activities in this portfolio in order to rebalance the investment portfolio in alignment with movements in the related insurance portfolio, thus ensuring that the related insurance liabilities are covered by the cash flows of the investment portfolio. Therefore, the Insurer determined that both the collection of contractual cash flows and sales are an integral part of the business model for this investment portfolio, so the business model for this investment portfolio is HTCAS.

In the case of own investments, the Insurer defines sub-portfolios and establishes the business model separately for each sub-portfolio.

The business model of derivatives is the Other business model, since they meet the definition of "held for trading" in IFRS 9.

The Insurer wishes to collect only the contractual cash flows from both the Cash accounts and bank deposits, as well as the Other financial receivables, therefore the business model of this portfolio is HTC.

In the case of the Other financial receivables listed above, the Insurer's objective, without exception, is exclusively to collect the contractual cash flows, so their business model is HTC in all cases (together, documented as one sub-portfolio). In the case of Other financial receivables not listed above, the Insurer defines sub-portfolios as necessary and establishes the business model for each sub-portfolio separately.

The Insurer always documents the performed business model tests by portfolio (or, where applicable, by sub-portfolio). For each financial asset, the Insurer keeps records in such a way that the business model can be determined from the records.

If the Insurer acquires or creates financial asset(s) that cannot be included in any of the portfolios already documented from a business model perspective, the Insurer defines a new portfolio and (if necessary) sub-portfolios and prepares the relevant documentation.

If the insurer acquires a portfolio of contracts together with the financial assets related to the contracts, it considers whether its objective is to sell or hold those assets, when determining the business model at the time of initial recognition. If the objective is sales, then the business model for these is Other business model (in addition to documenting a new portfolio for the purpose of business model testing), if it is holding, then the Insurer classifies these assets in the appropriate portfolio for its insurance or investment contracts and defines the business model accordingly (i.e. a new portfolio is not documented for business model test purposes).

3.15.4 Analysis of contractual cash flows ("SPPI test")

At the time of initial recognition, the Insurer performs an analysis of the contractual cash flows of the debt instrument-type financial assets, based on which it determines that the contractual conditions of the given financial asset at specified dates result in cash flows that are exclusively payments of principal and interest on the outstanding principal amount ("SPPI test passed") or not ("SPPI test not passed").

3.15.5 Financial assets valued at amortized cost

The valuation of financial assets valued at amortized cost is carried out at amortized cost after initial recognition.

When determining the effective interest rate of financial assets (except for impaired financial assets acquired or incurred), the Insurer estimates future cash flows, taking into account all contractual terms of the financial instrument, with the exception of expected credit losses. In the case of impaired financial assets acquired or incurred, the Insurer applies a so-called credit-adjusted effective interest rate, which takes into account expected credit losses in addition to the estimated future cash flows.

The Insurer evaluates receivables, other receivables, and intercompany receivables at amortized cost.

3.15.6 Financial assets valued at fair value against other comprehensive income

The Insurer classifies the following instruments in the category of financial assets valued at fair value against other comprehensive income:

- equity instruments that it designated as such during initial recognition
- debt instruments for which, as a result of the business model test, it was determined that the purpose of the business model is to collect the contractual cash flows associated with the debt instrument and at the same time the sale of the financial assets, and as a result of the SPPI test, at specified dates defined by the contractual conditions of the financial asset, the generated cash flows are solely payments of the principal and the interest due on the outstanding principal amount.

Gains and losses on financial assets valued at fair value against other comprehensive income - with the exception of profit or loss due to impairment, interest according to the effective interest rate method, and exchange rate gains and losses - are recognized by the Insurer in other comprehensive income until the financial asset is derecognized or reclassified.

The Insurer recognizes the interest calculated using the effective interest rate method, the loss due to impairment, as well as the exchange rate gain and loss in the result.

The amounts recognized in other comprehensive income cannot be subsequently transferred to the result in the case of equity instruments valued at fair value against other comprehensive income.

If the Insurer receives dividend income from equity instruments valued at fair value against other comprehensive income, it is accounted for in the result as dividend income.

There is no impairment requirement for equity instruments valued at fair value against other comprehensive income.

The Insurer evaluates its financial assets serving as collateral for the reserves of traditional (non-unit-linked) life insurance contracts and the securities in its equity portfolio at fair value against other comprehensive income.

3.15.7 Financial assets valued at fair value through profit or loss

All debt instruments that do not meet the conditions for valuation at amortized cost or at fair value against other comprehensive income are classified as financial assets at fair value through profit or loss, including derivative instruments that qualify as assets, which must later be valued at fair value through profit or loss.

As a general rule, equity instruments are also classified in this category, with the exception of those for which the Insurer chose valuation against other comprehensive income during the initial recognition.

Financial assets valued at fair value through profit or loss also include

- financial assets related to unit-linked life insurance contracts accounted for as insurance contracts, and
- financial assets related to investment contracts

as in their case the business model is Other business model.

Financial assets valued at fair value through profit or loss also include

- financial assets serving as collateral for the reserves of traditional (non-unit-linked) life insurance contracts, and
- own investments,

which are invested in investment funds. The reason for this is that these investments do not meet the SPPI test and the conditions for being designated as fairly valued against other comprehensive income, as they are by definition not equity instruments.

Financial assets valued at fair value through profit or loss are valued at fair value after initial recognition, changes in fair value - including interest, dividends, exchange rate differences on foreign currency revaluation - are recognized in profit or loss, under other investment income and investment expense.

3.15.8 Reclassification of financial assets

The Insurer will reclassify affected financial assets if and only if it changes the business model used for the management of financial assets.

Any change in the business model is documented by the Insurer and the documentation includes the approval of the CEO and the Chief Accounting Officer, a description of the change and the justification of the materiality of the change, which is documented in the ALCO meeting documents.

If the Insurer reclassifies its financial assets, it must apply the reclassification prospectively from the date of reclassification. The Insurer may not restate previously recognized profits and losses (including profits and losses due to impairment) and interest.

The date of the reclassification is the first day of the [calendar quarter] period following the date of the documented change of the business model. The Insurer applies the reclassification in accordance with IFRS 9.

3.15.9 Derecognition of financial assets

Before assessing whether and to what extent it is appropriate to derecognize a financial asset, the Insurer determines whether to apply the derecognition requirements to a part or all of a financial asset.

The Insurer derecognizes financial instruments if its rights to the contractual cash flows cease or expire, or the rights or the essential benefits and risks resulting from ownership are transferred by the Insurer, or the Insurer writes off the financial asset in whole or in part.

3.15.10 Replacements/modifications of financial assets

As for the rules for accounting of modifications in financial assets, the rules for modifications in financial liabilities are to be applied analogically.

The replacement or modification of debt instruments under significantly different conditions between the current creditor and debtor must be accounted for as the termination of the original financial asset and the recognition of a new financial asset.

The Insurer considers the conditions / modifications to be materially different in each case, if the present value of the cash flows under the new conditions calculated on the date of the modification,

discounted at the original effective interest rate, differs by at least 10 per cent from the gross book value of the original financial asset (less impairment).

If the above-mentioned values do not differ by 10%, the Group will still consider a modification of the conditions to be material if the material qualitative factors change (e.g. currency, interest rate from fixed to floating etc.).

With regards to accounting on the day of the replacement / modification:

- If the replacement / modification of debt instruments is material, than the difference between the two values is recognized in the profit or loss, under other investment income or investment expenses.
- If the replacement / modification is not material, the Insurer does not derecognize the original financial asset, but recalculates its gross book value and accounts for the adjustment a gain or loss in the profit or loss under other investment income or investments expenses.

3.16 Impairment of financial assets

The Insurer accounts for expected credit losses in the case of the following financial assets not valued at fair value through profit or loss:

- financial assets of the debt instrument type valued at fair value against other comprehensive income (for equity instruments, impairment is not disclosed),
- financial asset valued at amortization cost.

3.16.1 General rules of impairment

The Insurer recognizes the expected credit loss on the reporting date for all financial assets subject to the impairment requirements.

Expected credit losses are probability-weighted estimates of credit losses incurring over the expected life of the financial asset (i.e. the present value of the total expected cash flow shortfall). Estimates of expected credit losses must always reflect the possibility of both the occurrence and non-occurrence of a credit loss, even if the most likely outcome is that no credit loss will occur. Estimates of expected credit losses must reflect an unbiased and probability-weighted amount, which is determined through the evaluation of various possible outcomes.

When determining the credit loss, the Insurer also takes forward-looking information into account.

The Insurer assumes that the credit risk of a financial asset has not increased significantly since the initial recognition, if it is determined that the credit risk of the financial asset is low on the reporting date.

The Insurer applies the stages set out in IFRS 9 for the recognition of credit losses, according to the cases and risk assessment described in the standard:

- Settlement of 12-month expected credit loss (Stage 1)
- Settlement of expected credit losses over the lifetime (Stage 2 and Stage 3)

For its government securities and externally rated financial assets other than government securities - if they are not low credit risk at the reporting date - the Insurer considers a deterioration of at least 2 notches in the rating as a significant increase in credit risk.

If, in the previous reporting period, the Insurer valued the recognized loss of a financial asset at an amount equal to the lifetime credit loss, but decides that the credit risk of the financial asset concerned has not increased significantly since the initial recognition on the current reporting date, the recognized loss on the current reporting date is recognized at an amount equal to the 12-month expected credit loss (i.e. it is reclassified from Stage 2 to Stage 1).

In the case of financial assets valued at amortized cost and at fair value against other comprehensive income, the Insurer recognizes in profit or loss as an impairment gain or loss the amount of expected credit losses (or reversals) by which amount the recognized loss needs to be adjusted to the amount determined at the reporting date.

The Insurer considers financial assets with an external rating of BBB- (Standard&Poors rating) or better, recommended for investment ("investment grade") as low credit risk.

3.16.2 Special rules of impairment

3.16.2.1 Impairment of government securities and corporate bonds

In order to determine the impairment of government securities and corporate bonds, the Insurer first determines at each reporting date whether the security is in Stage 1, Stage 2 or Stage 3.

Impairment is calculated using the following formula for government securities and corporate bonds classified as Stage 1 and Stage 2:

$$ECL = PD \cdot LGD \cdot EAD$$

where

ECL: expected credit loss at the reporting date

PD (probability of default): 1-year PD if the security was classified as Stage 1 on the reporting date; lifetime PD, if the security was classified as Stage 2 on the reporting date

LGD (loss given default): estimated loss rate at default

EAD (exposure at default): the gross book value of the security on the reporting date

The PD is estimated on the basis of Weibull curves fitted to time series of sovereign or corporate default rates corresponding to the rating category of the latest available Standard & Poor's at the reporting date.

To estimate LGD, the Insurer uses a study on external sovereign debt restructuring cases and approximates LGD by the average of the face value reduction haircut values reported in this study for several countries.

To estimate the LGD of corporate bonds the Insurer applies:

- for bank bonds - a study on the rates of return of European banks;
- for corporate bonds – 45% as agreed in the Basel II framework.

The Group considers forward-looking information in such a way that, in addition to the base scenario ("Base case"), it also considers an optimistic scenario ("Upturn case") and a pessimistic scenario ("Downturn case"). In the Upturn case, it is assumed that the rating of the given government security

improves by 1 notch compared to the reporting date (if this improvement is still possible), and that the rating at the reporting date is Stage 1. In the Downturn case, the Insurer assumes that the rating of the given government security deteriorates by 1 notch compared to the reporting date, and that the rating at the reporting date is Stage 2. In addition to the Base case, the Insurer calculates the expected credit losses for the Upturn case and the Downturn case using the above method and considers the weighted average of the three results as the credit loss on the reporting date. The weights are determined by the management on each reporting day, as a result of an expert estimate.

The Insurer values its Stage 3 government securities individually. In each case, it performs cash-flow estimates in 2 scenarios. It takes the present value of the estimated cash flows for both scenarios and weights them according to management's judgment. To calculate the present value, the Insurer uses the original effective interest rate (in the case of a floating interest rate paper, it discounts with the current effective interest rate). The Insurer recognizes the expected credit loss as the difference between the resulting weighted cash-flow present value and the gross book value at the reporting date.

3.16.2.2 Impairment of cash and cash equivalents

The Insurer has determined the expected credit loss of its cash and cash equivalents (bank account balances) at the balance sheet date using the same method as for government securities at the transition to IFRS 9. The value of the loss was immaterial and is expected to remain immaterial, therefore the Insurer considers the impairment of cash and cash equivalents to be 0.

3.16.2.3 Impairment of intercompany receivables

For financial receivables from subsidiaries and associated companies, the Insurer did not recognize expected credit losses as long as there was no clear indication of a negative change in the financial situation of the company in question. In this case, the Insurer performs an individual cash-flow estimate for the intercompany receivable in at least two scenarios. It takes the present value of the estimated cash flows in both scenarios and weights them according to management's judgment. To calculate the present value, the Insurer uses the original effective interest rate of the receivable (in the case of a receivable with a floating interest rate, the current effective interest rate). The Insurer recognizes the expected credit loss as the difference between the resulting weighted cash-flow present value and the gross book value on the reporting date.

3.16.2.4 Impairment of trade receivables and other receivables

The Insurer uses a simplified methodology to determine the expected credit loss for trade receivables and other receivables. Expected credit losses are quantified with the help of a matrix, using past experience of credit losses.

3.16.3 Recognition of impairment for expected credit losses in the financial statements

The Insurer recognizes impairment for expected credit losses in its financial statements as follows:

- In the case of financial assets valued at amortized cost: the asset is recognized in the statement of financial position by deduction from its gross book value and is recognized in the comprehensive income statement under impairment and reversal of financial assets
- In the case of debt instruments valued at fair value against other comprehensive income: no impairment loss is recognized in the statement of financial position, because the book value of these financial assets is equal to their fair value. The amount of impairment

recognized for these financial assets is presented by the Insurer in the supplementary notes. At the same time, in the comprehensive income statement, the amount of the impairment loss for the given year appears under Financial assets impairment and reversal.

3.16.4 Write-off of financial assets

The Insurer writes off a financial asset in whole or in part if it is no longer reasonably expected that the financial asset or part of it will be recovered.

Events and circumstances that the Insurer considers to be such that it no longer reasonably expects a return from the asset or part of it are the following:

- a more than insignificant part of the financial asset (>10% of the face value/receivable value) is more than 5 years overdue. In this case, the entire financial asset is written off, unless a part can clearly be identified for which a return can still reasonably be expected.
- based on the outcome or expected outcome of bankruptcy or liquidation or enforcement against the other party, there is no prospect of recovery for all or part of the financial asset.

During the write-off, the Insurer reduces the gross book value of the financial asset against the amount of expected credit loss recognized.

3.17 Determination of fair values

A number of the Insurer's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

The fair values of financial assets quoted in an active market are their bid prices at the reporting date. In other cases, the fair value is determined using the discounted cash flow and other financial models.

The Insurer uses the following three valuation levels when determining the fair value of assets and liabilities:

- Level 1: quoted price on the active market for the asset / liability
- Level 2: Based on input information other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs are unobservable inputs for the asset or liability

For the various financial instruments, the fair value method is as follows:

- Debt securities
 - Debt securities excluding government bonds and treasury bills introduced into the primary distribution system, shall be valued on a unified basis during the valuation period using the last closing net price by adding accrued interest up to the T day when determining the market value;
 - in the case of fixed or floating-rate debt securities with a mandatory price-fixing, with a remaining period of more than 3 months, in the primary distribution system, or in case of treasury bills, the arithmetic average of the best buy-and-sell net prices issued by the

State Debt Management Center (hereinafter ÁKK) on the T day or on last working day before it and the interest accrued up to the T day should be determined;

- in case of debt securities and treasury bills with a non-compulsory pricing, with a remaining period of less than 3 months to maturity, with fixed-rate, including state-guaranteed debt securities, the market value should be determined by using the 3-month reference yield published by ÁKK on the T day or on the last working day before it as the sum of the calculated net price and interest accrued up to the T day;
 - If a debt securities listed on a stock exchange - with the exception of government securities issued in the primary distribution system - do not have a price not earlier than 30 days, then the market value is determined by using the last registered and published (before T day) over-the-counter weighted by trade volume average net price and the interest accrued up to the balance sheet date if this data is not older than 30 days. The 30-day validity of the prices quoted by OTC is the date of the publication, i.e. the last day of the reference period, even if it falls on a non-working day. The same methodology shall be applied to debt securities not traded on the stock exchange;
 - if the above valuation methods are not applicable, the net purchase price shall be used, adding the interest accrued from the last interest payment to the T day when determining the market value.
- Shares:
 - the shares traded at the stock exchange have to be valued according to the closing price on the T day;
 - if there was no trading on that day, the last closing price shall be used if this price is not older than 30 days from the T day;
 - if none of the methods can be applied, regardless of its antiquity, the lower of the last stock exchange price, the absence thereof the last OTC price and the purchase price should be used;
 - in the case of shares not listed on the Budapest Stock Exchange, the valuation price of the asset must be determined based on the last weighted average price of the shares traded over-the-counter and published in the official journal of the BSE, if it is no older than 30 days.
- Derivative instruments:
 - T day earnings on futures on the Budapest Stock Exchange on the basis of the relevant stock exchange futures regulations if the transactions were opened on T day using the binding price and the T day settlement price if the transactions were closed on T day by the binding price and T-1 daily in the case of transactions opened earlier than T day, using the settlement rate T day and T-1 daily settlement price.
 - Foreign exchange futures contracts are evaluated at forward rate calculated on the basis of the T-day spot rate and interbank rates quoted in the relevant currencies. The interest rates to be used for the calculation are inter-bank interest rates that are closest to the remaining maturity of the forward bond.

3.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits payable on demand and term deposits with a term of less than 3 months.

3.19 Financial liabilities

The Insurer recognizes financial liabilities in its financial statements with the date when the contractual obligation arises. Financial liabilities are derecognized when the contractual obligation is fulfilled, expires or ceases.

The Insurer subsequently classifies all financial liabilities at amortized cost, except for the following:

- financial liabilities valued at fair value through profit or loss. These liabilities, including derivative instruments that qualify as liabilities, must subsequently be valued at fair value;
- financial liabilities that arise when the transfer of a financial asset does not meet the derecognition criteria or when the continuing involvement approach is to be applied;
- financial guarantee contracts;
- commitments to grant loans at an interest rate lower than the market interest rate;
- contingent consideration recognized by the acquirer in a business combination within the scope of IFRS 3 Business Combinations.

The Insurer may irrevocably designate a financial liability as valued at fair value through profit or loss upon initial recognition if this results in more relevant information due to one of the following:

- it eliminates or significantly reduces a valuation or recognition inconsistency (also known as an accounting mismatch), which would otherwise have arisen due to the fact that the valuation of assets or liabilities, or the recognition of profits or losses on them is carried out on different bases; or
- the management of a group of financial liabilities or a group of financial assets and financial liabilities, as well as the valuation of its performance is carried out on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided within the Insurer on this basis to the key management personnel of the Insurer.

The Insurer classifies liabilities into the following categories:

3.19.1 Valuation of financial liabilities valued at amortization cost

Financial liabilities valued at amortized cost upon initial recognition are valued by the Insurer at fair value, increased or decreased by the transaction costs directly attributable to the issuance or acquisition of the financial liability. Subsequent valuation is at amortized cost, and amortization costs are accounted for using the effective interest rate method.

The Insurer values received loans, other liabilities, liabilities from financial reinsurance, liabilities to the owner and intercompany liabilities at amortized cost.

3.19.2 Liabilities valued at fair value through profit or loss

The Insurer presents the profit or loss arising from the financial liability marked as valued at fair value through profit or loss as follows:

- a) the amount of the change in the fair value of the financial liability that can be attributed to the change in the credit risk of that liability, in other comprehensive income; and
- b) the residual amount of the change in the liability's fair value against profit or loss, unless the treatment of the effects of the change in the credit risk of the liability described in point a) would result in an accounting mismatch or increase it in the profit or loss.

If the Insurer designates a financial liability as valued at fair value through profit or loss, it determines whether recognizing the effects of changes in the credit risk of that liability in other comprehensive income would result in an accounting mismatch or increase it in profit or loss. An accounting mismatch arises or increases if recognizing the effect of changes in the liability's credit risk in other comprehensive income create a larger accounting mismatch in the profit or loss than if these amounts were recognized in the profit or loss by the Insurer.

To determine this, the Insurer evaluates whether, according to its expectations, the effects of changes in the liability's credit risk will be offset in the profit or loss by a change in the fair value of another financial instrument valued at fair value through profit or loss. This expectation is based on the economic relationship between the characteristics of the liability and the other financial instrument. The mentioned determination takes place at the initial recognition and cannot be re-valued.

If an accounting mismatch arises or increases, the Insurer recognizes all changes in the fair value (including the effects of changes in the credit risk of the given obligation) in the profit or loss. If an accounting mismatch does not arise or increase, the Insurer recognizes the effects of the change in the credit risk of the given liability in other comprehensive income.

The amounts recognized in other comprehensive income cannot be transferred to profit or loss later. The Insurer may, however, reallocate accumulated profits or losses within its own equity.

The Insurer initially classifies all liabilities arising from unit-linked life insurance contracts that do not meet the classification criteria of insurance contracts as liabilities valued at fair value through profit or loss. (See: contract classification, investment contracts.) It values futures and derivatives at fair value through profit or loss.

After initial recognition, financial liabilities categorized as valued at fair value through profit or loss are valued at fair value.

3.19.3 Derecognition of financial liabilities

The Insurer derecognizes financial liabilities when contractual obligations

- cease,
- are waived or
- expire.

Typically, the financial liability ceases and is therefore derecognized when the other party no longer has the right to claim amounts from the Insurer. This is usually the case when:

- the Insurer settles the liability by redemption, or
- the Insurer is legally or by the creditor released from the obligation to repay the debt.

The difference between the book value of the financial liability (or part of it) that has ceased or been transferred to a third party, and the consideration paid (including transferred non-monetary assets and assumed liabilities) must be recognized in profit or loss.

3.20 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous policies are recognized and measured as provisions. A policy is considered onerous where the unavoidable costs of meeting the obligations under the policy exceed the economic benefits expected to be received under it.

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or by announcing the main features to those affected by it. The measurement of a restructuring provision only includes the direct expenditures arising from the restructuring, which are the amounts necessarily entailed by the restructuring but and not associated with the ongoing activities of the entity.

3.21 Share capital and capital reserve

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Capital increases are accounted for in equity when the Company has the right to receive the funds from shareholders. During capital increases the nominal value of the shares is accounted in share capital, with any surplus amounts paid recorded in the capital reserve. Direct costs of capital increases are accounted as items reducing the capital reserve.

The Company disclose its assets and liabilities in the comprehensive statement of financial position in the order of liquidity (according to IAS 1.60). The net assets – assets minus liabilities – equals to the shareholders' equity.

3.22 Other reserves

Under other reserves the Company recognizes the difference between the cost net of impairment and the fair value of securities valued against other comprehensive result, and changes in fair values accounted under other comprehensive income.

When the Company choses the OCI option, for financial results, it recognizes the difference between the value discounted at the current rate and the value discounted at the locked-in rate in other comprehensive income and thus in *other reserves* (see detailed under 3.7.8.4).

3.23 Treasury shares

According to IAS 32, paragraphs 33 and 34, when a company repurchases its own shares, any paid consideration should be presented directly as an equity decreasing item. No gains or losses can be recognized in the comprehensive income in connection with the purchase, sale, issue or termination of treasury shares, the consideration for the purchase or sale is recognized directly in equity. The amount of repurchased treasury shares as specified in IAS 1 is stated separately by the Company in both the statement of financial position and the notes.

As IFRSs do not set specific disclosure criteria for equity, the Company applies the following presentation. The value of the repurchased treasury shares is presented separately in equity as an equity-reducing item. If the treasury shares are sold or reissued, the value of decreasing treasury shares will reduce this separate amount in equity. In the case of the inclusion of treasury shares, the difference between the par value and the cost is accounted in the capital reserve. Same applies at sale or reissue of the treasury shares the sales price difference from the cost accounted in the capital reserve.

3.24 Equity Correlation Table

The Equity Correlation Table is described in Section 114 / B of the Hungarian Accounting Act. It is presented as part of the notes in accordance with IAS 1 Presentation of Financial Statements.

The equity correlation table shall contain the opening and closing balances of each element within equity under IFRSs, and in that context the opening and closing balances of the following equity components:

- a) equity capital: equity under IFRSs plus supplementary payments received and shown under liabilities in accordance with IFRSs, minus supplementary payments provided and shown under assets in accordance with IFRSs, including any cash to be transferred to the capital reserve on the basis of legal provisions, and assets received, shown under deferred income, minus any sum of receivables from owners in connection with making capital contribution in the form of equity instrument;
- b) subscribed capital under IFRSs: subscribed capital provided for in the instrument of constitution, if classified as an equity instrument;
- c) subscribed capital unpaid: part of the subscribed capital under IFRSs that has not yet been paid up and made available for the economic entity;
- d) capital reserve: all equity components that are not covered by the definition of subscribed capital under IFRSs, subscribed capital unpaid, retained earnings, revaluation reserve, post-tax profit or loss or tied-up reserve;
- e) retained earnings: previous years' accumulated results after tax shown in the annual accounts prepared in accordance with IFRSs, not yet distributed among the owners (including the combined total of the earnings retained according to this Act on the balance sheet date of the financial year preceding the year of transition to IFRSs and the after-tax profit adjusted by the effect the transition to IFRSs had on retained earnings), as well as the sums credited or charged directly to such accumulated results in accordance with IFRSs, sums transferred from the subscribed capital or from the capital reserve to cover the losses, any sum transferred from other reserves, as required or permitted by IFRSs. The sum thus received shall be decreased by the supplementary payments shown under assets in accordance with IFRSs, plus any unused portion of the provision for developments with the sum of deferred tax liabilities calculated according to IAS 12 - Income Taxes deducted. Retained earnings may not include other comprehensive income, as provided in IAS 1 - Presentation of Financial Statements, with the exception of value adjustments in respect of transfers, and share-based payments described in Note 3.8 should also be presented here;
- f) revaluation reserve: other comprehensive income shown in the comprehensive income statement provided for in IAS 1 - Presentation of Financial Statements, including other comprehensive income accumulated and from the current year, furthermore, the revaluation reserve from before the date of transition to IFRSs;
- g) post-tax profit or loss: as defined in Point 9 of Section 114/A;
- h) tied-up reserve: supplementary payments received and shown under liabilities in accordance with IFRSs, plus any unused portion of the provision for developments with the sum of deferred tax liabilities calculated according to IAS 12 - Income Taxes deducted.

The equity correlation table shall also contain:

- a) a reconciliation of the capital registered by the court of registry with the subscribed capital under IFRSs;

b) untied retained earnings available for the payment of dividends, covering retained earnings from the last financial year for which accounts have been adopted comprising post-tax profit or loss of that financial year minus cumulative unrealized gains claimed in connection with any increase in the fair value of investment properties, as provided in IAS 40 - Investment Property, reduced by the cumulative income tax accounted for under IAS 12 - Income Taxes.

3.25 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders using the weighted average number of ordinary outstanding shares during the year after deducting the average number of preference equities held over the period.

The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while taking into account the impact of all dilutive potential ordinary shares that were outstanding during the period:

- the net profit for the period attributable to ordinary shares is increased by the after-tax amount of dividends and interest recognized in the period in respect of the dilutive potential ordinary shares, and adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.
- the weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares which would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.26 Contingent liabilities

Contingent liabilities are not recognized in the financial statements unless they are acquired in a business combination. They are disclosed in the Notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

3.27 Related parties

Under IAS 24, the Insurer is required to disclose the related party relationships in its financial statements. If there was a related party transaction, the entity shall disclose the nature of the related party relationship and the information about transactions and open balances.

A related party within the meaning of paragraph 9 of IAS 24 includes, inter alia, a person in the company or its key position and a close relative, or a party under the direct or indirect control, joint control or significant influence of such persons. has significant voting rights over the party.

The members of the Board of Directors and Supervisory Board of the Insurer are considered as key managers. The Insurer shall disclose the total amount of compensation for key managers and its breakdown by categories.

Each year the Insurer compiles and updates a list of related parties and a list of related transactions to meet its related legal obligations and identify transactions. This process is operated by the Insurer's Legal Department. During the process, senior executives are required to submit a statement of transactions between the Insurer and related parties by completing a questionnaire.

3.28 Cash flow statement

The purpose of the cash flow statement is to provide information on the ability of an enterprise to produce cash and cash equivalents as part of its financial statements, as well as the use it has made of the business, as a part of its financial statements.

The concept of cash in accordance with IAS 7 Cash Flow Statement includes cash in hand, as well as sight deposits, while it considers cash equivalents to be short-term, high-liquidity, and easily identifiable, with negligible change in value.

The cash flow statement details the periodic cash flows broken down by operating, investing and financing activities. The Insurer prepares the cash flow statement indirectly.

Cash flow from operating activities:

Cash flow from operating activities provides key information for investors to judge how well an enterprise can finance its own operations, how much cash flow generating capacity of its main business (insurance premiums and services) is sufficient for further investment without the involvement of foreign funds, or for repayment of loans or dividend payments.

Cash flow from investing activities:

Separate disclosure of cash flows from investing activities is important because it shows the extent to which an enterprise has been able to finance expenditures that underlie the production of future cash flows. Only cash expenditures that meet the criteria for acquiring assets that can be recognized in the balance sheet correspond to the cash flow criterion of the investment activity.

Cash flow from financing activities:

Cash flow from financing activities helps to judge the future cash flow needs of owners and corporate creditors against the business.

3.29 IFRS 15 Revenue from Contracts with Customers

IFRS 15 excludes insurance contracts from its scope, so its introduction may have a lower impact on the Insurer's earnings on other non-insurance activities. Due to the standard exclusions, most of the Company's activities are not covered by the standard as they are subject to the requirements of IFRS 17 and IFRS 9. Relevant transactions from the standpoint of the standard are other non-insurance activities, typically the accounting of income from investment contracts, the re-invoicing of services and the sale of assets.

Contracts that do not comply with the terms of the insurance contract and describe some service contract are within the scope of IFRS 15 and apply the new 5-step model of IFRS 15 from the identification of the contract until booking the revenue to the income statement.

According to the Standard, a vendor can count on revenue when it supplies the goods or services to the buyer and in the amount they consider to be entitled to for the goods or services concerned.

The Insurer has examined the transactions that are within the scope of IFRS 15 and has determined that these are primarily derived from the re-invoicing of services, for which the terms of the five-step

model outlined above are met. The Company determines the prices of transactions based on observable market prices, the income is shown when the performance obligation is fulfilled, when the goods or services promised are transferred.

3.30 Business segments

The CIG Group has the following two operating segments: life insurance activity in the European geographic segment and non-life insurance activity in the European geographic segment.

These two activities also determine the strategic divisions of the Group. CIG Pannónia Life Insurance Plc. and CIG Pannónia First Hungarian General Insurance cPlc. offer different products and services to its customers in these divisions, the sale of which is supported by various marketing tools. The companies also have partly common managements. The management of the Group quarterly monitors and evaluates the performance of the companies separately and consolidated. All essential operating activities, tools and liabilities are located in the European geographic segment in the case of both activities. Based on all this, it is presented in the Notes that we separate the operating segments on the basis of the portfolio groups sold. The result of the product groups sold in the different operating segments are specified in the Notes.

The following table summarizes which services within the Group's life insurance segment belong to which portfolio group.

Portfolio group / segment	Life insurance segment
Group life, accident and health insurance	- group life-, accident- and health insurance - group service financing insurance - MVM Accident and Health Insurance packages
Individual accident and health insurance	- traditional accident and health insurance
Single premium UL	- life insurance linked to single-premium investment units in Euro and Forint
Regular premium UL	- life insurance linked to regular-premium investment units in euro and forint
Traditional regular premium life savings insurance	- traditional regular-premium grace, savings and pension insurance
Risk life insurance	- traditional regular-premium risk life insurance
Credit coverage insurance	- credit coverage insurance - MVM account protection insurance

The Company presents a segmental breakdown of assets and liabilities and profit or loss, and a reconciliation of the information presented by segment to the financial statements in the additional notes.

The assets, liabilities, revenues and expenses, that can be clearly attributed to one of the operating segments or can be allocated using a reasonable basis of projection must be reported separately by segment.

4 ESTIMATES AND ASSUMPTIONS

4.1 Assumptions used in estimating expected cash flows of insurance contracts

Future cash flows are established separately for the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

When valuing a group of insurance contracts, the Company considers all future cash flows within the limits of each contract in the group. When forecasting insurance cash flows, the Company models future cash flows for life and health insurance contracts and associated costs, so the forecasts include premium income, commission payments, commission refunds, costs incurred to manage existing contracts, (partial) surrenders, and payments related to death and access services as well as disease risk modalities.

4.1.1 Estimates and assumptions relating the model

The Company determines the expected cash flows (for the remaining coverage) from its insurance liabilities using the Company's proprietary cash flow forecasting model(s). Cash flows are determined by the Company on a monthly breakdown (up to the limits of the contracts).

The Company uses deterministic methods in its calculations. In its cash flow and technical forecasts, it takes into account customer options in insurance contracts (surrender, suspension of premium payment) and financial guarantees provided to customers (typically loyalty bonuses).

Forecasts are made by contract or by risks within a contract. The Company forecasts the cash flows of the contracts individually, using parameters derived from the contract registry system (contract/risk level), in the currency of the contract.

The calculation of the liability for incurred claims is based on cash flow forecasts for claims generated during the closure process. During the closure process, the Company prepares cash flow forecasts from the RBNS and IBNR reserves based on the run-off pattern. Unlike this, the cash flow forecasts for annuity-type claims payments are generated by the Company's cash flow forecast systems

4.1.2 Estimates and assumptions relating to the parameters

The Company reviews the contracting, customer behavior, mortality and morbidity assumptions used to determine expected cash flows at least once a year (normally in connection with the business planning).

The assumptions are derived by the Company from the past experience of its own portfolios using statistical methods. In certain cases (in the absence of empirical data or if the number of items in a sample is low and there is significant uncertainty in our statistics), the Company uses expert estimates.

The Company also reviews its cost assumptions once a year in connection with its business planning.

The Company monitors the technical processes on an ongoing (monthly) basis between the regular annual reviews of the assumptions. If, in comparing the forecasts with empirical data, the Company identifies significant differences, or if the market environment requires so, it will revise the assumptions (or a set of assumptions) in an extraordinary manner.

The yield and discount rate assumptions used are updated quarterly by the Company.

4.1.2.1. Contractual limits

Direct insurances

Individual life insurance policies consist of a main policy and supplementary policies.

Although the supplementary insurance policies could be repriced and cancelled annually if sold separately by the Company, the Company does not break down these policies into their components.

For group insurances the Company distinguishes between three categories: annually renewable group insurance (PAA), including contracts where the premium may be subject to an annual review; fixed-term group insurances, which have a typical duration of 2-4 years (GMM); and health insurances, which have a maximal duration of 1 year.

For annually renewable non-life insurances, the contractual limits are clear when determining the length of the period covered. As the Company's contracts are freely repriceable by the Company at their anniversary, renewed contracts are to be treated as new contracts under IFRS17.

Reinsurances held

For contracts that cannot be cancelled at the end of a calendar or policy year, the contractual limits are the same as those in the legal contract. A part of the Company's reinsurance policies are terminable on calendar anniversaries and therefore have a limit of one year.

4.1.2.2. Mortality and morbidity

The mortality and morbidity assumptions used for life and health insurance policies (resp.) are derived by the Company from the past experience of its portfolio using statistical methods. In the absence of empirical data, the Company bases the mortality and morbidity assumptions used to prepare the cash flow forecasts on premium calculation assumptions and expert estimates.

The Company currently calculates the following mortality factors (with adjustments) for its main products sold	Mortality factor (2025)	Mortality factor (2024)
Unit-linked insurances	30%	27%
"Pannónia Bárka Life Insurance	28%	30%
"Pannónia Alkony" Grace Insurance	99%	106%
"Otthon Alkony" Grace Life Insurance	27%	21%
"Otthon Harmónia" Risk Life Insurance	12%	18%

For annually renewable (non-life type) coverage, the claims are forecasted on the basis of the experienced claims ratio for both life and health insurances.

For health insurance products providing long-duration, life-type critical illness and disability services, the claim probability in the Company's model depends on age. The claims probability for these products is the age-related reinsurance rate for these products adjusted by a morbidity factor based on empirical data.

The impact of changes in mortality and morbidity assumptions on reserves and the result are subject of sensitivity tests.

4.1.2.3. Cancellation and non-payment

The applied cancellation and non-payment ratio is one of the most important assumptions when valuating life insurance products. If cancellation ratios increase, the Company loses significant long-term profits, which can only be partially offset by a possible cancellation gain. The Company also performs sensitivity analyses on the impact of changes in cancellation assumptions on reserves and the result.

In case of non-payment (if the product does not have a waiver option), or if the product has a waiver (premium payment suspension) option and the customer requests to repurchase the contract, the Company will cancel the contract.

The Company looks at the proportion of contracts (still in force at the beginning of the policy year) that are cancelled in each insurance year. The Company measures the ratios by product group. These ratios represent the cancellation and repurchase probabilities of the Company.

For unit-linked life insurance policies, the Company separately assesses and applies the probability of the non-payment of premiums and the probability of cancellation on request (full surrender). The reason for this distinction is that (because of the possibility to suspend premium payment) non-payment does not necessarily lead to the termination of the contract.

For regular premium unit-linked insurances the Company measures non-payment ratios by sales channel and by product group. The measured ratios are also the assumptions for non-payment used in the unit-linked forecasts.

In addition to the cancellation and non-payment parameters, the Company examines and uses in its forecast the proportion of late payers (proportion of payers in the calendar month of the tariff, proportion of payers in the 1st calendar month following the calendar month of the tariff, etc.), which drives the timing of the expected payment of the tariff in the Company's model. The Company also uses in its model the 30-day cancellation ratio, the probability of paying ad hoc premiums in excess of the regular premium and the probability of a partial surrender of the invested ad hoc premiums. The use of these parameters helps to forecast the size of the stock, the managed assets in line with empirical data.

4.1.2.4. Yields and discount rates

In the case of unit-linked products, when preparing the cash flow forecasts, for the assumed return we use values derived from risk-free yield curves modified with the appropriate illiquidity premium. The illiquidity premiums are determined by the Company at the portfolio level.

For traditional products, the Company estimates expected investment returns using an asset model, taking into account the current asset base behind the mathematical reserve.

The Company's risk-free (forward) yield curves without illiquidity premium for the first 5 calendar years after the balance sheet date are as follows:

	2025					2024				
	1	2	3	4	5	1	2	3	4	5
Forint (liquid)	6.2%	5.8%	5.8%	6.1%	6.5%	6.6%	6.5%	6.4%	6.6%	6.7%
Euró (liquid)	2.2%	2.4%	2.6%	2.8%	2.9%	2.3%	2.1%	2.1%	2.3%	2.4%

The expected investment returns for traditional products for the first 5 calendar years after the balance sheet date are as follows:

	2025					2024				
	1	2	3	4	5	1	2	3	4	5
Return on assets	5.3%	5.3%	5.3%	5.2%	4.9%	4.8%	4.8%	4.8%	4.8%	4.9%

4.1.2.5. Cost assumptions

The forecasted costs for the contract group are also generated by the Company's cash flow forecasting model. The cost parameters used are based on the Company's business plans (3-year horizon). Following the 3-year term, the Company's cost level remains unchanged within the assumptions.

The Company allocates the operating expenses to the contract groups as follows: 90% in proportion to the regular premium (live) portfolio premium and 10% in proportion to the managed unit-linked reserve/asset (unit-linked and mathematical). Claim settlement costs are allocated to the groups of contracts in proportion to the amount of the claims. The portfolio premium for regular premium (at least one year) contracts is: regular premium * premium payment frequency; for single premium contracts: 10% of the single premium; 0 for contracts with suspended premium payment and premium-free contracts.

In the cash flow forecasts the Company allocates other acquisition costs to the contracts in the 12 months following the commencement of risk taking on the contracts modelled.

The Company uses the following cost assumptions in preparing cash flow forecasts:

Name of variable	Method of establishing the assumption ⁶
Costs based on gross premium in HUF	HUF operating cost forecasted for the calendar year / Gross premium forecasted for the calendar year
Costs based on gross premium in EUR	EUR operating cost forecasted for the calendar year / Gross premium forecasted for the calendar year
Other acquisition cost in HUF (based on gross premium)	Other acquisition cost forecasted for the calendar year / New business gross premium forecasted for the calendar year
Costs based on property in HUF	HUF operating cost forecasted for the calendar year / Unit-linked and mathematical reserve forecasted for the calendar year
Costs based on property in EUR	EUR operating cost forecasted for the calendar year / Unit-linked and mathematical reserve forecasted for the calendar year
Cost of claim settlement / Claims	HUF claim settlement cost forecasted for the calendar year / Claims forecasted for the calendar year
Insurance tax rate	Projected tax rate

The cost assumptions for the provision of in-kind services related to health insurances are based on empirical data at the product code level (not at the level of the Company's total portfolio).

4.1.2.6. Risk adjustment for non-financial risk

The Company complements its estimate of the present value of future cash flows with a risk adjustment to reflect the uncertainty stemming from non-financial risks in connection with the amount and timing of future cash flows. The Company discusses the methodology for determining the risk adjustment in the Summary of accounting policies section of the Report.

For the liability for remaining coverage (LRC), the Company determines the risk adjustment using the explicit margin (provision for adverse deviation) method, as the present value of cash flow projections (runs). The risk adjustment is the difference between the best estimate and the liability calculated using conservative assumptions. The conservative (under shock) assumptions are based on the best estimate parameters discussed in this chapter. The Company calibrates the adjustment to such an extent that the reserve after the adjustment can lead by 80% to future liabilities being covered from the reserve (discounted liability calculated with conservative assumptions). The shocked parameters are derived using the assumptions of the risk sub-modules of the Solvency II standard formula. Mortality, morbidity, cancellation and cost assumptions are also adjusted when calculating the liability based on conservative assumptions underlying the risk adjustment.

4.1.2.7. Determining the coverage units

The Company determines the coverage unit for all of its insurances at the value of the maximum sum insured, which is the higher of the (maximum) insurance service amount and the surrender service amount. In the Company's cash flow forecasts, the coverage unit is set for each product in accordance with this.

⁶As part of the business planning, the Company uses best estimate assumptions to prepare a forecast for gross premium, claims and managed assets for the next three calendar years. The Company uses a target value search to determine the cost parameter setting under which it forecasts the cost defined in the business plans. These cost parameters will later become the cost parameters for IFRS17 calculations.

4.1.2.8. Investment component

For cash flows projected for the liability for remaining coverage (LRC), the investment component is the sum of the expected surrender service and the maturity payments for the period and the portion of death payments equaling the surrender amount. This is the amount that must in any case be repaid to the policy holder.

In the case of empirical data, when the claim occurs the value of the investment component is determined in accordance with the provisions of the forecasted cash flows. This allows for only the insurance component to be included in the income statement, but regardless of this, both components (not separated from each other) are included within the liabilities for the incurred claims.

4.2 Sensitivity to assumptions used in estimating expected cash flows from insurance contracts

The table below shows by portfolio group the potential impact of changes in the main technical parameters affecting insurance contracts on profit, capital and CSM. The Company applied an upward shift of 5% for the various parameters. The scenarios for each parameter were examined separately, assuming everything else remains unchanged.

Data in million HUF

2025	Group life, accident and health insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance	Total
CSM								
Increase of mortality/ claim ratio	-	-	-	14	6	59	- 11	68
Increase of morbidity	-	-	-	1	-	4	-	5
Increase of cost ratio	-	-	37	307	24	36	16	420
Increase of cancellation and non-payment	-	-	-	127	18	60	- 2	203
P&L								
Increase of mortality/ claim ratio	- 1	-	-	- 5	- 5	- 20	- 28	- 59
Increase of morbidity	- 14	- 2	-	- 1	-	- 19	-	- 36
Increase of cost ratio	- 5	- 3	- 17	- 109	- 8	- 10	- 16	- 168
Increase of cancellation and non-payment	-	-	- 1	- 37	- 4	- 1	- 9	- 52
Equity								
Increase of mortality/ claim ratio	- 1	-	-	- 6	- 5	- 19	- 30	- 61
Increase of morbidity	- 14	- 2	-	- 1	-	- 19	-	- 36
Increase of cost ratio	- 5	- 3	- 17	- 109	- 8	- 10	- 16	- 168
Increase of cancellation and non-payment	-	-	- 1	- 37	- 4	- 1	- 12	- 55

Data in million HUF

2024 Restated	Group life, accident and health insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance	Total
CSM								
Increase of mortality/ claim ratio	-	-	1	16	8	54	- 25	54
Increase of morbidity	-	-	-	4	1	6	-	11
Increase of cost ratio	-	-	29	283	25	27	8	372
Increase of cancellation and non-payment	-	-	2	187	16	68	1	274
P&L								
Increase of mortality/ claim ratio	- 1	-	-	- 5	- 5	- 13	- 36	- 60
Increase of morbidity	- 17	- 3	-	- 1	-	- 7	-	- 28
Increase of cost ratio	- 7	- 3	- 11	- 71	- 7	- 7	- 12	- 118
Increase of cancellation and non-payment	-	-	- 1	- 40	- 4	- 2	- 9	- 56
Equity								
Increase of mortality/ claim ratio	- 1	-	-	- 5	- 5	- 10	- 36	- 57
Increase of morbidity	- 17	- 3	-	- 1	-	- 6	-	- 27
Increase of cost ratio	- 7	- 3	- 11	- 71	- 7	- 6	- 12	- 117
Increase of cancellation and non-payment	-	-	- 1	- 40	- 4	2	- 9	- 52

5 CHANGES IN ACCOUNTING POLICIES

5.1 Effects of the mandatory used standards – from 1 January 2025 – on the financial statements

For financial years beginning on or after 2025, the following amended mandatory standards have become effective, which are not expected to have a material impact on the financial statements:

- Amendments to IAS 21 on the effects of changes in foreign exchange rates: Lack of Exchangeability of foreign currency (01.01.2025)

5.2 Effects of the mandatory used standards – from 1 January 2026 – on the financial statements

For financial years beginning on or after 2026, the following amended mandatory standards have become effective, which are not expected to have a material impact on the financial statements:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures: amendments to the classification and measurement of financial instruments, and clarifications on the derecognition of financial liabilities (01.01.2026)
- Annual improvement of IFRS 1, IFRS10, IAS7 (01.01.2026)

For financial years beginning on or after 2027, the following standards will become mandatory, whose impact on the financial statements is still under review by the Company:

- IFRS 18 Presentation and disclosure in financial statements (01.01.2027)
- IFRS 19 Subsidiaries without public accountability: disclosures (01.01.2027).

6 MANAGEMENT OF INSURANCE RISK

6.1 Introduction and overview

The Company accepts insurance risk by underwriting insurance policies (and policies including such components), and management thereof is the most important part of the business. In the case of the life insurance company, insurance risk generally relates to life and health risks, however, in Hungary the accident and death risk represents the highest exposure to insurance risk for the Insurer. Uncertainty surrounding the timing, frequency and extent of claims under the related policies are risk factors affecting the Insurer.

The Insurer sells the following products:

Life insurances

- (a) unit-linked policies
- (b) term life insurance policies
- (c) whole-life insurance policies
- (d) endowment life insurance policies
- (e) term-fix endowment life insurance policies
- (f) traditional pension insurance policies
- (g) waiver of premium rider in case of death
- (h) grouped life- and accident insurance
- (i) credit insurance.

Non-life insurances

- (j) accident insurance
- (k) accident and medical benefit rider

Health insurance

- (l) health insurance and health insurance with claim exemption bonus
- (m) health insurance rider

The risk management strategy constitutes a key element of the Company's insurance system, part of which includes the reinsurance strategy dealing with one of its main assets, reinsurance.

6.2 General principles and tools of Risk Management

The aim of the risk strategy is for the Insurer to achieve an operation that optimizes the outcome of business decisions by ensuring a higher level of risk awareness while minimizing the potential impacts of risks.

In order to achieve the above objective, the Insurer has developed a risk strategy based on three pillars—defining risk appetite, identifying and managing strategic risks, and ensuring capital adequacy. These pillars are underpinned by a set of general principles, the effective operation of which is essential for risk-aware functioning.

The risk strategy is aligned with the corporate strategy and operates as an integral component thereof. It closely supports the achievement of business objectives and the Company's profitable operations, while ensuring full compliance with all applicable external regulatory requirements.

In order to function effectively the Insurer provides all information on the significant risk for the management for decision making proposes. The risk management activity includes the risk identification, measurement, establishing the required action plan and monitoring of the effectiveness and results of these actions.

The goal of the establishment of the risk management system is to integrate the aspect of the risk management into the decision-making process. The Risk Management Committee of the Company received a special role in identifying the risks. The members of the Risk Management Committee are those persons, who understood the aspects of Company's business, management and risks and able to propose to reduce the risk effectively.

The Company creates a risk map, where it continuously monitors the effectiveness of the actions to reduce the risk.

Currently, we have assessed the following risks as the most significant:

1. Technological risk – complexity of process, product and IT
2. Risk of outsourced activities
3. Development of new core system (prev.: innovation project)
4. Risk of new business

For each risk identified and detected, a risk owner has been assigned. One-off risk mitigation measures or ongoing monitoring activities have been defined to reduce risks. The Risk Management Committee approved the results of the risk self-assessment. The on-time implementation of risk mitigation measures is ensured by the Chief Risk Officer, the monitoring of risks is carried out by the Risk Management Committee at least every six months; in the case of high and medium risk, on a quarterly basis.

The risk management system covers to take insurance risk, to create reserves, to handle liquidity and concentration risks and to handle operational and compliance risks. The operation of reinsurance and other risk mitigation techniques are integrated part of the system.

In recent years, the weight of group insurance policies developed in cooperation with certain strategic partners has become increasingly significant in the Group's portfolio. In the case of the Group, the level of partner risk is continuously increasing, because the potential change in the strategy of our key partners and the long-term maintenance of cooperation have an increasingly greater impact on future business results.

6.3 Underwriting strategy

The purpose of the underwriting strategy is to prevent the Company from exceeding pre-defined underwriting limits during the procedures for accepting risk exposures.

Elements of underwriting strategy:

- definition of underwriting limits,
- continuous controlling and monitoring of limit compliance,

- rules on underwriting procedure, including the continuous monitoring of partner risk
- pricing of options and guarantees embedded in products and regular pricing reviews,
- reinsurance policy.

6.3.1 Definition of underwriting limits

The Company establishes appropriate risk pools for risks so as to ensure that the risk fluctuation level applied by the Insurer remains below a level deemed acceptable by the Company.

In addition to establishing risk pools, the Company continuously monitors the estimates of expected payments.

6.3.2 Continuous monitoring of limit compliance

The Insurer regularly evaluates the quality of risks based on the indicators outlined above. If compliance with the set limits is not ensured for a particular risk, then appropriate risk appetite can be restored in several ways:

- Redefining the risk pool to segregate outlying risks above the maximum limit and manage them separately.
- Increase the size of the risk pool, either with new policies or by including additional, existing risk pools.
- Lower the sum insured with selected reinsurance policies, or by scaling back benefits with administrative means, such as by modifying product terms and conditions.
- Increase the limits by making changes to the reinsurance policies.

6.3.3 Rules on underwriting procedure

In the case of life insurances, underwriting is managed through a dedicated independent underwriting department, with formal underwriting limits and appropriate training and development of underwriting staff. The underwriting policy is clearly documented, setting out risks which are unacceptable and the terms applicable for non-standard risks, and also establishing decision points and procedures to be followed.

Assessment of health risks is part of the Company's underwriting procedures, whereby premiums are charged to reflect the health condition and family medical history of the future insured. Pricing is based on assumptions, such as mortality and persistency, which consider past experience and current trends. Policies including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

An important element of the introduction and renewal of new products is the prior compliance and risk assessment and verification.

6.3.4 Pricing of products and regular pricing reviews

Products are priced based on the benefits provided to customers and their expected value. If necessary, instead of higher prices the Company treats the risk exposure incorporated into products with administrative tools.

Such may include.

- stipulating rational waiting periods,

- rational exclusions of risks.

Both product design specialists and the actuaries monitor and check that these are complied with.

The Company continuously monitors the products profitability. Analyses are performed on earnings and changes in liabilities to understand the source of any material variation in actual results from what was expected. This confirms the appropriateness of assumptions used in underwriting and pricing.

6.3.5 Reinsurance policy

The Insurer has a written reinsurance policy which sets forth the rules that must be applied for atomizing risks or if a risk is underwritten that exceeds the risk tolerance level outlined above; of all the opportunities, the reinsurance of risks seems to be the most optimal solution.

The Insurer deemed the following criteria important when selecting reinsurers:

The reinsurer must be rated by one of the main international rating institutions. The Company choose a reinsurance partner which has a rating from a large international ratings agency, and said rating must be acceptable. In case of national - typically unrated - reinsurer the Company makes a credit rating assessment based on public financial indicators or considers the parent classification in case of a branch. The detailed rules are included in the reinsurance policy of the Company.

6.4 Concentration of insurance risks

The Insurer is exposed to risk if insured events do not occur as calculated and independently of one another, but connected, based on a common trend or attributable to a common cause. Risks primarily arise from the fact it is assumed with the majority of premium calculations that events will occur independently, and although all of the Company's premiums implicitly or explicitly comprise a premium for this purpose, whether this is sufficient or not under extreme circumstances has to be examined.

Risks can be connected for the following reasons:

6.4.1 Geographical diversification

The Company primarily underwrites insurance risks in the territory of the Hungary, but its operations also cover other countries in the region (Slovakia, Romania) Geographical concentration risk can be managed by extending the area of operations and by balancing the ratios between the areas somewhat (in terms of underwritten risk and premium income).

In addition, the Company strives to exclude from the general and specific conditions of individual products the risks which, if they occur, tend to violate the independence assumption used for the calculation and cause a concentration of insured events in a given geographical area. These exclusions comply with the general standards on the market (e.g. ionizing radiation, epidemics, terrorism, war).

6.4.2 Profession group, risk profile ratios out of kilter

Risk concentration can be caused by certain groups of professions or risk profiles becoming over-represented within the portfolio, since in this case, external changes systematically affecting the

exposure of a given sub-group can cause major differences in assumptions used for premium calculations.

The Insurer manages this risk by conditionally excluding certain groups of professions (and certain insured events within the profession segment) and by monitoring the composition of the portfolio.

6.4.3 Demographic risks

Concentration risk in a wider sense is caused by demographic processes and trends affecting the whole population (and thus all insureds), which cause systematic changes in the probability of occurrence of insured events. The most important of such processes currently underway is the increase in life expectancy, which represents a longevity risk for insurance companies.

There is a significant longevity risk in the case of the HNY annuity product taken over from the Dimenzió Insurance Association. The Company monitors the mortality rates of the insured.

However, only very few of the Company's other current products contain benefits affected by longevity risk. The impact of this process must be contemplated in the future before accepting any longevity risk.

6.4.4 Customer options

The Insurer is exposed to risk if, prompted by the same reason, many customers use options embedded in products at the same time, principally options to cancel or modify policies. Such a scenario would be a large volume of policy cancellations on account of a reputation risk or a general downturn in the economic environment.

The Insurer takes the opportunity of a mass exercise of options into account when pricing customer options, setting the prices for the options in a way that compensates for the costs of a mass exercise of options. The Company makes sure the premiums are sufficient by carrying out stress tests and ex post calculations, whilst dedicating most resources to motivation activities related to customer conduct that is at the core of the risk.

The customer option that represents the most significant risk is the opportunity of policies where no premiums need to be paid, and the early cancellation of policies.

6.4.5 Personnel concentration

Concentration risk can arise in the portfolio if its insufficient size means that the risk equalization within the risk pool is inadequate. Such a situation can arise if an insured is named as such in more than one life insurance policy, and therefore this is considered a key risk which cannot be spread efficiently across the given risk pool. The Company records several such key risks in the portfolio.

The Insurer's risk management strategy defines indicators to determine when the risk equalization capacity of a risk pool is sufficient, and these indicators are constantly monitored. If risk equalization within a risk pool is inadequate, then the Company reduces the risk exposure by means of reinsurance agreements or with administrative restrictions to benefits (at the level of policies).

6.5 Terms and conditions of insurance policies and key factors affecting future cash flows

This part provides an overview of the terms and conditions of insurance products within the technical portfolio of the Company and the key factors affecting the timing and uncertainty of future cash flows

Product type	Terms and conditions	Key factors affecting future cash flows
Unit-linked insurance	- regular or single premium	- Insurer is exposed to risk when the current value of the fund policy is lower than the guaranteed minimum death benefit
	- the goals are savings purposes and the realisation of investment return	- the level of unit-linked fund management fees and other management fees
	- surrender charges depend on the performance of the underlying units and the costs levied by the insurer	- cost risk of the difference between the deductions under the specific criteria and those actually incurred
	- death benefit is the higher of the current account value and the guaranteed benefit	- the impact of the yield environment on the level of cost deductions
Term life insurance	- regular premium, amounts fixed for the whole policy term, opportunity of indexing	- mortality
	- fixed death benefit	- cancellations
	- no surrender value	- customer options and costs
	- permanent functional impairment benefits during the term and dreaded disease benefits diagnosed during the term	- differences in incurred and presumed morbidity
Whole-life risk insurance	- regular premium, with the possibility for top-up payments	- actual mortality against assumptions
	- the benefit grows by 3% every year, with fixed premium	- cancellations
	- underwriting service for two insured persons	- costs and inflation
	- may only be terminated after two insurance years covered by premiums	- actual returns on actuarial reserves against assumptions
Endowment life insurance	- regular premium, with the possibility for top-up payments	- actual mortality against assumptions
	- benefits for the event of death during the term or if the insured is alive at the end of the term	- actual morbidity against assumptions
	- permanent functional impairment or diagnosed dreaded disease during the term	- costs
	- can be surrendered	- actual returns on actuarial reserves against assumptions

Product type	Terms and conditions	Key factors affecting future cash flows
Fix-term endowment life insurance	- regular premium, with the possibility for top-up payments	- actual mortality against assumptions
	- at the end of the term fix maturity insurance benefit	- cancellations
	- benefit in the event of death during the term	- costs
	- can be surrendered	- actual returns on actuarial reserves against assumptions
Traditional Pension Insurance	- regular premium	- cancellations and costs
	- benefits for the event of death during the term or pension benefits in own right	- actual mortality against assumptions
	- health impairment of at least 40% during the term	- actual returns on actuarial reserves against assumptions
	- can be surrendered	- actual morbidity against assumptions
Accident insurance	- during the term benefits for events corresponding to the coverage chosen	- accident mortality
	- accidental death, disability, bone fracture, surgery reimbursement, hospital daily allowance and burn injuries	- cancellations and cost
	- no surrender option	- actual morbidity against assumptions
Accident insurance rider	- An accident insurance rider policy can be taken out alongside unit-linked, risk and endowment life insurance products, under similar conditions as in the case of accident insurance	- as in the case of accident insurance
Waiver of premium rider in the event of death	- Waiver of premium rider insurance in the event of death to be taken out alongside unit-linked and risk life insurance as the main insurance	- cancellations and cost
	- In the event of death during the term, the insurer comes up for the remaining premium payment obligations for the main insurance	- mortality
Group Life, Accident & Health Insurance	- benefits during the term for events within the chosen coverage	- actual mortality against assumptions
	- death, dreaded diseases, disability, hospital daily allowance, surgical reimbursement	- actual morbidity against assumptions
	- accidental benefits: accident-related death, disability, hospital daily allowance, surgical reimbursement, burn injury, bone fracture and cost reimbursement	- costs

	- an important segment of accident insurance is the group-managed but individual-based insurance	- cancellations
	- health insurance based on group service-financing: care organization and financing	
	- no surrender option	
Credit coverage insurance	- benefits during the term for events within the chosen coverage	- actual mortality against assumptions
	- payment of instalments or debts for certain events	- actual morbidity against assumptions
	- benefits for death, disability and inability to work	- costs and cancellations

Health insurances	Terms and conditions	Key factors affecting future cash flows
	- second medical opinion service	- actual mortality against assumptions
Health insurance and health insurance with claim exemption bonus	- abroad medical treatment services in the event of predefined insurance events	- actual morbidity against assumptions
	- for certain modalities benefit in the case of death	- costs (for health insurance as well)
	- for certain modalities if no claims arise a bonus at the end of the term, which modality includes a surrender option	- cancellations
Health insurance rider	- health insurance rider can be taken out alongside unit-linked-, and endowment life insurance products as the main insurance	- actual mortality against assumptions
	- second medical opinion service	- actual morbidity against assumptions
	- abroad medical treatment services in the event of predefined insurance events	- costs (for health insurance as well)
	- no surrender option	- cancellations

6.6 Effects of market risks affecting the Insurer

Financial instruments presented in the statement of financial position include investments and receivables connected to investment and insurance policies, other receivables, cash and cash equivalents, borrowings, trade and other liabilities.

The Company classifies financial instruments into different categories based to their type and purchase intent (see notes 3.15 and 3.19).

The Company is exposed to a number of financial risks through its financial assets and liabilities. The main elements of financial risk are interest rate risk, liquidity risk, currency risk, equity market risk and credit risk. In the Insurer's opinion the concentration risk of financial assets is not significant – it can only affect government securities and corporate bonds.

The risks arise from open positions in interest rate, currency and securities products, all of which are exposed to general and specific market movements.

The Company manages these positions within the framework of Asset and Liability Management, with the objective of realizing a return on its financial assets in excess of the liabilities arising from investment and insurance contracts over the long term. A defining technique of the Company's asset-liability management is to match insurance and investment contracts according to their nature from the asset and liability side.

The most significant insurance risks, the risk management policies are presented in note 6.

The Company's insurance and reinsurance assets and liabilities and the asset coverage allocated to them do not necessarily react in parallel to the effect of the various market variables. The effect of a possible interest rate shock, i.e. a revaluation of assets due to a shift in the yield curve, does not necessarily imply a simultaneous and equal revaluation of technical and reinsurance assets/liabilities. Likewise, changes in the exchange rate do not affect the Company's reserves to the same extent as the changes resulting from the revaluation of assets. For these reasons, the assets/liabilities from insurance and reinsurance transactions and the asset collateral assigned to them altogether carry a direct interest, currency or credit risk for the Company; changes in interest rates and exchange rates have a direct impact on the Company's profit or loss and equity.

Liquidity risk is the risk that the insurer is unable to meet its valid claims against it, or that it is unable to sell its investments and other assets when they fall due in order to settle financial or insurance/reinsurance liabilities. Regarding liquidity, the Insurer did not identify a high risk. The Asset and Liability Committee monitors liquidity regularly and, if necessary, takes decisions to manage liquidity shortfalls and surpluses, which are implemented by MBH Fund Management Ltd., the partner engaged in these outsourced activities.

The financial risks affecting the Company are assessed independently of each other, as their combined effect is - also according to the Solvency II analyses and calculations - always less than the sum of their individual effects. Due to the diversification effect between risks, the sum of individual risks results in an upper estimate compared to the aggregate financial risk.

The risks are presented below.

6.6.1 Credit risk exposure

The Company's credit risk exposure arises primarily on bank deposits, given loans and debt securities.

The market value of financial assets, due to these factors, adequately represents the maximum credit risk exposure of the Insurer. The maximum credit risk exposure at the reporting dates was as follows:

Data in million HUF

	31 December 2025	31 December 2024 restated	31 December 2023
Government bonds	41 329	34 961	31 363
Corporate bonds	2 489	2 616	4 477
Shares	42 839	44 048	27 334
Investment funds	67 840	64 450	54 688
Cash	13 586	12 583	7 456
Receivables	2 518	782	418
Other financial assets	-181	-437	-39

In case of the government bonds, which form a defining part of financial assets, the credit risk exposure is considered not significant by the Company, as these consist of bonds guaranteed by the state.

Impairment

The Company recognized impairment on other receivables.

The ageing of other receivables and the recognized impairment developed as follows:

	2025	2024
Opening balance on 1 January	- 1	- 1
Impairment accounted for in the current year against the result	-	-
Closing balance on 31 December	- 1	- 1

The impairment of other receivables changed as follows:

	31 December 2025		31 December 2024 restated	
	Gross	Impairment	Gross	Impairment
Not overdue	584	-	642	-
Overdue between 0 and 30 days	-	-	-	-
Overdue between 31 and 120 days	-	-	-	-
Overdue between 121 and 360 days	-	-	-	-
Overdue by more than a year	1	- 1	1	- 1
Total	585	- 1	643	- 1

On 31 December 2025, the Company does not have any non-overdue or non-impaired receivables whose outcome is uncertain, or its return may be a problem. The amount of overdue non-impaired receivables is below HUF 1 million in 2025 and 2024 as well.

6.6.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of receivables of policyholders, contract commitments or other cash outflows. Such outflows would deplete available cash for operating and investment activities. In extreme circumstances, lack of liquidity could result in sales of assets or potentially an inability to fulfil contract commitments. The risk that the Company will be unable to meet the above obligations is inherent in all insurance operations and can be affected by a range of institution-specific and market events.

The Company's liquidity management process, as carried out and monitored by management, includes day-to-day funding, managed by monitoring future cash flows to ensure the requirements are met; maintaining a portfolio of easily marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow, and monitoring the liquidity ratios calculated based on the consolidated financial statements to ensure compliance with internal and regulatory requirements.

Monitoring and reporting take on the form of cash flow projections and measurements for future periods that are key to liquidity management. The table below presents contractual cash flows payable and receivable by the Company as at the reporting date of the statement of financial position.

Financial assets and liabilities, provisions and lease liabilities:

Data in million HUF

31 December 2025	Book value	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Liabilities*	7 774	7 805	7 323	229	115	138	-
Of these lease liabilities	331	367	57	57	115	138	-
Government bonds	41 329	54 091	20 481	5 135	1 088	7 516	19 871
Corporate bonds	2 489	2 869	55	99	152	1 486	1 077
Shares	42 839	-	-	-	-	-	-
Investment funds	67 840	-	-	-	-	-	-
Cash	13 586	13 586	13 586	-	-	-	-
Receivables	2 518	2 518	2 326	192	-	-	-
Other financial assets	- 248	- 248	- 248	-	-	-	-
Derivatives	67	67	67	-	-	-	-
Total assets	170 420	72 883	36 267	5 426	1 240	9 002	20 948

*Investment contracts, other liabilities and provisions, lease liabilities

Data in million HUF

31 December 2024 Restated	Book value	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	Beyond 5 years
Liabilities*	8 237	8 045	7 652	116	137	140	-
Of these lease liabilities	278	310	57	46	67	140	-
Government bonds	34 961	50 485	17 216	658	4 275	3 746	24 590
Corporate bonds	2 616	3 075	17	416	139	1 383	1 120
Shares	44 048	-	-	-	-	-	-
Investment funds	64 450	-	-	-	-	-	-
Cash	12 583	12 583	12 583	-	-	-	-
Receivables	782	782	-96	878	-	-	-
Other financial assets	- 421	- 421	- 421	-	-	-	-
Derivatives	- 16	- 16	- 16	-	-	-	-
Total assets	159 003	66 488	29 283	1 952	4 414	5 129	25 710

*Investment contracts, other liabilities and provisions, lease liabilities

Expected run-off of assets and liabilities arising from insurance transactions:

Data in million HUF

2025	LfRC ⁷	LfIC ⁸	Assets total	LfRC	LfIC	Liabilities total	Total
Within 1 year	- 1 087	186	- 901	2 538	2 631	5 169	4 268
Within 2 years	-855	34	- 821	6 816	593	7 409	6 588
Within 3 years	-669	7	- 662	9 036	214	9 250	8 588
Within 4 years	-510	3	- 507	11 789	76	11 865	11 358
Within 5 years	-383	1	- 382	11 412	10	11 422	11 040
Over 5 years	-907	0	- 907	98 058	3	98 061	97 154
	- 4 411	231	- 4 180	139 649	3 527	143 176	138 996

Data in million HUF

2024	LfRC	LfIC	Assets total	LfRC	LfIC	Liabilities total	Total
Within 1 year	- 1 208	234	- 974	1 253	2 643	3 896	2 922
Within 2 years	- 909	41	- 868	4 941	681	5 622	4 754
Within 3 years	- 699	11	- 688	7 732	241	7 973	7 285
Within 4 years	- 530	4	- 526	9 654	82	9 736	9 210
Within 5 years	- 399	-	- 399	11 955	9	11 964	11 565
Over 5 years	- 905	-	- 905	94 042	4	94 046	93 141
	- 4 650	290	- 4 360	129 577	3 660	133 237	128 877

Expected run-off of assets and liabilities arising from reinsurance transactions:

Data in million HUF

2025	LfRC	LfIC	Assets total	LfRC	LfIC	Liabilities total	Total
Within 1 year	306	- 216	90	52	- 24	28	118
Within 2 years	222	- 36	186	47	- 6	41	227
Within 3 years	149	- 8	141	41	- 1	40	181
Within 4 years	98	- 3	95	35	0	35	130
Within 5 years	63	- 1	62	29	0	29	91
Over 5 years	91	0	91	105	0	105	196
	929	- 264	665	309	- 31	278	943

Data in million HUF

2024 restated	LfRC	LfIC	Assets total	LfRC	LfIC	Liabilities total	Total
Within 1 year	216	- 231	- 15	62	- 43	19	4
Within 2 years	159	- 37	122	51	- 8	43	165
Within 3 years	105	- 10	95	41	- 2	39	134
Within 4 years	69	- 4	65	30	- 1	29	94
Within 5 years	46	0	46	25	0	25	71
Over 5 years	66	0	66	112	0	112	178
	661	- 282	379	321	- 54	267	646

⁷ liability for remaining coverage

⁸ liability for incurred claims

6.6.3 Foreign exchange risk

The Company underwrites insurance and investment contracts denominated in euro and forint. The Company invests in assets denominated in the same currencies as their related liabilities, which reduces foreign currency exchange risks. Another factor reducing the risk is that the costs related to the contracts generally arise in the currency that the income arises in.

The table below presents the foreign exchange risk sensitivity of financial assets and liabilities, and assets and liabilities from insurance and reinsurance transactions to CSM, result and equity by currency as at the end of 2025 and 2024:

Data in million HUF

31 December 2025	CSM		Result		Equity
	EUR	EUR	USD	EUR	
Year-end FX rate	385,40	385,40	328,42	385,40	
Possible change (+)	10%	10%	10%	10%	
Possible change (-)	10%	10%	10%	10%	
Impact of FX rate increase on financial assets	-	73	296	-	
Impact of FX rate decrease on financial assets	-	- 73	-296	-	
Impact of FX rate increase on financial liabilities	-	-37	-283	-	
Impact of FX rate decrease on financial liabilities	-	37	283	-	
Impact of FX rate increase on liabilities from insurance and reinsurance policies	- 277	121	-	166	
Impact of FX rate decrease on liabilities from insurance and reinsurance policies	259	- 129	-	- 184	

Data in million HUF

31 December 2024 Restated	CSM		Result		Equity
	EUR	EUR	USD	EUR	
Year-end FX rate	410,09	410,09	393,60	410,09	
Possible change (+)	10%	10%	10%	10%	
Possible change (-)	10%	10%	10%	10%	
Impact of FX rate increase on financial assets	-	- 1	356	-	
Impact of FX rate decrease on financial assets	-	1	- 356	-	
Impact of FX rate increase on financial liabilities	-	- 65	- 353	-	
Impact of FX rate decrease on financial liabilities	-	65	353	-	
Impact of FX rate increase on liabilities from insurance and reinsurance policies	-380	154	-	146	
Impact of FX rate decrease on liabilities from insurance and reinsurance policies	372	-160	-	- 150	

6.6.4 Interest rate risk

The Company determines the value of life insurance premium reserves prospectively using a technical interest rate, but besides the value of liabilities from insurance policies, under the current reserve-allocation rules, also the shift in the yield curve itself is reevaluated. However, a shift in the yield curve can affect the value of assets assigned to the life insurance premium reserves, which is

why there is an interest risk for these assets. The interest risk management is supported by the continuous monitoring of asset-liability matching.

The Company's own investments also carry an interest rate risk.

The following table presents the Company's interest-bearing receivables and liabilities as of 2025 and 2024 year-end:

Data in million HUF

	31 December 2025	31 December 2024
Fixed interest	43 817	37 576
Floating interest	-	-
Interest-bearing assets	43 817	37 576

The Company's interest-bearing assets and liabilities bore the following interest rates as of the end of 2025 and 2024:

	31 December 2025			31 December 2024		
	HUF	EUR	USD	HUF	EUR	USD
Government bonds	2,25%-9,5%	0,5%-6,625%	3%-6,75%	1,5%-9,5%	0,5%-6,625%	5,25%-6,75%
Corporate bonds	3,25%-9%	4,5%-8,625%	n/a	3,25%-10,5%	4,5%-9%	n/a
Cash and cash equivalents	4,5%-6,75%	-	n/a	4,5%-6,86%	-	n/a
Loans and financial reinsurance	n/a	n/a	n/a	n/a	n/a	n/a
Lease liabilities	2,68%-9,57%	5,98%	n/a	2,65%-9,57%	5,98%	n/a

The following table shows the interest rate sensitivity of assets and liabilities from insurance and reinsurance contracts, as well as financial assets and liabilities, i.e. the CSM, result and equity impact in the event of a 1% increase or decrease in the interest rate.

Data in million HUF

2025	CSM		Result		Equity	
	Increase	Decrease	Increase	Increase	Decrease	Increase
Liabilities from insurance and reinsurance contracts	- 123	- 140	- 180	49	784	- 1 156
Financial assets and liabilities	-	-	- 275	294	-	-
	- 123	- 140	- 456	343	784	- 1 156

Data in million HUF

2024 Restated	CSM		Result		Equity	
	Increase	Decrease	Increase	Increase	Decrease	Increase
Liabilities from insurance and reinsurance contracts	15	-159	- 123	61	893	-1 156
Financial assets and liabilities	-	-	- 303	327	-	-
	15	-159	- 426	388	893	-1 156

6.6.5 Equity risk sensitivity analysis

The table below shows the equity risk sensitivity of assets and liabilities arising from insurance and reinsurance contracts and financial assets and liabilities, i.e. the CSM, result and equity impact of a 10% fall in the share price.

In the case of liabilities arising from insurance contracts, movements in the share price have an impact on the financial statements in the case of life insurance policies linked to investment units, while the financial assets include the risk of the strategic stake of the Insurer in OPUS due to movements in the share price, which is only reflected in the equity.

2025	CSM	Result	Equity
Liabilities from insurance and reinsurance contracts	401	- 175	-175
Financial assets and liabilities	-	-	- 376
	401	-175	- 551

Data in million HUF

2024 Restated	CSM	Result	Equity
Liabilities from insurance and reinsurance contracts	484	- 157	-157
Financial assets and liabilities	-	-	- 348
	484	- 157	- 505

Data in million HUF

7 CAPITAL ADEQUACY

The Insurer's objective is to maintain a strong capital base to protect policyholders' and creditors' interests and to comply with regulatory requirements, whilst maintaining shareholder value. This is achieved through:

- maintaining the Insurer's ability to continue as a going concern so return generation for shareholders and providing benefits to other stakeholders,
- providing an adequate return to shareholders by pricing insurance and investment contracts in proportion to risk, and
- complying with capital requirements established by regulators of the insurance markets where the Insurer operates.

The Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) entered into force on 1 January 2016, which introduced a complex, risk-based solvency requirement, risk-based supervisory regulations in Europe, so a risk-based approach is applied in the whole sets of requirements. The risk-based approach is integrated in the risk-sensitive calculation of the solvency capital requirement as well as in the business planning and in the evaluation of the financial position. The insurance companies within the own risk-and solvency evaluation (ORSA) regularly assess their solvency capital requirements according to the business plans including the risks not covered by the first pillar and the long-term risks, too.

In order to meet the capital adequacy requirements under the Solvency II Insurance Act, the Insurer places great emphasis on and continuously meets them. As of 31 December 2025, the Insurer's available solvency margin is more than double the required solvency margin, thus significantly exceeding the 150 per cent level of the 50 per cent volatility buffer expected by the HFSA.

	Data in million HUF	
	31.12.2025	31.12.2024
Available solvency capital for SCR	29 159	26 083
Available solvency capital for MCR	24 824	21 740
Solvency capital requirement (SCR)	13 260	12 988
Minimal capital requirement (MCR)	3 315	3 247
Solvency capital adequacy (to SCR)	220%	201%
Solvency capital adequacy (to MCR)	749%	670%

8 FINANCIAL INFORMATION BY SEGMENTS

Data in million HUF

2025 –Statement of comprehensive income by portfolio group	Group life	Individual accident and health	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life insurance	Credit coverage and account protection	Other	Total
Insurance revenue	5 491	637	662	3 403	346	2 888	2 366	-	15 793
Insurance service expenses	- 5 066	-155	-630	- 3 304	-283	- 2 181	- 1 994	-	-13 613
Reinsurance expense- allocation of premium	- 31	-58	-	-28	-11	-306	-360	-	-794
Amount recoverables from reinsurance	17	-	-	3	-	199	-246	-	-27
Insurance service result	411	424	32	74	52	600	-234	-	1 359
Interest income calculated using the effective interest method	-	-	-	-	-	-	-	1 219	1 219
Investment income	-	-	576	1 110	550	51	-	2 741	5 028
Impairment and reversed impairment of Financial assets	-	-	-	-	-	-	-	12	12
Investment expenses	-	-	-	-	-	-	-	- 1 271	- 1 271
Yield on investment accounted for using equity method (profit)	-	-	-	-	-	-	-	1 068	1 068
Investment income	-	-	576	1 110	550	51	-	3 769	6 056
Insurance financial result	- 6	-	-605	- 1 196	-574	18	11	-	- 2 352
Reinsurance financial result	1	-	-	- 1	-	- 4	3	-	- 1
Change in the fair value of liabilities relating to investment contracts	-	-	-	-	-	-	-	-133	-133
Financial results	- 5	-	-605	- 1 197	-574	14	14	-133	- 2 486
Premium and commission income from investment contracts	-	-	-	-	-	-	-	93	93
Other operating costs	-	-	-	-	-	-	-	-396	-396
Other (non-financial) income	-	-	-	-	-	-	-	476	476
Other (non-financial) expenses	-	-	-	-	-	-	-	-563	-563
Profit/loss before taxation	406	424	3	-13	28	665	-220	3 246	4 539
Tax income / (expenses)	-	-	-	-	-	-	-	-175	-175
Deferred tax income / (expenses)	-	-	-	-	-	-	-	-109	-109
Total profit/loss after taxation	406	424	3	-13	28	665	-220	2 962	4 255
OCI from change in fair value of other financial assets at fair value	-	-	-	-	-	-	-	154	154
OCI from insurance contracts	-	-	-	-	-100	49	10	-	-41
OCI from reinsurance contracts	-	-	-	1	-	13	19	-	33
Comprehensive income, would be reclassified to profit or loss in the future	-	-	-	1	-100	62	29	154	146
Comprehensive income, wouldn't be reclassified to profit or loss in the future	-	-	-	-	-	-	-	274	274
Other comprehensive income	-	-	-	1	-100	62	29	428	420
Total comprehensive income	406	424	3	-12	-72	727	-191	3 390	4 675

Data in million HUF

2024 restated –Statement of comprehensive income by portfolio group	Group life	Individual accident and health	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Other	Total
Insurance revenue	4 913	665	471	3 684	374	2 779	2 010	-	14 896
Insurance service expenses	-4 953	- 409	- 206	-2 449	- 163	-2 342	-1 856	-	-12 378
Reinsurance expense- allocation of premium	-135	-89	-	-39	-32	- 176	- 248	-	-719
Amount recoverables from reinsurance	96	-	-	3	-	163	123	-	385
Insurance service result	-79	167	265	1 199	179	424	29	-	2 184
Interest income calculated using the effective interest method	-	-	-	-	-	-	-	1 276	1 276
Investment income	-	-	3 924	18 912	564	39	-	1 454	24 893
Impairment and reversed impairment of Financial assets	-	-	-	-	-	-	-	-	-
Investment expenses	-	-	-	-	-	-	-	-4 135	-4 135
Yield on investment accounted for using equity method (profit)	-	-	-	-	-	-	-	555	555
Investment income	-	-	3 924	18 912	564	39	-	- 850	22 589
Insurance financial result	-6	-2	-3 982	-18 929	- 612	54	18	-	-23 459
Reinsurance financial result	1	74	-	-31	-17	-2	6	-	31
Change in the fair value of liabilities relating to investment contracts	-	-	-	-	-	-	-	-1 049	-1 049
Financial results	-5	72	-3 982	-18 960	- 629	52	24	-1 049	-24 477
Premium and commission income from investment contracts	-	-	-	-	-	-	-	282	282
Other operating costs	-	-	-	-	-	-	-	- 219	-219
Other (non-financial) income	-	-	-	-	-	-	-	427	427
Other (non-financial) expenses	-	-	-	-	-	-	-	- 768	-768
Profit/loss before taxation	-84	239	207	1 151	114	515	53	-2 177	18
Tax income / (expenses)	-	-	-	-	-	-	-	- 36	- 36
Deferred tax income / (expenses)	-	-	-	-	-	-	-	55	55
Total profit/loss after taxation	- 84	239	207	1 151	114	515	53	- 2 158	37
OCI from change in fair value of other financial assets at fair value	-	-	-	-	-	-	-	- 712	- 712
OCI from insurance contracts	-	-	-	-	605	- 108	- 24	-	473
OCI from reinsurance contracts	-	-	-	1	- 1	3	15	-	18
Comprehensive income, would be reclassified to profit or loss in the future	-	-	-	1	604	- 105	- 9	- 712	- 221
Comprehensive income, wouldn't be reclassified to profit or loss in the future	-	-	-	-	-	-	-	766	766
Other comprehensive income	-	-	-	1	604	- 105	- 9	54	545
Total comprehensive income	- 84	239	207	1 152	718	410	44	- 2 104	582

The technical result in 2025 will be HUF 1 294 million, compared to HUF 2 194 million in 2024, which is the result of the following changes:

Group life, accident and health products (annual profit improvement: HUF 461 million): The claims ratios of the group service financing health insurances, the group life, accident and health insurance portfolios and the MVM accident insurance portfolios improved compared to the same period of the previous year, which improved our results. The improvement in the claims ratio is partly due to the review of group service financing health insurance premiums at the end of the previous year and partly to the release of claims reserves related to the portfolio group.

Individual life, accident and health insurance products (annual profit improvement: HUF 73 million): The Insurer's profitable individual accident insurance portfolio (which includes the Company's 'Bajtárs' products) grew and so has the Insurer's result.

Single premium UL products (annual profit decline: HUF 202 million): The portfolio group's return fell short of the level forecast for 2025 at the end of 2024. Hence, on lower-than-expected managed assets, lower fund-proportionate management fees can be applied, resulting in a decrease in the contractual service margin (CSM). Furthermore, at the end of the previous year, the Insurer released claims reserves, which had a one-time positive impact on the result in 2024; this effect did not occur in 2025.

Regular premium UL products (annual profit decline: HUF 1,090 million): The decline in profit is due to four reasons: (i) There was no need for a similar claims expenditure release this year than in 2024, which leads to a deterioration in a year-on-year comparison. (ii) The return on investments behind insurance policies fell short of the planned level in 2025, which led to a decline in the contractual service margin (CSM) and thus to a decline in the result. (iii) Changes in the technical (cost) assumptions reviewed at the end of the period negatively affected the portfolio group's results. (iv) Portfolio management and renewal commissions exceeded the amount forecast for the reporting period at the end of the year, which also reduced the portfolio group's results.

The combined effect of all these factors is that the result has decreased compared to last year.

Traditional regular premium savings products (annual profit decline: HUF 62 million): The Insurer released claims reserves related to the portfolio group in the previous year, while in 2025 the value of claims reserves did not change significantly, thus last year's improvement in results was not repeated this year.

Risk life insurance products (annual profit improvement: HUF 179 million): The portfolio group's result increased compared to the same period of the previous year primarily due to improving claims ratios for group life, accident and health insurance. In addition, the portfolio group's traditional regular premium risk insurance policy portfolio grew, which also contributed to the growth in the portfolio group's results.

Credit coverage insurance and account protection products (annual profit decline: HUF 259 million): The liability increased and the CSM decreased due to the revision of cost assumptions. As a result of this effect, both the CSM release and the result decreased compared to the previous year.

9 CONTRACTUAL SERVICE MARGIN

The contractual service margin or CSM is a component of the insurance asset or liability associated with a given GIC that represents the expected future profit not yet earned. This is recognized as revenue by the insurer at the rate at which the service is provided in relation to the given GIC.

The derivation of the change in the CSM in 2025 by source of profit is shown in the table below:

Data in million HUF

Contractual Service Margin – insurance contracts	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
Opening insurance contract assets	-	1	-	- 2 437	- 367	- 2 803
Opening insurance contract liabilities	- 322	- 3 533	- 765	- 63	- 3	- 4 686
Changes related to current services						
- CSM recognized in profit and loss	89	358	73	635	260	1 415
Changes related to future services						
- Contracts initially recognized in the period	- 148	- 706	- 41	- 622	- 885	- 2 402
- Changes in estimates that adjust CSM	23	1 247	141	- 78	578	1 911
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	-	-	-	-
Insurance finance expenses through profit and loss	-	-	-	- 193	- 84	- 277
Net foreign exchange income or expense	6	39	1	-	-	46
Closing insurance contract liabilities	-	-	-	- 2 166	- 494	- 2 660
Opening insurance contract assets	- 352	- 2 594	- 591	- 592	- 7	- 4 136

The derivation of the change in the CSM in 2024 by source of profit is shown in the table below:

Data in million HUF

Contractual Service Margin – insurance contracts	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
Opening insurance contract assets	-	-	-	- 2 346	-	- 2 346
Opening insurance contract liabilities	-23	-3 036	-746	-54	- 81	- 3 940
Changes related to current services						
- CSM recognized in profit and loss	79	640	90	892	209	1 910
Changes related to future services						
- Contracts initially recognized in the period	- 83	- 965	- 64	- 726	- 264	- 2 102
- Changes in estimates that adjust CSM	- 292	- 139	- 42	- 40	- 205	- 718
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	-	-	-	-
Insurance finance expenses through profit and loss	-	-	-	- 226	- 29	- 255
Net foreign exchange income or expense	- 3	- 31	- 3	-	-	-37
Closing insurance contract liabilities	- 1	1	-	- 2 437	- 366	-2 803
Opening insurance contract assets	- 321	- 3 532	- 765	- 63	- 4	- 4 685

The concept of CSM can also be applied to reinsurance contracts - 2025

Data in million HUF

	Regular premium UL	Traditional regular premium life savings	Risk life insurance	Credit coverage and account protection	Total
Opening reinsurance contract assets	-	-	4	611	616
Opening reinsurance contract liabilities	7	-	173	-	180
Changes related to current services					
- CSM recognized in profit and loss	-	-	- 34	- 297	- 331
Changes related to future services					
- Contracts initially recognized in the period	-	-	- 4	-	- 4
- Changes in estimates that adjust CSM	- 4	-	-	685	681
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	31	- 274	- 243
Reinsurance finance expenses through profit and loss	-	-	10	48	58
Net foreign exchange income or expense	-	-	-	-	-
Closing reinsurance contract assets	-	-	14	773	787
Closing reinsurance contract liabilities	3	-	166	-	170

The concept of CSM can also be applied to reinsurance contracts – 2024 restated

Data in million HUF

	Regular premium UL	Traditional regular premium life savings	Risk life insurance	Credit coverage and account protection	Total
Opening reinsurance contract assets	-	-	-	338	338
Opening reinsurance contract liabilities	6	4	221	-	231
Changes related to current services					
- CSM recognized in profit and loss	- 1	2	- 41	- 112	- 152
Changes related to future services					
- Contracts initially recognized in the period	-	-	44	-	44
- Changes in estimates that adjust CSM	2	-6	- 61	421	356
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	- 2	- 63	- 65
Reinsurance finance expenses through profit and loss	-	-	16	28	44
Net foreign exchange income or expense	-	-	-	-	-
Closing reinsurance contract assets	-	-	4	611	616
Closing reinsurance contract liabilities	7	-	173	-	180

The expected release of CSM and reinsurance CSM into the result at the end of 2025 is shown in the tables below:

Data in million HUF

The expected release of CSM (contractual service margin) – insurance contracts	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
1 year	80	320	66	528	195	1 189
2 years	70	271	63	408	119	931
3 years	59	238	59	341	73	770
4 years	47	216	54	281	44	642
5 years	30	201	49	231	27	538
5+ years	65	1 348	300	969	44	2 726

Data in million HUF

The expected release of CSM (contractual service margin) – reinsurance contracts	Regular premium UL	Traditional regular premium life savings	Risk life insurance	Credit coverage and account protection	Total
1 year	1	-	46	290	337
2 years	-	-	31	178	209
3 years	-	-	23	111	134
4 years	-	-	19	69	88
5 years	-	-	15	42	57
5+ years	1	-	46	85	132

The expected release of CSM and reinsurance CSM into the result at the end of 2024 is shown in the tables below:

Data in million HUF

The expected release of CSM (contractual service margin) – insurance contracts	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
1 year	72	563	85	514	148	1 382
2 years	64	441	80	380	88	1 053
3 years	56	363	74	311	53	857
4 years	44	309	68	256	32	708
5 years	29	271	61	209	19	589
5+ years	56	1 585	398	831	30	2 899

Data in million HUF

The expected release of CSM (contractual service margin) – reinsurance contracts	Regular premium UL	Traditional regular premium life savings	Risk life insurance	Credit coverage and account protection	Total
1 year	1	-	48	233	282
2 years	1	-	34	141	176
3 years	1	-	26	87	114
4 years	1	-	16	54	71
5 years	1	-	13	33	47
5+ years	3	-	40	63	106

The table below provides the breakdown of the CSM of insurance contracts according to the transition methods detailed in Note 3.5:

Data in million HUF

Fair value approach 2025	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Total
Opening balance	3	913	201	24	1 141
Changes related to current services					
- CSM recognized in profit and loss	- 1	- 118	- 13	-6	- 138
Changes related to future services					
- Contracts initially recognized in the period	-	-	-	-	-
- Changes in estimates that adjust CSM	2	- 390	- 104	- 1	- 493
- Changes in estimates resulting in loss-making contracts or the release of previous losses	-	-	-	1	1
Financial result on insurance transactions recognized in profit or loss	-	- 15	-	-	- 15
Closing balance	4	390	84	18	496

Data in million HUF

Full retrospective approach 2025	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening balance	319	2 619	564	2 476	369	6 347
Changes related to current services						
- CSM recognized in profit and loss	- 88	- 239	- 60	- 629	- 260	- 1 277
Changes related to future services						
- Contracts initially recognized in the period	147	706	41	622	885	2 401
- Changes in estimates that adjust CSM	- 24	- 857	- 37	79	- 578	- 1 417
- Changes in estimates resulting in loss-making contracts or the release of previous losses	-	-	-	192	84	276
Financial result on insurance transactions recognized in profit or loss	- 6	- 23	-1	-	-	- 30
Closing balance	348	2 206	507	2 740	500	6 300

Data in million HUF

Fair value approach 2024	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Total
Opening balance	1	378	301	22	702
Changes related to current services					
- CSM recognized in profit and loss	- 1	- 292	- 30	- 8	- 331
Changes related to future services					
- Contracts initially recognized in the period	-	-	- 2	2	-
- Changes in estimates that adjust CSM	2	817	- 70	7	756
- Changes in estimates resulting in loss-making contracts or the release of previous losses	-	-	-	1	1
Financial result on insurance transactions recognized in profit or loss	-	11	2	-	13
Closing balance	2	914	201	24	1 141

Data in million HUF

Full retrospective approach 2024	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening balance	22	2 659	444	2 377	82	5 584
Changes related to current services						
- CSM recognized in profit and loss	- 79	- 347	- 60	- 884	- 209	- 1 579
Changes related to future services						
- Contracts initially recognized in the period	83	965	65	725	264	2 102
- Changes in estimates that adjust CSM	290	- 678	113	33	205	- 37
- Changes in estimates resulting in loss-making contracts or the release of previous losses	-	-	-	225	27	252
Financial result on insurance transactions recognized in profit or loss	3	20	2	-	-	25
Closing balance	319	2 619	564	2 476	369	6 347

The table below provides the breakdown of the CSM of reinsurance contracts according to the transition methods detailed in Note 3.5:

Data in million HUF

Fair values approach 2025	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Total
Opening balance	7	-	-	7
Changes related to current services				
- CSM recognized in profit and loss	-	-	-	-
Changes related to future services				
- Contracts initially recognized in the period	-	-	-	-
- Changes in estimates that adjust CSM	- 4	-	-	- 4
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	-	-
Financial result recognized in profit or loss	-	-	-	-
Net foreign exchange income or expense	-	-	-	-
Closing balance	3	-	-	3

Data in million HUF

Full retrospective approach 2025	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening balance	-	177	612	789
Changes related to current services				
- CSM recognized in profit and loss	-	- 34	- 297	- 331
Changes related to future services				
- Contracts initially recognized in the period	-	- 4	-	- 4
- Changes in estimates that adjust CSM	-	-	686	686
- Changes in estimates that result in onerous contracts or reversal of losses	-	31	- 275	- 244
Financial result recognized in profit or loss	-	10	48	58
Net foreign exchange income or expense	-	-	-	-
Closing balance	-	180	774	954

Data in million HUF

Fair values approach 2024 Restated	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Total
Opening balance	6	4	0	10
Changes related to current services				
- CSM recognized in profit and loss	- 1	-	27	26
Changes related to future services				
- Contracts initially recognized in the period	-	-	-	-
- Changes in estimates that adjust CSM	1	- 4	- 24	- 27
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	- 3	- 3
Financial result recognized in profit or loss	1	-	-	1
Net foreign exchange income or expense	-	-	-	-
Closing balance	7	-	-	7

Data in million HUF

Full retrospective approach 2024 Restated	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening balance	-	221	338	559
Changes related to current services				
- CSM recognized in profit and loss	2	- 68	- 112	- 178
Changes related to future services				
- Contracts initially recognized in the period	-	44	-	44
- Changes in estimates that adjust CSM	- 2	- 37	420	381
- Changes in estimates that result in onerous contracts or reversal of losses	-	1	- 64	- 63
Financial result recognized in profit or loss	-	16	30	46
Net foreign exchange income or expense	-	-	-	-
Closing balance	-	177	611	788

INSURANCE INCOME

2025

Data in million HUF

Amounts relating to changes in LfRC	Group life, accident and health	Individual accident and health	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
- Expected benefits incurred	-	-	77	174	98	844	478	1 671
- Expected expenses incurred	-	-	281	1 626	122	597	1 038	3 664
- Change in the risk adjustment	-	-	10	209	9	115	95	438
- CSM recognized	-	-	89	358	73	635	260	1 415
Recovery of acquisition cash flows	-	-	205	1 036	44	697	495	2 477
Experience adjustments	-	-	-	-	-	-	-	-
Contracts not measured under PAA	-	-	662	3 403	346	2 888	2 366	9 665
Contracts measured under PAA	5 491	637	-	-	-	-	-	6 128
Total insurance revenue	5 491	637	662	3 403	346	2 888	2 366	15 793

2024

Data in million HUF

Amounts relating to changes in LfRC	Group life, accident and health	Individual accident and health	Single premium UL	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
- Expected benefits incurred	-	-	53	234	122	465	535	1 409
- Expected expenses incurred	-	-	161	1 468	119	639	856	3 243
- Change in the risk adjustment	-	-	5	216	1	107	56	385
- CSM recognized	-	-	79	640	90	892	209	1 910
Recovery of acquisition cash flows	-	-	173	1 126	42	676	354	2 371
Experience adjustments	-	-	-	-	-	-	-	-
Contracts not measured under PAA	-	-	471	3 684	374	2 779	2 010	9 318
Contracts measured under PAA	4 913	665	-	-	-	-	-	5 578
Total insurance revenue	4 913	665	471	3 684	374	2 779	2 010	14 896

The table below provides the breakdown of the insurance income according to the transition methods detailed in Note 3.5

Data in million HUF

Insurance revenue 2025	Group life, accident and health insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Fair value approach	-	-	13	665	161	36	-	875
Full retrospective approach	5 491	637	649	2 737	184	2 853	2 367	14 918

Data in million HUF

Insurance revenue 2024	Group life, accident and health insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Fair value approach	-	-	6	899	181	46	-	1 132
Full retrospective approach	4 912	665	466	2 784	194	2 733	2 010	13 764

10 INSURANCE SERVICE EXPENSES

Data in million HUF

2025	Group life, accident and health insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Incurring benefits	1 767	78	53	380	381	864	631	4 154
Incurring directly attributable expenses	1 269	59	320	1 759	145	653	1 562	5 767
Losses on onerous contracts and reversal of those losses	- 68	- 14	30	192	43	117	- 465	- 165
Changes that relate to past service - adjustments to LfIC	- 143	- 161	22	- 63	- 330	- 150	- 229	- 1 054
Insurance acquisition costs	2 241	193	205	1 036	44	697	495	4 911
Total insurance service expense	5 066	155	630	3 304	283	2 181	1 994	13 613

Data in million HUF

2024	Group life, accident and health insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Incurring benefits	1 326	244	11	622	365	982	619	4 169
Incurring directly attributable expenses	1 599	60	214	1 330	123	614	1 082	5 022
Losses on onerous contracts and reversal of those losses	- 19	8	- 72	- 2	- 7	4	- 128	- 216
Changes that relate to past service - adjustments to LfIC	17	- 100	- 120	- 627	- 360	66	- 71	- 1 195
Insurance acquisition costs	2 030	197	173	1 126	42	676	354	4 598
Total insurance service expense	4 953	409	206	2 449	163	2 342	1 856	12 378

11 REINSURANCE RESULT

Data in million HUF

Expected expenses for contracts not measured under PAA - 2025	Group life	Individual accident and health	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
- Expected recovery of claims and other expenses	-	-	6	-	176	127	309
- Change in the risk adjustment	-	-	1	-	23	- 63	- 39
- CSM recognized	-	-	-	-	34	297	331
- Experience adjustments	-	-	-	-	-	-	-
Expected expenses for contracts measured under PAA	31	58	21	11	73	-	194
Allocation of reinsurer premium	31	58	28	11	306	361	795
Amounts recovered for claims and other expenses	16	505	- 323	- 112	182	52	320
Incurred directly attributable expenses	-	-	-	-	-	-	-
Changes that relate to past service - recoverable claims and other expenses	1	- 505	326	112	- 14	- 23	- 103
Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	-	-	31	- 274	- 243
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-
Amounts recoverable from reinsurer and incurred expenses	17	-	3	-	199	- 245	- 26
Net expense from reinsurance contracts held	14	58	25	11	107	606	821

Data in million HUF

Expected expenses for contracts not measured under PAA – 2024 Restated	Group life	Individual accident and health	Regular premium UL	Traditional regular premium life savings	Risk life	Credit coverage and account protection	Total
- Expected recovery of claims and other expenses	-	-	7	15	105	155	282
- Change in the risk adjustment	-	-	1	3	21	- 19	6
- CSM recognized	-	-	1	- 2	41	112	152
- Experience adjustments	-	-	-	-	-	-	-
Expected expenses for contracts measured under PAA	135	89	30	16	9	-	279
Allocation of reinsurer premium	135	89	39	32	176	248	719
Amounts recovered for claims and other expenses	103	478	- 191	- 117	111	121	505
Incurred directly attributable expenses	-	-	-	-	-	-	-
Changes that relate to past service - recoverable claims and other expenses	- 7	- 478	194	117	54	67	- 53
Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	-	-	- 2	- 65	- 67
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-
Amounts recoverable from reinsurer and incurred expenses	96	-	3	-	163	123	385
Net expense from reinsurance contracts held	39	89	36	32	13	125	334

12 FINANCIAL RESULT

Data in million HUF

2025 – Direct contracts	Group life insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Interest accreted to insurance contracts	- 5	-	- 1 902	- 5 761	- 583	16	10	- 8 225
Change in financial assumptions through P&L	- 1	-	974	3 751	- 4	2	1	4 723
Change in financial assumptions through OCI	-	-	-	-	- 100	49	10	- 41
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	-	-	-	-	-
Effect of risk mitigation on CSM for contracts measured under VFA	-	-	-	-	-	-	-	-
Net foreign exchange income or expense	-	-	323	814	13	-	-	1 150
Total insurance finance expense	- 6	-	- 605	- 1 196	- 674	67	21	- 2 393

Data in million HUF

2025 – Reinsurance Contracts	Group life insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Interest accreted to reinsurance contracts	1	-	-	- 1	-	- 3	18	15
Change in financial assumptions through P&L	-	-	-	-	-	- 1	-	- 1
Change in financial assumptions through OCI	-	-	-	1	-	13	19	33
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	-	-	-	-	-
Net foreign exchange income or expense	-	-	-	-	-	-	- 15	- 15
Total reinsurance finance income	1	-	-	-	-	9	22	32

Data in million HUF

2024 – Direct contracts	Group life insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Interest accreted to insurance contracts	- 7	- 2	- 1 429	- 5 522	- 607	48	19	- 7 500
Change in financial assumptions through P&L	1	-	- 2 269	- 12 601	10	5	- 1	- 14 855
Change in financial assumptions through OCI	-	-	-	-	605	- 108	- 24	473
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	-	-	1	-	1
Effect of risk mitigation on CSM for contracts measured under VFA	-	-	-	-	-	-	-	-
Net foreign exchange income or expense	-	-	- 284	- 806	- 15	-	-	- 1 105
Total insurance finance expense	- 6	- 2	- 3 982	- 18 929	- 7	- 54	- 6	- 22 986

Data in million HUF

2024 restated – Reinsurance Contracts	Group life insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Interest accreted to reinsurance contracts	-	3	-	- 2	-	- 3	6	4
Change in financial assumptions through P&L	- 1	-	-	1	-	-	-	-
Change in financial assumptions through OCI	-	-	-	1	- 1	3	15	18
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	-	-	-	-	-
Net foreign exchange income or expense	2	71	-	- 30	- 17	1	-	27
Total reinsurance finance income	1	74	-	- 30	- 18	1	21	49

13 RESULT ON INVESTMENTS

Data in million HUF

	2025	2024 Restated
Effective interest income	1 219	1 276
Interest income based on effective interest method	1 219	1 276
Gains on investment sales	278	95
Realized gains on derivatives	521	146
Unrealized gains on derivatives	272	-
Foregin currency gains	151	698
Fair value change gain	1 805	23 866
Dividends received	118	88
Reversal of impairment losses on shares	1 883	-
Income from investments	5 028	24 893
Result from associated companies	1 068	555
Operation expenses on investments	52	53
Realized losses on derivatives	248	509
Interest paid	30	4
Foreign currency losses	616	59
Losses on investment sales	301	79
Interest on lease liabilities	24	8
Impairment of shares in subsidiaries	-	3 423
Expense on investments	1 271	4 135
Impairment and impairment reversal of financial assets	- 12	-
Total income from (expenses on) investments	6 056	22 589

The loss/gain on the change in fair value is the return on customers' unit-linked investments. The return of HUF 1.8 billion achieved this year falls far behind 2024's almost 21% return, which is the highest ever for the Company in both percentage and absolute terms (HUF 23.8 billion).

The returns on unit-linked investments were largely determined by changes in the stock market. Global stock markets continued to rise, led by the markets of Central and Eastern Europe. The stock market rally was mainly driven by easing global monetary conditions, a weaker dollar, reduced uncertainty surrounding trade tariffs, and stable corporate profit prospects. In the Central and Eastern European region, the Polish and Hungarian markets performed excellently, partly due to the

weaker dollar and partly due to growing confidence in the imminent conclusion of peace agreements between Russia and Ukraine. The S&P 500 Index increasingly decoupled from the old economy as the artificial intelligence (AI) narrative offset concerns about weaker macroeconomics, weaker earnings, or political changes.

The performance of unit-linked funds was significantly impaired by the strengthening of the forint. After significant strengthening, the euro-forint exchange rate closed last year at 385.4 and the dollar-forint rate at 328.4, meaning that the Hungarian currency appreciated by 6.3 percent against the common European currency and by 17.4 percent against the dollar.

The Company's return on its own investments was a profit of HUF 1,194 million in 2025, while a profit of HUF 1,511 million in 2024.

The decline is primarily due to negative changes in yields, particularly short-term yields, although this was somewhat offset by excess returns resulting from outperforming benchmark yields. The results of derivatives also had a negative impact on investment performance. Considering the Insurer's prudent operating principles, we actively manage the risks arising from changes in exchange rates, and therefore we have recognized similar results on the foreign exchange of reserves and related hedging transactions, therefore this risk financially neutral for the Insurer.

The dividend allocated to the Company from MBH Fund Management was HUF 1,068 million, while in 2024 we realized HUF 555 million.

The *impairment and reversal of impairment of shares* line item includes the amount of impairment recognized for CIG Pannónia First Hungarian General Insurer cPlc., which is explained in detail in Note 24.

14 INVESTMENT CONTRACTS

Data in million HUF

Premium and commission income, investment contracts	2025	2024
Policy-based premiums	5	52
Fund management fees	84	76
Premiums related to services	4	154
Total premium and commission income	93	282

15 EXPENSES

Data in million HUF

	2025	2024
Salaries and salary contributions	1 937	1 825
Other personnel costs	258	131
Advisory and consultancy services	135	131
Training costs	25	5
Marketing and PR costs	218	140
Administration costs	242	166
IT services	577	417
Office rental and operation	106	86
Travelling, and car expenses	144	135
Office supplies, phone, bank costs	160	115
Depreciation and amortisation	263	250
Other costs	301	277
Claim settlement expenses	645	960
Total	5 011	4 638
Aquisition expenses	688	796
Administration, overhead and investment expenses	2 987	2 465
Benefits in kind and claim handling costs	940	1 158
Total allocable costs	4 615	4 419
Non-allocable expenses	396	219
Total non-allocable costs	396	219
Total	5 011	4 638

Overall, expenses have increased by 8% compared to 2024. The biggest increase was in payroll and personnel costs, with HUF 239 million, while IT, administration and marketing costs increased significantly, with the growing stock and inflation playing a major role in this. Claims settlement costs decreased by HUF 315 million, due to the ceasing outsourced claims settlement costs for certain expiring group contracts

In 2025 HUF 185 million (HUF 161 million in 2024) was related to payroll (incl. salary, bonus and other payments) of the Company's directors under the SRD Act.

The significant leasing contract of the Insurer is the office lease agreement of the office, effective until 28 February 2029. In addition, in 2021 car leasing contracts with a significant value emerged, with various maturities, averaging 36-60 months. In 2025, the Company paid for short-term office leasing contracts HUF 4 million (HUF 3 million in 2024); while the expenses of low value leasing contracts (water dispenser, printers, dirt carpets) totaled HUF 2 million (HUF 2 million in 2024).

The share-based payment presented in 3.10 was established based on the following principles at the end of 2025. The qualified amount was 21 million HUF.

Grant date: 22.05.2025	Shared based payment: 30%
Vesting period: 01.01.2025- 31.12.2025	Full bonus total: 84 millió HUF

16 OTHER RESULT

	Data in million HUF	
	2025	2024
Other technical income	15	6
Reinvoiced services	275	390
Other income	116	31
Other (non-financial) income	476	427

	Data in million HUF	
	2025	2024
Other expenses	154	34
Provision	-	110
Expenses related to insurance contracts	129	234
Forward-charged expenses	280	390
Other (non-financial) expenses	563	768

Other result	- 87	- 341
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The forming of provisions are detailed under Note 38. In addition to provisions, the increase in other result is due to a decrease in expenses related to investment contracts and a release of provision.

17 TAX INCOME (EXPENSES)

Regarding the activities of the Insurer, the corporate tax rate is uniformly 9% regardless of the tax base from 2017 onwards.

The Company accrued losses before 2014 (and in 2019), which can be used against future taxable income. Losses accrued until 2015 can be used until 2030 at the latest, but some losses expire earlier. In 2024, deferred tax assets increased by HUF 151million.

According to the strategic plans adopted by the Insurer, profitable operations will continue to be provided in the future, so the profits that will be made in the foreseeable future will allow the use of accrued losses as it has been applied. The amount set as deferred tax receivable at the end of 2025 (HUF 393 million) is expected to be recovered from the accrued loss in the medium term, ie the tax savings expected to be realized on the basis of the Insurer's business plans and tax rate.

The following table shows the corporation tax and deferred tax expenses and incomes recognized in profit or loss and in other comprehensive income:

Data in million HUF

	2025	2024 Restated
Local business tax, innovation contribution	- 49	- 80
Corporation tax expenses in reporting year	- 126	44
Deferred tax expenses/gains	- 109	55
Total tax income/(expenses) realized in profit or loss	- 284	19
Deferred tax liabilities arising from financial assets valued at fair value against other comprehensive income	- 42	15
Total tax income/(expenses) realized in other comprehensive income	- 42	15

Reconciliation of tax income/expenses and amounts assessed by applying prevailing tax rates to profit or loss before taxation:

Data in million HUF

Presentation of effective tax rate	2025	2024 Restated
Profit/loss before taxation	4 539	18
Calculated tax income/(expenses) (9%)	- 404	6
Change in previously accrued deferred tax asset on losses of prior years	151	- 70
Permanent differences	18	163
Local business tax, innovation contribution	- 49	- 80
Total tax income (expenses)	- 284	19

18 OTHER COMPREHENSIVE INCOME

Data in million HUF

	2025	2024 Restated
OCI from change in fair value of other financial assets at fair value	154	- 712
OCI from insurance contracts	- 41	474
OCI from reinsurance contracts	33	17
Comprehensive income, would be reclassified to profit or loss in the future	146	- 221
Comprehensive income, wouldn't be reclassified to profit or loss in the future	274	766
Total other comprehensive income	420	545

Other comprehensive income includes changes in the fair value of financial assets valued at fair value against other comprehensive income, which includes the net deferred taxes recognized in this comprehensive income.

Other comprehensive income that wouldn't be reclassified to profit or loss in the future includes the unrealized exchange rate difference of the Company's strategic stake in Opus Global at net value, including the impact of its deferred tax.

The financial comprehensive result includes the part of the revaluation of insurance and reinsurance assets and liabilities from insurance and reinsurance transactions where the so-called OCI option was applied.

19 EARNINGS PER SHARE

Data in million HUF

	31 December 2025 (A)	31 December 2024(B)	Change (A)-(B)
Profit/loss after taxation attributable to the Company's shareholders (million HUF)	3 958	634	
Weighted average number of shares	93 954 254	93 954 254	
EPS (basic) (HUF)	42,1	6,7	35,4
Profit/loss after taxation attributable to the Company's shareholders (million HUF)	3 958	634	
Weighted average number of shares	94 428 260	94 428 260	
EPS (diluted) (HUF) calculated			
EPS (diluted) (HUF)	41,9	6,7	35,2

The treasury shares should not be treated as ordinary shares in point of the EPS calculation, therefore they cannot be taken into account in the calculation of the weighted average number of ordinary shares.

In accordance with IAS 33.4, the Company's earnings per share are equal to the earnings per share of the Company included in the consolidation. In accordance with this interpretation, the earnings per share presented above are based on consolidated after-tax profit.

Earnings per share was HUF 42.1. According to IFRS, the maximum value of calculated diluted EPS (HUF 41.9) can be maximum equivalent with the amount of the basic EPS. In terms of calculated diluted EPS, the shares transferred to MRP are considered dilutive, as they are expected to increase the weighted average number of common shares if they are called in the future. The dilutive effect is less than HUF 0.2.

The weighted average number of ordinary shares (according to the above) was calculated as follows:

2025

Date	Issued ordinary shares (no.)	Treasury shares (no.)	Weighted average number of shares	Days
31.12.2024	94 428 260	474 006	93 954 254	365
31.12.2025	94 428 260	474 006	93 954 254	365

2024

Date	Issued ordinary shares (no.)	Treasury shares (no.)	Weighted average number of shares	Days
31.12.2023	94 428 260	474 006	93 954 254	365
31.12.2024	94 428 260	474 006	93 954 254	365

20 INTANGIBLE ASSETS

Intellectual property includes purchased and externally developed software. The increase in intellectual property is primarily related to the development of the Insurer's new insurance technical administration system and accompanying portals, which were introduced within the innovation project. The system was activated on 31 December 2025.

Data in million HUF

31 December 2025	Intellectual property, assets value rights	Total intangible assets
Cost		
01 January 2025	3 125	3 125
Increase	764	764
Decrease	-	-
31 December 2025	3 889	3 889
Accumulated amortization, impairment		
01 January 2025	- 2 452	- 2 452
Increase	- 213	- 213
Decrease	-	-
31 December 2025	- 2 665	- 2 665
Net book value	1 224	1 224

Data in million HUF

31 December 2024	Intellectual property, assets value rights	Total intangible assets
Cost		
01 January 2024	2 912	2 912
Increase	218	218
Decrease	- 5	- 5
31 December 2024	3 125	3 125
Accumulated amortization, impairment		
01 January 2024	- 2 250	- 2 250
Increase	- 207	- 207
Decrease	5	5
31 December 2024	- 2 452	- 2 452
Net book value	673	673

21 PROPERTY, PLANT AND EQUIPMENT

Data in million HUF

31 December 2025	Office furniture, equipment	Real estates	Work in progress	Total
Cost				
01 January 2025	193	127	2	322
Increase	44	13	-	57
Decrease	- 1	-	3	2
31 December 2025	236	140	5	381
Accumulated amortization				
01 January 2025	- 141	- 95	-	- 236
Increase	- 23	- 25	-	- 47
Decrease	1	-	-	1
31 December 2025	- 163	- 120	-	- 282
Net book value	73	20	5	98

Data in million HUF

31 December 2024	Office furniture, equipment	Real estates	Work in progress	Total
Cost				
01 January 2024	185	127	9	321
Increase	32	-	-	32
Decrease	- 24	-	- 7	- 31
31 December 2024	193	127	2	322
Accumulated amortization, impairment				
01 January 2024	- 147	- 70	-	- 217
Increase	- 18	- 25	-	- 43
Decrease	24	-	-	24
31 December 2024	- 141	- 95	-	- 236
Net book value	52	32	2	86

Among the Insurer's property plant and equipment there are no properties, machines or equipment which are not in use, because those are derecognized from the books.

22 LEASES

Data in million HUF

31 December 2025	Office leasing	Car leasing	Total
Cost			
01 January 2025	219	227	446
Increase	6	214	220
Decrease	-	- 223	- 223
31 December 2025	225	218	443
Accumulated amortization			
01 January 2025	- 15	- 167	- 182
Increase	- 50	- 64	- 114
Decrease	0	174	174
31 December 2025	- 65	- 57	- 122
Net book value	160	161	321

Data in million HUF

31 December 2024	Office leasing	Car leasing	Total
Cost			
01 January 2024	203	200	403
Increase	225	37	262
Decrease	- 209	- 10	- 219
31 December 2024	219	227	446
Accumulated amortization, impairment			
01 January 2024	- 111	- 117	- 228
Increase	- 44	- 57	- 101
Decrease	140	7	147
31 December 2024	- 15	- 167	- 182
Net book value	204	60	264

The leased assets are constituted by the property rental of the Company's headquarter building and car rental. In the case of office leasing, the contract was renegotiated in 2024, resulting in a change in terms and conditions. The maturity date was changed to 28 February 2029. Car leases were renewed in 2025, and the old leases were derecognized.

The Insurer does not have leasing contracts with variable fees, residual value guarantees, or extension and cancellation options; neither does it have lease contracts to which the lessee has committed but which have not yet begun.

23 SUBSIDIARIES

Data in million HUF

	31 December 2025	31 December 2024 Restated	31 December 2023 Restated
CIG Pannónia First Hungarian General Insurance Company Plc.	7 956	6 073	6 496
Pannónia PI-ETA Funeral Service Limited Liability Company	4	4	4
Subsidiaries	7 960	6 077	6 500

The Company has investments in the following affiliated companies:

CIG Pannónia First Hungarian General Insurance Company / CIG Pannónia Első Magyar Általános Biztosító Társaság (EMABIT)

1097 Budapest Könyves Kálmán krt. 11, „B” épület.

Ownership:	100%
Cost of equity:	HUF 14,581 million
Accrued impairment:	HUF 6 625 million
Share book value:	HUF 7 956 million
Registered capital:	HUF 1 120 million
Equity:	HUF 7 956 million
Capital reserve:	HUF 12 075 million
Profit after tax:	HUF 1 852 million

The capital was increased at the insurer's subsidiary in 2024 once by HUF 3 billion, which increased the cost of equity to HUF 14,581 million and its registered capital changed to HUF 120 million. There was no capital increase in 2025.

In accordance with its accounting policies, the Company uses the cost method for the valuation of interests in the separate financial statements for its subsidiaries in the insurance sector, its other subsidiaries and other interests. For its subsidiaries in the insurance sector, the Company has chosen to use fair value as its deemed cost when transitioning to IFRSs. In this respect the Company carried out a discounted cash flow valuation of its subsidiaries in the insurance sector for the date of transition and the valuation based on the discounted cash flow method was used as a basis for historical cost.

As at the time of transition the Company chose to value its interests based on the costs as accounted for along IAS 27 in the individual IFRS financial statements, it needs to perform an impairment test on these interests according to IAS 36.

Our Company has already stated in the third quarterly report of CIG Pannónia Life Insurance Plc.⁹ that the Board of Directors, in the course of its continuous monitoring activities and also with respect to the progress of the proceedings initiated by the Company, decided to conduct a strategic review of the so-called Italian cases¹⁰ covering both litigation and non-litigation strategic elements, which cases affect primarily its wholly owned subsidiary CIG Pannónia First Hungarian General Insurance Company (EMABIT). The objective of the Board of Directors in undertaking this full review was to ensure that, through its result and based on a full analysis of the situation, the Group is prepared in all respects to deal prudently with all potential future scenarios that may arise from these matters. In addition to ensuring prudence, a further objective in the current phase of - in the management's view - stable growth was to ensure room for further development along the strategic objectives by "clearing" the growth path from external and past limiting constraints and negative elements.

The focus of the review was on the assessment of the status of the litigation cases, in connection with which the formed reserves were also reviewed, and the Company published an extraordinary information on the content and outcome of the review on 28 February 2025. As stated in the Extraordinary Information, as a result of the process, EMABIT decided to increase certain reserves, taking into account the legal requirements, the interests of the Group and the principle of best estimate. To ensure the implementation of this decision, the Board of Directors of the Company

- 1) increased in December 2024 EMABIT's capital by HUF 3 billion (HUF 30 million in shared capital and HUF 2 970 million in capital reserves)

in order to further supplement EMABIT's own funds with subordinated loan capital - in accordance with the investment and borrowing rules applicable to it as an insurer -, initiated negotiations with Hungarikum Biztosítási Alkusz Zrt. (hereafter: Broker), the responsible owner with qualified influence in the Company, since Broker, in connection with its prudent ownership - as required by the Hungarian National Bank and as it itself declared when granted the authorization to acquire influence - stated¹¹, inter alia, that it "...intends to support the reconstruction and recovery of CIG EMABIT, owned by CIG Life Insurance, by all legal means which are compliant and in accordance with its legal status, while at the same time mitigating the damage suffered on the Italian market". As a result of the negotiations, on 23 December 2024, the Company entered into a subordinated credit facility agreement (the "Agreement") with the Broker as lender for a total amount of HUF 4,000,000,000 in order to fully comply with the legal reserve requirements and to meet potential obligations that may arise in the future, and to enable the Company to support EMABIT's activities with additional resources¹²during the availability period¹³ up to the amount of the reserved credit line, if needed, while maintaining the necessary and expected own funds requirements. The Company shall make the necessary resources available to EMABIT as provided for in the Contract.

⁹ https://bet.hu/site/newkib/en/2024.11./CIG_Pannonia_Life_Insurance_Plc._-Quarterly_Report_Q3_2024_129160609

¹⁰ **Italian cases:** a collective name for the risks and their management that EMABIT has and is facing in its Italian claims cases, covering primarily the management of these cases and the strategy for the management of pending litigation, the status and review of existing claims reserves and regress reserves.

¹¹ "Operating plan and report on the economic activities of the Hungarikum Biztosítási Alkusz as the offeror with respect to the ordinary shares of CIG Pannónia Life Insurance Plc (ISIN: HU0000180112)" prepared for the mandatory public takeover offer for the shareholders of the Company on 18.06.2021, page 7, paragraph 4 -

<https://www.bet.hu/newkibdata/128577094/M%C5%B1k%C3%B6d%C3%A9si%20terv%20%C3%A9s%20az%20aj%C3%A1nlatt%C5%91%20gazdas%C3%A1gi%20tev%C3%A9kenys%C3%A9g%C3%A9r%C5%91%20sz%C3%B3l%C3%B3%20jelent%C3%A9s%202021%2006%2018%20.pdf>

¹² the pricing of the Loan under the Contract (including in particular the applicable interest rate, the availability fee and the early repayment fee) is in line with market standards and has been agreed by the Parties in the framework of an advisory report supported by BIG4

¹³ the period from the date of signature of the Agreement until the disbursement of the Loan, but up to a maximum of 2 years, i.e. until 31 December 2026

On 19 October 2025 EMABIT's Board of Directors has reached a settlement in a damages case involving a claim amounting to more than 50% of the current outstanding claims, that is particularly advantageous for the CIG Pannónia Group based on the modeling of the litigation process, with a payment obligation amounting to 70% of the capital claim and ensuring an out-of-court final settlement, resulting in the termination of the lawsuit and excluding further claims by the plaintiff. Prior to reaching the settlement agreement, EMABIT assessed the evidence obtained in the relevant case and other related proceedings, as well as the partial results of the relevant proceedings, and, in light of this information, sought the opinion of an external Italian legal expert on the likely outcome of the lawsuit.

After the balance sheet date, on 13 February 2026, in another significant damage case an out-of-court settlement, similar to the settlement above, was reached, with a payment obligation of less than 65% of the principal claim, excluding further claims of the plaintiff. EMABIT will fulfill its payment obligation arising from the settlement within 90 days of receipt of the signed settlement proposal (13. 02. 2026).

CIG Pannónia Group's interest is the complete resolution of legal disputes arising from commitments made by the previous management, taking the interests of the owners into account as far as possible. In this process, management considers the recently concluded settlements and the closure of the underlying claims as a milestone in the further, overall, final and comprehensive closure of the litigation claims, which closure was achieved in accordance with the reserves established for the claims, using EMABIT's own resources. This also means that subordinated loan capital from the owner has still not been drawn. The Board of Directors of EMABIT will review the issue of maintaining the availability of the subordinated loan capital based on the legal and financial analysis of the processes in the first half of 2026 and decide on its maintenance/termination.

The Italian suretyship portfolio currently comprises a total of 14 contracts (insured amount: EUR 11,532,547) which are in effect or registered due to the extended claim reporting period. The total amount of claims reported to the Insurer is EUR 6,271 million, of which the Insurer has, taking into account the opinion of legal experts, established a reserve for RBNS claims in the amount of EUR 2,039 million.

Based on the measures taken and put in place earlier, the necessary, expected, and secure regulatory capital compliance is fully ensured for the financing of the Group's growth path and for the provisioning of the remaining disputed claims related to exposures arising from Italian matters.

In possession of the above information, the Company again performed an impairment test of its subsidiary interest at the end of 2025, based on which a reversal of impairment losses recognized in previous years became necessary. Thus, the total recognized impairment at the end of 2025 was HUF 6,624 million, the book value of the share equals the individual equity of EMABIT: HUF 7,956 million.

Pannonia PI-ETA Funeral Services Ltd. (hereinafter: Pieta)

1097 Budapest Könyves Kálmán krt. 11, „B” épület.

Ownership:	100 %
Value of the share:	HUF 4 million
Registered capital:	HUF 3 million
Equity:	HUF 6 million
After-tax profit:	HUF 0 million

Founded in April 2008, PI-ETA provided funeral services to the Insurer for the provision of grace, in conjunction with the “Alkony” product. The Insurer has owned 100% of Pannónia PI-ETA Savings Service Ltd. since 2011. In 2015, the Insurer raised the share capital of Pannonia PI-ETA in the value of 2,500,000 HUF to comply with the new Civil Code provisions. The year 2025 was closed with a profit of less than HUF 1 million by PI-ETA. On 15 February 2026, the name of the company changed to CIG Pannónia Expert Ltd., and its main activities are now risk assessment and claims adjustment.

24 ASSOCIATES

	Data in million HUF	
	31 December 2025	31 December 2024
MBH Fund Management Ltd.	52	52
Associated Company	52	52

MBH Fund Management Ltd.

(formerly : MKB Fund Management Ltd.)

1068 Budapest, Benczúr utca 11.

Ownership:	7,67%
Value of share:	HUF 52 million
Registered capital:	HUF 806 million
Equity:	HUF 21 255 million
Profit after tax:	HUF 18 888 million

The turnover of MBH Fund Management Ltd. in 2025 was HUF 24,812 million, after-tax profit was HUF 18,888 million, of which HUF 850 million was the share of the Insurer.

The Articles of Association of MBH Fund Management Ltd. determine the rights of the holders of preference shares, which is embodied in the rights of the owners to control and manage the Company. Based on the preference shares, CIG Pannónia Life Insurance Plc. Delegates 1 to 1 members to the Board of Directors of MBH Fund Management Ltd.

The distribution of the profits of MBH Fund Management Ltd. among the owners is not in proportion to their ownership interest but to the extent of their contribution to the Fund Manager's result. The Fund Manager has more profit centers, for which the allocation of the result is the so-called Profitcentrum Allocation Rules. The profit earned by the Company from 2015 onwards is the result of the "Insurance profit center". In 2025, 4.5 percent of the Fund Manager's earnings were allocated to the Company.

The Company received a dividend of HUF 1,104 million in 2025 and HUF 592 million in 2024 from its associated company.

The Insurer's part of the capital of the MBH Fund Manager in 2025 and 2024 developed as follows:

Data in million HUF

2025	Share capital	Retained earnings of previous years	Valuation reserve	Profit/Loss after taxation	Total
Fund manager	806	1 560	1	18 888	21 255
Issuer's share	7.67%	7.67%	7.67%	4.50%	
Capital per issuer	62	120	0	850	1 032

Data in million HUF

2024	Share capital	Retained earnings of previous years	Valuation reserve	Profit/Loss after taxation	Total
Fund manager	806	1 560	26	17 280	19 672
Issuer's share	7.67%	7.67%	7.67%	6.36%	
Capital per issuer	62	120	2	1 099	1 282

25 INVESTMENTS FOR POLICYHOLDERS OF UNIT-LINKED LIFE INSURANCE POLICIES

Investments executed for policyholders of unit-linked life insurance policies ensue in separate the Insurer unit-linked funds in accordance with policy terms and conditions. At the end of 2025 the Insurer had 69 segregated unit-linked funds. The executed investments are invested into various financial instruments depending on the investment policy of the unit-linked funds. Cash on account that is not invested – but is part of the unit-linked fund – is recognized within the unit-linked fund as cash. The derivative instruments are currency forward transactions in the unit-linked funds.

Other investments line contains the transit instruments, and the premium liabilities of fund.

Data in million HUF

	31 December 2025	31 December 2024
Equities	37 586	38 787
Government bonds, T-bills	21 983	17 832
Corporate bonds	0	-
Investment funds	65 241	61 585
Derivative instruments	13	- 15
Cash and cash equivalents in UL asset funds	8 814	9 761
Other investments	1 671	- 271
Total investments for policyholders of unit-linked life insurance policies	135 308	127 679

26 FINANCIAL ASSETS – INVESTMENT CONTRACTS

Data in million HUF

	31 December 2025	31 December 2024
Equities	1 496	1 805
Government bonds, T-bills	876	830
Corporate bonds	0	-
Investment funds	2 599	2 866
Derivative instruments	1	-1
Cash and cash equivalents in UL asset funds	351	454
Other investments	68	- 12
Total financial assets – investment contracts	5 391	5 942

Investments for policyholders of unit-linked life insurance policies and Financial assets – investment contracts contain investment funds investing in closed investment funds managed by MBH Fund Manager Ltd. the associate company of the Insurer. A decisive part of these funds were owned by the Company at the end of 2025.

The following table shows the asset composition of these funds:

Data in million HUF

	31 December 2025	31 December 2024
Equities	2 394	3 605
Government bonds, discounted T-bills	5 220	3 223
Corporate bonds	3 186	3 326
Investment funds	5 037	7 275
Cash and cash equivalents in UL asset funds	3 921	3 589
Other investments	724	-17
Total	20 482	21 001

27 FORWARD TRANSACTIONS

Data in million HUF

	31 December 2025	31 December 2024
Financial assets – derivatives	53	-
Financial assets – derivatives	53	-

Forward transactions include transactions entered into for currency hedging purposes.

Data in million HUF

	31 December 2025	31 December 2024
Financial liabilities – derivatives	- 5	- 224
Financial liabilities – derivatives	- 5	- 224

28 OTHER FINANCIAL ASSETS AT FAIR VALUE

Data in million HUF

	31 December 2025	31 December 2024
Corporate bond	2 065	2 450
Equities	3 757	3 456
Government bonds, discontinued T-bills	18 470	16 299
Mortgage certificates	424	166
Other financial assets at fair value	24 716	22 371

Among the shares the Company records its stake in OPUS GLOBAL Plc.

29.1 Accounting classification and fair values

The following table presents the Company's assets and liabilities as classified into financial asset and liability categories:

Data in million HUF

31 December 2025	Financial assets at fair value through profit or loss	Financial assets valued through amortized cost	Financial assets valued through OCI	Financial liabilities at fair value through profit or loss	Financial liabilities valued through amortized cost
Government bonds	21 983	-	18 470	-	-
Corporate bonds	-	-	2 489	-	-
Shares	37 586	-	3 757	-	-
Investment fund units	65 241	-	-	-	-
Cash (unit-linked & own)	8 814	4 421	-	-	-
Receivables	1 911	531	-	-	-
Other UL assets	-238	-	-	-	-
Other and intercompany liabilities	-	-	-	-	1 585
Investment contracts	-	-	-	5 391	-
Derivative instruments	13	-	51	5	-
Total	135 310	4 952	24 767	5 396	1 585

Data in million HUF

31 December 2024 Restated	Financial assets at fair value through profit or loss	Loans and receivables	Other financial assets at fair value	Financial liabilities at fair value through profit or loss	Other financial liabilities
Government bonds	17 832	-	16 299	-	-
Corporate bonds	-	-	2 616	-	-
Shares	38 787	-	3 456	-	-
Investment fund units	61 585	-	-	-	-
Cash (unit-linked & own)	9 761	2 368	-	-	-
Receivables	131	620	-	-	-
Other UL assets	- 403	-	-	-	-
Other and intercompany liabilities	-	-	-	-	1 490
Investment contracts	-	-	-	5 942	-
Derivative instruments	- 14	-	-	224	-
Total	127 679	2 988	22 371	6 166	1 490

Details on how fair values of assets and liabilities are determined are described under Note 3.17.

The following table presents the hierarchy for fair value determination in respect of financial instruments measured at fair value:

Data in million HUF

31 December 2025	Level 1	Level 2	Level 3	Total
Government bonds	39 012	1 441	-	40 453
Corporate bond	45	-	2 444	2 489
Equities	41 343	-	-	41 343
Investment funds	65 241	-	-	65 241
Cash (unit-linked)	8 814	-	-	8 814
Other UL assets	1 673	-	-	1 673
Derivative instruments	-	64	-	64
Total Assets	156 128	1 505	2 444	160 077
Liabilities measured on fair value	5 391	5	-	5 396
Total Liabilities	5 391	5	-	5 396

Data in million HUF

31 December 2024 Restated	Level 1	Level 2	Level 3	Total
Government bonds	32 748	1 383	-	34 131
Corporate bond	49	-	2 567	2 616
Equities	42 243	-	-	42 243
Investment funds	61 585	-	-	61 585
Cash (unit-linked)	9 761	-	-	9 761
Other UL assets	- 271	-	-	- 271
Derivative instruments	-	- 14	-	- 14
Total Assets	146 115	1 369	2 567	150 051
Liabilities measured on fair value	6 166	-	-	6 166
Total Liabilities	6 166	-	-	6 166

29 OTHER ASSETS AND ACCRUALS

Data in million HUF

	31 December 2025	31 December 2024
Active accrual of costs	53	50
Inventories	4	4
Other assets and accruals total	57	54

30 OTHER RECEIVABLES

Data in million HUF

	31 December 2025	31 December 2024 Restated
Trade receivables	71	1
Receivables from investment fund fee	30	37
Advance payments to suppliers and state	293	424
Other receivables	84	25
Total of other receivables	478	487

31 INTERCOMPANY RECEIVABLES

Data in million HUF

	31 December 2025	31 December 2024
Receivables against EMABIT	52	155
MRP receivables	1	-
Intercompany receivables	53	155

32 CASH AND CASH EQUIVALENTS

Data in million HUF

	31 December 2025	31 December 2024
Demand deposits	1 386	1 205
Fixed deposits	3 035	1 163
Total cash and cash equivalents	4 421	2 368

33 ASSETS AND LIABILITIES FROM INSURANCE CONTRACTS

34.1 Movement table of liabilities for remaining coverage (LfRC) and liabilities for incurred claims (LfIC)

Data in million HUF

2025 Type of provision	LfRC		LfIC for contracts measured under GMM	LfIC for contracts measured under PAA			Total
	Excl. LC	Accrued acquisition cost		LC	PVCF	RA	
Opening insurance contract assets	1 660	-	- 17	- 379	- 137	- 6	1 121
Opening insurance contract liabilities	- 134 180	-	- 1 331	- 4 281	- 565	- 61	- 140 418
Insurance revenue	15 793	-	-	-	-	-	15 793
Insurance service expenses							
- Incurred benefits and expenses	-	-	-	- 6 748	- 3 099	- 74	- 9 921
- Changes that relate to past service - adjustments to LfIC	-	-	-	749	248	57	1 054
- Losses on onerous contracts and reversal of those losses	-	-	165	-	-	-	165
- Amortization of insurance acquisition cash flows	- 4 911	-	-	-	-	-	- 4 911
- Impairment of acquisition cost asset	-	-	-	-	-	-	-
Insurance finance expenses through profit and loss	- 3 289	-	- 49	- 154	- 10	-	- 3 502
Insurance finance expenses through OCI	- 42	-	1	-	-	-	- 41
Net foreign exchange income or expense	1 133	-	6	11	-	-	1 150
Investment components	17 620	-	-	- 17 620	-	-	-
Total changes in statement of profit and loss and OCI	26 304	-	123	- 23 762	- 2 861	- 17	- 213
Premiums received	- 41 586	-	-	-	-	-	- 41 586
Claims paid	-	-	-	19 669	1 614	-	21 283
Directly attributable expenses paid	-	-	-	4 439	1 329	-	5 768
Acquisition cost paid	5 294	-	-	-	-	-	5 294
Total cash flows	- 36 292	-	-	24 108	2 943	-	- 9 241
Closing insurance contract assets	1 390	-	- 12	- 300	- 98	- 4	976
Closing insurance contract liabilities	- 143 898	-	- 1 213	- 4 014	- 522	- 80	- 149 727

Data in million HUF

2024 Type of provision	LfRC			LfIC for contracts measured under PAA			Total
	Excl. LC	Accrued acquisition cost	LC	LfIC for contracts measured under GMM	PVCF	RA	
Opening insurance contract assets	2 380	-	- 930	- 363	- 28	- 1	1 058
Opening insurance contract liabilities	- 101 028	-	- 614	- 3 725	- 653	- 114	- 106 134
Insurance revenue	14 896	-	-	-	-	-	14 896
Insurance service expenses							
- Incurred benefits and expenses	-	-	-	- 5 962	- 3 182	- 47	- 9 191
- Changes that relate to past service - adjustments to LfIC	-	-	-	1 112	43	40	1 195
- Losses on onerous contracts and reversal of those losses	-	-	216	-	-	-	216
- Amortization of insurance acquisition cash flows	- 4 598	-	-	-	-	-	- 4 598
- Impairment of acquisition cost asset	-	-	-	-	-	-	0
Insurance finance expenses through profit and loss	- 22 139	-	- 68	- 140	- 6	-	- 22 353
Insurance finance expenses through OCI	422	-	51	-	-	-	473
Net foreign exchange income or expense	- 1 088	-	- 3	- 12	- 58	55	- 1 106
Investment components	14 477	-	-	- 14 477	-	-	-
Total changes in statement of profit and loss and OCI	1 970	-	196	- 19 479	- 3 203	48	- 20 468
Premiums received	- 41 603	-	-	-	-	-	- 41 603
Claims paid	-	-	-	15 544	1 523	-	17 067
Directly attributable expenses paid	-	-	-	3 363	1 659	-	5 022
Acquisition cost paid	5 761	-	-	-	-	-	5 761
Total cash flows	- 35 842	-	-	18 907	3 182	-	- 13 753
Closing insurance contract assets	1 660	-	- 17	- 379	- 137	- 6	1 121
Closing insurance contract liabilities	- 134 180	-	- 1 331	- 4 281	- 565	- 61	- 140 418

Data in million HUF

2025 - by portfolio groups	Group life insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening insurance contract assets	61	-	-	-	-	847	213	1 121
Opening insurance contract liabilities	- 376	- 261	- 29 012	- 97 796	- 11 506	- 795	- 672	- 140 418
Insurance revenue	5 491	637	662	3 402	346	2 889	2 366	15 793
Insurance service expenses								
- Incurred benefits and expenses	- 3 036	- 137	- 373	- 2 138	- 527	- 1 518	- 2 192	- 9 921
- Changes that relate to past service - adjustments to LfIC	143	161	- 22	63	331	150	228	1 054
- Losses on onerous contracts and reversal of those losses	68	14	- 30	- 191	- 42	- 117	463	165
- Amortization of insurance acquisition cash flows	- 2 241	- 193	- 205	- 1 036	- 47	- 697	- 492	- 4 911
- Impairment of acquisition cost asset	-	-	-	-	-	-	-	-
Insurance finance expenses through profit and loss	- 6	- 2	- 928	- 2 009	- 586	18	11	- 3 502
Insurance finance expenses through OCI	-	-	-	-	- 101	49	11	- 41
Net foreign exchange income or expense	-	-	323	814	13	-	-	1 150
Investment components	-	-	-	-	-	-	-	-
Total changes in statement of profit and loss and OCI	419	480	- 573	- 1 095	- 613	774	395	- 213
Premiums received	- 5 622	- 639	- 9 405	- 18 429	- 1 582	- 3 114	- 2 795	- 41 586
Claims paid	1 534	80	3 439	13 126	1 679	970	455	21 283
Directly attributable expenses paid	1 269	59	322	1 759	141	653	1 565	5 768
Acquisition cost paid	2 042	176	263	1 372	- 4	834	611	5 294
Total cash flows	- 777	- 324	- 5 381	- 2 172	234	- 657	- 164	- 9 241
Closing insurance contract assets	24	-	-	-	-	919	33	976
Closing insurance contract liabilities	- 697	- 105	- 34 966	- 101 063	- 11 885	- 750	- 261	- 149 727

Data in million HUF

2025 - by portfolio groups	Group life insurance	Individual accident and health insurance	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening insurance contract assets	58	18	-	-	-	974	8	1 058
Opening insurance contract liabilities	- 576	- 246	- 16 034	- 77 379	- 11 312	- 534	- 53	- 106 134
Insurance revenue	4 912	665	472	3 683	374	2 779	2 011	14 896
Insurance service expenses								
- Incurred benefits and expenses	- 2 924	- 305	-226	- 1 952	- 488	- 1 596	- 1 700	- 9 191
- Changes that relate to past service - adjustments to LfIC	- 17	100	120	627	360	- 66	71	1 195
- Losses on onerous contracts and reversal of those losses	19	-8	72	2	7	-4	128	216
- Amortization of insurance acquisition cash flows	- 2 030	- 197	- 173	- 1 126	- 42	- 676	- 354	- 4 598
- Impairment of acquisition cost asset	-	-	-	-	-	-	-	-
Insurance finance expenses through profit and loss	- 6	- 1	- 3 699	- 18 123	- 597	20	20	-22 353
Insurance finance expenses through OCI	-	-	-	-	605	- 108	- 24	473
Net foreign exchange income or expense	-	-	- 284	- 808	- 14	-	-	- 1 106
Investment components	-	-	-	-	-	-	-	-
Total changes in statement of profit and loss and OCI	-46	254	-3 718	-17 697	205	382	152	-20 468
Premiums received	- 4 851	- 647	- 12 158	- 16 980	- 1 690	- 2 887	- 2 390	- 41 603
Claims paid	1 401	122	2 275	10 925	1 144	792	408	17 067
Directly attributable expenses paid	1 599	60	214	1 330	125	614	1 080	5 022
Acquisition cost paid	2 100	178	409	2 005	22	711	336	5 761
Total cash flows	249	- 287	- 9 260	- 2 720	- 399	- 770	- 566	- 13 753
Closing insurance contract assets	61	-	-	-	-	847	213	1 121
Closing insurance contract liabilities	- 376	- 261	- 29 012	- 97 796	- 11 506	- 795	- 672	- 140 418

34.2 Movement table for insurance assets and liabilities (best estimate, risk adjustment and contractual service margin) - Contracts valued using the GMM and VFA methods

Data in million HUF

2025	BEL	RA	CSM	Total
Opening insurance contract assets	4 434	- 571	- 2 803	1 060
Opening insurance contract liabilities	- 133 331	- 1 767	- 4 686	- 139 784
Changes related to current services				
- CSM recognized in profit and loss	-	-	1 415	1 415
- Risk Adjustment recognized in profit and loss	-	459	-	459
- Experience adjustments	- 590	- 397	-	- 987
Changes related to future services				
- Contracts initially recognized in the period	2 753	- 359	- 2 401	- 7
- Changes in estimates that adjust CSM	- 1 917	7	1 910	-
- Changes in estimates that result in onerous contracts or reversal of losses	- 329	- 25	-	- 354
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	185	563	-	748
Insurance finance expenses through profit and loss	- 3 216	-	- 278	- 3 494
Insurance finance expenses through OCI	- 41	-	-	- 41
Net foreign exchange income or expense	1 093	11	47	1 151
Total changes in statement of profit and loss and OCI	- 2 062	259	693	- 1 110
Premiums received	- 35 324	-	-	- 35 324
Claims paid	19 669	-	-	19 669
Directly attributable expenses paid	4 441	-	-	4 441
Acquisition cost paid	3 075	-	-	3 075
Total cash flows	- 8 139	-	-	- 8 139
Closing insurance contract assets	4 140	- 528	- 2 660	952
Closing insurance contract liabilities	- 143 238	- 1 551	- 4 136	- 148 925

Data in million HUF

2024	BEL	RA	CSM	Total
Opening insurance contract assets	3 896	- 569	- 2 346	981
Opening insurance contract liabilities	- 99 821	- 1 551	- 3 940	- 105 312
Changes related to current services				
- CSM recognized in profit and loss	-	-	1 910	1 910
- Risk Adjustment recognized in profit and loss	-	403	-	403
- Experience adjustments	- 444	- 516	-	- 960
Changes related to future services				
- Contracts initially recognized in the period	2 375	- 277	- 2 102	- 4
- Changes in estimates that adjust CSM	792	- 73	- 719	-
- Changes in estimates that result in onerous contracts or reversal of losses	- 18	- 142	-	- 160
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	655	457	-	1 112
Insurance finance expenses through profit and loss	- 22 093	0	- 254	- 22 347
Insurance finance expenses through OCI	473	-	-	473
Net foreign exchange income or expense	- 1 056	- 12	- 38	- 1 106
Total changes in statement of profit and loss and OCI	- 19 316	- 160	- 1 203	- 20 679
Premiums received	- 36 106	-	-	- 36 106
Claims paid	15 544	-	-	15 544
Directly attributable expenses paid	3 363	-	-	3 363
Acquisition cost paid	3 485	-	-	3 485
Total cash flows	- 13 714	-	-	- 13 714
Closing insurance contract assets	4 434	- 571	- 2 803	1 060
Closing insurance contract liabilities	- 133 330	- 1 766	- 4 685	- 139 781

Data in million HUF

2025 - by portfolio groups	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening insurance contract assets	-	-	-	847	213	1 060
Opening insurance contract liabilities	- 29 012	- 97 796	- 11 508	- 796	- 672	- 139 784
Changes related to current services						
- CSM recognized in profit and loss	89	358	73	635	260	1 415
- Risk Adjustment recognized in profit and loss	10	210	15	123	101	459
- Experience adjustments	- 10	- 321	- 291	48	- 413	- 987
Changes related to future services						
- Contracts initially recognized in the period	-	-	-	- 7	-	- 7
- Changes in estimates that adjust CSM	-	-	-	-	-	-
- Changes in estimates that result in onerous contracts or reversal of losses	- 34	- 210	- 64	- 242	196	- 354
Changes that relate to past service						
Changes that relate to past service - adjustments to LfIC	- 22	63	327	150	230	748
Insurance finance expenses through profit and loss	- 928	- 2 009	- 586	18	11	- 3 494
Insurance finance expenses through OCI	-	-	- 101	50	10	- 41
Net foreign exchange income or expense	323	815	13	-	-	1 151
Total changes in statement of profit and loss and OCI	- 572	- 1 094	- 614	775	395	- 1 110
Premiums received	- 9 406	- 18 431	- 1 583	- 3 112	- 2 792	- 35 324
Claims paid	3 439	13 126	1 678	969	457	19 669
Directly attributable expenses paid	322	1 759	145	653	1 562	4 441
Acquisition cost paid	263	1 372	- 4	833	611	3 075
Total cash flows	- 5 382	- 2 174	236	- 657	- 162	- 8 139
Closing insurance contract assets	-	-	-	919	33	952
Closing insurance contract liabilities	- 34 966	- 101 064	- 11 886	- 750	- 259	- 148 925

Data in million HUF

2024 - by portfolio groups	Single premium UL	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening insurance contract assets	0	0	0	974	7	981
Opening insurance contract liabilities	- 16 034	- 77 379	- 11 312	- 534	- 53	- 105 312
Changes related to current services						
- CSM recognized in profit and loss	79	640	90	892	209	1 910
- Risk Adjustment recognized in profit and loss	6	217	11	107	62	403
- Experience adjustments	8	- 231	- 216	- 481	- 40	- 960
Changes related to future services						
- Contracts initially recognized in the period	- 2	- 1	- 3	2	0	- 4
- Changes in estimates that adjust CSM	-	-	-	-	-	-
- Changes in estimates that result in onerous contracts or reversal of losses	53	- 18	- 31	- 18	- 146	- 160
Changes that relate to past service						
Changes that relate to past service - adjustments to LfIC	120	627	360	- 66	71	1 112
Insurance finance expenses through profit and loss	- 3 699	- 18 123	- 597	53	19	- 22 347
Insurance finance expenses through OCI	-	-	604	- 107	- 24	473
Net foreign exchange income or expense	- 283	- 807	- 15	- 1	-	- 1 106
Total changes in statement of profit and loss and OCI	- 3 718	- 17 696	203	381	151	- 20 679
Premiums received	- 12 158	- 16 981	- 1 689	- 2 886	- 2 392	- 36 106
Claims paid	2 275	10 925	1 144	791	409	15 544
Directly attributable expenses paid	214	1 330	124	614	1 081	3 363
Acquisition cost paid	409	2 005	22	711	338	3 485
Total cash flows	- 9 260	- 2 721	- 399	- 770	- 564	- 13 714
Closing insurance contract assets	-	-	-	847	213	1 060
Closing insurance contract liabilities	- 29 012	- 97 796	- 11 508	- 796	- 672	- 139 784

34.3 Reserves for profit and loss on new contracts

Data in million HUF

2025	Non-onerous contracts	Onerous contracts	Total
Present value of estimates of future cash inflows	27 892	262	28 154
Present value of estimates of future cash outflows	25 146	256	25 402
- incl. claims and directly attributable expenses	22 082	170	22 252
- incl. acquisition cash flows	3 064	86	3 150
Present value of cash flows	- 2 746	- 6	- 2 752
Risk adjustment for non-financial risk	345	13	358
Contractual service margin	2 401	0	2 401
Insurance Contract Liabilities	-	7	7

Data in million HUF

2024	Non-onerous contracts	Onerous contracts	Total
Present value of estimates of future cash inflows	25 631	5 451	31 082
Present value of estimates of future cash outflows	23 269	5 438	28 707
- incl. claims and directly attributable expenses	20 441	5 223	25 664
- incl. acquisition cash flows	2 828	215	3 043
Present value of cash flows	- 2 362	- 13	- 2 375
Risk adjustment for non-financial risk	273	4	277
Contractual service margin	2 089	13	2 102
Insurance Contract Liabilities	-	4	4

34.4 Claims run-off

	Data in million HUF										
Gross Cumulative Claim Payment 2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of the year it incurred	7 877	11 551	14 375	15 146	13 436	15 558	15 534	18 660	18 673	22 246	-
1 year later	7 987	11 784	14 801	15 601	13 522	15 879	15 556	18 393	18 495	-	-
2 years later	8 006	11 820	14 818	15 480	13 440	15 848	15 367	18 177	-	-	-
3 years later	8 033	11 860	14 775	15 469	13 418	15 791	15 367	-	-	-	-
4 years later	8 014	11 861	14 772	15 460	13 313	15 783	-	-	-	-	-
5 years later	8 015	11 794	14 719	15 393	13 297	-	-	-	-	-	-
6 years later	7 990	11 795	14 696	15 369	-	-	-	-	-	-	-
7 years later	7 990	11 793	14 700	-	-	-	-	-	-	-	-
8 years later	7 990	11 797	-	-	-	-	-	-	-	-	-
9 years later	7 990	-	-	-	-	-	-	-	-	-	-
Cumulative gross claims paid	- 7 988	- 11 796	- 14 699	- 15 368	- 13 286	- 15 699	- 15 060	- 17 799	- 17 724	- 19 025	-
Gross liabilities - incurred from 2016 to 2025	2	1	1	2	10	83	307	378	771	3 221	4 777
Gross liabilities - incurred before 2016	-	-	-	-	-	-	-	-	-	-	2
Investment Contracts	-	-	-	-	-	-	-	-	-	-	-252
Profit sharing	-	-	-	-	-	-	-	-	-	-	0
Claims settlement cost	-	-	-	-	-	-	-	-	-	-	35
Claims payable	-	-	-	-	-	-	-	-	-	-	20
Effect of discounting	-	-	-	-	-	-	-	-	-	-	-184
Risk adjustment	-	-	-	-	-	-	-	-	-	-	621
Gross liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-	5 018

	Data in million HUF										
Reinsurance Cumulative Claim Recovery 2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of the year it incurred	-16	-81	-22	-106	-225	-101	-454	-852	-838	-715	-
1 year later	-16	-14	-45	-124	-89	-60	-422	-919	-762	-	-
2 years later	-9	-6	-62	-30	-76	-79	-419	-954	-	-	-
3 years later	-9	-6	-24	-30	-71	-79	-481	-	-	-	-
4 years later	-9	-6	-24	-30	-71	-81	-	-	-	-	-
5 years later	-9	-6	-24	-30	-71	-	-	-	-	-	-
6 years later	-8	-6	-20	-30	-	-	-	-	-	-	-
7 years later	-8	-6	-20	-	-	-	-	-	-	-	-
8 years later	-8	-6	-	-	-	-	-	-	-	-	-
9 years later	-8	-	-	-	-	-	-	-	-	-	-
Cumulative gross claims paid	8	6	20	30	71	79	401	923	721	329	-
Gross liabilities - incurred from 2016 to 2025	-	-	-	-	-	-2	-80	-31	-41	-386	-541
Effect of discounting	-	-	-	-	-	-	-	-	-	-	15
Risk adjustment	-	-	-	-	-	-	-	-	-	-	-96
Reinsurance recovery for claims incurred	-	-	-	-	-	-	-	-	-	-	- 622

Data in million HUF

Net Cumulative Claim Payment 2025	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of the year it incurred	7 861	11 470	14 353	15 040	13 210	15 457	15 080	17 809	17 835	21 530	-
1 year later	7 971	11 770	14 755	15 477	13 433	15 819	15 134	17 473	17 733	-	-
2 years later	7 997	11 814	14 756	15 451	13 363	15 769	14 948	17 224	-	-	-
3 years later	8 024	11 853	14 751	15 439	13 347	15 712	14 886	-	-	-	-
4 years later	8 006	11 855	14 748	15 430	13 243	15 702	-	-	-	-	-
5 years later	8 006	11 788	14 696	15 363	13 226	-	-	-	-	-	-
6 years later	7 982	11 789	14 675	15 340	-	-	-	-	-	-	-
7 years later	7 982	11 787	14 680	-	-	-	-	-	-	-	-
8 years later	7 982	11 791	-	-	-	-	-	-	-	-	-
9 years later	7 982	-	-	-	-	-	-	-	-	-	-
Cumulative gross claims paid	- 7 979	- 11 790	- 14 679	- 15 338	- 13 215	- 15 621	- 14 659	- 16 876	- 17 003	- 18 696	-
Gross liabilities - incurred from 2016 to 2025	2	1	1	2	10	81	227	347	729	2 834	4 236
Gross liabilities - incurred before 2016	-	-	-	-	-	-	-	-	-	-	2
Investment Contracts	-	-	-	-	-	-	-	-	-	-	- 252
Claims settlement cost	-	-	-	-	-	-	-	-	-	-	35
Claims payable	-	-	-	-	-	-	-	-	-	-	20
Effect of discounting	-	-	-	-	-	-	-	-	-	-	- 169
Risk adjustment	-	-	-	-	-	-	-	-	-	-	525
Net liabilities for incurred claims											4 396

Data in million HUF

Gross Cumulative Claim Payment 2024	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of the year it incurred	7 877	11 551	14 375	15 146	13 436	15 558	15 534	18 660	18 673	-
1 year later	7 987	11 784	14 801	15 601	13 522	15 879	15 556	18 393	-	-
2 years later	8 006	11 820	14 818	15 480	13 440	15 848	15 367	-	-	-
3 years later	8 033	11 860	14 775	15 469	13 418	15 791	-	-	-	-
4 years later	8 014	11 861	14 772	15 460	13 313	-	-	-	-	-
5 years later	8 015	11 794	14 719	15 393	-	-	-	-	-	-
6 years later	7 990	11 795	14 696	-	-	-	-	-	-	-
7 years later	7 990	11 793	-	-	-	-	-	-	-	-
8 years later	7 990	-	-	-	-	-	-	-	-	-
Cumulative gross claims paid	- 7 988	- 11 790	- 14 689	- 15 364	- 13 253	- 15 648	- 14 907	- 17 309	- 15 454	-
Gross liabilities - incurred from 2016 to 2025	3	3	6	29	60	143	459	1 084	3 220	5 007
Gross liabilities - incurred before 2016	-	-	-	-	-	-	-	-	-	3
Investment Contracts	-	-	-	-	-	-	-	-	-	- 164
Profit sharing	-	-	-	-	-	-	-	-	-	0
Claims settlement cost	-	-	-	-	-	-	-	-	-	32
Claims payable	-	-	-	-	-	-	-	-	-	- 1
Effect of discounting	-	-	-	-	-	-	-	-	-	- 220
Risk adjustment	-	-	-	-	-	-	-	-	-	771
Gross liabilities for incurred claims										5 428

Data in million HUF

Reinsurance Cumulative Claim Recovery 2024	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of the year it incurred	- 16	- 81	- 22	- 106	- 225	- 101	- 442	- 786	- 835	-
1 year later	- 16	- 14	- 45	- 124	- 89	- 58	- 384	- 848	-	-
2 years later	- 9	- 6	- 62	- 30	- 69	- 74	- 380	-	-	-
3 years later	- 9	- 6	- 24	- 29	- 64	- 74	-	-	-	-
4 years later	- 9	- 6	- 24	- 30	- 64	-	-	-	-	-
5 years later	- 9	- 6	- 24	- 30	-	-	-	-	-	-
6 years later	- 8	- 6	- 20	-	-	-	-	-	-	-
7 years later	- 8	- 6	-	-	-	-	-	-	-	-
8 years later	- 8	-	-	-	-	-	-	-	-	-
Cumulative gross claims paid	8	6	20	30	64	72	332	786	295	-
Gross liabilities - incurred from 2016 to 2025	-	-	-	-	-	- 2	- 48	- 63	- 540	- 652
Gross liabilities - incurred before 2016	-	-	-	-	-	-	-	-	-	-
Investment Contracts	-	-	-	-	-	-	-	-	-	-
Profit sharing	-	-	-	-	-	-	-	-	-	- 126
Claims settlement cost	-	-	-	-	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-	-	-	-	248
Effect of discounting	-	-	-	-	-	-	-	-	-	18
Risk adjustment	-	-	-	-	-	-	-	-	-	- 143
Reinsurance recovery for claims incurred	-	-	-	-	-	-	-	-	-	-655

Data in million HUF

Net Cumulative Claim Payment 2024	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of the year it incurred	7 861	11 470	14 353	15 040	13 210	15 457	15 092	17 874	17 839	-
1 year later	7 971	11 770	14 755	15 477	13 433	15 821	15 171	17 544	-	-
2 years later	7 997	11 814	14 756	15 451	13 371	15 775	14 987	-	-	-
3 years later	8 024	11 853	14 751	15 439	13 354	15 718	-	-	-	-
4 years later	8 006	11 855	14 748	15 430	13 249	-	-	-	-	-
5 years later	8 006	11 788	14 696	15 363	-	-	-	-	-	-
6 years later	7 982	11 789	14 675	-	-	-	-	-	-	-
7 years later	7 982	11 787	-	-	-	-	-	-	-	-
8 years later	7 982	-	-	-	-	-	-	-	-	-
Cumulative gross claims paid	- 7 979	- 11 784	- 14 669	- 15 334	- 13 189	- 15 576	- 14 575	- 16 523	- 15 159	-
Gross liabilities - incurred from 2016 to 2025	3	3	6	29	60	141	411	1 021	2 680	4 352
Gross liabilities - incurred before 2016	-	-	-	-	-	-	-	-	-	6
Investment Contracts	-	-	-	-	-	-	-	-	-	- 164
Profit sharing	-	-	-	-	-	-	-	-	-	- 126
Claims settlement cost	-	-	-	-	-	-	-	-	-	32
Claims payable	-	-	-	-	-	-	-	-	-	247
Effect of discounting	-	-	-	-	-	-	-	-	-	- 201
Risk adjustment	-	-	-	-	-	-	-	-	-	628
Net liabilities for incurred claims	-	-	-	-	-	-	-	-	-	4 773

35 ASSETS AND LIABILITIES FROM REINSURANCE CONTRACTS

35.1 Assets for remaining coverage and assets for incurred claims of held reinsurance contracts

Data in million HUF

2025	AfRC		LC	AfIC for contracts measured under GMM	AfIC for contracts measured under PAA		Total
	Excl. LC	Accrued acquisition cost			PVCF	RA	
Opening reinsurance contract assets	- 429	-	495	375	255	3	699
Opening reinsurance contract liabilities	- 75	-	1	23	- 1	-	- 52
Net income or expense from reinsurance contracts held							
- Allocation of reinsurer premium	- 794	-	-	-	- 1	-	- 795
- Amounts recoverable for claims and other expenses	-	-	-	155	165	-	320
- Changes that relate to past service - adjustments to LfIC	-	-	-	- 27	- 73	- 3	- 103
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	- 244	-	1	-	- 243
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-
- Expenses directly attributable to reinsurance	-	-	-	-	-	-	-
Reinsurance finance income through profit and loss	2	-	-	12	-	-	14
Reinsurance finance income through OCI	33	-	-	-	-	-	33
Net foreign exchange income or expense	-	-	-	-	- 15	-	- 15
Investment components	- 480	-	-	480	-	-	-
Total changes in statement of profit and loss and OCI	- 1 239	-	- 244	620	77	- 3	- 789
Premiums paid to reinsurer net of commission	1 431	-	-	-	-	-	1 431
Directly attributable expenses paid	-	-	-	-	-	-	-
Recoveries from reinsurance	-	-	-	- 608	- 119	-	- 727
Total cash flows	1 431	-	-	- 608	- 119	-	704
Closing reinsurance contract assets	- 236	-	249	410	212	-	635
Closing reinsurance contract liabilities	- 76	-	3	-	-	-	- 73

Data in million HUF

2025	Group life insurance	Individual accident and health insurance	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening reinsurance contract assets	45	-	-	2	61	591	699
Opening reinsurance contract liabilities	-	-	- 17	- 2	- 31	- 2	- 52
Net income or expense from reinsurance contracts held							
- Allocation of reinsurer premium	- 29	-	- 7	-	- 302	- 457	- 795
- Amounts recoverable for claims and other expenses	15	-	3	-	179	123	320
- Changes that relate to past service - adjustments to LfIC	2	-	-	-	- 11	- 94	- 103
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	-	-	31	- 274	- 243
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-
- Expenses directly attributable to reinsurance	-	-	-	-	-	-	-
Reinsurance finance income through profit and loss	1	-	- 1	-	- 4	18	14
Reinsurance finance income through OCI	-	-	1	-	13	19	33
Net foreign exchange income or expense	-	-	-	-	-	- 15	- 15
Investment components	-	-	-	-	-	-	-
Total changes in statement of profit and loss and OCI	-11	-	-4	-	-94	-680	-789
Premiums paid to reinsurer net of commission	55	-	10	-	311	1 055	1 431
Directly attributable expenses paid	-	-	-	-	-	-	-
Recoveries from reinsurance	- 44	-	- 4	-	- 198	- 481	- 727
Total cash flows	11	-	6	-	113	574	704
Closing reinsurance contract assets	45	-	-	-	107	483	635
Closing reinsurance contract liabilities	-	-	- 15	-	- 58	-	- 73

Data in million HUF

2024 Restated	AfRC			AfIC for contracts measured under GMM	AfIC for contracts measured under PAA		Total
	Excl. LC	Accrued acquisition cost	LC		PVCF	RA	
Opening reinsurance contract assets	- 578	-	559	277	335	1	594
Opening reinsurance contract liabilities	- 92	-	3	6	- 8	-	- 91
Net income or expense from reinsurance contracts held							
- Allocation of reinsurer premium	- 719	-	-	-	-	-	- 719
- Amounts recoverable for claims and other expenses	-	-	-	227	277	1	505
- Changes that relate to past service - adjustments to LfIC	-	-	-	98	- 152	1	- 53
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	- 66	-	- 1	-	- 67
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-
- Expenses directly attributable to reinsurance	-	-	-	-	-	-	-
Reinsurance finance income through profit and loss	- 4	-	-	8	-	-	4
Reinsurance finance income through OCI	18	-	-	-	-	-	18
Net foreign exchange income or expense	- 1	-	-	-	28	-	27
Investment components	- 453	-	-	453	-	-	-
Total changes in statement of profit and loss and OCI	- 1 159	-	- 66	786	152	2	- 285
Premiums paid to reinsurer net of commission	1 325	-	-	-	-	-	1 325
Directly attributable expenses paid	-	-	-	-	-	-	-
Recoveries from reinsurance	-	-	-	- 671	- 225	-	- 896
Total cash flows	1 325	-	-	- 671	- 225	-	429
Closing reinsurance contract assets	- 429	-	495	375	255	3	699
Closing reinsurance contract liabilities	- 75	-	1	23	- 1	-	- 52

Data in million HUF

2024 Restated	Group life insurance	Individual accident and health insurance	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening reinsurance contract assets	19	-	-	9	8	558	594
Opening reinsurance contract liabilities	- 9	-	- 19	-	- 64	1	- 91
Net income or expense from reinsurance contracts held							
- Allocation of reinsurer premium	- 124	-	- 9	- 16	- 170	- 400	- 719
- Amounts recoverable for claims and other expenses	92	-	3	-	106	304	505
- Changes that relate to past service - adjustments to LfIC	4	-	-	-	59	- 116	- 53
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	-	-	- 2	- 65	- 67
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-
- Expenses directly attributable to reinsurance	-	-	-	-	-	-	-
Reinsurance finance income through profit and loss	- 1	-	-	1	- 3	7	4
Reinsurance finance income through OCI	-	-	1	- 1	3	15	18
Net foreign exchange income or expense	-	-	-	-	-	27	27
Investment components	-	-	-	-	-	-	-
Total changes in statement of profit and loss and OCI	- 29	-	- 5	- 16	- 7	- 228	- 285
Premiums paid to reinsurer net of commission	121	-	10	7	225	962	1 325
Directly attributable expenses paid	-	-	-	-	-	-	-
Recoveries from reinsurance	- 57	-	- 3	-	- 132	- 704	- 896
Total cash flows	64	-	7	7	93	258	429
Closing reinsurance contract assets	45	-	-	2	61	591	699
Closing reinsurance contract liabilities	-	-	- 17	- 2	- 31	- 2	- 52

35.2 Movement table of reinsurance assets and liabilities (best estimate, risk adjustment and contractual service margin) – Contract valued using the GMM method

Data in million HUF

2025	BEL	RA	CSM	Total
Opening reinsurance contract assets	- 419	244	616	441
Opening reinsurance contract liabilities	- 306	75	180	- 51
Changes related to current services				
- CSM recognized in profit and loss	-	-	- 331	- 331
- Risk Adjustment recognized in profit and loss	-	39	-	39
- Experience adjustments	- 244	91	-	- 153
Changes related to future services				
- Contracts initially recognized in the period	-21	24	-4	-1
- Changes in estimates that adjust CSM	- 633	- 47	681	1
- Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	-	-	- 244	- 244
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	109	- 136	-	- 27
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
Insurance finance expenses through profit and loss				
Insurance finance expenses through OCI	- 44	-	59	15
Net foreign exchange income or expense	33	-	-	33
	-	-	-	-
Total changes in statement of profit and loss and OCI	- 800	- 29	161	- 668
Premiums paid to reinsurer net of commission	1 208	-	-	1 208
Directly attributable expenses paid	-	-	-	-
Recoveries from reinsurance	- 609	-	-	- 609
Total cash flows	599	-	-	599
Closing reinsurance contract assets				
Closing reinsurance contract assets	- 610	217	787	394
Closing reinsurance contract liabilities				
Closing reinsurance contract liabilities	- 316	73	170	- 73

Data in million HUF

2025	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening reinsurance contract assets	-	2	50	389	441
Opening reinsurance contract liabilities	- 15	- 3	- 33	-	- 51
Changes related to current services					
- CSM recognized in profit and loss	-	-	- 34	- 297	- 331
- Risk Adjustment recognized in profit and loss	- 1	-	- 23	63	39
- Experience adjustments	- 4	-	- 76	- 73	- 153
Changes related to future services					
- Contracts initially recognized in the period	-	-	-	- 1	- 1
- Changes in estimates that adjust CSM	-	-	-	1	1
- Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	-	-	30	- 274	- 244
Changes that relate to past service					
Changes that relate to past service - adjustments to LfIC	-	-	- 4	- 23	- 27
Effect of changes in the risk of reinsurers non-performance					
Insurance finance expenses through profit and loss	- 1	-	- 3	19	15
Insurance finance expenses through OCI	1	-	13	19	33
Net foreign exchange income or expense	-	-	-	-	-
Total changes in statement of profit and loss and OCI	-5	-	-97	-566	-668
Premiums paid to reinsurer net of commission	9	-	249	950	1 208
Directly attributable expenses paid	-	-	-	-	-
Recoveries from reinsurance	- 4	1	- 152	- 454	- 609
Total cash flows	5	1	97	496	599
Closing reinsurance contract assets	-	-	75	319	394
Closing reinsurance contract liabilities	- 15	-	- 58	-	- 73

Data in million HUF

2024 Restated	BEL	RA	CSM	Total
Opening reinsurance contract assets	- 256	180	338	262
Opening reinsurance contract liabilities	- 396	82	231	- 83
Changes related to current services				
- CSM recognized in profit and loss	-	-	- 151	- 151
- Risk Adjustment recognized in profit and loss	-	-6	-	- 6
- Experience adjustments	- 188	134	-	- 54
Changes related to future services				
- Contracts initially recognized in the period	- 63	20	44	1
- Changes in estimates that adjust CSM	- 350	- 4	354	-
- Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	-	-	- 66	- 66
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	185	- 87	-	98
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
Insurance finance expenses through profit and loss				
Insurance finance expenses through OCI	- 43	-	45	2
Net foreign exchange income or expense	18	-	-	18
Net foreign exchange income or expense	-	-	-	-
Total changes in statement of profit and loss and OCI	- 442	57	227	- 158
Premiums paid to reinsurer net of commission				
Premiums paid to reinsurer net of commission	1 040	-	-	1 040
Directly attributable expenses paid				
Directly attributable expenses paid	-	-	-	-
Recoveries from reinsurance				
Recoveries from reinsurance	- 671	-	-	- 671
Total cash flows	369	-	-	369
Closing reinsurance contract assets				
Closing reinsurance contract assets	- 419	244	616	441
Closing reinsurance contract liabilities				
Closing reinsurance contract liabilities	- 306	75	180	- 51

Data in million HUF

2024 Restated	Regular premium UL	Traditional regular premium life savings insurance	Risk life insurance	Credit coverage insurance and account protection	Total
Opening reinsurance contract assets	-	9	-	253	262
Opening reinsurance contract liabilities	- 19	-	- 64	-	- 83
Changes related to current services					
- CSM recognized in profit and loss	- 1	2	- 41	- 111	- 151
- Risk Adjustment recognized in profit and loss	- 1	- 3	- 21	19	- 6
- Experience adjustments	- 4	- 15	- 2	- 33	- 54
Changes related to future services					
- Contracts initially recognized in the period	-	-	-	1	1
- Changes in estimates that adjust CSM	-	-	-	-	-
- Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	-	-	- 2	- 64	- 66
Changes that relate to past service					
Changes that relate to past service - adjustments to LfIC	-	-	31	67	98
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Insurance finance expenses through profit and loss					
Insurance finance expenses through OCI	1	- 1	3	15	18
Net foreign exchange income or expense	-	-	-	-	-
Total changes in statement of profit and loss and OCI	-5	-16	-35	-102	-158
Premiums paid to reinsurer net of commission					
Directly attributable expenses paid	-	-	-	-	-
Recoveries from reinsurance	- 3	-	- 105	- 563	- 671
Total cash flows	9	6	116	238	369
Closing reinsurance contract assets					
Closing reinsurance contract liabilities	- 15	- 3	- 33	-	- 51

35.3 Reserves for profit and loss on new reinsurance contracts

Data in million HUF

2025	Originated in net gain	Originated in net loss	Total
Present value of estimates of future cash inflows	331	-	331
Present value of estimates of future cash outflows	- 352	-	- 352
Present value of cash flows	682	-	683
Risk adjustment for non-financial risk	24	-	24
Contractual service margin	- 4	-	- 4
Reinsurance contract liabilities	702	-	703

Data in million HUF

2024	Originated in net gain	Originated in net loss	Total
Present value of estimates of future cash inflows	-	187	187
Present value of estimates of future cash outflows	-	250	250
Present value of cash flows	-	- 63	- 63
Risk adjustment for non-financial risk	-	20	20
Contractual service margin	-	43	43
Reinsurance contract liabilities	-	-	-

36 INVESTMENT CONTRACTS

The following table shows the current year changes in liabilities related to investment contracts:

	Data in million HUF	
	2025	2024
Opening balance on 1 January	5 942	4 763
Written premium	501	1 006
Fees deducted	- 93	- 132
Release of reserves due to claim payments and benefits	- 1 119	- 745
Investment result	133	998
Other changes	27	52
Balance on 31 December	5 391	5 942

Investment contracts are unit-linked contracts that, based on the Company's accounting policy regarding contract classification (see Note 3.3), do not contain significant insurance risk.

37 LEASE LIABILITIES

	Data in million HUF	
	2025	2024
Opening balance on 1 January	278	203
Increase	220	262
Derecognition	- 69	- 89
Paid leasing fees	113	115
Of which: interest	24	8
Decrease of liabilities	89	107
Difference due to exchange rate	- 9	9
Balance on 31 December	331	278

38 PROVISIONS

In connection with provisions, the following changes took place in 2025 and 2024:

Data in million HUF

	31 December 2025	31 December 2024
Provision on 1 January	303	127
Provision release	- 70	- 93
Provision allocation	229	269
Provision on 31 December	462	303

In 2025 and 2024, the Company made provisions for the following items:

Data in million HUF

Provision for expected liabilities	Expected payment period	31 December 2025	31 December 2024
Provision for litigation	1-2 év	-	70
Provision for expected obligation	<1 év	172	70
Other reserves for investment contracts	<1 év	290	163
Total		462	303

Amounts set as provisions are prepared along the best estimate made by the Company on the basis of available information.

The reserve for investment contracts is the sum of the claim reserves and bonus reserves connected to the investment contracts.

39 OTHER LIABILITIES

Data in million HUF

	31 December 2025	31 December 2024
Trade payables	278	309
Liabilities to fund managers	44	102
Liabilities to employees	4	138
Social contribution and taxes	75	137
Other liabilities	83	43
Accrued expenses and deferred income	584	415
Advance payments of subsidies	-	120
Other liabilities and provision total	1 068	1 264

Liabilities to fund managers represent amounts relating to unit-linked investments settled with the respective fund managers subsequent to the reporting date. Also on this line are the liabilities arising from securities purchased before the end of the year but financially settled only after the balance sheet date. Accrued expenses include costs due before but not invoiced by the reporting date.

On 12 February 2021, the Company reported in an extraordinary report that the National Office for Research, Development and Innovation has issued an eligible professional opinion, based on which the Company and EMABIT receive HUF 799,977,189 in support in the field of “Development of personalizable insurance products with the help of artificial intelligence”. The first installment of the subsidy (HUF 512,248 thousand) was called by the end of 2021. The advance payment received for the subsidy was fully utilized in 2025, and an additional claim arose from the subsidy, which is shown in Note 30 *Other receivables*.

For our project 2020-1.1.2-PIACI-KFI-2021-00267 the implementation period is 01.01.2022 – 31.12.2025. After the completion of the Project, we are obliged to maintain and operate the capacities, products and services developed within the framework of the Project until 31 December 2027 (maintenance period). Mandatory commitment until the end of the maintenance period: business utilization in the amount of HUF 275,182 thousand.

Data in million HUF

	31.12.2024	Cash flows	Transfer	Currency differences	Other	31.12.2025
Treasury shares	-32	-	-	-	-	-32
Lease liabilities	278	-89	151	-9	-	331
Other liabilities	1 264	-30	-	15	-181	1 068
Payables to shareholders	37	-	-15	-	-15	22
Total financing liabilities	1 547	- 119	136	6	-196	1 389

Data in million HUF

	31.12.2023	Cash flows	Transfer	Currency differences	Other	31.12.2024
Treasury shares	-32	-	-	-	-	-32
Lease liabilities	203	- 106	173	8	-	278
Other liabilities	1 563	-	-	-45	-254	1 264
Payables to shareholders	33	-3 117	3 121	-	-	37
Total financing liabilities	1 767	-3 223	3 294	-37	-254	1 547

40 INTERCOMPANY LIABILITIES

Data in million HUF

	31 December 2025	31 December 2024
Liabilities against EMABIT	495	189
Intercompany liabilities	495	189

41 SHARE CAPITAL AND CAPITAL RESERVE

As of 31 December 2025, the nominal value and the number of shares issued were as follows:

Issued ordinary shares (nr)	Ordinary shares outstanding (nr)	Description
94 428 260	94 428 260	"Series A" ordinary shares
94 428 260	94 428 260	

Summary of nominal value of issued shares in 2025 and 2024:

Share series	Nominal value (HUF/share)	Issued shares	Total nominal value (THUF)
Series "A"	33	94 428 260	3 116 133

42 TREASURY SHARES

Designation	Date of acquiring	Number of own shares	Par value of treasury shares (million HUF)	Cost of treasury shares (million HUF)
Series „A” shares – as a gift for free	11.05.2014	1 196 750	48	-
Transfer of series "A" ordinary shares to MKB Bank as consideration for a minority interest	04.07.2017	- 92 744	- 4	-
of which: sales in employee share-based payment program	15.10.2018	- 230 000	- 9	-
of which: sales in employee share-based payment program	07.11.2018	- 160 000	- 6	-
of which: sales in employee share-based payment program	05.04.2019	- 340 000	- 14	-
Conversion of shares		- 374 006	- 15	-
Conversion of shares		374 006	12	-
Purchase of series "A" shares	30.03.2021	100 000	3	32
31.12.2025		474 006	16	32

Based on the decision of the Board of Directors on 5 April 2019, the Company transferred to the CIG Pannonia MRP a total of 374,006 CIGPANNONIA ordinary shares held by the Company as non-cash contributions to cover performance rewards through the MRP.

The Board of Directors of the Company (with the no. 19/2020. (IV.24.) authorized by a resolution of the Board of Directors within the competence of the General Meeting) for the purpose of providing

benefits to the MRP organization, with the help of MKB Bank Plc., on 29 March 2021, purchased 100,000 treasury shares at an average price of HUF 319. The shares provided will cover future payments subject to the terms and conditions of the MRP Organization, which are conditional and deferred, as well as maintenance obligations. As a result of the transaction the Company's treasury shares inventory has increased from 0 pieces to 100,000 pieces, which was 0,10 % of the amount of issued shares. The treasury shares were transferred to the MRP Organization on 6 May 2021.

Following the transfer of shares, the Company did not legally hold CIGPANNONIA shares anymore.

The Company recognizes its treasury shares as an equity item that decreases equity as a separate item within equity.

43 OTHER RESERVES

Data in million HUF

	31 December 2025	31 December 2024
Difference in fair value of financial assets for sale	-952	- 1 423
Difference in fair value of insurance contracts	838	862
Difference in fair value of reinsurance contracts	32	17
Difference in fair value of deferred tax	91	133
Other reserves	9	- 410

Other reserves include the difference between the fair value of financial assets valued at fair value against other comprehensive income recognized directly in equity, of which the positive evaluation difference of OPUS explain HUF 708 million (HUF 407 million in 2024), while the negative evaluation difference of government bond portfolios explain HUF -1 660 million (HUF -1,829 million in 2024).

The difference in fair value of insurance and reinsurance contracts includes the portion of the revaluation of insurance and reinsurance assets and liabilities, where the so-called OCI option was elected. (For details see Note 3.6.8.4.)

44 EQUITY CORRELATION TABLE

Equity correlation 2025

Data in million HUF

IFRS statement of financial position items	Notes	Registered capital	Capital reserve	Treasury shares	Other Reserves	Retained earnings			Equity in total
Accounting Act. 114/B § items		Registered capital	Capital reserve		Revaluation reserve	Share-based payment	Retained earnings	Profit/loss after taxation	Equity in total
Balance on 31 December 2024 (restated)		3 116	4 019	-32	13 426	-	13 137	37	19 866
Total comprehensive income									
Other comprehensive income	19	-	-	-	420	-	-	-	420
Profit tax in reporting year		-	-	-	-	-	-	4 255	4 255
Transactions with equity holders recognized directly in equity									
Recognizing share-based payments	16	-	-	-	-	21	-	-	21
Balance 31 December 2025		3 116	4 019	- 32	9	21	13 174	4 255	24 562

* The sum of the registered capital equals to the sum registered at the Court Registration.
The total IFRS retained earnings from the basis for dividend payments.

Equity correlation 2024 Restated

Data in million HUF

IFRS statement of financial position items	Notes	Registered capital	Capital reserve	Treasury shares	Other Reserves	Retained earnings		Equity in total
Accounting Act. 114/B § items		Registered capital	Capital reserve		Revaluation reserve	Retained earnings	Profit/loss after taxation	Equity in total
Balance on 31 January 2023 (restated)		3 116	4 019	- 32	- 956	16 254	-	22 401
Total comprehensive income								
Other comprehensive income (restated)	19	-	-	-	545	-	-	545
Profit tax in reporting year (restated)		-	-	-	-	-	37	37
Transactions with equity holders recognized directly in equity								
Dividend payments	48	-	-	-	-	- 3 117	-	- 3 117
Balance 31 December 2024 (restated)		3 116	4 019	- 32	- 411	13 137	37	19 866

* The sum of the registered capital equals to the sum registered at the Court Registration.
The total IFRS retained earnings from the basis for dividend payments.

45 RESTATEMENT

The Insurer has reviewed the accounting treatment of profit sharing related to its passive reinsurance contracts in accordance with IFRS 17 and IFRS TRG AP3¹⁴ guidance. In the previous practice, profit sharing was reported in the cash flows as an item reducing premium, while in the actual data it was reported as a reinsurance claims recovery, which resulted in methodological inconsistency.

The Insurer determined that a defined part of the profit sharing based on the claims ratio qualifies as reinsurance claims recovery, and that the reinsurance contracts in question contain an investment component, as this part of the reinsurance premium is recovered in all circumstances (through claims recovery or profit sharing).

According to the modified methodology, in cash flow forecasts, the investment component of profit sharing is taken into account as an item that reduces both the forecasted reinsurance premiums and the expected reinsurance claim recoverables (including profit sharing), and therefore cannot have an impact on results. The investment component is the part of the profit sharing that is realized even if the claims assumption is 0%, and its amount is determined based on the rules for calculating profit sharing, taking into account the factors affecting the premium.

During the reporting period, in the actual data the investment component is determined at the same time as the reinsurance expenses are accounted for, ensuring that the reinsurance premium, the profit sharing, and the investment component are consistent over time. The Insurer presents the reserves formed for profit sharing, which are related to previous reporting periods and are recognized as expenses but are financially not yet settled with the reinsurance partner, in the actual data as reinsurance claims recoverables, as part of the liabilities / receivables related to the incurred claims.

In the Insurer's opinion, the modified methodology reflects the principles of IFRS 17 better, with particular regard to the separate presentation of investment components and the consistent treatment of claims recoverables. The modification in the methodology **does not change the total amount of reinsurance cash flows**, but it does have **a reclassification and timing effect** within the IFRS 17 balance sheet's and income statement's lines and between the different periods.

The reclassification effect occurs also in the case of portfolio groups valued using the PAA and GMM methods, i.e. the income statement lines for *Reinsurance expense - allocation of premium* and *Recoverables from reinsurers* both decreased as a result of the recalculation.

The timing effect is much more pronounced in the case of reinsurance portfolios valued using the GMM valuation method, as with this method, the expense incurring due to premiums transferred to reinsurers occurs during the lifetime of the contracts, i.e. over the long term, and thus the investment component's reducing effect is likewise realized at a slower pace. At the same time, the Insurer shall account for reductions in reinsurance claim recoveries due to the investment component immediately in the year in which they occur. Consequently, the total capital effect of HUF 772 million recognized for 2024 and earlier years is mainly a timing issue and will appear in the results in the financial years following 2024, in parallel with the expiry of the portfolios.

¹⁴ [AP3: Commissions and reinstatement premiums in reinsurance contracts issued \[reposted on 12 September 2018\]](#)

The tables below show a comparison of the statement of comprehensive income for 2024, and the statements of financial position as of 31 December 2024 and 2023 respectively, according to the originally published and the restated methods.

Data in million HUF

Statement of comprehensive income	2024 Q1- Q4 restated	2024 Q1- Q4 original	Change
Insurance revenue	14 896	14 896	-
Insurance service expenses	- 12 378	-12 378	-
Reinsurance expense - allocation of premium	-719	-1 183	-464
Amount recoverables from reinsurance	385	953	568
Insurance service result	2 184	2 288	104
Interest income calculated using the effective interest method	1 276	1 276	-
Investment income	24 893	24 893	-
Impairment and reversed impairment of financial assets	-	-	-
Investment expenses	- 4 135	-3 662	473
Yield on investment accounted for using equity method (profit)	555	555	-
Investment income	22 589	23 062	473
Insurance financial result	- 23 459	-23 459	-
Reinsurance financial result	31	42	11
Change in the fair value of liabilities relating to investment contracts	- 1 049	-1 049	-
Financial results	- 24 477	-24 466	11
Premium and commission income from investment contracts	282	282	-
Other operating costs	-219	- 219	-
Other (non-financial) income	427	427	-
Other (non-financial) expenses	-768	- 769	- 1
Profit/loss before taxation	18	605	587
Tax income / (expenses)	-36	-44	-8
Deferred tax income / (expenses)	55	134	79
Total profit/loss after taxation	37	695	658
OCI from change in fair value of other financial assets at fair value	-712	-711	-
OCI from insurance contracts	473	473	-
OCI from reinsurance contracts	18	17	-1
Comprehensive income, would be reclassified to profit or loss in the future	-221	-221	-
Comprehensive income, wouldn't be reclassified to profit or loss in the future	766	766	-
Other comprehensive income	545	545	-
Total comprehensive income	582	1 240	658

	2024 Q1- Q4 restated	2024 Q1- Q4 original	Change
Profit/loss after taxation attributable to the Company's shareholders (million HUF)	634	1 279	
Weighted average number of shares (pcs)	93 954 254	93 954 254	
EPS (basic) (HUF)	6.7	13.6	- 6.9
Profit/loss after taxation attributable to the Company's shareholders (million HUF)	634	1 279	
Weighted average number of shares (pcs)	94 428 260	94 428 260	
EPS (diluted) (HUF)	6.7	13.5	- 6.8

Statement of Financial Position

Data in million HUF

ASSETS	31 December 2024 restated	31 December 2024 original	Change
Intangible assets	673	673	-
Property, plant and equipment	86	86	-
Right-of use assets	264	264	-
Deferred tax asset	544	486	- 58
Subsidiaries	6 077	6 748	671
Investment in associates	52	52	-
Insurance contract assets	1 121	1 121	-
Reinsurance contract assets	699	879	180
Investments for policyholders of unit-linked life insurance policies	127 680	127 680	-
Financial asset - Investment contracts	5 942	5 942	-
Financial asset - Derivatives	-	-	-
Other financial assets at fair value	22 371	22 371	-
Other assets and prepayments	54	55	1
Other receivables	487	465	-22
Intercompany receivables	155	155	-
Cash and cash equivalents	2 368	2 368	-
Total assets	168 573	169 345	772
LIABILITIES			
Insurance contract liabilities	140 418	140 418	-
Reinsurance contract liabilities	52	52	-
Financial liabilities - Investment contracts	5 942	5 942	-
Financial liabilities - Derivatives	224	224	-
Lease liabilities	278	278	-
Provisions	303	303	-
Other liabilities	1 264	1 264	-
Intercompany liabilities	189	189	-
Liabilities to shareholders	37	37	-
Total Liabilities	148 707	148 707	-
NET ASSETS	19 866	20 638	772
SHAREHOLDERS' EQUITY			
Share capital	3 116	3 116	-
Capital reserve	1 153	1 153	-
Treasury shares	-32	-32	-
Share-based payment	-	-	-
Other reserves	-411	-410	1
Retained earnings	13 174	13 945	771
Total Shareholder's Equity	19 866	20 638	772

Data in million HUF

ASSETS	31 December 2023 restated	31 December 2023 original	Change
Intangible assets	662	662	-
Property, plant and equipment	104	104	-
Right-of use assets	175	175	-
Deferred tax asset	474	337	-137
Subsidiaries	6	6	-
Investment in associates	500	698	198
Insurance contract assets	52	52	-
Reinsurance contract assets	1 058	1 058	-
Investments for policyholders of unit-linked life insurance policies	594	659	65
Financial asset - Investment contracts	94 424	94 424	-
Financial asset - Derivatives	4 763	4 763	-
Other financial assets at fair value	109	109	-
Other assets and prepayments	24 498	24 498	-
Other receivables	65	65	-
Intercompany receivables	76	63	-13
Cash and cash equivalents	118	118	-
Total assets	1 709	1 709	-
LIABILITIES			
Insurance contract liabilities	135 381	135 494	113
Reinsurance contract liabilities	106 134	106 134	-
Financial liabilities - Investment contracts	91	91	-
Financial liabilities - Derivatives	4 763	4 763	-
Lease liabilities	-	-	-
Provisions	203	203	-
Other liabilities	126	126	-
Intercompany liabilities	1 563	1 563	-
Liabilities to shareholders	67	67	-
	33	33	-
Total Liabilities	112 980	112 980	-
NET ASSETS	22 401	22 514	113
SHAREHOLDERS' EQUITY			
Share capital	3 116	3 116	-
Capital reserve	4 019	4 019	-
Treasury shares	-32	-32	-
Share-based payment	-	-	-
Other reserves	-956	-955	1
Retained earnings	16 254	16 366	112
Total Shareholder's Equity	22 401	22 514	113

46 CONTINGENT LIABILITIES

The Company is subject to insurance solvency regulations and it has complied with all regulatory requirements either in accordance with EU Directives or with Hungarian regulations. The Company has no further contingent liabilities in connection with these regulations.

The Company has no other contingent liabilities at the end of 2025.

47 COMMITMENTS FOR CAPITAL EXPENDITURE

As at 31 December 2025 and 31 December 2024, the Company had no commitments for capital expenditure.

48 RELATED PARTY DISCLOSURES

Related party transactions, as defined by the Company, are business events between the Company and operations of the members of the Board of Directors and the Supervisory Board, beside the transactions with the jointly controlled companies and subsidiaries.

48.1 Related party transactions between the Insurer and the members of the Board of Directors and the Supervisory Board

Benefits to the members of the Board of Directors and the Supervisory Board are as follows:

The members of the Board of Directors and the Supervisory Board received an honorary fee of HUF 12 million in 2025 (HUF 10 million in 2024). No advance or loan was paid to them.

The Company has used the services of Hunquest Hotels Zrt. for HUF 3 million (HUF 1 million in 2024).

The Company has entered into insurance contracts with companies controlled by the members of the Board of Directors and the Supervisory Board with the following premiums:

- Opus Global Plc with the value of HUF 4 million in 2025 (HUF 2 million in 2024)
- Euroleasing cPlc with the value of HUF 25 million in 2025 (HUF 11 million in 2024)
- Hungarikum Biztosítási Alkusz cPlc with the value of HUF 29 million

48.2 Transactions with subsidiary companies

Pannonia PI-ETA Funeral Services Ltd. charged HUF 2 million for funeral services to the Company (HUF 11 million in 2024). The revenue recognized by Pi-ETA Funeral Services Ltd. from the Company was HUF 1 million in 2025 (HUF 1 million in 2024).

The Company invoiced to CIG Pannónia First Hungarian General Insurance Company (EMABIT) HUF 1,216 million for joint employment (HUF 1,035 million in 2024) and HUF 265 million for cost transfer (HUF 385 million in 2024). The Company carried out a capital increase worth HUF 3,000 million in 2024, a similar transaction did not occur in 2025.

The Company paid an operating contribution of HUF 7 million to MRP. In 2024, this amount was HUF 6 million.

48.3 Transactions with associated companies

MBH Fund Manager Ltd. invoiced the followings to the Company in 2025:

- A unit-linked portfolio management fee¹⁵ of HUF 598 million (HUF 467 million in 2024) and a net unit-linked fund management fee of HUF 136 million (HUF 311 million in 2024).
- The own portfolio management fee was HUF 45 million, in 2024 the portfolio management fee was HUF 44 million.

48.4 Transactions with other related parties

The Company used mainly insurance intermediation activities from its other related parties in the following annual amounts:

- from Hungarikum Biztosítási Alkusz cPlc. in the amount of HUF 1,154 million and EUR 123 thousand (HUF 891 million and EUR 135 thousand in 2024),
- from HUNBankbiztosítás Ltd. in the amount of HUF 3 million (HUF 3 million in 2024 as well),
- from HUNExpert Services Ltd. in the amount of HUF 1 million (HUF 0 million in 2024),
- and from HUNBenefits Többes Ügynök Ltd. in the amount of HUF 330 million and EUR 1 thousand (HUF 243 million and EUR 12 thousand in 2024).

All services were provided at market prices.

On 31 December 2025, the Insurer has the following obligations with other related parties, which Insurer presented under the line *Liabilities from insurance transactions*:

- Towards Hungarikum Biztosítási Alkusz Zrt. in the amount of HUF 13 million and EUR 1 thousand (HUF 19 million and EUR 10 thousand in 2024). In 2024 the Company also presented a liability from Hungarikum Biztosítási Alkusz Zrt. of HUF 312 million at the reporting date due to the payment of commission advances. On 31.12.2025, the Company had no such liabilities.
- Towards HUNBankbiztosítás Kft. the amount did not reach HUF 1 million neither in 2025, nor in 2024.
- Towards HUNBenefits Többes Ügynök Ltd. in the amount of HUF 0 million (HUF 1 million in 2024).

In 2022, the Company concluded a marketing agency framework contract with HUNMédia Kft. and in 2025 its turnover amounted to HUF 239 million (in 2024 HUF 291million). On the balance sheet

¹⁵ The unit-linked portfolio management fee and fund management fee are charged directly to the net asset value of the unit-linked asset funds

date, the Insurer had a liability of HUF 100 million towards its partner, which is recognized under accrued liabilities (HUF 113 million in 2024).

From November 2023, the Company uses telephone customer services from HUNExpert Kft. In 2024, the Company used services from HUNExpert Kft. worth HUF 121 million. On 31 December 2024, the Company had an outstanding liability of HUF 10 million to HUNExpert Kft. In 2025, the Company purchased services worth HUF 110 million gross, of which it had no outstanding liability on the balance sheet date.

The Company uses Callfactory Kft. to provide telephone customer service from September 2025. Callfactory Kft. invoiced a gross amount of HUF 105 million in 2025 (HUF 0 in 2024). There were no outstanding liabilities towards Callfactory Kft. on the balance sheet date.

The Company used administrative services from its parent company Hungarikum Biztosítási Alkusz cPlc. for a gross amount of HUF 20 million (HUF 10 million in 2024). In 2024 it acquired vouchers for HUF 6 million, which did not occur in 2025.

No transactions occurred with other related parties.

49 SUBSEQUENT EVENTS

Our Company has assessed the current war conflicts and their economic impacts. Based on our assessment, the processes experienced do not adversely affect the Company's activities, and the going concern principle applies for the 12-month period following the balance sheet date.

There were no significant subsequent events after the balance sheet date in the life of the Company.

50 STATEMENT

Separate Financial Statements and Business Report of CIG Pannónia Life Insurance Plc. for the year 2025, prepared according to the international financial reporting standards accepted by the European Union provides a true and fair view of the assets, liabilities, financial position and profit/loss of the Insurer furthermore the business report provides a fair view of the position, development and achievement of the Insurer indicating the main risks and uncertainties. On 30 March 2026 the Company's Board of Directors accepted the submission of the Company's separate financial statement to the shareholder's annual general meeting.

The Board of Directors of CIG Pannónia Life Insurance Plc. made the following decision regarding the dividend policy: after the business year 2025 it does not plan to pay dividends. Thus, the proposal of the Board of Directors for the use of the 2025 after-tax profit is to transfer it to the profit reserve.

Budapest, 30 March 2026

Dr. István Fedák
Chief Executive Officer

Alexandra Tóth
Chief Accounting Officer

Géza Szabó
Chief Actuary

CIG PANNÓNIA LIFE INSURANCE PLC.

BUSINESS REPORT FOR THE YEAR 2025

30 March 2026.

REPORT ON THE DEVELOPMENT AND BUSINESS PERFORMANCE OF THE COMPANY

The assessment of the results for the 2025 financial year is twofold

On the one hand, this year we laid the foundations for implementing the next chapter of our strategy, which can be summarized as follows: Providing the existing and future customers and partners of our Insurer with 21st-century technical standards, continuously improving the customer experience. We believe that insurance is a long-term service, therefore when using it, it is particularly important that our customers feel that they are truly at the center of attention. In 2025, the so-called Innovation Project gave us the opportunity to lay the foundation stone of what is fashionably called an ecosystem, which provides our partners and customers with a modern service platform that also utilizes the possibilities of artificial intelligence, improving our efficiency in addition to its high technical standard, which ultimately serves the increase in profit, and thus the increase in shareholder value.

Our insurance portfolio grew by 8%, while our consolidated premiums increased by 4% over the past year, bringing our premium income to HUF 59.8 billion. We cannot be satisfied with this result, as our insurer has growth potential that exceeds the market average. Our consolidated taxed profit from these premium revenues amount to more than HUF 3.9 billion, by far exceeding last year's profit of HUF 634 million, but our taxed profit excluding one-off items remained essentially at the previous year's level in 2025.

As a supervised financial institution, our capital adequacy ratio is a key issue for us – it is one of the elements of our strategic vision. With a credit line of HUF 4 billion in subordinated loan capital provided by our controlling owner, **our consolidated capital adequacy ratio is 221% and our individual capital adequacy ratio is 220%**, which is higher than that of several major domestic insurance companies with a more significant premium income. The subordinated credit facility of HUF 4 billion was available as of the reporting date of 31 December 2025, but the reason for its creation was successfully resolved in 2026. As announced by the Company on 16 February 2026 in the appropriate places the so-called Italian cases have been successfully concluded¹⁶.

The Company's consolidated economic performance in 2025 is the result of four significant factors:

- Our 4% annual increase in premiums does not reflect the Company's sales potential; excluding one-off effects, our technical result increased by HUF 190 million on an annual basis, resulting in a technical result of HUF 2.7 billion, including one-off effects;
- other income, including the results of our investments, amounted to HUF 666 million;
- our share in MBH Fund Management generated a profit of HUF 817 million for the Group;
- taxes reduced our after-tax profit by HUF 177 million.

16

https://bse.hu/site/newkib/en/2026.02./Information_on_the_exposure_arising_from_Italian_matters_of_CIG_Pannonia_Life_Insurance_Plc_consolidated_subsidary_2_129398710

MAIN RISKS ARISING DURING THE COMPANY'S INVESTING ACTIVITY

In addition to investing technical reserves, the Insurer invested its own investments held for trading – with particular attention to liquidity and risk aspects – mostly in Hungarian T-bills and state bonds because this ensured the risk management and flexibility that was appropriate for dynamic business growth and stable operation. The classification and utilization of financial instruments are presented under Notes 3.16 and 3.17.

In addition to managing insurance risks, the Insurer pays close attention to financial risk management:

- credit risk exposure primarily arises on premium receivables from insurance policy holders, receivables from reversed commissions, on debt securities and bank deposits, which are managed using both financial and legal means;
- liquidity and cash-flow risk management are based on daily monitoring, to which the updating of the portfolio of easy-to-sell, marketable securities and the management of unforeseeable cash-flow problems are aligned;
- interest risks principally arise on insurance and reinsurance assets and liabilities, and the underlying collateral securities. Risk management is also supported by the continuous monitoring of asset-liability matching;
- the Insurer hedged its portfolio in unit-linked investments in 2025, and also hedged its own foreign exchange risks in this way;
- the Insurer has price risk mainly its own investments. The market value of the securities is continuously monitored by the ALM activity.

The Insurer presents the impact of financial risks on the financial statements in detail under Note 6.6.

PRESENTATION OF THE COMPANY'S FINANCIAL SITUATION IN 2025

Our accounting result after tax in 2025 was a profit of HUF 4,255 million following HUF 37 million in 2024.

Of the growth HUF 5,306 million is explained by the valuation of EMABIT's share, which was a loss of HUF 3,423 million in 2024 and a gain of HUF 1,883 million in 2025.

The insurance technical result is HUF 1,294 million in 2025, compared to HUF 2,194 million in 2024, which is the result of the following changes:

Group life, accident and health products (annual profit improvement: HUF 461 million): The claims ratios of the group service financing health insurances, the group life, accident and health insurance portfolios and the MVM accident insurance portfolios improved compared to the same period of the previous year, which improved our results. The improvement in the claims ratio is partly due to the review of group service financing health insurance premiums at the end of the previous year and partly to the release of claims reserves related to the portfolio group.

Individual life, accident and health insurance products (annual profit improvement: HUF 73 million): The Insurer's profitable individual accident insurance portfolio (which includes the Company's 'Bajtárs' products) grew and so has the Insurer's result.

Single premium UL products (annual profit decline: HUF 202 million): The portfolio group's return fell short of the level forecast for 2025 at the end of 2024. Hence, on lower-than-expected managed assets, lower fund-proportionate management fees can be applied, resulting in a decrease in the contract service margin (CSM). Furthermore, at the end of the previous year, the Insurer released claims reserves, which had a one-time positive impact on the result in 2024; this effect did not occur in 2025.

Regular premium UL products (annual profit decline: HUF 1,090 million): The decline in profit is due to four reasons: (i) There was no need for a similar claims expenditure release this year than in 2024, which leads to a deterioration in a year-on-year comparison. (ii) The return on investments behind insurance policies fell short of the planned level in 2025, which led to a decline in the contractual service margin (CSM) and thus to a decline in the result. (iii) Changes in the technical (cost) assumptions reviewed at the end of the period negatively affected the portfolio group's results. (iv) Portfolio management and renewal commissions exceeded the amount forecast for the reporting period at the end of the year, which also reduced the portfolio group's results.

The combined effect of all these factors is that the result has decreased compared to last year.

Traditional regular premium savings products (annual profit decline: HUF 62 million): The Insurer released claims reserves related to the portfolio group in the previous year, while in 2025 the value of claims reserves did not change significantly, thus last year's improvement in results was not repeated this year.

Risk life insurance products (annual profit improvement: HUF 179 million): The portfolio group's result increased compared to the same period of the previous year primarily due to improving claims

ratios of group life, accident and health insurance. In addition, the portfolio group's traditional regular premium risk insurance policy portfolio grew, which also contributed to the growth of the portfolio group's results.

Credit coverage insurance and account protection products (annual profit decrease: HUF 259 million): The liability increased and the CSM decreased due to the review of cost assumptions. As a result of this effect, both the CSM release and the result decreased compared to the previous year.

IMPLEMENTATION OF BUSINESS POLICY GOALS IN 2025

Our primary goal for this year was to lay the foundations for success in the coming years. In January 2026 the Company's subsidiary launched its new home insurance product, Lakótárs+, which is our first product in our new IT system. To achieve this goal, our colleagues and suppliers worked relentless throughout the year, laying thereby the foundation for our future successes.

In order to increase our efficiency, expanding our insurance portfolio was also an important goal for 2025. We achieved this by further developing our existing portfolio - thus our insurance portfolio grew by 8% in one year -, and by agreeing to take over contractual portfolios¹⁷ managed previously not by our Company, the technical implementation of which took place in early 2026.

We believe that our organization must adapt to market changes in order to remain competitive. Our headcount increased by five, from 207 to 212, and we managed to maintain our staff turnover rate at last year's level: 16% in 2025 vs. 15.5% in 2024.

In this year, we updated our individual accident and health insurance product with the sale of the third version of our 'Bajtárs' product, and we also updated our UL products to meet changing regulatory requirements.

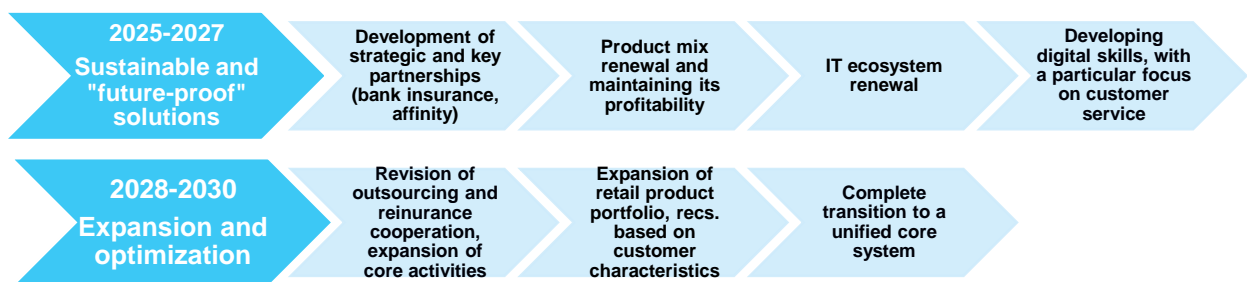
This year, we continued to pay special attention to our partners and the development of our business relationships. We regularly request and receive feedback from our partners about our products, our work, and the customer-centric nature of our processes. We use this feedback to continuously improve our work processes.

Last year, we set ourselves the goal of integrating our ESG report into our annual financial report. Considering the new EU regulatory relief regarding ESG and its implementation into domestic law, we have decided that we will prepare this integrated report for the first time in 2027. Pursuant to Section 95(E), the Insurer is not required to prepare a – separate - sustainability report, but it does so on a voluntary basis and publishes it on its website.

¹⁷ https://www.bse.hu/newkibdata/129360741/Extrordinary_information_PTA_MNB_license_final_EN.pdf

BUSINESS POLICY GOALS OF CIG PANNÓNIA LIFE INSURANCE PLC. FOR 2026

On 7 November 2025, our Company held an Investor Day to mark its 15th anniversary on the Budapest Stock Exchange. At this event, we evaluated our performance of the past four years in light of our Growth Strategy published in 2021, and we defined the main directions in which we intend to develop over the next five years¹⁸. We have identified seven main directions for the coming years, which are as follows:



We intend to proceed along the plan in 2026 as well and develop in all four strategic directions set for 2026.

Development of strategic and key partnerships (bank insurance, affinity): We plan to deepen our business relationships with our major partners. We already announced the first step of this process¹⁹ before publishing our report, according to which our Company will take over the portfolios of several insurers in the areas of assistance, accident insurance, account protection, and group accident insurance. Based on the 20-year strategic agreement concluded with MBH Bank, we intend to further deepen our fruitful relationship by increasing the number of sales partners involved and expanding our product range.

Product mix renewal and maintaining its profitability: We continuously evaluate the competitiveness of our products and process the feedback from our partners and customers in order to ensure continuous renewal. In 2026, we intend to put focus on developing our non-life insurance products. As a first step, we introduced our new home insurance product called Lakótárs+ in January. We plan to launch additional products in both the residential and the corporate segments during 2026. As a publicly traded company, the return on the investment of our owners is a priority for us, so the continuous renewal of our products also means improving their competitiveness and profitability.

¹⁸

https://bet.hu/site/newkib/en/2025.11./Inf_on_the_holding_of_an_investor_professional_day_organized_on_the_occasion_of_the_15th_anniversary_of_the_CIG_Pannonia_Group_s_presence_on_the_SE_129346895

¹⁹

https://bet.hu/site/newkib/hu/2025.12./Tajekoztatás_a_csoportos_biztosítási_szerzések_kepezte_biztosítási_allományok_atruházasának_engedélyezéséről_129360739

IT ecosystem renewal: In today's world, we cannot be efficient and customer-focused without modern IT systems, whether they serve customers directly or provide back-office support. In 2026, we intend to actively streamline and develop our IT park as part of our multi-year program laid out in our strategy.

Developing digital skills, with a particular focus on customer service: In 2026, we intend to implement several specific measures and developments to improve the digital capabilities of our business processes. This includes the specific use of artificial intelligence (AI) – such as the recommendation process for our Lakótárs+ home insurance product launched in early 2026, which can be personalized as it is already supported by AI –, the automation of our processes (RPA – introduction of robotic process automation in administration), and even supporting our colleagues in learning the technologies of the modern era.

SUBSEQUENT EVENTS IN ACCORDANCE WITH SUPPLEMENTARY NOTES

Our Company has assessed the current war conflicts and their economic impacts. Based on our assessment, the processes experienced do not adversely affect the Company's activities, and the going concern principle applies for the 12-month period following the balance sheet date. There were no significant events after the balance sheet date in the life of the Company.

OWNERSHIP STRUCTURE, RIGHTS ATTACHING TO SHARES

The ownership structure of CIG Pannónia Life Insurance Plc. (31 December 2025)

Owners description	Number of shares	Ownership ratio	Voting right
Domestic private individual	26 689 769	28.26%	28.26%
Domestic institution	66 211 784	70.12%	70.12%
Foreign private individual	100 736	0.11%	0.11%
Foreign institution	42 152	0.04%	0.04%
Nominee, domestic individual	1 158 518	1.23%	1.23%
Nominee, foreign individual	169 947	0.18%	0.18%
Nominee, foreign institution	43 789	0.05%	0.05%
Unidentified item	11 565	0.01%	0.01%
Total	94 428 260	100%	100%

The Group 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 “unidentifiable item” in the shareholders' register.

The owners of the Company are private and legal persons residing in Hungary and abroad, as of 31 December 2025 the number of owners is 5,472. Over 10 percent ownership is present at Hungarikum Insurance Broker Ltd., who has a 58.73 percent stake with 55,460,487 shares.

The Group did not issue shares embodying special management rights or other preference shares.

The Group does not have any management mechanism in place prescribed by an employee shareholding system.

The Group has no agreements between the Group and its managers or employees that prescribes compensation if the given manager or employee resigns, if the employment of the manager or employee is terminated illegally, or if the employment relationship is terminated on account of a public purchase offer.

The registered capital consists of 94.428.260 dematerialized registered voting series “A” common shares of thirty-three Hungarian Forints of nominal value each.

There are no limitations or dispose rights relating to the shares recorded in the articles of association of CIG Pannónia Life Insurance Plc.

CORPORATE GOVERNANCE REPORT

The purpose of the Corporate Governance Recommendations (**Recommendations**) issued by the Budapest Stock Exchange Zrt. is to formulate guidelines to facilitate the operation of publicly traded companies (issuers) in compliance with internationally recognized rules and standards of good corporate governance. The Annual General Meeting is responsible for accepting the corporate governance report.

The Recommendations can be considered as an addition to Hungarian legislation, which show to what extent and with what deviations each issuer complies with the Recommendations.

The Company should also take into account relevant legislation when evaluating responsible corporate governance practices. Compliance with the Recommendations also requires compliance with the law, as well as ethical, self-responsibility and business practices. The Company hereby declares that the responsible corporate governance practice operated by it complies in all respects with the requirements of the current regulatory environment.

The basis of the Hungarian regulation is Act V of 2013 on the **Civil Code**. Article 3: 289 (1) of the Civil Code, the board of directors of a public limited liability company shall submit to the annual general meeting a responsible corporate governance report (**the Report**), prepared in accordance with the corporate governance practices of the public limited company in the manner prescribed for the relevant stock exchange participants. The Company fulfills its obligation in this respect continuously.

According to paragraph 2 of the referred Article, the General Meeting shall decide on the adoption of the Report. The resolution of the General Meeting and the adopted Report shall be published on the website of the Company and other official places of publication. Issuers are expected – and thus it is also expected from the Company – to apply the Recommendations specified by the BSE and, in this context, they must provide information on the extent to which they follow them. The Company's

Reports for a given business year are available on the Company's official website in a transparent and retrievable manner.

The Recommendations forming the basis of the Report were significantly amended first on 23 July 2018, then on 08 December 2020 by the Responsible Corporate Governance Committee acting beside the BSE. The amendment was made in relation to remuneration, due to the fact that certain requirements for remuneration, previously included in the Recommendation, have been delegated to legal Acts, therefore the Company hereby also states that its practice complies in all aspects with Act LXVII of 2019 promoting long-term shareholder participation and amending certain acts for legal harmonization. The amended Recommendations contain, in part, binding recommendations for all issuers and partly non-binding recommendations. Issuers may differ from both binding recommendations and non-binding proposals. In the event of a deviation from the recommendations, the issuers are required to disclose the discrepancy in the corporate governance report and to justify it. This allows issuers to take into account sector-specific and company-specific needs. Accordingly, an issuer other than the recommendations may, where appropriate, meet the requirements of corporate governance. In the case of proposals, issuers should indicate whether or not they apply the Directive and have the possibility to justify deviations from the proposals.

The Company has two ways to declare its responsible corporate governance practices. The Company must report on the responsible corporate governance practices of the business year in question in its Report to be compiled and submitted to the Annual General Meeting on the one hand. In doing so, we must address the corporate governance policy and the description of any special circumstances in terms of the aspects set out in the Recommendations.

These aspects:

Brief description of the board of directors / board of directors, responsibilities and responsibilities of the board of directors and management.

Presentation of the members of the Board of Directors, the Supervisory Board and the Management (including the status of the individual members for the members of the Board), the structure of the committees.

Presentation of the number of meetings of the Managing Body, the Supervisory Board and the Committees held during a given period, giving the participation rate.

Presentation of the aspects taken into account in evaluating the work of the Managing Body, the Supervisory Board, the management and the individual members. Indication of whether the evaluation performed during the given period resulted in any change.

Report on the functioning of each committee, including the professional presentation of committee members, the meetings held and the attendance rate and the main topics discussed at the meetings and the general functioning of the committee. When presenting the functioning of the Audit Committee, it should be noted that the Board of Directors / Board of Directors has decided on a matter contrary to the proposal of the Board (including the reasons for the Managing Body). It is advisable to refer to the company's website, where the tasks delegated to the committees and the time of the appointment of members should be made public. (If this information is not found on the Company's website, they must be included in the Corporate Governance Report.)

Presentation of the system of internal controls, evaluation of the activity of the given period. Report on the effectiveness and efficiency of risk management procedures. (Information on where shareholders can view the report of the Board of Directors / Board of Directors on the operation of internal controls.)

Information on whether the auditor has performed an activity that is not related to the audit. In connection with this requirement, we would like to note that the Company publishes on its website its policy on the management of market abuse, as well as, in a separate document, the trading prohibition periods for persons performing managerial and executive duties.

An overview of the company's publishing policy and insider trading policy.

In addition to the above description, the Corporate Governance Report details the answers to the questions in the recommendation, indicating the points in which the Company is not continuing the recommended practice, indicating the reason for the deviation and the intention to comply with it in the future.

The Company distributes the detailed Report in a separate document to the General Meeting and, if accepted, shall publish it immediately and in full at the official places of publication, i.e. on the website of the BSE, at the place of publication operated by the Magyar Nemzeti Bank, and on the Company's own website.

In order to comply as much as possible – practically in full – with the legal and regulatory obligations, expectations and recommendations within the scope of responsible corporate governance - and thus the Report -, the Company has established a competence center at the level of Deputy CEO, which aims to ensure the coherence of diversified regulations and to create and ensure the development and maintenance of “best practices” tailored at the Company.

In this context, the Company applies guidelines regarding the establishment and composition of the management and supervisory bodies and the selection of key personnel in the work organization.

The selection criteria are transparent, accessible to everyone, the personnel selection processes, the competencies, their potential changes, the continuous compliance with them, the compliance with the conditions of professional duty and business reliability are ensured in a documented manner.

The guidelines, which also cover the application of diversity policies, have been published on the Company's website, their review and the compliance with them are ensured, a review is performed on an annual basis.

The Company's Articles of Association regulate the rules for the appointment and removal of senior officials, as well as for amending the articles of association. Among other things, the General Meeting has the exclusive competence to elect and recall the members of the Board of Directors and the Supervisory Board (and also the auditor) and determine their remuneration. The decision requires a qualified majority. The Company has a Board of Directors consisting of at least three and at most seven members, who are elected or recalled by the General Meeting. The list of the members of the Board of Directors is included in Annex 2, an inseparable part of the Articles of Association. The Company has a Supervisory Board consisting of at least three and at most ten members, who are elected (for a maximum period of five years) or recalled by the General Meeting. Members of the

Supervisory Board - with the exception of persons representing employees - may not be employed by the Company. The Supervisory Board elects its chairman from among its members.

Establishing and amending the Articles of Association is also the exclusive competence of the General Meeting and also requires a qualified majority decision. According to the Articles of Association, the General Meeting decides (Chapter VIII points g, h, i, j, k):

g) on the conversion of a printed share into a dematerialized share;

(h) on changing the rights attached to certain series of shares, or transforming certain types and classes of shares (if several series, types and/or classes of shares are issued);

(i) on the issuance of a convertible bond or a bond with subscription rights, unless otherwise provided for in the Civil Code;

(j) on the increase of the share capital (with the exceptions provided for in the Articles of Association);

(k) on the reduction of the share capital (qualified majority), unless otherwise provided for in the Civil Code.

The rules for raising and lowering the share capital are regulated in detail in Article XII of the Articles of Association.

(i) the powers of the senior officers, in particular their power to issue and repurchase shares

The rules for issuing shares are based on the principles contained in the Articles of Association. A repurchase - i.e. the purchase of own shares - is possible only and exclusively according to the rules of the Civil Code. Pursuant to Paragraph (1) of Article 3:223 [Decision on the acquisition of own shares] of Act V of 2013 on the Civil Code, the acquisition of own shares is subject to the prior authorization of the Board of Directors to acquire the own shares by the General Meeting, while also determining the shares' type, class, number, nominal value and, in the case of acquisition for consideration, the minimum and maximum amount of the consideration. The authorization is for a period of eighteen months.

EMPLOYMENT POLICY

As it is with all businesses, also in the case of our Company's financial statements it is our colleagues who are behind the presented economic performance and growth success.

2025 was the year of renewing the strategy: we set new goals and laid the foundations for IT developments over the next five years. These events had a twofold impact on employment policy: (i) our headcount increased slightly from 207 to 212, meaning that we embarked on major developments with a well-established team. (ii) employee satisfaction declined slightly (from 8.0 last year to 7.6 on a scale of 1 to 10), with employee turnover remaining essentially unchanged (15.5% in 2024 and 16% in 2025). We believe that employee engagement is a complex issue involving many elements and targeted actions. Our goal is not only to maintain wage competitiveness, but also to develop effective internal communication. We believe that we can never be satisfied concerning these issues; there are always areas, where we can and must improve.

As a public limited company of course we must, and we do comply with the conditions set by the law. There are three regulatory pillars of the Company's remuneration that are transparent to both the public and employees:

- a) the Company's Remuneration Policy with respect to the personnel as defined in the SRD Act Section²⁰ 2.§ (2);
- b) regulation adopted by the Board of Directors of the Company containing the principles and rules for determining the general performance-oriented remuneration for all employees of the Company;
- c) the Company's MRP Remuneration Policy.

In addition to regulating remuneration, we need to mention that

- In order to ensure equal opportunities and the protection of human rights, the Company has appropriate rules and regulations in place, compliance with which is an important element of the employment policy.
- The Company's risk management policy provides for the handling of fraud and fraud prevention activities, and the application of the compliance policy is an important tool in the fight against corruption and bribery.
- Consideration of the environmental, social and governance (ESG) framework has a direct impact on the role of our workers as employees. We have identified three key areas to develop our workplace based on a people-centered workplace culture: (i) Employee retention, career development (ii) Employee training, shaping the culture of attitude (iii) Workplace culture.

In our experience, there was some change in 2025 in terms of workplace retention as a comprehensive program for our colleagues. Flexibility remains the basic expectation of the employer, and this has essentially become a "hygiene" factor - i.e. it cannot increase employee

²⁰ Act LXVII of 2019 on the promotion of long-term shareholder participation and the amendment of certain laws for the purpose of legal harmonization

satisfaction itself, but its absence can decrease it - including both working hours and keeping wages at market levels. Job security as an expectation, however, arises now much stronger than before. To build a career, learn, and expand professional knowledge also remains an expectation, of course.

In light of our business strategy and opportunities, we implemented following programs during 2025 to retain the colleagues of the Insurers and improve their employment conditions:

- Developing and implementing professional development plans – several programs that began in the past have been completed
- With the aim of expanding our colleagues' professional knowledge, we continued our educational project, which was submitted under the GINOP Plus project²¹
- We continued our program of supporting higher education activities
- We continued our core employee program, which supports our colleagues who have been working here for a longer time
- The performance indicators required for the application of short- and long-term incentives have been clarified, and we have developed the Performance Evaluation System (TÉR) in 2025

We believe that the above programs have helped us maintain our employee turnover rate.

Employee turnover trends over the last three years

	2023	2024	2025
Total number of employees	188	207	212
Ratio of leaving employees against the total number of employees	33.5%	15.5%	16.0%

As we already mentioned, also in 2025 we asked colleagues to share their views on CIG Pannónia Group's benefits, strategy, customer focus, leadership and the quality of internal collaboration in an employee satisfaction survey. The aim of the survey was not only to get a picture again of the current situation, but also to compare it with last year's results, to also measure ourselves against this, and to set ourselves appropriate targets for the next year. The satisfaction index decreased from last year's 8.0 to 7.6 on a scale of 1-10. The clear message of the survey was that we need to work on internal efficiency, sharing information, and even higher levels of mutual support; we cannot be satisfied with the current situation. In February 2026, the management team already addressed the issue in detail, and we are determined to move forward in this regard. We are pleased that our colleagues see the implementation of the strategic directions as an innovative development and want to be an integral part of it.

We believe it is important to train our future leaders; therefore, we have launched a multi-year leadership development program for 11 of our colleagues. The aim of the program is to provide tailored support to our management team. The multi-element program - from a 360-degree

²¹ GINOP Plus-3.2.1-21 "Improving adaptability and productivity of workers and enterprises through workforce development" labour market programme

questionnaire to learning the skills and practices needed to become an authentic leader - supports our colleagues over a longer period. We plan to use modern management practices to support joint work becoming increasingly successful and raising internal efficiency. We completed this program at the beginning of 2026; its evaluation is still ongoing.

CORPORATE GOVERNANCE STATEMENT (ACCORDING TO § 95/B OF THE ACCOUNTING ACT)

An undertaking whose transferable securities are admitted to trading on a regulated market in a State of the European Economic Area shall publish a corporate governance statement in its annual report.

The internal control and risk management system

As a financial institution, one of the pillars of the Company's strategic objectives is to maintain and further develop its prudential operational framework in line with supervisory guidelines. Accordingly, the Company operates a risk management and internal system that ensures that the Company's Board of Directors and management make business decisions and approve the Company's financial statements on the basis of all relevant information. The Company's risk management and internal control system is organizationally separate from the areas of activity and organization that it is responsible to supervise and control.

Internal audit system

The elements of the internal audit system are the audit built in the processes of the Company, the management audit, the management information system and the independent internal auditor. The internal auditor is subject to the professional leadership of the Supervisory Board.

In accordance with the provisions of the Bit. and the supervisory recommendation, while directing the internal audit organization, the Supervisory Board:

- adopts the annual audit plan of the internal audit organization;
- ensures that the Company has a comprehensive and effective, operable system of controls;
- discusses internal audit reports at least every calendar quarter and monitors the implementation of the necessary measures;
- directs the activities of the person responsible for internal audit;
- determines the number of persons who perform the internal audit function if the insurer does not outsource the internal audit function;
- draws up proposals, recommendations and measures, takes decisions and monitors the implementation of these proposals, recommendations and measures based on the findings of the person responsible for internal audit or of the internal audit function;
- supports the work of the internal audit by appointing external experts when necessary;

- makes a proposal to change the number of employees of the internal audit organizational unit.

In addition to the above, the Supervisory Board is entitled to request information and reports on the operation of all elements of the internal audit system (in-process, management control, management information system), as well as the entire internal safeguarding system of the Company.

At the Company, the Audit Committee is responsible for monitoring the effectiveness of the internal control and risk management system in accordance with the division of labor established with the Supervisory Board.

The internal audit is performed by the internal auditor (the comprehensive review, analysis and assessment of the business activity, exploration of hindering circumstances and irregularities, initiation of actions, carrying out the reviews specified by law and in the internal instructions, such as targeted reviews, general reviews, and ensuring that the experiences are utilized). In determining the capacity and staffing of the internal audit unit, the Company shall take into account all the Company's specifications, operational elements, market weight, internal segmentation. The internal auditor shall perform his/her duties in accordance with the requirements set out in Section IV. 3. 3. (Conduct Requirements) of the Company's Organizational and Operational Rules. The task of the internal auditor is limited to the examination of the actual functioning of the Company in accordance with its internal policies and regulations and of the insurance activity in terms of legality, security, transparency and expediency, and as such is process-based, the vertical and horizontal examination of which is not the same as the examination in terms of legal compliance. The internal auditor shall verify the content accuracy and the completeness of the reports and data provisions submitted by the Company to the Supervisory Authority at least quarterly. The internal auditor shall make his/her reports available first to the Supervisory Board and after the Supervisory Board meeting to the Management Board (through uploading it to a dataroom for them) and shall provide the Hungarian versions of such reports to the auditors in case of an audit by the supervisory authority. The employer's rights related to the internal auditor are exercised directly by the primary leader.

The internal audit of the Company has an internal audit policy approved by the Supervisory Board, an audit handbook approved by the Management Board, and a three-year rolling work plan. Internal Audit monitors the implementation of the tasks set out in its reports on a monthly basis.

Risk management function

The Company is required to operate a risk management system as defined under Bit. § 86-88. In order to comply with the provisions of the Bit., the Chief Risk Officer has been created as a separate position, reporting directly to the CEO as defined in the Company's Organizational and Operational Rules. The risk management function covers the tasks related to the operation of the risk management system.

The CRO's responsibilities cover the following areas

- implementing and operating a complex Risk Management System suitable to assess, monitor and mitigate risks in the areas of operation, projects and economic crime prevention for the purpose of developing the Company's risk strategy;
- the CRO is responsible for developing risk mitigation procedures, monitoring implementation and following up on results;
- the risk management system achieves detailed documented task management based on self-assessment, measurement and regular analysis of data and the results of expert studies, and increases risk awareness in the business decisions of the Insurer, in addition to the primary result of risk reduction;
- certifying by signature the calculations, assessments and reports prepared by the person responsible for Risk Management;
- performing tasks arising from the operation of the system, managing partner risks, financial risk analysis of the Company's clients;
- risk levels in the company's risk areas are assessed by the Risk Management Committee in a standard risk self-assessment meeting, the result of which is presented to the Board of Directors. The insurer uses a two-level assessment, with the results of the general assessment (high level assessment) held with the Company's managers determining the list of areas where further separate thematic assessments are carried out.
- Risk Management defines measurement points to determine risk levels (key risks indicators) for each risk area under its responsibility, and the business areas concerned report monthly on the measured results;
- the measured results, trends and external circumstances affecting the risk are assessed by the Chief Risk Officer and reported to the Risk Management Committee in a quarterly report, and to the Board of Directors in a semi-annual report Risk Management monitors the individual work processes posing increased risk, and records any deficiencies identified in a management statement. The Insurer shall appoint a responsible task manager (risk owner, person to act) to carry out the tasks resulting from these statements and shall set a deadline for the performance of the task. Identified risks and mitigating actions are tracked in a risk management summary register, and any non-compliance is reported to management.

The corporate governance bodies and their role in the adoption of the Reports

The Company's governance model is based on the management and control bodies defined in the Civil Code and the Bit.: the General Meeting, the Supervisory Board, the Audit Committee and the Board of Directors. In these forums, decisions are made by voting, so it is important that those involved in decision-making are fully aware of the potential benefits and risks associated with their decisions.

The Company's governance system is designed in such a way that the governing bodies mentioned above cooperate with senior management and other key personnel of the Company on an ongoing basis, are proactively informed and, where necessary, respond to risks in their decisions.

The Company has set up its governance system and its lines of defense in such a way that the most important and other leadership functions – i.e. risk management, compliance, internal audit and

actuarial functions, head of accounting - are also separately reflected in its Organizational and Operational Rules. These functions are in direct contact with their governing bodies by providing them with regular reports on the functioning of the insurer. The Insurer shall also ensure the continuity of the high-priority tasks in such a way that these employees are also considered to be key personnel and the notice period of the senior staff members performing these tasks is longer.

The accounts are submitted to the various bodies for approval after acceptance and approval by the Chief Actuary, the Chief Accounting Officer and the Chief Executive Officer.

The following bodies are directly involved in the reporting process: the Supervisory Board, the Audit Committee, the Board of Directors, and the General Meeting. The final adoption of the Report is the responsibility of the General Assembly and is based on the report of the independent auditor.

General information on the management system

In its operations, the Company fully complies with the legal provisions applicable to it, the regulations of the Magyar Nemzeti Bank and the rules of BSE. The organizational structure and operating principles of the Company are set out in its Articles of Association.

Governing bodies

THE MANAGEMENT BOARD

The management body of the Company is the Management Board, it is responsible for establishing and managing the organization of the Company. The scope of power of the Management Board is determined by the legislation in force, the Articles of Association of the Company, the resolutions of the General Meeting, as well as the Rules of Procedure of the Management Board. The Management Board shall establish its Rules of Procedure itself and shall adopt it by more than half of the members of the Management Board voting in favor thereof. The Rules of Procedure includes – among others – matters concerning the functioning of the Management Board, the structure of the Management Board, and the mandatory elements of the meetings and the minutes to be drawn up thereon. The Company shall make public the Rules of Procedure of the Board of Directors in full, which shall be available to anyone on the Company's website. The Management Board operating at the Company shall be made up of at least three and no more than seven members, the members of the Management Board shall be elected (for maximum five years) and recalled by the General Meeting. The Board of Directors entrusts the preparation of the tasks related to the selection of the members of the bodies, including the members of the Board, to the Remuneration and Nomination Committee, which makes its recommendations to the Board of Directors in the form of a proposal. The proposal is always included in the Board proposal. The proposals are also subject to the Board Selection Policy rules, which are also published in full on the Company's website²². The members of the Board

²² <https://www.cigpannonia.hu/befektetok/tarsasagiranyitas>

of Directors are subject to the terms and provisions set out for senior executives in Act LXXXVIII of 2014 on Insurance Activities (hereinafter: Bit.).

Members of the Board of Directors:

Chairman:	dr. Péter Bogdánffy (until 30.11.2025)
	dr. István János Fedák (from 01.12.2025)
Tagok:	dr. Gábor Miklós Dakó
	dr. Dávid Kozma (from 28.11.2025)
	dr. István János Fedák (until 01.12.2025)

SUPERVISORY BOARD

In compliance with the provisions of the Business Insurance Act, the Supervisory Board directs the internal audit organization, as well as develops recommendations and proposals based on the findings of the inspections carried out by the internal audit function.

A Supervisory Board of at least three but no more than ten members operates at the Company, the chairman and the members of which are elected (for a no more than five-year period) and recalled by the General Meeting.

At the Company the preparation of the tasks related to the selection of the members of the Boards – hence the members of the Supervisory Board – is entrusted to the Remuneration and Nomination Committee, which makes its recommendations to the Board of Directors in the form of a proposal. The proposal is always included in the Board proposal. The proposals are also subject to the Board Selection Policy rules, which are also published in full on the Company's website²³. The Supervisory Board establishes its own rules of procedure, subject to approval by the General Meeting of the Company. The rules and procedures of the Supervisory Board are published in full on the Company's website²⁴.

Members of the Supervisory Board:

Chairman:	János Tima
Members:	Erika Vada
	Ildikó Ginzer

²³ <https://www.cigpannonia.hu/befektetok/tarsasagiranyitas>

²⁴ <https://www.cigpannonia.hu/befektetok/tarsasagiranyitas>

AUDIT COMMITTEE

The Audit Committee is a body that helps the work of the Supervisory Board of the Company with its opinion, evaluations and proposals. The scope of powers of the committee are determined by the legislation in force, the Articles of Association of the Company, the resolutions of the General Meeting, as well as its Rules of Procedure. The rules and procedures of the Audit Committee are published and accessible in full and without restrictions on the Company's official website²⁵.

The Audit Committee operating at the Company consists of at least four members, to be elected by the General Meeting from the independent members of the Supervisory Board.

The tasks of the Audit Committee include:

- commenting on the financial statements in accordance with the Accounting Act;
- monitoring the audit of the financial statements in accordance with the Accounting Act;
- making proposals for the person and remuneration of the auditor, preparation of the contract to be concluded with the auditor;
- monitoring of the enforcement of the professional requirements and the conflict of interest and independence requirements specified for the auditor, fulfilment of tasks related to cooperating with the auditor;
- apart from the audit of the annual accounts compliant with the Accounting Act by the auditor, monitoring of the other services provided to the company, and
- if necessary - making proposals to the Supervisory Board for actions to be taken.

The Audit Committee of the Insurer also performs the Audit Committee tasks of CIG Pannónia Első Magyar Általános Biztosító Zrt. The members of the Audit Committee do not receive any honoraria for the performance of their duties, with effect from 1 May 2021.

Furthermore the task of the Audit Committee is

- assessing the functioning of the financial reporting system and proposing the necessary measures to be taken;
- helping the work of the Supervisory Board in order to ensure the appropriate control of the financial reporting system;
- monitoring the effectiveness of the internal audit and risk management system.

The Audit Committee in general holds a meeting every three months and notifies the Supervisory Board of its resolutions adopted at the meetings. It compiles a report on its yearly work, which is discussed by the Supervisory Board. Before the annual General Meeting, the Audit Committee forms its opinion related to the annual accounts and forwards it to the Management Board and the Supervisory Board of the Company.

The committee has defined its tasks and responsibilities in its own rules of procedure.

²⁵ <https://www.cigpannonia.hu/befektetok/tarsasagiranyitas>

Members of the Audit Committee:

Chairman: Erika Vada
Members: János Tima
Ildikó Ginzer

Of the functioning of the various committees and bodies

Permanent committees established by the Board of Directors of the Company to support the management functions:

EXECUTIVE COMMITTEE OPERATIONAL MANAGEMENT MEETING (OMM)

The members of the Operational Management Meeting, as a committee, are the Company's decision-making support body at operational level. The Committee has no decision-making powers, and the matters discussed by the Committee are decided by the Chief Executive Officer, acting alone, in accordance with the provisions of the Company's Organizational and Operational Rules.

As a rule, the OMM takes place in weekly meetings. It is responsible for operational management, ensuring the continuous flow of information, and preparing, scheduling and defining decisions on matters falling within the remit of the Board of Directors. It is also responsible for discussing decisions on the following types of matters which do not fall within the competence of the Board:

- definition of tasks which lead to an increase in the expenditure included in the annual budget;
- launching, monitoring and canceling projects, discussing project status reports, setting directions;
- defining and controlling the strategic directions of the risk management system;
- preparation and introduction of new product launches;
- defining cross-departmental tasks, establishing coordination between departments;
- strategic decisions on the introduction and termination of asset funds;
- the commencement and termination of activities requiring supervisory notification or authorization, including the definition of a timetable and operational tasks involved;
- other matters on which the CEO requires or requests the agreement or opinion of other managers.

The permanent members of the OMM are the Chief Executive Officer, the Deputy Chief Executive Officers and the Executive Director of Strategy and Innovation (collectively: Management). If the Chairman of the Board of Directors and the Chairman of the Board of Directors of CIG Pannónia First Hungarian General Insurance Company Zrt. is a person independent of the Management (not a member of the Management), then the Chairman of the Board of Directors shall be a permanent

invitee of the meeting. The Head of Internal Audit and the Head of Compliance may participate in the meeting with consultation rights, on the basis of their prior indication or on someone's request. If the OMM discusses an agenda item on the risk management system report, the Chief Risk Officer is also a participant in the meeting.

A permanent item on the agenda of the OMM is the report by the members of the Management on the status of ongoing cases (projects) within their remit and/or priority areas, tasks arising from contacts with the authorities, etc.

The Chief Executive Officer or the Chairman of the Board of Directors may extend the meeting to include the heads of specific areas or other ad hoc (expert-level) invitees.

In order to fully meet its responsibilities - and in order to ensure that they are met and prioritized - for the ongoing identification, measurement, monitoring and management of individual and aggregate risks and risk interactions in the operation of the risk management system, the OMM, as part of the risk management system, once per quarter discusses the proposals and decisions of the Risk Management Committee

DATA ASSESSMENT COMMITTEE

By rule, the data assessment of the Company lies with the Deputy Chief Executive Officer responsible for Company Governance and Prudential Compliance, who acts at the discretion of the Company's ad hoc Data Assessment Committee in the cases provided for in the Organizational and Operational Rules. Data assessment is subject to the agreement of the head legal counsel.

If the data assessment is

- ordered by a decision of the Management Board,
- asked by the CEO, or
- considered by the Deputy CEO responsible for data assessment
 - o to involve several competing areas of competence, or in connection with it
 - o requires the assessment of key data relating to the strategic, business, economic or financial situation of the Company,

the given data or dataset must be assessed by a committee convened for that purpose (Data Assessment Committee).

The Data Assessment Committee is an ad hoc body made up of the Chief Executive Officer, the person responsible for Investor Relations, the Deputy Chief Executive Officer responsible for Company Governance and Prudential Compliance and the Deputy Chief Executive Officer responsible for Legal and Business Support, which can be operated using on-line tools without any formalities. The Data Assessment Committee is convened by the Deputy Chief Executive Officer for Corporate Governance and Prudential Compliance and is responsible for determining whether, in

case of doubt, the given item of information/data is considered as regulated information²⁶ based on the content thereof.

Subject to the nature of the given data or information, the Data Assessment Committee shall carry out the assessment without delay, but as soon as possible, paying special attention and complying with the time limits and frameworks of the disclosure as specified by the relevant specific laws, and shall notify the parties concerned of the result of the assessment without delay, and if the statutory conditions are met, shall initiate the disclosure of the information.

INFORMATION TECHNOLOGY COMMITTEE

The preparatory and decision-making body for decisions concerning the Company's IT issues is the IT Committee, which is an ad hoc body not named in the Company's Organizational and Operational Rules, the forum for the allocation of available IT resources, essentially a subcommittee of the Operational Management Meeting, which reports regularly to the Company's Board of Directors through the Director of IT. In this way, the management of the area reports on the period that elapsed since the previous report and ongoing cases.

PROJECT MANAGEMENT DIRECTORATE

From 1 February 2023, instead of the ad hoc so-called project committees, which previously decided on the launch, closure, termination and suspension of projects and assessed the results of them within the Company and the Group, the Organizational and Operational Rules established a Project Management Directorate, which reports directly to the CEO. Its tasks are defined as:

- determining the workload, the human resource requirements and the necessary competences of the given project, and appointing the project members in consultation and agreement with the heads of the relevant (involved) departments and areas,
- managing and coordinating specific projects in line with the Company's strategy and as defined by the Board of Directors, the CEO and/or the Management, following the delegation of delegated/assigned employees from the departments concerned by the project,
- reporting to the CEO and the Board of Directors on ongoing projects in the form, manner and intervals set out at the beginning of the project.

²⁶ a term as defined in the Disclosure Rules

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee operated by the Founder shall, where relevant with regard to EMABIT as well, make proposals to the Board of Directors and the Founder for the development of a performance incentive and remuneration policy of the Company as a whole and of certain key employees, and shall give its opinion on proposals relating to the employment of employees in specific positions (for whom among its task it is designated to do so).

The task of the Remuneration and Nomination Committee are:

- in relation to the CEO of the Company, it proposes to the Board of Directors the election of the CEO, the modification of his/her contract and the determination of his/her remuneration package, the modification of his/her incentives;
- discusses and gives its opinion on the proposal of the Chief Executive Officer on the establishment, modification and termination of the employment contracts of the Deputy Chief Executive Officers and of certain key personnel (in particular those performing internal control functions such as the Head of Internal Audit, the Head of Compliance, the Chief Risk Officer, the Chief Legal Officer), as well as on the establishment of the components, the amount and the modification of their remuneration package;
- proposes to the Board of Directors annually changes to the annual incentives and for the assessment of their fulfilment;
- proposes a policy on the interests and remuneration of non-executive managers (others than members of the Management Committee).

RISK MANAGEMENT COMMITTEE

The Company operates a Risk Management Committee. The primary duty of the Risk Management Committee is to assist and support the Management Board in ensuring that it can perform its risk management activity in compliance with the laws and other rules, as well as the Articles of Association and the internal policies of the Company. Within this framework, the Risk Management Committee shall review, revise and analyses the risk management activity of the Company regularly and as necessary, and it shall produce reports and formulate recommendations for the Management Board based on its findings.

The Risk Management Committee consists of the lead risk manager, the Deputy Chief Executive Officer responsible for Corporate Governance and Prudential Compliance, Deputy Chief Executive Officer of Finance, Head of Internal Audit, Chief Legal Counsel, Chief Compliance Officer and the Chief Actuary. Its ad hoc members – subject to the agenda – are the Chief Financial Officer, the IT Director, the Information Security Officer, the head of the insurance claims settlement department, as well as any employee representing the department specified in the Organizational and

Operational Rules the invitation of whom is reasonable for the purpose of discussing the item of agenda concerned.

MEMBERS OF THE COMPANY'S MANAGEMENT

The executives of the Company, in addition to the external members of the Board of Directors and the Supervisory Board already listed, whose expertise and experience make a decisive contribution to the successful operation of the Company:

Primary CEO, Chief Executive Officer:	dr. István János Fedák
Chief Financial Officer:	Árpád Szűcs
Deputy CEO responsible for corporate governance and prudential compliance:	dr. Gábor Miklós Dakó
Deputy Chief Sales Officer:	Zoltán Kőrösi
Executive Director of Strategy and Innovation:	Antal Kóka (from 25.02.2026)
Deputy CEO for Legal and Business Support:	dr. Dávid Kozma
Chief Accounting Officer:	Alexandra Tóth
Chief lawyer and Data protection officer:	dr. Dávid Kozma
Chief actuary:	Géza Szabó
Responsible for actuarial function:	Melinda Márton Gábor Varga
Chief Risk Officer and Responsible for risk management:	Gábor Veitz
Head of internal audit:	dr. Erika Marczi (until 27.04.2025) Petra Kovács (from 28.04.2025)
Head of compliance:	dr. Katalin Déri
Responsible for consumer	

protection:	dr. Dávid Kozma
Senior doctor:	dr. Katalin Halász
Investment relations:	dr. Szulamit Sápi (until 10.08.2025) dr. Gábor Miklós Dakó (from 11.08.2025)

The Board of Directors of the Company reviewed the directive (the "Directive") based on the recommendation of the Remuneration and Nomination Committee (the "Committee") on the establishment and composition of the bodies performing governance and oversight functions (the "Bodies") and on the selection of key personnel for the organization in accordance with the comments of the Committee and adopted and put it into effect by CIG Pannónia Life Insurance Company Board Resolution 26/2022.03.09. The provisions of the Directive are in line with the requirements of the European framework for the functioning of financial institutions.

Aspects relating to the composition of the Bodies

1. The Board of Directors shall design the composition of the Bodies in such a way that the competences of the categories set out in the guidelines issued by EIOPA can be identified for the particular members. The composition is intended to ensure the collective competence of the members of the Bodies, of which the individual, expected competence of a member is an integral part.
 - a. Expected competences
 - i. – insurance and financial markets
 - ii. – business strategy and business model
 - iii. – governance system
 - iv. – financial and actuarial analysis
 - v. – regulatory framework and requirements
 - b. Professional and qualification requirements:
 - i. It is necessary to take into account the professional expectations of Bit regarding the licensing of executives. The Board of Directors does not impose other educational requirements on the candidates;
 - c. Selection of board members:
 - i. It is reasonable for those entitled to make personal proposals to make their proposals taking these guidelines into account, and to support only shareholder proposals that meet these requirements. The proposal can be

made in writing by presenting the required competences, and by attaching the professional CV at the same time;

- d. During selection and succession planning, it is justified to keep the following points in mind:
 - i. it is reasonable to determine the necessary training, skills and competences of the chairman and individual members of the Bodies in such a way as to ensure the availability of appropriate expertise and experience for the Body as a whole
 - ii. if it is possible for the same person to be a member of several Bodies, hold several positions, the performance of different functions should not represent a conflict of interest, and the resulting negative effects should be minimized
 - iii. in addition to the criteria specified in the sectoral legislation and given as conditions for authorization, the candidate's good business reputation (based on criteria beyond the existence of a moral certificate), his/her suitability for the role to be filled in the organization (in addition to documents certifying professional qualifications, among other things, human qualities, acquired practical experience at previous workplaces, leadership skills, etc.), his/her time capacity available to perform the function, and the expected identification with the organizational values
 - iv. even if the law allows otherwise, it is necessary to that the term of office of members is not indefinite and that, in the case of a fixed term mandate, reappointment may only take place if the institution has assessed the member's activities in the preceding period with due care and found them to be in line with expectations
 - v. even if there are different - permissive - provisions in the law, it is necessary to strive to ensure that the members' mandate is not for an indefinite period and in the case of a fixed-term mandate, re-appointment can only take place if the institution has assessed the member's activities in the previous period with due care and assessed that they met the expectations
 - vi. the simultaneous expiration of several members' mandates may represent an operational risk, which must be managed by the financial organization
2. The Board of Directors, through assessment during the selection process and backtracking during operation, ensures that Body candidates meet the following requirements:
 - a. act/acted with the highest degree of professionalism, due diligence and proactivity in their activities
 - b. are/were able to take independent, objective and informed decisions and actions,
 - c. whether they are/were able to devote sufficient time to the performance of their function, taking into account their other duties and responsibilities

3. It is the responsibility of the candidates to accept membership and to familiarize themselves with the duties and responsibilities associated with the position. The members of the Bodies must devote adequate time and energy to the performance of their duties arising from their position. It is the responsibility of the Body member to assess whether he/she can fulfill his/her duties as a Body member when taking on additional functions and nominations.
4. The Board of Directors ensures that the Company provides personalized information for the newly elected, non-operative Body members, during which the members can learn about the company's structure, operations, business model, risk profile, corporate governance system, and the applicant tasks as Body members (2005/162/EC 11.3.). To this end, the Company provides the possibility of general and customized information, as well as the possibility of participating in the necessary training. Information/training must take place no later than 30 days after election/appointment.
5. The Board of Directors entrusts the preparation of the tasks related to the selection of the members of the Bodies to the Remuneration and Nominations Committee, which makes its recommendations to the Board of Directors in the form of a proposal. This proposal is always included in the Board's presentation. The main task of the Committee, through the board of directors, is to make well-founded and objective proposals to the shareholders regarding nominations for Body memberships (appointment, recall). The purpose of the Committee's operation is for the members of the Bodies to have adequate training and professional experience to be able to perform their duties in the interests of the shareholders.
6. Part of the preparation for personnel changes is the selection of highly performing employees and the planning of their careers within the company.
7. For the sake of the above, when assessing the suitability of each candidate, the Commission does not only take into account business and personal relationships, but also examines the candidate's competence and professional suitability, as well as assesses whether the candidate is able to devote sufficient time to the appropriate performance of his Body membership (2005 /162/EK I.M. 2.2.).

Selection and succession of professional management positions and key persons within the work organization

Arrangements for the selection and succession of professional management positions and key persons within the work organization, in particular of the officers appointed under the Bit., are made in accordance with the organizational structure defined in the Company's current Organization and Operation Rules, with the support of HR, as defined as the responsibility of the CEO. This is therefore the responsibility of the CEO for each of the areas under his/her authority. The CEO, together with the Head of HR, defines the key people, taking into account the Commission's proposal as necessary. In the selection of senior positions and key persons (at the time of election/appointment, at the time of renewal of the mandate, if there are circumstances requiring re-evaluation), the suitability of the candidate needs to be assessed. The succession of such employees should, in the first instance and as a general rule, be carried out through the selection of employees within the

work organization. If for some reason this is not possible or appropriate - with the involvement of HR and with prior specification of professional expectations and competences - an advertisement and/or professional online platform(s)/consultancy(s) will be used. The individual and collective suitability of the members of the management body and the suitability of the person occupying a key position should be assessed at the institutional level and individually at the time of election/appointment, prior to re-election/appointment, at the time of renewal of the mandate, at the end of the financial year or when circumstances require. The assessment of suitability should be carried out irrespective of whether or not the circumstance giving rise to the assessment or reassessment of suitability is subject to a statutory supervisory notification or authorization requirement, and whether or not the MNB carries out a suitability assessment as part of the related authorization procedures and its ongoing supervision and control activities. The assessment of suitability is the responsibility of the Commission.

Ensuring equal opportunities

On the basis of the requirement of equal treatment, candidates for office and applicants for employment must be treated with the same respect and care, taking equal account of individual considerations.

During the selection process discrimination of any kind is forbidden with regards to

- a) sex,
- b) race,
- c) color of the skin,
- d) nationality,
- e) belonging to a nationality,
- f) mother tongue,
- g) disability,
- h) health status,
- i) religion or ideological belief,
- j) political or other views,
- k) marital status,
- l) motherhood (pregnancy) or fatherhood,

- m) sexual orientation,
- n) gender identity,
- o) age,
- p) social origin,
- q) financial situation,
- r) the part-time or fixed-term nature of an employment legal status or other employment legal status,
- s) belonging to an interest group,
- t) other situation, human trait or characteristic (hereinafter together: traits).

Indirect discrimination is a provision which does not constitute direct discrimination and which appears to satisfy the requirement of equal treatment, which places individual persons with the specific characteristics listed above in a significantly greater ratio at disadvantage than it did, does or will do other persons in a comparable situation.

On improving gender balance in non-executive director positions

1. The Board of Directors ensures that, with regard to non-executive directors, the Company creates an appropriate balance between, on the one hand, the need to increase gender diversity within the management bodies and, on the other hand, the need to minimize interference in day-to-day management. Non-executive directors and supervisory board members play a fundamental role in appointing top-level managers and shaping the company's human resources policy. Therefore, the non-prominent appearance of non-executive directors, who are underrepresented, causes a positive effect that ripples through the entire career ladder.

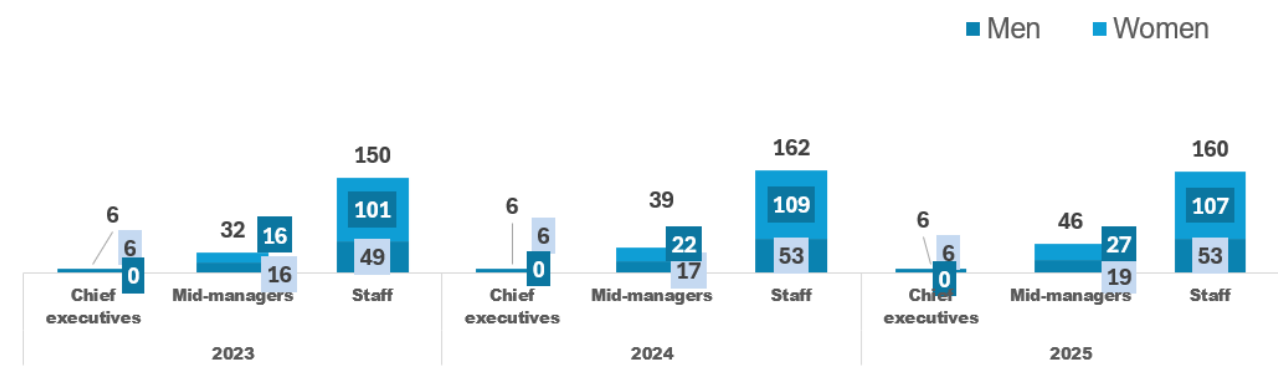
2. The Board of Directors expects to achieve the right balance and has set a target for the right balance for mid-directors. At the non-executive level, the Boards of Directors of the Companies targeted the proportion of women to reach 40 percent. We have achieved this ratio in recent years, and the proportion of women in these positions actually even increased, from 49% in 2024 to 52% in 2025.

ACHIEVING GENDER BALANCE IN 2025

The gender ratios of the Board of Directors and the Supervisory Board, which are responsible for management, were as follows: (i) all three members of the Boards of Directors were men in 2025; (ii) two of the three members of the Supervisory Board were women.

The proportion of women and men in the organization over the last three years has been as follows. Chief executives and mid-level managers are considered to be the non-executive director level detailed above.

Total headcount of men and women in the CIG Pannónia Group, by employee category



Other disclosures

Environmental protection is not directly linked to the Company's core activities, nevertheless, in the development of working environment, using paperless processes and outsourcing, the Company contributes to an energy-efficient, healthy and environmentally friendly workplace. Environmental protection is strongly supported by the widespread use of electronic procedures, so the MNB licensing system, in addition to court proceedings, paperless solutions have become decisive in communicating with customers. The Company launched its research and experimental development activities in 2023 in the topic of "Development of personalized insurance products using artificial intelligence", as explained in more detail under Note 39.

The figures and evaluation shown in the statement of financial position, the statement of comprehensive income, the changes in equity, cash-flow statement and the supplementary notes, as well as the supplementary information presented in the business report provided the foundation for developing a true and fair view of the financial position of CIG Pannónia Life Insurance Plc

Budapest, 30 March 2026

dr. István Fedák
Chief Executive Officer

Alexandra Tóth
Chief Accounting Officer

Géza Szabó
Chief Actuary