

Audit Committee report for the General Meeting of CIG Pannonia Life Insurance

The Audit Committee discussed the 2020 individual and consolidated accounts of CIG Pannonia Life Insurance Public Limited Company and its subsidiary CIG Pannonia First Hungarian General Insurance Ltd. prepared according to the International Financial Reporting Standards accepted by the European Union, which it proposes to the General Meeting for adoption in light of the audit reports, considering the following.

In the consolidated financial statements of previous years, the Group fully included CIG Pannonia First Hungarian General Insurance Ltd. ("EMABIT") as a 100% owned subsidiary. EMABIT Ltd. disclosed in its 2020 financial statements that the assumptions of the going concern had changed, according to which the principle of going concern would prevail this year.

In the 2020 financial statements, the non-going concern (liquidation) assumptions underlying the preparation of the 2019 financial statements were amended to the principle of going concern basis.

Insurers are obliged to calculate their own funds and comply with supervisory reporting obligations regarding their solvency margin compliance in accordance with Solvency 2 requirements. In the Consolidated financial statements, Additional notes, Chapter 7. Capital adequacy the Group presents the position of the solvency margin according to Solvency 2 requirements, which complies with the regulatory requirements.

The assessment of life and non-life technical provisions involves significant volume(?) of assumptions and complex decisions determining the constitution of technical provisions. In the additional notes to both the individual and consolidated financial statements, the assessment of technical liabilities in insurance, the technical provisions and the share of reinsurance undertakings in technical provisions as well as the unit-linked reserves were presented, taking into account that life and non-life technical provisions represent 81% of the balance sheet total.

Budapest, 07 April 2021

Erika Vada

President of AC