



The report of the **Audit Committee of CIG Pannónia Életbiztosító Nyilvánosan Működő Részvénytársaság** (in English: CIG Pannónia Life Insurance Plc. registered office: 1097 Budapest Könyves Kálmán krt. 11, „B” épület; company registry number: 01 10 045857; court of registration: Budapest - Capital Regional Court)
for the 2025 Annual General Meeting

The Audit Committee has discussed the 2024 **separate** and **consolidated** financial reports prepared by CIG Pannónia Életbiztosító Nyrt. (**the Company**) and its subsidiary CIG Pannónia Első Magyar Általános Biztosító Zrt. (**EMABIT**) in accordance with the International Financial Reporting Standards adopted by the European Union, which are proposed for approval by the Annual General Meeting and the founder CIG Pannónia Életbiztosító Nyrt., in view of the relevant auditor's reports, considering the following:

At Group level, CIG Pannónia Nyrt., has involved CIG Pannónia Első Magyar Általános Biztosító Zrt.-t in consolidation in the previous years' consolidated financial reports, as its fully owned affiliate company (hereinafter jointly referred to as: the Group)¹.

The Audit Committee monitors the effectiveness of the internal control and risk management systems of the insurer, the effectiveness of its internal control over financial and sustainability reporting, and the audit of the financial reporting system, pursuant to Article 116 of Act LXXXVIII of 2014 on Insurance Activities. It shall give priority to the continuous monitoring of the solvency capital compliance and liquidity situation of CIG Pannónia Életbiztosító Nyrt. and EMABIT, which is part of its consolidation. The statutory audit of the annual and consolidated accounts, the assurance of the sustainability report and the consolidated sustainability report.

Reviewing and monitoring the independence of the statutory auditor or audit firm, in particular the compliance with Article 5 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements for statutory audits of public-interest entities and repealing Commission Decision 2005/909/EC.

It shall inform the general meeting of the public interest insurer of the results of the statutory audit and assurance engagement, describe how the statutory audit and assurance engagement contributed to the integrity of the financial and sustainability reporting and the role of the audit committee in the reporting process.

In the work of the Audit Committee in 2024, all of these tasks were emphasised in the work of the Committee, primarily in support of the work of the Supervisory Board.

The Audit Committee declares that the audit methodology and the **independence criteria of FORVIS MAZARS** Könyvszakértő és Tanácsadói Korlátolt Felelősségű Társaság (registered office: 1139 Budapest, Fiastyúk utca 4-8.; company registration number: 01-09-078412; tax number: 10618684-2-41; Chamber of Auditors registration number: 000220; Auditor) **have been examined, assessed and found to be in order.** In the course of its work, it cooperated with the appointed auditor Andrea Kinga Molnár (mother's name: Dr. Mária Ibolya Kovács; address: 2096 Üröm, Kormorán u. 16/b.; Chamber of Auditors membership number: 007145).

Insurers are required to calculate their solvency capital and comply with their solvency capital adequacy supervisory reporting obligations in accordance with Solvency II. In Note 7 Capital adequacy in the notes to the consolidated financial statements, the Group presents the Solvency

¹ As from, 1 August 2016, the Committee also performs the tasks of the Audit Committee of CIG Pannónia Első Magyar Általános Biztosító Zrt.



II solvency capital position, which is in compliance with the legal requirements. On an ongoing basis, it can be seen that the Company places great emphasis on meeting the capital adequacy requirements under Solvency II² and Act LXXXVIII of 2014 on Insurance Activities (**Bit.**) at the individual and consolidated level and continues to comply with them. As of 31 December 2024, the available solvency capital on an individual (201%) and consolidated (194%) basis exceeded the 150% level expected by the Supervisory Authority, including a 50% volatility buffer.

It has been established that CIG Pannónia Életbiztosító Nyrt. has a consolidated balance sheet total of **HUF 183,672 million**, its financial position is stable, it has a profit after tax of **HUF 1,279 million** and has fully met its obligations.

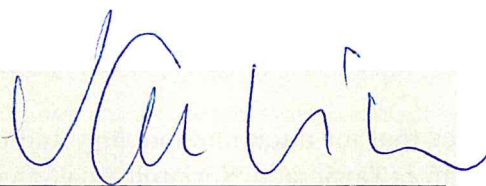
In assessing the Group's financial position in 2024, it should be noted that the Group's consolidated profit after tax was affected by two significant factors:

- the specific impact on the accounting result of the extra profit tax of HUF 943 million,
- 943 million in the accounting result, and the fact that, as a result of the strategic review of the so-called Italian affairs³, EMABIT decided to increase certain reserves⁴, in accordance with the legal requirements, the interests of the Group and the principle of best estimate.

The Audit Committee, in order to address the specific impact of the year 2024, agrees with the proposal of the Management Board of the Company, together with the justification put forward to the Shareholders, to seek to materially eliminate the risks arising from the Italian issues in its subsidiary. It considers that this effort is adequately reflected in the provisioning figures, while ensuring that the Company and the Group are run in a cost-efficient manner and that solvency is a priority, factors which together, as the Audit Committee has found, work against the payment of dividends for a period of time.

It is important to emphasise that the valuation of life and non-life technical provisions involves a significant number of assumptions and complex judgements that determine the establishment of technical provisions. In the notes to both the separate and consolidated financial statements, the valuation of technical liabilities, technical reserves and reinsurers' share of technical reserves, as well as unit-linked reserves, are adequately disclosed.

Budapest, March 26, 2025.


Vada Erika
Chairperson of the Audit
Committee.

² Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance, which introduced a complex, risk-based capital requirement, a risk-based supervisory regime, as opposed to the previous rule-based capital requirement ("Solvency I")

³ **Italian affairs**: a summary name for the risks and their management in EMABIT's Italian claims cases, covering in particular the management of these cases and the strategy for the management of ongoing legal cases, the status and review of existing claims and recourse reserves.

⁴ https://www.bet.hu/site/newkib/hu/2025.02./a_CIG_Pannonia_Eletbiztosito_Nyrt_konszolidalt_korbe_bevozt_leanyvallalata_olas_z_ugyekbol_fakado_kitettsegenek_kezeleserol_129205556