

INDEPENDENT AUDITOR'S REPORT*

on final statements of assets and liabilities and final inventories of holdings

(Not for disclosure)

To the shareholders of **CIG Pannónia Életbiztosító Nyrt.**

Opinion

In the context of the transformation (merger) of the companies listed below, we have audited the final statements of assets and liabilities and final inventories of holdings as of 30 June 2017, in which we examined:

- (a) the final statement of assets and liabilities and final inventory of holdings before merger of **CIG Pannónia Életbiztosító Nyrt.** as the acquiring company operating unchanged after merger ("Acquiring Company"), in which the balance sheet total is THUF **73.212.503**, registered capital is THUF **2.606.574**, shareholders' equity is THUF **6.998.656**;
- (b) the final statement of assets and liabilities and final inventory of holdings of **Pannónia Életbiztosító Zrt.** as the company which was terminated during the merger due to merger with the acquiring company, in which the balance sheet total is THUF **14.670.895**, registered capital is THUF **1.170.000**, shareholders' equity is THUF **811.254**; and
- (c) the final statement of assets and liabilities and final inventory of holdings presenting the actual financial position after merger of **CIG Pannónia Életbiztosító Nyrt.** as the company operating after merger ("Successor Company"), in which the balance sheet total is THUF **87.774.507**, registered capital is THUF **2.606.574**, shareholders' equity is THUF **7.720.959**.

(Companies participating in the merger are hereinafter jointly referred to as "Merging Companies".)

In our opinion, the accompanying final statements of assets and liabilities and final inventories of holdings of **CIG Pannónia Életbiztosító Nyrt.** as the acquiring company, of **Pannónia Életbiztosító Zrt.** as the acquired company and **CIG Pannónia Életbiztosító Nyrt.** as the company established by transformation or successor company which continues operating unchanged were prepared in accordance with the provisions of Sections 136-143. of the Act C of 2000 on Accounting (Accounting Act).

* This report has been originally issued in Hungarian and in case of any discrepancy the proper version is the Hungarian text.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing (“HNSA”) and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the final statements of assets and liabilities and final inventories of holdings” section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the final statements of assets and liabilities and final inventories of holdings in Hungary. We have fulfilled our other ethical responsibilities in accordance with those requirements.

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

Other Matters – Limitation of use

This auditor’s report was prepared exclusively for the shareholders of [CIG Pannónia Életbiztosító Nyrt.](#) with regard to Article 11. (2) of the Act CLXXVI of 2013, and based on Article 136. (9) of the Accounting Act and our report should not be used for any purpose other than that specified by these laws or by another person.

Responsibilities of management and those charged with governance for the final statements of assets and liabilities and final inventories of holdings

Management is responsible for the preparation of the final statements of assets and liabilities and final inventories of holdings in accordance with Sections 136-143. of the Act C of 2000 on Accounting applicable in Hungary, and for such internal control as management determines is necessary to enable the preparation of final statement of assets and liabilities and final inventory of holdings that are free from material misstatement, whether due to fraud or error.

In preparing the final statements of assets and liabilities and final inventories of holdings, management is responsible for assessing the successor Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the final statements of assets and liabilities and final inventories of holdings

Our objectives are to obtain reasonable assurance about whether the final statements of assets and liabilities and final inventories of holdings as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the final statements of assets and liabilities and final inventories of holdings, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the successor Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report or to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the final statements of assets and liabilities and final inventories of holdings and whether the financial statements represent the underlying decisions and events according to Sections 136-143. of Act on Accounting.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Budapest, 14 August 2017

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