

Powszechny Zakład Ubezpieczeń Spółka Akcyjna

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021, PREPARED IN
ACCORDANCE WITH POLISH ACCOUNTING STANDARDS



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Introduction to the financial statements

1. Introduction

Company highlights

Powszechny Zakład Ubezpieczeń Spółka Akcyjna (“PZU”, “Company”) has its registered office in Warsaw at Al. Jana Pawła II 24.

PZU is entered in the register of commercial undertakings of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division, under file number KRS 0000009831.

According to the Polish Classification of Business Activity and the Statistical Classification of Economic Activities in Europe, the core business of PZU consists of non-life insurance (65.12).

According to the Stock Exchange Bulletin, the company is classified into the “insurance companies” sector within the “Finance” macrosector.

PZU is the parent company of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group (“PZU Group”) and it prepares consolidated financial statements.

Period covered by the standalone financial statements

These standalone financial statements cover the period of 12 months from 1 January to 31 December 2021. Comparative data refer to the period from 1 January to 31 December 2020.

Format of standalone financial statements

The standalone financial statements for 2021 contain financial data presented in the layout set out in Appendix 2 to the Finance Minister’s Regulation of 5 October 2020 in the matter of the scope of information posted in financial statements and consolidated financial statements required in prospectuses from issuers with registered offices in the Republic of Poland, to which Polish accounting standards apply (consolidated text: Journal of Laws of 2020, Item 2000, “regulation on financial statements in prospectuses”).

Pursuant to Article 45(1)(f) of the Accounting Act (consolidated text: Journal of Laws of 2021, Item 217, “Accounting Act”), standalone financial statements must be prepared in electronic form. Moreover, in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815, issuers prepare their annual financial statements in XHTML format.

Going concern assumption

These standalone financial statements have been prepared under the assumption that PZU remains a going concern in the foreseeable future, i.e. in the period of at least 12 months after the end of the reporting period.

As at the date of signing these standalone financial statements, there are no facts or circumstances that would indicate a threat to the ability of PZU to continue its activity in the period of 12 months after the end of the reporting period as a result of an intentional or an induced discontinuation or a material curtailment of their hitherto activity.

Having made this assumption, in its assessment, the PZU Management Board took into account the impact of factors subject to uncertainty, in particular the COVID-19 pandemic and the armed conflict in Ukraine which began on 24 February 2022, on the macroeconomic situation, and its own activity, as described in section 34 of the “Notes and explanations”.

Unit for presentation purposes

Unless noted otherwise, all amounts presented in these standalone financial statements are stated in thousands of Polish zloty.

Discontinued operations

Neither in 2021 nor in 2020 did PZU discontinue the conduct of any type of operation.

Seasonal or cyclical business

PZU's business is to subject to any significant seasonality or business cycles.

2. Selected standalone financial data of PZU

| Data from the balance sheet | 31 December 2021 PLN 000s | 31 December 2020 PLN 000s | 31 December 2021 EUR 000s | 31 December 2020, EUR 000s |
|--|------------------------------|------------------------------|------------------------------|-------------------------------|
| Assets | 44,466,221 | 44,665,075 | 9,667,831 | 9,678,659 |
| Share capital | 86,352 | 86,352 | 18,775 | 18,712 |
| Total equity | 15,776,367 | 17,688,602 | 3,430,092 | 3,833,016 |
| Basic and diluted weighted average number of common shares | 863,523,000 | 863,523,000 | 863,523,000 | 863,523,000 |
| Book value per common share (in PLN/EUR) | 18.27 | 20.48 | 3.97 | 4.44 |

| Data from the revenue account of non-life insurance and the general profit and loss account | 1 January – 31 December 2021 PLN 000s | 1 January – 31 December 2020 PLN 000s | 1 January – 31 December 2021 EUR 000s | 1 January – 31 December 2020 EUR 000s |
|---|---|---|---|---|
| Gross written premiums | 13,388,898 | 12,536,677 | 2,924,937 | 2,801,993 |
| Technical result of non-life insurance | 1,268,986 | 1,532,677 | 277,223 | 342,559 |
| Net investment result ¹⁾ | 1,558,491 | 1,103,070 | 340,468 | 246,540 |
| Net profit (loss) | 2,028,335 | 1,918,780 | 443,110 | 428,854 |
| Basic and diluted weighted average number of common shares | 863,523,000 | 863,523,000 | 863,523,000 | 863,523,000 |
| Basic and diluted earnings per common share (in PLN/EUR) | 2.35 | 2.22 | 0.51 | 0.50 |

¹⁾ Including the item "Share of the net profit (loss) of related parties measured by the equity method".

| Data from the cash flow statement | 1 January – 31 December 2021 PLN 000s | 1 January – 31 December 2020 PLN 000s | 1 January – 31 December 2021 EUR 000s | 1 January – 31 December 2020, EUR 000s |
|--|---|---|---|--|
| Net cash flows from operating activities | 1,403,891 | 1,454,204 | 306,694 | 325,020 |
| Net cash flow on investing activity | 1,561,788 | (1,378,104) | 341,188 | (308,011) |
| Net cash flows from financing activities | (2,943,735) | (81,156) | (643,088) | (18,139) |
| Total net cash flows | 21,944 | (5,056) | 4,794 | (1,130) |

3. PLN/EUR exchange rates

The following currency exchange rates were used in the financial statements (also for presentation of financial highlights):

| EUR / PLN | 1 January – 31 December 2021 | 1 January – 31 December 2020 | 31 December 2021 | 31 December 2020 |
|-----------------------|---------------------------------|---------------------------------|------------------|------------------|
| Mean exchange rate | 4.5775 | 4.4742 | 4.5994 | 4.6148 |
| Maximum in the period | 4.721 | 4.6330 | n/a | n/a |
| Minimum in the period | 4.4541 | 4.2279 | n/a | n/a |

These FX rates:

for balance sheet items – mean NBP exchange rates on the balance sheet date;

for items from the profit and loss account and the cash flow statement – exchange rates calculated as mean NBP exchange rates for the last day of each month of the given period.

4. Changes in accounting policies in the financial year

No changes were made to the accounting principles (policy) in 2021.

5. Changes to the method of preparing financial statements and the comparability of data

In 2021, no changes were made to the method of preparing the financial statements.

6. Corrections of errors from previous years

No corrections of errors from previous years were made in the standalone financial statements.

7. Significant events that have occurred after the balance sheet date and have not been taken into account in the financial statements

7.1 Intended bond issue

On 15 February 2022, the PZU Management Board adopted a resolution to submit a motion to the PZU Shareholder Meeting in the matter of issuing subordinated bonds on the domestic market. The contemplated issue is closely related to PZU's planned early redemption of the series A subordinated bonds issued on 30 June 2017 with a total par value of PLN 2,250,000 thousand and a maturity date of 29 July 2027 (Series A Bonds). The terms and conditions for the issue of Series A Bonds contemplate PZU SA's early redemption option on 29 July 2022.

In connection with the planned redemption of the Series A Bonds, PZU intends to issue a new issue of subordinated bonds to replace them and their parameters will be similar to the Series A Bonds. The contemplated issue would be for subordinated bonds on the domestic market with a total nominal value of no more than PLN 3,000,000 thousand whose proceeds would be treated as tier 2 own funds according to the Insurance Activity Act and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing 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 (Solvency II).

In connection with the anticipated schedule of execution of the aforementioned actions, there is a possibility that the financial leverage ratio specified in § 6 Section 1 Item 3 of the PZU Group's Capital and Dividend Policy in 2021-2024 approved by PZU Supervisory Board Resolution No. URN/33/2021 on 25 March 2021 may be exceeded in connection with the necessity of conducting the issue of subordinated bonds on the domestic market prior to the date of maturity of the Series A Bonds.

On 15 February 2022, the PZU Supervisory Board endorsed the PZU Management Board's motion regarding the issue of bonds. The PZU Shareholder Meeting which is expected to consider the motion has been scheduled for 25 March 2022.

7.2 Armed conflict in Ukraine

Due to the invasion of Ukraine by the Russian Federation on 24 February 2022, the PZU Management Board evaluated the impact of this event on the Company's operations, business continuity, financial standing and future operations, which is described in section 34 of the "Notes and explanations".

7.3 Acquisition of TFI Energia SA

On 17 March 2022, PZU signed a preliminary agreement to purchase a 100% equity stake in Towarzystwo Funduszy Inwestycyjnych Energia Spółka Akcyjna ("TFI Energia") from Polska Grupa Energetyczna Spółka Akcyjna. The deal is expected to be consummated in the middle of the year after obtaining approvals from the Polish Financial Supervision Authority and the Office of Competition and Consumer Protection. Following the completion of the transaction, TFI Energia will become a subsidiary of PZU and will be subject to consolidation.

8. Significant events pertaining to previous years taken into account in the financial statements of the reporting period

As of the date of signing these standalone financial statements, no significant events pertaining to previous years have occurred that should be taken into account in the standalone financial statements.

9. Significant events pertaining to the reporting period with material effect on the structure of balance sheet items and the financial result

9.1 Dividend from Powszechny Zakład Ubezpieczeń na Życie SA ("PZU Życie")

On 15 June 2021 the PZU Życie Ordinary Shareholder Meeting adopted a resolution to distribute net profit for the 2020 financial year totaling PLN 1,217,288 thousand as follows:

earmark PLN 1,214,143 thousand as a dividend;

earmark PLN 3,145 thousand to the Company Social Benefit Fund.

The dividend record date was set at 5 July 2021 and the dividend payment date was set for 4 October 2021. The dividend was disbursed on the set date. The amount increased investment income from subordinated entities.

9.2 Distribution of net profit for the financial year 2020

This matter is described in section 9.27.2.1 of the “Notes and explanations”.

10. PZU’s management and supervisory bodies

10.1 PZU Management Board

From 1 January 2021, the PZU Management Board consisted of the following persons:

Beata Kozłowska-Chyła – President of the PZU Management Board;

Ernest Bejda – Member of the PZU Management Board;

Marcin Eckert – Member of the PZU Management Board;

Małgorzata Kot – Member of the PZU Management Board;

Tomasz Kulik – Member of the PZU Management Board;

Maciej Rapkiewicz – Member of the PZU Management Board;

Małgorzata Sadurska – Member of the PZU Management Board;

Krzysztof Szypuła – Member of the PZU Management Board.

On 7 June 2021, Marcin Eckert submitted his resignation from being a PZU Management Board Member.

On 20 July 2021, the PZU Supervisory Board appointed, with effect from 4 August 2021, Krzysztof Kozłowski as a PZU Management Board Member for a joint term of office encompassing three full financial years 2020-2022.

On 4 February 2022, Krzysztof Szypuła tendered his resignation from the PZU Management Board.

From 5 February 2022 to the date of signing the standalone financial statements, the PZU Management Board consisted of the following persons:

Beata Kozłowska-Chyła – President of the PZU Management Board;

Ernest Bejda – Member of the PZU Management Board;

Małgorzata Kot – Member of the PZU Management Board;

Krzysztof Kozłowski – Member of the PZU Management Board;

Tomasz Kulik – Member of the PZU Management Board;

Maciej Rapkiewicz – Member of the PZU Management Board;

Małgorzata Sadurska – Member of the PZU Management Board.

10.2 PZU Supervisory Board

From 1 January 2021, the PZU Supervisory Board consisted of the following persons:

Maciej Łopiński – Supervisory Board Chairman;

Paweł Górecki – Supervisory Board Deputy Chairman;

Robert Śnitko – Supervisory Board Secretary;

Marcin Chludziński – Supervisory Board Member;

Agata Górnicka – Supervisory Board Member;

Robert Jastrzębski – Supervisory Board Member;

Tomasz Kuczur – Supervisory Board Member;

Elżbieta Mączyńska-Ziemacka – Supervisory Board Member;

Krzysztof Opolski – Supervisory Board Member;

Józef Wierzbowski – Supervisory Board Member;

Maciej Zaborowski – Supervisory Board Member.

On 7 June 2021, Maciej Łopiński submitted his resignation from serving in the capacity of Chairman of the PZU Supervisory Board and from membership in the Supervisory Board.

On 16 June 2021, the PZU Ordinary Shareholder Meeting appointed Paweł Mucha to the PZU Supervisory Board. On the same day, the PZU Supervisory Board appointed Paweł Mucha as the Supervisory Board Chairman.

On 11 October 2021, Mr. Tomasz Kuczur tendered his resignation from serving in the capacity of a PZU SA Supervisory Board Member, effective as of 11 October 2021.

On 12 October 2021, the Extraordinary Shareholder Meeting of PZU appointed Radosław Sierpiński to the PZU Supervisory Board.

From 12 October 2021 to the date of signing the standalone financial statements, the PZU Supervisory Board consisted of the following persons:

Paweł Mucha – Supervisory Board Chairman;

Paweł Górecki – Supervisory Board Deputy Chairman;

Robert Śnitko – Supervisory Board Secretary;

Marcin Chludziński – Supervisory Board Member;

Agata Górnicka – Supervisory Board Member;

Robert Jastrzębski – Supervisory Board Member;

Elżbieta Mączyńska-Ziemacka – Supervisory Board Member;

Krzysztof Opolski – Supervisory Board Member;

Radosław Sierpiński – Supervisory Board Member.

Józef Wierzbowski – Supervisory Board Member;

Maciej Zaborowski – Supervisory Board Member.

10.3 PZU Group Directors

Apart from Management Board Members, key managers in the PZU Group also comprise PZU Group Directors.

From 1 January 2021, the following persons were PZU Group Directors:

Aleksandra Agatowska (PZU);

Ernest Bejda (PZU Życie);

Bartłomiej Litwińczuk (PZU);

Dorota Maciejka (PZU).

On 4 August 2021, the PZU Życie Management Board appointed Krzysztof Kozłowski to the position of PZU Group Director at PZU Życie.

Effective as of 24 August 2021, Mr. Ernest Bejda was dismissed as the PZU Group Director in PZU Życie.

On 4 February 2022, Krzysztof Szypuła was appointed to the position of a PZU Group Director in PZU.

From 4 February 2022 to the date of signing the standalone financial statements, the following persons were PZU Group Directors:

Aleksandra Agatowska (PZU);

Krzysztof Kozłowski (PZU Życie);

Bartłomiej Litwińczuk (PZU);

Dorota Maciejka (PZU);

Krzysztof Szypuła (PZU).

11. Audit fee payable to the audit firm performing the audit of financial statements

According to item 12.a sub-item b of “B. Notes” of Attachment 3 to the regulation on financial statements in prospectuses, information on the audit fee for the audit firm performing the audit of financial statements is presented in item 32.1 of the “Notes and explanations”.

12. Endorsed accounting standards (policies)

According to Article 45 Section 1a of the Accounting Act, the financial statements of issuers of securities admitted into trading on one of the regulated markets of the European Economic Area states may be prepared in accordance with International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission (“IFRS”).

As the PZU Shareholder Meeting has not made the decision referred to in Article 45 Section 1c of the Accounting Act in the matter of preparation of financial statements pursuant to IFRS, PZU’s standalone financial statements for the financial year ended 31 December 2021 have been prepared in accordance with the Accounting Act and the executive regulations issued on its basis, among others:

- Finance Minister’s Regulation of 12 April 2016 on the special accounting principles for insurance and reinsurance undertakings (Journal of Laws of 2016 Item 562, “regulation on accounting principles for insurers”);
- Finance Minister’s Regulation of 12 December 2001 on the detailed principles of recognition, valuation methods, scope of disclosure and presentation of financial instruments (consolidated text in Journal of Laws of 2017, Item 277),

as well as with the adopted accounting policy and Polish Accounting Standards (“PAS”).

Other major legal acts applicable to the standalone financial statements include the Act of 11 September 2015 on Insurance and Reinsurance Activity (i.e. Journal of Laws of 2021, Item 1130, as amended, “Insurance Activity Act”).

In matters not regulated by the Accounting Act and the executive acts issued on its basis, Polish Accounting Standards and/or IFRS are applied accordingly.

12.1 Intangible assets

Intangible assets are recognized if they are likely to cause a future inflow of economic benefits, which may be related to these assets and include property rights acquired by PZU and classified in non-current assets that are fit for economic use, with an expected useful life of over one year, designated for use for the needs of PZU.

Intangible assets include in particular: computer software, economic copyright, licenses and concessions.

Intangible assets are measured at the purchase price or production cost less amortization charges and impairment losses.

Intangible assets are amortized by the straight-line method over their expected useful lives, in line with the amortization plan adopted by PZU, corresponding to their estimated economic lives, using annual depreciation rates ranging from 20% to 50%.

In justified cases, after a case-by-case analysis, a different amortization rate may be used corresponding to the expected useful life of the intangible asset. Since a decision was made that the planned useful life of the Platforma Everest product system in PZU would be 10 years, the annual amortization rate of 10% was adopted for the system.

Intangible assets with unit values of PLN 3,500 or less are expensed in the month they are put into use.

12.2 Investments

12.2.1. Investments in real property

Investments in real property include: own land, perpetual usufruct rights to land, structures and buildings, as well as premises constituting separate property, cooperative ownership rights to apartments, cooperative rights to commercial premises, construction investments and advances towards construction investments.

Investments in real property are measured at purchase price or production cost, while taking into account revaluations conducted on the basis of separate regulations (the most recent such revaluation was conducted as at 1 January 1995 and its effects recognized in revaluation reserve), less accumulated depreciation accrued as at the balance sheet date and impairment losses.

Properties are depreciated by the straight-line method over their expected useful lives, in line with the amortization plan adopted by PZU, corresponding to their estimated economic lives, using annual depreciation rates for the key components of a given category, which are presented below. In justified cases PZU may individually set depreciation rates according to the applicable depreciation schedule. Own land, construction investments and advances towards investments are not depreciated.

| Asset category | Amortization and depreciation rate |
|---|------------------------------------|
| Cooperative ownership rights to apartments, cooperative rights to commercial premises | 2.5% |
| Buildings and structures | 1.5 – 10% |

12.2.2. Shares in subordinated entities

Shares in subordinated entities are measured by the equity method.

In the equity method, shares in related parties are measured at purchase price plus or less the increase or decrease in the equity of the related party attributable to PZU, which occurred from the date of acquiring control, joint control or significant influence, to the balance sheet date, while the percentage of the increases or decreases in the subsidiary's equity is adjusted for:

amortization of goodwill (amortized using the straight-line method for a period of up to twenty years);

charge equal to the differences in the measurement of net assets at fair values and carrying amounts for a given reporting period.

Differences in the measurement of net assets at fair values and book values include mainly the purchase prices of intangible assets identified in the allocation process and other restatements, such as e.g.:

- trademarks – amortized using a straight-line method, usually over the period equal to the goodwill amortization period;
- insurance – value in force (future gains from an acquired portfolio of insurance agreements) amortized over the effective period of the insurance agreements;
- other remeasurement to fair value of those assets and liabilities of subordinated entities that were not measured at fair value;
- recognition of the effect of deferred tax on net assets of a subordinated entity, as a result of the differences mentioned above.

The effects of the equity method measurement of shares in related parties are recognized as follows:

- remeasurement of shares in subordinated entities to amounts exceeding the purchase price is recognized in the revaluation reserve;
- remeasurement of shares in subordinated entities to amounts below their purchase price is recognized in the profit and loss account.

Impairment

At the end of each financial year and any time there are any indications of impairment, shares in related parties and goodwill are tested for impairment. Impairment losses are recognized in the profit and loss account.

The goodwill impairment test is based on a comparison of a recoverable amount of a company or a cash-generating unit and its carrying amount. If the recoverable amount, expressed as the greater of the fair value less costs to sell or the present value of the expected future net economic benefits, discounted at the current market rate of return for similar financial assets, is lower than the carrying amount then an impairment loss is recognized in the profit and loss account. For companies quoted on an active market, the recoverable amount is estimated based on fair value.

Determining the recoverable amount of an entity or a cash-generating unit requires a professional judgement and assessment of assumptions, including among others: the entity's economic role, the discount rate, the risk-free rate, beta coefficient, activity of the market where the entity is quoted and projected cash flows.

12.2.3. Financial instruments

Financial instruments are classified upon purchase to the following categories

- financial assets and financial liabilities held for trading;

- financial assets held to maturity;
- loans granted and own receivables;
- available for sale financial assets.

Financial assets and liabilities are recognized in the balance sheet when PZU becomes a party to a binding contract in which it assumes the risk and obtains the benefits associated with the financial instrument. In the case of transactions concluded on an organized market, the purchase or sale of financial assets and liabilities are recognized in the books on the date of the transaction.

Financial instruments are initially recognized at fair value adjusted for transaction costs that can be attributed directly to the purchase or issue of the financial instrument. The fair value of a financial instrument at initial recognition is usually its transaction price, unless the nature of the financial instrument suggests otherwise.

In the case of interest-bearing financial instruments, interest accrues from the day following the transaction settlement date.

The fair value of debt securities includes interest accrued as at the balance sheet date pursuant to the terms and conditions of issue, while taking into account the full amount of interest purchased but not settled and interest awarded but not paid.

Disposal of financial instruments is determined according to the “first in – first out” principle (FIFO).

Fair values of financial instruments are measured on the basis of quotations publicly available on an active market, and if there are no such quotations – using valuation models containing references to published price quotations of the underlying financial instruments, interest rates and stock exchange indices.

Exceptions include shares, whose fair value cannot be reliably estimated. In this situation, they are measured at purchase cost, while taking impairment losses into account.

Financial instruments held for trading

Financial instruments held for trading include assets purchased to obtain economic benefits arising from short-term price changes and fluctuations of other market factors or short term of the purchased instrument, as well as derivative instruments, provided they are not recognized as hedging instruments.

Financial instruments held for trading also include obligations to deliver borrowed securities and other financial instruments if the entity concludes a short sale contract.

Financial assets classified by the entity as held for trading are not reclassified to other categories.

Financial instruments held for trading are measured at fair value.

Derivatives

Derivatives are carried in accounting ledgers at fair value on the transaction date and subsequently measured at fair value.

For derivatives quoted on an active market, the fair value is considered to be the closing price as at the balance sheet date.

The fair value of derivatives not quoted on an active market, including forward contracts and interest rate swaps (IRSs) is measured using the discounted future cash flow method. The rates from OIS curves (overnight indexed swaps), taking into account the currency of the margin provided for the instrument, are used to discount cash flows.

Derivatives are recognized in the balance sheet in the „Other investments” item in assets or „Other liabilities” in equity and liabilities.

Movements in fair value of non-hedging derivatives are recognized in the profit and loss account of the reporting period.

Financial assets held to maturity

Financial assets held to maturity include financial assets that are not classified as loans granted or own receivables, for which contracts specify the due repayment date of the nominal value and define the right to receive economic benefits in fixed or determinable amounts, for example interest, within the agreed dates, provided that PZU intends and is able to hold these assets until they become due and payable (in particular debt securities).

This classification is to a large extent based on the subjective judgment of the PZU Management Board, which declares its intention and ability to hold these financial instruments to maturity. Such a judgment is based on an analysis of the assets and financial situation and the matching of PZU’s assets and liabilities.

Financial assets held to maturity are measured as at the balance sheet date at adjusted purchase price less impairment losses.

Loans granted and own receivables

Loans granted and own receivables include, irrespective of their maturity (payment) date, financial assets created as a result of releasing cash directly to the other contractual party.

Loans also include buy-sell-back transactions and term deposits with credit institutions, regardless of the maturity of a term deposit.

Loans granted, including term deposits and own receivables, are measured at adjusted purchase price less impairment losses.

Interest received and accrued on term deposits with credit institutions for the reporting period is recognized in the "Revenue from term deposits with credit institutions" line item in the non-technical profit and loss account.

Available for sale financial assets

Available for sale financial assets include assets not classified in the categories described above, i.e.:

- financial instruments held for trading;
- financial assets held to maturity;
- loans granted and own receivables.

Available for sale financial assets are measured at fair value and if fair value cannot be reliably measured – at purchase price less impairment.

The difference between the fair value of financial assets available for sale and their purchase price or adjusted purchase price in the case of debt instruments, is recognized in revaluation reserve.

The effects of revaluating available for sale debt instruments to the adjusted purchase price are recognized in the statement of profit or loss.

If impairment occurs in available for sale instruments then the impairment losses previously recognized in the revaluation reserve are charged to the non-technical profit and loss account.

If the reason for recognizing the impairment loss no longer exists, the equivalent of all or an appropriate part of the previously recognized impairment loss will be recognized in the non-technical profit and loss account.

Deposits with ceding enterprises

Deposits with ceding enterprises include claims deposits and premium deposits retained by the insurance companies to which PZU provides reinsurance cover. They constitute part of payments due to PZU but are retained as amounts securing future claims.

Deposits with ceding enterprises are measured at the payable amount calculated in accordance with the terms of the relevant reinsurance treaty; if the deposit is a financial instrument then the amount also takes into account the valuation of that instrument and any impairment losses.

Sale and purchase transactions of financial instruments, whose economic essence is different from the legal content

PZU believes that the conditional buy-and-sell-back transactions and sell-and-buy-back transactions do not signify a transfer of rights and duties associated with the specific financial instrument; accordingly, such transactions are classified accordingly as loans or liabilities. Such transactions are measured at adjusted purchase price.

Impairment of financial assets

The assessment of whether there is objective evidence of impairment of a financial asset or a group of financial assets is made at the end of each reporting period.

If there is objective evidence of impairment arising from events occurring after the initial recognition of financial assets and causing a decrease in expected future cash flows then appropriate impairment losses are recognized against costs of the current period. Losses expected as a result of future events, no matter how likely, are not recognized.

Objective evidence of impairment includes information about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter liquidation, bankruptcy or other financial reorganization;
- lack of an active market for a given financial asset caused by the issuer's financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - negative changes pertaining to the status of the borrowers' payments in the group (e.g. increased number of delayed payments) or
 - adverse changes in the economic condition in a specific industry, region, etc. contributing to the deterioration of the debtors' capacity for repayment;
- significant or prolonged decline in the fair value of investments in an equity instrument below the purchase cost;
- adverse changes in the technology, market, economic, legal or other environment in which the issuer of an equity instrument operates indicating that costs of investment in that equity instrument may not be recovered.

If evidence of impairment occurs in available for sale financial instruments then the losses previously recognized in the revaluation reserve are charged to the profit and loss account.

Impairment losses for assets held to maturity and loans are calculated at the difference between the carrying amount of the assets and the present value of estimated future cash flows discounted by the effective interest rate determined on initial recognition (initial effective interest rate).

Impairment losses for equity instruments quoted on regulated markets, participation units in open-end mutual funds and closed-end mutual fund certificates classified as available for sale are recognized if the following conditions are jointly met:

the negative difference between the present value and the purchase value is at least 30% of the purchase value;

at the end of each of the consecutive 12 months, the value of the asset was lower than the purchase value.

No impairment loss is recognized if it is deemed that the events mentioned above may be reversed within 6 months of the balance sheet date or if there is any other evidence indicating the temporary nature of such declines.

International investments

International investments are investments located outside of Poland.

Location of an investment is determined by: in the case of assets listed on regulated markets – the country of their issuer, while in the case of other investments – the location where they are made, which means in particular:

- for debt securities, loans and receivables and other financial instruments with guaranteed income rates – issuer's country of domicile, borrower's country, debtor's country;
- for shares and other financial instruments offering the right to participate in equity – registered offices of that company;
- for participation units and investment certificates in mutual funds or in other collective investing funds – the country of the fund's manager.

Hedge accounting

The method in which the outcome of valuation of hedging and hedged positions is recognized depends on the type of hedge.

Prior to the establishment of a hedge, it is classified as a fair value hedge or a cash flow hedge.

For a fair value hedge, any gain or loss resulting from movement in fair value of the hedging instrument is recognized in the profit and loss account.

A gain or loss resulting from fair value measurement of a cash flow hedge instrument, in the part recognized as an effective hedge, is posted in the revaluation reserve. The effect of revaluation of a hedging instrument in the part recognized as an ineffective hedge is posted in investment income or expenses.

In the case of cash flow hedges from debt financial instruments with a variable interest rate involving an interest rate swap from a variable rate to a fixed rate, the amounts recognized in equity are reclassified to profit or loss of the current period in the same period or periods in which the expected hedged cash flows affect the current period's profit or loss.

12.3 Receivables

Receivables are recorded at the value determined upon their creation. As at the balance sheet date, receivables are measured at the amount of required payment less impairment losses. Impairment losses for uncollectible or doubtful receivables are recognized on the basis of an analysis of debtors' financial standing and property, analysis of the age structure of the receivables and the collection history, which offers insight into the probability of payment.

12.3.1. Receivables on direct insurance

Receivables on direct insurance include amounts receivable from policyholders on account of premiums paid in installments and past due premiums, receivables from insurance intermediaries, such as insurance brokers, agents and other intermediaries and other receivables.

Receivables from policyholders

PZU reviews receivables from policyholders in order to determine whether there is any indication of potential impairment.

A collective assessment of impairment of receivables is conducted, as a result of which a general impairment loss is estimated.

The general impairment loss is estimated on the basis of the assumed model for assessing impairment of receivables. In the model, the charge is determined by assessing impairment of receivables from policyholders grouped by similar credit risk characteristics.

For matured receivables, an age structure is prepared, depending on the past due period. A general impairment loss is calculated in separate ranges of past due periods, based on the uncollectibility ratios determined through historical analysis.

For receivables before maturity, the value of the receivable that is likely to become due is determined based on a historical analysis of the percentage of the ratio of receivables that are not paid before maturity. Then, on this amount of receivables, an impairment loss is recognized in the amount corresponding to the uncollectibility ratio of matured receivables for the shortest past due period.

Impairment losses for receivables on direct insurance are posted to other technical charges.

12.3.2. Reinsurance receivables

Reinsurance receivables include receivables from ceding companies, reinsurers and reinsurance brokers resulting from inward reinsurance and outward reinsurance and retrocession. These receivables are related in particular to the reinsurers' share in claims paid out by the insurer, reinsurance commissions and share in the reinsurers' profits.

Impairment losses for receivables on reinsurance are posted to other technical charges.

12.3.3. Other receivables

Other receivables include, among others, receivables on account of due dividends, receivables from the state budget and receivables for acting as an emergency adjuster.

Impairment losses for other receivables are posted to other operating expenses.

12.4 Property, plant and equipment

Property, plant and equipment consist of tangible non-current assets excluding property classified as investments, with an expected useful life that is more than one year, complete, fit for use and intended for the purposes of PZU.

They include in particular:

- machinery, equipment, means of transport, IT hardware and other;

- improvements in fixed assets owned by third parties.

Property, plant and equipment are measured at the purchase price or production cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated from the first day of the month following the month in which they are accepted for use, using the straight-line method over their expected useful life, in line with the depreciation plan adopted by PZU corresponding to their estimated economic lives, using annual depreciation rates for the key components of a given category, which are presented below. In justified cases PZU may individually set depreciation rates according to the applicable depreciation schedule.

| Asset category | Depreciation rate for key assets in each category |
|-----------------------------------|---|
| Machinery and technical equipment | 10% – 40% |
| Means of transport | 14% – 33% |
| IT hardware | 14.30% – 40% |
| Other non-current assets | 7% – 20% |

Property, plant and equipment with unit values of PLN 3,500 or less are expensed in the month they are put into use.

12.5 Cash

Cash consists mainly of cash at hand and on current bank accounts and additionally bills of exchange, third party cheques and cash in transit.

Cash is recognized at its nominal value.

12.6 Prepayments and accruals

Prepayments and accruals include costs incurred and accrued related in whole or in part to periods following the balance sheet date; they include in particular costs related to insurance premiums that will be earned in subsequent periods (i.e. among others acquisition expenses, costs of mandatory fees, provided that they may have material influence on the financial statements).

In the case of property insurance, deferrals include acquisition commissions and a portion of indirect acquisition expenses related to the signing and renewals of insurance policies, in particular costs related directly to sales processes, which cannot be classified as direct acquisition expenses, in particular costs of activities related to: agreement origination processes and underwriting processes in sales units (separated by using working time questionnaires), automatic and manual entry of policies into production systems (registration of sales) and contact center operations related to the sales of policies.

12.6.1. Deferred tax assets

Deferred tax assets are recognized after set-off with deferred tax liabilities.

12.6.2. Prepaid expenses and accrued income

Expenses (including among others IT costs, costs of mandatory fees incurred in accordance with legal requirements, etc.) are accounted for according to the lapse of time or according to the amount of benefits, provided that they may have material effect on the financial statements.

Accruals include, among other things, accrued reinsurance income resulting from economic events, which occurred before the balance sheet date, that will be settled in the future in accordance with the terms and conditions of the contract.

12.6.3. Accrued expenses

Accrued expenses include expenses and capital expenditures of the current reporting period that will be incurred in the next period but that are not recognized as liabilities or provisions, including in particular acquisition expenses, costs of mandatory fees and outward reinsurance.

Accrued reinsurance expenses include, among other things, accrued expenses resulting from economic events, which occurred before the balance sheet date, that will be settled in the future in accordance with the terms and conditions of the contract.

12.6.4. Deferred income

Deferred income includes, among other things, deferred reinsurance commissions settled pro rata to premium earned on the reinsurers' share.

12.7 Equity

12.7.1. Share capital

Share capital is posted at its nominal value registered in the National Court Register.

12.7.2. Supplementary capital

Supplementary capital is created and distributed in accordance with the provisions of the Commercial Company Code (consolidated text: Journal of Laws of 2020, Item 1526, “CCC”) and the PZU’s Articles of Association.

Supplementary capital is created from the distribution of net profit from previous year and the transferred part of the revaluation reserve upon settlement of a sale or liquidation of previously restated fixed assets.

12.7.3. Revaluation reserve

This item captures the effects of:

- revaluation of shares in subordinated entities (above the purchase price only) after taking into account the corresponding change in deferred tax assets or liabilities;
- revaluation of investments classified into the available for sale portfolio (above and below the purchase price and, in the case of debt instruments, adjusted purchase price) after taking into account the corresponding change in deferred tax assets or liabilities;
- revaluation of fixed assets in accordance with the relevant regulations. Most recently, such revaluation of fixed assets was conducted as at 1 January 1995.

12.7.4. Retained earnings (losses)

This item includes the retained net profit (net loss) from previous years, including the net financial result resulting from changes in accounting principles, which has not been distributed (covered) by the Shareholder Meeting.

12.8 Technical provisions

Technical provisions are created to cover current and future claims and costs that may result from the concluded insurance agreements and inward reinsurance agreements. Provisions are recognized in accordance with the principle of prudence. Where the available information is not sufficient to calculate technical provisions in inward reinsurance in accordance with the methods set out below, technical provisions are created at a level documented by ceding companies.

12.8.1. Provision for unearned premiums

The provision for unearned premiums is intended to cover costs that may arise after the end of the reporting period under insurance agreements concluded before the end of the reporting period.

The provision for unearned premiums is created as gross written premium in future reporting periods, pro rata to the period for which the premium is written. The provision for unearned premiums is determined at the end of each reporting period using the individual method, with the precision of one day.

For the insurance groups where it has been determined that risks are distributed unevenly over time, provision for unearned premiums is recognized in amounts based on statistical distributions of this risk over time.

Reinsurers’ share in provision for unearned premiums is set at the amount stated in the terms and conditions of the relevant reinsurance treaties in proportion to the reinsurance cover applicable to periods after the end of the reporting period.

12.8.2. Provision for unexpired risk

The provision for unexpired risk is recognized as an addition to the provision for unearned premiums to cover future claims, benefits and expenses in relation to insurance agreements that do not expire on the last day of the reporting period.

The provision for unexpired risk is calculated for insurance groups at the end of each reporting period.

The total amount of the provision for unexpired risk is determined for those insurance groups where the current year loss and cost ratio is greater than 100%, as a difference between the product of the provision for unearned premiums and the loss and cost ratio of the current financial year and the provision for unearned premiums for the same insurance period. Reinsurers’ share in provision for unexpired risk is set at the amount stated in the terms and conditions of the relevant reinsurance treaties.

12.8.3. Provision for outstanding claims

Provision for outstanding claims includes:

provision for outstanding claims for losses and accidents incurred and reported by the end of the reporting period (including a portion of provision for capitalized value of annuities);

provision for losses and accidents incurred but not reported by the end of the reporting period (including a portion of provision for capitalized value of annuities);

provision for claims handling costs.

All of the above provisions, except for the part relating to the provision for the capitalized value of annuities, are recognized at nominal value, i.e. without being discounted.

The provision for capitalized value of annuities is discounted.

Provision for claims reported but not paid

The provision for claims reported but not handled and handled but not paid (“RBNP”, Reported But Not Paid, or “1st provision”) is calculated on a case-by-case basis by claims handling units or, if available information is not sufficient to assess the provision amount, at the average claim amount determined using the actuarial method. The provision recognized takes into account the insured’s deductible, the expected increase in prices of goods and repair services and may not be greater than the sum insured or indemnity. The provision is updated as soon as information influencing its amount is available, on a case-by-case assessment or estimation of losses and claims.

Provision for losses and accidents incurred but not reported

Provision for losses and accidents incurred but not reported (“IBNR”, Incurred But Not Reported or “2nd provision”) is recognized for losses and claims that are not reported by the balance sheet date, as at which the provision is recognized. IBNR is calculated using the loss triangle analysis method: a generalized Chain Ladder method and for a small number or value of losses the Bornhuetter-Ferguson method, broken down by the years in which the losses occurred. The calculations are based on the annual triangles of claims paid and claims reported. When calculating the provision, the uncertainty related to bodily injury claims is taken into account. For such claims, changes in the legal environment and uncertain jurisprudence may affect the ultimate amount of benefits paid.

Provision for claims handling costs

Provision for claims handling expenses is determined as at the end of each reporting period as the sum of provisions for direct and indirect claims handling expenses.

The provision for direct claims handling costs for reported claims is calculated for each claim individually, and for claims incurred but not reported – using the generalized Chain Ladder method (based on the cost triangles analysis, broken down by the years in which the losses occurred).

The provision for indirect claims handling costs is calculated using the actuarial method, as a product of the ratio of the percentage of indirect claims handling costs in claims paid and direct claims handling costs and the sum of provision for claims reported but not paid and the provision for losses and accidents incurred but not reported and the provision for direct claims handling costs.

Provision for capitalized value of annuities

The provision for capitalized value of annuities is calculated on a case-by-case basis as the present value of an annuity (lifetime or temporary annuity) paid in advance.

For lifetime annuities, the period in which the annuity will be payable is determined using the life expectancy tables published by the Central Statistical Office. Additionally, the provision for capitalized value of annuities is calculated taking into account the cost of future handling services at 3% of the value of benefits paid.

When calculating the provision for the capitalized value of annuities, the future increase in average annuity is estimated based on historical data and taking into account other information that may contribute to an increase in annuities in the future (for example, growing insurance awareness, legislative changes, etc.).

Both as at 31 December 2021 and 31 December 2020, a discount rate of -0.3% was assumed for all annuities.

Reinsurers' share in technical provisions

Reinsurers' share in provisions for outstanding claims is set at the amount stated in the terms and conditions of the relevant reinsurance treaties.

12.8.4. Equalization provision

Equalization provision is recognized in the amount that is intended to compensate for future variations of the net loss ratio in accordance with the regulation on accounting principles for insurers.

12.8.5. Provision for bonuses and discounts (profit-sharing provision)

The provision is recognized for insurance agreements, which provide for increases in future benefits, including payment of insureds' share in profits.

The amount of the provision at the end of a period is determined based on the currently anticipated amount of the ultimate increase in benefits (or reduction of premiums) in direct proportion to premium earned at the end of the period.

12.8.6. Estimated salvage and subrogation

When calculating the future value of claim payments, PZU uses actuarial methods to estimate the expected future reimbursements of costs resulting from the assumption of claims against third parties (subrogation), ownership rights to insured property (salvage) and subsidies to cover part of the claims due to agricultural producers on account of drought losses payable to the Company in accordance with the Agricultural crop and livestock insurance act (consolidated text: Journal of Laws of 2019, Item 477). When estimating the level of subrogation, salvage and subrogation and subsidies, PZU takes into account the cost of collecting subrogation, salvage and costs related to the acquisition of subsidies.

The calculation of future salvage and subrogation is based on the annual triangles of salvage and subrogation received. The value of future salvage and subrogation is calculated using the generalized Chain Ladder method, broken down into the years in which the losses occurred.

When estimating the value of future reimbursements of costs resulting from the assumption of claims against third parties and ownership rights to the insured property, the percentage of the sum total of salvage and subrogation received and estimated to the cost of claims during the year the loss occurred may not be greater than the mean percentage of salvage and subrogation received in the cost of claims in three successive years of the loss directly preceding the year for which the determination is made.

12.9 Other provisions

The "Other provisions" line item contains provisions for certain or highly probable future costs resulting from past events whose amount or timing is uncertain but the amount can be reliably estimated. In particular, provisions are recognized for retirement severance pays, for unused holiday leaves, for losses from pending business transactions, extended guarantees and sureties, losses due to pending proceedings and third-party claims.

"Other provisions" also include deferred tax liabilities after set-off against deferred tax assets.

The costs of recognizing provisions are classified as net other technical charges, other operating expenses or administrative expenses, depending on the nature of the future liability.

12.9.1. Provisions for retirement or disability severance pay

Pursuant to the Labor Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2020, Item 1320, as amended, "Labor Code") PZU employees are entitled to a retirement or disability severance pay in the amount equal to one month's salary at the time of retirement or becoming entitled to disability benefit due to inability to work.

The costs of retirement and disability severance pay estimated using actuarial methods are recognized on an accrual basis by applying the forecast specific entitlements method.

Actuarial gains and losses are recognized in full in the period in which they occurred.

12.9.2. Provision for unused holidays

The amount of the provision for unused holidays is determined using the liability method, based on the difference between the actual amount of holidays used by employees and the amount that would have been used if the holidays had been taken pro rata to the lapse of time in the period when the employees are entitled to the leaves in accordance with the applicable regulations.

12.9.3. Provisions for post-mortem benefits

By the power of the Labor Code, in the event of an employee's death during the term of employment or at the time of receiving a benefit for inability to work as a result of an illness, a family is entitled to a post-mortem benefit from the employer, the amount of which depends on the employee's tenure with the employer and is equal to the salary for a period of 1 to 6 months.

The provision for post-mortem benefits is measured at the present value of discounted cash flows.

12.10 Special-purpose liabilities and funds

12.10.1. Liabilities for reinsurers' deposits

Liabilities for reinsurers' deposits are recognized in the books in the amount of required payment in accordance with the signed reinsurance treaties.

12.10.2. Liabilities on the issue of own debt securities and drawn loans

Liabilities on the issue of own debt securities and drawn loans are recognized at the adjusted purchase price.

12.10.3. Other liabilities

Liabilities are shown in amounts that must be paid.

12.10.4. Special-purpose funds

The "Special-purpose funds" item includes:

- balance of the Company Social Benefit Fund ("ZFSS"), which is created pursuant to the Company Social Benefit Fund Act of 4 March 1994 (Journal of Laws of 2021, Item 746) and charged to costs. The Company Social Benefit Fund may also be increased, among others, by charges to net profit pursuant to resolutions adopted by the Shareholder Meeting;
- balance of the Prevention Fund, which is created from charges to costs, in accordance with the rules laid down in the Insurance Activity Act and the PZU's Articles of Association.

The balance of the special-purpose funds is augmented with the income resulting from investing the funds' financial resources.

12.11 Revenues on the sale of insurance services

Revenues from gross written premium are recognized as of the day of signing an insurance agreement, irrespective of the date when the insurance cover commences.

Reinsurers' share in premiums has been determined for those insurance groups for which there is reinsurance coverage, to the extent to which the premium is subject to cession according to the pertinent insurance contracts.

12.12 Investment activity revenues and expenses

12.12.1. Real estate income and real estate maintenance expenses

Income on real estate treated as investments, such as lease payments received, rental fees and other revenues associated with real estate management, are recognized in the "Investment income on real estate" item in the general profit and loss account

The cost of maintaining investment property is recognized in the "Real estate maintenance costs" item in the general profit and loss account.

The cost of maintaining own property is recognized in the revenue account of non-life insurance and to the "Administrative expenses" line item.

12.12.2. Income and cost related to debt securities

The result on remeasurement of debt securities to the adjusted purchase price is recognized as income on debt securities.

The difference between the fair value as at the balance sheet date and the value based on adjusted purchase price is recognized as follows:

- for debt securities (not included in the calculation of the reserve for capitalized value of annuity benefits and bonuses and rebates) classified as available for sale investments – under “Revaluation reserve”,
- for debt securities classified as held for trading investments – under “Unrealized investment gains” or “Unrealized investment losses”.

Gains/losses realized on the sale/redemption of debt securities are posted in the „Gains/losses on realization of investments” line item.

12.12.3. Gains and losses on shares, participation units and investment certificates in mutual funds

Unrealized gains and loss on the measurement of shares, participation units and investment certificates in mutual funds included in the held for trading investment portfolio are recognized as the difference between the fair value and the purchase price or the carrying amount at the end of the previous financial year (if they were purchased in previous years) in the “Unrealized investment gains/losses” line item.

Unrealized gains and losses on the measurement of shares, participation units and investment certificates in mutual funds included in available for sale investment portfolio and not included in the calculation of technical reserves, are recognized in the revaluation reserve.

Gains/losses on the sale of shares, participation units and investment certificates in mutual funds are recorded under “Gains/losses on realization of investments”

Impairment losses on investments for the reporting period are recognized under “Loss on revaluation of investments” while revenue from reversal of the impairment losses for the previous periods are recognized under “Gain on revaluation of investments”

Dividend income is recognized at gross amounts as at the date the right to dividend is established.

12.12.4. Interest income on term deposits with credit institutions

Interest income on term deposits with credit institutions are recognized on an accrual basis i.e. all interest for a given reporting period is recognized notwithstanding the date of its receipt. If the deposit matures after the balance sheet date then interest is calculated according to the effective interest rate from the date following the deposit opening date up to and including the balance sheet date.

12.12.5. Net investment income (including costs) transferred from the non-technical profit and loss account

Investment income included in the calculation of provision for capitalized value of annuities and provisions for bonuses and discounts are transferred from the non-technical profit and loss account to the technical non-life insurance account.

Due to the fact that the insurer’s shareholder funds are invested jointly and since these investments are not separated, the investment income to be transferred from the non-technical profit and loss account to the technical non-life insurance account in the reporting periods has been calculated as the product of the provision for capitalized value of annuities in the beginning of the month and the yield on State Treasury bonds held to maturity as recorded in that month, taking into account the pertinent investment activity expenses.

12.12.6. Investment activity expenses

Investment activity expenses are the internal and external expenses arising from the investment activity, including costs of managing investments, commissions charged by banks, commissions charged by brokerage houses and property depreciation and maintenance costs, with the exception of depreciation and maintenance costs of own property classified as administrative expenses.

12.13 Costs of claims and benefits

The costs of the reporting period include all the costs of claims and benefits paid out for any and all losses and accidents occurring in the reporting period and in previous periods, including direct and indirect claim handling costs and the movement in the balance of provision for outstanding claims, less all subrogation, salvage and subsidies and the movement in the balance of estimated subrogation, salvage and subsidies.

Reinsurers' share in claims and benefits has been determined for those insurance groups, for which there is reinsurance coverage, to the extent to which the reinsurers participate in claims and benefits according to the terms and conditions of the pertinent reinsurance contracts in effect in a given period.

The claims handling expenses include direct and indirect costs associated with the performance of activities necessary to examine and close the reported claims or which support the activities necessary to examine and close reported claims.

12.14 Insurance activity expenses

Insurance activity expenses are recognized on an accrual basis proportionally to the revenues.

12.14.1. Acquisition expenses

Acquisition expenses include expenses related to the conclusion and extension of insurance agreements and inward reinsurance treaties. Direct acquisition expenses include, among others, cost of commission for insurance intermediaries, employee remuneration costs associated with the conclusion of insurance agreements, cost of attestations, expert opinions and studies associated with the assumed risk, cost of including a reinsurance treaty in the reinsurance portfolio as well as commissions and shares of cedents in profits. Indirect acquisition expenses include costs of advertising and promoting insurance products and costs associated with the examination of applications and issuing policies.

The costs of commissions are recognized in the same period when the premiums (serving as the basis for commission calculation) are recognized, regardless of the actual time of the commission payment.

Acquisition expenses are deferred in line with the principles applicable to the determination of the provision for unearned premiums by recognizing an appropriate portion of expenses in "Capitalized acquisition expenses" and then amortizing them through the revenue account over the indemnity period. Movement in capitalized acquisition expenses adjusts the acquisition expenses item.

The deferred acquisition expenses are tested for impairment by the fact that they are included in the calculation of the provision for unexpired risk.

12.14.2. Administrative expenses

Administrative expenses include insurance activity expenses not classified as acquisition expenses, claims and benefits or investment activity expenses, associated with the collection of premiums, managing the insurance agreement portfolio, reinsurance contracts and overall management of the insurance company.

12.14.3. Reinsurance commissions and profit participation

Insurance activity expenses are adjusted by the amounts of reinsurance commissions and share in the profits of reinsurers and retrocessionaires, received or receivable from brokers and reinsurers (under outward reinsurance and retrocession activity). The value of reinsurance commissions received or receivable is adjusted by the amount of deferred reinsurance commissions in the part concerning future reporting periods.

12.15 Transactions in foreign currencies

Assets and liabilities denominated in foreign currencies are translated as at the balance sheet date using the average NBP exchange rate in effect on that date.

Business transactions denominated in foreign currencies are recognized in accounting ledgers as at their conclusion date at the average exchange rate determined for the currency by NBP on the date directly preceding the transaction, unless another rate has been stated in a customs application or another document binding on PZU.

12.16 Income tax

Income tax shown in the profit and loss account includes current and the deferred parts.

Current corporate income tax liabilities are calculated in accordance with the tax regulations in force in Poland.

The deferred part posted in the profit and loss account is the difference between the balance of deferred tax liabilities and assets at the end and at the beginning of the reporting period with a reservation that the deferred tax liabilities and assets related to operations charged to equity are also charged to equity.

The level of deferred tax liabilities and assets is determined using the balance sheet method using the corporate income tax rates which are expected to be in effect when the asset or liability is realized, in accordance with the provisions of tax law issued in Poland by the balance sheet date.

As a company subject to Polish tax law, PZU can effectively set off tax receivables and tax liabilities by paying a net corporate income tax amount. This is why deferred tax liabilities and assets are presented in the financial statements after such a set off.

13. Significant differences between PAS and IFRS – identification, explanation and quantification

Since PZU prepared its first consolidated financial statements of PZU Group according to IFRS for the year ended 31 December 2005 and in those statements it presented comparable data for the previous year, 1 January 2004 is assumed to be the date of first-time adoption of IFRS by the PZU Group. Based on item 17 of Appendix D to IFRS 1, indication, explanation and quantification of material differences between PAS and IFRS are presented upon the assumption that PZU transitioned to IFRS for separate financial statements purposes as at 1 January 2004 (in order to calculate the differences between PAS and IFRS as presented below) even though PZU does not prepare standalone financial statements in accordance with IFRS.

Description of significant accounting differences between PAS and IFRS that would materially impact financial result or equity in PZU's standalone financial statements prepared in accordance with IFRS are presented below.

13.1 Measurement of subordinated entities

In standalone financial statements prepared in accordance with PAS, shares in related parties are measured using the equity method described in detail in section 12.2.2 of the Introduction to financial statements.

According to IAS 27, in IFRS standalone financial statements shares in subordinated entities would be measured at purchase price less any impairment losses.

13.2 Measurement of properties

Under the Regulation on accounting principles for insurers, all properties (both own and investment) are measured at purchase prices or production costs less accumulated depreciation and any impairment losses.

As at the date of first adoption of IFRS (i.e. 1 January 2004), production cost of own properties was determined, while the difference was recognized in retained earnings. In subsequent periods this led to a difference between the net carrying amount of accumulated depreciation and the depreciation charges for such properties.

According to IFRS, investment property is measured at the fair value determined as at the balance sheet date and any changes in the fair value during the reporting period are recognized in the profit and loss account for the period.

If own property is reclassified as investment property measured at fair value, depreciation continues until the reclassification date and the difference between the carrying amount and the fair value determined as at that date is charged to other comprehensive income.

13.3 Revaluation reserve for property, plant and equipment

According to the Accounting Act and pursuant to separate regulations concerning revaluation of property, plant and equipment in 1995, property, plant and equipment was revalued in Polish accounting records and the effects of this revaluation exercise were charged to revaluation reserve. This revaluation does not satisfy the requirements set forth in IAS 29.

13.4 Equalization provision in non-life insurance

The Regulation on accounting principles for insurers regulates the principles of creating and using the equalization provision. The provision does not refer to any specific liabilities arising from outstanding insurance policies. In accordance with PAS, movement in the provision amount constitutes an expense of the current period, while in accordance with IFRS it constitutes an allocation of net profit.

13.5 Prevention fund

According to the Insurance Activity Act, PZU may contribute to the Prevention Fund and expense such contributions in the current reporting period. According to the Regulation on accounting principles for insurers, this fund is recognized as special-purpose funds in liabilities.

According to IAS 37, these funds cannot be expensed in the current reporting period and are recognized as an allocation of net profit, while prevention activity expenses are recognized when incurred.

13.6 Company Social Benefit Fund

If the Shareholder Meeting of PZU decides to allocate a portion of net profit for the previous year to the Company Social Benefit Fund maintained by PZU the fact is recognized, in accordance with PAS, this is shown as allocation of previous year's net profit, which does not affect the financial result of the year in which such net financial result is allocated.

The above transaction meets the definition of a cost included in IFRS and, pursuant to the provisions of IAS 1, it is expensed in the profit and loss account of the financial year in which a portion of previous year's net profit is allocated to the Company Social Benefit Fund.

13.7 Actuarial gains and losses on employee provisions

In accordance with PAS, the calculation of provisions for retirement severance pay and post-mortem benefits includes actuarial gains and losses resulting from changes in demographic and financial assumptions. According to PAS, these gains and losses affect the financial result for the period.

In accordance with IAS 19, actuarial gains and losses resulting from changes in demographic assumptions and financial assumptions are recognized in other comprehensive income.

13.8 Estimated salvage and subrogation

In accordance with PAS, as insurance companies calculate the ultimate amount of future payments of claims and benefit, they estimate the amount of expected future reimbursements of the company's costs resulting from the assumption of claims against third parties (subrogation), ownership rights to insured property (salvage) and subsidies. When estimating the value of future reimbursements of costs on account of salvage and subrogation, if operations in a given insurance class is conducted for more than 3 years then the percentage of the sum total of salvage and subrogation received and estimated to the cost of claims during the year the loss occurred may not be greater than the mean percentage of salvage and subrogation received in the cost of claims in three successive years of the loss directly preceding the year for which the determination is made.

According to IFRS, salvage and subrogation is recognized in the balance sheet and in the profit and loss account at the estimated value if the revenue on this account is virtually certain. Therefore, the limitations in estimation do not apply.

13.9 Reclassification of mutual funds

In the standalone financial statements prepared according to PAS, participation units and investment certificates in mutual funds, to the extent that they cannot be classified as held for trading, are classified in the category of financial assets available for sale and the difference between their fair value and purchase price is recognized in the revaluation reserve. In accordance with IFRS 9, the measurement of participation units and investment certificates in mutual funds is posted through the profit and loss account.

13.10 Deferred tax differences

Given the differences between PAS and IFRS, as described above, the impact of deferred tax differences associated with them has also been calculated and then included in the calculation of all the adjustments presented above, insofar as it was justified.

13.11 Reconciliation of equity and net financial result between PAS and IFRS

| Description | Item | Net profit 1 January – 31 December 2021 | Equity 31 December 2021 | Net profit 1 January – 31 December 2020 | Equity 31 December 2020 |
|---|------------|---|-------------------------------|--|-------------------------------|
| Standalone financial statements according to PAS | | 2,028,335 | 15,776,367 | 1,918,780 | 17,688,602 |
| Measurement of subordinated entities ¹⁾ | 13.1 | 688,684 | (2,288,532) | (521,131) | (5,218,252) |
| Valuation of properties | 13.2, 13.3 | (4,970) | 51,603 | (3,738) | 56,573 |
| Equalization provision in non-life insurance | 13.4 | 36,378 | 505,469 | (142,131) | 469,091 |
| Prevention fund | 13.5 | 8,107 | 26,131 | (454) | 18,024 |
| Company Social Benefit Fund | 13.6 | (7,231) | - | (7,273) | - |
| Actuarial gains and losses on employee provisions | 13.7 | 6,201 | - | (3,526) | - |
| Estimated salvage and subrogation | 13.8 | 4,158 | 59,195 | 19,410 | 55,038 |
| Reclassification of mutual funds | 13.9 | 655,815 | - | 333,364 | - |
| Other | | (207) | (1,000) | (843) | (2,727) |
| Total adjustments | | 1,386,935 | (1,647,134) | (326,322) | (4,622,253) |
| IFRS financial statements | | 3,415,270 | 14,129,233 | 1,592,458 | 13,066,349 |

¹⁾ PZU has never prepared and does not prepare standalone financial statements in accordance with IFRS. For the purposes of this note, it has been assumed in accordance with IAS 27 Separate Financial Statements that investments in subordinated entities under IFRS are measured at purchase cost less impairment losses.

Balance sheet and off-balance items

| Assets | Note | 31 December 2021 | 31 December 2020 |
|--|----------|-------------------|-------------------|
| I. Intangible assets, including: | 1 | 299,215 | 305,666 |
| – goodwill | | – | – |
| II. Investments | 2 | 39,250,562 | 40,207,051 |
| 1. Real property | 2.3 | 297,328 | 310,722 |
| 2. Investments in subordinated entities, including: | 2.4 | 14,641,582 | 16,160,447 |
| – investments in subordinated entities measured by the equity method | | 13,961,463 | 15,457,719 |
| 3. Other financial investments | 2.5 | 24,311,652 | 23,735,882 |
| 4. Deposits with ceding enterprises | | – | – |
| III. Net assets for life insurance where the policyholder bears the investment risk | | – | – |
| IV. Receivables | 3 | 2,403,594 | 1,688,726 |
| 1. Receivables on direct insurance | 3.1 | 1,623,557 | 1,388,275 |
| 1.1. From subordinated entities | | 13,839 | 1,991 |
| 1.2. From other entities | | 1,609,718 | 1,386,284 |
| 2. Reinsurance receivables | 3.2 | 215,755 | 146,099 |
| 2.1. From subordinated entities | | 173,758 | 119,069 |
| 2.2. From other entities | | 41,997 | 27,030 |
| 3. Other receivables | 3.3 | 564,282 | 154,352 |
| 3.1. Receivables from the state budget | | 4,511 | 2,523 |
| 3.2. Other receivables | | 559,771 | 151,829 |
| a) from subordinated entities | | 35,365 | 21,034 |
| b) from other entities | | 524,406 | 130,795 |
| V. Other assets | 4 | 269,278 | 243,012 |
| 1. Property, plant and equipment | 4.1 | 123,443 | 118,555 |
| 2. Cash | 4.2 | 145,835 | 124,457 |
| 3. Other assets | | – | – |
| VI. Prepayments and accruals | 5 | 2,243,572 | 2,220,620 |
| 1. Deferred tax assets | 5.1 | – | – |
| 2. Deferred acquisition costs | | 1,601,223 | 1,373,662 |
| 3. Accrued interest and rents | | – | – |
| 4. Other prepayments and accruals | 5.2 | 642,349 | 846,958 |
| VII. Unpaid share capital | | – | – |
| VIII. Treasury shares | | – | – |
| Total assets | | 44,466,221 | 44,665,075 |

| Equity and liabilities | Note | 31 December 2021 | 31 December 2020 |
|---|-----------|--------------------|--------------------|
| I. Equity | 7 | 15,776,367 | 17,688,602 |
| 1. Share capital | 7.1 | 86,352 | 86,352 |
| 2. Supplementary capital | 7.3 | 7,347,436 | 8,458,089 |
| 3. Revaluation reserve | 7.4 | 6,314,244 | 7,225,381 |
| 4. Other reserve capital | | - | - |
| 5. Retained earnings (losses) | | - | - |
| 6. Net profit (loss) | | 2,028,335 | 1,918,780 |
| 7. Charges to net profit during the financial year (negative figure) | | - | - |
| II. Subordinated liabilities | 8 | 2,265,739 | 2,265,385 |
| III. Technical provisions | 9 | 24,837,097 | 23,439,515 |
| IV. Reinsurers' share in technical provisions (negative figure) | 9 | (2,161,952) | (1,732,313) |
| V. Estimated salvage and subrogation (negative figure) | 10 | (98,206) | (98,213) |
| 1. Gross estimated salvage and subrogation | | (100,985) | (101,024) |
| 2. Reinsurers' share in estimated salvage and subrogation | | 2,779 | 2,811 |
| VI. Other provisions | 11 | 574,656 | 637,045 |
| 1. Provisions for pension benefits and other compulsory employee benefits | 11.1 | 46,361 | 53,830 |
| 2. Deferred tax liability | 11.2 | 512,983 | 553,867 |
| 3. Other provisions | 11.3 | 15,312 | 29,348 |
| VII. Liabilities for reinsurers' deposits | | - | - |
| VIII. Other liabilities and special-purpose funds | 12 | 1,755,771 | 1,185,583 |
| 1. Liabilities on direct insurance | 12.1 | 415,398 | 413,989 |
| 1.1. To subordinated entities | | 7,636 | 8,037 |
| 1.2. To other entities | | 407,762 | 405,952 |
| 2. Reinsurance liabilities | 12.2 | 184,421 | 115,677 |
| 2.1. To subordinated entities | | 18,722 | 8,920 |
| 2.2. To other entities | | 165,699 | 106,757 |
| 3. Liabilities on the issue of own debt securities and drawn loans | 12.3 | - | - |
| 4. Liabilities to credit institutions | 12.4 | 125,253 | 12 |
| 5. Other liabilities | 12.5 | 925,033 | 557,838 |
| 5.1. Liabilities to the state budget | | 60,215 | 63,860 |
| 5.2. Other liabilities | | 864,818 | 493,978 |
| a) to subordinated entities | | 229,394 | 235,082 |
| b) to other entities | | 635,424 | 258,896 |
| 6. Special-purpose funds | 12.7 | 105,666 | 98,067 |
| IX. Prepayments and accruals | 13 | 1,516,749 | 1,279,471 |
| 1. Accrued expenses | | 1,316,816 | 1,208,398 |
| 2. Negative goodwill | | - | - |
| 3. Deferred income | | 199,933 | 71,073 |
| Total equity and liabilities | | 44,466,221 | 44,665,075 |

| | | |
|------------------------------------|-------------|-------------|
| Carrying amount | 15,776,367 | 17,688,602 |
| Number of shares | 863,523,000 | 863,523,000 |
| Book value per share (in PLN) | 18.27 | 20.48 |
| Diluted number of shares | 863,523,000 | 863,523,000 |
| Diluted book value per share (PLN) | 18.27 | 20.48 |

| Off-balance sheet items | Note | 31 December 2021 | 31 December 2020 |
|---|-------------|-------------------------|-------------------------|
| 1. Contingent receivables, including: | 15.1 | 3,703,939 | 3,975,736 |
| 1.1. Guarantees and sureties received | | 2,492 | 2,700 |
| 1.2. Other | | 3,701,447 | 3,973,036 |
| 2. Contingent liabilities, including: | 15.2 | 1,203,395 | 1,201,063 |
| 2.1. Guarantees and sureties given | | 93,637 | 92,890 |
| 2.2. Accepted and endorsed bills of exchange | | - | - |
| 2.3. Assets subject to the obligation of resale | | - | - |
| 2.4. Other liabilities secured on assets or income | | - | - |
| 3. Reinsurance collateral instituted in favor of the insurance undertaking | | - | - |
| 4. Reinsurance collateral instituted by the insurance undertaking in favor of ceding companies | | - | - |
| 5. Third party assets not recognized in assets | | 142,495 | 112,171 |
| 6. Other off-balance sheet line items | | - | - |
| Total off-balance sheet line items | | 5,049,830 | 5,288,970 |

Revenue account of non-life insurance

| Revenue account of non-life insurance | Note | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|------|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | | 11,917,413 | 12,060,700 |
| 1. Gross written premium | 16 | 13,388,898 | 12,536,677 |
| 2. Reinsurers' share in gross written premium | | 1,060,413 | 766,060 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | | 661,885 | (233,800) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | | 250,813 | 56,283 |
| II. Net investment income (including costs) transferred from the general profit and loss account | | 211,118 | 217,941 |
| III. Other net technical income | | 154,370 | 150,953 |
| IV. Claims and benefits (1+2) | | 7,355,786 | 7,522,909 |
| 1. Net claims and benefits paid | | 6,846,634 | 6,912,840 |
| 1.1. Gross claims and benefits paid | 20 | 6,974,234 | 7,177,669 |
| 1.2. Reinsurers' share in claims and benefits paid | | 127,600 | 264,829 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | | 509,152 | 610,069 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | | 687,124 | 745,346 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | | 177,972 | 135,277 |
| V. Movement in other technical provisions, net of reinsurance | | - | - |
| 1. Movement in other technical provisions, gross | | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | | - | - |
| VI. Net bonuses and discounts including movement in provisions | | 4,713 | (498) |
| VII. Insurance activity expenses | 22 | 3,258,829 | 3,148,287 |
| 1. Acquisition expenses, including: | 22.1 | 2,612,469 | 2,461,548 |
| – movement in deferred acquisition costs | | (227,561) | (29,093) |
| 2. Administrative expenses | 22.2 | 722,514 | 724,834 |
| 3. Reinsurance commissions and profit participation | | 76,154 | 38,095 |
| VIII. Other net technical charges | | 349,676 | 401,690 |
| IX. Movement in equalization provision | | 44,911 | (175,471) |
| X. Technical result of non-life insurance | | 1,268,986 | 1,532,677 |

General profit and loss account

| General profit and loss account | Note | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|------|---------------------------------|---------------------------------|
| I. Technical result of non-life insurance or life insurance | | 1,268,986 | 1,532,677 |
| II. Investment income | | 2,375,095 | 2,039,547 |
| 1. Investment income on real estate | | 6,560 | 5,815 |
| 2. Investment income from related parties | | 1,589,748 | 1,384,634 |
| 2.1. On ownership interests or shares | | 1,579,403 | 1,376,738 |
| 2.2. On borrowings and debt securities | | 9,732 | 6,987 |
| 2.3. On other investments | | 613 | 909 |
| 3. Other financial investment income | | 520,363 | 493,392 |
| 3.1. On ownership interests, shares, other variable income securities, participation units and investment certificates in mutual funds | | 1,229 | 7,886 |
| 3.2. On debt securities and other fixed income securities | | 479,529 | 417,699 |
| 3.3. On term deposits with credit institutions | | 5 | 3,525 |
| 3.4. On other investments | | 39,600 | 64,282 |
| 4. Gain on revaluation of investments | | 11 | - |
| 5. Gain on realization of investments | | 258,413 | 155,706 |
| III. Unrealized investment gains | | 196,994 | 136,030 |
| IV. Net investment income after including costs transferred from the technical life insurance account | | - | - |
| V. Investment activity expenses | | 126,026 | 936,099 |
| 1. Real estate maintenance expenses | | 2,493 | 2,932 |
| 2. Other investment activity expenses | | 33,195 | 38,934 |
| 3. Loss on revaluation of investments | | - | 803,941 ¹⁾ |
| 4. Loss on realization of investments | | 90,338 | 90,292 |
| VI. Unrealized investment losses | | 198,116 | 154,113 |
| VII. Net investment income after including costs transferred to the revenue account of non-life insurance | | 211,118 | 217,941 |
| VIII. Other operating income | 23 | 199,797 | 336,985 |
| IX. Other operating expenses | 24 | 477,775 | 485,781 |
| X. Operating profit (loss) | | 3,027,837 | 2,251,305 |
| XI. Extraordinary gains | | - | - |
| XII. Extraordinary losses | | - | - |
| XIII. Share of the profit (loss) of related parties measured by the equity method | 27 | (689,456) | 17,705 |
| XIV. Profit (loss) before tax | | 2,338,381 | 2,269,010 |
| XV. Income tax | 26 | 310,046 | 350,230 |
| a) current part | | 354,667 | 379,574 |
| b) deferred part | | (44,621) | (29,344) |
| XVI. Other compulsory reductions in profit (increases in losses) | | - | - |
| XVII. Net profit (loss) | | 2,028,335 | 1,918,780 |

¹⁾ The value of the line item "Loss on revaluation of investments" in 2020 is chiefly attributable to the impairment losses on shares in related parties, as presented in section 2.4.1 of the "Notes and explanations".

| | | |
|--|-------------|-------------|
| Net profit (loss) (annualized) | 2,028,335 | 1,918,780 |
| Weighted average number of ordinary shares | 863,523,000 | 863,523,000 |
| Profit (loss) per ordinary share (PLN) | 2.35 | 2.22 |
| Weighted average diluted number of ordinary shares | 863,523,000 | 863,523,000 |
| Diluted earnings (losses) per ordinary share (PLN) | 2.35 | 2.22 |

Statement of changes in equity

| Statement of changes in equity | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Equity at the beginning of the period (Opening Balance) | 17,688,602 | 14,956,862 |
| a) changes in the accepted accounting policies | - | - |
| II. Equity at the beginning of the period (Opening Balance), after adjustments to ensure comparability | 17,688,602 | 14,956,862 |
| 1. Share capital at the beginning of the period | 86,352 | 86,352 |
| 1.1. Change in share capital | - | - |
| a) increases | - | - |
| b) decreases | - | - |
| 1.2. Share capital at the end of the period | 86,352 | 86,352 |
| 2. Supplementary capital at the beginning of the period | 8,458,089 | 5,814,241 |
| 2.1. Change in supplementary capital | (1,110,653) | 2,643,848 |
| a) additions (by virtue of): | 953,167 | 2,643,848 |
| – distribution of profit (above the statutorily required amount) | 953,039 | 2,643,739 |
| – from revaluation reserve – by sale and liquidation of fixed assets | 128 | 109 |
| b) decreases | 2,063,820 ¹⁾ | - |
| 2.2. Supplementary capital at the end of the period | 7,347,436 | 8,458,089 |
| 3. Revaluation reserve at the beginning of the period | 7,225,381 | 6,405,257 |
| a) changes in the accepted accounting policies | - | - |
| 3.a. Revaluation reserve at the beginning of the period (Opening Balance), after adjustments to ensure comparability | 7,225,381 | 6,405,257 |
| 3.1. Change in the revaluation reserve | (911,137) | 820,124 ²⁾ |
| a) additions (by virtue of): | 938,487 | 1,172,538 |
| – valuation of financial investments | 863,534 | 1,000,444 |
| – additions by virtue of disposal of available for sale instruments | 4,386 | 28,198 |
| – additions by virtue of hedge accounting | 70,567 | 143,896 |
| b) reductions (by virtue of) | 1,849,624 | 352,414 |
| – valuation of financial investments | 1,464,327 | 330,598 |
| – reductions by virtue of the disposal of instruments available for sale | 159,372 | 21,707 |
| – sale of fixed assets | 128 | 109 |
| – reductions by virtue of hedge accounting | 225,797 | - |
| 3.2. Revaluation reserve at the end of the period | 6,314,244 | 7,225,381 |
| 4. Other reserve capital at the beginning of the period | - | - |
| 4.1. Change in other reserve capital | - | - |
| a) increases | - | - |
| b) decreases | - | - |
| 4.2. Other reserve capital at the end of the period | - | - |
| 5. Retained earnings (losses) at the beginning of the period | 1,918,780 | 2,651,012 |
| 5.1. Retained earnings at the beginning of the period | 1,918,780 | 2,651,012 |
| a) changes in the accepted accounting policies | - | - |
| 5.2. Retained earnings at the beginning of the period, after adjustments to ensure comparability | 1,918,780 | 2,651,012 |
| a) increases | 2,063,820 ¹⁾ | - |
| b) decreases | 3,982,600 | 2,651,012 |
| – transfers to supplementary capital | 953,039 | 2,643,739 |
| – disbursement of dividends | 3,022,330 | - |
| – transfers/charges to the Company Social Benefit Fund | 7,231 | 7,273 |
| 5.3. Retained earnings at the end of the period | - | - |
| 5.4. Retained losses at the beginning of the period | - | - |
| a) changes in the accepted accounting policies | - | - |

| Statement of changes in equity | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| b) corrections of errors | - | - |
| 5.5. Retained losses at the beginning of the period, after adjustments to ensure comparability | - | - |
| a) increases | - | - |
| b) decreases | - | - |
| 5.6. Retained losses at the end of the period | - | - |
| 5.7. Retained earnings (losses) at the end of the period | - | - |
| 6. Net result | 2,028,335 | 1,918,780 |
| a) net profit | 2,028,335 | 1,918,780 |
| b) net loss | - | - |
| c) Charges to profit | - | - |
| III. Equity at the end of the period (Closing Balance) | 15,776,367 | 17,688,602 |
| IV. Equity after taking into account the proposed distribution of profits (coverage of losses) | 15,776,367 | 17,688,602 |

¹⁾ This change is described in section 7.2 Distribution of net profit

²⁾ The change takes into account impairment losses posted in 2020 on shares in related parties (PLN 34,842 thousand in Alior Bank and PLN 323,185 thousand in Bank Pekao).

Cash flow statement

| Cash flow statement | Note | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|------|---------------------------------|---------------------------------|
| A. Cash flows from operating activities | | | |
| I. Proceeds | | 14,850,921 | 14,680,725 |
| 1. Proceeds on direct activity and inward reinsurance | | 13,764,263 | 13,335,849 |
| 1.1. Proceeds on gross premiums | | 13,547,894 | 12,943,042 |
| 1.2. Proceeds on subrogation, salvage and claim refunds | | 181,473 | 355,253 |
| 1.3. Other proceeds on direct activity | | 34,896 | 37,554 |
| 2. Proceeds from outward reinsurance | | 327,521 | 353,053 |
| 2.1. Payments received from reinsurers for their share of claims paid | | 114,749 | 271,983 |
| 2.2. Proceeds on reinsurance commissions and profit participation | | 212,265 | 77,525 |
| 2.3. Other proceeds from outward reinsurance | | 507 | 3,545 |
| 3. Other proceeds from operating activity | | 759,137 | 991,823 |
| 3.1. Proceeds for acting as an emergency adjuster | | 371,208 | 506,274 |
| 3.2. Disposal of intangible assets and property, plant and equipment other than investments | | 5,766 | 1,471 |
| 3.3. Other proceeds | 28 | 382,163 | 484,078 |
| II. Expenditures | | 13,447,030 | 13,226,521 |
| 1. Expenditures on direct activity and inward reinsurance | | 10,903,711 | 10,757,353 |
| 1.1. Gross premium refunds | | 276,375 | 192,954 |
| 1.2. Gross claims and benefits paid | | 6,394,776 | 6,631,019 |
| 1.3. Acquisition expenditures | | 2,011,883 | 1,793,022 |
| 1.4. Administrative expenditures | | 1,513,013 | 1,489,123 |
| 1.5. Expenditures for claims handling and pursuit of subrogation | | 296,440 | 285,884 |
| 1.6. Commissions paid and profit-sharing on inward reinsurance | | 268,598 | 226,421 |
| 1.7. Other expenditures on direct activity and inward reinsurance | | 142,626 | 138,930 |
| 2. Expenditures on outward reinsurance | | 967,988 | 741,687 |
| 2.1. Premiums paid for reinsurance | | 967,892 | 741,399 |
| 2.2. Other expenditures on outward reinsurance | | 96 | 288 |
| 3. Expenditures on other operating activity | | 1,575,331 | 1,727,481 |
| 3.1. Expenditures for acting as an emergency adjuster | | 184,582 | 338,507 |
| 3.2. Purchase of intangible assets and property, plant and equipment other than investments | | 100,981 | 76,393 |
| 3.3. Other operating expenditures | 28 | 1,289,768 | 1,312,581 |
| III. Net cash flows from operating activities (I-II) | | 1,403,891 | 1,454,204 |
| B. Cash flows from investing activities | | | |
| I. Proceeds | | 57,349,591 | 110,463,723 |
| 1. Sale of real estate | | 6,580 | 11,526 |
| 2. Sale of ownership interests and shares in related parties | | - | - |
| 3. Sale of ownership interests and shares in other entities and participation units and investment certificates in mutual funds | | 544,377 | 50,745 |
| 4. Realization of debt securities issued by related parties and amortization of the loans granted to these parties | | - | 7,500 |
| 5. Realization of debt securities issued by other entities | | 662,461 | 1,666,883 |
| 6. Liquidation of term deposits with credit institutions | | 3,287,781 | 39,683,504 |
| 7. Realization of other investments | | 50,712,885 | 67,166,315 |
| 8. Proceeds from real estate | | 8,048 | 7,245 |
| 9. Interest received | | 545,484 | 481,701 |
| 10. Dividends received | | 1,579,403 | 1,376,928 |
| 11. Other investment proceeds | | 2,572 | 11,376 |
| II. Expenditures | | 55,787,803 | 111,841,827 |
| 1. Purchase of real estate | | 1,084 | 2,287 |

| Cash flow statement | Note | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|------|---------------------------------|---------------------------------|
| 2. Purchase of ownership interests and shares in subordinated entities | | 4,564 | 67,174 |
| 3. Purchase of ownership interests and shares in other entities, participation units and investment certificates in mutual funds | | 387,830 | 77,145 |
| 4. Purchase of debt securities issued by related parties and extension of loans to these parties | | 2,800 | 67,395 |
| 5. Purchase of debt securities issued by other entities | | 1,137,979 | 4,569,661 |
| 6. Purchase of term deposits with credit institutions | | 3,318,676 | 39,659,091 |
| 7. Purchase of other investments | | 50,862,675 | 67,320,059 |
| 8. Expenditures to maintain real estate | | 47,947 | 48,092 |
| 9. Other expenditures for investments | | 24,248 | 30,923 |
| III. Net cash flows from investing activities (I-II) | | 1,561,788 | (1,378,104) |
| C. Cash flows from financing activities | | | |
| I. Proceeds | | 1,576,772 | 234,888 |
| 1. Net proceeds from issuing shares and additional capital contributions | | - | - |
| 2. Loans, borrowings and issues of debt securities | | 1,576,772 | 234,888 |
| 3. Other financial proceeds | | - | - |
| II. Expenditures | | 4,520,507 | 316,044 |
| 1. Dividends | | 3,022,331 ¹⁾ | 153 |
| 2. Other expenditures for distribution of profits besides disbursement of dividends | | - | - |
| 3. Purchase of treasury shares | | - | - |
| 4. Amortization of loans and borrowings and redemption of own debt securities | | 1,451,709 | 234,895 |
| 5. Interest on loans and borrowings and issued debt securities | | 46,467 | 80,996 |
| 6. Other financial expenditures | | - | - |
| III. Net cash flows from financing activities (I-II) | | (2,943,735) | (81,156) |
| D. Total net cash flows (A.III+/-B.III+/-C.III) | | 21,944 | (5,056) |
| E. Balance sheet change in cash, including: | | 21,378 | (1,684) |
| – movement in cash due to foreign exchange differences | | (566) | 3,372 |
| F. Cash at the beginning of the period | | 124,457 | 126,141 |
| G. Cash at the end of the period (F+/-E), including: | | 145,835 | 124,457 |
| – restricted cash | 28.1 | 42,697 | 34,186 |

¹⁾ This disbursement is described in section 7.2 Distribution of net profit

Revenue accounts – direct insurance

Revenue account – direct insurance – overall

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 11,010,472 | 11,185,355 |
| 1. Gross written premium | 12,206,121 | 11,249,293 |
| 2. Reinsurers' share in gross written premium | 734,325 | 309,143 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 840,673 | (196,309) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 379,349 | 48,896 |
| II. Net investment income (including costs) transferred from the general profit and loss account | 211,118 | 217,941 |
| III. Other net technical income | 146,288 | 135,023 |
| IV. Claims and benefits (1+2) | 6,795,421 | 6,981,468 |
| 1. Net claims and benefits paid | 6,364,472 | 6,462,374 |
| 1.1. Gross claims and benefits paid | 6,434,761 | 6,532,499 |
| 1.2. Reinsurers' share in claims and benefits paid | 70,289 | 70,125 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 430,949 | 519,094 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 482,015 | 638,679 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 51,066 | 119,585 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 3,696 | (681) |
| VII. Insurance activity expenses | 3,023,337 | 2,898,089 |
| 1. Acquisition expenses, including: | 2,367,256 | 2,218,370 |
| – movement in deferred acquisition costs | (250,646) | (62,062) |
| 2. Administrative expenses | 709,729 | 695,213 |
| 3. Reinsurance commissions and profit participation | 53,648 | 15,494 |
| VIII. Other net technical charges | 342,045 | 391,529 |
| IX. Movement in equalization provision | 37,319 | (174,563) |
| X. Technical result of non-life insurance | 1,166,060 | 1,442,477 |

Revenue account – direct insurance

STATUTORY GROUP 1 Accident insurance, including industrial injury and occupational diseases

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 454,558 | 441,641 |
| 1. Gross written premium | 722,476 | 585,380 |
| 2. Reinsurers' share in gross written premium | 128,582 | (405) |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 242,610 | 139,406 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 103,274 | (4,738) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 2,203 | 2,813 |
| IV. Claims and benefits (1+2) | 116,362 | 129,793 |
| 1. Net claims and benefits paid | 93,590 | 89,940 |
| 1.1. Gross claims and benefits paid | 93,867 | 89,965 |
| 1.2. Reinsurers' share in claims and benefits paid | 277 | 25 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 22,772 | 39,853 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 22,787 | 39,853 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 15 | - |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 1 | (1) |
| VII. Insurance activity expenses | 177,910 | 145,949 |
| 1. Acquisition expenses, including: | 155,729 | 108,111 |
| – movement in deferred acquisition costs | (149,365) | (90,912) |
| 2. Administrative expenses | 40,285 | 40,788 |
| 3. Reinsurance commissions and profit participation | 18,104 | 2,950 |
| VIII. Other net technical charges | 6,377 | 5,702 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 156,111 | 163,011 |

Revenue account – direct insurance

STATUTORY GROUP 2 Sickness insurance

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 14,062 | 6,084 |
| 1. Gross written premium | 17,586 | 9,031 |
| 2. Reinsurers' share in gross written premium | - | 4 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 3,522 | 2,945 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (2) | 2 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 7 | 10 |
| IV. Claims and benefits (1+2) | 3,890 | 2,068 |
| 1. Net claims and benefits paid | 2,212 | 2,083 |
| 1.1. Gross claims and benefits paid | 2,212 | 2,083 |
| 1.2. Reinsurers' share in claims and benefits paid | - | - |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 1,678 | (15) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 1,678 | (15) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | - | - |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 1,882 | 1,790 |
| 1. Acquisition expenses, including: | 1,301 | 1,375 |
| – movement in deferred acquisition costs | 2 | (1) |
| 2. Administrative expenses | 581 | 415 |
| 3. Reinsurance commissions and profit participation | - | - |
| VIII. Other net technical charges | 61 | 57 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 8,236 | 2,179 |

Revenue account – direct insurance

STATUTORY GROUP 3 Casco insurance of land vehicles other than railway rolling stock

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 3,073,498 | 3,115,674 |
| 1. Gross written premium | 3,171,230 | 2,977,001 |
| 2. Reinsurers' share in gross written premium | 7,498 | 5,363 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 90,520 | (144,875) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 286 | (839) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 36,115 | 25,352 |
| IV. Claims and benefits (1+2) | 2,021,238 | 1,999,819 |
| 1. Net claims and benefits paid | 1,940,225 | 1,929,076 |
| 1.1. Gross claims and benefits paid | 1,940,216 | 1,929,065 |
| 1.2. Reinsurers' share in claims and benefits paid | (9) | (11) |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 81,013 | 70,743 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 81,351 | 70,807 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 338 | 64 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 265 | (90) |
| VII. Insurance activity expenses | 750,706 | 741,640 |
| 1. Acquisition expenses, including: | 607,425 | 600,197 |
| – movement in deferred acquisition costs | (13,338) | 22,144 |
| 2. Administrative expenses | 143,930 | 140,364 |
| 3. Reinsurance commissions and profit participation | 649 | (1,079) |
| VIII. Other net technical charges | 38,360 | 43,136 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 299,044 | 356,521 |

Revenue account – direct insurance

STATUTORY GROUP 4 Casco insurance of railway rolling stock

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 7,650 | 5,984 |
| 1. Gross written premium | 13,445 | 11,531 |
| 2. Reinsurers' share in gross written premium | 3,551 | 5,439 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 1,852 | 2,178 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (392) | 2,070 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 781 | 12 |
| IV. Claims and benefits (1+2) | 4,173 | 3,175 |
| 1. Net claims and benefits paid | 1,867 | 1,554 |
| 1.1. Gross claims and benefits paid | 1,906 | 1,920 |
| 1.2. Reinsurers' share in claims and benefits paid | 39 | 366 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 2,306 | 1,621 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 2,356 | 1,253 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 50 | (368) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 950 | (189) |
| VII. Insurance activity expenses | 2,090 | 1,671 |
| 1. Acquisition expenses, including: | 2,193 | 1,808 |
| – movement in deferred acquisition costs | (258) | (354) |
| 2. Administrative expenses | 269 | 250 |
| 3. Reinsurance commissions and profit participation | 372 | 387 |
| VIII. Other net technical charges | 258 | 869 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 960 | 470 |

Revenue account – direct insurance

STATUTORY GROUP 5 Casco insurance of aircraft

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 13,570 | 11,589 |
| 1. Gross written premium | 30,491 | 31,903 |
| 2. Reinsurers' share in gross written premium | 16,515 | 18,008 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (1,904) | 17,035 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (2,310) | 14,729 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 541 | 412 |
| IV. Claims and benefits (1+2) | 14,956 | 7,428 |
| 1. Net claims and benefits paid | 14,304 | 3,561 |
| 1.1. Gross claims and benefits paid | 33,495 | 3,561 |
| 1.2. Reinsurers' share in claims and benefits paid | 19,191 | - |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 652 | 3,867 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 1,081 | 3,781 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 429 | (86) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 187 | (4) |
| VII. Insurance activity expenses | 3,015 | 2,679 |
| 1. Acquisition expenses, including: | 2,569 | 2,231 |
| – movement in deferred acquisition costs | (72) | (230) |
| 2. Administrative expenses | 470 | 429 |
| 3. Reinsurance commissions and profit participation | 24 | (19) |
| VIII. Other net technical charges | 4,059 | 1,454 |
| IX. Movement in equalization provision | (1,115) | 579 |
| X. Technical result of non-life insurance | (6,991) | (135) |

Revenue account – direct insurance

STATUTORY GROUP 6 Insurance of maritime and inland waterway vessels

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 23,026 | 19,825 |
| 1. Gross written premium | 32,653 | 25,312 |
| 2. Reinsurers' share in gross written premium | 8,747 | 5,887 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 3,839 | (359) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 2,959 | 41 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 1,378 | 443 |
| IV. Claims and benefits (1+2) | 16,716 | 12,753 |
| 1. Net claims and benefits paid | 19,451 | 9,602 |
| 1.1. Gross claims and benefits paid | 20,139 | 9,603 |
| 1.2. Reinsurers' share in claims and benefits paid | 688 | 1 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | (2,735) | 3,151 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | (2,535) | 2,813 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 200 | (338) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 5,447 | 4,841 |
| 1. Acquisition expenses, including: | 5,012 | 4,321 |
| – movement in deferred acquisition costs | (398) | (69) |
| 2. Administrative expenses | 650 | 686 |
| 3. Reinsurance commissions and profit participation | 215 | 166 |
| VIII. Other net technical charges | 993 | 807 |
| IX. Movement in equalization provision | 1,151 | 991 |
| X. Technical result of non-life insurance | 97 | 876 |

Revenue account – direct insurance

STATUTORY GROUP 7 Insurance of goods in transit

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 10,072 | 8,500 |
| 1. Gross written premium | 15,451 | 11,472 |
| 2. Reinsurers' share in gross written premium | 4,016 | 3,475 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 2,061 | 312 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 698 | 815 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 958 | 56 |
| IV. Claims and benefits (1+2) | 5,818 | 1,768 |
| 1. Net claims and benefits paid | 4,179 | 2,424 |
| 1.1. Gross claims and benefits paid | 4,184 | 2,424 |
| 1.2. Reinsurers' share in claims and benefits paid | 5 | - |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 1,639 | (656) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 1,681 | (707) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 42 | (51) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 18 | (4) |
| VII. Insurance activity expenses | 3,859 | 3,748 |
| 1. Acquisition expenses, including: | 3,292 | 2,932 |
| – movement in deferred acquisition costs | (443) | (21) |
| 2. Administrative expenses | 616 | 860 |
| 3. Reinsurance commissions and profit participation | 49 | 44 |
| VIII. Other net technical charges | 507 | 383 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 828 | 2,661 |

Revenue account – direct insurance

STATUTORY GROUP 8 Insurance against fire and natural forces covering damage to property not included in groups 3-7

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 1,281,347 | 1,202,180 |
| 1. Gross written premium | 1,537,707 | 1,332,353 |
| 2. Reinsurers' share in gross written premium | 189,385 | 92,223 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 155,616 | 49,058 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 88,641 | 11,108 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 5,922 | 4,159 |
| IV. Claims and benefits (1+2) | 655,134 | 563,891 |
| 1. Net claims and benefits paid | 623,584 | 514,853 |
| 1.1. Gross claims and benefits paid | 634,985 | 524,320 |
| 1.2. Reinsurers' share in claims and benefits paid | 11,401 | 9,467 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 31,550 | 49,038 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 51,171 | 53,795 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 19,621 | 4,757 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 506 | (59) |
| VII. Insurance activity expenses | 431,497 | 399,928 |
| 1. Acquisition expenses, including: | 334,539 | 305,907 |
| – movement in deferred acquisition costs | (17,438) | (6,419) |
| 2. Administrative expenses | 101,969 | 97,319 |
| 3. Reinsurance commissions and profit participation | 5,011 | 3,298 |
| VIII. Other net technical charges | 38,721 | 41,003 |
| IX. Movement in equalization provision | - | (47,157) |
| X. Technical result of non-life insurance | 161,411 | 248,733 |

Revenue account – direct insurance

STATUTORY GROUP 9 Insurance of other all to or loss of property (other than property included in groups 3, 4, 5, 6 or 7) due to hail or frost and any event (such as theft), other than those mentioned under 8

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 817,719 | 875,648 |
| 1. Gross written premium | 1,090,547 | 842,589 |
| 2. Reinsurers' share in gross written premium | 134,518 | 38,997 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 225,412 | (94,296) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 87,102 | (22,240) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 5,100 | 3,811 |
| IV. Claims and benefits (1+2) | 337,753 | 540,366 |
| 1. Net claims and benefits paid | 328,457 | 553,873 |
| 1.1. Gross claims and benefits paid | 341,793 | 556,875 |
| 1.2. Reinsurers' share in claims and benefits paid | 13,336 | 3,002 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 9,296 | (13,507) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 9,794 | (33,998) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 498 | (20,491) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 307 | (43) |
| VII. Insurance activity expenses | 273,047 | 271,094 |
| 1. Acquisition expenses, including: | 224,753 | 219,575 |
| – movement in deferred acquisition costs | (22,660) | 12,693 |
| 2. Administrative expenses | 50,982 | 52,268 |
| 3. Reinsurance commissions and profit participation | 2,688 | 749 |
| VIII. Other net technical charges | 12,671 | 20,546 |
| IX. Movement in equalization provision | 31,807 | (60,858) |
| X. Technical result of non-life insurance | 167,234 | 108,354 |

Revenue account – direct insurance

STATUTORY GROUP 10 All liability resulting from the possession and use of self-propelled land vehicles, including carrier's liability

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 4,077,402 | 4,293,785 |
| 1. Gross written premium | 4,066,066 | 4,101,521 |
| 2. Reinsurers' share in gross written premium | 21,733 | 13,231 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (29,453) | (205,219) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 3,616 | 276 |
| II. Net investment income (including costs) transferred from the general profit and loss account | 195,077 | 201,196 |
| III. Other net technical income | 81,359 | 90,898 |
| IV. Claims and benefits (1+2) | 2,971,265 | 3,085,080 |
| 1. Net claims and benefits paid | 2,764,703 | 2,811,242 |
| 1.1. Gross claims and benefits paid | 2,781,867 | 2,824,339 |
| 1.2. Reinsurers' share in claims and benefits paid | 17,164 | 13,097 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 206,562 | 273,838 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 195,158 | 447,589 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | (11,404) | 173,751 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 475 | (192) |
| VII. Insurance activity expenses | 947,909 | 922,034 |
| 1. Acquisition expenses, including: | 697,011 | 675,106 |
| – movement in deferred acquisition costs | 1,070 | 19,719 |
| 2. Administrative expenses | 251,825 | 245,668 |
| 3. Reinsurance commissions and profit participation | 927 | (1,260) |
| VIII. Other net technical charges | 222,207 | 255,377 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 211,982 | 323,580 |

Revenue account – direct insurance

STATUTORY GROUP 11 All liability arising out of the possession and use of aircraft, including carrier's liability

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 4,789 | 5,612 |
| 1. Gross written premium | 12,815 | 17,139 |
| 2. Reinsurers' share in gross written premium | 8,557 | 12,417 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (2,966) | 8,128 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (2,435) | 9,018 |
| II. Net investment income (including costs) transferred from the general profit and loss account | 17 | 36 |
| III. Other net technical income | 665 | 234 |
| IV. Claims and benefits (1+2) | 3,288 | (278) |
| 1. Net claims and benefits paid | 2,733 | 418 |
| 1.1. Gross claims and benefits paid | 2,807 | 2,723 |
| 1.2. Reinsurers' share in claims and benefits paid | 74 | 2,305 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 555 | (696) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 579 | (3,121) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 24 | (2,425) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 9 | - |
| VII. Insurance activity expenses | 2,912 | 3,088 |
| 1. Acquisition expenses, including: | 2,134 | 2,227 |
| – movement in deferred acquisition costs | 38 | 112 |
| 2. Administrative expenses | 793 | 886 |
| 3. Reinsurance commissions and profit participation | 15 | 25 |
| VIII. Other net technical charges | 1,821 | 971 |
| IX. Movement in equalization provision | (125) | (100) |
| X. Technical result of non-life insurance | (2,434) | 2,201 |

Revenue account – direct insurance

STATUTORY GROUP 12 Liability for marine and inland navigation arising out of the possession and use of sea and inland vessels, including carrier's liability

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 2,559 | 2,517 |
| 1. Gross written premium | 3,063 | 3,672 |
| 2. Reinsurers' share in gross written premium | 626 | 942 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (123) | 96 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (1) | (117) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 150 | 85 |
| IV. Claims and benefits (1+2) | 854 | 1,341 |
| 1. Net claims and benefits paid | 592 | 1,321 |
| 1.1. Gross claims and benefits paid | 592 | 1,321 |
| 1.2. Reinsurers' share in claims and benefits paid | - | - |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 262 | 20 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 369 | (4) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 107 | (24) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 836 | 881 |
| 1. Acquisition expenses, including: | 639 | 667 |
| – movement in deferred acquisition costs | (62) | (23) |
| 2. Administrative expenses | 204 | 214 |
| 3. Reinsurance commissions and profit participation | 7 | - |
| VIII. Other net technical charges | 67 | 74 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 952 | 306 |

Revenue account – direct insurance

STATUTORY GROUP 13 General liability – third party liability not included in groups 10-12

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 712,397 | 672,935 |
| 1. Gross written premium | 758,536 | 702,389 |
| 2. Reinsurers' share in gross written premium | 29,921 | 25,692 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 17,124 | 4,333 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 906 | 571 |
| II. Net investment income (including costs) transferred from the general profit and loss account | 16,024 | 16,709 |
| III. Other net technical income | 7,984 | 4,411 |
| IV. Claims and benefits (1+2) | 408,224 | 401,360 |
| 1. Net claims and benefits paid | 344,391 | 309,208 |
| 1.1. Gross claims and benefits paid | 348,323 | 311,958 |
| 1.2. Reinsurers' share in claims and benefits paid | 3,932 | 2,750 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 63,833 | 92,152 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 114,972 | 59,632 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 51,139 | (32,520) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 687 | (333) |
| VII. Insurance activity expenses | 226,605 | 209,619 |
| 1. Acquisition expenses, including: | 183,092 | 168,462 |
| – movement in deferred acquisition costs | (3,506) | (2,756) |
| 2. Administrative expenses | 45,326 | 43,237 |
| 3. Reinsurance commissions and profit participation | 1,813 | 2,080 |
| VIII. Other net technical charges | 9,383 | 13,420 |
| IX. Movement in equalization provision | - | (67,850) |
| X. Technical result of non-life insurance | 91,506 | 137,839 |

Revenue account – direct insurance

STATUTORY GROUP 14 Credit insurance

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 18,223 | 17,115 |
| 1. Gross written premium | 19,683 | 18,940 |
| 2. Reinsurers' share in gross written premium | 1,907 | 1,960 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (441) | (281) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 6 | (146) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 137 | 235 |
| IV. Claims and benefits (1+2) | 1,914 | 1,690 |
| 1. Net claims and benefits paid | 1,036 | 9,507 |
| 1.1. Gross claims and benefits paid | 854 | 16,134 |
| 1.2. Reinsurers' share in claims and benefits paid | (182) | 6,627 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 878 | (7,817) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 1,087 | (14,194) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 209 | (6,377) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 247 | 543 |
| VII. Insurance activity expenses | 3,524 | 6,126 |
| 1. Acquisition expenses, including: | 1,898 | 1,975 |
| – movement in deferred acquisition costs | 120 | 237 |
| 2. Administrative expenses | 1,984 | 4,755 |
| 3. Reinsurance commissions and profit participation | 358 | 604 |
| VIII. Other net technical charges | 32 | 89 |
| IX. Movement in equalization provision | 672 | 2,038 |
| X. Technical result of non-life insurance | 11,971 | 6,864 |

Revenue account – direct insurance

STATUTORY GROUP 15 Insurance bond

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 17,556 | 28,613 |
| 1. Gross written premium | 30,936 | 46,667 |
| 2. Reinsurers' share in gross written premium | 19,704 | 24,575 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (10,167) | (7,681) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (3,843) | (1,160) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 407 | 180 |
| IV. Claims and benefits (1+2) | 5,591 | 22,088 |
| 1. Net claims and benefits paid | 4,185 | 21,557 |
| 1.1. Gross claims and benefits paid | 6,660 | 49,392 |
| 1.2. Reinsurers' share in claims and benefits paid | 2,475 | 27,835 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 1,406 | 531 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 4,424 | 612 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 3,018 | 81 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 16,147 | 15,779 |
| 1. Acquisition expenses, including: | 12,719 | 13,282 |
| – movement in deferred acquisition costs | (2,398) | (1,521) |
| 2. Administrative expenses | 10,182 | 10,071 |
| 3. Reinsurance commissions and profit participation | 6,754 | 7,574 |
| VIII. Other net technical charges | 114 | 179 |
| IX. Movement in equalization provision | 878 | (1,702) |
| X. Technical result of non-life insurance | (4,767) | (7,551) |

Revenue account – direct insurance

STATUTORY GROUP 16 Insurance of various financial risks

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 83,484 | 84,153 |
| 1. Gross written premium | 263,432 | 146,800 |
| 2. Reinsurers' share in gross written premium | 158,215 | 61,179 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 122,567 | 40,986 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 100,834 | 39,518 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 1,524 | 547 |
| IV. Claims and benefits (1+2) | 10,662 | 24,651 |
| 1. Net claims and benefits paid | 13,508 | 18,268 |
| 1.1. Gross claims and benefits paid | 15,358 | 22,723 |
| 1.2. Reinsurers' share in claims and benefits paid | 1,850 | 4,455 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | (2,846) | 6,383 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | (16,067) | 9,995 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | (13,221) | 3,612 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 44 | (309) |
| VII. Insurance activity expenses | 54,036 | 57,036 |
| 1. Acquisition expenses, including: | 44,235 | 30,926 |
| – movement in deferred acquisition costs | (36,663) | (13,108) |
| 2. Administrative expenses | 26,461 | 26,086 |
| 3. Reinsurance commissions and profit participation | 16,660 | (24) |
| VIII. Other net technical charges | 3,043 | 3,988 |
| IX. Movement in equalization provision | 4,051 | - |
| X. Technical result of non-life insurance | 13,172 | (666) |

Revenue account – direct insurance

STATUTORY GROUP 17 Legal expenses insurance

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 12,707 | 11,074 |
| 1. Gross written premium | 13,389 | 11,873 |
| 2. Reinsurers' share in gross written premium | - | - |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 682 | 799 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | - | - |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 10 | 12 |
| IV. Claims and benefits (1+2) | 7,885 | 9,059 |
| 1. Net claims and benefits paid | 4,957 | 5,063 |
| 1.1. Gross claims and benefits paid | 4,957 | 5,063 |
| 1.2. Reinsurers' share in claims and benefits paid | - | - |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 2,928 | 3,996 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 2,928 | 3,996 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | - | - |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 4,572 | 4,047 |
| 1. Acquisition expenses, including: | 3,592 | 3,141 |
| – movement in deferred acquisition costs | (166) | (190) |
| 2. Administrative expenses | 980 | 906 |
| 3. Reinsurance commissions and profit participation | - | - |
| VIII. Other net technical charges | 75 | 71 |
| IX. Movement in equalization provision | - | (504) |
| X. Technical result of non-life insurance | 185 | (1,587) |

Revenue account – direct insurance

STATUTORY GROUP 18 Assistance insurance for persons who get into difficulties while travelling or while away from their permanent residence

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 385,853 | 382,426 |
| 1. Gross written premium | 406,615 | 373,720 |
| 2. Reinsurers' share in gross written premium | 850 | 156 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 19,922 | (8,874) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 10 | (12) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 1,047 | 1,353 |
| IV. Claims and benefits (1+2) | 209,698 | 175,416 |
| 1. Net claims and benefits paid | 200,498 | 178,824 |
| 1.1. Gross claims and benefits paid | 200,546 | 179,030 |
| 1.2. Reinsurers' share in claims and benefits paid | 48 | 206 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 9,200 | (3,408) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 9,201 | (3,408) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 1 | - |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 117,343 | 106,139 |
| 1. Acquisition expenses, including: | 85,123 | 76,127 |
| – movement in deferred acquisition costs | (5,109) | (1,363) |
| 2. Administrative expenses | 32,222 | 30,011 |
| 3. Reinsurance commissions and profit participation | 2 | (1) |
| VIII. Other net technical charges | 3,296 | 3,403 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 56,563 | 98,821 |

Revenue accounts – inward reinsurance

Revenue account – direct insurance – inward reinsurance overall

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 906,941 | 875,345 |
| 1. Gross written premium | 1,182,777 | 1,287,384 |
| 2. Reinsurers' share in gross written premium | 326,088 | 456,917 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (178,788) | (37,491) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (128,536) | 7,387 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 8,082 | 15,930 |
| IV. Claims and benefits (1+2) | 560,365 | 541,441 |
| 1. Net claims and benefits paid | 482,162 | 450,466 |
| 1.1. Gross claims and benefits paid | 539,473 | 645,170 |
| 1.2. Reinsurers' share in claims and benefits paid | 57,311 | 194,704 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 78,203 | 90,975 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 205,109 | 106,667 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 126,906 | 15,692 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 1,017 | 183 |
| VII. Insurance activity expenses | 235,492 | 250,198 |
| 1. Acquisition expenses, including: | 245,213 | 243,178 |
| – movement in deferred acquisition costs | 23,085 | 32,969 |
| 2. Administrative expenses | 12,785 | 29,621 |
| 3. Reinsurance commissions and profit participation | 22,506 | 22,601 |
| VIII. Other net technical charges | 7,631 | 10,161 |
| IX. Movement in equalization provision | 7,592 | (908) |
| X. Technical result of non-life insurance | 102,926 | 90,200 |

In 2021 and 2020, PZU conducted inward reinsurance operations in all the accounting classes except for class 9.

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 1 Accident and sickness insurance (groups 1 and 2)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 7,672 | 17,946 |
| 1. Gross written premium | 8,019 | 7,643 |
| 2. Reinsurers' share in gross written premium | 274 | 333 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 51 | (10,634) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (22) | 2 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 2,464 | 1,427 |
| IV. Claims and benefits (1+2) | 11,646 | 12,380 |
| 1. Net claims and benefits paid | 14,666 | 9,488 |
| 1.1. Gross claims and benefits paid | 14,852 | 9,494 |
| 1.2. Reinsurers' share in claims and benefits paid | 186 | 6 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | (3,020) | 2,892 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | (2,974) | 2,887 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 46 | (5) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 451 | 4,983 |
| 1. Acquisition expenses, including: | 340 | 4,551 |
| – movement in deferred acquisition costs | 526 | 1,266 |
| 2. Administrative expenses | 116 | 438 |
| 3. Reinsurance commissions and profit participation | 5 | 6 |
| VIII. Other net technical charges | 952 | 3,689 |
| IX. Movement in equalization provision | - | (540) |
| X. Technical result of non-life insurance | (2,913) | (1,139) |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 2 Motor third party liability insurance (group 10)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 674,132 | 672,095 |
| 1. Gross written premium | 682,461 | 694,262 |
| 2. Reinsurers' share in gross written premium | 17,859 | 17,937 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (7,578) | 2,855 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 1,952 | (1,375) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 4,437 | 3,191 |
| IV. Claims and benefits (1+2) | 461,440 | 421,619 |
| 1. Net claims and benefits paid | 409,139 | 369,295 |
| 1.1. Gross claims and benefits paid | 410,009 | 376,285 |
| 1.2. Reinsurers' share in claims and benefits paid | 870 | 6,990 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 52,301 | 52,324 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 80,203 | 95,602 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 27,902 | 43,278 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 154 | 183 |
| VII. Insurance activity expenses | 203,900 | 210,285 |
| 1. Acquisition expenses, including: | 196,882 | 189,953 |
| – movement in deferred acquisition costs | 4,498 | 7,378 |
| 2. Administrative expenses | 7,184 | 20,484 |
| 3. Reinsurance commissions and profit participation | 166 | 152 |
| VIII. Other net technical charges | 2,413 | 5,684 |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | 10,662 | 37,515 |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 3 Other motor insurance (group 3)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 3,723 | 7,635 |
| 1. Gross written premium | 1,283 | 5,208 |
| 2. Reinsurers' share in gross written premium | 560 | 490 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (3,009) | (2,848) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (9) | 69 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 573 | 22 |
| IV. Claims and benefits (1+2) | 1,724 | 1,950 |
| 1. Net claims and benefits paid | 1,879 | 4,269 |
| 1.1. Gross claims and benefits paid | 1,879 | 4,269 |
| 1.2. Reinsurers' share in claims and benefits paid | - | - |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | (155) | (2,319) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | (155) | (2,319) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | - | - |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 1,675 | 2,678 |
| 1. Acquisition expenses, including: | 1,646 | 2,415 |
| – movement in deferred acquisition costs | 1,752 | 649 |
| 2. Administrative expenses | 35 | 265 |
| 3. Reinsurance commissions and profit participation | 6 | 2 |
| VIII. Other net technical charges | 571 | 642 |
| IX. Movement in equalization provision | - | 382 |
| X. Technical result of non-life insurance | 326 | 2,005 |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 4 Marine, aviation and transport insurance (groups 4, 5, 6, 7)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 9,432 | 5,355 |
| 1. Gross written premium | 8,804 | 17,572 |
| 2. Reinsurers' share in gross written premium | 2,610 | 10,954 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (7,809) | 1,970 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (4,571) | 707 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | (19) | 302 |
| IV. Claims and benefits (1+2) | 2,586 | (312) |
| 1. Net claims and benefits paid | 1,979 | 1,332 |
| 1.1. Gross claims and benefits paid | 2,691 | 1,838 |
| 1.2. Reinsurers' share in claims and benefits paid | 712 | 506 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 607 | (1,644) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 389 | (2,487) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | (218) | (843) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 1,717 | 1,065 |
| 1. Acquisition expenses, including: | 1,722 | 1,138 |
| – movement in deferred acquisition costs | 483 | (161) |
| 2. Administrative expenses | 160 | 197 |
| 3. Reinsurance commissions and profit participation | 165 | 270 |
| VIII. Other net technical charges | 201 | (62) |
| IX. Movement in equalization provision | 194 | 105 |
| X. Technical result of non-life insurance | 4,715 | 4,861 |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 5 Fire and other damage to property (groups 8, 9)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 124,731 | 91,344 |
| 1. Gross written premium | 377,340 | 358,266 |
| 2. Reinsurers' share in gross written premium | 254,384 | 279,201 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (54,328) | (25,484) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (52,553) | (13,205) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 185 | 7,052 |
| IV. Claims and benefits (1+2) | 39,540 | 51,657 |
| 1. Net claims and benefits paid | 33,511 | 47,680 |
| 1.1. Gross claims and benefits paid | 76,198 | 222,086 |
| 1.2. Reinsurers' share in claims and benefits paid | 42,687 | 174,406 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 6,029 | 3,977 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 104,247 | (26,930) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 98,218 | (30,907) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | 863 | - |
| VII. Insurance activity expenses | 8,614 | 9,007 |
| 1. Acquisition expenses, including: | 20,429 | 20,013 |
| – movement in deferred acquisition costs | 1,066 | 4,505 |
| 2. Administrative expenses | 3,897 | 5,122 |
| 3. Reinsurance commissions and profit participation | 15,712 | 16,128 |
| VIII. Other net technical charges | 1,307 | 338 |
| IX. Movement in equalization provision | 6,237 | - |
| X. Technical result of non-life insurance | 68,355 | 37,394 |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 6 Third party liability (groups 11, 12, 13)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 56,406 | 55,948 |
| 1. Gross written premium | 71,835 | 65,200 |
| 2. Reinsurers' share in gross written premium | 22,267 | 11,317 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 4,408 | 355 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 11,246 | 2,420 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 54 | 188 |
| IV. Claims and benefits (1+2) | 44,779 | 46,366 |
| 1. Net claims and benefits paid | 11,882 | 12,159 |
| 1.1. Gross claims and benefits paid | 14,010 | 14,665 |
| 1.2. Reinsurers' share in claims and benefits paid | 2,128 | 2,506 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 32,897 | 34,207 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 39,788 | 32,491 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 6,891 | (1,716) |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 6,902 | 5,238 |
| 1. Acquisition expenses, including: | 6,874 | 4,245 |
| – movement in deferred acquisition costs | 23 | 1,041 |
| 2. Administrative expenses | 731 | 1,659 |
| 3. Reinsurance commissions and profit participation | 703 | 666 |
| VIII. Other net technical charges | 164 | (12) |
| IX. Movement in equalization provision | - | (1,828) |
| X. Technical result of non-life insurance | 4,615 | 6,372 |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 7 Credit and suretyship (groups 14, 15)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 411 | 567 |
| 1. Gross written premium | 13,118 | 14,005 |
| 2. Reinsurers' share in gross written premium | 12,722 | 14,063 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | 1,395 | 7,432 |
| 4. Reinsurers' share in the movement in provision for unearned premiums | 1,410 | 8,057 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 181 | 493 |
| IV. Claims and benefits (1+2) | 79 | (20) |
| 1. Net claims and benefits paid | 4 | 3 |
| 1.1. Gross claims and benefits paid | 655 | 476 |
| 1.2. Reinsurers' share in claims and benefits paid | 651 | 473 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 75 | (23) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 1,636 | 1,938 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 1,561 | 1,961 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | (73) | 1,269 |
| 1. Acquisition expenses, including: | 3,917 | 3,728 |
| – movement in deferred acquisition costs | (788) | (1,404) |
| 2. Administrative expenses | 124 | 647 |
| 3. Reinsurance commissions and profit participation | 4,114 | 3,106 |
| VIII. Other net technical charges | 414 | 156 |
| IX. Movement in equalization provision | - | (1) |
| X. Technical result of non-life insurance | 172 | (344) |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 8 Assistance (group 18)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 14 | 607 |
| 1. Gross written premium | 291 | 264 |
| 2. Reinsurers' share in gross written premium | 278 | 283 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (7) | (629) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (6) | (3) |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 7 | 29 |
| IV. Claims and benefits (1+2) | 8 | 614 |
| 1. Net claims and benefits paid | 1 | 1,010 |
| 1.1. Gross claims and benefits paid | 1 | 1,010 |
| 1.2. Reinsurers' share in claims and benefits paid | - | - |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | 7 | (396) |
| 2.1. Movement in provision for outstanding claims and benefits, gross | 259 | (396) |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | 252 | - |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 2 | 230 |
| 1. Acquisition expenses, including: | 2 | 133 |
| – movement in deferred acquisition costs | - | 145 |
| 2. Administrative expenses | 3 | 100 |
| 3. Reinsurance commissions and profit participation | 3 | 3 |
| VIII. Other net technical charges | 20 | - |
| IX. Movement in equalization provision | - | - |
| X. Technical result of non-life insurance | (9) | (208) |

Revenue account – direct insurance – inward reinsurance

ACCOUNTING CLASS 10 Miscellaneous (group 16)

| Item | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| I. Premium income (1-2-3+4) | 30,420 | 23,848 |
| 1. Gross written premium | 19,626 | 124,964 |
| 2. Reinsurers' share in gross written premium | 15,134 | 122,339 |
| 3. Movement in the provision for unearned premiums and provision for unexpired risks, gross | (111,911) | (10,508) |
| 4. Reinsurers' share in the movement in provision for unearned premiums | (85,983) | 10,715 |
| II. Net investment income (including costs) transferred from the general profit and loss account | - | - |
| III. Other net technical income | 200 | 3,226 |
| IV. Claims and benefits (1+2) | (1,437) | 7,187 |
| 1. Net claims and benefits paid | 9,101 | 5,230 |
| 1.1. Gross claims and benefits paid | 19,178 | 15,047 |
| 1.2. Reinsurers' share in claims and benefits paid | 10,077 | 9,817 |
| 2. Movement in provision for outstanding claims and benefits, net of reinsurance | (10,538) | 1,957 |
| 2.1. Movement in provision for outstanding claims and benefits, gross | (18,284) | 5,881 |
| 2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits | (7,746) | 3,924 |
| V. Movement in other technical provisions, net of reinsurance | - | - |
| 1. Movement in other technical provisions, gross | - | - |
| 2. Reinsurers' share in the movement in other technical provisions | - | - |
| VI. Net bonuses and discounts including movement in provisions | - | - |
| VII. Insurance activity expenses | 12,304 | 15,443 |
| 1. Acquisition expenses, including: | 13,401 | 17,002 |
| – movement in deferred acquisition costs | 15,525 | 19,550 |
| 2. Administrative expenses | 535 | 709 |
| 3. Reinsurance commissions and profit participation | 1,632 | 2,268 |
| VIII. Other net technical charges | 1,589 | (274) |
| IX. Movement in equalization provision | 1,161 | 974 |
| X. Technical result of non-life insurance | 17,003 | 3,744 |

Notes and explanations

1. Intangible assets

| Intangible assets | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) costs of completed development works | - | - |
| b) goodwill | - | - |
| c) acquired concessions, patents, licenses and similar values, including: | 250,180 | 258,351 |
| - computer software | 245,062 | 255,384 |
| d) other intangible assets | 189 | 78 |
| e) advance payments for intangible assets | 48,846 | 47,237 |
| Total intangible assets | 299,215 | 305,666 |

| Total changes in intangible assets | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) gross value of intangible assets – at the beginning of the period | 831,517 | 882,213 |
| b) additions (by virtue of) | 103,219 | 110,325 |
| - purchase | 52,436 | 56,123 |
| - transfers | 50,783 | 53,822 |
| - other (including estimations) | - | 380 |
| c) reductions (by virtue of) | 69,715 | 161,021 |
| - sale | - | - |
| - liquidation | 18,932 | 104,764 |
| - transfers | 50,783 | 53,822 |
| - other (including estimations) | - | 2,435 |
| d) gross value of intangible assets – at the end of the period | 865,021 | 831,517 |
| e) accumulated depreciation – at the beginning of the period | 524,642 | 564,791 |
| f) depreciation for the period (due to) | 39,955 | (40,149) |
| - current year charges | 58,887 | 63,420 |
| - sale | - | 33 |
| - liquidation | (18,932) | (103,957) |
| - other | - | 355 |
| g) accumulated depreciation – at the end of the period | 564,597 | 524,642 |
| h) impairment losses – at the beginning of the period | 1,209 | 1,209 |
| - additions | - | - |
| - reductions | - | - |
| i) impairment losses – at the end of the period | 1,209 | 1,209 |
| j) net value of intangible assets – at the end of the period | 299,215 | 305,666 |

| Intangible assets – ownership structure | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) owned | 299,215 | 305,666 |
| b) used based on lease, rental or other agreement | - | - |
| Total intangible assets | 299,215 | 305,666 |

| Movement in intangible assets for the year ended 31 December 2021 (by groups) | a) costs of completed development works | b) goodwill | c) acquired concessions, patents, licenses and similar values | - including computer software | d) other intangible assets | e) advance payments and intangible assets under construction | Total intangible assets |
|--|--|--------------------|--|--|---------------------------------------|---|------------------------------------|
| a) gross value of intangible assets – at the beginning of the period | - | - | 782,940 | 773,972 | 131 | 48,446 | 831,517 |
| b) additions (by virtue of) | - | - | 50,716 | 47,473 | 111 | 52,392 | 103,219 |
| – purchase | - | - | 44 | 27 | - | 52,392 | 52,436 |
| – transfers | - | - | 50,672 | 47,446 | 111 | - | 50,783 |
| – other (including estimations) | - | - | - | - | - | - | - |
| c) reductions (by virtue of) | - | - | 18,932 | 18,176 | - | 50,783 | 69,715 |
| – sale | - | - | - | - | - | - | - |
| – liquidation | - | - | 18,932 | 18,176 | - | - | 18,932 |
| – transfers | - | - | - | - | - | 50,783 | 50,783 |
| – other (including estimations) | - | - | - | - | - | - | - |
| d) gross value of intangible assets – at the end of the period | - | - | 814,724 | 803,269 | 242 | 50,055 | 865,021 |
| e) accumulated depreciation – at the beginning of the period | - | - | 524,589 | 518,588 | 53 | - | 524,642 |
| f) depreciation for the period (due to) | - | - | 39,955 | 39,619 | - | - | 39,955 |
| – current year charges | - | - | 58,887 | 57,795 | - | - | 58,887 |
| – sale | - | - | - | - | - | - | - |
| – liquidation | - | - | (18,932) | (18,176) | - | - | (18,932) |
| – other | - | - | - | - | - | - | - |
| g) accumulated depreciation – at the end of the period | - | - | 564,544 | 558,207 | 53 | - | 564,597 |
| h) impairment losses – at the beginning of the period | - | - | - | - | - | 1,209 | 1,209 |
| – additions | - | - | - | - | - | - | - |
| – reductions | - | - | - | - | - | - | - |
| i) impairment losses – at the end of the period | - | - | - | - | - | 1,209 | 1,209 |
| j) net value of intangible assets – at the end of the period | - | - | 250,180 | 245,062 | 189 | 48,846 | 299,215 |

| Movement in intangible assets for the year ended 31 December 2020 (by groups) | a) costs of completed development works | b) goodwill | c) acquired concessions, patents, licenses and similar values | - including computer software | d) other intangible assets | e) advance payments and intangible assets under construction | Total intangible assets |
|--|--|--------------------|--|--------------------------------------|-----------------------------------|---|--------------------------------|
| a) gross value of intangible assets – at the beginning of the period | - | - | 833,561 | 821,915 | 72 | 48,580 | 882,213 |
| b) additions (by virtue of) | - | - | 54,143 | 51,253 | 59 | 56,123 | 110,325 |
| – purchase | - | - | - | - | - | 56,123 | 56,123 |
| – transfers | - | - | 53,763 | 51,253 | 59 | - | 53,822 |
| – other (including estimations) | - | - | 380 | - | - | - | 380 |
| c) reductions (by virtue of) | - | - | 104,764 | 99,196 | - | 56,257 | 161,021 |
| – sale | - | - | - | - | - | - | - |
| – liquidation | - | - | 104,764 | 99,196 | - | - | 104,764 |
| – transfers | - | - | - | - | - | 53,822 | 53,822 |
| – other (including estimations) | - | - | - | - | - | 2,435 | 2,435 |
| d) gross value of intangible assets – at the end of the period | - | - | 782,940 | 773,972 | 131 | 48,446 | 831,517 |
| e) accumulated depreciation – at the beginning of the period | - | - | 564,771 | 554,756 | 20 | - | 564,791 |
| f) depreciation for the period (due to) | - | - | (40,182) | (36,168) | 33 | - | (40,149) |
| – current year charges | - | - | 63,420 | 62,351 | - | - | 63,420 |
| – sale | - | - | - | - | 33 | - | 33 |
| – liquidation | - | - | (103,957) | (98,519) | - | - | (103,957) |
| – other | - | - | 355 | - | - | - | 355 |
| g) accumulated depreciation – at the end of the period | - | - | 524,589 | 518,588 | 53 | - | 524,642 |
| h) impairment losses – at the beginning of the period | - | - | - | - | - | 1,209 | 1,209 |
| – additions | - | - | - | - | - | - | - |
| – reductions | - | - | - | - | - | - | - |
| i) impairment losses – at the end of the period | - | - | - | - | - | 1,209 | 1,209 |
| j) net value of intangible assets – at the end of the period | - | - | 258,351 | 255,384 | 78 | 47,237 | 305,666 |

2. Investments

2.1 Geographic structure of investments

| Geographic structure of investments as at 31 December 2021 | Domestic | | | | Foreign – EU countries | | | | Foreign – other countries | | | | Total | | | |
|--|-------------------|-------------------|---------------------|-----------------|------------------------|------------------|---------------------|-----------------|---------------------------|------------------|---------------------|-----------------|-------------------|-------------------|---------------------|-----------------|
| | Purchase price | Fair value | Net carrying amount | Impairment loss | Purchase price | Fair value | Net carrying amount | Impairment loss | Purchase price | Fair value | Net carrying amount | Impairment loss | Purchase price | Fair value | Net carrying amount | Impairment loss |
| I. Real property ¹⁾ | 709,226 | 441,846 | 297,328 | 138,585 | - | - | - | - | - | - | - | - | 709,226 | 441,846 | 297,328 | 138,585 |
| II. Investments in subordinated entities ²⁾ | 10,972,169 | 20,602,801 | 13,133,499 | 797,380 | 1,140,410 | 998,509 | 1,378,259 | - | 197,667 | 105,328 | 129,824 | - | 12,310,246 | 21,706,638 | 14,641,582 | 797,380 |
| III. Other financial investments | 16,896,500 | 20,643,798 | 19,470,969 | 12,525 | 1,480,714 | 1,698,638 | 1,699,009 | - | 2,649,120 | 3,141,674 | 3,141,674 | - | 21,026,334 | 25,484,110 | 24,311,652 | 12,525 |
| 1. Shares and other variable income securities | 19,269 | 1,936 | 1,936 | 12,500 | - | - | - | - | - | - | - | - | 19,269 | 1,936 | 1,936 | 12,500 |
| – measured at fair value | 6,754 | 1,921 | 1,921 | - | - | - | - | - | - | - | - | - | 6,754 | 1,921 | 1,921 | - |
| – measured at cost | 12,515 | 15 | 15 | 12,500 | - | - | - | - | - | - | - | - | 12,515 | 15 | 15 | 12,500 |
| 2. Participation units and investment certificates in mutual funds | 5,114,732 | 7,855,043 | 7,855,043 | 25 | 145,408 | 217,290 | 217,290 | - | 254,292 | 435,934 | 435,934 | - | 5,514,432 | 8,508,267 | 8,508,267 | 25 |
| 3. Debt securities and other fixed income securities | 11,095,820 | 12,114,805 | 10,941,814 | - | 1,185,306 | 1,318,764 | 1,318,764 | - | 2,394,828 | 2,705,740 | 2,705,740 | - | 14,675,954 | 16,139,309 | 14,966,318 | - |
| – measured at fair value | 3,119,193 | 2,894,024 | 2,894,024 | - | 1,185,306 | 1,318,764 | 1,318,764 | - | 2,394,828 | 2,705,740 | 2,705,740 | - | 6,699,327 | 6,918,528 | 6,918,528 | - |
| – measured at adjusted purchase price or cost | 7,976,627 | 9,220,781 | 8,047,790 | - | - | - | - | - | - | - | - | - | 7,976,627 | 9,220,781 | 8,047,790 | - |
| 4. Participation in investments pools | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. Mortgage-backed loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6. Other loans | 661,201 | 666,148 | 666,310 | - | 150,000 | 149,473 | 149,844 | - | - | - | - | - | 811,201 | 815,621 | 816,154 | - |
| 7. Term deposits with credit institutions | 5,478 | 5,478 | 5,478 | - | - | - | - | - | - | - | - | - | 5,478 | 5,478 | 5,478 | - |
| 8. Other investments | - | 388 | 388 | - | - | 13,111 | 13,111 | - | - | - | - | - | - | 13,499 | 13,499 | - |
| IV. Deposits with ceding enterprises | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 28,577,895 | 41,688,445 | 32,901,796 | 948,490 | 2,621,124 | 2,697,147 | 3,077,268 | - | 2,846,787 | 3,247,002 | 3,271,498 | - | 34,045,806 | 47,632,594 | 39,250,562 | 948,490 |

¹⁾ The presented fair value of real properties results from valuations performed in 2021 and 2020, which were based mostly on the income method.

²⁾ For companies measured by the equity method, the presented fair value of investments in related parties was recognized at the amount net assets of such entities attributable to PZU as at the balance sheet date, plus non-amortized portion of goodwill as at the balance sheet date and including impairment losses (excluding Alior Bank and Bank Pekao, for which stock exchange valuation was presented and excluding insurance companies subject to the Solvency II system for which a surplus of assets over liabilities under the Solvency II system was adopted). The possible regular estimations of the fair value of investments in subordinated entities that would be carried out solely for the purposes of PZU's financial reporting are not conducted mainly due to potential significant and recurring costs of such activities and a broad margin of discretion and error that would affect the results.

| Investment structure as at 31 December 2021 | Domestic – Net carrying amount | Foreign – EU countries – Net carrying amount | Foreign – other countries – Net carrying amount | Total |
|---|---------------------------------------|---|--|-------------------|
| I. Real property | 297,328 | - | - | 297,328 |
| II. Investments in subordinated entities | 13,133,499 | 1,378,259 | 129,824 | 14,641,582 |
| – with unlimited transferability, quoted on a regulated market | 7,490,504 | - | - | 7,490,504 |
| – with unlimited transferability, not quoted on a regulated market | 5,642,995 | 1,378,259 | 129,824 | 7,151,078 |
| – with limited transferability | - | - | - | - |
| III. Other financial investments | 19,470,969 | 1,699,009 | 3,141,674 | 24,311,652 |
| 1. Shares and other variable income securities | 1,936 | - | - | 1,936 |
| – with unlimited transferability, quoted on a regulated market | 1,921 | - | - | 1,921 |
| – with unlimited transferability, not quoted on a regulated market | 15 | - | - | 15 |
| – with limited transferability | - | - | - | - |
| 2. Participation units and investment certificates in mutual funds | 7,855,043 | 217,290 | 435,934 | 8,508,267 |
| – with unlimited transferability, quoted on a regulated market | - | - | - | - |
| – with unlimited transferability, not quoted on a regulated market | 7,855,043 | 217,290 | 435,934 | 8,508,267 |
| – with limited transferability | - | - | - | - |
| 3. Debt securities and other fixed income securities | 10,941,814 | 1,318,764 | 2,705,740 | 14,966,318 |
| – with unlimited transferability, quoted on a regulated market | 10,941,814 | 1,318,764 | 2,705,740 | 14,966,318 |
| – with unlimited transferability, not quoted on a regulated market | - | - | - | - |
| – with limited transferability | - | - | - | - |
| 4. Participation in investments pools | - | - | - | - |
| – with unlimited transferability, quoted on a regulated market | - | - | - | - |
| – with unlimited transferability, not quoted on a regulated market | - | - | - | - |
| – with limited transferability | - | - | - | - |
| 5. Mortgage-backed loans | - | - | - | - |
| 6. Other loans | 666,310 | 149,844 | - | 816,154 |
| 7. Term deposits with credit institutions | 5,478 | - | - | 5,478 |
| 8. Other investments | 388 | 13,111 | - | 13,499 |
| – with unlimited transferability, quoted on a regulated market | - | - | - | - |
| – with unlimited transferability, not quoted on a regulated market | 388 | 13,111 | - | 13,499 |
| – with limited transferability | - | - | - | - |
| IV. Deposits with ceding enterprises | - | - | - | - |
| Total | 32,901,796 | 3,077,268 | 3,271,498 | 39,250,562 |

| Geographic structure of investments as at 31 December 2020 | Domestic | | | | Foreign – EU countries | | | | Foreign – other countries | | | | Total | | | |
|--|-------------------|-------------------|---------------------|------------------|------------------------|------------------|---------------------|-----------------|---------------------------|------------------|---------------------|-----------------|-------------------|-------------------|---------------------|------------------|
| | Purchase price | Fair value | Net carrying amount | Impairment loss | Purchase price | Fair value | Net carrying amount | Impairment loss | Purchase price | Fair value | Net carrying amount | Impairment loss | Purchase price | Fair value | Net carrying amount | Impairment loss |
| I. Real property ¹⁾ | 712,340 | 451,777 | 310,722 | 138,596 | - | - | - | - | - | - | - | - | 712,340 | 451,777 | 310,722 | 138,596 |
| II. Investments in subordinated entities ²⁾ | 10,905,345 | 17,118,256 | 14,536,894 | 1,155,407 | 1,140,373 | 953,205 | 1,495,603 | - | 197,667 | 104,086 | 127,950 | - | 12,243,385 | 18,175,547 | 16,160,447 | 1,155,407 |
| III. Other financial investments | 16,929,407 | 20,712,917 | 19,273,020 | 12,549 | 1,412,345 | 1,611,751 | 1,607,305 | - | 2,516,899 | 2,855,557 | 2,855,557 | - | 20,858,651 | 25,180,225 | 23,735,882 | 12,549 |
| 1. Shares and other variable income securities | 19,247 | 2,408 | 2,408 | 12,500 | - | - | - | - | - | - | - | - | 19,247 | 2,408 | 2,408 | 12,500 |
| – measured at fair value | 6,732 | 2,393 | 2,393 | - | - | - | - | - | - | - | - | - | 6,732 | 2,393 | 2,393 | - |
| – measured at cost | 12,515 | 15 | 15 | 12,500 | - | - | - | - | - | - | - | - | 12,515 | 15 | 15 | 12,500 |
| 2. Participation units and investment certificates in mutual funds | 5,247,377 | 7,368,565 | 7,368,565 | 49 | 83,817 | 112,282 | 112,282 | - | 140,307 | 175,899 | 175,899 | - | 5,471,501 | 7,656,746 | 7,656,746 | 49 |
| 3. Debt securities and other fixed income securities | 10,639,548 | 12,305,708 | 10,871,654 | - | 1,193,450 | 1,349,918 | 1,349,918 | - | 2,376,592 | 2,679,658 | 2,679,658 | - | 14,209,590 | 16,335,284 | 14,901,230 | - |
| – measured at fair value | 2,905,535 | 3,084,927 | 3,084,927 | - | 1,193,450 | 1,349,918 | 1,349,918 | - | 2,376,592 | 2,679,658 | 2,679,658 | - | 6,475,577 | 7,114,503 | 7,114,503 | - |
| – measured at adjusted purchase price or cost | 7,734,013 | 9,220,781 | 7,786,727 | - | - | - | - | - | - | - | - | - | 7,734,013 | 9,220,781 | 7,786,727 | - |
| 4. Participation in investments pools | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. Mortgage-backed loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6. Other loans | 989,156 | 998,032 | 992,189 | - | 135,078 | 146,164 | 141,719 | - | - | - | - | - | 1,124,234 | 1,144,196 | 1,133,908 | - |
| 7. Term deposits with credit institutions | 34,079 | 34,079 | 34,079 | - | - | - | - | - | - | - | - | - | 34,079 | 34,079 | 34,079 | - |
| 8. Other investments | - | 4,125 | 4,125 | - | - | 3,387 | 3,386 | - | - | - | - | - | - | 7,512 | 7,511 | - |
| IV. Deposits with ceding enterprises | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 28,547,092 | 38,282,950 | 34,120,636 | 1,306,552 | 2,552,718 | 2,564,956 | 3,102,908 | - | 2,714,566 | 2,959,643 | 2,983,507 | - | 33,814,376 | 43,807,549 | 40,207,051 | 1,306,552 |

¹⁾ The presented fair value of real properties results from valuations performed in 2020 and 2019, which were based mostly on the income method.

²⁾ For companies measured by the equity method, the presented fair value of investments in related parties was recognized at the amount net assets of such entities attributable to PZU as at the balance sheet date, plus non-amortized portion of goodwill as at the balance sheet date and including impairment losses (excluding Alior Bank and Bank Pekao, for which stock exchange valuation was presented and excluding insurance companies subject to the Solvency II system for which a surplus of assets over liabilities under the Solvency II system was adopted). The possible regular estimations of the fair value of investments in subordinated entities that would be carried out solely for the purposes of PZU's financial reporting are not conducted mainly due to potential significant and recurring costs of such activities and a broad margin of discretion and error that would affect the results.

| Investment structure as at 31 December 2020 | Domestic – Net carrying amount | Foreign – EU countries – Net carrying amount | Foreign – other countries – Net carrying amount | Total |
|---|--------------------------------|--|---|------------|
| I. Real property | 310,722 | - | - | 310,722 |
| II. Investments in subordinated entities | 14,536,894 | 1,495,603 | 127,950 | 16,160,447 |
| – with unlimited transferability, quoted on a regulated market | 8,042,822 | - | - | 8,042,822 |
| – with unlimited transferability, not quoted on a regulated market | 6,494,072 | 1,495,603 | 127,950 | 8,117,625 |
| – with limited transferability | - | - | - | - |
| III. Other financial investments | 19,273,020 | 1,607,305 | 2,855,557 | 23,735,882 |
| 1. Shares and other variable income securities | 2,408 | - | - | 2,408 |
| – with unlimited transferability, quoted on a regulated market | 2,393 | - | - | 2,393 |
| – with unlimited transferability, not quoted on a regulated market | 15 | - | - | 15 |
| – with limited transferability | - | - | - | - |
| 2. Participation units and investment certificates in mutual funds | 7,368,565 | 112,282 | 175,899 | 7,656,746 |
| – with unlimited transferability, quoted on a regulated market | - | - | - | - |
| – with unlimited transferability, not quoted on a regulated market | 7,368,565 | 112,282 | 175,899 | 7,656,746 |
| – with limited transferability | - | - | - | - |
| 3. Debt securities and other fixed income securities | 10,871,654 | 1,349,918 | 2,679,658 | 14,901,230 |
| – with unlimited transferability, quoted on a regulated market | 10,871,654 | 1,349,918 | 2,679,658 | 14,901,230 |
| – with unlimited transferability, not quoted on a regulated market | - | - | - | - |
| – with limited transferability | - | - | - | - |
| 4. Participation in investments pools | - | - | - | - |
| – with unlimited transferability, quoted on a regulated market | - | - | - | - |
| – with unlimited transferability, not quoted on a regulated market | - | - | - | - |
| – with limited transferability | - | - | - | - |
| 5. Mortgage-backed loans | - | - | - | - |
| 6. Other loans | 992,189 | 141,719 | - | 1,133,908 |
| 7. Term deposits with credit institutions | 34,079 | - | - | 34,079 |
| 8. Other investments | 4,125 | 3,386 | - | 7,511 |
| – with unlimited transferability, quoted on a regulated market | - | - | - | - |
| – with unlimited transferability, not quoted on a regulated market | 4,125 | 3,386 | - | 7,511 |
| – with limited transferability | - | - | - | - |
| IV. Deposits with ceding enterprises | - | - | - | - |
| Total | 34,120,636 | 3,102,908 | 2,983,507 | 40,207,051 |

2.2 Movement in financial instruments, by portfolio

| Movement in financial instruments, by portfolio for the year ended 31 December 2021 | Beginning of the period | Additions, including: | | Reductions, including: | | End of the period |
|--|----------------------------|-----------------------|-------------------|------------------------|-------------------|-------------------|
| | | Acquisition | Increase in value | Sale or redemption | Decrease in value | |
| a) financial assets held for trading, including: | 9,630 | 643,028 | 13,499 | 652,658 | - | 13,499 |
| Shares and other variable income securities, participation units and investment certificates in mutual funds | - | - | - | - | - | - |
| Debt securities and other fixed income securities | 2,119 | 643,028 | - | 645,147 | - | - |
| Other investments | 7,511 | - | 13,499 | 7,511 | - | 13,499 |
| b) financial liabilities held for trading | 54,813 | - | 415,290 | 20,936 | 15,069 | 434,098 |
| c) loans granted and own receivables, including: | 1,294,671 | 47,702,210 | 1,627 | 48,049,852 | 348 | 948,307 |
| Debt securities and other fixed income securities | 126,683 | - | 776 | 784 | - | 126,675 |
| Mortgage-backed loans | - | - | - | - | - | - |
| Other loans | 1,133,908 | 45,823,517 | 851 | 46,141,774 | 348 | 816,154 |
| Term deposits with credit institutions | 34,079 | 1,878,693 | - | 1,907,293 | - | 5,478 |
| d) financial assets held to maturity, including: | 7,659,139 | 828,539 | 147,914 | 703,551 | 10,926 | 7,921,115 |
| Debt securities and other fixed income securities | 7,659,139 | 828,539 | 147,914 | 703,551 | 10,926 | 7,921,115 |
| e) financial assets available for sale, including: | 14,772,442 | 2,578,997 | 1,116,532 | 2,404,190 | 635,050 | 15,428,731 |
| Shares and other variable income securities, participation units and investment certificates in mutual funds | 7,659,154 | 1,467,762 | 847,012 | 1,425,939 | 37,786 | 8,510,203 |
| Debt securities and other fixed income securities | 7,113,289 | 1,111,235 | 269,520 | 978,252 | 597,264 | 6,918,528 |
| Total assets in other entities | 23,735,882 | 51,752,774 | 1,279,572 | 51,810,252 | 646,324 | 24,311,652 |
| Investments in related parties | 15,457,719 | 96,524 | 62,388 | - | 1,655,167 | 13,961,463 |
| Loans granted to subordinated entities | 526,434 | 2,800 | 7,054 | - | - | 536,288 |
| Other investments in subordinated entities | 176,294 | 1,227,059 | - | 1,259,523 | - | 143,831 |
| Total investments in subordinated entities | 16,160,447 | 1,326,383 | 69,442 | 1,259,523 | 1,655,167 | 14,641,582 |
| Total liabilities | 54,813 | - | 415,290 | 20,936 | 15,069 | 434,098 |

| Movement in financial instruments, by portfolio for the year ended 31 December 2020 | Beginning of the period | Additions, including: | | Reductions, including: | | End of the period |
|--|----------------------------|-----------------------|-------------------|------------------------|-------------------|-------------------|
| | | Acquisition | Increase in value | Sale or redemption | Decrease in value | |
| a) financial assets held for trading, including: | 341,897 | 1,230,946 | 5,034 | 1,568,209 | 38 | 9,630 |
| Shares and other variable income securities, participation units and investment certificates in mutual funds | - | - | - | - | - | - |
| Debt securities and other fixed income securities | 292,489 | 1,230,946 | 50 | 1,521,328 | 38 | 2,119 |
| Other investments | 49,408 | - | 4,984 | 46,881 | - | 7,511 |
| b) financial liabilities held for trading | 10,352 | - | 59,240 | 13,059 | 1,720 | 54,813 |
| c) loans granted and own receivables, including: | 1,140,624 | 98,187,066 | 21,315 | 98,053,030 | 1,304 | 1,294,671 |
| Debt securities and other fixed income securities | 127,336 | - | 785 | 1,435 | 3 | 126,683 |
| Mortgage-backed loans | - | - | - | - | - | - |
| Other loans | 923,690 | 58,503,562 | 20,530 | 58,312,572 | 1,301 | 1,133,908 |
| Term deposits with credit institutions | 89,598 | 39,683,504 | - | 39,739,023 | - | 34,079 |
| d) financial assets held to maturity, including: | 4,505,650 | 4,443,347 | 126,748 | 1,406,209 | 10,397 | 7,659,139 |
| Debt securities and other fixed income securities | 4,505,650 | 4,443,347 | 126,748 | 1,406,209 | 10,397 | 7,659,139 |
| e) financial assets available for sale, including: | 13,858,139 | 5,864,657 | 960,108 | 5,811,958 | 98,504 | 14,772,442 |
| Shares and other variable income securities, participation units and investment certificates in mutual funds | 7,180,433 | 5,459,520 | 423,212 | 5,393,885 | 10,125 | 7,659,154 |
| Debt securities and other fixed income securities | 6,677,706 | 405,138 | 536,897 | 418,073 | 88,379 | 7,113,289 |
| Total assets in other entities | 19,846,310 | 109,726,016 | 1,113,205 | 106,839,406 | 110,242 | 23,735,882 |
| Investments in related parties | 15,966,388 | 67,323 | 518,868 | 4,284 | 1,090,577 | 15,457,719 |
| Loans granted to subordinated entities | 462,088 | 77,805 | 6,922 | 16,399 | 3,982 | 526,434 |
| Other investments in subordinated entities | 52,071 | 144,813 | - | 20,590 | - | 176,294 |
| Total investments in subordinated entities | 16,480,547 | 289,941 | 525,791 | 41,273 | 1,094,559 | 16,160,447 |
| Total liabilities | 10,352 | - | 59,240 | 13,059 | 1,720 | 54,813 |

2.3 Investments in real property

| Investments in real property (by group) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) own land | 17,217 | 17,440 |
| – at purchase price | 22,667 | 22,891 |
| – at current value | 45,217 | 46,615 |
| b) perpetual usufruct right to land | 110 | 223 |
| c) buildings and structures | 276,564 | 289,300 |
| – at purchase price | 657,590 | 659,970 |
| – at current value | 305,137 | 310,917 |
| d) cooperative ownership right to a unit | 2,223 | 2,412 |
| e) construction investments | 1,214 | 1,347 |
| f) advance payments for construction investments | - | - |
| Total investments in real property (by group) | 297,328 | 310,722 |

| Movement in investments in real property | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) gross value – at the beginning of the period | 712,340 | 717,124 |
| b) additions (by virtue of) | 3,344 | 9,448 |
| – investments | 1,613 | 5,120 |
| – direct purchase | 1,731 | 4,328 |
| – other | - | - |
| c) reductions (by virtue of) | 6,457 | 14,232 |
| – liquidation | - | - |
| – sale | 4,711 | 9,904 |
| – donations | - | - |
| – other | 1,746 | 4,328 |
| d) gross value – at the end of the period | 709,227 | 712,340 |
| e) accumulated depreciation – at the beginning of the period | 263,022 | 252,321 |
| f) depreciation for the period (due to) | 10,292 | 10,701 |
| – depreciation charges for the current year | 12,446 | 13,177 |
| – accumulated depreciation of fixed assets liquidated | - | - |
| – accumulated depreciation of fixed assets sold | (2,154) | (3,272) |
| – accumulated depreciation of fixed assets donated | - | - |
| – other | - | 796 |
| g) accumulated depreciation – at the end of the period | 273,314 | 263,022 |
| h) impairment losses – at the beginning of the period | 138,596 | 132,035 |
| – additions | - | 6,561 |
| – reductions | 11 | - |
| i) impairment losses – at the end of the period | 138,585 | 138,596 |
| j) net value – at the end of the period | 297,328 | 310,722 |

| Movement in real property value for the year ended 31 December 2021 (by group) | Land and perpetual usufruct right | Buildings and structures, facilities | Rights to residential and commercial space | Construction investments | Advance payments for construction investments | Total real property |
|---|--|---|---|-------------------------------------|--|----------------------------|
| a) gross value – at the beginning of the period | 45,556 | 659,970 | 5,467 | 1,347 | - | 712,340 |
| b) additions (by virtue of) | 19 | 1,712 | - | 1,613 | - | 3,344 |
| – investments | - | - | - | 1,613 | - | 1,613 |
| – direct purchase | 19 | 1,712 | - | - | - | 1,731 |
| – other | - | - | - | - | - | - |
| c) reductions (by virtue of) | 450 | 4,092 | 169 | 1,746 | - | 6,457 |
| – liquidation | - | - | - | - | - | - |
| – sale | 450 | 4,092 | 169 | - | - | 4,711 |
| – donations | - | - | - | - | - | - |
| – other | - | - | - | 1,746 | - | 1,746 |
| d) gross value – at the end of the period | 45,125 | 657,590 | 5,298 | 1,214 | - | 709,227 |
| e) accumulated depreciation – at the beginning of the period | 22,442 | 237,525 | 3,055 | - | - | 263,022 |
| f) depreciation for the period (due to) | (95) | 10,367 | 20 | - | - | 10,292 |
| – depreciation charges for the current year | 64 | 12,271 | 111 | - | - | 12,446 |
| – accumulated depreciation of property liquidated | - | - | - | - | - | - |
| – accumulated depreciation of property sold | (159) | (1,904) | (91) | - | - | (2,154) |
| – accumulated depreciation of property donated | - | - | - | - | - | - |
| – other | - | - | - | - | - | - |
| g) accumulated depreciation – at the end of the period | 22,347 | 247,892 | 3,075 | - | - | 273,314 |
| h) impairment losses – at the beginning of the period | 5,451 | 133,145 | - | - | - | 138,596 |
| – additions | - | - | - | - | - | - |
| – reductions | - | 11 | - | - | - | 11 |
| i) impairment losses – at the end of the period | 5,451 | 133,134 | - | - | - | 138,585 |
| j) net value – at the end of the period | 17,327 | 276,564 | 2,223 | 1,214 | - | 297,328 |

| Movement in real property value for the year ended 31 December 2020 (by group) | Land and perpetual usufruct right | Buildings and structures, facilities | Rights to residential and commercial space | Construction investments | Advance payments for construction investments | Total real property |
|---|--|---|---|-------------------------------------|--|----------------------------|
| a) gross value – at the beginning of the period | 45,468 | 663,629 | 7,472 | 555 | - | 717,124 |
| b) additions (by virtue of) | 2,572 | 1,756 | - | 5,120 | - | 9,448 |
| – investments | - | - | - | 5,120 | - | 5,120 |
| – direct purchase | 2,572 | 1,756 | - | - | - | 4,328 |
| – other | - | - | - | - | - | - |
| c) reductions (by virtue of) | 2,484 | 5,415 | 2,005 | 4,328 | - | 14,232 |
| – liquidation | - | - | - | - | - | - |
| – sale | 2,484 | 5,415 | 2,005 | - | - | 9,904 |
| – donations | - | - | - | - | - | - |
| – other | - | - | - | 4,328 | - | 4,328 |
| d) gross value – at the end of the period | 45,556 | 659,970 | 5,467 | 1,347 | - | 712,340 |
| e) accumulated depreciation – at the beginning of the period | 22,026 | 226,213 | 4,082 | - | - | 252,321 |
| f) depreciation for the period (due to) | 416 | 11,312 | (1,027) | - | - | 10,701 |
| – depreciation charges for the current year | 284 | 12,737 | 156 | - | - | 13,177 |
| – accumulated depreciation of property liquidated | - | - | - | - | - | - |
| – accumulated depreciation of property sold | (664) | (1,425) | (1,183) | - | - | (3,272) |
| – accumulated depreciation of property donated | - | - | - | - | - | - |
| – other | 796 | - | - | - | - | 796 |
| g) accumulated depreciation – at the end of the period | 22,442 | 237,525 | 3,055 | - | - | 263,022 |
| h) impairment losses – at the beginning of the period | 5,451 | 126,584 | - | - | - | 132,035 |
| – additions | - | 6,561 | - | - | - | 6,561 |
| – reductions | - | - | - | - | - | - |
| i) impairment losses – at the end of the period | 5,451 | 133,145 | - | - | - | 138,596 |
| j) net value – at the end of the period | 17,663 | 289,300 | 2,412 | 1,347 | - | 310,722 |

| Real property (by purpose) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) real property used for own purposes | 285,524 | 296,613 |
| b) other property | 11,804 | 14,109 |
| Total real property (by purpose) | 297,328 | 310,722 |

| Investments in real property | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) short-term | 8,025 | 11,323 |
| b) long-term | 289,303 | 299,399 |
| Total investments in real property | 297,328 | 310,722 |

| Investments in real property (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 297,328 | 310,722 |
| b) in EUR or other currencies (by currency and translated to PLN) | - | - |
| Total investments in real property | 297,328 | 310,722 |

| Investments in real property | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| Value of land in perpetual usufruct not used for own purposes | - | 1 |
| Total value of land in perpetual usufruct not used for own purposes | - | 1 |

2.4 Investments in subordinated entities

| Investments in subordinated entities (carrying amount) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) shares in subsidiaries, of which: | 13,932,767 | 15,428,279 |
| – long-term investments | 13,932,767 | 15,428,279 |
| b) shares in co-subsidiaries, of which | - | - |
| – long-term investments | - | - |
| c) shares in associates, of which: | 28,696 | 29,440 |
| – long-term investments | 28,696 | 29,440 |
| d) loans granted to subsidiaries, of which: | 533,194 | 526,434 |
| – long-term investments | 533,194 | 526,434 |
| e) loans granted to co-subsidiaries, of which: | - | - |
| – long-term investments | - | - |
| f) loans granted to associates, of which: | 3,094 | - |
| – long-term investments | - | - |
| g) debt securities of subsidiaries, of which: | - | - |
| – long-term investments | - | - |
| g) debt securities of co-subsidiaries, of which: | - | - |
| – long-term investments | - | - |
| i) debt securities of associates, of which: | - | - |
| – long-term investments | - | - |
| j) other investments (by type), of which: | 143,831 | 176,294 |
| – long-term investments | - | 91,960 |
| Total investments in subordinated entities | 14,641,582 | 16,160,447 |

| Investments in subordinated entities measured by the equity method | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) shares, of which: | 13,961,463 | 15,457,719 |
| – in subsidiaries | 13,932,767 | 15,428,279 |
| – in co-subsidiaries | - | - |
| – in associates | 28,696 | 29,440 |
| b) loans granted, of which: | 536,288 | 526,434 |
| – to subsidiaries | 533,194 | 523,374 |
| – to co-subsidiaries | - | - |
| – to associates | 3,094 | 3,060 |
| c) debt securities, of which: | - | - |
| – subsidiaries | - | - |
| – co-subsidiaries | - | - |
| – associates | - | - |
| j) other (by type), of which: | 143,831 | 176,294 |
| d1) term deposits, of which: | 143,831 | 84,334 |
| – in subsidiaries | 143,831 | 84,334 |
| – in co-subsidiaries | - | - |
| – in associates | - | - |
| d2) derivatives, of which: | - | - |
| – in subsidiaries | - | - |
| – in co-subsidiaries | - | - |
| – in associates | - | - |
| d3) other, including: | - | 91,960 |
| – in subsidiaries | - | 91,960 |
| – in co-subsidiaries | - | - |
| – in associates | - | - |
| Total investments in subordinated entities measured by the equity method | 14,641,582 | 16,160,447 |

| Investments in subordinated entities measured by the equity method, including: | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) goodwill of subordinated entities | 1,512,403 | 1,646,411 |
| – subsidiaries | 1,490,877 | 1,619,503 |
| – co-subsidiaries | - | - |
| – associates | 21,526 | 26,908 |
| b) negative goodwill of subordinated entities | - | - |
| – subsidiaries | - | - |
| – co-subsidiaries | - | - |
| – associates | - | - |

| Movement in goodwill – subsidiaries | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) gross goodwill at the beginning of the period, including: | 3,586,945 | 3,586,945 |
| – UAB PZU Lietuva Gyvybes Draudimas | 81 | 81 |
| – PrJSC IC PZU Ukraine | 4,361 | 4,361 |
| – PrJSC IC PZU Ukraine Life Insurance | 1,595 | 1,595 |
| – Lietuvos Draudimas AB | 436,809 | 436,809 |
| – Link4 | 221,377 | 221,377 |
| – Bank Pekao | 1,757,491 | 1,757,491 |
| – AAS Balta | 89,559 | 89,559 |
| – Alior Bank | 1,075,672 | 1,075,672 |
| b) additions (by virtue of) | - | - |
| c) reductions (by virtue of) | - | - |
| d) gross goodwill at the end of the period | 3,586,945 | 3,586,945 |
| – UAB PZU Lietuva Gyvybes Draudimas | 81 | 81 |
| – PrJSC IC PZU Ukraine | 4,361 | 4,361 |

| Movement in goodwill – subsidiaries | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| – PrJSC IC PZU Ukraine Life Insurance | 1,595 | 1,595 |
| – Lietuvos Draudimas AB | 436,809 | 436,809 |
| – Link4 | 221,377 | 221,377 |
| – Bank Pekao | 1,757,491 | 1,757,491 |
| – AAS Balta | 89,559 | 89,559 |
| – Alior Bank | 1,075,672 | 1,075,672 |
| e) charges to goodwill at the beginning of the period | 1,967,442 | 698,329 |
| – UAB PZU Lietuva Gyvybes Draudimas | 81 | 81 |
| – PrJSC IC PZU Ukraine | 4,361 | 4,361 |
| – PrJSC IC PZU Ukraine Life Insurance | 1,595 | 1,595 |
| – Lietuvos Draudimas AB | 82,295 | 72,637 |
| – Link4 | 93,469 | 78,711 |
| – Bank Pekao | 677,828 | 227,008 |
| – AAS Balta | 32,141 | 30,341 |
| – Alior Bank | 1,075,672 | 283,595 |
| f) charges to goodwill for the period | 128,626 | 130,649 |
| – Lietuvos Draudimas AB | 41,177 | 9,658 |
| – Link4 | 14,758 | 14,758 |
| – Bank Pekao | 65,767 | 76,820 |
| – AAS Balta | 6,924 | 1,800 |
| – Alior Bank | - | 27,613 |
| g) impairment loss on goodwill for the period | - | 1,138,464 |
| – Bank Pekao | - | 374,000 |
| – Alior Bank | - | 764,464 |
| h) charges to goodwill at the end of the period | 2,096,068 | 1,967,442 |
| – UAB PZU Lietuva Gyvybes Draudimas | 81 | 81 |
| – PrJSC IC PZU Ukraine | 4,361 | 4,361 |
| – PrJSC IC PZU Ukraine Life Insurance | 1,595 | 1,595 |
| – Lietuvos Draudimas AB | 123,472 | 82,295 |
| – Link4 | 108,227 | 93,469 |
| – Bank Pekao | 743,595 | 677,828 |
| – AAS Balta | 39,065 | 32,141 |
| – Alior Bank | 1,075,672 | 1,075,672 |
| i) net goodwill at the end of the period | 1,490,877 | 1,619,503 |
| – Lietuvos Draudimas AB | 313,337 | 354,514 |
| – Link4 | 113,150 | 127,908 |
| – Bank Pekao | 1,013,896 | 1,079,663 |
| – AAS Balta | 50,494 | 57,418 |
| – Alior Bank | - | - |

Foreign exchange differences from translation and depreciation are recognized as changes in impairment of goodwill.

| Movement in goodwill – associates | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) gross goodwill at the beginning of the period, including: | 26,908 | - |
| b) additions (by virtue of) | - | 26,908 |
| – RUCH SA | - | 26,908 |
| c) reductions (by virtue of) | - | - |
| d) gross goodwill at the end of the period | 26,908 | 26,908 |
| – RUCH SA | 26,908 | 26,908 |
| e) charges to goodwill at the beginning of the period | - | - |
| – RUCH SA | - | - |
| f) charges to goodwill for the period | 5,382 | - |
| – RUCH SA | 5,382 | - |
| g) impairment loss on goodwill for the period | - | - |
| h) charges to goodwill at the end of the period | 5,382 | - |
| – RUCH SA | 5,382 | - |

| Movement in goodwill – associates | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| i) net goodwill at the end of the period | 21,526 | 26,908 |
| – RUCH SA | 21,526 | 26,908 |

2.4.1. Testing for impairment of shares in related parties and recognizing impairment losses on goodwill and trademark

In connection with the economic downturn caused by the COVID-19 pandemic, which led to a series of interest rate cuts by NBP and the increase of credit risk in banking activity, in 2020 tests were carried out for impairment of shares in related parties containing a goodwill component (Alior Bank and Bank Pekao).

The total value of impairment losses on goodwill and trademark posted in 2020 was PLN 1,155,407 thousand, of which PLN 374,000 thousand pertained to Bank Pekao and PLN 781,407 thousand pertained to Alior Bank.

The recoverable amount was determined on the basis of value in use using the discounted cash flow method. For the needs of the test, financial projections for 2020-2026 were used. Extension of the projection period for a period exceeding 5 years made it possible to fully reflect the impact of the assumed macroeconomic changes on the situation of the banks. Considering the uncertainty pertaining to the duration of the pandemic and its impact on the economy, the value in use was estimated for a number of scenarios, which reflected different future levels of interest rates, costs of risk and operating expenses, including the costs of refund of commissions in connection with the CJEU judgment of 11 September 2019 and the terms of dividend disbursement. The value in use was estimated as the average value weighted by the probability of the scenarios. It was determined using a discount rate of 8.7% and a 3.5% growth rate after the projection period.

Impairment tests for goodwill were performed as at 31 December 2021 for all the CGUs, to which goodwill was allocated. As a result of the tests, no need has been found to recognize impairment losses.

| Movement in investments in subordinated entities (by type) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) beginning of the period | 16,160,447 | 16,480,547 |
| – shares in subordinated entities | 15,457,719 | 15,966,388 |
| – loans granted | 526,434 | 462,088 |
| – other | 176,294 | 52,071 |
| b) additions (by virtue of) | 1,395,825 | 815,732 |
| – acquisition | 1,326,383 | 289,941 |
| – revaluation adjustments | 69,442 | 525,791 |
| – other | - | - |
| c) reductions (by virtue of) | 2,914,690 | 1,135,832 |
| – sale or buyout | 1,259,523 | 41,273 |
| – revaluation adjustments | 1,655,167 | 1,094,559 |
| – other | - | - |
| d) at the end of the period | 14,641,582 | 16,160,447 |
| – shares in subordinated entities | 13,961,463 | 15,457,719 |
| – loans granted | 536,288 | 526,434 |
| – other | 143,831 | 176,294 |

| Shares and securities in subordinated entities | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) admitted to trading on a regulated market | 7,490,504 | 8,042,822 |
| B) not admitted to trading on a regulated market | 6,474,053 | 7,414,897 |
| Total shares and securities in subordinated entities | 13,964,557 | 15,457,719 |

| Shares and other financial instruments in related parties (long-term investments), by transferability | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| A. With unlimited transferability, quoted on a regulated market (carrying amount) | 7,490,504 | 8,042,822 |
| a) shares (carrying amount): | 7,490,504 | 8,042,822 |
| – revaluation adjustments (for the period) | (552,318) | (843,187) |
| – value at the beginning of the period | 8,042,822 | 8,886,009 |
| – value at purchase price | 8,781,306 | 8,752,305 |
| b) bonds (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| c) other – by group (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| B. With unlimited transferability, not quoted on a regulated market (carrying amount) | 7,007,247 | 8,033,291 |
| a) shares (carrying amount): | 5,849,492 | 6,751,203 |
| – revaluation adjustments (for the period) | (901,711) | 303,539 |
| – value at the beginning of the period | 6,751,203 | 6,447,664 |
| – value at purchase price | 2,280,378 | 2,212,854 |
| b) bonds (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| c) other – by group (carrying amount): | 1,157,755 | 1,282,088 |
| shares in subordinated entities (carrying amount) | 621,467 | 663,694 |
| – revaluation adjustments (for the period) | (42,227) | 30,979 |
| – value at the beginning of the period | 663,694 | 632,715 |
| – value at purchase price | 587,455 | 587,455 |
| loans granted (carrying amount) | 536,288 | 526,434 |
| – revaluation adjustments (for the period) | 9,854 | 73,229 |
| – value at the beginning of the period | 526,434 | 453,205 |
| – value at purchase price | 517,276 | 514,476 |
| other investments (carrying amount) | - | 91,960 |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | 91,960 |
| C. With limited transferability (carrying amount) | - | - |
| a) shares (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| b) bonds (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| c) other – by group (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| Total value at purchase price | 12,166,415 | 12,159,050 |
| Total value at the beginning of the period | 15,984,153 | 16,419,593 |
| Total revaluation adjustments (for the period) | (1,486,402) | (435,440) |
| Total carrying amount | 14,497,751 | 16,076,113 |

| Shares and other financial instruments in related parties (short-term investments), by transferability | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| A. With unlimited transferability, quoted on a regulated market (carrying amount) | - | - |
| a) shares (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| b) bonds (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| c) other – by group (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| B. With unlimited transferability, not quoted on a regulated market (carrying amount) | - | - |
| a) shares (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| b) bonds (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| c) other – by group (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| C. With limited transferability (carrying amount) | 143,831 | 84,334 |
| a) shares (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| b) bonds (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| c) other – other investments (carrying amount): | 143,831 | 84,334 |
| c1) loans granted (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| c2) term deposits (carrying amount): | 143,831 | 84,334 |
| - fair value | 143,831 | 84,334 |
| - market value | 143,831 | 84,334 |
| - value at purchase price | 143,831 | 84,334 |
| c3) derivatives (carrying amount): | - | - |
| - fair value | - | - |
| - market value | - | - |
| - value at purchase price | - | - |
| Total value at purchase price | 143,831 | 84,334 |
| Total value at the beginning of the period | 84,334 | 60,954 |
| Total revaluation adjustments (for the period) | 59,497 | 23,380 |
| Total carrying amount | 143,831 | 84,334 |

2.4.2. Loans granted to subsidiaries

Loan granted to PZU Zdrowie SA

On 23 March 2015, a loan agreement was entered into between PZU and PZU Zdrowie SA for the amount of up to PLN 200,000 thousand. The loan should be repaid in 120 equal installments, no later than on 31 December 2030. On 23 April 2018, Annex 1 to the Loan Agreement was signed, providing for the interest rate equal to WIBOR 6M without a margin. By Annex 2 of 1 August 2018, the available loan amount was increased to PLN 295,000 thousand. The whole increased amount of the loan was disbursed in tranches in 2015-2018.

On 1 July 2019, another loan agreement was entered into by and between PZU and PZU Zdrowie SA for the maximum amount of PLN 95,000 thousand. All accrued interest and loan tranches will be repaid in a single transaction on 30 May 2024. The loan bears interest calculated as WIBOR 12M plus a margin. The first tranche of the loan in the amount of PLN 30,000 thousand was disbursed on 6 December 2019. The second tranche of the loan in the amount of PLN 45,000 thousand was paid out on 13 May 2020 and the third tranche of PLN 20,000 thousand was paid out on 18 December 2020.

The carrying amount of the loans with accrued interest as at 31 December 2021 was PLN 402,396 thousand (PLN 398,250 thousand as at 31 December 2020).

Loan granted to TUW PZUW

On 9 November 2016, PZU and Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych ("TUW PZUW") concluded an agreement to grant a subordinated loan of PLN 80,000 thousand maturing on 4 January 2027, with interest rate determined on an arm's length basis (6M WIBOR plus a margin). As at 31 December 2021, the loan value was PLN 80,004 thousand (as at 31 December 2020: PLN 80,004 thousand).

Shares in related parties (long-term investments) as at 31 December 2021, including financial data

| | a) Name and legal form | b) Registered office | c) Line of business | d) Type of relationship | e) Consolidation method/measurement by the equity method or indication that the entity is not consolidated/measured by the equity method | f) Date of obtaining control/joint control/significant influence | g) Value of shares at purchase price | h) Valuation adjustments (total) ¹⁾ | i) Carrying amount of shares | j) Percentage of share capital directly or indirectly held by PZU | k) Percentage of total votes held at the Shareholder Meeting | l) Source of control/joint control/significant influence if other than in j) and k) |
|-----|--|----------------------|---|-------------------------|--|--|--------------------------------------|--|------------------------------|---|--|---|
| 1. | Bank Pekao SA Group | Warsaw | Banking business | subsidiary | full consolidation | 07.06.2017 | 6,001,761 | (318,633) | 5,683,128 | 20.00% | 20.00% | n/a |
| 2. | Powszechny Zakład Ubezpieczeń na Życie SA ("PZU Życie") | Warsaw | Life insurance business | subsidiary | full consolidation | 18.12.1991 | 295,088 | 3,411,367 | 3,706,455 | 100.00% | 100.00% | n/a |
| 3. | Alior Bank SA ("Alior Bank") | Warsaw | Banking business | subsidiary | full consolidation | 18.12.2015 | 2,750,545 | (960,009) | 1,790,536 | 31.91% | 31.91% | n/a |
| 4. | Lietuvos Draudimas AB | Vilnius, Lithuania | Non-life insurance business | subsidiary | full consolidation | 31.10.2014 | 807,166 | 173,170 | 980,336 | 100.00% | 100.00% | n/a |
| 5. | Link4 Towarzystwo Ubezpieczeń SA ("Link4") | Warsaw | Non-life insurance business | subsidiary | full consolidation | 15.09.2014 | 518,482 | (177,616) | 340,866 | 100.00% | 100.00% | n/a |
| 6. | Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych ("TUW PZUW") | Warsaw | Non-life insurance business | subsidiary | full consolidation | 20.11.2015 | 325,850 | 29,069 | 354,919 | 100.00% | 100.00% | n/a |
| 7. | Apdrošināšanas Akciju Sabiedrība Balta ("AAS Balta") | Riga, Latvia | Non-life insurance business | subsidiary | full consolidation | 30.06.2014 | 200,813 | 142,201 | 343,014 | 100.00% | 100.00% | n/a |
| 8. | Towarzystwo Funduszy Inwestycyjnych PZU SA ("TFI PZU") | Warsaw | Creation, representing and management of mutual funds | subsidiary | full consolidation | 27.09.2011 | 38,403 | 160,423 | 198,826 | 100.00% | 100.00% | n/a |
| 9. | Ogrodowa – Inwestycje Sp. z o.o. ("Ogrodowa Inwestycje") | Warsaw | Business and management consultancy activities, business of a holding company | subsidiary | full consolidation | 15.09.2004 | 142,255 | 303 | 142,558 | 100.00% | 100.00% | n/a |
| 10. | Tower-Inwestycje Sp. z o.o. (form. PZU Tower Sp. z o.o.) ("PZU Tower") | Warsaw | Other financial service activities, except insurance and pension funding | indirect subsidiary | full consolidation | 17.08.1999 | 112,900 | (5,492) | 107,408 | 27.47% | 27.47% | n/a |
| 11. | PZU Pomoc SA | Warsaw | Provision of assistance services | subsidiary | full consolidation | 18.03.2009 | 18,566 | 35,740 | 54,306 | 100.00% | 100.00% | n/a |
| 12. | PrJSC IC PZU Ukraine | Kiev, Ukraine | Non-life insurance business | subsidiary | full consolidation | 01.07.2005 | 143,666 | (71,610) | 72,056 | 83.23% | 83.23% | n/a |
| 13. | PZU Centrum Operacji SA ("PZU CO") | Warsaw | Activities auxiliary to insurance and pension funding | subsidiary | full consolidation | 27.09.2011 | 40,645 | 24,415 | 65,060 | 100.00% | 100.00% | n/a |
| 14. | UAB PZU Lietuva Gyvybes Draudimas | Vilnius, Lithuania | Life insurance business | subsidiary | full consolidation | 08.04.2004 | 40,235 | (5,743) | 34,492 | 99.34% | 99.34% | n/a |
| 15. | Pekao Financial Services Sp. z o.o. ("PFS") | Warsaw | Transfer agent | indirect subsidiary | full consolidation | 04.06.2018 | 2,267 | 9,590 | 11,857 | 33.50% | 33.50% | n/a |
| 16. | PrJSC IC PZU Ukraine Life Insurance | Kiev, Ukraine | Life insurance business | subsidiary | full consolidation | 01.07.2005 | 32,584 | (1,093) | 31,491 | 53.47% | 53.47% | n/a |
| 17. | PZU Zdrowie SA ("PZU | Warsaw | Provision of medical services | subsidiary | full consolidation | 02.09.2011 | 40,664 | (40,664) | - | 100.00% | 100.00% | n/a |

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
 Financial statements for the year ended 31 December 2021
 (in thousands of PLN)

| | | | | | | | | | | | | |
|-----|-------------------------------|-------------------|---|------------|--------------------------------------|------------|-------------------|------------------|-------------------|---------|---------|-----|
| | Zdrowie") | | | | | | | | | | | |
| 18. | PZU Finance AB | Stockholm, Sweden | Financial services | subsidiary | full consolidation | 02.06.2014 | 92,196 | (71,779) | 20,417 | 100.00% | 100.00% | n/a |
| 19. | PZU Finanse Sp. z o.o. | Warsaw | Other financial service activities, except insurance and pension funding | subsidiary | full consolidation | 30.10.2013 | 4,050 | 659 | 4,709 | 100.00% | 100.00% | n/a |
| 20. | PZU LAB SA (form. Omicron SA) | Warsaw | No business conducted | subsidiary | full consolidation | 13.09.2011 | 1,700 | (614) | 1,086 | 100.00% | 100.00% | n/a |
| 21. | Omicron BIS SA | Warsaw | No business conducted | subsidiary | full consolidation | 21.08.2014 | 150 | (77) | 73 | 100.00% | 100.00% | n/a |
| 22. | PZU Cash SA | Warsaw | Other monetary intermediation | subsidiary | full consolidation | 15.09.2017 | 8,815 | (7,952) | 863 | 100.00% | 100.00% | n/a |
| 23. | Sigma BIS SA | Warsaw | Advertising activity | associate | consolidated using the equity method | 19.08.2015 | 1,054 | (1,054) | - | 34.00% | 34.00% | n/a |
| 24. | Tulare Investments Sp. z o.o. | Warsaw | No business conducted | subsidiary | full consolidation | 15.09.2017 | 56 | (48) | 8 | 100.00% | 100.00% | n/a |
| 25. | Ipsilon sp. z o.o. | Warsaw | Provision of assistance services and medical services | subsidiary | full consolidation | 02.04.2009 | 77 | (69) | 8 | 100.00% | 100.00% | n/a |
| 26. | PZU Corporate Member Limited | London, UK | Investment activity | subsidiary | full consolidation | 28.09.2017 | 1 | - | 1 | 100.00% | 100.00% | n/a |
| 27. | RUCH S.A. | Warsaw | Retail sale of newspapers and stationery in specialized stores. | associate | consolidated using the equity method | 03.06.2020 | 29,000 | (12,160) | 16,840 | 14.50% | 14.50% | n/a |
| 28. | Armatura Kraków SA | Krakow | Production and sale of radiators and sanitary fittings and administration and management of the group | subsidiary | full consolidation | 03.11.2020 | - | - | - | 100.00% | 100.00% | n/a |
| 29. | PZU Projekt 01 SA | Warsaw | No business conducted | subsidiary | full consolidation | 01.09.2020 | 150 | - | 150 | 100.00% | 100.00% | n/a |
| | Total | | | | | | 11,649,139 | 2,312,324 | 13,961,463 | | | |

¹⁾ "Total valuation adjustment" shows change in value resulting from measurement using the equity method, including amortization and impairment of goodwill.

| a) Name and legal form | m) Equity, including: | | | | | | n) Liabilities and provisions for liabilities, including: | | o) Receivables: | | p) Total assets | r) Sales revenues | s) Amount of shares not paid up by the issuer | t) Dividend for the last financial year received or receivable from the entity |
|--|-----------------------|---|-------------------------|----------------------------|------------------------------|---------------------|---|-----------------------|-----------------|------------|-----------------|-------------------|---|--|
| | - share capital | - unpaid share capital (negative value) | - supplementary capital | - other equity, including: | | | - non-current liabilities | - current liabilities | - non-current | - current | | | | |
| | | | | - other equity | - retained earnings (losses) | - net profit (loss) | | | | | | | | |
| 1. Bank Pekao SA Group ^{1) 2)} | 262,470 | - | 9,473,917 | 10,081,041 | 1,857,443 | 2,176,558 | 16,947,254 | 208,900,429 | 122,905,716 | 48,937,457 | 250,566,605 | 9,100,353 | - | 168,505 |
| 2. PZU Życie ²⁾ | 295,000 | - | 3,076,883 | (215,961) | - | 550,532 | - | 597,823 | 11,521 | 140,815 | 27,569,326 | 8,815,905 | - | 1,214,143 |
| 3. Alior Bank ^{1) 2)} | 1,305,540 | - | 5,403,849 | (744,914) | (527,198) | 481,925 | 3,377,418 | 73,460,650 | 44,479,742 | 15,438,215 | 83,048,372 | 4,278,818 | - | - |
| 4. Lietuvos Draudimas AB ^{1) 2)} | 48,537 | - | 10,208 | 81,410 | 605,277 | 120,617 | 8,596 | 169,056 | 1,282 | 260,487 | 2,307,933 | 1,245,812 | - | 68,673 |
| 5. Link4 ²⁾ | 111,356 | - | 278,626 | (30,432) | (141,139) | 753 | 30,504 | 324,211 | 37 | 105,823 | 1,069,360 | 1,137,006 | - | - |
| 6. TUW PZUW ²⁾ | 324,900 | - | 5,373 | 19,668 | - | 4,979 | 405,828 | 241,506 | 70,040 | 554,334 | 1,242,297 | 798,522 | - | - |
| 7. AAS Balta ^{1) 2)} | 34,182 | - | 5,488 | 40,538 | 203,059 | 37,279 | 19,764 | 76,686 | 230 | 94,453 | 914,719 | 531,205 | - | 55,308 |
| 8. TFI PZU | 13,000 | - | 142,506 | - | 4,224 | 38,098 | 258 | 52,462 | - | 24,956 | 250,963 | 190,925 | - | 59,588 |
| 9. Ogrodowa Inwestycje | 142,255 | - | - | - | 70 | 230 | 425 | 2,384 | - | 637 | 145,732 | 19,569 | - | 4,317 |
| 10. PZU Tower | 411,000 | - | 805 | (16,818) | 1 | (3,076) | 167 | 9,567 | 11 | 22,153 | 397,748 | - | - | 1,904 |
| 11. PZU Pomoc SA | 4,886 | - | 47,703 | - | 25 | 1,184 | - | 11,356 | 11 | 16,367 | 64,667 | 60,840 | - | - |
| 12. PrJSC IC PZU Ukraine ^{1) 2)} | 7,430 | - | 4,044 | 205,739 | (94,843) | (35,794) | - | 55,068 | 37,653 | 32,919 | 377,997 | 248,271 | - | - |
| 13. PZU CO | 500 | - | 43,127 | (90) | 1,414 | 19,699 | 3,586 | 56,388 | 221 | 30,348 | 121,465 | 398,788 | - | 5,876 |
| 14. UAB PZU Lietuva Gyvybes Draudimas ^{1) 2)} | 29,309 | - | 1,203 | 3,590 | 505 | 114 | 7,736 | 5,607 | 28 | 235 | 388,176 | 90,149 | - | - |
| 15. PFS | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,089 |
| 16. PrJSC IC PZU Ukraine Life Insurance ^{1) 2)} | 7,153 | - | 1,745 | 33,751 | 6,500 | 9,745 | 1,781 | 10,628 | - | 2,449 | 248,520 | 90,361 | - | - |
| 17. PZU Zdrowie | 10,650 | - | 33,264 | (23) | (96,321) | (33,576) | 662,630 | 92,673 | 2,227 | 81,938 | 659,125 | 522,521 | - | - |
| 18. PZU Finance AB ¹⁾ | 219 | - | 89,148 | 2,376 | 2,363 | (73,689) | - | 72,022 | - | 90,300 | 92,443 | - | - | - |
| 19. PZU Finanse Sp. z o.o. | 50 | - | - | 4,000 | (71) | 730 | - | 966 | - | 824 | 5,677 | 5,240 | - | - |
| 20. PZU LAB SA | 260 | - | 1,440 | - | (619) | 1 | - | 4,764 | - | 241 | 5,189 | 2,123 | - | - |
| 21. Omicron BIS SA | 150 | - | - | - | (59) | (18) | - | 10 | - | 3 | 81 | - | - | - |
| 22. PZU Cash SA | 8,800 | - | - | - | (2,483) | (5,454) | 7,353 | 825 | - | 1,291 | 9,007 | 152 | - | - |
| 23. Sigma BIS SA | 3,100 | - | - | - | (2,619) | (1,706) | 59 | 97,215 | - | 88,186 | 96,049 | 190,671 | - | - |
| 24. Tulare Investments Sp. z o.o. | 5 | - | - | 45 | (32) | (9) | 1 | 3 | - | 2 | 13 | - | - | - |
| 25. Ipsilon sp. z o.o. | 50 | - | - | 25 | (55) | (12) | - | 10 | - | 2 | 16 | - | - | - |
| 26. PZU Corporate Member Limited ¹⁾ | - | - | - | (100) | (393) | (1,893) | 24,917 | - | - | - | 22,075 | - | - | - |
| 27. RUCH S.A. | 109,290 | - | 391,762 | 1,415 | (459,696) | (52,190) | - | 118,508 | 24,930 | 42,252 | 195,306 | 81,904 | - | - |
| 28. Armatura Kraków SA ¹⁾ | 96,000 | - | 29,163 | 406 | (125,161) | 5,818 | 59,722 | 70,140 | - | 31,964 | 139,519 | 184,032 | - | - |
| 29. PZU Projekt 01 SA | 150 | - | - | - | (5) | (18) | - | 11 | - | 2 | 138 | - | - | - |

The above data are presented based on the unaudited financial statements of the companies, except for PZU Życie, Alior Bank, Bank Pekao SA.

¹⁾ IFRS figures

²⁾ For insurance undertakings, the "sales revenues" item presents gross written premium and other technical revenues; for Alior Bank and Bank Pekao SA, it shows interest income and fee and commission income.

Shares in related parties (long-term investments) as at 31 December 2020, including financial data

| a) Name and legal form | b) Registered office | c) Line of business | d) Type of relationship | e) Consolidation method/measurement by the equity method or indication that the entity is not consolidated/measured by the equity method | f) Date of obtaining control/joint control/significant influence | g) Value of shares at purchase price | h) Valuation adjustments (total) ¹⁾ | i) Carrying amount of shares | j) Percentage of share capital directly or indirectly held by PZU | k) Percentage of total votes held at the Shareholder Meeting | l) Source of control/joint control/significant influence if other than in j) and k) |
|---|----------------------|---|-------------------------|--|--|--------------------------------------|--|------------------------------|---|--|---|
| 1. Bank Pekao SA Group | Warsaw | Banking business | subsidiary | measured by the equity method | 07.06.2017 | 6,001,761 | 73,917 | 6,075,678 | 20.00% | 20.00% | n/a |
| 2. PZU Życie | Warsaw | Life insurance business | subsidiary | measured by the equity method | 18.12.1991 | 295,088 | 4,190,745 | 4,485,833 | 100.00% | 100.00% | n/a |
| 3. Alior Bank | Warsaw | Banking business | subsidiary | measured by the equity method | 18.12.2015 | 2,750,544 | (783,400) | 1,967,144 | 31.91% | 31.91% | n/a |
| 4. Lietuvos Draudimas AB | Vilnius, Lithuania | Non-life insurance business | subsidiary | measured by the equity method | 31.10.2014 | 807,166 | 186,502 | 993,668 | 100.00% | 100.00% | n/a |
| 5. Link4 | Warsaw | Non-life insurance business | subsidiary | measured by the equity method | 15.09.2014 | 518,482 | (115,963) | 402,519 | 100.00% | 100.00% | n/a |
| 6. TUW PZUW | Warsaw | Non-life insurance business | subsidiary | measured by the equity method | 20.11.2015 | 325,850 | 59,134 | 384,984 | 100.00% | 100.00% | n/a |
| 7. AAS Balta | Riga, Latvia | Non-life insurance business | subsidiary | measured by the equity method | 30.06.2014 | 200,776 | 171,545 | 372,321 | 99.99% | 99.99% | n/a |
| 8. TFI PZU | Warsaw | Creation, representing and management of mutual funds | subsidiary | measured by the equity method | 27.09.2011 | 38,403 | 180,915 | 219,318 | 100.00% | 100.00% | n/a |
| 9. Ogródowa Inwestycje | Warsaw | Business and management consultancy activities, business of a holding company | subsidiary | measured by the equity method | 15.09.2004 | 142,255 | 4,388 | 146,643 | 100.00% | 100.00% | n/a |
| 10. PZU Tower | Warsaw | Other financial service activities, except insurance and pension funding | indirect subsidiary | measured by the equity method | 17.08.1999 | 112,900 | 3,832 | 116,732 | 27.47% | 27.47% | n/a |
| 11. PZU Pomoc SA | Warsaw | Provision of assistance services | subsidiary | measured by the equity method | 18.03.2009 | 18,566 | 33,817 | 52,383 | 100.00% | 100.00% | n/a |
| 12. PrJSC IC PZU Ukraine | Kiev, Ukraine | Non-life insurance business | subsidiary | measured by the equity method | 01.07.2005 | 143,666 | (63,007) | 80,659 | 83.23% | 83.23% | n/a |
| 13. PZU CO | Warsaw | Activities auxiliary to insurance and pension funding | subsidiary | measured by the equity method | 27.09.2011 | 40,645 | 10,394 | 51,039 | 100.00% | 100.00% | n/a |
| 14. UAB PZU Lietuva Gyvybes Draudimas | Vilnius, Lithuania | Life insurance business | subsidiary | measured by the equity method | 08.04.2004 | 40,235 | (5,742) | 34,493 | 99.34% | 99.34% | n/a |
| 15. PFS | Warsaw | Transfer agent | indirect subsidiary | measured by the equity method | 04.06.2018 | 2,267 | 9,053 | 11,320 | 33.50% | 33.50% | n/a |
| 16. PrJSC IC PZU Ukraine Life Insurance | Kiev, Ukraine | Life insurance business | subsidiary | measured by the equity method | 01.07.2005 | 32,584 | (9,360) | 23,224 | 53.47% | 53.47% | n/a |
| 17. PZU Zdrowie | Warsaw | Provision of medical services | subsidiary | measured by the equity method | 02.09.2011 | 40,664 | (40,664) | - | 100.00% | 100.00% | n/a |
| 18. PZU Finance AB (publ.) | Stockholm, Sweden | Financial services | subsidiary | measured by the equity method | 02.06.2014 | 236 | 2,925 | 3,161 | 100.00% | 100.00% | n/a |
| 19. PZU Finanse Sp. z o.o. | Warsaw | Other financial service activities, except insurance and pension funding | subsidiary | measured by the equity method | 30.10.2013 | 4,050 | (71) | 3,979 | 100.00% | 100.00% | n/a |
| 20. PZU LAB SA | Warsaw | No business conducted | subsidiary | measured by the equity method | 13.09.2011 | 1,700 | (615) | 1,085 | 100.00% | 100.00% | n/a |
| 21. Omicron BIS SA | Warsaw | No business conducted | subsidiary | measured by the equity method | 21.08.2014 | 150 | (59) | 91 | 100.00% | 100.00% | n/a |
| 22. PZU Cash SA | Warsaw | Other monetary intermediation | subsidiary | measured by the equity method | 15.09.2017 | 4,315 | (2,498) | 1,817 | 100.00% | 100.00% | n/a |
| 23. Sigma BIS SA | Warsaw | Advertising activity | associate | measured by the equity method | 19.08.2015 | 1,054 | (587) | 467 | 34.00% | 34.00% | n/a |

| a) Name and legal form | b) Registered office | c) Line of business | d) Type of relationship | e) Consolidation method/measurement by the equity method or indication that the entity is not consolidated/measured by the equity method | f) Date of obtaining control/joint control/significant influence | g) Value of shares at purchase price | h) Valuation adjustments (total) ¹⁾ | i) Carrying amount of shares | j) Percentage of share capital directly or indirectly held by PZU | k) Percentage of total votes held at the Shareholder Meeting | l) Source of control/joint control/significant influence if other than in j) and k) |
|-----------------------------------|----------------------|---|-------------------------|--|--|--------------------------------------|--|------------------------------|---|--|---|
| 24. Tulare Investments Sp. z o.o. | Warsaw | No business conducted | subsidiary | measured by the equity method | 15.09.2017 | 56 | (39) | 17 | 100.00% | 100.00% | n/a |
| 25. Ipsilon sp. z o.o. | Warsaw | Provision of assistance services and medical services | subsidiary | measured by the equity method | 02.04.2009 | 77 | (58) | 19 | 100.00% | 100.00% | n/a |
| 26. PZU Corporate Member Limited | London, UK | Investment activity | subsidiary | measured by the equity method | 28.09.2017 | 1 | - | 1 | 100.00% | 100.00% | n/a |
| 27. RUCH SA | Warsaw | Retail sale of newspapers and stationery in specialized stores. | associate | measured by the equity method | 03.06.2020 | 28,973 | 1 | 28,974 | 14.50% | 14.50% | n/a |
| 28. Armatura Kraków SA | Krakow | Production and sale of radiators and sanitary fittings and administration and management of the group | subsidiary | measured by the equity method | 03.11.2020 | - | - | - | 100.00% | 100.00% | n/a |
| 29. PZU Projekt 01 SA | Warsaw | No business conducted | subsidiary | measured by the equity method | 01.09.2020 | 150 | - | 150 | 100.00% | 100.00% | n/a |
| Total | | | | | | 11,552,614 | 3,905,105 | 15,457,719 | | | |

¹⁾ "Total valuation adjustment" shows change in value resulting from measurement using the equity method, including amortization and impairment of goodwill.

| a) Name and legal form | m) Equity, including: | | | | | | n) Liabilities and provisions for liabilities, including: | | o) Receivables: | | p) Total assets | r) Sales revenues | s) Amount of shares not paid up by the issuer | t) Dividend for the last financial year received or receivable from the entity |
|--|-----------------------|---|-------------------------|----------------------------|------------------------------|---------------------|---|-----------------------|-----------------|------------|-----------------|-------------------|---|--|
| | - share capital | - unpaid share capital (negative value) | - supplementary capital | - other equity, including: | | | - non-current liabilities | - current liabilities | - non-current | - current | | | | |
| | | | | - other equity | - retained earnings (losses) | - net profit (loss) | | | | | | | | |
| 1. Bank Pekao SA Group ^{1) 2)} | 262,470 | - | 9,475,908 | 12,767,361 | 1,874,988 | 1,102,901 | 13,735,869 | 193,020,423 | 114,661,844 | 38,627,502 | 233,217,182 | 8,754,625 | - | - |
| 2. PZU Życie ²⁾ | 295,000 | - | 3,076,728 | (103,183) | - | 1,217,288 | - | 663,748 | 10,828 | 207,247 | 28,511,703 | 8,756,050 | - | 1,330,976 |
| 3. Alior Bank ^{1) 2)} | 1,305,540 | - | 5,399,627 | 379,122 | (190,137) | (332,930) | 3,039,937 | 68,705,294 | 39,938,752 | 16,785,041 | 78,642,032 | 4,374,794 | - | - |
| 4. Lietuvos Draudimas AB ^{1) 2)} | 48,537 | - | 9,732 | 101,764 | 562,152 | 111,779 | 10,752 | 160,839 | 2,820 | 257,132 | 2,194,522 | 1,133,096 | - | - |
| 5. Link4 ²⁾ | 111,356 | - | 278,626 | 9,296 | (150,956) | 9,817 | 33,430 | 304,011 | 75 | 105,693 | 1,066,122 | 1,089,120 | - | - |
| 6. TUW PZUW ²⁾ | 324,900 | - | 3,827 | 36,933 | - | 19,324 | 564,144 | 93,755 | 84,813 | 505,033 | 1,219,151 | 636,324 | - | - |
| 7. AAS Balta ^{1) 2)} | 34,182 | - | 5,488 | 49,756 | 191,890 | 64,845 | 16,156 | 58,045 | 282 | 84,631 | 886,291 | 479,907 | - | - |
| 8. TFI PZU | 13,000 | - | 142,506 | - | 1,383 | 62,429 | 1,757 | 54,554 | - | 31,844 | 276,380 | 219,617 | - | 37,379 |
| 9. Ogrodowa Inwestycje | 142,255 | - | - | - | (1,283) | 5,600 | 238 | 2,520 | - | 673 | 152,290 | 21,137 | - | - |
| 10. PZU Tower | 411,000 | - | 805 | 6,212 | 64 | 6,868 | 2,399 | 3,811 | 11 | 8,170 | 431,818 | - | - | 1,431 |
| 11. PZU Pomoc SA | 4,886 | - | 41,917 | - | 37 | 5,774 | - | 10,357 | 11 | 10,503 | 62,586 | 64,870 | - | - |
| 12. PrJSC IC PZU Ukraine ^{1) 2)} | 7,430 | - | 2,754 | 180,756 | (120,190) | 26,637 | - | 72,292 | 47,403 | 42,638 | 348,795 | 213,774 | - | - |
| 13. PZU CO | 500 | - | 33,127 | (90) | 1,471 | 15,819 | 12,654 | 50,978 | 865 | 17,783 | 111,006 | 376,380 | - | 5,483 |
| 14. UAB PZU Lietuva Gyvybes Draudimas ^{1) 2)} | 29,309 | - | 1,162 | 3,705 | (273) | 819 | 4,606 | 4,882 | 83 | 97 | 325,205 | 80,849 | - | - |
| 15. PFS | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,469 |
| 16. PrJSC IC PZU Ukraine Life Insurance ^{1) 2)} | 7,153 | - | 808 | 28,034 | (3,614) | 11,051 | 1,062 | 8,039 | - | 2,372 | 184,094 | 77,459 | - | - |
| 17. PZU Zdrowie | 10,650 | - | 29,945 | (23) | (63,220) | (26,878) | 633,478 | 95,047 | 547 | 61,670 | 674,336 | 317,862 | - | - |
| 18. PZU Finance AB (publ.) ¹⁾ | 219 | - | 89,148 | 3,045 | 3,029 | (667) | - | 78 | 92,324 | - | 94,857 | - | - | - |
| 19. PZU Finanse Sp. z o.o. | 50 | - | - | 4,000 | (602) | 531 | 53 | 603 | - | 469 | 4,693 | 4,191 | - | - |
| 20. PZU LAB SA | 260 | - | 1,440 | - | (728) | 109 | - | 326 | - | 401 | 1,383 | 1,897 | - | - |
| 21. Omicron BIS SA | 150 | - | - | - | (48) | (11) | - | 4 | - | 2 | 94 | - | - | - |
| 22. PZU Cash SA | 4,300 | - | - | - | (37) | (2,446) | 4,301 | 771 | - | 1,042 | 6,843 | 130 | - | - |
| 23. Sigma BIS SA | 3,100 | - | - | - | (506) | (1,188) | 9,323 | 39,623 | - | 41,424 | 50,320 | 93,131 | - | - |
| 24. Tulare Investments Sp. z o.o. | 5 | - | - | 45 | (23) | (9) | - | 4 | - | 2 | 22 | - | - | - |
| 25. Ipsilon sp. z o.o. | 50 | - | - | 25 | (49) | (6) | - | 4 | - | 2 | 23 | - | - | - |
| 26. PZU Corporate Member Limited ¹⁾ | - | - | - | - | (363) | (30) | 23,318 | - | - | - | 22,907 | - | - | - |
| 27. RUCH SA | 109,290 | - | 391,629 | 1,701 | (471,742) | 15,298 | - | 201,216 | - | 51,066 | 331,207 | 53,023 | - | - |
| 28. Armatura Kraków SA ¹⁾ | 96,000 | - | 29,163 | (2) | (115,299) | (9,862) | 35,298 | 74,590 | - | 29,168 | 112,390 | 139,549 | - | - |
| 29. PZU Projekt 01 SA | 150 | - | - | - | - | (5) | - | - | - | - | 145 | - | - | - |

¹⁾ IFRS figures

²⁾ For insurance undertakings, the "sales revenues" item presents gross written premium and other technical revenues; for Alior Bank and Bank Pekao SA, it shows interest income and fee and commission income.

| Investments in subordinated entities (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 13,438,704 | 14,536,894 |
| b) in EUR or other currencies (by currency and translated to PLN) | 1,202,878 | 1,623,553 |
| b1. thousands of UAH | 484,573 | 783,439 |
| thousands of PLN | 72,056 | 103,884 |
| b2. thousands of EUR | 220,643 | 304,161 |
| thousands of PLN | 1,014,827 | 1,403,642 |
| b3. thousands of GBP | 4,791 | 4,689 |
| thousands of PLN | 26,275 | 24,067 |
| b4. thousands of SEK | 200,000 | 200,000 |
| thousands of PLN | 89,720 | 91,960 |
| Total investments in subordinated entities | 14,641,582 | 16,160,447 |

2.5 Other financial investments

| Other financial investments | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) shares and other variable income securities | 1,936 | 2,408 |
| b) participation units and investment certificates in mutual funds | 8,508,267 | 7,656,746 |
| c) debt securities and other fixed income securities | 14,966,318 | 14,901,230 |
| d) participation in investments pools | - | - |
| e) mortgage-backed loans, including: | - | - |
| - additionally backed with policies | - | - |
| f) other loans, including: | 816,154 | 1,133,908 |
| - for insureds for whom a policy is the main collateral | - | - |
| - for insureds who do not hold policies as collateral | - | - |
| g) term deposits with credit institutions | 5,478 | 34,079 |
| h) other investments (by type) | 13,499 | 7,511 |
| - derivatives | 13,499 | 7,511 |
| Other financial investments, total | 24,311,652 | 23,735,882 |

| Movement in other financial investments (by type) | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) beginning of the period | 23,735,882 | 19,846,310 |
| Shares and other variable income securities, participation units and investment certificates in mutual funds | 7,659,154 | 7,180,433 |
| Debt securities and other fixed income securities | 14,901,230 | 11,603,181 |
| Other investments | 1,175,498 | 1,062,696 |
| b) additions (by virtue of) | 53,032,346 | 110,839,221 |
| - acquisition | 51,752,774 | 109,726,016 |
| - revaluation adjustments | 1,279,572 | 1,113,205 |
| - other | - | - |
| c) reductions (by virtue of) | 52,456,576 | 106,949,648 |
| - sale or buyout | 51,810,252 | 106,839,406 |
| - revaluation adjustments | 646,324 | 110,242 |
| - other | - | - |
| d) at the end of the period | 24,311,652 | 23,735,882 |
| Shares and other variable income securities, participation units and investment certificates in mutual funds | 8,510,203 | 7,659,154 |
| Debt securities and other fixed income securities | 14,966,318 | 14,901,230 |
| Other investments | 835,131 | 1,175,498 |

| Other financial investments | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) long-term | 22,799,618 | 22,698,431 |
| a) short-term | 1,512,034 | 1,037,451 |
| Other financial investments, total | 24,311,652 | 23,735,882 |

| Other financial investments (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 19,514,784 | 19,142,682 |
| b) in EUR or other currencies (by currency and translated to PLN) | 4,796,868 | 4,593,200 |
| b1. thousands of EUR | 411,031 | 400,516 |
| thousands of PLN | 1,890,494 | 1,848,301 |
| b2. thousands of USD | 542,731 | 536,858 |
| thousands of PLN | 2,203,486 | 2,017,727 |
| b3. thousands of GBP | 128,157 | 141,674 |
| thousands of PLN | 702,888 | 727,172 |
| b4. other currencies PLN 000s | - | - |
| Other financial investments, total | 24,311,652 | 23,735,882 |

| Other financial investments by portfolio classification | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) financial assets held for trading | 259,198 | 9,630 |
| b) loans granted and own receivables | 478,982 | 1,294,671 |
| c) financial assets held to maturity | 7,921,115 | 7,659,139 |
| d) financial assets available for sale | 15,652,357 | 14,772,442 |
| Other financial investments, total | 24,311,652 | 23,735,882 |

| Other financial investments in financial instruments | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) issued by the State Treasury or international organizations of which the Republic of Poland is a member | 7,932,492 | 8,462,001 |
| – long-term investments | 6,995,817 | 8,234,972 |
| – short-term investments | 936,675 | 227,029 |
| b) guaranteed by the State Treasury or international organizations of which the Republic of Poland is a member | 4,114,023 | 3,536,242 |
| c) issued by NBP | - | - |
| d) guaranteed by NBP | - | - |
| e) issued by a local government or an association of such local governments or the capital city of Warsaw | - | 10,520 |
| e) guaranteed by a local government or an association of such local governments or the capital city of Warsaw | - | - |
| g) other | 12,265,137 | 11,727,119 |
| Other financial investments in financial instruments, total | 24,311,652 | 23,735,882 |

| Securities (other financial investments) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) admitted to trading on a regulated market | 14,968,239 | 14,776,940 |
| B) not admitted to trading on a regulated market | 7,342,691 | 6,609,995 |
| Total securities (other financial investments) | 22,310,930 | 21,386,935 |

| Shares and other variable income securities (carrying amount) | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) shares, of which: | 1,936 | 2,408 |
| – long-term investments | 1,936 | 2,408 |
| b) debt securities, of which: | - | - |
| – long-term investments | - | - |
| c) other (by type) | - | - |
| Total shares and other variable income securities | 1,936 | 2,408 |

| Movement in investments in shares and other variable income securities (by type) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) beginning of the period | 2,408 | 379 |
| Shares and other variable income securities | 2,408 | 379 |
| b) additions (by virtue of) | 4,402 | 2,029 |
| – acquisition | 4,277 | 429 |
| – valuation adjustment | 125 | 1,600 |
| – other | - | - |
| c) reductions (by virtue of) | 4,874 | - |
| – disposal | 4,380 | - |
| – valuation adjustment | 494 | - |
| – other | - | - |
| d) at the end of the period | 1,936 | 2,408 |
| Shares and other variable income securities | 1,936 | 2,408 |

The table above does not include the participation units and investment certificates in mutual funds that are presented in item II.3 of balance sheet assets.

| Shares and other variable income financial instruments (long-term investments) - by transferability | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| A. With unlimited transferability, quoted on a regulated market (carrying amount) | - | - |
| a) shares (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| b) bonds (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| c) other – by group (carrying amount): | - | - |
| covered bonds (carrying amount) | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| participation units in open-end mutual funds (carrying amount) | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| B. With unlimited transferability, not quoted on a regulated market (carrying amount) | 8,510,203 | 7,659,154 |
| a) shares (carrying amount): | 1,936 | 2,408 |
| – revaluation adjustments (for the period) | 3,908 | 2,029 |
| – value at the beginning of the period | 2,408 | 379 |
| – value at purchase price | 19,269 | 19,247 |
| b) bonds (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| c) other – by group (carrying amount): | 8,508,267 | 7,656,746 |
| participation units and investment certificates in mutual funds (carrying amount) | 8,508,267 | 7,656,746 |
| – revaluation adjustments (for the period) | 851,521 | 476,692 |
| – value at the beginning of the period | 7,656,746 | 7,180,054 |
| – value at purchase price | 5,514,432 | 5,471,501 |
| loans granted (carrying amount) | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| C. With limited transferability (carrying amount) | - | - |

| Shares and other variable income financial instruments (long-term investments) – by transferability | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) shares (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| b) bonds (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| c) other – by group (carrying amount): | - | - |
| – revaluation adjustments (for the period) | - | - |
| – value at the beginning of the period | - | - |
| – value at purchase price | - | - |
| Total value at purchase price | 5,533,701 | 5,490,748 |
| Total value at the beginning of the period | 7,659,154 | 7,180,433 |
| Total revaluation adjustments (for the period) | 855,429 | 478,721 |
| Total carrying amount | 8,510,203 | 7,659,154 |

In 2021 and in 2020, there were no shares or other variable income financial instruments that would also be short-term investments

2.5.1. Other loans

| Other loans | 31 December 2021 | | 31 December 2020 | |
|---------------------------------|-------------------------|---|-------------------------|---|
| | Carrying amount | Collateral type | Carrying amount | Collateral type |
| Buy-sell-back transactions | 452,205 | Debt securities | 739,262 | Debt securities |
| Non-mortgage asset-backed loans | 363,949 | Mainly pledges on shares, accounts receivable portfolios and on bank accounts, other loans or otherwise | 394,646 | Mainly pledges on shares, accounts receivable portfolios and on bank accounts, other loans or otherwise |
| Total other loans | 816,154 | | 1,133,908 | |

2.5.2. Debt securities issued by corporations and local government units

| Debt securities by issuer | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| Foreign banks | 1,012,333 | 1,019,757 |
| Energy and fuel | 463,040 | 443,311 |
| Financial and insurance activities | 427,673 | 430,582 |
| Transportation and storage | 269,894 | 273,418 |
| Manufacturing | 210,597 | 191,073 |
| Real estate management | 182,020 | 180,820 |
| Telecommunications | 132,670 | 160,482 |
| Companies from the WIG-Banks Index | 126,675 | 126,683 |
| Mining and quarrying (including companies included in the WIG-Mining index) | 69,557 | 67,773 |
| Public utility services | 43,291 | 43,649 |
| Domestic local governments | - | 10,520 |
| Total | 2,937,750 | 2,948,068 |

2.5.3. Debt securities issued by governments other than the Polish government

| Country | 31 December 2021 | 31 December 2020 |
|----------------------|------------------|------------------|
| Indonesia | 123,572 | 120,223 |
| Romania | 97,307 | 86,736 |
| Russia | 85,598 | 93,223 |
| Columbia | 72,140 | 95,798 |
| Panama | 70,861 | 71,480 |
| Mexico | 70,383 | 67,070 |
| Brazil | 64,759 | 76,480 |
| Kazakhstan | 55,138 | 57,056 |
| Peru | 53,370 | 53,854 |
| Saudi Arabia | 52,238 | 50,869 |
| South Africa | 51,988 | 49,611 |
| Uruguay | 51,028 | 50,164 |
| Dominican Republic | 48,201 | 48,093 |
| Paraguay | 45,176 | 21,275 |
| Philippines | 44,228 | 43,850 |
| Qatar | 42,784 | 41,492 |
| Hungary | 40,871 | 48,832 |
| Azerbaijan | 28,273 | 27,213 |
| Morocco | 23,701 | 19,093 |
| Croatia | 23,282 | 40,801 |
| Serbia | 17,262 | 18,246 |
| United Arab Emirates | 15,029 | - |
| Trinidad and Tobago | 6,786 | 6,732 |
| Uzbekistan | 6,455 | 6,239 |
| Guatemala | 6,426 | 6,303 |
| Chile | 6,410 | 4,242 |
| Vietnam | 4,427 | 4,254 |
| Honduras | 4,394 | 4,291 |
| Kuwait | 1,341 | 1,297 |
| Namibia | - | 3,893 |
| Total | 1,213,428 | 1,218,710 |

2.5.4. Term deposits with credit institutions

| Term deposits with credit institutions (by maturity) - remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) up to 3 months | 5,478 | 34,079 |
| b) from 3 months to 1 year | - | - |
| c) from 1 to 5 years | - | - |
| d) over 5 years | - | - |
| Total term deposits with credit institutions | 5,478 | 34,079 |

| Term deposits with credit institutions (by currency) | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) Polish currency | 5,478 | 34,079 |
| b) in EUR or other currencies in domestic banks (by currency and translated to PLN) | - | - |
| b1. thousands of EUR | - | - |
| PLN 000s | - | - |
| b2. thousands of USD | - | - |
| PLN 000s | - | - |
| b3. other | - | - |
| c) in EUR or other currencies in foreign banks (by currency and translated to PLN) | - | - |
| Total term deposits with credit institutions | 5,478 | 34,079 |

2.5.5. Derivatives

In its investing activities, PZU uses derivatives as a tool to mitigate risk (with hedge accounting) and to facilitate efficient portfolio management. For the purposes of its investing activity, PZU sets investment limits and a catalog of permitted instruments in specified investment portfolios. For derivatives, this catalog includes: forward rate agreements (FRAs), futures for treasury bonds, short interest rate futures, stock index futures, share futures, interest rate swaps, standard commodity futures and standard derivatives.

The use of derivatives for effective portfolio management does not materially affect the PZU's risk profile and does not cause additional risk exposure, because derivatives and their underlying instruments are subject to aggregate investment limits. The Company does not conclude transactions on derivatives, for which the underlying instruments are not covered by the risk management system.

The main type of risk associated with derivatives at PZU is market risk, which includes interest rate risk and the risk of changes in prices of various instruments.

As at 31 December 2021, PZU held the following derivatives and achieved the following results on transactions with such instruments in 2021:

| Risk hedged | Purpose of purchase/issue | Scope and nature of instrument | Currency | Date of pricing, maturity, expiry or realization | Early settlement option – period or day, if any | Option to replace with or exchange for other asset or equity and liability | Additional collateral accepted or provided for the instrument | Par value as at 31 December 2021 in thous. of the currency | Par value as at 31 December 2021 translated to PLN in thous. PLN | Quantity as at 31 December 2021 | Position as at 31 December 2021 (short/long) | Assets – carrying amount in thous. PLN | Liabilities – carrying amount in thous. PLN | Gains/losses realized in 2021 in thous. PLN | Gains/losses not realized in 2021 in PLN 000s |
|-------------|---------------------------|--------------------------------|----------|--|---|--|---|--|--|---------------------------------|--|--|---|---|---|
| FX risk | commercial | Forward | EUR | 2022-01-14 | Yes | None | None | - | - | 1 | n/a | 656 | - | - | 656 |
| FX risk | commercial | Forward | EUR | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (48) | - |
| FX risk | commercial | Forward | USD | 2022-03-14 | Yes | None | None | - | - | 1 | n/a | 16 | - | - | 16 |
| FX risk | commercial | Forward | USD | 2022-01-07 | Yes | None | None | - | - | 1 | n/a | - | 160 | - | (160) |
| FX risk | commercial | Forward | USD | 2022-01-10 | Yes | None | None | - | - | 1 | n/a | - | 58 | - | (58) |
| FX risk | commercial | Forward | USD | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 7,225 | - |
| FX risk | commercial | Forward | GBP | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 4 | - |
| FX risk | cash flow hedges | CIRS | EUR | 2029-05-14 | Yes | None | None | 10,000 | 45,994 | 1 | n/a | - | 8,755 | - | 136 |
| FX risk | cash flow hedges | CIRS | PLN | 2027-02-02 | Yes | None | None | 20,000 | 85,782 | 1 | n/a | - | 12,584 | - | 308 |
| FX risk | cash flow hedges | CIRS | PLN | 2029-05-02 | Yes | None | None | 3,000 | 14,967 | 1 | n/a | - | 2,895 | - | (1,056) |
| FX risk | cash flow hedges | CIRS | PLN | 2026-02-04 | Yes | None | None | 23,000 | 98,735 | 1 | n/a | - | 11,615 | - | 354 |
| FX risk | cash flow hedges | CIRS | PLN | 2024-11-04 | Yes | None | None | 20,000 | 86,056 | 1 | n/a | - | 10,761 | - | 299 |
| FX risk | cash flow hedges | CIRS | PLN | 2026-04-05 | Yes | None | None | 24,000 | 92,460 | 1 | n/a | - | 15,822 | - | (7,370) |
| FX risk | cash flow hedges | CIRS | PLN | 2028-06-05 | Yes | None | None | 21,000 | 90,231 | 1 | n/a | - | 16,113 | - | 323 |
| FX risk | cash flow hedges | CIRS | PLN | 2025-01-07 | Yes | None | None | 22,750 | 97,664 | 1 | n/a | - | 10,197 | - | 343 |
| FX risk | cash flow hedges | CIRS | PLN | 2026-03-10 | Yes | None | None | 7,717 | 33,052 | 1 | n/a | - | 4,217 | - | 119 |
| FX risk | cash flow hedges | CIRS | PLN | 2024-04-10 | Yes | None | None | 2,000 | 8,589 | 1 | n/a | - | 888 | - | 31 |
| FX risk | cash flow hedges | CIRS | PLN | 2023-05-11 | Yes | None | None | 0 | 0 | 1 | n/a | - | - | - | - |
| FX risk | cash flow hedges | CIRS | PLN | 2027-11-13 | Yes | None | None | 22,900 | 98,203 | 1 | n/a | - | 16,567 | - | 352 |
| FX risk | cash flow hedges | CIRS | PLN | 2026-01-14 | Yes | None | None | 18,600 | 92,734 | 1 | n/a | - | 15,999 | - | (6,547) |
| FX risk | cash flow hedges | CIRS | PLN | 2025-05-14 | Yes | None | None | 5,300 | 22,726 | 1 | n/a | - | 2,957 | - | 82 |
| FX risk | cash flow hedges | CIRS | PLN | 2029-05-14 | Yes | None | None | 5,000 | 21,486 | 1 | n/a | - | 3,532 | - | 77 |
| FX risk | cash flow hedges | CIRS | PLN | 2026-03-15 | Yes | None | None | 12,500 | 47,943 | 1 | n/a | - | 9,208 | - | (3,804) |
| FX risk | cash flow | CIRS | PLN | 2026-06-15 | Yes | None | None | 5,000 | 19,241 | 1 | n/a | - | 3,171 | - | (1,524) |

| Risk hedged | Purpose of purchase/issue | Scope and nature of instrument | Currency | Date of pricing, maturity, expiry or realization | Early settlement option – period or day, if any | Option to replace with or exchange for other asset or equity and liability | Additional collateral accepted or provided for the instrument | Par value as at 31 December 2021 in thous. of the currency | Par value as at 31 December 2021 translated to PLN in thous. PLN | Quantity as at 31 December 2021 | Position as at 31 December 2021 (short/long) | Assets – carrying amount in thous. PLN | Liabilities – carrying amount in thous. PLN | Gains/losses realized in 2021 in thous. PLN | Gains/losses not realized in 2021 in PLN 000s |
|-------------|---------------------------|--------------------------------|----------|--|---|--|---|--|--|---------------------------------|--|--|---|---|---|
| FX risk | cash flow hedges | CIRS | PLN | 2025-08-15 | Yes | None | None | 8,000 | 34,324 | 1 | n/a | - | 4,553 | - | 123 |
| FX risk | cash flow hedges | CIRS | PLN | 2025-12-15 | Yes | None | None | 15,500 | 66,539 | 1 | n/a | - | 9,205 | - | 239 |
| FX risk | cash flow hedges | CIRS | PLN | 2028-08-16 | Yes | None | None | 19,000 | 94,946 | 1 | n/a | - | 18,987 | - | (6,686) |
| FX risk | cash flow hedges | CIRS | PLN | 2024-01-18 | Yes | None | None | 22,000 | 94,853 | 1 | n/a | - | 9,135 | - | 339 |
| FX risk | cash flow hedges | CIRS | PLN | 2026-01-19 | Yes | None | None | 22,000 | 94,552 | 1 | n/a | - | 12,007 | - | 339 |
| FX risk | cash flow hedges | CIRS | PLN | 2026-05-20 | Yes | None | None | 15,000 | 64,325 | 1 | n/a | - | 9,423 | - | 231 |
| FX risk | cash flow hedges | CIRS | PLN | 2026-04-21 | Yes | None | None | 18,500 | 92,347 | 1 | n/a | - | 15,626 | - | (6,535) |
| FX risk | cash flow hedges | CIRS | PLN | 2025-04-23 | Yes | None | None | 5,000 | 19,265 | 1 | n/a | - | 2,932 | - | (1,523) |
| FX risk | cash flow hedges | CIRS | PLN | 2025-02-27 | Yes | None | None | 7,500 | 32,307 | 1 | n/a | - | 3,643 | - | 116 |
| FX risk | cash flow hedges | CIRS | PLN | 2025-06-27 | Yes | None | None | 0 | 0 | 1 | n/a | - | - | - | - |
| FX risk | cash flow hedges | CIRS | PLN | 2026-01-29 | Yes | None | None | 17,500 | 87,494 | 1 | n/a | - | 15,028 | - | (6,181) |
| FX risk | cash flow hedges | CIRS | PLN | 2029-01-29 | Yes | None | None | 7,500 | 32,271 | 1 | n/a | - | 5,533 | - | 115 |
| FX risk | cash flow hedges | CIRS | PLN | 2028-05-30 | Yes | None | None | 6,050 | 30,574 | 1 | n/a | - | 6,644 | - | (2,156) |
| FX risk | cash flow hedges | CIRS | PLN | 2028-07-31 | Yes | None | None | 14,000 | 70,242 | 1 | n/a | - | 15,791 | - | (5,015) |
| FX risk | cash flow hedges | CIRS | PLN | 2025-04-01 | Yes | None | None | 25,000 | 95,450 | 1 | n/a | - | 16,023 | - | (7,614) |
| FX risk | cash flow hedges | CIRS | PLN | 2026-02-02 | Yes | None | None | 5,000 | 24,465 | 1 | n/a | - | 4,970 | - | (1,760) |
| FX risk | cash flow hedges | CIRS | PLN | 2025-04-04 | Yes | None | None | 8,000 | 38,230 | 1 | n/a | - | 8,282 | - | (2,815) |
| FX risk | cash flow hedges | CIRS | PLN | 2023-03-08 | Yes | None | None | 17,000 | 65,034 | 1 | n/a | - | 6,908 | - | (5,246) |
| FX risk | cash flow hedges | CIRS | PLN | 2025-05-08 | Yes | None | None | 8,000 | 30,433 | 1 | n/a | - | 5,213 | - | (2,436) |
| FX risk | cash flow hedges | CIRS | PLN | 2025-01-15 | Yes | None | None | 0 | 0 | 1 | n/a | - | - | 1,141 | - |
| FX risk | cash flow hedges | CIRS | PLN | 2023-11-15 | Yes | None | None | 3,000 | 14,548 | 1 | n/a | - | 2,527 | - | (1,056) |

| Risk hedged | Purpose of purchase/issue | Scope and nature of instrument | Currency | Date of pricing, maturity, expiry or realization | Early settlement option – period or day, if any | Option to replace with or exchange for other asset or equity and liability | Additional collateral accepted or provided for the instrument | Par value as at 31 December 2021 in thous. of the currency | Par value as at 31 December 2021 translated to PLN in thous. PLN | Quantity as at 31 December 2021 | Position as at 31 December 2021 (short/long) | Assets – carrying amount in thous. PLN | Liabilities – carrying amount in thous. PLN | Gains/losses realized in 2021 in thous. PLN | Gains/losses not realized in 2021 in PLN 000s |
|--------------------|----------------------------|--------------------------------|----------|--|---|--|---|--|--|---------------------------------|--|--|---|---|---|
| FX risk | hedges cash flow hedges | CIRS | PLN | 2025-03-16 | Yes | None | None | 20,000 | 75,145 | 1 | n/a | - | 13,811 | - | (6,032) |
| FX risk | hedges cash flow hedges | CIRS | PLN | 2026-02-23 | Yes | None | None | 0 | 0 | 1 | n/a | - | - | - | - |
| FX risk | commercial | CIRS | PLN | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 248 | - |
| Interest rate risk | commercial | FX Swap | | 2022-01-14 | Yes | None | None | 19,700 | 90,608 | 1 | n/a | 49 | - | 34 | 49 |
| Interest rate risk | commercial | FX Swap | | 2022-02-04 | Yes | None | None | 7,500 | 34,496 | 1 | n/a | 162 | - | 68 | 162 |
| Interest rate risk | commercial | FX Swap | | 2022-02-10 | Yes | None | None | 7,000 | 32,196 | 1 | n/a | 543 | - | (51) | 543 |
| Interest rate risk | commercial | FX Swap | | 2022-01-13 | Yes | None | None | 5,000 | 22,997 | 1 | n/a | 127 | - | (28) | 127 |
| Interest rate risk | commercial | FX Swap | | 2022-02-17 | Yes | None | None | 1,000 | 4,599 | 1 | n/a | 51 | - | (3) | 51 |
| Interest rate risk | commercial | FX Swap | | 2022-02-18 | Yes | None | None | 8,700 | 40,015 | 1 | n/a | 616 | - | (60) | 616 |
| Interest rate risk | commercial | FX Swap | | 2022-02-22 | Yes | None | None | 10,500 | 48,294 | 1 | n/a | 761 | - | (108) | 761 |
| Interest rate risk | commercial | FX Swap | | 2022-02-24 | Yes | None | None | 9,000 | 41,395 | 1 | n/a | 925 | - | (284) | 925 |
| Interest rate risk | commercial | FX Swap | | 2022-02-28 | Yes | None | None | 2,000 | 9,199 | 1 | n/a | 190 | - | 14 | 190 |
| Interest rate risk | commercial | FX Swap | | 2022-01-28 | Yes | None | None | 1,500 | 6,899 | 1 | n/a | 16 | - | (23) | 16 |
| Interest rate risk | commercial | FX Swap | | 2022-01-19 | Yes | None | None | 11,000 | 50,593 | 1 | n/a | - | 144 | (11) | (144) |
| Interest rate risk | commercial | FX Swap | | 2022-02-03 | Yes | None | None | 4,000 | 18,398 | 1 | n/a | 123 | - | (11) | 123 |
| Interest rate risk | commercial | FX Swap | | 2022-02-08 | Yes | None | None | 2,000 | 9,199 | 1 | n/a | 34 | - | 5 | 34 |
| Interest rate risk | commercial | FX Swap | | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (1,782) | - |
| Interest rate risk | commercial | FX Swap | | 2022-01-13 | Yes | None | None | 950 | 3,857 | 1 | n/a | - | 59 | 3 | (59) |
| Interest rate risk | commercial | FX Swap | | 2022-02-28 | Yes | None | None | 75,000 | 304,500 | 1 | n/a | 9,089 | - | 821 | 9,089 |
| Interest rate risk | commercial | FX Swap | | 2022-03-10 | Yes | None | None | 105,000 | 426,300 | 1 | n/a | 111 | 21,490 | 1,777 | (21,380) |
| Interest rate risk | commercial | FX Swap | | 2022-03-21 | Yes | None | None | 1,100 | 4,466 | 1 | n/a | 32 | - | (28) | 32 |
| Interest rate risk | commercial | FX Swap | | 2022-03-04 | Yes | None | None | 42,000 | 170,520 | 1 | n/a | - | 13,232 | 844 | (13,232) |
| Interest rate risk | commercial | FX Swap | | 2022-06-10 | Yes | None | None | 157,000 | 637,420 | 1 | n/a | - | 67,431 | 2,901 | (67,431) |
| Interest rate risk | commercial | FX Swap | | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 27,001 | - |
| Equity risk | commercial | Option | PLN | 2022-06-23 | n/a | n/a | n/a | 27,000 | 27,000 | n/a | n/a | n/a | 4,383 | - | (4,385) |
| TOTAL | | | | | | | | | 4,096,158 | | | 13,501 | 438,479 | 39,649 | (164,889) |

As at 31 December 2020, PZU held the following derivatives and achieved the following results on transactions with such instruments in 2020:

| Risk hedged | Purpose of purchase/issue | Scope and nature of instrument | Currency | Date of pricing, maturity, expiry or realization | Early settlement option – period or day, if any | Option to replace with or exchange for other asset or equity and liability | Additional collateral accepted or provided for the instrument | Par value as at 31 December 2020 in thous. of the currency | Par value as at 31 December 2020 translated to PLN in thous. PLN | Quantity as at 31 December 2020 | Position as at 31 December 2020 (short/long) | Assets – carrying amount in thous. PLN | Liabilities – carrying amount in thous. PLN | Gains/losses realized in 2020 in thous. PLN | Gains/losses not realized in 2020 in PLN 000s |
|--------------------|---------------------------|--------------------------------|----------|--|---|--|---|--|--|---------------------------------|--|--|---|---|---|
| FX risk | commercial | Forward | USD | 2020-06-04 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (31) | - |
| FX risk | commercial | Forward | USD | 2020-11-23 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (3,827) | - |
| FX risk | commercial | Forward | USD | 2021-02-05 | Yes | None | None | - | - | 1 | n/a | 77 | - | - | 77 |
| FX risk | commercial | Forward | USD | 2021-01-07 | Yes | None | None | - | - | 1 | n/a | 41 | - | - | 41 |
| FX risk | commercial | Forward | USD | 2021-02-12 | Yes | None | None | - | - | 1 | n/a | 13 | - | - | 13 |
| FX risk | commercial | Forward | USD | 2021-01-13 | Yes | None | None | - | - | 1 | n/a | 21 | - | - | 21 |
| FX risk | commercial | Forward | USD | 2021-01-21 | Yes | None | None | - | - | 1 | n/a | 59 | - | - | 59 |
| FX risk | commercial | Forward | USD | 2021-02-26 | Yes | None | None | - | - | 1 | n/a | 5 | - | - | 5 |
| FX risk | commercial | Forward | USD | 2021-01-29 | Yes | None | None | - | - | 1 | n/a | 200 | - | - | 200 |
| FX risk | commercial | Forward | USD | 2021-03-08 | Yes | None | None | - | - | 1 | n/a | - | 15 | - | (15) |
| FX risk | commercial | Forward | USD | 2021-03-15 | Yes | None | None | - | - | 1 | n/a | - | 30 | - | (30) |
| FX risk | commercial | Forward | USD | 2021-03-17 | Yes | None | None | - | - | 1 | n/a | - | 29 | - | (29) |
| FX risk | commercial | Forward | USD | 2021-03-23 | Yes | None | None | - | - | 1 | n/a | - | 28 | - | (28) |
| FX risk | commercial | Forward | USD | 2020-09-04 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (95) | - |
| FX risk | commercial | Forward | USD | 2020-12-09 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (30) | - |
| FX risk | commercial | Forward | USD | 2020-10-13 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (75) | - |
| FX risk | commercial | Forward | USD | 2020-06-16 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (169) | - |
| FX risk | commercial | Forward | USD | 2020-09-18 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (82) | - |
| FX risk | commercial | Forward | USD | 2020-10-21 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (12) | - |
| FX risk | commercial | Forward | USD | 2020-12-21 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (63) | - |
| FX risk | commercial | Forward | USD | 2020-08-26 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (259) | - |
| FX risk | commercial | Forward | USD | 2020-09-29 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (25) | - |
| FX risk | commercial | Forward | USD | 2020-11-12 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 34 | - |
| FX risk | commercial | Forward | USD | 2020-11-19 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 16 | - |
| FX risk | commercial | Forward | USD | 2020-10-30 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 79 | - |
| FX risk | commercial | Forward | USD | 2020-11-30 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 12 | - |
| FX risk | commercial | Forward | USD | 2020-01-31 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 175 | - |
| FX risk | commercial | Forward | USD | 2021-02-23 | Yes | None | None | - | - | 1 | n/a | 170 | - | - | 170 |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2029-05-14 | Yes | None | None | 10,000 | 46,148 | 1 | n/a | - | 2,836 | 17 | (1,739) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2027-02-02 | Yes | None | None | 20,000 | 85,782 | 1 | n/a | - | 2,804 | - | (7,168) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2029-05-02 | Yes | None | None | 3,000 | 14,967 | 1 | n/a | - | 3 | - | (406) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2026-02-04 | Yes | None | None | 23,000 | 98,735 | 1 | n/a | - | 779 | - | (8,195) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2024-11-04 | Yes | None | None | 20,000 | 86,056 | 1 | n/a | - | 2,752 | - | (7,162) |
| Interest rate risk | cash flow hedges | CIRS | USD | 2026-04-05 | Yes | None | None | 24,000 | 92,460 | 1 | n/a | 1,040 | - | - | 1,029 |

| Risk hedged | Purpose of purchase/issue | Scope and nature of instrument | Currency | Date of pricing, maturity, expiry or realization | Early settlement option – period or day, if any | Option to replace with or exchange for other asset or equity and liability | Additional collateral accepted or provided for the instrument | Par value as at 31 December 2020 in thous. of the currency | Par value as at 31 December 2020 translated to PLN in thous. PLN | Quantity as at 31 December 2020 | Position as at 31 December 2020 (short/long) | Assets – carrying amount in thous. PLN | Liabilities – carrying amount in thous. PLN | Gains/losses realized in 2020 in thous. PLN | Gains/losses not realized in 2020 in PLN 000s |
|--------------------|---------------------------|--------------------------------|----------|--|---|--|---|--|--|---------------------------------|--|--|---|---|---|
| Interest rate risk | cash flow hedges | CIRS | EUR | 2028-06-05 | Yes | None | None | 21,000 | 90,231 | 1 | n/a | - | 3,721 | - | (7,505) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2025-01-07 | Yes | None | None | 22,750 | 97,664 | 1 | n/a | - | 702 | - | (8,099) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2026-03-10 | Yes | None | None | 7,717 | 33,052 | 1 | n/a | - | 556 | - | (2,750) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2024-04-10 | Yes | None | None | 2,000 | 8,589 | 1 | n/a | - | 152 | - | (713) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2023-05-11 | Yes | None | None | n/a | n/a | 1 | n/a | n/a | n/a | 3,911 | - |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2027-11-13 | Yes | None | None | 22,900 | 98,203 | 1 | n/a | - | 3,515 | - | (8,182) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2026-01-14 | Yes | None | None | 18,600 | 92,734 | 1 | n/a | 10 | 1,216 | - | (2,537) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2025-05-14 | Yes | None | None | 5,300 | 22,726 | 1 | n/a | - | 765 | - | (1,893) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2029-05-14 | Yes | None | None | 5,000 | 21,486 | 1 | n/a | - | 312 | - | (1,782) |
| Interest rate risk | cash flow hedges | CIRS | USD | 2026-03-15 | Yes | None | None | 12,500 | 47,943 | 1 | n/a | 582 | - | - | 514 |
| Interest rate risk | cash flow hedges | CIRS | USD | 2026-06-15 | Yes | None | None | 5,000 | 19,241 | 1 | n/a | 263 | - | - | 204 |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2025-08-15 | Yes | None | None | 8,000 | 34,324 | 1 | n/a | - | 1,048 | - | (2,865) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2025-12-15 | Yes | None | None | 15,500 | 66,539 | 1 | n/a | - | 2,111 | - | (5,538) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2028-08-16 | Yes | None | None | 19,000 | 94,946 | 1 | n/a | - | 1,585 | - | (2,656) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2024-01-18 | Yes | None | None | 22,000 | 94,853 | 1 | n/a | - | 1,446 | - | (7,839) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2026-01-19 | Yes | None | None | 22,000 | 94,552 | 1 | n/a | - | 1,654 | - | (7,839) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2026-05-20 | Yes | None | None | 15,000 | 64,325 | 1 | n/a | - | 2,289 | - | (5,394) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2026-04-21 | Yes | None | None | 18,500 | 92,347 | 1 | n/a | - | 364 | - | (2,522) |
| Interest rate risk | cash flow hedges | CIRS | USD | 2025-04-23 | Yes | None | None | 5,000 | 19,265 | 1 | n/a | 357 | - | - | 207 |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2025-02-27 | Yes | None | None | 7,500 | 32,307 | 1 | n/a | - | 447 | - | (2,672) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2025-06-27 | Yes | None | None | n/a | n/a | n/a | n/a | n/a | n/a | 843 | - |

| Risk hedged | Purpose of purchase/issue | Scope and nature of instrument | Currency | Date of pricing, maturity, expiry or realization | Early settlement option – period or day, if any | Option to replace with or exchange for other asset or equity and liability | Additional collateral accepted or provided for the instrument | Par value as at 31 December 2020 in thous. of the currency | Par value as at 31 December 2020 translated to PLN in thous. PLN | Quantity as at 31 December 2020 | Position as at 31 December 2020 (short/long) | Assets – carrying amount in thous. PLN | Liabilities – carrying amount in thous. PLN | Gains/losses realized in 2020 in thous. PLN | Gains/losses not realized in 2020 in PLN 000s |
|--------------------|---------------------------|--------------------------------|----------|--|---|--|---|--|--|---------------------------------|--|--|---|---|---|
| Interest rate risk | cash flow hedges | CIRS | GBP | 2026-01-29 | Yes | None | None | 17,500 | 87,494 | 1 | n/a | - | 703 | - | (2,362) |
| Interest rate risk | cash flow hedges | CIRS | EUR | 2029-01-29 | Yes | None | None | 7,500 | 32,271 | 1 | n/a | - | 539 | - | (2,672) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2028-05-30 | Yes | None | None | 6,050 | 30,574 | 1 | n/a | - | 108 | - | (809) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2028-07-31 | Yes | None | None | 14,000 | 70,242 | 1 | n/a | - | 86 | - | (1,835) |
| Interest rate risk | cash flow hedges | CIRS | USD | 2025-04-01 | Yes | None | None | 25,000 | 95,450 | 1 | n/a | 195 | 229 | - | 1,056 |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2026-02-02 | Yes | None | None | 5,000 | 24,465 | 1 | n/a | - | 721 | - | (676) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2025-04-04 | Yes | None | None | 8,000 | 38,230 | 1 | n/a | - | 2,433 | - | (1,083) |
| Interest rate risk | cash flow hedges | CIRS | USD | 2023-03-08 | Yes | None | None | 17,000 | 65,034 | 1 | n/a | 1,413 | - | - | 747 |
| Interest rate risk | cash flow hedges | CIRS | USD | 2025-05-08 | Yes | None | None | 8,000 | 30,433 | 1 | n/a | 233 | 247 | - | 330 |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2025-01-15 | Yes | None | None | 5,000 | 23,846 | 1 | n/a | - | 1,479 | - | (678) |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2023-11-15 | Yes | None | None | 3,000 | 14,548 | 1 | n/a | - | 587 | - | (407) |
| Interest rate risk | cash flow hedges | CIRS | USD | 2025-03-16 | Yes | None | None | 20,000 | 75,145 | 1 | n/a | - | 1,675 | - | 787 |
| Interest rate risk | cash flow hedges | CIRS | GBP | 2026-02-23 | Yes | None | None | n/a | n/a | n/a | n/a | n/a | n/a | (1,566) | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-01-02 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | - | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-03-06 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | - | - | 36 | - |
| Interest rate risk | commercial | FX Swap | EUR | 2021-01-29 | Yes | None | None | 7,000 | 32,304 | 1 | n/a | 358 | - | 106 | 358 |
| Interest rate risk | commercial | FX Swap | EUR | 2021-02-25 | Yes | None | None | 2,500 | 11,537 | 1 | n/a | 378 | - | 15 | 378 |
| Interest rate risk | commercial | FX Swap | EUR | 2021-01-08 | Yes | None | None | 5,000 | 23,074 | 1 | n/a | 1 | 113 | 53 | (112) |
| Interest rate risk | commercial | FX Swap | EUR | 2021-02-02 | Yes | None | None | 2,000 | 9,230 | 1 | n/a | 70 | - | (30) | 70 |
| Interest rate risk | commercial | FX Swap | EUR | 2020-02-11 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (176) | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-05-26 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1,232 | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-04-20 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (271) | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-02-04 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 76 | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-05-11 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1,334 | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-09-15 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 2 | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-02-21 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 33 | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-02-25 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 110 | - |
| Interest rate risk | commercial | FX Swap | EUR | 2020-06-02 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 596 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-01-02 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (2) | - |

| Risk hedged | Purpose of purchase/issue | Scope and nature of instrument | Currency | Date of pricing, maturity, expiry or realization | Early settlement option – period or day, if any | Option to replace with or exchange for other asset or equity and liability | Additional collateral accepted or provided for the instrument | Par value as at 31 December 2020 in thous. of the currency | Par value as at 31 December 2020 translated to PLN in thous. PLN | Quantity as at 31 December 2020 | Position as at 31 December 2020 (short/long) | Assets – carrying amount in thous. PLN | Liabilities – carrying amount in thous. PLN | Gains/losses realized in 2020 in thous. PLN | Gains/losses not realized in 2020 in PLN 000s |
|--------------------|---------------------------|--------------------------------|----------|--|---|--|---|--|--|---------------------------------|--|--|---|---|---|
| Interest rate risk | commercial | FX Swap | USD | 2020-02-20 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 3,647 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-03-03 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 473 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-06-04 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 6,295 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-03-10 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (1,799) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-11-23 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1,224 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-09-04 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (7,498) | - |
| Interest rate risk | commercial | FX Swap | USD | 2021-02-23 | Yes | None | None | 45,615 | 171,439 | 1 | n/a | 1,672 | - | 249 | 1,672 |
| Interest rate risk | commercial | FX Swap | USD | 2021-01-08 | Yes | None | None | 1,000 | 3,758 | 1 | n/a | 175 | - | 4 | 175 |
| Interest rate risk | commercial | FX Swap | USD | 2020-02-04 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (2) | - |
| Interest rate risk | commercial | FX Swap | USD | 2021-03-22 | Yes | None | None | 3,150 | 11,839 | 1 | n/a | - | 247 | (155) | (247) |
| Interest rate risk | commercial | FX Swap | USD | 2020-08-21 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (10,276) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-12-22 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (186) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-05-21 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 4,790 | - |
| Interest rate risk | commercial | FX Swap | USD | 2021-01-15 | Yes | None | None | 1,834 | 6,892 | 1 | n/a | 178 | - | (5) | 178 |
| Interest rate risk | commercial | FX Swap | USD | 2021-03-04 | Yes | None | None | 42,000 | 157,853 | 1 | n/a | - | 1,058 | 567 | (1,058) |
| Interest rate risk | commercial | FX Swap | USD | 2021-03-10 | Yes | None | None | 258,000 | 969,667 | 1 | n/a | - | 13,429 | 4,863 | (13,429) |
| Interest rate risk | commercial | FX Swap | USD | 2020-12-04 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (1,424) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-09-10 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (40,678) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-12-10 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (30,884) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-06-19 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1,159 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-04-06 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (606) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-06-03 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 127 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-06-10 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 38,601 | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-04-09 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (24) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-03-18 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (245) | - |
| Interest rate risk | commercial | FX Swap | USD | 2020-04-08 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 648 | - |
| Interest rate risk | commercial | FX Swap | GBP | 2020-07-15 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | (10) | - |
| Interest rate risk | commercial | FX Swap | GBP | 2020-02-03 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 29 | - |
| TOTAL | | | | | | | | | 3,534,800 | | | 7,511 | 54,813 | (29,149) | (112,635) |

2.5.6. Hedge accounting

In 2021 and 2020, PZU applied hedge accounting to cover its cash flows. Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable planned transaction and could affect profit or loss.

PZU hedges foreign currency cash flows generated by the portfolios of fixed-rate bonds denominated in EUR, USD or GBP using cross-currency interest rate swaps (CIRS).

| | Currency | 31 December 2021 Maturity | | | | | 31 December 2020 Maturity | | | | |
|-----------|----------|------------------------------|----------------------------|------------------------|--------------|-----------|------------------------------|----------------------------|------------------------|--------------|-----------|
| | | Up to 3 months | Over 3 months up to 1 year | Over 1 year to 5 years | Over 5 years | Total | Up to 3 months | Over 3 months up to 1 year | Over 1 year to 5 years | Over 5 years | Total |
| Par value | EUR/PLN | - | - | 733,722 | 372,797 | 1,106,519 | - | - | 443,058 | 663,461 | 1,106,519 |
| Par value | USD /PLN | - | - | 444,971 | - | 444,971 | - | - | 285,327 | 159,644 | 444,971 |
| Par value | GBP /PLN | - | - | 349,818 | 210,728 | 560,546 | - | - | 76,624 | 507,768 | 584,392 |

| Impact of the hedge relationship on the balance sheet and the financial result | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| Hedging instruments | | |
| Par value | 2,112,036 | 2,135,882 |
| Carrying amount – assets (fair value) | - | 4,093 |
| Carrying amount – liabilities (fair value) | 331,523 | 39,864 |
| Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated | (295,751) | (56,991) |
| Hedge inefficiency amount recognized in the profit and loss account | 613 | 347 |
| Impairments increasing and decreasing the revaluation reserve, including: | (225,797) | 43,279 |
| Impairments increasing the revaluation reserve | - | 43,279 |
| Impairments decreasing the revaluation reserve | 225,797 | - |
| Impairments charged to the revaluation reserve and classified as financial income or financial costs, including: | (70,567) | (100,617) |
| Impairments charged to the revaluation reserve and classified as financial income | - | - |
| Impairments charged to the revaluation reserve and classified as financial costs | 70,567 | 100,617 |
| Hedged items | | |
| Amount equal to the change in the fair value of a hypothetical derivative representing the hedged item, which forms the basis for estimating hedge inefficiency in the period | 296,364 | 58,276 |
| Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period | (169,378) | 56,837 |

2.6 Risk exposure of investments

The objective of risk management is to ensure that PZU pursues its business goals, monitors and manages its portfolios in a safe manner and adequately to the level of incurred risks.

The main elements of PZU's risk management strategy include:

risk management organizational structure, in which the key roles are played by the Supervisory Board, Management Board, the Risk Committee, the Asset-Liability Management Committee, the Investment Risk Committee, the Investment Committee (“Committees”), the Investment Division and the Risk Department;

processes involving the identification, measurement and assessment, monitoring and controlling, reporting and management measures pertaining to various risks;

system of limits and restrictions on the acceptable risk levels defined by the Supervisory Board, the Management Board and the relevant Committees;

Based on the Company’s internal regulations, the Supervisory Board, Management Board and the Committees supervise the process of implementing the key risk management policy objective, which is to increase the effectiveness of the task performance and goal achievement by applying appropriate control mechanisms and obtaining the information about the risks to the achievement of the goals and performance of the tasks set. The risk appetite and the accompanying system of limits incorporate all material factors related to investment risk. The key investment risk management tools used by the Company include, among others:

- VaR limits – where Value at Risk is a risk measure quantifying the potential economic loss, which will not be exceeded over a period of one year with a 99.5% probability under normal market circumstances, with the use of a standard formula or an economic capital model for market risk;
- bpv limits – where basis point value denotes changes in the value of financial instruments and portfolio if interest rate curves move up 1 bp;
- equity exposure limits, including exposure of derivatives to equity risk;
- total position limit for all foreign currencies;
- position limits for individual foreign currencies;
- exposure limits;
- net maturity-weighted credit exposure limits.

Investment risk reports are prepared on a daily basis for operating purposes and periodically (monthly, quarterly) for management purposes. The periodic reports are addressed mainly to the Supervisory Board, Management Board and the Committees.

Information on key investment risks affecting PZU is presented in the following sections. The following tables take into consideration the initial risk resulting from the look through approach in respect to the funds where PZU and PZU Życie are the sole owners (SFIO Universum, FIZ Aktywów Niepublicznych BIS1, FIZ Aktywów Niepublicznych BIS2, FIZ Sektora Nieruchomości).

2.6.1. Interest rate risk

Interest rate risk is defined as the possibility of a loss incurred as a result of a change in the value of financial instruments or other assets and a change in the present value of the forecast liability flows as a consequence of changes in the interest rate term structure or fluctuations in the volatility of risk-free market interest rates. The table below presents financial instruments exposed to interest rate risk.

| Interest rate risk | 31 December 2021 (PLN m) | 31 December 2021 (% of investments) | 31 December 2020 (PLN m) | 31 December 2020 (% of investments) |
|--|-----------------------------|--|-----------------------------|--|
| Financial instruments in the held for trading and available for sale portfolio | 9,366.3 | 24.0% | 8,642.4 | 21.7% |
| Financial instruments in the held-to-maturity portfolio | 8,022.4 | 20.6% | 7,660.0 | 19.2% |
| Debt securities in the loans portfolio | 25.4 | 0.1% | 126.7 | 0.3% |
| Debt and cash mutual funds | 257.7 | 0.7% | 337.0 | 0.8% |

2.6.2. Equity risk

Equity risk is defined as a possibility of a loss incurred as a result of a change in the value of assets, liabilities and financial instruments as a consequence of changes in market share prices or fluctuations in the volatility of market share prices.

| Equity risk | 31 December 2021 (PLN m) | 31 December 2021 (% of investments) | 31 December 2020 (PLN m) | 31 December 2020 (% of investments) |
|---|-----------------------------|--|-----------------------------|--|
| Financial instruments exposed to equity risk, including | 15,462.8 | 39.6% | 15,694.0 | 39.3% |
| – unquoted shares | 7,449.3 | 19.1% | 7,626.3 | 19.1% |
| – quoted shares | 7,921.4 | 20.3% | 7,988.5 | 20.0% |
| – other investments | - | - | - | - |
| – equity funds | 92.1 | 0.2% | 79.3 | 0.2% |

2.6.3. Property price risk

Property price risk is defined as a possibility of a loss incurred as a result of a change in the value of assets, liabilities and financial instruments as a consequence of changes in market property prices or fluctuations in the volatility of market property prices.

| Property price risk | 31 December 2021 (PLN m) | 31 December 2021 (% of investments) | 31 December 2020 (PLN m) | 31 December 2020 (% of investments) |
|---|-----------------------------|--|-----------------------------|--|
| Value of investments exposed to property price risk, including: | 297.3 | 0.8% | 310.7 | 0.8% |
| – real property | 297.3 | 0.8% | 310.7 | 0.8% |

2.6.4. Credit risk

Credit risk is defined as the risk of loss or adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors, which materializes in the form of counterparty's default on a liability or an increase in credit spread.

The tables below present the value of credit risk assets, broken down by rating grades, as at 31 December 2021 and 31 December 2020. The following assumptions have been made:

the credit risk exposure arising from repo transactions is presented as an exposure to the issuer of the underlying securities;

investment-grade ratings are based on Fitch ratings (if there is no Fitch rating then a Standard&Poor's or EuroRating's rating is used instead).

| Assets exposed to credit risk as at 31 December 2021 (PLN million) | AAA | AA | A | BBB | BB | below BB or unrated | Total |
|--|-----|-----------|---------------|--------------|------------|---------------------|---------------|
| Debt securities | - | 47 | 12,137 | 3,029 | 688 | 1,513 | 17,414 |
| – held to maturity | - | - | 7,921 | - | - | 127 | 8,048 |
| – available for sale | - | 43 | 3,778 | 2,604 | 494 | - | 6,919 |
| – measured at fair value | - | 4 | 438 | 425 | 194 | 1,386 | 2,447 |
| – loans | - | - | - | - | - | - | - |
| Bank deposits and repo transactions on treasury securities | - | - | 1,697 | 144 | 2 | 478 | 2,321 |
| Mortgage loans | - | - | - | - | - | - | - |
| Other loans | - | - | - | - | 100 | 1,748 | 1,848 |
| Derivatives | - | - | 14 | 2 | - | - | 16 |
| Reinsurers' share in net claims provisions | - | - | - | - | - | - | - |
| Deposits with ceding enterprises | - | - | - | - | - | - | - |
| Reinsurance receivables | - | - | - | - | - | - | - |
| Total credit risk assets | - | 47 | 13,848 | 3,175 | 790 | 3,739 | 21,599 |

| Assets exposed to credit risk as at 31 December 2020 (PLN million) | AAA | AA | A | BBB | BB | below BB or unrated | Total |
|--|-----|----|--------|-------|-----|---------------------|--------|
| Debt securities | - | 47 | 12,231 | 3,031 | 596 | 524 | 16,429 |
| – held to maturity | - | - | 7,660 | - | - | 127 | 7,787 |
| – available for sale | - | 43 | 3,959 | 2,730 | 380 | - | 7,112 |
| – measured at fair value | - | 4 | 612 | 301 | 216 | 397 | 1,530 |
| – loans | - | - | - | - | - | - | - |
| Bank deposits and repo transactions on treasury securities | - | - | 2,323 | 91 | 34 | 290 | 2,738 |
| Mortgage loans | - | - | - | - | - | - | - |
| Other loans | - | - | - | - | 26 | 2,175 | 2,201 |
| Derivatives | - | - | 4 | 4 | - | - | 8 |
| Reinsurers' share in net claims provisions | - | - | - | - | - | - | - |
| Deposits with ceding enterprises | - | - | - | - | - | - | - |
| Reinsurance receivables | - | - | - | - | - | - | - |
| Total credit risk assets | - | 47 | 14,558 | 3,126 | 656 | 2,989 | 21,376 |

As at 31 December 2021, PZU's maximum potential credit loss was PLN 1,281.8 million (PLN 1,071.6 million as at 31 December 2020). The amount was calculated based on the average accumulated probability ratios regarding insolvency within a 10-year horizon for a given rating grade, published by Standard&Poor's and presented in the table below:

| Credit risk assets | AAA | AA | A | BBB | BB | below BB or unrated |
|---|------|------|------|------|-------|---------------------|
| Calculation ratios as at 31 December 2021 (%) | 0.70 | 0.70 | 1.20 | 3.24 | 11.64 | 24.62 |
| Calculation ratios as at 31 December 2020 (%) | 0.70 | 0.72 | 1.24 | 3.32 | 11.78 | 23.10 |

2.6.5. Concentration risk

| Concentration risk | 31 December 2021 (PLN m) | 31 December 2021 (% of investments) | 31 December 2020 (PLN m) | 31 December 2020 (% of investments) |
|--|--------------------------|-------------------------------------|--------------------------|-------------------------------------|
| Treasury securities issued by the Polish Treasury and repo transactions on such securities | 12,986.3 | 33.3% | 13,362.8 | 33.5% |

2.6.6. Foreign exchange risk

Foreign exchange risk is defined as a possibility of a loss incurred as a result of a change in the value of assets, liabilities and financial instruments as a consequence of changes in exchange rates or fluctuations in the volatility of exchange rates.

PZU is exposed to foreign exchange risk arising from currency mismatch in technical provisions the value of which depends on exchange rates and assets denominated in foreign currencies, in particular: securities, investments in financial institutions, participation units in mutual funds and derivatives, i.e. fx forward, fx swap, interest/currency swap where exchange rates are underlying instruments.

| Foreign exchange risk | 31 December 2021 (PLN m) | 31 December 2020 (PLN m) |
|--|--------------------------|--------------------------|
| Value of assets denominated in foreign currencies | 6,634.4 | 6,276.5 |
| Currency position on derivatives | (7,715.8) | (4,054.6) |
| Amount of net technical provisions denominated in foreign currencies | (1,032.6) | (1,156.7) |
| Currency mismatch | (2,214.0) | 1065.2 |

3. Receivables

| Geographic structure of receivables | 31 December 2021 | | | | 31 December 2020 | | | |
|---|------------------|------------------------|---------------------------|------------------|------------------|------------------------|---------------------------|------------------|
| | Domestic | Foreign – EU countries | Foreign – other countries | Total | Domestic | Foreign – EU countries | Foreign – other countries | Total |
| I. Receivables on direct insurance | 1,600,234 | 12,323 | 11,000 | 1,623,557 | 1,363,855 | 9,352 | 15,068 | 1,388,275 |
| 1. Receivables from policyholders | 1,527,465 | 12,244 | 10,995 | 1,550,704 | 1,271,018 | 8,059 | 15,064 | 1,294,141 |
| 2. Receivables from intermediaries | 71,686 | 70 | 4 | 71,760 | 82,345 | 47 | 4 | 82,396 |
| 3. Other receivables | 1,083 | 9 | 1 | 1,093 | 10,492 | 1,246 | - | 11,738 |
| II. Reinsurance receivables | 206,696 | 3,864 | 5,195 | 215,755 | 140,566 | 3,589 | 1,944 | 146,099 |
| III. Other receivables | 212,068 | 350,771 | 1,444 | 564,283 | 135,426 | 17,996 | 930 | 154,352 |
| 1. Receivables from the state budget | 4,511 | - | - | 4,511 | 2,523 | - | - | 2,523 |
| 2. Other receivables | 207,557 | 350,771 | 1,444 | 559,772 | 132,903 | 17,996 | 930 | 151,829 |
| Total receivables | 2,018,998 | 366,958 | 17,639 | 2,403,595 | 1,639,847 | 30,937 | 17,942 | 1,688,726 |

3.1 Receivables on direct insurance

| Receivables on direct insurance | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) receivables from policyholders, including: | 1,550,704 | 1,294,141 |
| – from subordinated entities | 13,837 | 1,989 |
| – domestic | 13,837 | 1,989 |
| – foreign | - | - |
| – from other entities | 1,536,867 | 1,292,152 |
| – domestic | 1,513,628 | 1,269,029 |
| – foreign | 23,239 | 23,123 |
| b) receivables from insurance intermediaries, including: | 71,760 | 82,396 |
| – from subordinated entities | 2 | 2 |
| – domestic | 2 | 2 |
| – foreign | - | - |
| – from other entities | 71,758 | 82,394 |
| – domestic | 71,684 | 82,343 |
| – foreign | 74 | 51 |
| c) other receivables, including: | 1,093 | 11,738 |
| – from subordinated entities | - | - |
| – domestic | - | - |
| – foreign | - | - |
| – from other entities | 1,093 | 11,738 |
| – domestic | 1,083 | 10,492 |
| – foreign | 10 | 1,246 |
| Receivables on direct insurance (net), total | 1,623,557 | 1,388,275 |
| d) impairment losses | 588,287 | 626,845 |
| Total receivables on direct insurance (gross) | 2,211,844 | 2,015,120 |

| Receivables on direct insurance, by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) up to 3 months ¹⁾ | 1,100,746 | 911,150 |
| b) from 3 months to 1 year | 512,986 | 463,272 |
| c) from 1 to 5 years | 9,825 | 13,851 |
| d) over 5 years | - | 2 |
| Total receivables on direct insurance | 1,623,557 | 1,388,275 |

¹⁾ As at 31 December 2021, the net amount of overdue receivables on direct insurance was PLN 255,484 thousand (PLN 281,185 thousand on 31 December 2020).

| Receivables on direct insurance (net) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) from subsidiaries | 13,834 | 1,718 |
| b) from co-subsidiaries | - | - |
| c) from associates | 6 | 273 |
| d) from a major investor | - | - |
| e) from a shareholder in a co-subsidiary | - | - |
| f) from the parent company | - | - |
| g) other | 1,609,717 | 1,386,284 |
| Total receivables on direct insurance | 1,623,557 | 1,388,275 |

| Receivables on direct insurance (by currency) | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) Polish currency | 1,357,543 | 1,363,701 |
| b) in EUR or other currencies (by currency and translated to PLN) | 266,014 | 24,574 |
| b1. thousands of EUR | 1,767 | 791 |
| thousands of PLN | 8,129 | 3,651 |
| b2. thousands of USD | 63,518 | 5,567 |
| thousands of PLN | 257,885 | 20,923 |
| b3. other | - | - |
| Total receivables on direct insurance | 1,623,557 | 1,388,275 |

| Balance of co-insurance settlements | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| Balance of co-insurance settlements | 349,092 | 101,921 |

3.2 Reinsurance receivables

| Reinsurance receivables | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) current receivables in inward reinsurance, including: | 175,472 | 121,674 |
| – from domestic cedents | 175,338 | 120,560 |
| – from international cedents | 134 | 1,114 |
| b) current receivables in outward reinsurance, including | 13,978 | 7,716 |
| – from domestic reinsurers | 5,282 | 4,360 |
| – from international reinsurers | 8,696 | 3,356 |
| c) current receivables from retrocessionaires, including: | 26,305 | 16,709 |
| – domestic | 26,076 | 15,646 |
| – foreign | 229 | 1,063 |
| d) receivables by virtue of the reinsurance commission spread over time | - | - |
| e) receivables for reinsurers' share in paid claims | - | - |
| Total receivables on reinsurance (net) | 215,755 | 146,099 |
| f) impairment losses | 188 | 744 |
| Total receivables on reinsurance (gross) | 215,943 | 146,843 |

| Reinsurance receivables | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) from subsidiaries | 173,758 | 119,069 |
| b) from co-subsidiaries | - | - |
| c) from associates | - | - |
| d) from a major investor | - | - |
| e) from a shareholder in a co-subsidiary | - | - |
| f) from the parent company | - | - |
| g) other | 41,997 | 27,030 |
| Total reinsurance receivables | 215,755 | 146,099 |

| Reinsurance receivables | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) current receivables in inward reinsurance, including: | 175,470 | 121,674 |
| – from cedents who are subsidiaries | 173,758 | 119,069 |
| – from cedents who are joint ventures | - | - |
| – from cedents who are associates | - | - |
| – from a cedent who is a major investor | - | - |
| – from a cedent who is a shareholder in co-subsidiary | - | - |
| – from a cedent who is the parent company | - | - |
| b) current receivables in outward reinsurance, including | 13,979 | 7,716 |
| – from reinsurers who are subsidiaries | - | - |
| – from cedents who are joint ventures | - | - |
| – from reinsurers who are associates | - | - |
| – from a reinsurer who is a major investor | - | - |
| – from a reinsurer who is a shareholder in co-subsidiary | - | - |
| – from a reinsurer who is the parent company | - | - |
| c) current receivables from retrocessionaires, including: | 26,306 | 16,709 |
| – from subsidiaries | - | - |
| – from cedents who are joint ventures | - | - |
| – from associates | - | - |
| – from a major investor | - | - |
| – from a shareholder in co-subsidiary | - | - |
| – from the parent company | - | - |
| d) other | - | - |
| Total reinsurance receivables | 215,755 | 146,099 |

| Reinsurance receivables (net), by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) up to 3 months | 118,652 | 85,024 |
| b) from 3 months to 1 year | 91,896 | 50,157 |
| c) from 1 to 5 years | 5,207 | 10,918 |
| d) over 5 years | - | - |
| Total receivables on reinsurance (net) | 215,755 | 146,099 |

| Reinsurance receivables (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 209,173 | 139,946 |
| b) in EUR or other currencies (by currency and translated to PLN) | 6,582 | 6,153 |
| b1. thousands of EUR | 1,269 | 604 |
| thousands of PLN | 5,838 | 2,787 |
| b2. thousands of USD | 129 | 599 |
| thousands of PLN | 525 | 2,250 |
| b3. thousands of UAH | 901 | 8,394 |
| thousands of PLN | 134 | 1,113 |
| b4. other currencies | - | 3 |
| Total reinsurance receivables | 215,755 | 146,099 |

3.3 Other receivables

| Other receivables | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) receivables from the state budget | 4,511 | 2,523 |
| b) settlements for guarantees and letters of credit | - | - |
| c) other receivables, including: | 559,771 | 151,829 |
| receivables from outstanding investment transactions and security deposits | 420,013 | 9,190 |
| settlements of the Company Social Benefit Fund | 50,329 | 54,648 |
| receivables for acting as an emergency adjuster | 33,094 | 27,727 |
| settlements of prevention activities | 15,248 | 11,580 |
| receivables from direct claims handling on behalf of other insurance undertakings | 12,541 | 16,534 |
| security deposits withheld | 11,398 | 12,044 |
| bailiff seizures | 2,437 | 3,509 |
| receivables due to shortages and damages | 1,251 | 3,427 |
| receivables on account of settlements within the Tax Group | 1,048 | - |
| prepayments for suppliers | 812 | 584 |
| Other receivables (net), total | 564,282 | 154,352 |
| d) impairment losses | 28,175 | 14,650 |
| Other receivables (gross), total | 592,457 | 169,002 |

| Other receivables | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) from subsidiaries | 35,365 | 21,034 |
| b) from co-subsidiaries | - | - |
| c) from associates | - | - |
| d) from a major investor | - | - |
| e) from a shareholder in a co-subsidiary | - | - |
| f) from the parent company | - | - |
| g) other | 528,917 | 133,318 |
| Other receivables, total | 564,282 | 154,352 |

| Other receivables, by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) up to 3 months | 500,654 | 85,931 |
| b) from 3 months to 1 year | 1,644 | 2,195 |
| c) from 1 to 5 years | 17,219 | 19,632 |
| d) over 5 years | 44,765 | 46,594 |
| Other receivables, total | 564,282 | 154,352 |

| Other receivables (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 224,318 | 146,579 |
| b) in EUR or other currencies (by currency and translated to PLN) | 339,964 | 7,773 |
| b1. thousands of EUR | 64,658 | 1,684 |
| thousands of PLN | 297,390 | 7,773 |
| b2. thousands of USD | 7 | - |
| thousands of PLN | 29 | - |
| b3. CHF 000s | - | - |
| PLN 000s | - | - |
| b4. other currencies | 42,545 | - |
| Other receivables, total | 564,282 | 154,352 |

3.4 Other information on receivables

3.4.1. Movement in impairment losses on receivables, by type of receivable

| Movement in impairment losses on receivables, by type of receivable | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) at the beginning of the period (by type of receivable) | 642,239 | 665,831 |
| impairment losses on receivables on direct insurance | 626,845 | 647,941 |
| impairment losses on reinsurance receivables | 744 | 2,389 |
| impairment losses on other receivables | 14,650 | 15,501 |
| b) additions (by virtue of) | 31,611 | 15,143 |
| impairment losses on receivables on direct insurance | 15,622 | 14,799 |
| impairment losses on reinsurance receivables | 477 | 247 |
| impairment losses on other receivables | 15,512 | 97 |
| c) reductions (by virtue of) | 57,200 | 38,735 |
| – utilized impairment losses | 3,296 | 544 |
| impairment losses on receivables on direct insurance | 1,246 | - |
| impairment losses on reinsurance receivables | 856 | 476 |
| impairment losses on other receivables | 1,194 | 68 |
| – reversal of impairment losses due to repayment and other | 53,904 | 38,191 |
| impairment losses on receivables on direct insurance | 52,934 | 35,895 |
| impairment losses on reinsurance receivables | 177 | 1,416 |
| impairment losses on other receivables | 793 | 880 |
| d) at the end of the period (by type of receivable) | 616,650 | 642,239 |
| impairment losses on receivables on direct insurance | 588,287 | 626,845 |
| impairment losses on reinsurance receivables | 188 | 744 |
| impairment losses on other receivables | 28,175 | 14,650 |

3.4.2. Information on past due receivables (by type)

| Past due receivables (by type) | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) up to 3 months | 216,429 | 214,306 |
| – receivables on direct insurance | 189,019 | 203,110 |
| – reinsurance receivables | 21,889 | 5,963 |
| – other receivables | 5,521 | 5,233 |
| b) over 3 months | 80,048 | 99,569 |
| – receivables on direct insurance | 66,465 | 78,075 |
| – reinsurance receivables | 1,868 | 3,111 |
| – other receivables | 11,715 | 18,383 |
| Total past due receivables (by type), of which: | 296,477 | 313,875 |
| a) up to 3 months | 216,429 | 214,306 |
| b) over 3 months | 80,048 | 99,569 |

As at 31 December 2021, the value of receivables more than 1 year past due was PLN 17,998 thousand (PLN 19,068 thousand as at 31 December 2020).

4. Other assets

4.1 Property, plant and equipment

| Property, plant and equipment | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) plant and machinery | 41,600 | 38,724 |
| b) means of transport | 66,160 | 56,021 |
| c) other fixed assets | 8,208 | 9,393 |
| d) fixed assets under construction | 7,475 | 14,081 |
| e) advances for fixed assets under construction | - | - |
| f) inventories | - | - |
| g) salvage after damages | - | 336 |
| Total property, plant and equipment | 123,443 | 118,555 |

| Property, plant and equipment – ownership structure | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) owned | 123,443 | 118,555 |
| b) third party | - | - |
| Total property, plant and equipment | 123,443 | 118,555 |

| Fixed assets (on balance sheet) – ownership structure | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) owned | 123,443 | 118,555 |
| b) used based on lease, rental or other agreement | - | - |
| Total fixed assets (on balance sheet) | 123,443 | 118,555 |

| Fixed assets (off balance sheet) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) used based on lease, rental or other agreement, including: | 142,495 | 112,171 |
| Lease | 142,495 | 112,171 |
| Total fixed assets (off balance sheet) | 142,495 | 112,171 |

In 2021 and in 2020 PZU did not incur production costs of fixed assets under construction and fixed assets for internal purposes.

| Movement in fixed assets (by types) for the year ended 31 December 2021 | Plant and machinery | Means of transport | Other fixed assets | Fixed assets under construction | Advances for fixed assets under construction | Inventories | Salvage after damages | Total property, plant and equipment |
|--|----------------------------|---------------------------|---------------------------|--|---|--------------------|------------------------------|--|
| a) gross value of fixed assets – at the beginning of the period | 170,854 | 89,517 | 69,358 | 14,081 | - | - | 336 | 344,146 |
| b) additions (by virtue of) | 19,982 | 28,933 | 2,313 | 46,194 | - | - | 1,253 | 98,675 |
| – investments | - | - | - | - | - | - | - | - |
| – direct purchase | 2,153 | - | 832 | 46,194 | - | - | - | 49,179 |
| – transfers | 17,763 | 28,611 | 1,159 | - | - | - | - | 47,533 |
| – other (including estimates) | 66 | 322 | 322 | - | - | - | 1,253 | 1,963 |
| c) reductions (by virtue of) | 4,854 | 23,199 | 2,570 | 52,800 | - | - | 1,589 | 85,012 |
| – liquidation | 4,646 | 327 | 2,315 | - | - | - | - | 7,288 |
| – sale | 115 | 22,872 | 48 | - | - | - | 1,589 | 24,624 |
| – transfers | - | - | - | 47,533 | - | - | - | 47,533 |
| – other | 93 | - | 207 | 5,267 | - | - | - | 5,567 |
| d) gross value of fixed assets – at the end of the period | 185,982 | 95,251 | 69,101 | 7,475 | - | - | - | 357,809 |
| e) accumulated depreciation – at the beginning of the period | 132,130 | 33,496 | 59,965 | - | - | - | - | 225,591 |
| f) depreciation for the period (due to) | 12,252 | (4,405) | 928 | - | - | - | - | 8,775 |
| – depreciation charges for the current year | 16,993 | 9,705 | 2,883 | - | - | - | - | 29,581 |
| – accumulated depreciation of fixed assets liquidated | (4,611) | (33) | (2,313) | - | - | - | - | (6,957) |
| – accumulated depreciation of fixed assets sold | (89) | (14,278) | (48) | - | - | - | - | (14,415) |
| – other | (41) | 201 | 406 | - | - | - | - | 566 |
| g) accumulated depreciation – at the end of the period | 144,382 | 29,091 | 60,893 | - | - | - | - | 234,366 |
| h) impairment losses – at the beginning of the period | - | - | - | - | - | - | - | - |
| – additions | - | - | - | - | - | - | - | - |
| – reductions | - | - | - | - | - | - | - | - |
| i) impairment losses – at the end of the period | - | - | - | - | - | - | - | - |
| j) net value of fixed assets – at the end of the period | 41,600 | 66,160 | 8,208 | 7,475 | - | - | - | 123,443 |

| Movement in fixed assets (by types) for the year ended 31 December 2020 | Plant and machinery | Means of transport | Other fixed assets | Fixed assets under construction | Advances for fixed assets under construction | Inventories | Salvage after damages | Total property, plant and equipment |
|--|----------------------------|---------------------------|---------------------------|--|---|--------------------|------------------------------|--|
| a) gross value of fixed assets – at the beginning of the period | 185,413 | 91,386 | 67,210 | 8,403 | - | - | 421 | 352,833 |
| b) additions (by virtue of) | 12,591 | 4,088 | 3,221 | 22,951 | - | - | 2,161 | 45,012 |
| – investments | - | - | - | - | - | - | - | - |
| – direct purchase | 843 | - | 1,557 | 21,144 | - | - | - | 23,544 |
| – transfers | 11,568 | 4,041 | 1,664 | - | - | - | - | 17,273 |
| – other (including estimates) | 180 | 47 | - | 1,807 | - | - | 2,161 | 4,195 |
| c) reductions (by virtue of) | 27,150 | 5,957 | 1,073 | 17,273 | - | - | 2,246 | 53,699 |
| – liquidation | 26,717 | 136 | 829 | - | - | - | - | 27,682 |
| – sale | 417 | 5,821 | 126 | - | - | - | 2,246 | 8,610 |
| – transfers | - | - | - | 17,273 | - | - | - | 17,273 |
| – other | 16 | - | 118 | - | - | - | - | 134 |
| d) gross value of fixed assets – at the end of the period | 170,854 | 89,517 | 69,358 | 14,081 | - | - | 336 | 344,146 |
| e) accumulated depreciation – at the beginning of the period | 142,296 | 27,866 | 56,825 | - | - | - | - | 226,987 |
| f) depreciation for the period (due to) | (10,166) | 5,630 | 3,140 | - | - | - | - | (1,396) |
| – depreciation charges for the current year | 16,763 | 9,061 | 4,078 | - | - | - | - | 29,902 |
| – accumulated depreciation of fixed assets liquidated | (26,707) | (46) | (812) | - | - | - | - | (27,565) |
| – accumulated depreciation of fixed assets sold | (410) | (3,402) | (126) | - | - | - | - | (3,938) |
| – other | 188 | 17 | - | - | - | - | - | 205 |
| g) accumulated depreciation – at the end of the period | 132,130 | 33,496 | 59,965 | - | - | - | - | 225,591 |
| h) impairment losses – at the beginning of the period | - | - | - | - | - | - | - | - |
| – additions | - | - | - | - | - | - | - | - |
| – reductions | - | - | - | - | - | - | - | - |
| i) impairment losses – at the end of the period | - | - | - | - | - | - | - | - |
| j) net value of fixed assets – at the end of the period | 38,724 | 56,021 | 9,393 | 14,081 | - | - | 336 | 118,555 |

4.2 Cash

| Cash | 31 December 2021 | 31 December 2020 |
|--------------------------------------|------------------|------------------|
| a) cash on hand and on bank accounts | 145,835 | 124,457 |
| b) other cash | - | - |
| Total cash | 145,835 | 124,457 |

Restricted cash is described in section 28.1 of the “Notes and explanations”.

| Cash, by currency | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) Polish currency | 123,766 | 103,252 |
| b) in EUR or other currencies (by currency and translated to PLN) | 22,069 | 21,205 |
| b1. thousands of EUR | 2,860 | 953 |
| thousands of PLN | 13,153 | 4,399 |
| b2. thousands of USD | 2,141 | 4,459 |
| thousands of PLN | 8,693 | 16,758 |
| b3. thousands of HUF | - | - |
| PLN 000s | - | - |
| b4. thousands of GBP | 21 | 7 |
| thousands of PLN | 117 | 36 |
| b5. other | 107 | 12 |
| Total cash | 145,835 | 124,457 |

5. Prepayments and accruals

5.1 Deferred tax assets

| Movement in deferred tax assets | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| 1. Deferred tax assets – at the beginning of the period, including: | 587,403 | 534,492 |
| a) recognized in the financial result ¹⁾ | 525,314 | 505,742 |
| b) recognized in equity ²⁾ | 62,089 | 28,750 |
| c) recognized in goodwill or negative goodwill | - | - |
| 2. Additions | 125,374 | 65,973 |
| a) recognized in the financial result of the period in connection with deductible temporary differences (by virtue of) | 69,966 | 32,634 |
| – occurrence of temporary differences, including: | 69,966 | 32,634 |
| accrued expenses | 36,869 | - |
| financial instruments | 23,628 | 26,632 |
| impairment losses on real property | - | 1,247 |
| other provisions | 9,469 | 4,755 |
| – changes in tax rates | - | - |
| – unrecognized temporary difference from the previous period | - | - |
| b) recognized in the financial result of the period in connection with tax loss (by virtue of) | - | - |
| c) recognized in equity in connection with deductible temporary differences (by virtue of) | 55,408 | 33,339 |
| – occurrence of temporary differences, including: | 55,408 | 33,339 |
| financial instruments | 55,408 | 33,339 |
| – changes in tax rates | - | - |
| – unrecognized temporary difference from the previous period | - | - |
| d) recognized in equity in connection with tax loss (by virtue of) | - | - |
| e) recognized in goodwill or negative goodwill in connection with deductible temporary differences (by virtue of) | - | - |
| 3. Reductions | 12,248 | 13,062 |
| a) recognized in the financial result of the period in connection with deductible temporary differences (by virtue of) | 12,248 | 13,062 |
| – reversed temporary differences, including: | 12,248 | 13,062 |

| Movement in deferred tax assets | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| insurance receivables | 91 | 140 |
| financial instruments | - | - |
| other provisions | 3,913 | 20 |
| accrued expenses | 2,066 | 8,852 |
| other temporary differences | 6,178 | 4,050 |
| – changes in tax rates | - | - |
| – impairment losses on deferred tax assets | - | - |
| b) recognized in the financial result of the period in connection with tax loss (by virtue of) | - | - |
| c) recognized in equity in connection with negative temporary differences (by virtue of) | - | - |
| – reversed temporary differences, including: | - | - |
| financial instruments | - | - |
| – changes in tax rates | - | - |
| – impairment losses on deferred tax assets | - | - |
| d) recognized in equity in connection with tax loss (by virtue of) | - | - |
| e) recognized in goodwill or negative goodwill in connection with deductible temporary differences (by virtue of) | - | - |
| 4. Deferred tax assets – at the end of the period, including: | 700,529 | 587,403 |
| a) recognized in the financial result³⁾ | 583,032 | 525,314 |
| b) recognized in equity²⁾ | 117,497 | 62,089 |
| c) recognized in goodwill or negative goodwill | | - |

¹⁾ Refers to accumulated changes in deferred tax assets recognized in the financial result of 2020 and previous years.

²⁾ Refers to revaluation reserve

³⁾ Refers to accumulated impact of changes in deferred tax assets recognized in the financial result of 2021 and previous years.

Deferred tax assets and liabilities are presented after setting off the relevant amounts resulting from negative and taxable temporary differences.

| Additional information regarding deductible temporary differences | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) deductible temporary differences – at the beginning of the period, including: | 3,091,597 | 2,813,118 |
| financial instruments | 1,139,989 | 824,340 |
| accrued expenses | 1,295,135 | 1,341,725 |
| insurance receivables | 444,546 | 461,205 |
| other temporary differences | 4,791 | 5,794 |
| impairment losses on real property | 133,461 | 126,899 |
| other provisions | 73,675 | 53,155 |
| b) deductible temporary differences – at the end of the period, including: | 3,686,997 | 3,091,597 |
| financial instruments | 1,555,981 | 1,139,989 |
| accrued expenses | 1,526,333 | 1,295,135 |
| insurance receivables | 416,689 | 444,546 |
| other temporary differences | 1,460 | 4,791 |
| impairment losses on real property | 133,450 | 133,461 |
| other provisions | 53,084 | 73,675 |
| deductible temporary differences expiring within 1 year | 3,095,752 | 2,463,084 |
| deductible temporary differences expiring in more than 1 year | 591,245 | 628,513 |

5.2 Other prepaid expenses and accrued income

| Other prepayments and accruals | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) reinsurance accruals ¹⁾ | 529,814 | 751,016 |
| b) expenses related to direct claims handling expenses | 52,235 | 49,603 |
| c) IT expenses | 45,333 | 31,350 |
| d) other | 14,967 | 14,989 |
| Other prepayments and accruals, total | 642,349 | 846,958 |

¹⁾ “Reinsurance accruals” include mainly gross accrued premium on inward reinsurance in the amount of PLN 449,666 thousand (PLN 701,509 thousand as at 31 December 2020).

6. Movements in impairment losses

Movement in impairment losses for financial assets in the year ended 31 December 2021

| Item | Impairment losses as at 1 January 2021, including: | | Recognized, of which: | | Reversed, of which: | | Utilized, of which | | Impairment losses as at 31 December 2021, including: | |
|--|--|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|--|----------------------|
| | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity |
| I. Intangible assets | 1,209 | - | - | - | - | - | - | - | 1,209 | - |
| II. Investments | 946,176 | 2,349 | - | - | (35) | - | - | - | 946,141 | 2,349 |
| 1. Real property | 136,247 | 2,349 | - | - | (11) | - | - | - | 136,236 | 2,349 |
| 2. Investments in subordinated entities | 797,380 | - | - | - | - | - | - | - | 797,380 | - |
| 3. Other financial investments | 12,549 | - | - | - | (24) | - | - | - | 12,525 | - |
| a) shares and other variable income securities | 12,500 | - | - | - | - | - | - | - | 12,500 | - |
| b) participation units and investment certificates in mutual funds | 49 | - | - | - | (24) | - | - | - | 25 | - |
| c) debt securities and other fixed income securities | - | - | - | - | - | - | - | - | - | - |
| d) participation in investments pools | - | - | - | - | - | - | - | - | - | - |
| e) mortgage-backed loans | - | - | - | - | - | - | - | - | - | - |
| f) other loans | - | - | - | - | - | - | - | - | - | - |
| g) term deposits with credit institutions | - | - | - | - | - | - | - | - | - | - |
| h) other investments (by type) | - | - | - | - | - | - | - | - | - | - |
| 4. Deposits with ceding enterprises | - | - | - | - | - | - | - | - | - | - |
| III. Net assets for life insurance where the policyholder bears the investment risk | - | - | - | - | - | - | - | - | - | - |
| IV. Receivables | 642,239 | - | 31,611 | - | (53,904) | - | (3,296) | - | 616,650 | - |
| 1. Receivables on direct insurance | 626,845 | - | 15,622 | - | (52,934) | - | (1,246) | - | 588,287 | - |
| 2. Reinsurance receivables | 744 | - | 477 | - | (177) | - | (856) | - | 188 | - |
| 3. Other receivables | 14,650 | - | 15,512 | - | (793) | - | (1,194) | - | 28,175 | - |
| 3.1. Receivables from the state budget | - | - | - | - | - | - | - | - | - | - |
| 3.2. Other receivables | 14,650 | - | 15,512 | - | (793) | - | (1,194) | - | 28,175 | - |
| V. Other assets, including: | - | - | - | - | - | - | - | - | - | - |
| 1. Property, plant and equipment | - | - | - | - | - | - | - | - | - | - |
| 2. Other assets | - | - | - | - | - | - | - | - | - | - |
| VI. Prepayments and accruals | 15 | - | 71 | - | - | - | - | - | 86 | - |
| 1. Deferred tax assets | - | - | - | - | - | - | - | - | - | - |
| 2. Deferred acquisition costs | - | - | - | - | - | - | - | - | - | - |
| 3. Accrued interest and rents | - | - | - | - | - | - | - | - | - | - |
| 4. Other prepayments and accruals | 15 | - | 71 | - | - | - | - | - | 86 | - |

Movement in impairment losses for financial assets in the year ended 31 December 2020

| Item | Impairment losses as at 1 January 2020, including: | | Recognized, of which: | | Reversed, of which: | | Utilized, of which | | Impairment losses as at 31 December 2020, including: | |
|--|--|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|--|----------------------|
| | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity | recognized in the financial result | recognized in equity |
| I. Intangible assets | 1,209 | - | - | - | - | - | - | - | 1,209 | - |
| II. Investments | 146,197 | 2,349 | 803,941 | 358,027 | (3,962) | - | - | - | 946,176 | 360,376 |
| 1. Real property | 129,686 | 2,349 | 6,561 | - | - | - | - | - | 136,247 | 2,349 |
| 2. Investments in subordinated entities | 3,962 | - | 797,380 | 358,027 | (3,962) | - | - | - | 797,380 | 358,027 |
| 3. Other financial investments | 12,549 | - | - | - | - | - | - | - | 12,549 | - |
| a) shares and other variable income securities | 12,500 | - | - | - | - | - | - | - | 12,500 | - |
| b) participation units and investment certificates in mutual funds | 49 | - | - | - | - | - | - | - | 49 | - |
| c) debt securities and other fixed income securities | - | - | - | - | - | - | - | - | - | - |
| d) participation in investments pools | - | - | - | - | - | - | - | - | - | - |
| e) mortgage-backed loans | - | - | - | - | - | - | - | - | - | - |
| f) other loans | - | - | - | - | - | - | - | - | - | - |
| g) term deposits with credit institutions | - | - | - | - | - | - | - | - | - | - |
| h) other investments (by type) | - | - | - | - | - | - | - | - | - | - |
| 4. Deposits with ceding enterprises | - | - | - | - | - | - | - | - | - | - |
| III. Net assets for life insurance where the policyholder bears the investment risk | - | - | - | - | - | - | - | - | - | - |
| IV. Receivables | 665,831 | - | 15,143 | - | (38,191) | - | (544) | - | 642,239 | - |
| 1. Receivables on direct insurance | 647,941 | - | 14,799 | - | (35,895) | - | - | - | 626,845 | - |
| 2. Reinsurance receivables | 2,389 | - | 247 | - | (1,416) | - | (476) | - | 744 | - |
| 3. Other receivables | 15,501 | - | 97 | - | (880) | - | (68) | - | 14,650 | - |
| 3.1. Receivables from the state budget | - | - | - | - | - | - | - | - | - | - |
| 3.2. Other receivables | 15,501 | - | 97 | - | (880) | - | (68) | - | 14,650 | - |
| V. Other assets, including: | - | - | - | - | - | - | - | - | - | - |
| 1. Property, plant and equipment | - | - | - | - | - | - | - | - | - | - |
| 2. Other assets | - | - | - | - | - | - | - | - | - | - |
| VI. Prepayments and accruals | 117 | - | - | - | (102) | - | - | - | 15 | - |
| 1. Deferred tax assets | - | - | - | - | - | - | - | - | - | - |
| 2. Deferred acquisition costs | - | - | - | - | - | - | - | - | - | - |
| 3. Accrued interest and rents | - | - | - | - | - | - | - | - | - | - |
| 4. Other prepayments and accruals | 117 | - | - | - | (102) | - | - | - | 15 | - |

6.1 Carrying amount of interest accrued on impaired assets

As at 31 December 2021 and 31 December 2020, no interest was accrued on impaired assets.

7. Equity

7.1 Share capital

Share capital structure as at 31 December 2021

| Series/ issue | Par value per share | Type of shares | Type of preference attached to shares | Type of limitation on rights to shares | Number of shares | Par value of the series/issue (PLN) | Capital coverage | Date of registration | Right to dividends (from) |
|------------------|------------------------------|----------------|--|---|---------------------|--|-------------------------|-------------------------|---------------------------------|
| A | PLN 0.1 | bearer | none | none | 604,463,200 | 60,446,320 | cash | 23.01.1997 | 27.12.1991 |
| B | PLN 0.1 | bearer | none | none | 259,059,800 | 25,905,980 | in-kind contribution | 31.03.1999 | 01.01.1999 |
| Total | | | | | 863,523,000 | 86,352,300 | | | |

Share capital structure as at 31 December 2020

| Series/ issue | Par value per share | Type of shares | Type of preference attached to shares | Type of limitation on rights to shares | Number of shares | Par value of the series/issue (PLN) | Capital coverage | Date of registration | Right to dividends (from) |
|------------------|------------------------------|----------------|--|---|---------------------|--|-------------------------|-------------------------|---------------------------------|
| A | PLN 0.1 | bearer | none | none | 604,463,200 | 60,446,320 | cash | 23.01.1997 | 27.12.1991 |
| B | PLN 0.1 | bearer | none | none | 259,059,800 | 25,905,980 | in-kind contribution | 31.03.1999 | 01.01.1999 |
| Total | | | | | 863,523,000 | 86,352,300 | | | |

Shareholder structure as at 31 December 2021

| No. | Shareholder's name | Number of shares and votes | Percentage held in the share capital and in the total number of votes at the Shareholder Meeting |
|-----|--|----------------------------|--|
| 1. | State Treasury | 295,217,300 | 34.1875% |
| 2. | Funds managed by Nationale Nederlanden Powszechnie Towarzystwo Emerytalne Spółka Akcyjna ¹⁾ | 45,167,000 | 5.2305% |
| 3. | Other shareholders | 523,138,700 | 60.5820% |
| | Total | 863,523,000 | 100.0000% |

¹⁾ Number of shares disclosed by funds at the Extraordinary Shareholder Meeting of PZU held on 12 October 2021.

Shareholder structure as at 31 December 2020

| No. | Shareholder's name | Number of shares and votes | Percentage held in the share capital and in the total number of votes at the Shareholder Meeting |
|-----|--|----------------------------|--|
| 1. | State Treasury ¹⁾ | 295,217,300 | 34.1875% |
| 2. | Funds managed by Nationale Nederlanden Powszechnie Towarzystwo Emerytalne Spółka Akcyjna ¹⁾ | 44,260,638 | 5.1256% |
| 3. | Other shareholders | 524,045,062 | 60.6869% |
| | Total | 863,523,000 | 100.0000% |

¹⁾ Based on a notification from Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. of 28 December 2020.

7.2 Distribution of net profit

7.2.1. Distribution of net profit for the financial year 2020

On 16 June 2021 PZU's Ordinary Shareholder Meeting distributed net profit for the 2020 financial year totaling PLN 1,918,780 thousand increased by the amount of PLN 2,063,820 thousand transferred from supplementary capital created from the 2019 net profit, in the total amount of PLN 3,982,600 thousand, earmarking:

- PLN 3,022,330 thousand for a dividend payment;
- PLN 953,039 thousand for supplementary capital;
- PLN 7,231 thousand to the Company Social Benefit Fund.

The dividend record date was set at 15 September 2021 and the dividend payment date was set for 6 October 2021. The distribution of profit is consistent with the PZU Group's Capital and Dividend Policy for 2021-2024, as adopted on 24 March 2021, and takes into account the recommendations contained in the Polish Financial Supervision Authority's (KNF) stance on the dividend policy in 2021 issued on 16 December 2020.

7.2.2. Proposed distribution of the 2021 profit

As at the date of signing these standalone financial statements, the PZU Management Board has not adopted a resolution in the matter of the proposed distribution of the 2021 profit.

7.3 Supplementary capital

| Supplementary capital | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) share premium account | 538,139 | 538,139 |
| b) statutory | 28,784 | 28,784 |
| c) created under articles of association or contractually above the (minimum) amount required by law | 6,773,143 | 7,883,924 |
| d) from shareholder contributions | - | - |
| e) other | 7,370 | 7,242 |
| Total supplementary capital | 7,347,436 | 8,458,089 |

7.4 Revaluation reserve

| Revaluation reserve | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) revaluation of fixed assets | 9,632 | 9,762 |
| b) deferred tax | (543,992) | (540,252) |
| c) exchange differences from translation of foreign branches | - | - |
| d) other (by type): | 6,848,604 | 7,755,871 |
| – due to remeasurement of financial investments measured by the equity method | 3,967,256 | 4,907,486 |
| – due to remeasurement of financial investments held for hedge accounting purposes | (50,406) | 57,698 |
| – due to remeasurement of financial investments classified in the portfolio of financial assets available for sale | 2,931,754 | 2,790,687 |
| Total revaluation reserve | 6,314,244 | 7,225,381 |

| Revaluation reserve on financial instruments (gross) | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| 1. Opening balance | 7,755,871 | 6,792,088 |
| 2. Additions due to: | 1,056,807 | 1,035,566 |
| a) effects of revaluation of financial assets available for sale, including: | 986,240 | 891,670 |
| – remeasurement gains | 980,825 | 856,857 |
| – amounts deducted as at the derecognition data (e.g. sale) | 5,415 | 34,813 |
| – impairment losses posted to the profit and loss account if impairment is determined | - | - |
| – valuation gains determined as at the date assets are reclassified to available for sale (from held to maturity) | - | - |
| – amounts settled when assets are reclassified to held to maturity (reclassified to HTM for the second time after the elapse of the period referred to in par. 8.4 of the regulation on financial instruments) | - | - |
| b) arising from the application of hedge accounting: | 70,567 | 143,896 |
| – amounts settled when fair value of an interest-bearing financial instrument is hedged | - | - |
| – periodic measurement of hedged items and hedging instruments related to cash flow hedges | 70,567 | 143,896 |
| – periodic measurement of hedged items and hedging instruments related to hedges of net assets of foreign entities | - | - |
| c) other | - | - |
| d) calculation, revaluation and charging to financial result of the provision and deferred tax assets | - | - |
| 3. Reductions due to: | 1,964,074 | 71,783 |
| a) effects of revaluation of financial assets available for sale, including: | 1,738,277 | 71,783 |
| – remeasurement losses | 1,541,521 | 44,984 |
| – amounts deducted as at the derecognition data (e.g. sale) | 196,756 | 26,799 |
| – valuation losses determined as at the date assets are reclassified to available for sale (from held to maturity) | - | - |
| – amounts settled when assets are reclassified to held to maturity (reclassified to HTM for the second time after the elapse of the period referred to in par. 8.4 of the regulation on financial instruments) | - | - |
| b) arising from the application of hedge accounting: | 225,797 | - |
| – amounts settled when fair value of an interest-bearing financial instrument is hedged | - | - |
| – periodic measurement of hedged items and hedging instruments related to cash flow hedges | 225,797 | - |
| – periodic measurement of hedged items and hedging instruments related to hedges of net assets of foreign entities | - | - |
| c) other | - | - |
| d) calculation, revaluation and charging to financial result of the provision and deferred tax assets | - | - |
| 4. Closing balance | 6,848,604 | 7,755,871 |

8. Subordinated liabilities

On 30 June 2017, PZU issued subordinated bonds with a total nominal value of PLN 2,250,000 thousand. The final maturity of the bonds is 29 July 2027 with an early redemption option on 29 July 2022.

Parameters of outstanding bonds:

| Parameter | Value |
|--|--|
| Total nominal value of the bonds | PLN 2,250,000 thousand |
| Nominal value and issue price of one bond | PLN 100,000 |
| Bond final maturity date | 29 July 2027 |
| Interest rate | WIBOR 6M + 1.80% margin |
| Interest payment days | 29 January and 29 July each year, from 29 January 2018 until 29 July 2027 |
| Possibility of redeeming bonds before final maturity | 29 July 2022 |
| Security | None |

The bonds are not in the form of documents and are registered in the securities depository maintained by Krajowy Depozyt Papierów Wartościowych SA [National Depository for Securities] and listed in alternative trading systems run by BondSpot SA and the Warsaw Stock Exchange. The carrying amount of subordinated bonds as at 31 December 2021 was PLN 2,265,739 thousand, while their fair value was PLN 2,273,875 thousand (as at 31 December 2020, the carrying amount was PLN 2,265,385 thousand and the fair value was PLN 2,382,618 thousand).

9. Technical provisions

| Technical provisions | 31 December 2021 | 31 December 2020 |
|---|-------------------|-------------------|
| a) provision for unearned premiums: | 7,055,481 | 6,644,410 |
| – gross provisions | 8,038,385 | 7,376,501 |
| – reinsurers' share | 982,904 | 732,091 |
| b) provision for unexpired risk: | - | - |
| – gross provisions | - | - |
| – reinsurers' share | - | - |
| c) life insurance provision: | - | - |
| – gross provisions | - | - |
| – reinsurers' share | - | - |
| d) provision for outstanding claims and benefits: | 14,991,733 | 14,482,588 |
| – gross provisions | 16,169,749 | 15,482,663 |
| – reinsurers' share | 1,178,016 | 1,000,075 |
| e) provisions for bonuses and discounts for insureds: | 3,895 | 1,079 |
| – gross provisions | 4,927 | 1,226 |
| – reinsurers' share | 1,032 | 147 |
| f) equalization provision | 624,036 | 579,125 |
| g) provisions for reimbursement of premiums to members | - | - |
| h) other technical provisions specified in the articles of association | - | - |
| – gross provisions | - | - |
| – reinsurers' share | - | - |
| i) life insurance provisions for where the policyholder bears the investment risk | - | - |
| – gross provisions | - | - |
| – reinsurers' share | - | - |
| Total technical provisions | 22,675,145 | 21,707,202 |

| Technical provisions – gross (by currency) | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) provision for unearned premiums: | 8,038,385 | 7,376,501 |
| – in PLN | 8,038,385 | 7,376,501 |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| b) provision for unexpired risk: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| c) life insurance provision: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| d) provision for outstanding claims and benefits: | 16,169,749 | 15,482,663 |
| – in PLN | 14,650,033 | 13,887,087 |
| – in EUR or other currencies (by currency and translated to PLN) | 1,519,716 | 1,595,576 |
| d1. thousands of EUR | 259,100 | 258,671 |
| thousands of PLN | 1,191,704 | 1,193,716 |
| d2. GBP 000s | 56,513 | 70,213 |
| thousands of PLN | 309,953 | 360,383 |
| d3. CZK 000s | 97,616 | 236,606 |
| thousands of PLN | 18,059 | 41,477 |
| d4. USD 000s | - | - |
| PLN 000s | - | - |
| e) provisions for bonuses and discounts for insureds: | 4,927 | 1,226 |
| – in PLN | 4,927 | 1,226 |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| f) equalization provision: | 624,036 | 579,125 |
| – in PLN | 624,036 | 579,125 |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| g) provisions for reimbursement of premiums to members: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| h) other technical provisions specified in the articles of association: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| i) provisions for life insurance where the investment risk is borne by the policyholder: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| Total technical provisions | 24,837,097 | 23,439,515 |
| Reinsurers' share in technical provisions (by currency) | 31 December 2021 | 31 December 2020 |
| a) reinsurers' share in the provision for unearned premiums: | 982,904 | 732,091 |
| – in PLN | 982,904 | 732,091 |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| b) reinsurers' share in the provision for unexpired risk: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| c) reinsurers' share in the life insurance provision: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| d) reinsurers' share in the provision for unpaid claims and benefits: | 1,178,016 | 1,000,075 |
| – in PLN | 690,908 | 561,223 |
| – in EUR or other currencies (by currency and translated to PLN) | 487,108 | 438,852 |
| d1. thousands of EUR | 94,460 | 91,400 |
| thousands of PLN | 434,459 | 421,791 |
| d2. thousands of USD | 10,781 | 2,539 |
| thousands of PLN | 43,772 | 9,542 |
| d3. thousands of UAH | 56,315 | 56,237 |
| thousands of PLN | 8,374 | 7,457 |

| Reinsurers' share in technical provisions (by currency) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| d4. other | 503 | 62 |
| e) reinsurers' share in the provision for bonuses and discounts for insureds: | 1,032 | 147 |
| – in PLN | 1,032 | 147 |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| f) reinsurers' share in other technical provisions defined in the articles of association: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| g) reinsurers' share in the life insurance provision where the policyholder bears the investment risk: | - | - |
| – in PLN | - | - |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| Reinsurers' share in technical provisions, total | 2,161,952 | 1,732,313 |

In its assessment, the PZU Management Board took into account the impact of factors subject to uncertainty, in particular the COVID-19 pandemic, on the macroeconomic situation and its own activity, assessed the adopted estimates and assumptions taking into account the impact of the COVID-19 pandemic on technical provisions.

9.1 Provision for unearned premiums and provision for unexpired risk

| Provision for unearned premiums and provision for unexpired risk | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) provision for unearned premiums: | 7,055,481 | 6,644,410 |
| – gross provisions | 8,038,385 | 7,376,501 |
| – reinsurers' share | 982,904 | 732,091 |
| b) provision for unexpired risk: | - | - |
| – gross provisions | - | - |
| – reinsurers' share | - | - |
| Total provision for unearned premiums and provision for unexpired risk | 7,055,481 | 6,644,410 |

9.2 Provisions for outstanding claims and benefits

9.2.1. Gross provision for outstanding claims and benefits

| Gross provision for outstanding claims and benefits | Provisions as at 31 December 2021 | Provisions for claims relating to the reporting period |
|--|-----------------------------------|--|
| Accident and sickness insurance (class 1, 2) | 186,026 | 77,284 |
| Motor TPL (class 10) | 11,750,286 | 2,008,161 |
| Other TPL (class 3) | 870,509 | 428,983 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 60,244 | 27,050 |
| Fire and other damage to property (class 8, 9) | 1,046,681 | 443,373 |
| TPL insurance (classes 11, 12, 13) | 2,069,530 | 378,698 |
| Credit and suretyship (class 14, 15) | 31,794 | 7,399 |
| Assistance (class 18) | 62,423 | 34,991 |
| Legal expenses insurance (class 17) | 16,508 | 4,705 |
| Other (class 16) | 75,748 | 24,873 |
| Total gross provision for outstanding claims and benefits | 16,169,749 | 3,435,517 |

| Gross provision for outstanding claims and benefits | Provisions as at 31 December 2020 | Provisions for claims relating to the reporting period |
|--|--|---|
| Accident and sickness insurance (class 1, 2) | 164,533 | 78,460 |
| Motor TPL (class 10) | 11,475,118 | 1,962,887 |
| Other TPL (class 3) | 789,225 | 404,628 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 57,271 | 20,195 |
| Fire and other damage to property (class 8, 9) | 880,633 | 390,559 |
| TPL insurance (classes 11, 12, 13) | 1,913,822 | 311,984 |
| Credit and suretyship (class 14, 15) | 25,417 | 5,967 |
| Assistance (class 18) | 52,964 | 25,839 |
| Legal expenses insurance (class 17) | 13,581 | 4,367 |
| Other (class 16) | 110,099 | 14,827 |
| Total gross provision for outstanding claims and benefits | 15,482,663 | 3,219,713 |

9.2.2. Reinsurers' share in the provision for outstanding claims and benefits

| Reinsurers' share in the provision for outstanding claims and benefits | Provisions as at 31 December 2021 | Provisions for claims relating to the reporting period |
|---|--|---|
| Accident and sickness insurance (class 1, 2) | 89 | 77 |
| Motor TPL (class 10) | 577,730 | 13,718 |
| Other TPL (class 3) | 467 | 360 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 1,373 | 1,169 |
| Fire and other damage to property (class 8, 9) | 392,557 | 163,880 |
| TPL insurance (classes 11, 12, 13) | 148,344 | 18,180 |
| Credit and suretyship (class 14, 15) | 17,620 | 4,373 |
| Assistance (class 18) | 254 | 2 |
| Legal expenses insurance (class 17) | - | - |
| Other (class 16) | 39,582 | 15,168 |
| Total reinsurers' share | 1,178,016 | 216,927 |

| Reinsurers' share in the provision for outstanding claims and benefits | Provisions as at 31 December 2020 | Provisions for claims relating to the reporting period |
|---|--|---|
| Accident and sickness insurance (class 1, 2) | 25 | 25 |
| Motor TPL (class 10) | 561,241 | 13,439 |
| Other TPL (class 3) | 86 | 73 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 870 | 445 |
| Fire and other damage to property (class 8, 9) | 274,011 | 108,389 |
| TPL insurance (classes 11, 12, 13) | 90,183 | 4,211 |
| Credit and suretyship (class 14, 15) | 13,109 | 3,181 |
| Assistance (class 18) | 1 | 1 |
| Legal expenses insurance (class 17) | - | - |
| Other (class 16) | 60,549 | 2,866 |
| Total reinsurers' share | 1,000,075 | 132,630 |

9.3 Provision for the capitalized value of annuities before discounts and impairment losses (gross)

| Provision for the capitalized value of annuities before discounts and impairment losses (gross) | Provisions as at 31 December 2021 | Reinsurers' share |
|--|--|--------------------------|
| Accident and sickness insurance (class 1, 2) | - | - |
| Motor TPL (class 10) | 9,716,209 | 412,107 |
| Other TPL (class 3) | - | - |
| Marine, aviation and transport (class 4, 5, 6, 7) | - | - |
| Fire and other damage to property (class 8, 9) | - | - |
| TPL insurance (classes 11, 12, 13) | 753,542 | 4,540 |

| Provision for the capitalized value of annuities before discounts and impairment losses (gross) | Provisions as at 31 December 2021 | Reinsurers' share |
|--|--|--------------------------|
| Credit and suretyship (class 14, 15) | - | - |
| Assistance (class 18) | - | - |
| Legal expenses insurance (class 17) | - | - |
| Other (class 16) | - | - |
| Total gross provisions | 10,469,751 | 416,647 |

| Provision for the capitalized value of annuities before discounts and impairment losses (gross) | Provisions as at 31 December 2020 | Reinsurers' share |
|--|--|--------------------------|
| Accident and sickness insurance (class 1, 2) | - | - |
| Motor TPL (class 10) | 9,210,990 | 321,774 |
| Other TPL (class 3) | - | - |
| Marine, aviation and transport (class 4, 5, 6, 7) | - | - |
| Fire and other damage to property (class 8, 9) | - | - |
| TPL insurance (classes 11, 12, 13) | 729,917 | 1,877 |
| Credit and suretyship (class 14, 15) | - | - |
| Assistance (class 18) | - | - |
| Legal expenses insurance (class 17) | - | - |
| Other (class 16) | - | - |
| Total gross provisions | 9,940,907 | 323,651 |

10. Estimated subrogation, salvage and subsidies

10.1 Gross estimated subrogation, salvage and subsidies

| Gross estimated subrogation, salvage and subsidies | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| Accident and sickness insurance (class 1, 2) | - | - |
| Motor TPL (class 10) | 38,975 | 39,168 |
| Other TPL (class 3) | 45,393 | 45,305 |
| Marine, aviation and transport (class 4, 5, 6, 7) | - | - |
| Fire and other damage to property (class 8, 9) | 12,191 | 11,355 |
| TPL insurance (classes 11, 12, 13) | - | - |
| Credit and suretyship (class 14, 15) | 4,426 | 5,196 |
| Assistance (class 18) | - | - |
| Legal expenses insurance (class 17) | - | - |
| Other (class 16) | - | - |
| Total gross estimated subrogation, salvage and subsidies | 100,985 | 101,024 |

10.2 Reinsurers' share in estimated subrogation, salvage and subsidies

| Reinsurers' share in estimated subrogation, salvage and subsidies | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| Accident and sickness insurance (class 1, 2) | - | - |
| Motor TPL (class 10) | 23 | 31 |
| Other TPL (class 3) | 55 | 12 |
| Marine, aviation and transport (class 4, 5, 6, 7) | - | - |
| Fire and other damage to property (class 8, 9) | 270 | 60 |
| TPL insurance (classes 11, 12, 13) | - | - |
| Credit and suretyship (class 14, 15) | 2,431 | 2,708 |
| Assistance (class 18) | - | - |
| Legal expenses insurance (class 17) | - | - |
| Other (class 16) | - | - |
| Total reinsurers' share | 2,779 | 2,811 |

11. Other provisions

11.1 Provisions for pension benefits and other compulsory employee benefits

| Provisions for pension benefits and other compulsory employee benefits | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) provisions for pension benefits | 11,336 | 15,110 |
| b) other compulsory employee benefits (by type): | 35,025 | 38,720 |
| provisions for holidays | 24,635 | 25,502 |
| provisions for post-mortem benefits | 10,390 | 13,218 |
| Provisions for pension benefits and other compulsory employee benefits, total | 46,361 | 53,830 |

| Movement in provisions for pension benefits and other compulsory employee benefits | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) provisions at the beginning of the period (by type) | 53,830 | 45,681 |
| provisions for pension benefits | 15,110 | 11,586 |
| provisions for holidays | 25,502 | 23,248 |
| provisions for post-mortem benefits | 13,218 | 10,847 |
| b) additions (by virtue of) | 537 | 9,738 |
| provisions for pension benefits | - | 4,031 |
| provisions for holidays | 537 | 3,218 |
| provisions for post-mortem benefits | - | 2,489 |
| c) utilization (by type) | 2,183 | 1,589 |
| provisions for pension benefits | 693 | 507 |
| provisions for holidays | 1,404 | 964 |
| provisions for post-mortem benefits | 86 | 118 |
| d) reversal (by type) | 5,823 | - |
| provisions for pension benefits | 3,081 | - |
| provisions for holidays | - | - |
| provisions for post-mortem benefits | 2,742 | - |
| e) provisions at the end of the period (by type) | 46,361 | 53,830 |
| provisions for pension benefits | 11,336 | 15,110 |
| provisions for holidays | 24,635 | 25,502 |
| provisions for post-mortem benefits | 10,390 | 13,218 |

| Provisions for pension benefits and other compulsory employee benefits (by currency) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) Polish currency | 46,361 | 53,830 |
| b) in EUR or other currencies (by currency and translated to PLN) | - | - |
| Provisions for pension benefits and other compulsory employee benefits, total | 46,361 | 53,830 |

11.2 Deferred tax liability

Deferred tax assets and liabilities are presented after setting off the relevant amounts resulting from negative and taxable temporary differences.

| Movement in the deferred tax liability | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| 1. Deferred tax liability – at the beginning of the period, including: | 1,141,270 | 974,153 |
| a) recognized in the financial result¹⁾ | 538,929 | 548,701 |
| b) recognized in equity²⁾ | 602,341 | 425,452 |
| c) recognized in goodwill or negative goodwill | - | - |
| 2. Additions | 113,482 | 184,649 |
| a) recognized in the financial result of the period in connection with taxable temporary differences (by virtue of) | 54,334 | 7,760 |
| – occurrence of temporary differences, including: | 54,334 | 7,760 |
| prepayments and accruals | 44,461 | 7,760 |
| other temporary differences | - | - |

| Movement in the deferred tax liability | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| financial instruments | 9,873 | - |
| – changes in tax rates | - | - |
| – unrecognized temporary difference from the previous period | - | - |
| b) recognized in equity in connection with taxable temporary differences (by virtue of) | 59,148 | 176,889 |
| – occurrence of temporary differences, including: | 59,148 | 176,889 |
| financial instruments | 59,148 | 176,889 |
| – changes in tax rates | - | - |
| – unrecognized temporary difference from the previous period | - | - |
| c) recognized in goodwill or negative goodwill in connection with taxable temporary differences (by virtue of) | - | - |
| 3. Reductions | 41,240 | 17,532 |
| a) recognized in the financial result of the period in connection with taxable temporary differences (by virtue of) | 41,240 | 17,532 |
| – reversed temporary differences (utilization of the deferred tax liability), including: | 41,240 | 17,532 |
| financial instruments and other postings | 41,240 | 17,532 |
| – changes in tax rates | - | - |
| – reversal of the provision due to the impossibility to utilize it | - | - |
| b) recognized in equity in connection with taxable temporary differences (by virtue of) | - | - |
| – reversed temporary differences (utilization of the deferred tax liability) | - | - |
| financial instruments | - | - |
| – changes in tax rates | - | - |
| – reversal of the provision due to the impossibility to utilize it | - | - |
| c) recognized in goodwill or negative goodwill in connection with taxable temporary differences (by virtue of) | - | - |
| 4. Total deferred tax liability – at the end of the period | 1,213,512 | 1,141,270 |
| a) recognized in the financial result³⁾ | 552,023 | 538,929 |
| b) recognized in equity²⁾ | 661,489 | 602,341 |
| c) recognized in goodwill or negative goodwill | - | - |

¹⁾ Refers to accumulated changes in deferred tax liabilities recognized in the financial result of 2020 and previous years.

²⁾ Refers to revaluation reserve

³⁾ Refers to accumulated impact of changes in deferred tax liabilities recognized in the financial result of 2021 and previous years.

| Additional information regarding taxable temporary differences | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) taxable temporary differences – at the beginning of the period | 6,006,686 | 5,127,127 |
| financial instruments | 3,521,936 | 2,596,515 |
| prepayments and accruals | 2,251,623 | 2,299,919 |
| other temporary differences | 233,127 | 230,693 |
| b) taxable temporary differences – at the end of the period, including: | 6,386,907 | 6,006,686 |
| financial instruments | 3,885,208 | 3,521,936 |
| prepayments and accruals | 2,278,728 | 2,251,623 |
| other temporary differences | 222,971 | 233,127 |
| taxable temporary differences expiring within 1 year | 6,163,928 | 5,773,558 |
| taxable temporary differences expiring in more than 1 year | 222,979 | 233,128 |

| Deferred tax liability (by currency)¹⁾ | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 512,983 | 553,867 |
| b) in EUR or other currencies (by currency and translated to PLN) | - | - |
| Total deferred tax liability | 512,983 | 553,867 |

¹⁾ Deferred tax liabilities are presented on a net basis, after setting off deferred tax assets presented in section 5.1 of the “Notes and explanations”.

11.3 Other provisions

| Other provisions | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) provisions for reinsurance settlements | 716 | 1,662 |
| b) provision for disputed claims and potential liabilities under executed insurance | - | 557 |

| | | |
|--|---------------|---------------|
| contracts | | |
| c) provision for restructuring expenses | 6,120 | 6,168 |
| d) provisions for other administrative proceedings | 468 | 48 |
| e) other provisions | 8,008 | 20,913 |
| Total other provisions | 15,312 | 29,348 |

The “Provisions for reinsurance settlements” line item includes only provisions for reinsurers’ share in technical provisions pertaining only to the insurers who are in arrears with payments to PZU or for whom there is a reasonable suspicion that may have problems with payment of their liabilities in the future.

The activities of an insurance undertaking may be subject to administrative proceedings conducted by supervisory bodies, which have the power to impose administrative fines. As a result, the value of provisions recognized by PZU and presented as “provisions for other administrative proceedings” may change in the future.

| Movement in other provisions | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| a) balance at the beginning of the period (by type) | 29,348 | 77,300 |
| provision for restructuring expenses | 6,168 | 6,272 |
| provisions for reinsurance settlements | 1,662 | 7,009 |
| provision for the cash penalty imposed by the Office of Competition and Consumer Protection | - | 56,605 |
| other provisions | 21,518 | 7,414 |
| b) additions (by virtue of) | 3,454 | 17,421 |
| provision for restructuring expenses | - | - |
| provisions for reinsurance settlements | 478 | 1,715 |
| provision for the cash penalty imposed by the Office of Competition and Consumer Protection | - | - |
| other provisions | 2,976 | 15,706 |
| c) utilization (by type) | 6,791 | 756 |
| provision for restructuring expenses | 21 | 104 |
| provisions for reinsurance settlements | - | - |
| provision for the cash penalty imposed by the Office of Competition and Consumer Protection | - | - |
| other provisions | 6,770 | 652 |
| d) reversal (by type) | 10,699 | 64,617 |
| provision for restructuring expenses | 27 | - |
| provisions for reinsurance settlements | 1,424 | 7,062 |
| provision for the cash penalty imposed by the Office of Competition and Consumer Protection | - | 56,605 |
| other provisions | 9,248 | 950 |
| e) balance at the end of the period (by type) | 15,312 | 29,348 |
| provision for restructuring expenses | 6,120 | 6,168 |
| provisions for reinsurance settlements | 716 | 1,662 |
| provision for the cash penalty imposed by the Office of Competition and Consumer Protection | - | - |
| other provisions | 8,476 | 21,518 |
| Other provisions (by currency) | 31 December 2021 | 31 December 2020 |
| a) Polish currency | 15,312 | 29,348 |
| b) in EUR or other currencies (by currency and translated to PLN) | - | - |
| Total other provisions | 15,312 | 29,348 |

12. Other liabilities and special-purpose funds

| Geographic structure of liabilities | 31 December 2021 | | | | 31 December 2020 | | | |
|--|------------------|------------------------|---------------------------|------------------|------------------|------------------------|---------------------------|------------------|
| | Domestic | Foreign – EU countries | Foreign – other countries | Total | Domestic | Foreign – EU countries | Foreign – other countries | Total |
| I. Liabilities for reinsurers' deposits | - | - | - | - | - | - | - | - |
| II. Liabilities on direct insurance | 375,101 | 39,024 | 1,273 | 415,398 | 362,423 | 50,506 | 1,060 | 413,989 |
| 1. Liabilities to policyholders | 74,583 | 210 | 397 | 75,190 | 77,763 | 198 | 346 | 78,307 |
| 2. Liabilities to insurance intermediaries | 161,838 | 1,249 | 37 | 163,124 | 167,138 | 1,714 | 35 | 168,887 |
| 3. Other insurance liabilities | 138,680 | 37,565 | 839 | 177,084 | 117,522 | 48,594 | 679 | 166,795 |
| III. Reinsurance liabilities | 151,364 | 23,811 | 9,246 | 184,421 | 108,353 | 2,401 | 4,923 | 115,677 |
| IV. Liabilities on the issue of own debt securities and drawn loans | - | - | - | - | - | - | - | - |
| V. Liabilities to credit institutions | 125,253 | - | - | 125,253 | 12 | - | - | 12 |
| VI. Other liabilities | 478,682 | 443,975 | 2,376 | 925,033 | 414,723 | 140,927 | 2,188 | 557,838 |
| 1. Liabilities to the state budget | 60,215 | - | - | 60,215 | 63,860 | - | - | 63,860 |
| 2. Other liabilities | 418,467 | 443,975 | 2,376 | 864,818 | 350,863 | 140,927 | 2,188 | 493,978 |
| Total liabilities | 1,130,400 | 506,810 | 12,895 | 1,650,105 | 885,511 | 193,834 | 8,171 | 1,087,516 |

12.1 Liabilities on direct insurance

| Liabilities on direct insurance | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) liabilities to policyholders, including: | 75,190 | 78,307 |
| – to subordinated entities | 55 | 273 |
| – domestic | 55 | 273 |
| – foreign | - | - |
| – to other entities | 75,135 | 78,034 |
| – domestic | 74,528 | 77,490 |
| – foreign | 607 | 544 |
| b) liabilities to insurance intermediaries, including: | 163,124 | 168,887 |
| – to subordinated entities | 1,945 | 2,663 |
| – domestic | 1,945 | 2,663 |
| – foreign | - | - |
| – to other entities | 161,179 | 166,224 |
| – domestic | 159,893 | 164,475 |
| – foreign | 1,286 | 1,749 |
| c) other insurance liabilities, including: | 177,084 | 166,795 |
| – to subordinated entities | 5,636 | 5,101 |
| – domestic | 5,127 | 4,679 |
| – foreign | 509 | 422 |
| – to other entities | 171,448 | 161,694 |
| – domestic | 133,553 | 112,843 |
| – foreign | 37,895 | 48,851 |
| Liabilities on direct insurance, total | 415,398 | 413,989 |

| Liabilities on direct insurance | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) subsidiaries | 7,466 | 8,037 |
| b) co-subsidiaries | - | - |
| c) associates | 170 | - |
| d) a major investor | - | - |
| e) a shareholder in a co-subsidiary | - | - |
| f) the parent company | - | - |
| g) other | 407,762 | 405,952 |
| Liabilities on direct insurance, total | 415,398 | 413,989 |

| Liabilities on direct insurance, by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) up to 3 months | 415,398 | 413,989 |
| b) from 3 months to 1 year | - | - |
| c) from 1 to 5 years | - | - |
| d) over 5 years | - | - |
| Liabilities on direct insurance, total | 415,398 | 413,989 |

| Liabilities on direct insurance (by currency) | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) Polish currency | 374,795 | 354,940 |
| b) in EUR or other currencies (by currency and translated to PLN) | 40,603 | 59,049 |
| b1. thousands of EUR | 8,697 | 12,592 |
| thousands of PLN | 40,002 | 58,109 |
| b2. thousands of USD | 88 | 35 |
| thousands of PLN | 357 | 130 |
| b3. thousands of GBP | 22 | 52 |
| thousands of PLN | 123 | 265 |
| b4. CHF 000s | - | 19 |
| thousands of PLN | 1 | 83 |
| b5. other currencies in PLN 000s | 119 | 462 |
| Liabilities on direct insurance, total | 415,398 | 413,989 |

12.2 Reinsurance liabilities

| Reinsurance liabilities, total | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) current accounts in inward reinsurance, including: | 19,143 | 9,588 |
| – domestic cedents | 11,889 | 8,456 |
| – international cedents | 7,254 | 1,132 |
| b) current accounts in outward reinsurance, including: | 35,055 | 16,241 |
| – domestic reinsurers | 9,442 | 10,060 |
| – international reinsurers | 25,613 | 6,181 |
| c) retrocession liabilities, including: | 130,223 | 89,848 |
| – domestic retrocessionaires | 130,033 | 89,837 |
| – international retrocessionaires | 190 | 11 |
| d) liabilities for reinsurance premiums spread over time | - | - |
| Reinsurance liabilities, total | 184,421 | 115,677 |

| Reinsurance liabilities | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) current liabilities in inward reinsurance, including: | 19,143 | 9,588 |
| – cedents who are subsidiaries | 18,722 | 8,920 |
| – cedents who are co-subsiaries | - | - |
| – cedents who are associates | - | - |
| – a cedent who is a major investor | - | - |
| – a cedent who is a shareholder in co-subsiary | - | - |
| – a cedent who is the parent company | - | - |
| b) current liabilities in outward reinsurance, including: | 35,055 | 16,241 |
| – reinsurers who are subsidiaries | - | - |
| – reinsurers who are co-subsiaries | - | - |
| – reinsurers who are associates | - | - |
| – a reinsurer who is a major investor | - | - |
| – a reinsurer who is a shareholder in co-subsiary | - | - |
| – a reinsurer who is the parent company | - | - |
| c) current liabilities to retrocessionaires, including to: | 130,223 | 89,848 |
| – retrocessionaires who are subsidiaries | - | - |
| – retrocessionaires who are co-subsiaries | - | - |
| – retrocessionaires who are associates | - | - |
| – a retrocessionaire who is a major investor | - | - |
| – a retrocessionaire who is a shareholder in co-subsiary | - | - |
| – a retrocessionaire who is the parent company | - | - |
| d) other | - | - |
| Reinsurance liabilities, total | 184,421 | 115,677 |

| Reinsurance liabilities, by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) up to 3 months | 85,814 | 69,791 |
| b) from 3 months to 1 year | 95,014 | 40,128 |
| c) from 1 to 5 years | 3,593 | 5,758 |
| d) over 5 years | - | - |
| Reinsurance liabilities, total | 184,421 | 115,677 |

| Reinsurance liabilities (by currency) | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) Polish currency | 142,395 | 110,730 |
| b) in EUR or other currencies (by currency and translated to PLN) | 42,026 | 4,947 |
| b1. thousands of EUR | 2,473 | 147 |
| thousands of PLN | 11,373 | 678 |
| b2. thousands of USD | 5,783 | 835 |
| thousands of PLN | 23,477 | 3,137 |
| b3. thousands of UAH | 48,265 | 8,333 |
| thousands of PLN | 7,177 | 1,105 |
| b4. other currencies | - | 27 |
| Reinsurance liabilities, total | 184,421 | 115,677 |

12.3 Liabilities on the issue of own debt securities and drawn loans

As at 31 December 2021 and 31 December 2020, there were no liabilities on the issue of own debt financial instruments or obtained loans.

12.4 Liabilities to credit institutions

| Liabilities to credit institutions, by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) up to 3 months | 125,253 | 12 |
| b) from 3 months to 1 year | - | - |
| c) from 1 to 5 years | - | - |
| d) over 5 years | - | - |
| Liabilities to credit institutions, total | 125,253 | 12 |

| Liabilities to credit institutions, by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) in PLN | 125,253 | 12 |
| b) in EUR or other currencies (by currency and translated to PLN) | - | - |
| Liabilities to credit institutions, total | 125,253 | 12 |

12.5 Other liabilities

| Other liabilities | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) liabilities to the state budget | 60,215 | 63,860 |
| corporate income tax | 26,096 | 31,365 |
| liabilities on account of the tax referred to in the Act on Taxing Certain Financial Institutions of 15 January 2016 (i.e. Journal of Laws Item 1836 of 2019, "Tax on certain financial institutions") | 16,119 | 16,138 |
| personal income tax | 10,349 | 9,650 |
| VAT | 7,595 | 6,694 |
| other | 57 | 13 |
| b) other liabilities | 864,818 | 493,978 |
| - valuation of derivatives, | 438,481 | 54,813 |
| - liabilities for outstanding investment transactions and margins | 182,673 | 154,911 |
| - estimated non-insurance liabilities | 51,374 | 56,284 |
| - security deposits withheld | 44,554 | 43,118 |

| Other liabilities | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| - other | 34,454 | 19,605 |
| - settlements on account of direct claims handling | 30,550 | 27,434 |
| - liabilities for the Tax Group's settlements | 30,476 | 80,820 |
| - liabilities on account of donations | 16,317 | 20,843 |
| - ZUS contributions and benefits | 14,572 | 14,439 |
| - liability to the Insurance Guarantee Fund | 13,413 | 13,606 |
| - liabilities for building the Central Records of Vehicles and Drivers (CEPiK) | 3,606 | 3,580 |
| - dividend-related settlements with shareholders | 2,667 | 2,667 |
| - liabilities on account of trial-related representation | 1,681 | 1,858 |
| Other liabilities, total | 925,033 | 557,838 |

| Other liabilities | 31 December 2021 | 31 December 2020 |
|-------------------------------------|-------------------------|-------------------------|
| a) subsidiaries | 226,404 | 235,082 |
| b) co-subsidiaries | - | - |
| c) associates | 2,990 | - |
| d) a major investor | - | - |
| e) a shareholder in a co-subsidiary | - | - |
| f) the parent company | - | - |
| g) other | 695,639 | 322,756 |
| Other liabilities, total | 925,033 | 557,838 |

| Other liabilities, by remaining time to maturity from the balance sheet date | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) up to 3 months | 925,033 | 557,838 |
| b) from 3 months to 1 year | - | - |
| c) from 1 to 5 years | - | - |
| d) over 5 years | - | - |
| Other liabilities, total | 925,033 | 557,838 |

All derivatives held by PZU are classified as liabilities held for trading and recognized under "Other liabilities".

| Other liabilities (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 923,399 | 551,439 |
| b) in EUR or other currencies (by currency and translated to PLN) | 1,634 | 6,399 |
| b1. thousands of USD | 13 | 292 |
| thousands of PLN | 54 | 1,097 |
| b2. thousands of EUR | 53 | 1,149 |
| thousands of PLN | 245 | 5,302 |
| b3. other currencies PLN 000s | 1,335 | - |
| Other liabilities, total | 925,033 | 557,838 |

12.6 Other information on liabilities

12.6.1. Liabilities secured on assets of the issuer and its related parties

As at 31 December 2021 and 31 December 2020, there were no liabilities secured on the issuer's assets.

12.6.2. Information on past due liabilities

As at 31 December 2021 and 31 December 2020, there were no past due liabilities.

12.6.3. Liabilities to the state budget or local government units related to the acquisition of ownership titles to buildings and structures

As at 31 December 2021 and 31 December 2020, there were no liabilities to the state budget or local government units related to the acquisition of ownership titles to buildings and structures

12.7 Special-purpose funds

| Special-purpose funds | 31 December 2021 | 31 December 2020 |
|-------------------------------------|------------------|------------------|
| a) Prevention Fund | 32,262 | 22,252 |
| b) Company Social Benefit Fund | 73,404 | 75,815 |
| Special-purpose funds, total | 105,666 | 98,067 |

13. Prepayments and accruals

| Prepayments and accruals | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) accrued expenses, including: | 1,316,816 | 1,208,398 |
| – long-term | 1,134 | 19,601 |
| – short-term (by title): | 1,315,682 | 1,188,797 |
| – accrued reinsurance income and expenses | 749,768 | 731,834 |
| – accrued expenses of direct insurance commissions | 315,299 | 286,979 |
| – accrued payroll expenses | 137,630 | 104,873 |
| – accrued employee bonuses | 82,814 | 44,995 |
| – other postings | 30,171 | 20,116 |
| b) negative goodwill | - | - |
| c) deferred income, including: | 199,933 | 71,073 |
| – deferred reinsurance commissions | 196,547 | 67,238 |
| – investment income | 2,664 | 2,433 |
| – perpetual usufruct right to land obtained gratuitously | 110 | 174 |
| – other | 612 | 1,228 |
| Total accruals and deferred income | 1,516,749 | 1,279,471 |

| Movement in accrued expenses and deferred income | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| At the beginning of the period (by type) | 1,279,471 | 1,304,356 |
| accrued expenses | 1,208,398 | 1,241,848 |
| deferred income | 71,073 | 62,508 |
| a) additions (by virtue of): | 5,853,677 | 5,391,043 |
| accrued expenses | 4,129,367 | 4,425,027 |
| deferred income | 1,724,310 | 966,016 |
| b) reductions (by virtue of) | 5,616,399 | 5,415,928 |
| accrued expenses | 4,020,949 | 4,458,477 |
| deferred income | 1,595,450 | 957,451 |
| At the end of the period (by type) | 1,516,749 | 1,279,471 |
| accrued expenses | 1,316,816 | 1,208,398 |
| deferred income | 199,933 | 71,073 |

14. Solvency of the insurance company

Pursuant to art. 284 section 1 and art. 488 section 3 item 1 of the Insurance Activity Act, PZU is obligated to prepare and publish an annual solvency and financial condition report prepared in accordance with the principles of Solvency II. For the 2021 report, the publication deadline is no later than 14 weeks after the yearend, that is 8 April 2022. Pursuant to art. 290 section 1 of the Insurance Activity Act, a solvency and financial condition report of an insurance company is audited by an audit firm.

15. Off-balance sheet items

15.1 Contingent receivables

| Contingent receivables | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) guarantees and sureties received, of which: | 2,491 | 6,700 |
| – from subsidiaries | - | - |
| – other (by type): | 3,701,448 | 3,969,036 |
| – promissory notes related to extended insurance guarantees ²⁾ | 276 | - |
| – other promissory notes, of which: | - | - |
| – from subsidiaries | - | - |
| – other contingent receivables ¹⁾ | 3,701,172 | 3,969,024 |
| Total contingent receivables | 3,703,939 | 3,975,736 |

¹⁾ This item includes mainly: collateral received in the form of mortgage on the debtor's assets, other contingent receivables, etc.

²⁾ Only a quantitative record of promissory notes is kept.

| Contingent receivables (by currency) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| a) guarantees and sureties received: | 2,492 | 6,700 |
| – in PLN | 2,492 | 6,700 |
| – in EUR or other currencies (by currency and translated to PLN) | - | - |
| – other (by type): | 3,701,447 | 3,969,036 |
| – in PLN | 3,645,652 | 3,379,600 |
| – in EUR or other currencies (by currency and translated to PLN) | 55,795 | 589,436 |
| b1. thousands of EUR | 115,070 | 127,727 |
| thousands of PLN | 529,251 | 589,436 |
| Total contingent receivables | 3,703,939 | 3,975,736 |

15.1.1. Guarantees received

The table below presents tender guarantees and good contract performance guarantees (required mainly in tender procedures for insurance services) received under guarantee facilities.

| Bank | Date of the guarantee facility agreement | Amount of guarantee facility | Facility renewable | Amount of active guarantees as at 31 December 2021 | Amount of active guarantees as at 31 December 2020 |
|--------------------|--|------------------------------|--------------------|--|--|
| Bank Millennium SA | 7 October 2013 | 15,000 | Yes | 9,362 | 7,671 |
| Bank Pekao SA | 28 September 2018 ¹⁾ | 15 000 ¹⁾ | Yes | 86,324 | 87,089 |
| Total | | | | 95,686 | 94,760 |

¹⁾ On 21 August 2020, an annex to the agreement was signed, whereby the guarantee facility was increased to PLN 107,000 thousand

15.2 Contingent liabilities

| Contingent liabilities arising from | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| a) guarantees and sureties extended, of which: | 93,637 | 92,890 |
| – from subsidiaries | 85,954 | 87,089 |
| b) accepted and endorsed promissory notes | - | - |
| c) assets subject to the obligation of resale | - | - |
| d) other liabilities secured on assets or income | - | - |
| e) other (by type): | 1,109,758 | 1,108,173 |
| – disputed claims not accepted by the insurer and pursued by creditors through litigation | 928,056 | 945,257 |
| – contingent liabilities arising from securities placing agreements | - | - |
| – other contingent liabilities ¹⁾ | 181,702 | 162,916 |
| Total contingent liabilities | 1,203,395 | 1,201,063 |

¹⁾ As at 31 December 2021, the “other contingent liabilities” item included primarily liabilities arising from undrawn loan tranches in the total amount of PLN 151,550 thousand (PLN 109,743 thousand on 31 December 2020).

| Contingent liabilities (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) guarantees and sureties granted: | 93,637 | 92,890 |
| – in PLN | 7,683 | 6,648 |
| – in EUR or other currencies (by currency and translated to PLN) | 85,954 | 86,242 |
| a1. EUR 000s | 18,688 | 18,688 |
| thousands of PLN | 85,954 | 86,242 |
| b) accepted and endorsed promissory notes | – | – |
| c) assets subject to the obligation of resale | – | – |
| d) other liabilities secured on assets or income (by type) | – | – |
| e) other (by type): | 1,109,758 | 1,108,173 |
| disputed claims not accepted by the insurer and pursued by creditors through litigation | 928,056 | 945,257 |
| – in PLN | 928,056 | 945,257 |
| – in EUR or other currencies (by currency and translated to PLN) | – | – |
| other contingent liabilities: | 181,702 | 162,916 |
| – in PLN | 181,382 | 162,916 |
| – in EUR or other currencies (by currency and translated to PLN) | 320 | – |
| Total contingent liabilities | 1,203,395 | 1,201,063 |

15.3 Other off-balance sheet line items

| Other off-balance sheet line items arising from | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| Other off-balance sheet line items (by type): | 142,495 | 112,171 |
| third party assets not recognized in assets, including: | 142,495 | 112,171 |
| – to subsidiaries | 24,002 | 24,002 |
| Total other off-balance sheet line items | 142,495 | 112,171 |

| Other off-balance sheet line items (by currency) | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| a) Polish currency | 142,495 | 112,171 |
| b) in EUR or other currencies (by currency and translated to PLN) | – | – |
| Total other off-balance sheet line items | 142,495 | 112,171 |

16. Non-life insurance premiums

| Gross written premiums in non-life insurance | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| a) in direct insurance, including: | 12,206,120 | 11,249,293 |
| – from contracts concluded outside the Republic of Poland, including: | 38,120 | 34,927 |
| – from contracts concluded in EU member states | 20,400 | 15,989 |
| b) in indirect insurance | 1,182,778 | 1,287,384 |
| Total gross written premiums | 13,388,898 | 12,536,677 |

16.1 Gross written premium in direct insurance

| Gross written premium in direct non-life insurance (by accounting class) | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| a) accident and sickness insurance (groups 1 and 2) | 740,061 | 594,411 |
| b) motor third party liability insurance (group 10) | 4,066,066 | 4,101,521 |
| c) other motor insurance (group 3) | 3,171,230 | 2,977,001 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 92,040 | 80,218 |
| e) fire and other property damage insurance (groups 8 and 9) | 2,628,254 | 2,174,942 |
| f) TPL insurance (groups 11, 12, 13) | 774,414 | 723,200 |
| g) credit and suretyship (groups 14, 15) | 50,619 | 65,607 |
| h) assistance (group 18) | 406,615 | 373,720 |
| i) legal protection (group 17) | 13,389 | 11,873 |
| j) other (group 16) | 263,432 | 146,800 |
| Total gross written premiums in direct insurance (by accounting class) | 12,206,120 | 11,249,293 |

| Gross written premium received in direct non-life insurance from mandatory TPL insurance, by insurance group | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| Group 8 | 241,742 | 266,064 |
| Group 9 | 327,157 | 248,045 |
| Group 10 | 3,989,847 | 4,028,808 |
| Group 11 | 9,904 | 12,137 |
| Group 13 | 202,545 | 205,638 |
| Total gross written premium received in direct non-life insurance from mandatory TPL insurance, by insurance group | 4,771,195 | 4,760,692 |

16.2 Gross written premium in indirect insurance

| Gross written premium in indirect non-life insurance | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| a) accident and sickness insurance (groups 1 and 2) | 8,019 | 7,643 |
| b) motor third party liability insurance (group 10) | 682,461 | 694,262 |
| c) other motor insurance (group 3) | 1,284 | 5,208 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 8,804 | 17,572 |
| e) fire and other property damage insurance (groups 8 and 9) | 377,340 | 358,266 |
| f) TPL insurance (groups 11, 12, 13) | 71,835 | 65,200 |
| g) credit and suretyship (groups 14, 15) | 13,118 | 14,005 |
| h) assistance (group 18) | 291 | 264 |
| i) legal protection (group 17) | - | - |
| j) other (group 16) | 19,626 | 124,964 |
| Total gross written premiums in indirect insurance (by accounting class) | 1,182,778 | 1,287,384 |

| Gross written premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| Group 8 | 782 | 508 |
| Group 9 | - | - |
| Group 10 | 681,554 | 693,266 |
| Group 11 | 355 | 315 |
| Group 13 | 23,108 | 26,685 |
| Total gross written premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group | 705,799 | 720,774 |

17. Gross earned premium

17.1 Gross earned premium in direct insurance

| Gross earned premium in direct non-life insurance (by accounting class) | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| a) accident and sickness insurance (groups 1 and 2) | 493,930 | 452,060 |
| b) motor third party liability insurance (group 10) | 4,095,519 | 4,306,740 |
| c) other motor insurance (group 3) | 3,080,710 | 3,121,876 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 86,192 | 61,052 |
| e) fire and other property damage insurance (groups 8 and 9) | 2,247,226 | 2,220,180 |
| f) TPL insurance (groups 11, 12, 13) | 760,379 | 710,643 |
| g) credit and suretyship (groups 14, 15) | 61,227 | 73,569 |
| h) assistance (group 18) | 386,693 | 382,594 |
| i) legal protection (group 17) | 12,707 | 11,074 |
| j) other (group 16) | 140,865 | 105,814 |
| Total gross earned premium in direct non-life insurance | 11,365,448 | 11,445,602 |

| Gross earned premium received in direct non-life insurance from mandatory TPL insurance, by insurance group | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| Group 8 | 237,967 | 254,105 |

| | | |
|---|------------------|------------------|
| Group 9 | 215,332 | 338,429 |
| Group 10 | 4,021,034 | 4,235,522 |
| Group 11 | 11,828 | 3,664 |
| Group 13 | 209,413 | 208,981 |
| Total gross earned premium received in direct non-life insurance | 4,695,574 | 5,040,701 |

17.2 Gross earned premium in indirect insurance

| Gross earned premium in indirect non-life insurance (by accounting class) | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| a) accident and sickness insurance (groups 1 and 2) | 7,967 | 18,277 |
| b) motor third party liability insurance (group 10) | 690,040 | 691,407 |
| c) other motor insurance (group 3) | 4,293 | 8,056 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 16,613 | 15,602 |
| e) fire and other property damage insurance (groups 8 and 9) | 431,668 | 383,750 |
| f) TPL insurance (groups 11, 12, 13) | 67,427 | 64,845 |
| g) credit and suretyship (groups 14, 15) | 11,723 | 6,573 |
| h) assistance (group 18) | 297 | 893 |
| i) legal protection (group 17) | - | - |
| j) other (group 16) | 131,537 | 135,472 |
| Total gross earned premium in indirect non-life insurance | 1,361,565 | 1,324,875 |

| Gross earned premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| Group 8 | 421 | 438 |
| Group 9 | - | - |
| Group 10 | 689,201 | 690,552 |
| Group 11 | 307 | 210 |
| Group 13 | 26,473 | 28,439 |
| Total gross earned premium received in indirect non-life insurance | 716,402 | 719,639 |

18. Reinsurance settlements

| Reinsurance settlements | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| a) insurance premiums received from abroad | 291,272 | 303,820 |
| b) reinsurance premiums transferred abroad | 689,712 | 506,954 |
| c) balance of settlements in outward reinsurance | 1,401,965 | (458,346) |
| d) balance of settlements on inward reinsurance | 1,951,263 | 423,859 |
| e) receivables and liabilities arising from outward reinsurance, including: | (124,993) | (81,664) |
| – receivables from reinsurers secured by guarantees from financial institutions | - | - |
| f) receivables and liabilities arising from inward reinsurance, including: | 156,327 | 112,086 |
| – value of liabilities to cedents secured by insurance undertaking's guarantees | - | - |
| – value of liabilities to retroceding insurance undertakings secured by insurance undertaking's guarantees | - | - |

19. Gross claims and benefits paid

| Gross claims and benefits paid | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| a) on direct insurance, including: | 6,434,761 | 6,532,499 |
| – claims handling expenses | 729,887 | 705,368 |
| b) on indirect insurance, including: | 539,473 | 645,170 |
| – claims handling expenses | 31,242 | 28,899 |
| Total gross claims and benefits paid | 6,974,234 | 7,177,669 |

19.1 Gross claims and benefits paid

| Gross claims and benefits paid in direct non-life insurance (by accounting class) | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| a) accident and sickness insurance (groups 1 and 2) | 96,082 | 92,048 |
| b) motor third party liability insurance (group 10) | 2,781,866 | 2,824,339 |
| c) other motor insurance (group 3) | 1,940,216 | 1,929,065 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 59,724 | 17,508 |
| e) fire and other property damage insurance (groups 8 and 9) | 976,777 | 1,081,195 |
| f) TPL insurance (groups 11, 12, 13) | 351,722 | 316,002 |
| g) credit and suretyship (groups 14, 15) | 7,513 | 65,526 |
| h) assistance (group 18) | 200,546 | 179,030 |
| i) legal protection (group 17) | 4,957 | 5,063 |
| j) other (group 16) | 15,358 | 22,723 |
| Gross written gross claims and benefits paid in direct insurance (by accounting classes), total | 6,434,761 | 6,532,499 |

| Gross claims and benefits paid in indirect non-life insurance (by accounting class) | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| a) accident and sickness insurance (groups 1 and 2) | 14,852 | 9,494 |
| b) motor third party liability insurance (group 10) | 410,009 | 376,285 |
| c) other motor insurance (group 3) | 1,879 | 4,269 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 2,691 | 1,838 |
| e) fire and other property damage insurance (groups 8 and 9) | 76,198 | 222,086 |
| f) TPL insurance (groups 11, 12, 13) | 14,010 | 14,665 |
| g) credit and suretyship (groups 14, 15) | 655 | 476 |
| h) assistance (group 18) | 1 | 1,010 |
| i) legal protection (group 17) | - | - |
| j) other (group 16) | 19,178 | 15,047 |
| Gross written gross claims and benefits paid in indirect insurance (by accounting classes), total | 539,473 | 645,170 |

19.2 Claims handling expenses

| Claims handling expenses in direct non-life insurance (by accounting class) | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| a) accident and sickness insurance (groups 1 and 2) | 18,671 | 17,716 |
| b) motor third party liability insurance (group 10) | 363,738 | 356,583 |
| c) other motor insurance (group 3) | 137,170 | 140,516 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 1,305 | 1,064 |
| e) fire and other property damage insurance (groups 8 and 9) | 106,558 | 98,661 |
| f) TPL insurance (groups 11, 12, 13) | 67,249 | 56,927 |
| g) credit and suretyship (groups 14, 15) | 1,524 | 1,997 |
| h) assistance (group 18) | 28,598 | 26,559 |
| i) legal protection (group 17) | 4,065 | 4,357 |
| j) other (group 16) | 1,009 | 988 |
| Claims handling expenses in direct insurance (by accounting classes), total | 729,887 | 705,368 |

| Claims handling expenses in indirect non-life insurance (by accounting class) | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---|---|
| a) accident and sickness insurance (groups 1 and 2) | 638 | 644 |
| b) motor third party liability insurance (group 10) | 27,519 | 23,587 |
| c) other motor insurance (group 3) | 112 | 314 |
| d) marine, aviation and transport insurance (groups 4, 5, 6, 7) | 198 | 82 |
| e) fire and other property damage insurance (groups 8 and 9) | 936 | 2,247 |
| f) TPL insurance (groups 11, 12, 13) | 1,610 | 1,562 |
| g) credit and suretyship (groups 14, 15) | - | - |
| h) assistance (group 18) | - | 252 |
| i) legal protection (group 17) | - | - |
| j) other (group 16) | 229 | 211 |
| Total claims handling expenses in indirect insurance (by accounting classes) | 31,242 | 28,899 |

20. Supplementary data to the revenue account

20.1 Supplementary data to the revenue account for the year ended 31 December 2021

| Total direct and indirect insurance for the year ended 31 December 2021 | Gross written premium | Gross earned premium | Gross claims and benefits (paid) | Claims handling expenses | Subrogation, salvage and subsidies | Net reinsurance settlements | Acquisition and administrative expenses |
|--|------------------------------|-----------------------------|---|---------------------------------|---|------------------------------------|--|
| Accident and sickness insurance (class 1, 2) | 748,081 | 501,898 | 91,623 | 19,309 | 1 | 244,645 | 198,352 |
| Motor TPL (class 10) | 4,748,527 | 4,785,558 | 2,845,192 | 391,257 | 44,573 | 1,351,724 | 1,152,902 |
| Other TPL (class 3) | 3,172,513 | 3,085,002 | 1,853,376 | 137,282 | 48,563 | 12,211 | 753,036 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 100,844 | 102,805 | 63,106 | 1,503 | 2,194 | 69,167 | 16,953 |
| Fire and other damage to property (class 8, 9) | 3,005,594 | 2,678,894 | 973,692 | 107,494 | 28,210 | 1,147,346 | 736,569 |
| TPL insurance (classes 11, 12, 13) | 846,249 | 827,806 | 299,155 | 68,859 | 2,282 | 162,896 | 239,793 |
| Credit and suretyship (class 14, 15) | 63,737 | 72,950 | 15,681 | 1,524 | 9,036 | 74,572 | 30,824 |
| Assistance (class 18) | 406,906 | 386,991 | 172,625 | 28,598 | 676 | 1,473 | 117,350 |
| Legal expenses insurance (class 17) | 13,389 | 12,707 | 892 | 4,065 | - | - | 4,572 |
| Other (class 16) | 283,058 | 272,402 | 33,337 | 1,238 | 39 | 289,195 | 84,632 |
| Total direct and indirect insurance | 13,388,898 | 12,727,013 | 6,348,679 | 761,129 | 135,574 | 3,353,229 | 3,334,983 |

| Direct insurance in the year ended 31 December 2021 | Gross written premium | Gross earned premium | Gross claims and benefits (paid) | Claims handling expenses | Subrogation, salvage and subsidies | Net reinsurance settlements | Acquisition and administrative expenses |
|--|------------------------------|-----------------------------|---|---------------------------------|---|------------------------------------|--|
| Accident and sickness insurance (class 1, 2) | 740,062 | 493,930 | 77,409 | 18,671 | 1 | 221,973 | 197,896 |
| Motor TPL (class 10) | 4,066,066 | 4,095,519 | 2,454,655 | 363,738 | 36,526 | 59,382 | 948,836 |
| Other TPL (class 3) | 3,171,230 | 3,080,710 | 1,851,096 | 137,170 | 48,050 | 8,721 | 751,355 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 92,040 | 86,192 | 60,603 | 1,305 | 2,184 | 56,494 | 15,071 |
| Fire and other damage to property (class 8, 9) | 2,628,254 | 2,247,226 | 898,261 | 106,558 | 28,041 | 675,599 | 712,243 |
| TPL insurance (classes 11, 12, 13) | 774,414 | 760,379 | 286,410 | 67,249 | 1,937 | 70,084 | 232,188 |
| Credit and suretyship (class 14, 15) | 50,619 | 61,227 | 14,836 | 1,524 | 8,846 | 55,939 | 26,783 |
| Assistance (class 18) | 406,615 | 386,693 | 172,624 | 28,598 | 676 | 1,180 | 117,345 |
| Legal expenses insurance (class 17) | 13,389 | 12,707 | 892 | 4,065 | - | - | 4,572 |
| Other (class 16) | 263,432 | 140,865 | 14,388 | 1,009 | 39 | 252,593 | 70,696 |
| Total direct insurance | 12,206,121 | 11,365,448 | 5,831,174 | 729,887 | 126,300 | 1,401,965 | 3,076,985 |

| Indirect insurance in the year ended 31 December 2021 | Gross written premium | Gross earned premium | Gross claims and benefits (paid) | Claims handling expenses | Subrogation, salvage and subsidies | Net reinsurance settlements | Acquisition and administrative expenses |
|---|-----------------------|----------------------|----------------------------------|--------------------------|------------------------------------|-----------------------------|---|
| Accident and sickness insurance (class 1, 2) | 8,019 | 7,968 | 14,214 | 638 | - | 22,672 | 456 |
| Motor TPL (class 10) | 682,461 | 690,039 | 390,537 | 27,519 | 8,047 | 1,292,342 | 204,066 |
| Other TPL (class 3) | 1,283 | 4,292 | 2,280 | 112 | 513 | 3,490 | 1,681 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 8,804 | 16,613 | 2,503 | 198 | 10 | 12,673 | 1,882 |
| Fire and other damage to property (class 8, 9) | 377,340 | 431,668 | 75,431 | 936 | 169 | 471,747 | 24,326 |
| TPL insurance (classes 11, 12, 13) | 71,835 | 67,427 | 12,745 | 1,610 | 345 | 92,812 | 7,605 |
| Credit and suretyship (class 14, 15) | 13,118 | 11,723 | 845 | - | 190 | 18,633 | 4,041 |
| Assistance (class 18) | 291 | 298 | 1 | - | - | 293 | 5 |
| Legal expenses insurance (class 17) | - | - | - | - | - | - | - |
| Other (class 16) | 19,626 | 131,537 | 18,949 | 229 | - | 36,602 | 13,936 |
| Total indirect insurance | 1,182,777 | 1,361,565 | 517,505 | 31,242 | 9,274 | 1,951,264 | 257,998 |

20.2 Supplementary data to the revenue account for the year ended 31 December 2020

| Total direct and indirect insurance for the year ended 31 December 2020 | Gross written premium | Gross earned premium | Gross claims and benefits (paid) | Claims handling expenses | Subrogation, salvage and subsidies | Net reinsurance settlements | Acquisition and administrative expenses |
|---|-----------------------|----------------------|----------------------------------|--------------------------|------------------------------------|-----------------------------|---|
| Accident and sickness insurance (class 1, 2) | 602,054 | 470,337 | 83,183 | 18,360 | 1 | (5,628) | 155,678 |
| Motor TPL (class 10) | 4,795,783 | 4,998,147 | 2,874,509 | 380,170 | 54,055 | 115,234 | 1,131,211 |
| Other TPL (class 3) | 2,982,209 | 3,129,932 | 1,851,505 | 140,830 | 59,001 | (8,768) | 743,241 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 97,790 | 76,654 | 18,693 | 1,146 | 493 | (27,287) | 14,852 |
| Fire and other damage to property (class 8, 9) | 2,533,208 | 2,603,930 | 1,230,263 | 100,908 | 27,890 | (88,410) | 700,204 |
| TPL insurance (classes 11, 12, 13) | 788,400 | 775,488 | 274,091 | 58,489 | 1,913 | 6,827 | 221,597 |
| Credit and suretyship (class 14, 15) | 79,612 | 80,142 | 80,163 | 1,997 | 16,158 | 14,989 | 34,458 |
| Assistance (class 18) | 373,984 | 383,487 | 153,951 | 26,811 | 722 | (965) | 106,371 |
| Legal expenses insurance (class 17) | 11,873 | 11,074 | 706 | 4,357 | - | - | 4,047 |
| Other (class 16) | 271,764 | 241,286 | 36,617 | 1,199 | 46 | (40,479) | 74,723 |
| Total direct and indirect insurance | 12,536,677 | 12,770,477 | 6,603,681 | 734,267 | 160,279 | (34,487) | 3,186,382 |

| Direct insurance in the year ended 31 December 2020 | Gross written premium | Gross earned premium | Gross claims and benefits (paid) | Claims handling expenses | Subrogation, salvage and subsidies | Net reinsurance settlements | Acquisition and administrative expenses |
|---|-----------------------|----------------------|----------------------------------|--------------------------|------------------------------------|-----------------------------|---|
| Accident and sickness insurance (class 1, 2) | 594,411 | 452,060 | 74,333 | 17,716 | 1 | (521) | 150,689 |
| Motor TPL (class 10) | 4,101,521 | 4,306,740 | 2,513,405 | 356,583 | 45,649 | (12,189) | 920,774 |
| Other TPL (class 3) | 2,977,001 | 3,121,876 | 1,846,403 | 140,516 | 57,854 | (6,942) | 740,561 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 80,218 | 61,052 | 16,936 | 1,064 | 492 | (41,786) | 13,517 |
| Fire and other damage to property (class 8, 9) | 2,174,942 | 2,220,180 | 1,010,210 | 98,661 | 27,676 | (209,915) | 675,069 |
| TPL insurance (classes 11, 12, 13) | 723,200 | 710,643 | 260,411 | 56,927 | 1,336 | (40,151) | 215,693 |
| Credit and suretyship (class 14, 15) | 65,607 | 73,569 | 79,687 | 1,997 | 16,158 | 6,557 | 30,083 |
| Assistance (class 18) | 373,720 | 382,594 | 153,193 | 26,559 | 722 | (232) | 106,138 |
| Legal expenses insurance (class 17) | 11,873 | 11,074 | 706 | 4,357 | - | - | 4,047 |
| Other (class 16) | 146,800 | 105,814 | 21,781 | 988 | 46 | (153,167) | 57,012 |
| Total direct insurance | 11,249,293 | 11,445,602 | 5,977,065 | 705,368 | 149,934 | (458,346) | 2,913,583 |

| Indirect insurance in the year ended 31 December 2020 | Gross written premium | Gross earned premium | Gross claims and benefits (paid) | Claims handling expenses | Subrogation, salvage and subsidies | Net reinsurance settlements | Acquisition and administrative expenses |
|---|-----------------------|----------------------|----------------------------------|--------------------------|------------------------------------|-----------------------------|---|
| Accident and sickness insurance (class 1, 2) | 7,643 | 18,277 | 8,850 | 644 | - | (5,107) | 4,989 |
| Motor TPL (class 10) | 694,262 | 691,407 | 361,104 | 23,587 | 8,406 | 127,423 | 210,437 |
| Other TPL (class 3) | 5,208 | 8,056 | 5,102 | 314 | 1,147 | (1,826) | 2,680 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 17,572 | 15,602 | 1,757 | 82 | 1 | 14,499 | 1,335 |
| Fire and other damage to property (class 8, 9) | 358,266 | 383,750 | 220,053 | 2,247 | 214 | 121,505 | 25,135 |
| TPL insurance (classes 11, 12, 13) | 65,200 | 64,845 | 13,680 | 1,562 | 577 | 46,978 | 5,904 |
| Credit and suretyship (class 14, 15) | 14,005 | 6,573 | 476 | - | - | 8,432 | 4,375 |
| Assistance (class 18) | 264 | 893 | 758 | 252 | - | (733) | 233 |
| Legal expenses insurance (class 17) | - | - | - | - | - | - | - |
| Other (class 16) | 124,964 | 135,472 | 14,836 | 211 | - | 112,688 | 17,711 |
| Total indirect insurance | 1,287,384 | 1,324,875 | 626,616 | 28,899 | 10,345 | 423,859 | 272,799 |

21. Information on the course of claims handling processes.

| Information on the course of claims handling processes for the year ended 31 December 2021 (data for direct insurance) | Average claims handling period in days | Losses occurring in the reporting period on account of insurance agreements concluded in that period, including: | |
|--|--|--|---|
| | | Claims and benefits paid on account of such losses | Provision recognized at the end of the financial year for outstanding claims and benefits |
| Accident and sickness insurance (class 1, 2) | 10.14 | 18,641 | 32,017 |
| Motor TPL (class 10) | 46.76 | 632,858 | 680,209 |
| Other TPL (class 3) | 15.68 | 702,723 | 252,790 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 80.35 | 34,120 | 17,078 |
| Fire and other damage to property (class 8, 9) | 9.88 | 476,999 | 154,111 |
| TPL insurance (classes 11, 12, 13) | 23.77 | 51,459 | 151,653 |
| Credit and suretyship (class 14, 15) | 51.95 | 7,128 | 2,502 |
| Assistance (class 18) | 22.70 | 67,872 | 22,995 |
| Legal expenses insurance (class 17) | 40.26 | 93 | 1,251 |
| Other (class 16) | 26.59 | 1,163 | 14,239 |
| Total (average) | 22.74 | 1,993,056 | 1,328,845 |

| Information on the course of claims handling processes for the year ended 31 December 2020 (data for direct insurance) | Average claims handling period in days | Losses occurring in the reporting period on account of insurance agreements concluded in that period, including: | |
|--|--|--|---|
| | | Claims and benefits paid on account of such losses | Provision recognized at the end of the financial year for outstanding claims and benefits |
| Accident and sickness insurance (class 1, 2) | 8.93 | 23,841 | 39,024 |
| Motor TPL (class 10) | 44.12 | 583,438 | 625,348 |
| Other TPL (class 3) | 12.78 | 645,642 | 224,390 |
| Marine, aviation and transport (class 4, 5, 6, 7) | 68.70 | 4,919 | 13,012 |
| Fire and other damage to property (class 8, 9) | 8.08 | 559,535 | 131,022 |
| TPL insurance (classes 11, 12, 13) | 20.00 | 48,583 | 138,749 |
| Credit and suretyship (class 14, 15) | 47.55 | 17,752 | 845 |
| Assistance (class 18) | 38.09 | 62,627 | 16,079 |
| Legal expenses insurance (class 17) | 28.90 | 71 | 1,117 |
| Other (class 16) | 20.77 | 1,926 | 3,650 |
| Total (average) | 20.71 | 1,948,334 | 1,193,236 |

22. Insurance activity expenses

| Insurance activity expenses, net of reinsurance | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|------------------------------|------------------------------|
| a) in direct insurance | 3,023,337 | 2,898,089 |
| b) in indirect insurance | 235,492 | 250,198 |
| Total insurance activity expenses, net of reinsurance | 3,258,829 | 3,148,287 |

| Insurance activity expenses (by type) | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---------------------------------|---------------------------------|
| I. Administrative expenses | 722,514 | 724,834 |
| 1. internal: | 474,112 | 486,544 |
| a) consumption of materials and energy | 14,441 | 17,297 |
| b) salaries and insurance and other benefits | 417,969 | 419,678 |
| c) amortization and depreciation | 41,346 | 48,837 |
| d) other administrative expenses | 356 | 732 |
| 2. external: | 248,402 | 238,290 |
| a) third party services | 131,716 | 118,851 |
| b) commission for premium collection | 47,492 | 60,521 |
| c) advertising | 48,563 | 36,419 |
| d) other expenses | 20,631 | 22,499 |
| II. Acquisition expenses | 2,612,469 | 2,461,548 |
| 1. internal: | 388,203 | 363,663 |
| a) consumption of materials and energy | 15,036 | 13,583 |
| b) salaries and insurance and other benefits classified as acquisition expenses | 339,238 | 319,110 |
| c) commissions on direct activity | - | - |
| d) amortization and depreciation | 33,929 | 30,970 |
| e) other acquisition expenses | - | - |
| 2. external: | 2,451,827 | 2,126,978 |
| a) salaries and insurance and other benefits classified as acquisition expenses | - | - |
| b) commission on direct activity, including: | 2,109,394 | 1,819,121 |
| – acquisition commissions | 1,108,491 | 831,428 |
| – policy extension commissions | 947,618 | 933,225 |
| – commissions for servicing insurance and reinsurance agreements | 53,285 | 54,468 |
| c) commissions on indirect activity | 219,877 | 208,089 |
| d) third party services | 82,581 | 73,421 |
| e) advertising | 28,067 | 12,235 |
| f) other expenses | 11,908 | 14,112 |
| 3. movement in deferred acquisition costs | (227,561) | (29,093) |
| III. Claims handling and subrogation collection expenses | 761,129 | 734,267 |
| 1. internal: | 334,474 | 418,677 |
| a) consumption of materials and energy | 10,587 | 7,732 |
| b) salary of experts, adjusters and other salary associated with claims handling and pursuit of subrogation claims | 300,110 | 382,911 |
| c) amortization and depreciation | 23,777 | 28,034 |
| 2. external: | 426,655 | 315,590 |
| a) third party services | 210,504 | 195,685 |
| b) other costs | 216,151 | 119,905 |
| IV. Investment activity expenses | 126,026 | 936,099 |
| 1. internal: | 8,658 | 9,491 |
| a) consumption of materials and energy | 824 | 835 |
| b) salary and insurance and other benefits to employees | 6,467 | 7,724 |
| c) amortization and depreciation | 1,367 | 932 |
| 2. external: | 117,368 | 926,608 |
| a) third party services | 26,472 | 3,423 |
| b) other costs ¹⁾ | 90,896 | 923,185 |

¹⁾ The “other costs” item includes among others losses on realization and revaluation of investments.

22.1 Acquisition expenses

| Acquisition expenses | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| a) incurred in the financial period, of which: | 2,840,030 | 2,490,641 |
| – acquisition commission on direct insurance | 2,109,394 | 1,819,121 |
| b) deferred to future reporting periods | 1,601,223 | 1,373,662 |

22.2 Administrative expenses

| Administrative expenses | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| a) consumption of materials and energy | 14,441 | 17,297 |
| b) third party services | 83,153 | 118,851 |
| c) taxes and charges | 13,788 | 15,264 |
| d) salaries | 324,215 | 332,153 |
| e) insurance and other benefits | 93,754 | 87,525 |
| f) depreciation and amortization | 41,346 | 48,837 |
| g) other, including: | 151,817 | 104,907 |
| – premium collection commission | 47,492 | 60,521 |
| – advertising | 48,563 | 36,419 |
| – business trips | 356 | 732 |
| – insurance of property | 1,044 | 837 |
| Total administrative expenses | 722,514 | 724,834 |

23. Other operating income

| Other operating income | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| a) financial income | 1,829 | 1,316 |
| b) income for acting as an emergency adjuster | 15,279 | 12,316 |
| b) income for direct claims handling | 156,793 | 162,390 |
| d) other operating income, including: | 25,896 | 160,963 |
| – positive foreign exchange differences | 9,646 | 9,937 |
| – indemnities received | 2,339 | 3,055 |
| – invoiced expenses | 4,350 | 3,140 |
| – income on reversal of a provision for impairment losses and provisions for future costs | 2,338 | 57,793 |
| – revenues from the reversal of the provision for co-funding of PZU Finance AB (publ.) | - | 81,460 |
| – other | 7,223 | 5,578 |
| Total | 199,797 | 336,985 |

PZU Finance AB (publ.), a PZU subsidiary, issued 5-year bonds in the period from 2014 to 2015, with the par value of EUR 850 million, which matured in July 2019. Proceeds from the issue were forwarded to PZU in the form of two loans for the total amount of EUR 850 million. Payments under the loans matched the payments under bonds in terms of the payment date and amount. PZU repaid loans to PZU Finance AB (publ.) on 28 June 2019.

In 2018, in connection with concerns regarding taxation under the Swedish Conversion Act (2000:46) of the FX differences in the situation where Euro is a reporting currency, PZU Finance AB (publ.) applied for an individual tax ruling to the Swedish Tax Interpretation Board (Skatterättsnämnden). On 13 March 2019, PZU Finance AB (publ.) received a ruling under which the FX differences arising on repayment of the loan should be subject to taxation, while the FX differences arising on repayment of the bonds are not subject to taxation. In PZU's opinion, the Board's interpretation would mean that a different approach is applied in Sweden to companies reporting in euros than to companies reporting in Swedish kronor, which would be inconsistent with the assumptions of Article 63 of the Treaty on the Functioning of the European Union (TFEU) on the need to ensure the free movement of capital in the European Union or Articles 49 and 54 TFEU on the freedom of establishment.

On 3 April 2019, PZU Finance AB (publ.) appealed against an individual tax ruling issued by the Swedish Tax Rulings Board to the Supreme Court of Administration (*Högsta förvaltningsdomstolen*). On 4 May 2020, the Supreme Administrative Court repealed

the individual tax ruling in question and rejected the petition submitted by PZU Finance AB (publ), having found that sufficient grounds for the issue of an individual tax ruling had not been demonstrated and thus the ruling should not be issued.

At the same time, on 27 August 2020, PZU Finance AB (publ.) submitted a tax return as part of the disclosure procedure for 2019, according to which it presented the above situation and assumed in the calculation of the tax liability that the foreign exchange differences on account of repayment of the bond constitute tax-deductible expenses. On 22 December 2020, PZU Finance AB (publ.) received the tax decision from the tax office confirming that the tax was calculated correctly. The decision was not final. Due to the pursuit of the goals for which the company was established, on 4 May 2021, the Shareholder Meeting decided to commence the liquidation procedure of PZU Finance AB. On 23 June 2021 and 21 December 2021, PZU Finance AB received a preliminary and enforceable, respectively, negative decision from the tax office regarding the adjustment of its tax settlement for 2019. As at 31 December 2021, the liability on account of recapitalization of PZU Finance AB (publ.) was PLN 89,720 thousand (SEK 200,000 thousand) (PLN 91,960 thousand as at 31 December 2020). On 21 January 2022, PZU transferred directly to the Swedish tax office SEK 159,487 thousand (SEK 155,659 thousand of the principal amount and SEK 3,828 thousand in interest) and SEK 2,513 thousand as recapitalization of PZU Finance AB (publ.).

PZU Finance AB may now initiate court proceedings in Sweden in an administrative court of first instance.

24. Other operating expenses

| Other operating expenses | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---------------------------------|---------------------------------|
| a) financial costs | 48,357 | 68,095 |
| b) expenses for acting as an emergency adjuster | 676 | 663 |
| c) expenses of direct claims handling | 171,771 | 177,867 |
| d) tax on some financial institutions | 199,608 | 187,503 |
| e) other operating expenses, including: | 57,363 | 51,653 |
| negative foreign exchange differences | 11,724 | 19,507 |
| costs to be re invoiced | 8,033 | 3,140 |
| donations | 9,731 | 12,161 |
| impairment losses on receivables | 4,192 | 206 |
| other | 23,683 | 16,639 |
| Total | 477,775 | 485,781 |

25. Interest income and expenses

The two notes that follow present interest determined for the reporting period based on the principle of accruals accounting.

25.1 Interest income calculated using contractual interest rates

| Interest income calculated using contractual interest rates in 2021 | Interest accrued and realized in 2021 | Interest accrued but not realized in 2021 (by maturity from the balance sheet date) | | |
|---|---------------------------------------|---|----------------|----------------|
| | | up to 3 months | 3 to 12 months | over 12 months |
| a) Investments in related parties | 2,681 | - | 7,664 | - |
| b) Other financial investments, including: | 298,504 | 29,427 | 167,298 | - |
| – debt securities and other fixed income securities | 283,826 | 28,200 | 167,503 | - |
| – participation in investments pools | - | - | - | - |
| – mortgage-backed loans | - | - | - | - |
| – other loans | 14,673 | 1,227 | (205) | - |
| – term deposits with credit institutions | 5 | - | - | - |
| – other investments | - | - | - | - |
| c) Receivables | - | - | - | - |
| Total interest income | 301,185 | 29,427 | 174,962 | - |
| Interest income calculated using contractual interest rates in 2020 | Interest accrued and realized in 2020 | Interest accrued but not realized in 2020 (by maturity from the balance sheet date) | | |
| | | up to 3 months | 3 to 12 months | over 12 months |
| a) Investments in related parties | 4,956 | - | 2,940 | - |
| b) Other financial investments, including: | 262,661 | 26,557 | 169,587 | - |

| | | | | |
|---|----------------|---------------|----------------|---|
| - debt securities and other fixed income securities | 240,811 | 26,215 | 150,673 | - |
| - participation in investments pools | - | - | - | - |
| - mortgage-backed loans | - | - | - | - |
| - other loans | 18,325 | 342 | 18,914 | - |
| - term deposits with credit institutions | 3,525 | - | - | - |
| - other investments | - | - | - | - |
| c) Receivables | - | - | - | - |
| Total interest income | 267,617 | 26,557 | 172,527 | - |

25.2 Interest expenses calculated using contractual interest rates

| Interest expenses calculated using contractual interest rates in 2021 | Interest accrued and realized in 2021 | Interest accrued but not realized in 2021 (by maturity from the balance sheet date) | | |
|---|---------------------------------------|---|----------------|----------------|
| | | up to 3 months | 3 to 12 months | over 12 months |
| a) Liabilities for reinsurers' deposits | - | - | - | - |
| b) Other liabilities, including: | 26,781 | - | 20,228 | - |
| - liabilities on direct insurance | - | - | - | - |
| - reinsurance liabilities | - | - | - | - |
| - liabilities on the issue of own debt securities and drawn loans | 26,591 | - | 20,228 | - |
| - liabilities to credit institutions | 190 | - | - | - |
| - other liabilities | - | - | - | - |
| Total interest expenses in 2021, including: | 26,781 | - | 20,228 | - |
| - liabilities held for trading | - | - | - | - |
| - current liabilities | 190 | - | - | - |
| - non-current liabilities | 26,591 | - | 20,228 | - |

| Interest expenses calculated using contractual interest rates in 2020 | Interest accrued and realized in 2020 | Interest accrued but not realized in 2020 (by maturity from the balance sheet date) | | |
|---|---------------------------------------|---|----------------|----------------|
| | | up to 3 months | 3 to 12 months | over 12 months |
| a) Liabilities for reinsurers' deposits | - | - | - | - |
| b) Other liabilities, including: | 46,702 | - | 20,513 | - |
| - liabilities on direct insurance | - | - | - | - |
| - reinsurance liabilities | - | - | - | - |
| - liabilities on the issue of own debt securities and drawn loans | 46,695 | - | 20,513 | - |
| - liabilities to credit institutions | 7 | - | - | - |
| - other liabilities | - | - | - | - |
| Total interest expenses in 2020, including: | 46,702 | - | 20,513 | - |
| - liabilities held for trading | - | - | - | - |
| - current liabilities | 7 | - | - | - |
| - non-current liabilities | 46,695 | - | 20,513 | - |

26. Income tax

26.1 Tax Group

On 20 September 2017, a Tax Group agreement was signed between 13 companies: PZU, PZU Życie, Link4, PZU CO, PZU Pomoc SA, Ogrodowa-Inwestycje, PZU Zdrowie, Tulare Investments Sp. z o.o., PZU Cash SA, Ipsilon Sp. z o.o., PZU Finanse Sp. z o.o., PZU LAB SA, Omicron Bis SA. The Tax Group was established for a period of 3 years – from 1 January 2018 to 31 December 2020 – and the Head of the First Mazowiecki Tax Office issued a registration decision on 21 November 2017. From 1 January 2021 the Tax Group also includes PZU Project 01 SA, in connection with another Tax Group agreement of 22 September 2020 (registration decision of 11 December 2020), which applies from 1 January 2021 to 31 December 2023.

Under the Tax Group agreement, PZU is the parent company representing the Tax Group. The Tax Group performs settlements with the Tax Office on a monthly basis. PZU pays advances for corporate income tax that are due from all the companies to the Tax Office, while the companies transfer the CIT advances related to their business activities to PZU.

26.2 Current income tax

| Current income tax | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| 1. Profit (loss) before tax | 2,338,381 | 2,269,010 |
| 2. Differences between profit (loss) before tax and the income tax base (by type) | (384,123) | (115,904) |
| 2a) Costs and losses not permitted by tax law to be treated as tax deductible expenses | 1,372,199 | 1,649,660 |
| Accrued outward reinsurance expenses | 22,329 | (6,173) |
| Accrued investment losses | 965,873 | 1,072,975 |
| Accrued bonuses, allowances for bonuses and provisions for employee benefits | 46,107 | 8,187 |
| Accrued and deferred acquisition expenses | (27,977) | 209,191 |
| Impairment losses on insurance, reinsurance and recourse claims | 32,145 | 16,857 |
| Donations | 9,731 | 12,161 |
| Provision for probable losses | 58,951 | 97,462 |
| Asset levy | 199,608 | 187,502 |
| Impairment loss on real property | - | 6,561 |
| Other | 65,432 | 44,937 |
| 2b) Revenue not included in the tax base | 1,825,794 | 1,944,884 |
| Accrued investment gains | 451,419 | 333,425 |
| Dividends | 1,510,730 | 1,376,738 |
| Other technical revenues – reversal of impairment losses and other | 95,913 | 223,289 |
| Accrued revenues on outward reinsurance | (325,238) | (86,859) |
| Accrued revenues on direct claims handling | 2,661 | (6,493) |
| Revenues on premiums under contracts related to previous years | 90,309 | 104,784 |
| 2c) Other changes in the tax base | 69,472 | 179,320 |
| Realization of accrued investment gains from previous years | 93,155 | 189,636 |
| Payments due to natural persons under mandate contracts and bonuses accrued in the previous year | (2,204) | (1,589) |
| Increases/decreases in tax revenues due to unexplained payments | (1,045) | 5,674 |
| Realization of other costs/revenues | (9,684) | (3,501) |
| Free income | (10,750) | (10,900) |
| 3. Income tax base | 1,954,258 | 2,153,106 |
| 4. Income tax at the 19% rate | 371,309 | 409,090 |
| 5. Tax increases, waivers, exemptions, deductions and reductions | (16,642) | (29,516) |
| 6. Current income tax included in tax returns for the period, including: | 354,667 | 379,574 |
| – posted in the profit and loss account | 354,667 | 379,574 |
| – relating to items that are charged or credited to equity | - | - |
| – relating to items that are charged or credited to goodwill or negative goodwill | - | - |

| Income tax, by type of activity | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| Differences between profit (loss) before tax and the income tax base | (384,123) | (115,904) |
| – arising from technical activities | 161,807 | (9,172) |
| – arising from extraordinary profits and losses | - | - |
| – other | (545,930) | (106,732) |
| Income tax base | 1,954,258 | 2,153,106 |

Regulations governing corporate income tax, personal income tax, value added tax and contributions to social security undergo frequent changes. The current regulations contain confusing provisions, which result in differences of opinion concerning their legal interpretation, both between various state authorities as well as between these authorities and enterprises. Tax and other settlements (e.g. regarding customs or foreign currencies) may be inspected by authorities, which may levy high fines and any additional liabilities assessed during the inspection bear interest. These facts create tax risks in Poland that are higher than those typically found in countries with more developed tax systems. Tax returns may be audited over a period of five years. As a

result, the amounts presented in the financial statements may change at a later date, after the final amounts are determined by tax authorities.

26.3 Deferred tax

| Deferred tax recognized in the profit and loss account | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| – reduction (increase) relating to the origination and reversal of temporary differences | (44,621) | (29,344) |
| – reduction (increase) relating to changes in tax rates | - | - |
| – reduction (increase) relating to previously unrecognized tax loss, tax credit or temporary difference of a prior period | - | - |
| – reduction (increase) relating to impairment losses on deferred tax assets or inability to use deferred tax liability | - | - |
| – other deferred tax items | - | - |
| Total deferred tax | (44,621) | (29,344) |

In 2021 and 2020, there was no income tax relating to discontinued operations or extraordinary transactions.

| Deferred tax recognized outside the profit and loss account | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| Total deferred tax amount: | 543,992 | 540,252 |
| – recognized in equity | 543,992 | 540,252 |
| – recognized in goodwill or negative goodwill | - | - |

27. Share of the net profit (loss) of related parties measured by the equity method

| Share of the net profit (loss) of related parties measured by the equity method | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| Share of the net profit (loss) of related parties measured by the equity method, including: | (689,456) | 17,705 |
| – impairment recognized on goodwill of related parties | (128,626) | (130,649) |
| – impairment recognized on negative goodwill of related parties | - | - |
| – impairment loss on net asset measurement | (560,830) | 148,354 |

28. Notes to the cash flow statement

The item “Other proceeds from operating activity” includes:

| Other proceeds from operating activity – highlights | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| Refund of CIT advances – participation in the Tax Group | 227,754 | 333,051 |
| Other proceeds | 124,349 | 146,574 |
| Reimbursement of regulatory expenses | 25,188 | - |
| Proceeds to the Company Social Benefit Fund and the Labor Fund | 4,872 | 4,453 |
| Total other proceeds from operating activity | 382,163 | 484,078 |

The item “Other operating expenditures” includes:

| Other operating expenditures – highlights | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|---|---|
| Corporate income tax | 495,971 | 319,170 |
| Other expenditures | 333,009 | 392,989 |
| Tax on certain financial institutions | 199,627 | 186,298 |
| Expenditures for CIT advances – participation in the Tax Group | 168,332 | 322,799 |

| | | |
|--|------------------|------------------|
| Expenditures from the Company Social Benefit Fund and the Labor Fund | 59,111 | 53,916 |
| Value added tax (VAT) | 22,968 | 23,009 |
| Donations | 10,750 | 14,400 |
| Total other operating expenditures | 1,289,768 | 1,312,581 |

28.1 Restricted cash

The cash flow statement includes restricted cash items related to the resources of the Prevention Fund, the Company Social Benefit Fund and cash in the split-payment account. The restriction results from the fact that according to the Polish law and PZU's internal regulations, which are based on that law, these resources may be expended only for specific purposes, such as prevention or social activity or public law settlements.

29. Other notes and explanations

29.1 Capital expenditures incurred and planned for the 12 months following the balance sheet date

| Capital expenditures incurred in the financial year | 2021 | 2020 |
|---|--------|--------|
| Capital expenditures incurred, of which: | 97,685 | 84,121 |
| – expenditures for non-financial non-current assets | 54,236 | 54,392 |

| Capital expenditures planned for the 12 months following the balance sheet date ¹⁾ | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| Capital expenditures planned for the 12 months following the balance sheet date, including: | 141,342 | 130,511 |
| – expenditures for non-financial non-current assets | 76,660 | 71,614 |

¹⁾ Data not audited by a statutory auditor.

30. Disputes

PZU participates in numerous court and arbitration disputes and administrative proceedings. Typical litigation involving PZU includes disputes pertaining to concluded insurance contracts, disputes concerning employment relationships and disputes relating to contractual obligations. Typical administrative proceedings involving PZU include proceedings related to the possession of property. Such proceedings and litigation are usually of a typical and repetitive nature and typically no particular case is of material importance to PZU.

Additionally, PZU is a party to proceedings conducted before the President of the Office of Competition and Consumer Protection.

Estimates of the provision amounts for individual cases take into account all information available on the date of preparation of the standalone financial statements, however their value may change in the future. Disputed claims are taken into account in the process of establishing technical provisions for known losses, considering the probability of an unfavorable outcome of the dispute and estimating the probable awarded amount.

In 2021 and by the date of signing the standalone financial statements, PZU was not involved in any material proceedings conducted before a court, an arbitration body or a public administration authority concerning any PZU liabilities.

As at 31 December 2021, the aggregate value of the subject matter of litigation in all 177,056 cases (173,685 cases as at 31 December 2020) pending before courts, arbitration bodies or public administration authorities in which PZU takes part, was PLN 3,445,313 thousand (PLN 3,536,605 thousand as at 31 December 2020). Out of this amount, PLN 3,030,940 thousand pertained to PZU's liabilities (PLN 3,020,153 thousand as at 31 December 2020) and PLN 414,373 thousand (PLN 516,452 thousand as at 31 December 2020) pertained to PZU's receivables.

30.1 Resolutions of the Ordinary Shareholder Meeting of PZU to distribute the profit earned in the financial year 2006

On 30 July 2007, an action was brought by Manchester Securities Corporation ("MSC") with its registered office in New York against PZU to repeal Resolution No. 8/2007 adopted by the Company's Ordinary Shareholder Meeting on 30 June 2007 to

distribute PZU's profit for the financial year 2006 as contradicting good practices and aimed at harming the plaintiff as a shareholder of PZU.

The challenged resolution of the Ordinary Shareholder Meeting of PZU distributed the 2006 net profit of PLN 3,280,883 thousand as follows:

- PLN 3,260,883 thousand to supplementary capital;
- PLN 20,000 thousand to the Company Social Benefit Fund.

In its judgment of 22 January 2010, the Regional Court in Warsaw repealed the aforementioned resolution adopted by PZU's Ordinary Shareholder Meeting in its entirety. PZU has used all the available appeal measures, including a cassation appeal to the Supreme Court which, on 27 March 2013, dismissed the cassation appeal. The judgment is final and not subject to further appeal.

According to PZU, repealing the aforementioned resolution adopted by PZU's Ordinary Shareholder Meeting will not cause the shareholders to obtain a claim for PZU to pay a dividend.

As the judgment repealing resolution no. 8/2007 became final, on 30 May 2012, Ordinary Shareholder Meeting of PZU adopted a resolution to distribute the profit for the financial year 2006 in a manner that reflects the distribution of profit in the repealed resolution no. 8/2007. MSC filed an objection against the resolution of 30 May 2012 and the objection was recorded in the minutes.

On 20 August 2012, a copy of a statement of claim filed by MSC with the Regional Court in Warsaw was delivered to PZU. In the statement of claim, the Manchester Securities Corporation demanded that the resolution on the distribution of profit for the financial year 2006 adopted on 30 May 2012 by the PZU Ordinary Shareholder Meeting be repealed. According to the plaintiff, the value of the litigation is PLN 5,054 thousand. PZU then submitted a statement of defense requesting to dismiss the statement of claim in its entirety.

On 17 December 2013, the Regional Court passed a judgment in which it accepted the claim in its entirety and awarded the costs of proceedings from PZU to MSC. On 4 March 2014, PZU filed an appeal against the above judgment, contesting it in its entirety. On 11 February 2015, the Appellate Court in Warsaw handed down a judgment that changed the judgment of the Regional Court of 17 December 2013 in its entirety, dismissed MSC's claim and charged MSC with the court expenses. The Appellate Court's judgment is final and non-appealable. MSC challenged the Appellate Court's judgment in its entirety in a cassation appeal of 9 June 2015. PZU filed its reply to the cassation appeal.

By decision of 19 April 2016, the Supreme Court refused to review MSC's cassation appeal. According to the provisions of the Code of Civil Procedure, the Supreme Court's ruling is final non-appealable and ends the proceedings in the case.

In the meantime, on 16 December 2014, MSC summoned PZU to pay PLN 264,865 thousand as compensation in connection with repealing resolution no. 8/2007 adopted by the PZU Ordinary Shareholder Meeting on 30 June 2007 to distribute PZU's profit for the 2006 financial year. PZU refused to effect the performance on account of its groundlessness.

On 23 September 2015, a copy of the statement of claim with enclosures was delivered to PZU in the case launched by MSC against PZU for payment of PLN 169,328 thousand with statutory interest from 2 January 2015 to the date of payment and litigation costs. The statement of claim includes a demand to pay compensation for depriving MSC and J.P. Morgan (MSC acquired the claim from J.P. Morgan) as minority shareholders of PZU of their share in profits for the financial year 2006 in connection with the adoption of resolution no. 8/2007 on 30 June 2007 by the PZU Ordinary Shareholder Meeting. The case is pending before the Regional Court in Warsaw. On 18 December 2015, PZU's attorney submitted a statement of defense, requesting to dismiss the claim in its entirety. On 1 April 2016, MSC filed a pleading in which it responded to PZU's assertions, allegations and petitions and raised new arguments in the case. On 30 June 2016, PZU filed a response to MSC's most recent pleading along with requests for evidence. In its decision of 21 July 2016, the Court referred the case to a mediation procedure, to which PZU did not agree. In subsequent court sessions, evidentiary hearings have taken place.

The Management Board of PZU believes that MSC's claims are groundless. As a result, as at 31 December 2021, no changes have been made to the presentation of PZU's equity that could potentially stem from the repeal of the resolution 8/2007 adopted by PZU's Ordinary Shareholder Meeting on distribution of profit for the financial year 2006, including the line items "Supplementary capital" and "Retained earnings (losses)" and the funds in the Company Social Benefit Fund have not been adjusted.

30.1.1. Other demands for payment pertaining to distribution of PZU's profit for the financial year 2006

On 13 November 2018 the Regional Court in Warsaw served a copy of the statement of claim lodged by Wspólna Reprezentacja SA in restructuring, which pertained to a claim against PZU for payment of PLN 34,117 thousand with statutory interest from 1 October 2015 to the payment date with court expenses. The claim comprises a claim for payment of damages for depriving the shareholders of their share of profits for the 2006 financial year. The plaintiff claims that the claims for damages were transferred by the shareholders to the plaintiff based on mandate agreements together with a fiduciary transfer of receivables and the claim pursued by the statement of claim is the total damage caused to the shareholders. PZU does not accept the claims as unjustified and submitted its statement of defense, requesting the claim to be dismissed in its entirety. PZU did not consent to mediation. In subsequent court sessions, evidentiary hearings have taken place.

30.2 Notification of PZU's claim to the bankruptcy estate of companies of the PBG Group

PZU is a creditor of PBG SA ("PBG") and Hydrobudowa Polska SA ("Hydrobudowa"), both companies with registered offices in Wysogotowo near Poznań, on account of insurance guarantees (contractual guarantees) issued and paid out.

In 2012, bankruptcy proceedings were initiated against PBG and Hydrobudowa. On 21 September 2012, PZU joined the proceedings by notifying its claims to the bankruptcy estate of the two companies.

PBG and Hydrobudowa belong to the same group in which PBG is the parent company. The two companies provided sureties for each other's liabilities. As a consequence, all claims submitted against the bankruptcy estate of Hydrobudowa in the amount of PLN 100,996 thousand were concurrently submitted against the bankruptcy estate of PBG.

On 8 October 2015, the Bankruptcy Court announced a decision in which it approved the composition with PBG's creditors and on 20 July 2016 it issued a decision to close the bankruptcy proceedings. The decision is final.

Following the execution of the composition and reduction of claims to 20.93% of the reported figures, PZU received 206,139 PBG's bonds with the nominal value of PLN 20,614 thousand and 24,241,560 PBG shares with the nominal value of PLN 24,242 thousand. The carrying amount of PBG's shares as at 31 December 2021 was PLN 800 thousand (PLN 1,212 thousand as at 31 December 2020). The bonds, whose carrying amount was assessed to be zero, were recognized in off-balance sheet records only as at 31 December 2021 and 31 December 2020.

The first list of claims presented by Hydrobudowa's trustee in bankruptcy to the judge commissioner contained PZU SA's claims in the amount of PLN 16,198 thousand and the fourth supplementary list of claims contained claims in the amount of PLN 15,944 thousand. Accordingly, the total value of claims pursued by PZU on this account was PLN 32,142 thousand. In respect of claims for the amount of over PLN 66,699 thousand, on 24 October 2018 PZU filed an objection to the judge commissioner against the refusal to accept the submitted claim. With the decision of 23 January 2020, the Court accepted PZU's objection and increased PZU's claim on the fourth supplementary list of claims to PLN 82,643 thousand. The final list of claims submitted against the bankruptcy estate of Hydrobudowa has not been determined yet. Bankruptcy proceedings against Hydrobudowa are pending and the determination of the final list of claims is merely an initial step in these proceedings that precedes the drafting of the distribution plan (after the liquidation of the bankruptcy estate).

30.3 Miscellaneous

30.3.1. Inspections by the KNF Office

During the period from 27 July to 25 September 2020 KNF conducted an inspection of PZU's operations and assets in the claims handling area. On 7 January 2021, PZU received a recommendation to refrain from breaching the interests of parties entitled to indemnification under motor TPL insurance, consisting in applying in the calculation of the indemnification using the cost estimate method out-of-date, unreliable data on the man-hour rates in the car repair market that do not match the actual repair costs from the place of residence, seat or the injured party or the place of repair of the vehicle. On 19 February 2021, PZU informed KNF about implementing the recommendations and, on 19 March 2021 provided KNF, on its request, with additional documents and explanations pertaining to the implementation of the recommendation.

On 19 April 2021, KNF summoned PZU to present additional documents and explanations, deciding that the evidence presented earlier had not allowed it to consider the recommendation satisfied. On 30 April 2021, PZU provided additional explanations and documents. KNF made a positive assessment of the direction of implementing the recommendation and set the requirements and dates for providing the evidence of implementation.

On 7 December 2021, PZU submitted the implementation report regarding the recommendation. On 28 January 2022, KNF requested additional explanations and documents, which were provided by PZU on 14 February 2022. Until the date of signing the standalone financial statements, the Polish Financial Supervision Authority did not raise any objections to the manner in which the recommendation was implemented.

During the period from 11 January 2022 to 10 March 2022, KNF conducted an inspection of PZU's operations and assets in terms of the solvency capital requirement. Until the date of signing the standalone financial statements, the Polish Financial Supervision Authority did not present an inspection report.

31. Headcount

| Average headcount, by employee group | 1 January – 31 December 2021 | | 1 January – 31 December 2020 | |
|--|------------------------------|---------------------------------------|------------------------------|---------------------------------------|
| | Average headcount (FTEs) | Average number of employees (persons) | Average headcount (FTEs) | Average number of employees (persons) |
| a) Supervisory Board | - | 11 | - | 11 |
| b) Management Board | - | 8 | - | 8 |
| c) Total headcount, including: | 7,125 | 9,408 | 7,265 | 9,480 |
| – management | 340 | 567 | 331 | 546 |
| – advisors | 4 | 5 | 4 | 5 |
| – actuaries | 5 | 6 | 5 | 6 |
| – other employees | 6,777 | 8,830 | 6,925 | 8,923 |
| – including agents on employment contracts | - | - | - | - |
| d) Number of agents without employment contracts (persons) | n/a | 8,469 | n/a | 8,622 |

32. Agreements to audit and review financial statements

32.1 Audit fee payable to the audit firm auditing the financial statements

| Audit fee payable to the audit firm auditing the financial statements | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|------------------------------|------------------------------|
| a) statutory audit of annual standalone/consolidated financial statements | 994 | 945 |
| b) other assurance services, including review of standalone/consolidated financial statements | 988 | 939 |
| c) tax advisory services | - | - |
| d) other services | - | - |
| Total | 1,982 | 1,884 |

The table above presents the amounts due the audit firm for the audit of PZU's financial statements, paid or payable for the period, plus VAT, determined according to the accrual principle.

32.2 Execution dates and terms of agreements with the audit firm auditing financial statements

On 18 February 2014, the PZU Supervisory Board selected KPMG Audyty Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Warsaw, ul. Inflancka 4A, 00-189 Warsaw, entered by the National Chamber of Statutory Auditors in the list of audit firms under no. 3546 as an entity auditing financial statements for the years 2014-2016, and on 27 April 2017, the PZU Supervisory Board exercised the option of extending this cooperation to include the years 2017-2018. On 23 May 2019, after the Polish Financial Supervision Authority gave a permit to PZU to extend for another two years the maximum period for the engagement for KPMG Audyty to audit PZU's standalone and consolidated financial statements, the PZU Supervisory Board made the decision to select KPMG Audyty again as the audit firm to audit the 2019-2020 financial statements.

In connection with Article 49 of the Act of 31 March 2020 amending the Act on special solutions connected with preventing, counteracting and combating COVID-19, other infectious diseases and crises caused by them and certain other acts ("Act"), which extended the maximum period of uninterrupted engagement to carry out statutory audit to ten years by abolishing the limit set forth in Article 134 sec. 1 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, on 28 May 2020, the PZU Supervisory Board gave its consent to renew the engagement for KPMG Audyty for reviews and audits of the

standalone financial statements of PZU and the consolidated financial statements of the PZU Group for years 2021-2022 with an extension option to 2023 (“Order for Reviews and Audits”). On 7 April 2021, the PZU Supervisory Board agreed to exercise the option and extend the Order for Reviews and Audits to 2023.

To enable performance of the work described above, relevant annexes to the previously signed agreements were concluded.

The existing cooperation with KPMG Audyt, pertaining to the reviews and audits of the standalone financial statements of PZU and consolidated financial statements of the PZU Group has continued without interruption since 2014.

33. Related party transactions

33.1 Transactions with PZU Management Board Members, PZU Group Directors and Supervisory Board Members

In 2021 and in 2020, there were no transactions between PZU and the PZU Management Board Members, senior management, PZU Supervisory Board Members and persons who are in cohabitation with them, their spouses, relatives by blood or by marriage up to the second degree, persons related to them by adoption, guardianship or custody or other persons personally related to the PZU Management Board or Supervisory Board Members, other than following from executed non-life insurance agreements entered into on an arm’s length principle.

In 2021 and 2020, there were no material transactions between PZU and the entities, in which key executives or persons who are in cohabitation with them, their spouses, relatives by blood or by marriage up to the second degree, persons related to them by adoption, guardianship or custody hold directly or indirectly at least 20% votes at the shareholder meeting, other than those following from executed non-life insurance agreements entered into on an arm’s length principle.

33.1.1. Value of outstanding advances, loans, guarantees, sureties, old-age benefits and similar benefits or other agreements with performance obligation

In 2021 and 2020, there were no outstanding advances, loans, guarantees, sureties or other agreements with performance obligations pertaining to key management members. There were also no obligations arising from old-age benefits or similar benefits in favor of former members of management boards or obligations incurred in connection with those old-age benefits.

33.1.2. Compensation of PZU Management Board Members, PZU Group Directors and PZU Supervisory Board Members paid, payable or potentially payable

Compensation of PZU’s key management who discharged their functions for at least one day in 2021 or 2020. The figures are presented in thousands of PLN.

| Compensation and other short-term employee benefits paid by PZU | 1 January – 31 December 2021 | | 1 January – 31 December 2020 | |
|---|------------------------------|---|------------------------------|---|
| | | including part of variable compensation for 2017-2020 | | including part of variable compensation for 2017-2019 |
| Management Board | 14,332 | 5,849 | 13,210 | 4,227 |
| Beata Kozłowska-Chyła | 1,479 | 465 | 776 | - |
| Ernest Bejda | 1,350 | 370 | 617 | - |
| Małgorzata Kot | 1,153 | 173 | 297 | - |
| Krzysztof Kozłowski | 405 | - | n/a | n/a |
| Tomasz Kulik | 1,788 | 808 | 1,567 | 637 |
| Maciej Rapkiewicz | 1,788 | 808 | 1,567 | 637 |
| Małgorzata Sadurska | 1,801 | 822 | 1,581 | 651 |
| Krzysztof Szypuła | 1,153 | 173 | 415 ¹⁾ | - |
| Marcin Eckert | 1,316 ²⁾ | 645 | 1,321 | 391 |
| Aleksandra Agatowska | 94 | 94 | 356 | 282 |
| Adam Brzozowski | 711 ³⁾ | 454 | 1,395 ⁴⁾ | 310 |
| Elżbieta Häuser-Schöneich | 711 ⁵⁾ | 454 | 1,395 ⁶⁾ | 310 |
| Roger Hodgkiss | 179 | 179 | 318 | 318 |
| Paweł Surówka | 404 | 404 | 1,605 ⁷⁾ | 691 |
| High-level managers (PZU Group Directors) | 2,370 | 1,180 | 2,480 | 847 |
| Aleksandra Agatowska | 673 | 267 | 384 | - |
| Bartłomiej Litwińczuk | 705 | 313 | 616 | 244 |
| Dorota Macieja | 705 | 313 | 616 | 244 |
| Małgorzata Kot | 90 | 90 | 140 | - |
| Roman Pałac | 138 | 138 | 618 ⁸⁾ | 253 |
| Tomasz Karusewicz | 59 | 59 | 106 | 106 |
| Supervisory Board | 2,134 | - | 2,007 | - |
| Paweł Mucha | 112 | - | n/a | n/a |
| Paweł Górecki | 203 | - | 193 | - |
| Robert Śnitko | 203 | - | 188 | - |
| Marcin Chludziński | 187 | - | 177 | - |
| Agata Górnicka | 187 | - | 177 | - |
| Robert Jastrzębski | 203 | - | 193 | - |
| Elżbieta Mączyńska-Ziemacka | 187 | - | 177 | - |
| Krzysztof Opolski | 203 | - | 188 | - |
| Radosław Sierpiński | 41 | - | n/a | n/a |
| Józef Wierzbowski | 187 | - | 106 | - |
| Maciej Zaborowski | 187 | - | 177 | - |
| Maciej Łopiński | 89 | - | 195 | - |
| Tomasz Kuczur | 145 | - | 177 | - |
| Alojzy Nowak | n/a | n/a | 59 | - |

¹⁾ Including fixed compensation and annual bonus for the function of Managing Director on Product Strategy discharged from 1 January to 9 September 2020.

²⁾ Including a severance pay of PLN 246 thousand.

³⁾ Including a non-competition fee of PLN 257 thousand.

⁴⁾ Including non-competition fee of PLN 210 thousand and severance pay of PLN 233 thousand.

⁵⁾ Including a non-competition fee of PLN 257 thousand.

⁶⁾ Including non-competition fee of PLN 210 thousand and severance pay of PLN 233 thousand.

⁷⁾ Including non-competition fee of PLN 483 thousand and severance pay of PLN 242 thousand.

⁸⁾ Including non-competition fee of PLN 193 thousand and severance pay of PLN 97 thousand.

In 2021, PZU Management Board Members were paid part of the benefits for 2017-2020 under the variable compensation system. The payout of the remaining part of the bonus for 2017-2021 may be made in subsequent periods. A provision has been recognized for these benefits with the total amount of PLN 17,897 thousand as at 31 December 2021 (including the employer's burdens; PLN 15,688 thousand as at 31 December 2020).

| Compensation and other short-term employee benefits paid by other PZU Group entities | 1 January – 31 December 2021 (PLN 000s) | | 1 January – 31 December 2020 (PLN 000s) | |
|--|--|---|--|---|
| | | including part of variable compensation for 2017-2020 | | including part of variable compensation for 2017-2019 |
| Management Board, of which: | 119 | 119 | 892 | - |
| Małgorzata Kot | 119 | 119 | 224 | - |
| Krzysztof Szypuła | - | - | 668 ¹⁾ | - |
| High-level managers (PZU Group Directors), including: | 3,325 | 1,540 | 3,736 | 1,592 |
| Aleksandra Agatowska | 980 | 370 | 784 | 285 |
| Bartłomiej Litwińczuk | 1,024 | 437 | 934 | 377 |
| Dorota Macieja | 1,024 | 437 | 934 | 377 |
| Roman Pałac | 205 | 204 | 921 ²⁾ | 390 |
| Tomasz Karusewicz | 92 | 92 | 163 | 163 |

¹⁾ Including fixed compensation and annual bonus for the function of Managing Director on Product Strategy discharged from 1 January to 9 September 2020.

²⁾ Including non-competition fee of PLN 280 thousand and severance pay of PLN 140 thousand.

| Total estimated value of non-cash benefits granted by PZU and PZU's subsidiaries | 1 January – 31 December 2021 (PLN 000s) | | 1 January – 31 December 2020 (PLN 000s) | |
|--|--|------------------|--|--------------------|
| | | | | |
| Management Board, of which: | | 1,482 | | 2,626 |
| Beata Kozłowska-Chyła | | 218 | | 118 |
| Ernest Bejda | | 155 | | 58 |
| Małgorzata Kot | | 189 | | 90 |
| Krzysztof Kozłowski | | 44 | | n/a |
| Tomasz Kulik | | 178 | | 156 |
| Maciej Rapkiewicz | | 185 | | 160 |
| Małgorzata Sadurska | | 217 | | 241 |
| Krzysztof Szypuła | | 136 | | 101 |
| Adam Brzozowski | | n/a | | 214 |
| Marcin Eckert | | 160 | | 6571 ¹⁾ |
| Elżbieta Häuser-Schöneich | | n/a | | 170 |
| Paweł Surówka | | n/a | | 661 ²⁾ |
| High-level managers (PZU Group Directors), including: | | 587 | | 699 |
| Aleksandra Agatowska | | 214 | | 214 |
| Bartłomiej Litwińczuk | | 185 | | 235 |
| Dorota Macieja | | 173 | | 209 |
| Roman Pałac | | - | | 39 |
| Tomasz Karusewicz | | 15 ³⁾ | | 2 |

¹⁾ Including PLN 445 thousand for the Advanced Management Program at Harvard Business School.

²⁾ Including PLN 515 thousand for the Advanced Management Program at Harvard Business School.

³⁾ Benefits brought forward from PZU and PZU Życie.

| Compensation of PZU Management Board Members, PZU Group Directors and PZU Supervisory Board Members paid, payable or potentially payable | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|--|------------------------------|------------------------------|
| a) Charged to costs | 24,349 | 25,650 |
| b) Arising from the issuer's share-based incentive or bonus schemes | - | - |

33.2 Transactions with subsidiaries

As at 31 December 2021, revenue and cost transactions with subsidiaries were as follows:

| Transactions with subsidiaries | Income | | | | | | | Costs | | | | | | | |
|--------------------------------|-----------------------|--------------------|----------------------------------|-----------------------------------|-------------------------------------|---------------|------------------|----------------|--|---------------------------|------------------------|---------------|----------------|---------------|------------------|
| | on insurance premiums | on real properties | on ownership interests or shares | on borrowings and debt securities | for acting as an emergency adjuster | other | Total | claims | reinsurance commissions and profit participation | telephony and IT services | mass printing services | financial | commissions | other | Total |
| PZU Życie | 1,212 | - | 1,214,143 | - | - | 1,597 | 1,216,952 | 531 | - | 178 | - | - | - | 19 | 728 |
| PZU Tower | 20 | - | 1,904 | - | - | - | 1,924 | 18 | - | - | - | - | - | - | 18 |
| PZU CO | 153 | 52 | 5,876 | - | - | 113 | 6,194 | 4 | - | 55,186 | 6,090 | 764 | 15,400 | 1,672 | 79,116 |
| Armatura Kraków SA | 95 | - | - | 11 | - | 29 | 135 | 2 | - | - | - | - | - | - | 2 |
| TFI PZU | 1,150 | 1,559 | 59,588 | - | - | 547 | 62,844 | 194 | - | 9 | - | - | - | 20,476 | 20,679 |
| Ogrodowa Inwestycje | 74 | - | 4,317 | - | - | - | 4,391 | 10 | - | - | - | 1 | - | 5,148 | 5,159 |
| PrJSC IC PZU Ukraine | 957 | - | - | - | 95 | 12 | 1,064 | 21,990 | (1,331) | - | - | - | - | 1,424 | 22,083 |
| AAS Balta | 20,909 | - | 55,308 | - | 55 | 144 | 76,416 | 14,264 | 2,403 | - | - | - | - | 94 | 16,761 |
| Lietuvos Draudimas AB | 32,267 | - | 68,673 | - | 436 | 314 | 101,690 | 11,896 | 2,689 | - | - | - | - | 164 | 14,749 |
| PZU Corporate Member Limited | - | - | - | 2,208 | - | - | 2,208 | - | - | - | - | - | - | - | - |
| PZU Pomoc SA | 2,459 | 163 | - | - | - | 34 | 2,656 | 24 | - | 1,599 | 176 | 31,696 | - | 1,757 | 35,252 |
| PZU Zdrowie | 27 | - | - | 4,146 | - | 1,100 | 5,273 | 11 | - | - | - | - | - | 1,228 | 1,239 |
| PZU LAB SA (form. Omicron SA) | 3 | - | - | - | - | 3 | 6 | - | - | - | - | 23 | - | 50 | 73 |
| PZU Finanse Sp. z o.o. | 6 | 95 | - | - | - | 1 | 102 | - | - | - | - | - | - | - | - |
| Omicron BIS SA | - | 2 | - | - | - | - | 2 | - | - | - | - | - | - | - | - |
| Link4 | 679,528 | - | - | 667 | - | 13,663 | 693,858 | 367,130 | 192,533 | - | - | - | - | 27,267 | 586,930 |
| Alior Bank | 22,896 | - | - | - | - | 13 | 22,909 | 667 | - | - | - | 12 | 78,888 | 177 | 79,744 |
| TUW PZUW | 443,060 | 25 | - | 2,600 | 9,321 | 76 | 455,082 | 87,268 | 24,424 | - | - | - | - | 2,018 | 113,710 |
| Bank Pekao SA Group | 5,574 | 12 | 168,505 | - | - | 4,933 | 179,024 | 927 | - | 296 | 629 | 571 | 183,309 | 2,709 | 188,441 |
| PZU Cash SA | 5 | 2 | - | - | - | 6 | 13 | - | - | - | - | - | - | - | - |
| Tulare Investments Sp. z o.o. | - | 2 | - | - | - | - | 2 | - | - | - | - | - | - | - | - |
| PZU Projekt 01 SA | - | 2 | - | - | - | - | 2 | - | - | - | - | - | - | - | - |
| PFS | 218 | - | 1,089 | - | - | - | 1,307 | - | - | - | - | - | 1,380 | 161 | 1,541 |
| Total | 1,210,613 | 1,914 | 1,579,403 | 9,632 | 9,907 | 22,585 | 2,834,054 | 504,936 | 220,718 | 57,268 | 6,895 | 33,067 | 278,977 | 64,364 | 1,166,225 |

As at 31 December 2021, transactions with subsidiaries pertaining to balance sheet items were as follows:

| Transactions with subsidiaries | Receivables | | | | | Liabilities | | | | | | |
|--------------------------------|-----------------------|----------------|--------------|---------------|----------------|------------------|-------------------|-------------------------|----------------|---------------|----------------|----------------|
| | on insurance premiums | on reinsurance | on CIT | other | Total | to policyholders | to intermediaries | other insurance-related | on reinsurance | on CIT | other | Total |
| PZU Życie | 171 | - | - | 87 | 258 | - | - | 8 | - | 22,495 | - | 22,503 |
| PZU CO | 4 | - | 149 | 6 | 159 | - | 324 | 1,804 | - | - | 12,131 | 14,259 |
| Armatura Kraków SA | 106 | - | - | - | 106 | - | - | 8 | - | - | - | 8 |
| TFI PZU | 90 | - | - | 13 | 103 | - | 1 | - | - | - | 1,819 | 1,820 |
| Ogrodowa Inwestycje | - | - | - | - | - | - | - | - | - | 260 | 5 | 265 |
| PrJSC IC PZU Ukraine | - | 134 | - | 113 | 247 | - | - | 82 | 7,254 | - | 2 | 7,338 |
| AAS Balta | - | - | - | 73 | 73 | - | - | 44 | - | - | - | 44 |
| Lietuvos Draudimas AB | - | - | - | 386 | 386 | - | - | 383 | - | - | 15 | 398 |
| PZU Corporate Member Limited | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| PZU Pomoc SA | 910 | - | 455 | 2 | 1,367 | 4 | - | 2,565 | - | - | 189 | 2,758 |
| Ipsilon sp. z o.o. | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| PZU Zdrowie | 19 | - | - | 136 | 155 | 2 | - | 532 | - | 5,026 | 86,026 | 91,586 |
| PZU LAB SA (form. Omicron SA) | - | - | 414 | 4,303 | 4,717 | - | - | - | - | - | - | - |
| PZU Finanse Sp. z o.o. | - | - | 30 | - | 30 | - | - | - | - | - | - | - |
| PZU Finance AB | - | - | - | - | - | - | - | - | - | - | 89,720 | 89,720 |
| Omicron BIS SA | - | - | - | - | - | - | - | - | - | 3 | - | 3 |
| Link4 | 4 | - | - | 158 | 162 | - | - | 1 | - | 1,470 | 921 | 2,392 |
| Alior Bank | 12,039 | - | - | 2 | 12,041 | - | 1 | - | - | - | 174 | 175 |
| TUW PZUW | - | 173,624 | - | 24,753 | 198,377 | - | - | 28 | 11,468 | - | - | 11,496 |
| Bank Pekao SA Group | 488 | - | - | 4,282 | 4,770 | 47 | 1,619 | 10 | - | - | 4,801 | 6,477 |
| PZU Cash SA | - | - | - | 1 | 1 | - | - | - | - | 1,216 | - | 1,216 |
| Tulare Investments Sp. z o.o. | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| PZU Projekt 01 SA | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| PFS | 6 | - | - | - | 6 | - | - | - | - | - | - | - |
| Total | 13,837 | 173,758 | 1,048 | 34,315 | 222,958 | 53 | 1,945 | 5,465 | 18,722 | 30,476 | 195,804 | 252,465 |

As at 31 December 2020, revenue and cost transactions with subsidiaries were as follows:

| Transactions with subsidiaries | Income | | | | | | | Costs | | | | | | | |
|--------------------------------|-----------------------|--------------------|----------------------------------|-----------------------------------|-------------------------------------|---------------|------------------|----------------|--|---------------------------|------------------------|---------------|----------------|----------------|------------------|
| | on insurance premiums | on real properties | on ownership interests or shares | on borrowings and debt securities | for acting as an emergency adjuster | other | Total | claims | reinsurance commissions and profit participation | telephony and IT services | mass printing services | financial | commissions | other | Total |
| PZU Życie | 1,106 | - | 1,330,976 | - | - | 1,195 | 1,333,277 | 383 | - | 156 | - | 4 | - | 5 | 548 |
| PZU Tower | 34 | - | 1,431 | - | - | - | 1,465 | 19 | - | - | - | - | - | - | 19 |
| PZU CO | 117 | 39 | 5,483 | - | - | 59 | 5,698 | 10 | - | 49,499 | 8,053 | 481 | 11,821 | 1,202 | 71,066 |
| Armatura Kraków SA | (5) | - | - | 123 | - | - | 118 | - | - | - | - | - | - | - | - |
| TFI PZU | 730 | 1,437 | 37,379 | - | - | 365 | 39,911 | 86 | - | 64 | - | 4 | - | 26,243 | 26,397 |
| Ogrodowa Inwestycje | 61 | - | - | - | - | 1 | 62 | 17 | - | 1 | - | 7 | - | 5,001 | 5,026 |
| PrJSC IC PZU Ukraine | 25,024 | - | - | - | 127 | 87 | 25,238 | 35,059 | 9,812 | - | - | - | - | 2,878 | 47,749 |
| AAS Balta | 20,231 | - | - | 665 | 87 | 168 | 21,151 | 760 | 2,431 | - | - | - | - | 17 | 3,208 |
| Lietuvos Draudimas AB | 34,217 | - | - | - | 404 | 398 | 35,019 | 6,781 | 2,898 | - | - | - | - | - | 9,679 |
| PZU Corporate Member Limited | - | - | - | 1,065 | - | - | 1,065 | - | - | - | - | - | - | - | - |
| PZU Pomoc SA | 2,493 | 150 | - | - | - | 27 | 2,670 | 55 | - | 1,818 | 237 | 36,924 | - | 2,928 | 41,962 |
| PZU Zdrowie | 5 | - | - | 1,055 | - | 624 | 1,684 | 39 | - | - | - | 6 | - | 1,193 | 1,238 |
| PZU LAB SA (form. Omicron SA) | 3 | - | - | - | - | 4 | 7 | - | - | - | - | 7 | - | - | 7 |
| PZU Finanse Sp. z o.o. | 3 | 94 | - | - | - | 1 | 98 | - | - | - | - | - | - | - | - |
| PZU Finance AB | - | - | - | - | - | 81,460 | 81,460 | - | - | - | - | - | - | 81,460 | 81,460 |
| Omicron BIS SA | - | 2 | - | - | - | - | 2 | - | - | - | - | - | - | - | - |
| Link4 | 674,099 | - | - | 805 | - | 3,391 | 678,295 | 338,667 | 177,104 | - | - | - | - | 23,121 | 538,892 |
| Alior Bank | 8,101 | - | - | - | - | 185 | 8,286 | 687 | - | - | - | 38 | 1,040 | 8 | 1,773 |
| TUW PZUW | 310,896 | 19 | - | 3,233 | 7,261 | 33 | 321,442 | 228,134 | 15,802 | - | - | - | - | 3,396 | 247,332 |
| Bank Pekao SA Group | 3,479 | 12 | - | - | - | 4,274 | 7,765 | 368 | - | 176 | 292 | 550 | 124,863 | 888 | 127,137 |
| PZU Cash SA | 4 | 2 | - | - | - | 99 | 105 | - | - | - | - | - | - | - | - |
| Tulare Investments Sp. z o.o. | - | 2 | - | - | - | - | 2 | - | - | - | - | - | - | - | - |
| PFS | 186 | - | 1,469 | - | - | - | 1,655 | 3 | - | - | - | (3) | 1,061 | 146 | 1,207 |
| Total | 1,080,784 | 1,757 | 1,376,738 | 6,946 | 7,879 | 92,371 | 2,566,475 | 611,068 | 208,047 | 51,714 | 8,582 | 38,018 | 138,785 | 148,486 | 1,204,700 |

As at 31 December 2020, transactions with subsidiaries pertaining to balance sheet items were as follows:

| Transactions with subsidiaries | Receivables | | | | | Liabilities | | | | | | |
|--------------------------------|-----------------------|----------------|--------------|---------------|----------------|------------------|-------------------|-------------------------|----------------|---------------|----------------|----------------|
| | on insurance premiums | on reinsurance | on CIT | other | Total | to policyholders | to intermediaries | other insurance-related | on reinsurance | on CIT | other | Total |
| PZU Życie | 202 | - | - | 70 | 272 | - | - | - | - | 76,470 | - | 76,470 |
| PZU CO | - | - | 521 | 1 | 522 | 1 | 305 | 1,562 | - | - | 5,325 | 7,193 |
| Armatura Kraków SA | 101 | - | - | 16 | 117 | 1 | - | 8 | - | - | - | 9 |
| TFI PZU | 301 | - | - | 8 | 309 | 2 | 2 | 1 | - | - | 2,333 | 2,338 |
| Ogrodowa Inwestycje | - | - | - | - | - | - | - | - | - | 35 | 4 | 39 |
| PrJSC IC PZU Ukraine | - | 1,113 | - | 62 | 1,175 | - | - | 10 | 1,105 | - | 5 | 1,120 |
| AAS Balta | - | - | - | 59 | 59 | - | - | 86 | - | - | - | 86 |
| Lietuvos Draudimas AB | - | - | - | 343 | 343 | - | - | 327 | - | - | 18 | 345 |
| PZU Corporate Member Limited | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| PZU Pomoc SA | 602 | - | 172 | 2 | 776 | 9 | - | 2,445 | - | - | 203 | 2,657 |
| Ipsilon sp. z o.o. | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| PZU Zdrowie | 2 | - | - | 115 | 117 | 2 | - | 31 | - | 3,806 | 50,117 | 53,956 |
| PZU LAB SA (form. Omicron SA) | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| PZU Finanse Sp. z o.o. | - | - | - | - | - | - | - | - | - | 7 | - | 7 |
| PZU Finance AB | - | - | - | - | - | - | - | - | - | - | 91,960 | 91,960 |
| Omicron BIS SA | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| Link4 | 28 | - | 521 | 2,029 | 2,578 | - | - | - | - | - | 389 | 389 |
| Alior Bank | 234 | - | - | 210 | 444 | - | - | - | - | - | - | - |
| TUW PZUW | 39 | 117,956 | - | 16,879 | 134,874 | 2 | - | 92 | 7,815 | - | - | 7,909 |
| Bank Pekao SA Group | 203 | - | - | - | 203 | 257 | 2,356 | 4 | - | - | 1,010 | 3,627 |
| PZU Cash SA | - | - | - | 28 | 28 | - | - | - | - | 496 | - | 496 |
| Tulare Investments Sp. z o.o. | - | - | - | - | - | - | - | - | - | 3 | - | 3 |
| Total | 1,712 | 119,069 | 1,214 | 19,822 | 141,817 | 274 | 2,663 | 4,566 | 8,920 | 80,823 | 151,365 | 248,611 |

At the stage of acquisition of the shares of Alior Bank and Bank Pekao, respectively, PZU filed with KNF the Representations on liabilities referred to in Article 25h sec. 3 of the Banking Law, according to which, acting as a strategic investor, it should ensure, among others, that:

- The Banks will be managed in such a way as to maintain at all times liquidity, own funds and capital adequacy ratios on a stable level as required by the law, guaranteeing the Banks' ability to satisfy their liabilities;
- appropriate capital support without undue delay in the event of a decline or threat of decline of capital adequacy ratios or liquidity of the Banks below the level required by the law and regulations and recommendations of Polish banking regulatory authorities. Each support for the Banks, however, requires PZU's analysis aimed to maintain the trust to PZU, through maintaining, even in a crisis situation, a high level of solvency of PZU and the PZU Group as a whole;
- as part of the powers vested in PZU as a shareholder, all decisions pertaining to dividend payout and reinvestment of the Banks' profits will take into account the Banks' development needs and stability and safety of the funds deposited in the Banks by their clients. In particular, in a situation when the Banks' liquidity or capital position required by law or recommendations of competent banking regulatory authorities for the banking sector in Poland are at threat, no dividend will be paid out, and retained earnings will be allocated for increasing the Banks' own funds.

33.2.1. Loans from PZU Życie

On 7 August 2013, a framework agreement was concluded by and between PZU and PZU Życie concerning the execution of transactions involving cash loans. The cash loans will be granted in PLN for a specified term of up to 12 months. The value of the loans granted by each of the parties may not exceed PLN 1 billion. Loans granted are recognized under "Investments in related parties" in the Company's assets, while loans received under "liabilities on the issue of own debt securities and drawn loans" in the Company's liabilities.

In 2021 and 2020, PZU did not grant any loans to PZU Życie and did not receive any loans from PZU Życie.

33.2.2. Granting of sureties or guarantees for loans or borrowings by PZU or its subsidiaries

On 2 November 2020 PZU entered into Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time with Alior Bank. In addition, PZU entered into Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time.

Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time defines the rules for PZU to issue insurance guarantees for unfunded credit protection within an exposure limit under instructions from, and in favor of, Alior Bank. The maximum exposure limit for the guarantees issued pursuant to Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time is PLN 4,000 million. The limit is in force for a period of 3 years and is a revolving limit, meaning that the expiry of a guarantee makes the "freed up" amount available within the limit minus any possible disbursements under a guarantee.

The fee for extending the guarantee will depend, among other things, on portfolio amortization and the premium for a counter guarantee. At present, it is not possible to state the amount of the fee for a guarantee since it will depend on the amount of the guaranteed sum and the quality of the portfolio collateralizing the guarantee. The issuance of every guarantee will be preceded by an application from Alior Bank and an evaluation and valuation of the portfolio presented for that guarantee. Alior Bank will present a declaration of voluntary submission to enforcement in the form of a notary deed to collateralize the payment of the fee for a guarantee under the executed Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time.

The maximum term of the guarantees issued under Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time is 5 years. Alior Bank's share of the due and payable receivables by virtue of the accounts receivable is 10%.

Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time contemplates contractual penalties that may be due to PZU from Alior Bank if Alior Bank breaches certain obligations stemming from Annex no. 1 to the Agreement. The total maximum amount of contractual penalties cannot exceed PLN 3 million. Annex no. 1 to the Agreement does not rule out the possibility of pursuing damages exceeding the sum total of the contractual penalties.

Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time defines the rules for the Counterparty to provide counter guarantees under instructions from PZU issued in favor of Alior Bank. The available counter guarantee limit is PLN 2,600 million. The available limit will be reduced each time when each counter-guarantee is extended, by the guaranteed amount specified in the counter-guarantee; the available counter-guarantee limit is renewable, which means that the limit is renewed when a counter-guarantee expires.

33.2.3. Loans granted to related parties

Loans granted to related parties are described in section 2.4.2.

33.3 Transactions with associates

As at 31 December 2021, revenue and cost transactions with associates were as follows:

| Transactions with associates | Income | | | Costs | |
|------------------------------|-----------------------------------|-------|-------|--------|--------|
| | on borrowings and debt securities | other | Total | other | Total |
| Sigma BIS SA | 101 | 6 | 107 | 11,623 | 11,623 |
| Ruch SA ¹⁾ | - | 1 | 1 | 172 | 172 |
| Total | 101 | 7 | 108 | 11,795 | 11,795 |

¹⁾ RUCH SA became an associate on 23 December 2020.

As at 31 December 2021, transactions with associates pertaining to balance sheet items were as follows:

| Transactions with associates | Liabilities | | |
|------------------------------|--------------------|---------|-------|
| | on other insurance | - other | Total |
| Sigma BIS SA | 170 | 2,980 | 3,150 |
| Ruch SA ¹⁾ | - | 10 | 10 |
| Total | 170 | 2,990 | 3,160 |

¹⁾ RUCH SA became an associate on 23 December 2020.

As at 31 December 2020, revenue and cost transactions with associates were as follows:

| Transactions with associates | Income | | | Costs | |
|------------------------------|-----------------------|-----------------------------------|-------|-------|-------|
| | on insurance premiums | on borrowings and debt securities | Total | other | Total |
| Sigma BIS SA | - | 41 | 41 | 3,638 | 3,638 |
| Ruch SA ¹⁾ | 1,093 | - | 1,093 | 23 | 23 |
| Total | 1,093 | 41 | 1,134 | 3,661 | 3,661 |

¹⁾ RUCH SA became an associate on 23 December 2020.

As at 31 December 2020, transactions with associates pertaining to balance sheet items were as follows:

| Transactions with associates | Receivables | | Liabilities | | |
|------------------------------|-----------------------|-------|--------------------|---------|-------|
| | on insurance premiums | Total | on other insurance | - other | Total |
| Sigma BIS SA | - | - | 534 | 2,769 | 3,303 |
| Ruch SA ¹ | 273 | 273 | - | 4 | 4 |
| Total | 273 | 273 | 534 | 2,773 | 3,307 |

¹ RUCH SA became an associate on 23 December 2020.

34. Other information

Due to the invasion of Ukraine by the Russian Federation on 24 February 2022, the PZU Management Board evaluated the impact of this event on the Company's operations, business continuity, financial standing and future operations.

As at 31 December 2021, the valuation of Ukrainian companies – PrJSC IC PZU Ukraine and PrJSC IC PZU Ukraine Life Insurance – using the equity method was PLN 72,056 thousand and PLN 31,491 thousand, respectively. In addition to the assets of companies operating in Ukraine, as at 31 December 2021, the Company had the following significant debt exposure to markets affected by military actions or sanctions (Russia, Belarus, Ukraine): bonds issued by the Russian government, according to the valuation as at the same date in the amount of PLN 85,598 thousand. Due to the escalating political situation, by 22 February 2022, all bonds issued by the Russian government were sold (the realized loss of PLN 8,668 thousand will burden the 2022 performance).

The war that has covered the whole territory of Ukraine since 24 February 2022, resulting from the invasion of the Russian Federation's troops, has caused PZU's Ukrainian subsidiaries to operate in emergency mode:

- they operate on a minimum scale wherever possible, while ensuring continuity and maintaining critical processes, with IT systems available;
- since 24 February 2022, PrJSC IC PZU Ukraine's sales processes have been conducted to a limited extent – branches have been closed in cities and towns affected by hostilities, sales have been limited to compulsory third-party liability insurance, travel (accident) insurance and the Green Card;
- PrJSC IC PZU Ukraine Life has ceased the sales of new policies;
- claims handling processes in PrJSC IC PZU Ukraine Life have been suspended; in turn, in PrJSC IC PZU Ukraine the functionality of the full claims handling cycle is ensured, while the declaration of martial law across the nation excludes the insurer's liability for losses incurred due to acts of war;
- the contact center and hotline are operating normally;
- the companies keep incurring administrative expenses, including payroll costs (obligation to pay salaries to mobilized employees, recommendation of local authorities to refrain from layoffs, difficulty in determining the number of employees actually working);
- the companies' financial liquidity is ensured, and payroll liabilities and other obligations, including administrative and fiscal ones, to the extent technically possible, are handled on an ongoing basis.

Moreover, the National Bank of Ukraine (NBU) has introduced, since 24 February 2022, restrictions affecting the conduct of business in Ukraine, including:

- temporary ban on the purchase of foreign currencies;
- suspension of trading in bonds issued by the Ukrainian government;
- ban on international transfers from Ukraine.

Due to the restrictions described above, PZU's Ukrainian subsidiaries will be unable to meet their financial plans for 2022. As at the date of signing the standalone financial statements, the assessment of the possibility of maintaining business continuity (materialization of the risk of the full loss of operational capabilities) of PZU's Ukrainian subsidiaries is subject to uncertainty due to the following potential threats, among others:

- long-term persistence and escalation of hostilities;
- devastation of energy infrastructure, communication and internet access;
- lack of access to key systems, including due to the destruction of the companies' physical infrastructure;
- suspension of all internal transfers of funds within Ukraine's banking system;
- unavailability of staff.

The PZU Management Board continuously monitors the situation and analyzes potential future scenarios of how the events may unfold. It is currently impossible to reliably estimate future potential impairment losses on shares in subsidiaries.

Signatures of the PZU Management Board Members:

| Name | Position | |
|-----------------------|---------------------------------------|--|
| Beata Kozłowska-Chyła | President of the PZU Management Board | signed by qualified electronic signature |
| Tomasz Kulik | Member of the PZU Management Board | signed by qualified electronic signature |
| Ernest Bejda | Member of the PZU Management Board | signed by qualified electronic signature |
| Małgorzata Kot | Member of the PZU Management Board | signed by qualified electronic signature |
| Krzysztof Kozłowski | Member of the PZU Management Board | signed by qualified electronic signature |
| Maciej Rapkiewicz | Member of the PZU Management Board | signed by qualified electronic signature |
| Małgorzata Sadurska | Member of the PZU Management Board | signed by qualified electronic signature |

Person responsible for keeping the accounting ledgers

| | | |
|---------------------|--|--|
| Katarzyna Łubkowska | Director of the Accounting Department | signed by qualified electronic signature |
|---------------------|--|--|

Actuary supervising the actuarial division

| | | |
|---------------|----------------------------|--|
| Paweł Chadysz | Director of Insurance Risk | signed by qualified electronic signature |
|---------------|----------------------------|--|

Warsaw, 23 March 2022