

Attachment to Resolution No. URN/87/2022  
adopted by the PZU SA Supervisory Board on  
01.06.2022



PZU SA SUPERVISORY BOARD REPORT ON ITS ASSESSMENT OF PZU SA'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, THE CONSOLIDATED FINANCIAL STATEMENTS OF THE PZUG GROUP FOR THE YEAR ENDED 31 DECEMBER 2021, THE MANAGEMENT BOARD REPORT ON THE ACTIVITY OF THE PZU GROUP AND PZU SA FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021, THE NON-FINANCIAL REPORT OF THE PZU GROUP AND PZU SA FOR 2021 AND THE MANAGEMENT BOARD'S MOTION ON THE DISTRIBUTION OF PZU SA'S NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2021

This document is a report prepared by the Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (“PZU SA”, “Company”) and refers to:

- 1) assessment of PZU SA’s financial statements for the year ended 31 December 2021;
- 2) assessment of the consolidated financial statements of the PZU Group for the year ended 31 December 2021;
- 3) assessment of the Management Board report on the activity of the PZU Group and PZU SA for the financial year ended 31 December 2021;
- 4) assessment of the non-financial report of the PZU Group and PZU SA for 2021;
- 5) assessment of the Management Board’s motion to distribute net profit for the year ended 31 December 2021.

**I. Assessment of PZU SA’s financial statements for the year ended 31 December 2021, consolidated financial statements of the PZU Group for the year ended 31 December 2021 and the Management Board report on the activity of the PZU Group and PZU SA for the financial year ended 31 December 2021.**

Pursuant to Article 382 § 3 of the Commercial Company Code, the special duties of the Supervisory Board include assessing the management board report on the company’s activity and the financial statements for the previous financial year in terms of their compliance with the ledgers, documents and the facts and of the Management Board’s motion on distribution of profit, and submitting to the shareholder meeting an annual written report on the outcome of such assessment.

Pursuant to Article 55(2a) of the Accounting Act and §71(8) of the Finance Minister’s Regulation of 29 March 2018 on Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent, annual reports and consolidated annual reports of the management board or other management body on the issuer’s activities and on the Group’s activities may be prepared in the form of a single document.

Pursuant to Article 49b(9) of the Accounting Act, an entity that does not prepare a statement on non-financial information as an element of its management board activity report is required to prepare a separate non-financial report. By

analogy, this regulation applies to a group report in this respect (Article 55(2c) of the Accounting Act).

The PZU SA Supervisory Board, acting pursuant to the Company’s Articles of Association and the Rules and Regulations of the Supervisory Board, by Resolution No. URN/58/2019 of 23 May 2019, selected KPMG Audyt Sp. z o.o. sp. k. (“statutory auditor”) as the audit firm authorized to audit the annual financial statements of PZU SA and the annual consolidated financial statements of the PZU Group, to review the interim standalone financial statements of PZU SA and the interim consolidated financial statements of the PZU Group as well as to audit the annual consolidated solvency and financial condition reports of PZU SA and the annual consolidated solvency and financial condition reports of the PZU Group for two consecutive financial years ended 31 December 2019 and 31 December 2020 respectively. Next, by Resolution No. URN/59/2020 of 28 May 2020, the PZU SA Supervisory Board extended the agreement with KPMG Audyt Sp. z o.o. sp. k. as the audit firm to conduct corresponding audits and reviews of the annual financial statements for two consecutive financial years ended 31 December 2021 and 31 December 2022, respectively, with an extension option for 2023. On 7 April 2021, by Resolution No. 37/2021, the Supervisory Board approved the exercise of this option and extend the order for the services specified above to 2023. The total period of uninterrupted duration of statutory audit orders referred to above, to be executed by KPMG sp. z o.o. sp. k. is 8 years. Accordingly, the maximum period of 10 years provided for in Article 17(1) 2nd paragraph of Regulation 537/2014 of the European Parliament and of the Council has not been exceeded.

It is the Company’s Management Board that is responsible for the preparation, on the basis of properly kept accounting ledgers, of the financial statements of PZU SA and the Management Board report on the activity of the PZU SA Group, providing a reliable and clear picture of assets and financial standing in compliance with the applicable regulations, and for internal control, considered necessary to ensure the preparation of financial statements free from any material misstatement due to fraud or error.

It is the parent company’s Management Board that is responsible for the preparation of the consolidated financial statements of the PZU

Group, providing a reliable and clear picture of the Group's consolidated assets, financial standing and financial performance, in accordance with International Financial Reporting Standards, as endorsed by the European Union ("EU IFRS"), and in compliance with other applicable laws and articles of association, and for internal control, considered necessary to ensure the preparation of consolidated financial statements free from any material misstatement due to fraud or error.

In turn, the Supervisory Board and the Management Board are required to ensure, pursuant to Article 4a of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2021 Item 217) ("Accounting Act"), that the said financial statements and report satisfy the requirements stipulated in the Accounting Act, the executive regulations issued on its basis and other applicable laws. Supervisory Board Members are responsible for supervising the financial reporting process.

The Supervisory Board Audit Committee, pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (consolidated text: Journal of Laws of 2020 Item 1415, as amended) ("Act on Statutory Auditors"), is required to:

- monitor the financial reporting process, including the audit the annual financial statements of PZU SA and the consolidated financial statements of the PZU Group
- monitor the performance of financial audit activities and independence of the statutory auditor and the audit firm.

KPMG Audit Sp. z o.o. sp. k. has submitted the independence statement required by the Act on Statutory Auditors.

PZU SA's financial statements for the year ended 31 December 2021, the PZU Group's consolidated financial statements for the year ended 31 December 2021 and the Management Board report on the activity of the PZU Group and PZU SA for the financial year ended 31 December 2021 and the non-financial report of the PZU Group and PZU SA for 2021 were assessed in detail by the PZU SA Supervisory Board Audit Committee at its meeting held on 23 March 2022 and discussed with the Management Board and the Company's statutory auditor at the meeting of the PZU SA Supervisory Board held on 23 March 2022.

In its report, the statutory auditor warranted that the audit of the financial statements was planned

and conducted in such a manner as to obtain reasonable certainty that PZU SA's financial statements and the PZU Group's consolidated financial statements as a whole do not contain any material misstatement due to fraud or error.

Key audit areas:

- measurement of the provision for outstanding claims and benefits for motor third party liability insurance,
- measurement of life insurance provisions,
- expected credit losses for loan receivables from clients and provisions for off-balance sheet liabilities in banking activity,
- risk of conducting business activity, including disputes and clients' complaints in the banking activity,
- impairment of goodwill,
- measurement of subordinated entities,
- recognition of revenues from received interest, commissions and fees in the banking activity,
- exercising supervision of subsidiaries,
- valuation of financial instruments,
- recognition of expenses and revenues,
- completeness of liabilities and provisions,
- completeness and correctness of consolidation,
- adequacy of disclosures and presentation,
- evasion of control by the management.

The evidence obtained during the audit forms a sufficient and appropriate basis for expressing an opinion.

In the opinion of the independent statutory auditor, the audited standalone financial statements of PZU SA:

- present a reliable and clear picture of the Company's assets and financial standing as at 31 December 2021, financial results of the business and cash flows generated during the financial year then ended, in compliance with the Accounting Act, the executive regulations issued on its basis and the adopted accounting principles (policy),
- have been drawn up, in all material respects, on the basis of duly kept accounting ledgers, in accordance with provisions of Chapter 2 of the Accounting Act,
- are consistent in all material respects as to form and content with the laws applicable to the Company and the Company's Articles of Association.

The statutory auditor's report on the audit of PZU SA's standalone financial statements issued on 23 March 2022 contains an unqualified opinion.

Moreover, the statutory auditor declared that the opinion on the audit of the financial statements is consistent with the additional report for the Audit Committee prepared by KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa. On 23 March 2022, the PZU SA Supervisory Board's Audit Committee issued a positive opinion about the said report.

At the same time, in the opinion of the independent statutory auditor, the audited consolidated financial statements of the PZU Group:

- present a reliable and clear picture of the PZU Group's consolidated assets and financial standing as at 31 December 2021, consolidated financial results of the business and consolidated cash flows generated during the financial year then ended, in accordance with EU IFRS and the adopted accounting principles (policy).
- are consistent in all material respects as to form and content with the laws applicable to the Group and the parent company's articles of association.

Moreover, according to the statutory auditor, the consolidated financial statements of the PZU Group prepared in a uniform electronic reporting format contained in the reporting package pzu-2021-12-31.zip (in ESEF format) were marked in accordance with the requirements set forth in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format.

The statutory auditor also assured that the management board report on the activity of the PZU Group and PZU SA for the financial year ended 31 December 2021 in all material aspects:

- has been prepared in compliance with the applicable provisions of law,
- is consistent with the information provided in the financial statements and the consolidated financial statements.

Moreover, the statutory auditor declared that in the light of its knowledge about the Company and the Company's Group and its environment obtained during the audit of the financial

statements and the consolidated financial statements, no significant distortions were identified in the activity report.

At the same time, the statutory auditor confirmed that the declaration on the application of corporate governance, which is a separate part of the report on the Group's and the Company's activity, contains the information specified in § 70 section 6 item 5 of the Regulation of the Minister of Finance of 29 March 2018 on Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent (Journal of Laws of 2018 Item 757, as amended) ("Regulation"). Furthermore, the information referred to in § 70 section 6 item 5(c)-(f), (h) and (i) of the Regulation, as presented in the corporate governance statement, in all material respects:

- has been prepared in compliance with the applicable provisions of law, and
- is consistent with the information provided in the financial statements and the consolidated financial statements.

Furthermore, the statutory auditor confirmed that the Company has prepared a separate report on non-financial information of the kind referred to in Article 49b Section 9 and Article 55 Section 2c of the Accounting Act together with a separate non-financial report of the Group.

The PZU SA Supervisory Board, having familiarized itself with the documents presented by the Management Board:

- 1) The financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for the year ended 31 December 2021, comprised of:
  - a. balance sheet prepared as at 31 December 2021, showing total balance sheet value of PLN 44,466,221 thousand (forty-four billion four hundred sixty-six million two hundred twenty-one thousand Polish zloty),
  - b. revenue account of non-life insurance for the period from 1 January to 31 December 2021, showing a technical result to be transferred to the general profit and loss account in the amount of PLN 1,268,986 thousand (one billion two hundred sixty-eight million nine hundred eighty-six thousand Polish zloty),
  - c. general profit and loss account for the period from 1 January to 31 December

- 2021, showing a net profit of PLN 2,028,335 thousand (two billion twenty-eight million three hundred thirty-five thousand Polish zloty),
- d. statement of changes in equity, showing a decrease in equity during the financial year ended 31 December 2021 by the amount of PLN 1,912,235 thousand (one billion nine hundred twelve million two hundred thirty-five thousand Polish zloty),
  - e. cash flow statement, showing an increase in cash in the course of the financial year ended 31 December 2021 by PLN 21,378 thousand (twenty-one million three hundred seventy-eight thousand Polish zloty),
  - f. notes to the Financial Statements for the year ended 31 December 2021;
- 2) The independent statutory auditor's report on the audit of the annual financial statements issued on 23 March 2022;
  - 3) Consolidated financial statements of the Powszechny Zakład Ubezpieczeń Group for the year ended 31 December 2021, prepared in accordance with the International Financial Reporting Standards, comprised of:
    - a. consolidated statement of financial position as at 31 December 2021, showing assets and liabilities and equity totaling PLN 402,129 million (four hundred two billion one hundred twenty-nine million Polish zloty),
    - b. consolidated profit and loss account for the period from 1 January to 31 December 2021, showing a net profit of PLN 5,434 million (five billion four hundred thirty-four million Polish zloty),
    - c. consolidated statement of comprehensive income for the period from 1 January to 31 December 2021, showing net comprehensive income of PLN 286 million (two hundred eighty-six million Polish zloty),
    - d. consolidated statement of changes in equity for the period from 1 January to 31 December 2021, showing a decrease in equity by PLN 3,409 million (three billion four hundred nine million Polish zloty),
    - e. consolidated cash flow statement for the period from 1 January to 31 December 2021, showing an increase in cash by PLN 1,508 million (one billion five hundred eight million Polish zloty),

- f. notes including information on the accepted accounting policy and other notes and explanations;
- 4) The independent statutory auditor's report on the audit of the annual consolidated financial statements issued on 23 March 2022;
  - 5) Management Board report on the activity of the PZU Group and PZU SA for the financial year ended 31 December 2021;
  - 6) Non-financial report of the PZU Group and PZU SA for 2021;
- issued a positive opinion on the said documents.

Therefore, the PZU SA Supervisory Board resolves to submit this opinion to the Ordinary Shareholder Meeting of PZU SA.

The Supervisory Board recommends the PZU SA Ordinary Shareholder Meeting to approve:

- financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for the year ended 31 December 2021,
- consolidated financial statements of the Powszechny Zakład Ubezpieczeń Group for the year ended 31 December 2021;
- Management Board report on the activity of the PZU Group and PZU SA for the financial year ended 31 December 2021;
- Non-financial report of the PZU Group and PZU SA for 2021

in accordance with § 18 item 1 of the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna and Article 395 § 2 Item 1 and Article 395 § 5 of the Commercial Company Code.

## **II. Assessment of the Management Board's motion to distribute PZU SA's net profit for the year ended 31 December 2021.**

The Supervisory Board hereby issues a positive opinion on the PZU SA Management Board's motion to the PZU SA Ordinary Shareholder Meeting to distribute PZU SA's net profit for the year ended 31 December 2021 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2020, presented in Resolution No. UZ/152/2022 adopted by the PZU SA Management Board on 1 June 2022 on approving the motion to the PZU SA Ordinary Shareholder Meeting regarding the distribution of PZU SA's net profit for the year ended 31 December 2021 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2020 and

recommends to the Ordinary Shareholder Meeting that the net profit for the year ended 31 December 2021 in the amount of PLN 2,028,334,963.06 (two billion twenty-eight million three hundred thirty-four thousand nine hundred sixty-three and 06/100 Polish zloty), increased by PLN 949,875,300.00 (nine hundred forty-nine million eight hundred seventy-five thousand three hundred and 00/100 Polish zloty) transferred from the supplementary capital created from the net profit for the year ended 31 December 2020, i.e. in the total amount of PLN 2,978,210,263.06 (two billion nine hundred seventy-eight million two hundred ten thousand two hundred sixty-three and 06/100 Polish zloty), as follows:

- 1) allocate PLN 1,675,234,620.00 (one billion six hundred seventy-five million two hundred thirty-four thousand six hundred twenty and

00/100 Polish zloty), i.e. PLN 1.94 (one and 94/100 Polish zloty) per share, to the payment of a dividend;

- 2) allocate PLN 6,981,000.00 (six million nine hundred eighty-one thousand and 00/100 Polish zloty) to the Company Social Benefit Fund (ZFŚS);
- 3) allocate PLN 1,295,994,643.06 (one billion two hundred ninety-five million nine hundred ninety-four thousand six hundred forty-three and 06/100 Polish zloty) to supplementary capital.

The Supervisory Board recommends to the PZU SA Ordinary Shareholder Meeting that the dividend record date be set at 29 September 2022 and the dividend payment date be set at 20 October 2022.

Chairperson of the PZU SA Supervisory Board

Paweł Mucha

Warsaw, 1 June 2022