

# Powszechny Zakład Ubezpieczeń Spółka Akcyjna

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020,  
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).

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 2020. Comparative data refer to the period from 1 January to 31 December 2019.

### Format of standalone financial statements

The standalone financial statements for 2020 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.

Making 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, on the macroeconomic situation, and its own activity, as described in section 30 of 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 2020 nor in 2019 did PZU discontinue the conduct of any type of operation.

### Seasonal or cyclical business

PZU's business is not subject to any significant seasonality or business cycles.

## 2. Selected standalone financial data of PZU

Data from the balance sheet	31 December 2020 PLN 000s	31 December 2019 PLN 000s	31 December 2020 EUR 000s	31 December 2019, EUR 000s
Assets	44,665,075	41,596,414	9,678,659	9,767,856
Share capital	86,352	86,352	18,712	20,278
Total equity	17,688,602	14,956,862	3,833,016	3,512,237
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)	20.48	17.32	4.44	4.07

Data from the revenue account of non-life insurance and the general profit and loss account	1 January – 31 December 2020 PLN 000s	1 January – 31 December 2019 PLN 000s	1 January – 31 December 2020 EUR 000s	1 January – 31 December 2019 EUR 000s
Gross written premium	12,536,677	13,039,385	2,801,993	3,031,146
Technical result of non-life insurance	1,532,677	1,405,434	342,559	326,708
Net investment result <sup>1)</sup>	1,103,070	2,222,784	246,540	516,710
Net profit (loss)	1,918,780	2,651,012	428,854	616,256
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)	2.22	3.07	0.50	0.71

<sup>1)</sup> 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 2020 PLN 000s	1 January – 31 December 2019 PLN 000s	1 January – 31 December 2020 EUR 000s	1 January – 31 December 2019, EUR 000s
Net cash flows from operating activities	1,454,204	1,120,646	325,020	260,506
Net cash flow on investing activity	(1,378,104)	4,096,373	(308,011)	952,246
Net cash flows from financing activities	(81,156)	(6,296,424)	(18,139)	(1,463,672)
Total net cash flows	(5,056)	(1,079,405)	(1,130)	(250,919)

## 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 2020	1 January – 31 December 2019	31 December 2020	31 December 2019
Mean exchange rate	4.4742	4.3018	4.6148	4.2585
Maximum in the period	4.6330	4.3891	n/a	n/a
Minimum in the period	4.2279	4.2406	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 principles (policy) in the financial year

No changes were made to the accounting principles (policy) in 2020.

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

In 2020, 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

No significant events occurred after the balance sheet date that should be taken into account in the financial statements

## 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 22 May 2020, the PZU Życie Ordinary Shareholder Meeting adopted a resolution to distribute net profit for the 2019 financial year totaling PLN 1,334,127 thousand as follows:

earmark PLN 1,330,976 thousand as a dividend;

earmark PLN 3,151 thousand to the Company Social Benefit Fund.

The record date was set at 22 May 2020 and the dividend payout date was set for 28 October 2020. 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 2019

This matter is described in item 9.27.2.1 of Notes and explanations.

### 9.3 Impairment losses on the goodwill and trademark of Alior Bank S.A and the goodwill of Bank Pekao S.A.

Due to the fact that the valuation of Alior Bank S.A. ("Alior Bank") and Bank Pekao S.A. ("Bank Pekao") using the equity method comprises a goodwill element and a trademark, and indications of impairment have been identified in connection with the COVID-19 pandemic, the Company carried out impairment tests for these assets as at 30 June 2020 and 31 December 2020, based on Polish Accounting Standard no. 4 "Impairment of assets". The tests are described in item 2.4.1 of Notes and explanations.

The tests resulted in recognizing, in 2020, impairment losses on the value of investments in related parties in the total amount of: PLN 1,155,407 thousand, PLN 797,380 thousand of which was recognized through profit or loss (PLN 746,565 thousand pertained to Alior Bank and PLN 50,815 thousand to Bank Pekao), and PLN 358,027 thousand was recognized in equity (PLN 34,842 of which pertained to Alior Bank and PLN 323,185 thousand to Bank Pekao).

The impairment losses on investments in related parties are recognized through profit or loss in the "Loss on revaluation of investments" line item.

## 10. PZU's management and supervisory bodies

### 10.1 PZU Management Board

From 1 January 2020, the PZU Management Board consisted of the following persons:

Paweł Surówka – President of the PZU Management Board;

Aleksandra Agatowska – Member of the PZU Management Board;

Adam Brzozowski – Member of the PZU Management Board;

Marcin Eckert – Member of the PZU Management Board;

Elżbieta Häuser-Schöneich – 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.

On 19 February 2020, Aleksandra Agatowska tendered her resignation as a PZU Management Board Member, effective on the same date.

On 12 March 2020, Paweł Surówka tendered his resignation in consultation with the Supervisory Board from serving in the capacity of President of the PZU SA Management Board as of the same date.

On 12 March 2020, the PZU Supervisory Board adopted a resolution to appoint Beata Kozłowska-Chyła to the PZU Management Board and entrust her with discharging the function of the President of the PZU Management Board (she served in the capacity of the acting President of the Management Board until the date of obtaining the Polish Financial Supervision Authority's consent, i.e. 2 October 2020 to the extent permissible by the pertinent regulations). The resolution came into force upon its adoption. This appointment took place on 12 March 2020 for a joint term of office spanning the three full financial years from 2020 to 2022.

On 12 March 2020, the PZU Supervisory Board adopted a resolution to appoint Małgorzata Kot to the PZU Management Board and entrust her with discharging the function of a PZU SA Management Board Member. The resolution came into force upon its adoption, and the appointment was to take place for a joint term of office spanning the three full financial years from 2020 to 2022, with effect from 1 June 2020. On 15 April 2020, the PZU Supervisory Board adopted a resolution repealing the resolution of 12 March 2020 to appoint Małgorzata Kot to the PZU Management Board.

On 15 April 2020, the PZU Supervisory Board adopted a resolution to appoint Ernest Bejda to the PZU Management Board and entrust him with discharging the function of a PZU Management Board Member. The resolution came into force upon its adoption. This appointment took place with effect as of 4 May 2020 for a joint term of office spanning the three full financial years from 2020 to 2022.

On 9 September 2020 Elżbieta Häuser-Schöneich and Adam Brzozowski tendered their resignations from serving as PZU Management Board Members.

On 9 September 2020 the PZU Supervisory Board PZU adopted resolutions to appoint Małgorzata Kot and Krzysztof Szypuła to the PZU Management Board and entrusted them with serving as PZU Management Board Members. These resolutions took force on the date of their adoption. Their appointment is for a joint term of office spanning the three full financial years from 2020 to 2022 with effect as of 10 September 2020.

From 10 September 2020 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 (acting President until 2 October 2020);

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.

## **10.2 PZU Supervisory Board**

From 1 January 2020, the PZU Supervisory Board consisted of the following persons:

Maciej Łopiński – Supervisory Board Chairman;

Paweł Górecki – Supervisory Board Deputy Chairman;

Alojzy Nowak – Supervisory Board Secretary;

Marcin Chłudziński – 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;  
Robert Śnitko – Supervisory Board Member;  
Maciej Zaborowski – Supervisory Board Member.

On 21 April 2020, Mr. Alojzy Nowak tendered his resignation from serving in the capacity of PZU SA Supervisory Board Member as of 21 April 2020.

On 28 April 2020, Robert Śnitko was elected the Secretary of the PZU Supervisory Board.

On 26 May 2020, the PZU Shareholder Meeting appointed Józef Wierzbowski to the PZU Supervisory Board. The resolution came into force upon its adoption.

From 26 May 2020 to the date of signing the standalone financial statements, 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.

### **10.3 PZU Group Directors**

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

From 1 January 2020, the following persons were PZU Group Directors:

Adam Brzozowski (PZU Życie);  
Bartłomiej Litwińczuk (PZU);  
Dorota Macieja (PZU);  
Roman Pałac (PZU).

On 13 March 2020, Roman Pałac was dismissed from the position of PZU Group Director.

In 2020, appointed to the position of PZU Group Director were Aleksandra Agatowska (as of 20 February 2020), Małgorzata Kot (as of 16 April 2020) and Ernest Bejda (as of 4 May 2020).

On 9 September 2020, Małgorzata Kot and Adam Brzozowski were dismissed from the position of PZU Group Director.

As at the date of signing the standalone financial statements, the following persons were PZU Group Directors:

Aleksandra Agatowska (PZU);  
Ernest Bejda (PZU Życie);  
Bartłomiej Litwińczuk (PZU);  
Dorota Macieja (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 33.1 of 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 2020 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 (consolidated text: Journal of Laws of 2020, Item 895, 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 book values 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 subordinated entities 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 value in use calculated as the present value of 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 judgment 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. As regards currencies for which pertinent market data are available, the interest rate curves used for valuation are based on the assumption that risk-free rates are derived from OIS (overnight indexed swap) curves for the currency of the margin. For other currencies, interest rate curves are created on the basis of available quotations of derivatives.

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

Movement in fair value of non-hedging derivatives is 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 available for sale financial assets 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 on:

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:

- adverse changes in the payment status of borrowers in the group (e.g. an 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 charge 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 can not 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 classes 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 classes at the end of each reporting period.

The total amount of the provision for unexpired risk is determined for those insurance classes where the current year loss ratio is greater than 100%, as a difference between the product of the provision for unearned premiums and the loss 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 discounting them.

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 2020 and 31 December 2019, 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 other net technical expenses, 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 ("ZFŚS"), which is created pursuant to the Company Social Benefit Fund Act of 4 March 1994 (consolidated text: Journal of Laws of 2020, Item 1070) 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 Polish GAAP 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 2020	Equity 31 December 2020	Net profit 1 January – 31 December 2019	Equity 31 December 2019
<b>Standalone financial statements according to PAS</b>		<b>1,918,780</b>	<b>17,688,602</b>	<b>2,651,012</b>	<b>14,956,862</b>
Measurement of subordinated entities <sup>1)</sup>	13.1	(521,131)	(5,218,252)	(18,542)	(4,489,157)
Measurement of properties	13.2, 13.3	(3,738)	56,573	(8,170)	59,956
Equalization provision in non-life insurance	13.4	(142,131)	469,091	(4,662)	611,222
Prevention fund	13.5	(454)	18,024	(3,757)	18,478
Company Social Benefit Fund	13.6	(7,273)	-	(7,323)	-
Actuarial gains and losses on employee provisions	13.7	(3,526)	-	(1,005)	-
Estimated salvage and subrogation	13.8	19,410	55,038	(3,316)	35,628
Reclassification of mutual funds	13.9	333,364	-	287,666	-
Other		(843)	(2,727)	11,442	(2,215)
<b>Total adjustments</b>		<b>(326,322)</b>	<b>(4,622,253)</b>	<b>252,333</b>	<b>(3,766,088)</b>
<b>IFRS financial statements</b>		<b>1,592,458</b>	<b>13,066,349</b>	<b>2,903,345</b>	<b>11,190,774</b>

<sup>1)</sup> 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 2020	31 December 2019
<b>I. Intangible assets, including:</b>	<b>1</b>	<b>305,666</b>	<b>316,213</b>
- goodwill		-	-
<b>II. Investments</b>	<b>2</b>	<b>40,207,051</b>	<b>36,659,625</b>
1. Real property	2.3	310,722	332,768
2. Investments in related parties, including:	2.4	16,160,447	16,480,547
- investments in subordinated entities measured by the equity method		15,457,719	15,966,388
3. Other financial investments	2.5	23,735,882	19,846,310
4. Deposits with ceding enterprises		-	-
<b>III. Net assets for life insurance where the policyholder bears the investment risk</b>		<b>-</b>	<b>-</b>
<b>IV. Receivables</b>	<b>3</b>	<b>1,688,726</b>	<b>2,084,819</b>
1. Receivables on direct insurance	3.1	1,388,275	1,740,713
1.1. From related parties		1,991	2,581
1.2. From other entities		1,386,284	1,738,132
2. Reinsurance receivables	3.2	146,099	114,501
2.1. From related parties		119,069	84,424
2.2. From other entities		27,030	30,077
3. Other receivables	3.3	154,352	229,605
3.1. Receivables from the state budget		2,523	2,001
3.2. Other receivables		151,829	227,604
a) from subordinated entities		21,034	101,075
b) from other entities		130,795	126,529
<b>V. Other assets</b>	<b>4</b>	<b>243,012</b>	<b>251,987</b>
1. Property, plant and equipment	4.1	118,555	125,846
2. Cash	4.2	124,457	126,141
3. Other assets		-	-
<b>VI. Prepayments and accruals</b>	<b>5</b>	<b>2,220,620</b>	<b>2,283,770</b>
1. Deferred tax assets	5.1	-	-
2. Deferred acquisition costs		1,373,662	1,344,569
3. Accrued interest and rents		-	-
4. Other prepayments and accruals	5.2	846,958	939,201
<b>VII. Unpaid share capital</b>		<b>-</b>	<b>-</b>
<b>VIII. Treasury shares</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>44,665,075</b>	<b>41,596,414</b>

Equity and liabilities	Note	31 December 2020	31 December 2019
<b>I. Equity</b>	<b>7</b>	<b>17,688,602</b>	<b>14,956,862</b>
1. Share capital	7.1	86,352	86,352
2. Supplementary capital	7.3	8,458,089	5,814,241
3. Revaluation reserve	7.4	7,225,381	6,405,257
4. Other reserve capital		-	-
5. Retained earnings (losses)		-	-
6. Net profit (loss)		1,918,780	2,651,012
7. Charges to net profit during the financial year (negative figure)		-	-
<b>II. Subordinated liabilities</b>	<b>8</b>	<b>2,265,385</b>	<b>2,279,173</b>
<b>III. Technical provisions</b>	<b>9</b>	<b>23,439,515</b>	<b>23,114,021</b>
<b>IV. Reinsurers' share in technical provisions (negative figure)</b>	<b>9</b>	<b>(1,732,313)</b>	<b>(1,541,000)</b>
<b>V. Estimated salvage and subrogation (negative figure)</b>	<b>10</b>	<b>(98,213)</b>	<b>(107,764)</b>
1. Gross estimated salvage and subrogation		(101,024)	(110,822)
2. Reinsurers' share in estimated salvage and subrogation		2,811	3,058
<b>VI. Other provisions</b>	<b>11</b>	<b>637,045</b>	<b>562,642</b>
1. Provisions for pension benefits and other compulsory employee benefits	11.1	53,830	45,681
2. Deferred tax liability	11.2	553,867	439,661
3. Other provisions	11.3	29,348	77,300
<b>VII. Liabilities for reinsurers' deposits</b>		-	-
<b>VIII. Other liabilities and special-purpose funds</b>	<b>12</b>	<b>1,185,583</b>	<b>1,028,124</b>
1. Liabilities on direct insurance	12.1	413,989	420,799
1.1. To related parties		8,037	13,937
1.2. To other entities		405,952	406,862
2. Reinsurance liabilities	12.2	115,677	78,341
2.1. To related parties		8,920	10,724
2.2. To other entities		106,757	67,617
3. Liabilities on the issue of own debt securities and drawn loans	12.3	-	-
4. Liabilities to credit institutions	12.4	12	12
5. Other liabilities	12.5	557,838	429,031
5.1. Liabilities to the state budget		63,860	74,570
5.2. Other liabilities		493,978	354,461
a) to subordinated entities		235,082	122,608
b) to other entities		258,896	231,853
6. Special-purpose funds	12.7	98,067	99,941
<b>IX. Prepayments and accruals</b>	<b>13</b>	<b>1,279,471</b>	<b>1,304,356</b>
1. Accrued expenses		1,208,398	1,241,848
2. Negative goodwill		-	-
3. Deferred income		71,073	62,508
<b>Total equity and liabilities</b>		<b>44,665,075</b>	<b>41,596,414</b>

Book value	17,688,602	14,956,862
Number of shares	863,523,000	863,523,000
Book value per share (PLN)	20.48	17.32
Diluted number of shares	863,523,000	863,523,000
Diluted book value per share (PLN)	20.48	17.32

Off-balance sheet items	Note	31 December 2020	31 December 2019
<b>1. Contingent receivables, including:</b>	<b>15.1</b>	<b>3,975,736</b>	<b>4,256,977</b>
1.1. Guarantees and sureties received		2,700	2,957
1.2. Other		3,973,036	4,254,020
<b>2. Contingent liabilities, including:</b>	<b>15.2</b>	<b>1,201,063</b>	<b>1,149,099</b>
2.1. Guarantees and sureties given		92,890	6,052
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		-	-
<b>3. Reinsurance collateral instituted in favor of the insurance undertaking</b>		<b>-</b>	<b>-</b>
<b>4. Reinsurance collateral instituted by the insurance undertaking in favor of ceding companies</b>		<b>-</b>	<b>-</b>
<b>5. Third party assets not recognized in assets</b>		<b>112,171</b>	<b>122,054</b>
<b>6. Other off-balance sheet line items</b>		<b>-</b>	<b>-</b>
<b>Total off-balance sheet line items</b>		<b>5,288,970</b>	<b>5,528,130</b>

## Revenue account of non-life insurance

Revenue account of non-life insurance	Note	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>		<b>12,060,700</b>	<b>12,303,091</b>
1. Gross written premium	16	12,536,677	13,039,385
2. Reinsurers' share in gross written premium		766,060	752,517
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross		(233,800)	159,690
4. Reinsurers' share in the movement in provision for unearned premiums		56,283	175,913
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>		<b>217,941</b>	<b>257,946</b>
<b>III. Other net technical income</b>		<b>150,953</b>	<b>153,920</b>
<b>IV. Claims and benefits (1+2)</b>		<b>7,522,909</b>	<b>7,760,354</b>
1. Net claims and benefits paid		6,912,840	7,270,800
1.1. Gross claims and benefits paid	19	7,177,669	7,534,158
1.2. Reinsurers' share in claims and benefits paid		264,829	263,358
2. Movement in provision for outstanding claims and benefits, net of reinsurance		610,069	489,554
2.1. Movement in provision for outstanding claims and benefits, gross		745,346	513,712
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits		135,277	24,158
<b>V. Movement in other technical provisions, net of reinsurance</b>		<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross		-	-
2. Reinsurers' share in the movement in other technical provisions		-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>		<b>(498)</b>	<b>345</b>
<b>VII. Insurance activity expenses</b>	22	<b>3,148,287</b>	<b>3,146,349</b>
1. Acquisition expenses, including:	22.1	2,461,548	2,489,125
- movement in deferred acquisition costs		(29,093)	(17,980)
2. Administrative expenses	22.2	724,834	703,514
3. Reinsurance commissions and profit participation		38,095	46,290
<b>VIII. Other net technical charges</b>		<b>401,690</b>	<b>408,231</b>
<b>IX. Movement in equalization provision</b>		<b>(175,471)</b>	<b>(5,756)</b>
<b>X. Technical result of non-life insurance</b>		<b>1,532,677</b>	<b>1,405,434</b>

## General profit and loss account

General profit and loss account	Note	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Technical result of non-life insurance or life insurance</b>		<b>1,532,677</b>	<b>1,405,434</b>
<b>II. Investment income</b>		<b>2,039,547</b>	<b>2,463,364</b>
1. Investment income on real estate		5,815	5,820
2. Investment income from related parties		1,384,634	1,772,277
2.1. On ownership interests or shares		1,376,738	1,759,274
2.2. On borrowings and debt securities		6,987	11,491
2.3. On other investments		909	1,512
3. Other financial investment income		493,392	447,870
3.1. On ownership interests, shares, other variable income securities, participation units and investment certificates in mutual funds		7,886	11,310
3.2. On debt securities and other fixed income securities		417,699	404,826
3.3. On term deposits with credit institutions		3,525	(14,685)
3.4. On other investments		64,282	46,419
4. Gain on revaluation of investments		-	2,307
5. Gain on realization of investments		155,706	235,090
<b>III. Unrealized investment gains</b>		<b>136,030</b>	<b>51,263</b>
<b>IV. Net investment income after including costs transferred from the technical life insurance account</b>		<b>-</b>	<b>-</b>
<b>V. Investment activity expenses</b>		<b>936,099</b>	<b>272,192</b>
1. Real estate maintenance expenses		2,932	3,714
2. Other investment activity expenses		38,934	41,142
3. Loss on revaluation of investments		803,941 <sup>1)</sup>	14
4. Loss on realization of investments		90,292	227,322
<b>VI. Unrealized investment losses</b>		<b>154,113</b>	<b>38,194</b>
<b>VII. Net investment income after including costs transferred to the Revenue account of non-life insurance</b>		<b>217,941</b>	<b>257,946</b>
<b>VIII. Other operating income</b>	23	<b>336,985</b>	<b>273,418</b>
<b>IX. Other operating expenses</b>	24	<b>485,781</b>	<b>660,314</b>
<b>X. Operating profit (loss)</b>		<b>2,251,305</b>	<b>2,964,833</b>
<b>XI. Extraordinary gains</b>		<b>-</b>	<b>-</b>
<b>XII. Extraordinary losses</b>		<b>-</b>	<b>-</b>
<b>XIII. Share of the profit (loss) of related parties measured by the equity method</b>	27	<b>17,705</b>	<b>18,543</b>
<b>XIV. Profit (loss) before tax</b>		<b>2,269,010</b>	<b>2,983,376</b>
<b>XV. Income tax</b>	26	<b>350,230</b>	<b>332,364</b>
a) current part		379,574	338,602
b) deferred part		(29,344)	(6,238)
<b>XVI. Other compulsory reductions in profit (increases in losses)</b>		<b>-</b>	<b>-</b>
<b>XVII. Net profit (loss)</b>		<b>1,918,780</b>	<b>2,651,012</b>

<sup>1)</sup> 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 item 9.3 of the Introduction to this report.

Net profit (loss) (annualized)	1,918,780	2,651,012
Weighted average number of common shares	863,523,000	863,523,000
Earnings (loss) per common share (PLN)	2.22	3.07
Weighted average diluted number of common shares	863,523,000	863,523,000
Diluted earnings (loss) per common share (PLN)	2.22	3.07

# Statement of changes in equity

Statement of changes in equity	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Equity at the beginning of the period (Opening Balance)</b>	<b>14,956,862</b>	<b>13,924,661</b>
a) changes in the accepted accounting policies	-	-
<b>II. Equity at the beginning of the period (Opening Balance), after adjustments to ensure comparability</b>	<b>14,956,862</b>	<b>13,924,661</b>
1. Share capital at the beginning of the period	86,352	86,352
1.1. Change in share capital	-	-
a) increases	-	-
b) decreases	-	-
<b>1.2. Share capital at the end of the period</b>	<b>86,352</b>	<b>86,352</b>
<b>2. Supplementary capital at the beginning of the period</b>	<b>5,814,241</b>	<b>5,507,572</b>
2.1. Change in supplementary capital	2,643,848	306,669
a) additions (by virtue of):	2,643,848	306,669
- distribution of profit (above the statutorily required amount)	2,643,739	306,374
- from revaluation reserve – by sale and liquidation of fixed assets	109	295
b) decreases	-	-
<b>2.2. Supplementary capital at the end of the period</b>	<b>8,458,089</b>	<b>5,814,241</b>
<b>3. Revaluation reserve at the beginning of the period</b>	<b>6,405,257</b>	<b>5,599,176</b>
a) changes in the accepted accounting policies	-	-
<b>3.a. Revaluation reserve at the beginning of the period (Opening Balance), after adjustments to ensure comparability</b>	<b>6,405,257</b>	<b>5,599,176</b>
3.1. Change in the revaluation reserve	820,124 <sup>1)</sup>	806,081
a) additions (by virtue of):	1,172,538	968,880
- valuation of financial investments	1,000,444	940,809
- additions by virtue of disposal of available for sale instruments	28,198	3,486
- additions by virtue of hedge accounting	143,896	24,585
b) reductions (by virtue of)	352,414	162,799
- valuation of financial investments	330,598	101,479
- reductions by virtue of the disposal of instruments available for sale	21,707	32,311
- sale of fixed assets	109	295
- reductions by virtue of hedge accounting	-	28,714
<b>3.2. Revaluation reserve at the end of the period</b>	<b>7,225,381</b>	<b>6,405,257</b>
<b>4. Other reserve capital at the beginning of the period</b>	<b>-</b>	<b>-</b>
4.1. Change in other reserve capital	-	-
a) increases	-	-
b) decreases	-	-
<b>4.2. Other reserve capital at the end of the period</b>	<b>-</b>	<b>-</b>
<b>5. Retained earnings (losses) at the beginning of the period</b>	<b>2,651,012</b>	<b>2,731,561</b>
<b>5.1. Retained earnings at the beginning of the period</b>	<b>2,651,012</b>	<b>2,731,561</b>
a) changes in the accepted accounting policies	-	-
<b>5.2. Retained earnings at the beginning of the period, after adjustments to ensure comparability</b>	<b>2,651,012</b>	<b>2,731,561</b>
a) increases	-	-
b) decreases	2,651,012	2,731,561
- transfers to supplementary capital	2,643,739	306,374
- disbursement of dividends	-	2,417,864
- transfers/charges to the Company Social Benefit Fund	7,273	7,323
<b>5.3. Retained earnings at the end of the period</b>	<b>-</b>	<b>-</b>
<b>5.4. Retained losses at the beginning of the period</b>	<b>-</b>	<b>-</b>
a) changes in the accepted accounting policies	-	-

Statement of changes in equity	1 January – 31 December 2020	1 January – 31 December 2019
b) corrections of errors	-	-
<b>5.5. Retained losses at the beginning of the period, after adjustments to ensure comparability</b>	-	-
a) increases	-	-
b) decreases	-	-
<b>5.6. Retained losses at the end of the period</b>	-	-
<b>5.7. Retained earnings (losses) at the end of the period</b>	-	-
<b>6. Net result</b>	<b>1,918,780</b>	<b>2,651,012</b>
a) net profit	1,918,780	2,651,012
b) net loss	-	-
c) Charges to profit	-	-
<b>III. Equity at the end of the period (Closing Balance)</b>	<b>17,688,602</b>	<b>14,956,862</b>
<b>IV. Equity after taking into account the proposed distribution of profits (coverage of losses)</b>	<b>17,688,602</b>	<b>14,956,862</b>

<sup>1)</sup> 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 2020	1 January – 31 December 2019
<b>A. Cash flow on operating activity</b>			
<b>I. Proceeds</b>		<b>14,680,725</b>	<b>14,438,482</b>
<b>1. Proceeds on direct activity and inward reinsurance</b>		<b>13,335,849</b>	<b>13,233,994</b>
1.1. Proceeds on gross premiums		12,943,042	13,070,733
1.2. Proceeds on subrogation, salvage and claim refunds		355,253	136,701
1.3. Other proceeds on direct activity		37,554	26,560
<b>2. Proceeds from outward reinsurance</b>		<b>353,053</b>	<b>382,164</b>
2.1. Payments received from reinsurers for their share of claims paid		271,983	282,277
2.2. Proceeds on reinsurance commissions and profit participation		77,525	83,247
2.3. Other proceeds from outward reinsurance		3,545	16,640
<b>3. Proceeds on other operating activity</b>		<b>991,823</b>	<b>822,324</b>
3.1. Proceeds for acting as an emergency adjuster		506,274	360,547
3.2. Disposal of intangible assets and property, plant and equipment other than investments		1,471	7,425
3.3. Other proceeds	28	484,078	454,352
<b>II. Expenditures</b>		<b>13,226,521</b>	<b>13,317,836</b>
<b>1. Expenditures on direct activity and inward reinsurance</b>		<b>10,757,353</b>	<b>11,141,626</b>
1.1. Gross premium refunds		192,954	272,824
1.2. Gross claims and benefits paid		6,631,019	6,971,858
1.3. Acquisition expenditures		1,793,022	1,705,833
1.4. Administrative expenditures		1,489,123	1,450,393
1.5. Expenditures for claims handling and pursuit of subrogation		285,884	322,824
1.6. Commissions paid and profit-sharing on inward reinsurance		226,421	272,868
1.7. Other expenditures on direct activity and inward reinsurance		138,930	145,026
<b>2. Expenditures on outward reinsurance</b>		<b>741,687</b>	<b>576,286</b>
2.1. Premiums paid for reinsurance		741,399	576,003
2.2. Other expenditures on outward reinsurance		288	283
<b>3. Expenditures on other operating activity</b>		<b>1,727,481</b>	<b>1,599,924</b>
3.1. Expenditures for acting as an emergency adjuster		338,507	175,692
3.2. Purchase of intangible assets and property, plant and equipment other than investments		76,393	107,156
3.3. Other operating expenditures	28	1,312,581	1,317,076
<b>III. Net cash flows on operating activity (I-II)</b>		<b>1,454,204</b>	<b>1,120,646</b>
<b>B. Cash flow on investing activity</b>			
<b>I. Proceeds</b>		<b>110,463,723</b>	<b>213,107,377</b>
1. Sale of real estate		11,526	16,806
2. Sale of ownership interests and shares in related parties		-	7,739
3. Sale of ownership interests and shares in other entities and participation units and investment certificates in mutual funds		50,745	239,999
4. Realization of debt securities issued by related parties and amortization of the loans granted to these parties		7,500	10,000
5. Realization of debt securities issued by other entities		1,666,883	8,661,781
6. Liquidation of term deposits with credit institutions		39,683,504	144,819,006
7. Realization of other investments		67,166,315	57,088,308
8. Proceeds from real estate		7,245	7,025
9. Interest received		481,701	484,673
10. Dividends received		1,376,928	1,759,995
11. Other investment proceeds		11,376	12,045
<b>II. Expenditures</b>		<b>111,841,827</b>	<b>209,011,004</b>
1. Purchase of real estate		2,287	3,079

Cash flow statement	Note	1 January – 31 December 2020	1 January – 31 December 2019
2. Purchase of ownership interests and shares in related parties		67,174	1,046
3. Purchase of ownership interests and shares in other entities, participation units and investment certificates in mutual funds		77,145	126,089
4. Purchase of debt securities issued by related parties and extension of loans to these parties		67,395	109,018
5. Purchase of debt securities issued by other entities		4,569,661	8,141,405
6. Purchase of term deposits with credit institutions		39,659,091	144,084,939
7. Purchase of other investments		67,320,059	56,460,378
8. Expenditures to maintain real estate		48,092	54,837
9. Other expenditures for investments		30,923	30,213
<b>III. Net cash flows from investing activities (I-II)</b>		<b>(1,378,104)</b>	<b>4,096,373</b>
<b>C. Cash flow on financing activity</b>			
<b>I. Proceeds</b>		<b>234,888</b>	<b>24,964,616</b>
1. Net proceeds from issuing shares and additional capital contributions		-	-
2. Loans, borrowings and issues of debt securities		234,888	24,964,616
3. Other financial proceeds		-	-
<b>II. Expenditures</b>		<b>316,044</b>	<b>31,261,040</b>
1. Dividends		153	2,417,864
2. Other expenditures for distribution of profits besides disbursement of dividends		-	-
3. Purchase of treasury stock		-	-
4. Amortization of loans and borrowings and redemption of own debt securities		234,895	28,710,674
5. Interest on loans and borrowings and issued debt securities		80,996	132,502
6. Other financial expenditures		-	-
<b>III. Net cash flows from financing activities (I-II)</b>		<b>(81,156)</b>	<b>(6,296,424)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>		<b>(5,056)</b>	<b>(1,079,405)</b>
<b>E. Balance sheet change in cash, including:</b>		<b>(1,684)</b>	<b>(1,095,394)</b>
- movement in cash due to foreign exchange differences		3,372	(15,989)
<b>F. Cash at the beginning of the period</b>		<b>126,141</b>	<b>1,221,535</b>
<b>G. Cash at the end of the period (F+/-E), including:</b>		<b>124,457</b>	<b>126,141</b>
- restricted cash	28.1	34,186	28,512

## Technical insurance accounts – direct business

### Technical account of direct insurance – overall

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>11,185,355</b>	<b>11,393,298</b>
1. Gross written premium	11,249,293	11,700,776
2. Reinsurers' share in gross written premium	309,143	285,778
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(196,309)	38,007
4. Reinsurers' share in the movement in provision for unearned premiums	48,896	16,307
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>217,941</b>	<b>257,946</b>
<b>III. Other net technical income</b>	<b>135,023</b>	<b>146,967</b>
<b>IV. Claims and benefits (1+2)</b>	<b>6,981,468</b>	<b>7,131,378</b>
1. Net claims and benefits paid	6,462,374	6,789,626
1.1. Gross claims and benefits paid	6,532,499	6,852,362
1.2. Reinsurers' share in claims and benefits paid	70,125	62,736
2. Movement in provision for outstanding claims and benefits, net of reinsurance	519,094	341,752
2.1. Movement in provision for outstanding claims and benefits, gross	638,679	401,798
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	119,585	60,046
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(681)</b>	<b>62</b>
<b>VII. Insurance activity expenses</b>	<b>2,898,089</b>	<b>2,881,886</b>
1. Acquisition expenses, including:	2,218,370	2,224,446
- movement in deferred acquisition costs	(62,062)	(70,455)
2. Administrative expenses	695,213	679,408
3. Reinsurance commissions and profit participation	15,494	21,968
<b>VIII. Other net technical charges</b>	<b>391,529</b>	<b>397,854</b>
<b>IX. Movement in equalization provision</b>	<b>(174,563)</b>	<b>(5,512)</b>
<b>X. Technical result of non-life insurance</b>	<b>1,442,477</b>	<b>1,392,543</b>

## Revenue account – direct insurance

### STATUTORY CLASS 1 Accident insurance, including industrial injury and occupational diseases

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>441,641</b>	<b>390,001</b>
1. Gross written premium	585,380	436,093
2. Reinsurers' share in gross written premium	(405)	21,567
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	139,406	43,027
4. Reinsurers' share in the movement in provision for unearned premiums	(4,738)	18,502
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>2,813</b>	<b>3,807</b>
<b>IV. Claims and benefits (1+2)</b>	<b>129,793</b>	<b>110,124</b>
1. Net claims and benefits paid	89,940	103,166
1.1. Gross claims and benefits paid	89,965	103,166
1.2. Reinsurers' share in claims and benefits paid	25	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	39,853	6,958
2.1. Movement in provision for outstanding claims and benefits, gross	39,853	6,960
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	2
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(1)</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>145,949</b>	<b>133,876</b>
1. Acquisition expenses, including:	108,111	94,818
- movement in deferred acquisition costs	(90,912)	(30,272)
2. Administrative expenses	40,788	41,188
3. Reinsurance commissions and profit participation	2,950	2,130
<b>VIII. Other net technical charges</b>	<b>5,702</b>	<b>4,664</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>163,011</b>	<b>145,144</b>

## Revenue account – direct insurance

### STATUTORY CLASS 2 Sickness insurance

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>6,084</b>	<b>6,014</b>
1. Gross written premium	9,031	6,028
2. Reinsurers' share in gross written premium	4	3
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	2,945	13
4. Reinsurers' share in the movement in provision for unearned premiums	2	2
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>10</b>	<b>32</b>
<b>IV. Claims and benefits (1+2)</b>	<b>2,068</b>	<b>3,161</b>
1. Net claims and benefits paid	2,083	3,003
1.1. Gross claims and benefits paid	2,083	3,003
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(15)	158
2.1. Movement in provision for outstanding claims and benefits, gross	(15)	158
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>1,790</b>	<b>2,332</b>
1. Acquisition expenses, including:	1,375	1,496
- movement in deferred acquisition costs	(1)	(2)
2. Administrative expenses	415	836
3. Reinsurance commissions and profit participation	-	-
<b>VIII. Other net technical charges</b>	<b>57</b>	<b>84</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>2,179</b>	<b>469</b>

## Revenue account – direct insurance

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

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>3,115,674</b>	<b>3,225,486</b>
1. Gross written premium	2,977,001	3,219,818
2. Reinsurers' share in gross written premium	5,363	8,084
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(144,875)	(13,956)
4. Reinsurers' share in the movement in provision for unearned premiums	(839)	(204)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>25,352</b>	<b>30,613</b>
<b>IV. Claims and benefits (1+2)</b>	<b>1,999,819</b>	<b>2,201,658</b>
1. Net claims and benefits paid	1,929,076	2,113,203
1.1. Gross claims and benefits paid	1,929,065	2,113,225
1.2. Reinsurers' share in claims and benefits paid	(11)	22
2. Movement in provision for outstanding claims and benefits, net of reinsurance	70,743	88,455
2.1. Movement in provision for outstanding claims and benefits, gross	70,807	88,408
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	64	(47)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(90)</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>741,640</b>	<b>748,410</b>
1. Acquisition expenses, including:	600,197	622,331
- movement in deferred acquisition costs	22,144	1,279
2. Administrative expenses	140,364	124,727
3. Reinsurance commissions and profit participation	(1,079)	(1,352)
<b>VIII. Other net technical charges</b>	<b>43,136</b>	<b>52,329</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>356,521</b>	<b>253,702</b>

## Revenue account – direct insurance

### STATUTORY CLASS 4 Casco insurance of railway rolling stock

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>5,984</b>	<b>5,799</b>
1. Gross written premium	11,531	4,041
2. Reinsurers' share in gross written premium	5,439	974
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	2,178	(3,406)
4. Reinsurers' share in the movement in provision for unearned premiums	2,070	(674)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>12</b>	<b>192</b>
<b>IV. Claims and benefits (1+2)</b>	<b>3,175</b>	<b>3,549</b>
1. Net claims and benefits paid	1,554	2,909
1.1. Gross claims and benefits paid	1,920	3,409
1.2. Reinsurers' share in claims and benefits paid	366	500
2. Movement in provision for outstanding claims and benefits, net of reinsurance	1,621	640
2.1. Movement in provision for outstanding claims and benefits, gross	1,253	301
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(368)	(339)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(189)</b>	<b>(14)</b>
<b>VII. Insurance activity expenses</b>	<b>1,671</b>	<b>1,479</b>
1. Acquisition expenses, including:	1,808	1,511
- movement in deferred acquisition costs	(354)	659
2. Administrative expenses	250	206
3. Reinsurance commissions and profit participation	387	238
<b>VIII. Other net technical charges</b>	<b>869</b>	<b>112</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>290</b>
<b>X. Technical result of non-life insurance</b>	<b>470</b>	<b>575</b>

## Revenue account – direct insurance

### STATUTORY CLASS 5 Casco insurance of aircraft

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>11,589</b>	<b>6,016</b>
1. Gross written premium	31,903	7,427
2. Reinsurers' share in gross written premium	18,008	1,376
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	17,035	79
4. Reinsurers' share in the movement in provision for unearned premiums	14,729	44
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>412</b>	<b>225</b>
<b>IV. Claims and benefits (1+2)</b>	<b>7,428</b>	<b>2,733</b>
1. Net claims and benefits paid	3,561	4,036
1.1. Gross claims and benefits paid	3,561	4,036
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	3,867	(1,303)
2.1. Movement in provision for outstanding claims and benefits, gross	3,781	(1,331)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(86)	(28)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(4)</b>	<b>(1)</b>
<b>VII. Insurance activity expenses</b>	<b>2,679</b>	<b>1,574</b>
1. Acquisition expenses, including:	2,231	1,399
- movement in deferred acquisition costs	(230)	(45)
2. Administrative expenses	429	200
3. Reinsurance commissions and profit participation	(19)	25
<b>VIII. Other net technical charges</b>	<b>1,454</b>	<b>169</b>
<b>IX. Movement in equalization provision</b>	<b>579</b>	<b>(27)</b>
<b>X. Technical result of non-life insurance</b>	<b>(135)</b>	<b>1,793</b>



## Revenue account – direct insurance

### STATUTORY CLASS 6 Insurance of maritime and inland waterway vessels

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>19,825</b>	<b>16,685</b>
1. Gross written premium	25,312	21,000
2. Reinsurers' share in gross written premium	5,887	4,261
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(359)	(332)
4. Reinsurers' share in the movement in provision for unearned premiums	41	(386)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>443</b>	<b>442</b>
<b>IV. Claims and benefits (1+2)</b>	<b>12,753</b>	<b>14,368</b>
1. Net claims and benefits paid	9,602	10,926
1.1. Gross claims and benefits paid	9,603	12,458
1.2. Reinsurers' share in claims and benefits paid	1	1,532
2. Movement in provision for outstanding claims and benefits, net of reinsurance	3,151	3,442
2.1. Movement in provision for outstanding claims and benefits, gross	2,813	3,326
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(338)	(116)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>4,841</b>	<b>4,181</b>
1. Acquisition expenses, including:	4,321	3,801
- movement in deferred acquisition costs	(69)	148
2. Administrative expenses	686	525
3. Reinsurance commissions and profit participation	166	145
<b>VIII. Other net technical charges</b>	<b>807</b>	<b>434</b>
<b>IX. Movement in equalization provision</b>	<b>991</b>	<b>(75)</b>
<b>X. Technical result of non-life insurance</b>	<b>876</b>	<b>(1,781)</b>

## Revenue account – direct insurance

### STATUTORY CLASS 7 Insurance of goods in transit

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>8,500</b>	<b>8,347</b>
1. Gross written premium	11,472	11,060
2. Reinsurers' share in gross written premium	3,475	2,246
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	312	587
4. Reinsurers' share in the movement in provision for unearned premiums	815	120
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>56</b>	<b>223</b>
<b>IV. Claims and benefits (1+2)</b>	<b>1,768</b>	<b>4,331</b>
1. Net claims and benefits paid	2,424	2,112
1.1. Gross claims and benefits paid	2,424	2,112
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(656)	2,219
2.1. Movement in provision for outstanding claims and benefits, gross	(707)	2,199
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(51)	(20)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(4)</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>3,748</b>	<b>4,550</b>
1. Acquisition expenses, including:	2,932	3,029
- movement in deferred acquisition costs	(21)	(113)
2. Administrative expenses	860	1,585
3. Reinsurance commissions and profit participation	44	64
<b>VIII. Other net technical charges</b>	<b>383</b>	<b>239</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>(69)</b>
<b>X. Technical result of non-life insurance</b>	<b>2,661</b>	<b>(481)</b>

## Revenue account – direct insurance

### STATUTORY CLASS 8 Insurance against fire and natural forces covering damage to property not included in classes 3-7

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>1,202,180</b>	<b>1,143,190</b>
1. Gross written premium	1,332,353	1,282,126
2. Reinsurers' share in gross written premium	92,223	76,981
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	49,058	59,614
4. Reinsurers' share in the movement in provision for unearned premiums	11,108	(2,341)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>4,159</b>	<b>6,987</b>
<b>IV. Claims and benefits (1+2)</b>	<b>563,891</b>	<b>559,554</b>
1. Net claims and benefits paid	514,853	518,934
1.1. Gross claims and benefits paid	524,320	522,849
1.2. Reinsurers' share in claims and benefits paid	9,467	3,915
2. Movement in provision for outstanding claims and benefits, net of reinsurance	49,038	40,620
2.1. Movement in provision for outstanding claims and benefits, gross	53,795	45,787
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	4,757	5,167
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(59)</b>	<b>5</b>
<b>VII. Insurance activity expenses</b>	<b>399,928</b>	<b>388,589</b>
1. Acquisition expenses, including:	305,907	288,766
- movement in deferred acquisition costs	(6,419)	(20,439)
2. Administrative expenses	97,319	102,858
3. Reinsurance commissions and profit participation	3,298	3,035
<b>VIII. Other net technical charges</b>	<b>41,003</b>	<b>41,630</b>
<b>IX. Movement in equalization provision</b>	<b>(47,157)</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>248,733</b>	<b>160,399</b>

## Revenue account – direct insurance

### STATUTORY CLASS 9 Insurance of other all to or loss of property (other than property included in classes 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 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>875,648</b>	<b>864,664</b>
1. Gross written premium	842,589	964,484
2. Reinsurers' share in gross written premium	38,997	70,182
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(94,296)	27,531
4. Reinsurers' share in the movement in provision for unearned premiums	(22,240)	(2,107)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>3,811</b>	<b>5,099</b>
<b>IV. Claims and benefits (1+2)</b>	<b>540,366</b>	<b>445,572</b>
1. Net claims and benefits paid	553,873	424,817
1.1. Gross claims and benefits paid	556,875	429,002
1.2. Reinsurers' share in claims and benefits paid	3,002	4,185
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(13,507)	20,755
2.1. Movement in provision for outstanding claims and benefits, gross	(33,998)	35,194
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(20,491)	14,439
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(43)</b>	<b>(3)</b>
<b>VII. Insurance activity expenses</b>	<b>271,094</b>	<b>269,708</b>
1. Acquisition expenses, including:	219,575	218,610
- movement in deferred acquisition costs	12,693	261
2. Administrative expenses	52,268	54,370
3. Reinsurance commissions and profit participation	749	3,272
<b>VIII. Other net technical charges</b>	<b>20,546</b>	<b>10,058</b>
<b>IX. Movement in equalization provision</b>	<b>(60,858)</b>	<b>14,495</b>
<b>X. Technical result of non-life insurance</b>	<b>108,354</b>	<b>129,933</b>

## Revenue account – direct insurance

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

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>4,293,785</b>	<b>4,533,144</b>
1. Gross written premium	4,101,521	4,441,049
2. Reinsurers' share in gross written premium	13,231	20,067
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(205,219)	(111,961)
4. Reinsurers' share in the movement in provision for unearned premiums	276	201
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>201,196</b>	<b>238,511</b>
<b>III. Other net technical income</b>	<b>90,898</b>	<b>83,158</b>
<b>IV. Claims and benefits (1+2)</b>	<b>3,085,080</b>	<b>3,245,579</b>
1. Net claims and benefits paid	2,811,242	3,064,711
1.1. Gross claims and benefits paid	2,824,339	3,086,083
1.2. Reinsurers' share in claims and benefits paid	13,097	21,372
2. Movement in provision for outstanding claims and benefits, net of reinsurance	273,838	180,868
2.1. Movement in provision for outstanding claims and benefits, gross	447,589	208,468
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	173,751	27,600
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(192)</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>922,034</b>	<b>940,712</b>
1. Acquisition expenses, including:	675,106	700,366
- movement in deferred acquisition costs	19,719	7,253
2. Administrative expenses	245,668	239,024
3. Reinsurance commissions and profit participation	(1,260)	(1,322)
<b>VIII. Other net technical charges</b>	<b>255,377</b>	<b>266,388</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>323,580</b>	<b>402,134</b>

## Revenue account – direct insurance

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

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>5,612</b>	<b>5,012</b>
1. Gross written premium	17,139	7,178
2. Reinsurers' share in gross written premium	12,417	1,867
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	8,128	566
4. Reinsurers' share in the movement in provision for unearned premiums	9,018	267
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>36</b>	<b>39</b>
<b>III. Other net technical income</b>	<b>234</b>	<b>132</b>
<b>IV. Claims and benefits (1+2)</b>	<b>(278)</b>	<b>(2,473)</b>
1. Net claims and benefits paid	418	752
1.1. Gross claims and benefits paid	2,723	919
1.2. Reinsurers' share in claims and benefits paid	2,305	167
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(696)	(3,225)
2.1. Movement in provision for outstanding claims and benefits, gross	(3,121)	(823)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(2,425)	2,402
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>3,088</b>	<b>2,466</b>
1. Acquisition expenses, including:	2,227	1,988
- movement in deferred acquisition costs	112	(135)
2. Administrative expenses	886	517
3. Reinsurance commissions and profit participation	25	39
<b>VIII. Other net technical charges</b>	<b>971</b>	<b>299</b>
<b>IX. Movement in equalization provision</b>	<b>(100)</b>	<b>(15)</b>
<b>X. Technical result of non-life insurance</b>	<b>2,201</b>	<b>4,906</b>

## Revenue account – direct insurance

### STATUTORY CLASS 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 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>2,517</b>	<b>1,674</b>
1. Gross written premium	3,672	3,000
2. Reinsurers' share in gross written premium	942	1,244
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	96	18
4. Reinsurers' share in the movement in provision for unearned premiums	(117)	(64)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>85</b>	<b>64</b>
<b>IV. Claims and benefits (1+2)</b>	<b>1,341</b>	<b>782</b>
1. Net claims and benefits paid	1,321	431
1.1. Gross claims and benefits paid	1,321	476
1.2. Reinsurers' share in claims and benefits paid	-	45
2. Movement in provision for outstanding claims and benefits, net of reinsurance	20	351
2.1. Movement in provision for outstanding claims and benefits, gross	(4)	340
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(24)	(11)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>881</b>	<b>778</b>
1. Acquisition expenses, including:	667	617
- movement in deferred acquisition costs	(23)	60
2. Administrative expenses	214	177
3. Reinsurance commissions and profit participation	-	16
<b>VIII. Other net technical charges</b>	<b>74</b>	<b>48</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>306</b>	<b>130</b>

## Revenue account – direct insurance

### STATUTORY CLASS 13 General liability – third party liability not included in classes 10-12

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>672,935</b>	<b>665,737</b>
1. Gross written premium	702,389	703,090
2. Reinsurers' share in gross written premium	25,692	24,377
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	4,333	12,705
4. Reinsurers' share in the movement in provision for unearned premiums	571	(271)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>16,709</b>	<b>19,396</b>
<b>III. Other net technical income</b>	<b>4,411</b>	<b>12,355</b>
<b>IV. Claims and benefits (1+2)</b>	<b>401,360</b>	<b>311,649</b>
1. Net claims and benefits paid	309,208	328,108
1.1. Gross claims and benefits paid	311,958	335,204
1.2. Reinsurers' share in claims and benefits paid	2,750	7,096
2. Movement in provision for outstanding claims and benefits, net of reinsurance	92,152	(16,459)
2.1. Movement in provision for outstanding claims and benefits, gross	59,632	(10,665)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(32,520)	5,794
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(333)</b>	<b>(4)</b>
<b>VII. Insurance activity expenses</b>	<b>209,619</b>	<b>207,165</b>
1. Acquisition expenses, including:	168,462	166,753
- movement in deferred acquisition costs	(2,756)	(4,457)
2. Administrative expenses	43,237	42,608
3. Reinsurance commissions and profit participation	2,080	2,196
<b>VIII. Other net technical charges</b>	<b>13,420</b>	<b>17,122</b>
<b>IX. Movement in equalization provision</b>	<b>(67,850)</b>	<b>(20,971)</b>
<b>X. Technical result of non-life insurance</b>	<b>137,839</b>	<b>182,527</b>



## Revenue account – direct insurance

### STATUTORY CLASS 14 Credit insurance

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>17,115</b>	<b>12,798</b>
1. Gross written premium	18,940	16,482
2. Reinsurers' share in gross written premium	1,960	3,149
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(281)	841
4. Reinsurers' share in the movement in provision for unearned premiums	(146)	306
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>235</b>	<b>116</b>
<b>IV. Claims and benefits (1+2)</b>	<b>1,690</b>	<b>9,362</b>
1. Net claims and benefits paid	9,507	2,891
1.1. Gross claims and benefits paid	16,134	4,567
1.2. Reinsurers' share in claims and benefits paid	6,627	1,676
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(7,817)	6,471
2.1. Movement in provision for outstanding claims and benefits, gross	(14,194)	12,443
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(6,377)	5,972
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>543</b>	<b>135</b>
<b>VII. Insurance activity expenses</b>	<b>6,126</b>	<b>4,257</b>
1. Acquisition expenses, including:	1,975	1,916
- movement in deferred acquisition costs	237	(189)
2. Administrative expenses	4,755	3,110
3. Reinsurance commissions and profit participation	604	769
<b>VIII. Other net technical charges</b>	<b>89</b>	<b>38</b>
<b>IX. Movement in equalization provision</b>	<b>2,038</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>6,864</b>	<b>(878)</b>

## Revenue account – direct insurance

### STATUTORY CLASS 15 Insurance bond

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>28,613</b>	<b>34,051</b>
1. Gross written premium	46,667	47,218
2. Reinsurers' share in gross written premium	24,575	29,923
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(7,681)	(11,755)
4. Reinsurers' share in the movement in provision for unearned premiums	(1,160)	5,001
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>180</b>	<b>510</b>
<b>IV. Claims and benefits (1+2)</b>	<b>22,088</b>	<b>13,061</b>
1. Net claims and benefits paid	21,557	12,475
1.1. Gross claims and benefits paid	49,392	33,214
1.2. Reinsurers' share in claims and benefits paid	27,835	20,739
2. Movement in provision for outstanding claims and benefits, net of reinsurance	531	586
2.1. Movement in provision for outstanding claims and benefits, gross	612	909
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	81	323
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>15,779</b>	<b>12,831</b>
1. Acquisition expenses, including:	13,282	11,216
- movement in deferred acquisition costs	(1,521)	(4,482)
2. Administrative expenses	10,071	9,803
3. Reinsurance commissions and profit participation	7,574	8,188
<b>VIII. Other net technical charges</b>	<b>179</b>	<b>130</b>
<b>IX. Movement in equalization provision</b>	<b>(1,702)</b>	<b>1,702</b>
<b>X. Technical result of non-life insurance</b>	<b>(7,551)</b>	<b>6,837</b>

## Revenue account – direct insurance

### STATUTORY CLASS 16 Insurance of various financial risks

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>84,153</b>	<b>66,497</b>
1. Gross written premium	146,800	109,129
2. Reinsurers' share in gross written premium	61,179	19,686
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	40,986	21,414
4. Reinsurers' share in the movement in provision for unearned premiums	39,518	(1,532)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>547</b>	<b>1,990</b>
<b>IV. Claims and benefits (1+2)</b>	<b>24,651</b>	<b>13,773</b>
1. Net claims and benefits paid	18,268	11,202
1.1. Gross claims and benefits paid	22,723	12,689
1.2. Reinsurers' share in claims and benefits paid	4,455	1,487
2. Movement in provision for outstanding claims and benefits, net of reinsurance	6,383	2,571
2.1. Movement in provision for outstanding claims and benefits, gross	9,995	1,479
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	3,612	(1,092)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>(309)</b>	<b>(56)</b>
<b>VII. Insurance activity expenses</b>	<b>57,036</b>	<b>46,042</b>
1. Acquisition expenses, including:	30,926	23,411
- movement in deferred acquisition costs	(13,108)	(17,546)
2. Administrative expenses	26,086	27,158
3. Reinsurance commissions and profit participation	(24)	4,527
<b>VIII. Other net technical charges</b>	<b>3,988</b>	<b>958</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>(1,346)</b>
<b>X. Technical result of non-life insurance</b>	<b>(666)</b>	<b>9,116</b>

## Revenue account – direct insurance

### STATUTORY CLASS 17 Legal expenses insurance

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>11,074</b>	<b>10,077</b>
1. Gross written premium	11,873	10,601
2. Reinsurers' share in gross written premium	-	-
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	799	524
4. Reinsurers' share in the movement in provision for unearned premiums	-	-
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>12</b>	<b>8</b>
<b>IV. Claims and benefits (1+2)</b>	<b>9,059</b>	<b>3,119</b>
1. Net claims and benefits paid	5,063	2,344
1.1. Gross claims and benefits paid	5,063	2,344
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	3,996	775
2.1. Movement in provision for outstanding claims and benefits, gross	3,996	775
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>4,047</b>	<b>3,999</b>
1. Acquisition expenses, including:	3,141	3,103
- movement in deferred acquisition costs	(190)	(70)
2. Administrative expenses	906	896
3. Reinsurance commissions and profit participation	-	-
<b>VIII. Other net technical charges</b>	<b>71</b>	<b>53</b>
<b>IX. Movement in equalization provision</b>	<b>(504)</b>	<b>504</b>
<b>X. Technical result of non-life insurance</b>	<b>(1,587)</b>	<b>2,410</b>

## Revenue account – direct insurance

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

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>382,426</b>	<b>398,106</b>
1. Gross written premium	373,720	410,952
2. Reinsurers' share in gross written premium	156	(209)
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(8,874)	12,498
4. Reinsurers' share in the movement in provision for unearned premiums	(12)	(557)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>1,353</b>	<b>1,014</b>
<b>IV. Claims and benefits (1+2)</b>	<b>175,416</b>	<b>191,476</b>
1. Net claims and benefits paid	178,824	183,606
1.1. Gross claims and benefits paid	179,030	183,606
1.2. Reinsurers' share in claims and benefits paid	206	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(3,408)	7,870
2.1. Movement in provision for outstanding claims and benefits, gross	(3,408)	7,870
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>106,139</b>	<b>108,937</b>
1. Acquisition expenses, including:	76,127	79,315
- movement in deferred acquisition costs	(1,363)	(2,365)
2. Administrative expenses	30,011	29,620
3. Reinsurance commissions and profit participation	(1)	(2)
<b>VIII. Other net technical charges</b>	<b>3,403</b>	<b>3,099</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>98,821</b>	<b>95,608</b>

## Technical insurance accounts – inward reinsurance

### Technical account of direct insurance – inward reinsurance overall

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>875,345</b>	<b>909,793</b>
1. Gross written premium	1,287,384	1,338,609
2. Reinsurers' share in gross written premium	456,917	466,739
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(37,491)	121,683
4. Reinsurers' share in the movement in provision for unearned premiums	7,387	159,606
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>15,930</b>	<b>6,953</b>
<b>IV. Claims and benefits (1+2)</b>	<b>541,441</b>	<b>628,976</b>
1. Net claims and benefits paid	450,466	481,174
1.1. Gross claims and benefits paid	645,170	681,796
1.2. Reinsurers' share in claims and benefits paid	194,704	200,622
2. Movement in provision for outstanding claims and benefits, net of reinsurance	90,975	147,802
2.1. Movement in provision for outstanding claims and benefits, gross	106,667	111,914
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	15,692	(35,888)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>183</b>	<b>283</b>
<b>VII. Insurance activity expenses</b>	<b>250,198</b>	<b>264,463</b>
1. Acquisition expenses, including:	243,178	264,679
- movement in deferred acquisition costs	32,969	52,475
2. Administrative expenses	29,621	24,106
3. Reinsurance commissions and profit participation	22,601	24,322
<b>VIII. Other net technical charges</b>	<b>10,161</b>	<b>10,377</b>
<b>IX. Movement in equalization provision</b>	<b>(908)</b>	<b>(244)</b>
<b>X. Technical result of non-life insurance</b>	<b>90,200</b>	<b>12,891</b>

In 2020 and 2019, PZU conducted inward reinsurance operations in all the accounting classes except for class 9.

## Technical account of direct insurance – inward reinsurance

### ACCOUNTING CLASS 1 Accident and sickness insurance (classes 1 and 2)

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>17,946</b>	<b>10,791</b>
1. Gross written premium	7,643	19,160
2. Reinsurers' share in gross written premium	333	191
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(10,634)	8,192
4. Reinsurers' share in the movement in provision for unearned premiums	2	14
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>1,427</b>	<b>933</b>
<b>IV. Claims and benefits (1+2)</b>	<b>12,380</b>	<b>5,703</b>
1. Net claims and benefits paid	9,488	5,838
1.1. Gross claims and benefits paid	9,494	5,842
1.2. Reinsurers' share in claims and benefits paid	6	4
2. Movement in provision for outstanding claims and benefits, net of reinsurance	2,892	(135)
2.1. Movement in provision for outstanding claims and benefits, gross	2,887	(189)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(5)	(54)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>4,983</b>	<b>3,258</b>
1. Acquisition expenses, including:	4,551	2,501
- movement in deferred acquisition costs	1,266	(462)
2. Administrative expenses	438	766
3. Reinsurance commissions and profit participation	6	9
<b>VIII. Other net technical charges</b>	<b>3,689</b>	<b>802</b>
<b>IX. Movement in equalization provision</b>	<b>(540)</b>	<b>539</b>
<b>X. Technical result of non-life insurance</b>	<b>(1,139)</b>	<b>1,422</b>

## Technical account of direct insurance – inward reinsurance

### ACCOUNTING CLASS 2 Motor third party liability insurance (class 10)

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>672,095</b>	<b>677,296</b>
1. Gross written premium	694,262	676,236
2. Reinsurers' share in gross written premium	17,937	20,407
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	2,855	(20,893)
4. Reinsurers' share in the movement in provision for unearned premiums	(1,375)	574
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>3,191</b>	<b>2,014</b>
<b>IV. Claims and benefits (1+2)</b>	<b>421,619</b>	<b>500,365</b>
1. Net claims and benefits paid	369,295	351,080
1.1. Gross claims and benefits paid	376,285	351,080
1.2. Reinsurers' share in claims and benefits paid	6,990	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	52,324	149,285
2.1. Movement in provision for outstanding claims and benefits, gross	95,602	163,796
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	43,278	14,511
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>183</b>	<b>207</b>
<b>VII. Insurance activity expenses</b>	<b>210,285</b>	<b>206,237</b>
1. Acquisition expenses, including:	189,953	195,119
- movement in deferred acquisition costs	7,378	10,684
2. Administrative expenses	20,484	11,370
3. Reinsurance commissions and profit participation	152	252
<b>VIII. Other net technical charges</b>	<b>5,684</b>	<b>1,359</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>37,515</b>	<b>(28,858)</b>



## Technical account of direct insurance – inward reinsurance

### ACCOUNTING CLASS 3 Other motor insurance (class 3)

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>7,635</b>	<b>20,676</b>
1. Gross written premium	5,208	6,680
2. Reinsurers' share in gross written premium	490	490
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(2,848)	(14,398)
4. Reinsurers' share in the movement in provision for unearned premiums	69	88
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>22</b>	<b>711</b>
<b>IV. Claims and benefits (1+2)</b>	<b>1,950</b>	<b>14,093</b>
1. Net claims and benefits paid	4,269	15,080
1.1. Gross claims and benefits paid	4,269	15,294
1.2. Reinsurers' share in claims and benefits paid	-	214
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(2,319)	(987)
2.1. Movement in provision for outstanding claims and benefits, gross	(2,319)	(987)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>2,678</b>	<b>14,019</b>
1. Acquisition expenses, including:	2,415	8,681
- movement in deferred acquisition costs	649	5,235
2. Administrative expenses	265	5,339
3. Reinsurance commissions and profit participation	2	1
<b>VIII. Other net technical charges</b>	<b>642</b>	<b>19</b>
<b>IX. Movement in equalization provision</b>	<b>382</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>2,005</b>	<b>(6,744)</b>

## Technical account of direct insurance – inward reinsurance

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

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>5,355</b>	<b>10,754</b>
1. Gross written premium	17,572	18,081
2. Reinsurers' share in gross written premium	10,954	7,264
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	1,970	4,741
4. Reinsurers' share in the movement in provision for unearned premiums	707	4,678
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>302</b>	<b>38</b>
<b>IV. Claims and benefits (1+2)</b>	<b>(312)</b>	<b>2,011</b>
1. Net claims and benefits paid	1,332	983
1.1. Gross claims and benefits paid	1,838	983
1.2. Reinsurers' share in claims and benefits paid	506	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(1,644)	1,028
2.1. Movement in provision for outstanding claims and benefits, gross	(2,487)	1,684
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(843)	656
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>1,065</b>	<b>1,610</b>
1. Acquisition expenses, including:	1,138	1,652
- movement in deferred acquisition costs	(161)	(410)
2. Administrative expenses	197	132
3. Reinsurance commissions and profit participation	270	174
<b>VIII. Other net technical charges</b>	<b>(62)</b>	<b>254</b>
<b>IX. Movement in equalization provision</b>	<b>105</b>	<b>(23)</b>
<b>X. Technical result of non-life insurance</b>	<b>4,861</b>	<b>6,940</b>

## Technical account of direct insurance – inward reinsurance

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

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>91,344</b>	<b>104,936</b>
1. Gross written premium	358,266	446,209
2. Reinsurers' share in gross written premium	279,201	317,816
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(25,484)	107,166
4. Reinsurers' share in the movement in provision for unearned premiums	(13,205)	83,709
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>7,052</b>	<b>2,997</b>
<b>IV. Claims and benefits (1+2)</b>	<b>51,657</b>	<b>77,620</b>
1. Net claims and benefits paid	47,680	86,958
1.1. Gross claims and benefits paid	222,086	274,519
1.2. Reinsurers' share in claims and benefits paid	174,406	187,561
2. Movement in provision for outstanding claims and benefits, net of reinsurance	3,977	(9,338)
2.1. Movement in provision for outstanding claims and benefits, gross	(26,930)	(56,612)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(30,907)	(47,274)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>84</b>
<b>VII. Insurance activity expenses</b>	<b>9,007</b>	<b>8,250</b>
1. Acquisition expenses, including:	20,013	23,059
- movement in deferred acquisition costs	4,505	(757)
2. Administrative expenses	5,122	3,953
3. Reinsurance commissions and profit participation	16,128	18,762
<b>VIII. Other net technical charges</b>	<b>338</b>	<b>3,295</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>37,394</b>	<b>18,684</b>

## Technical account of direct insurance – inward reinsurance

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

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>55,948</b>	<b>43,226</b>
1. Gross written premium	65,200	55,286
2. Reinsurers' share in gross written premium	11,317	8,212
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	355	2,716
4. Reinsurers' share in the movement in provision for unearned premiums	2,420	(1,132)
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>188</b>	<b>39</b>
<b>IV. Claims and benefits (1+2)</b>	<b>46,366</b>	<b>25,917</b>
1. Net claims and benefits paid	12,159	17,605
1.1. Gross claims and benefits paid	14,665	22,277
1.2. Reinsurers' share in claims and benefits paid	2,506	4,672
2. Movement in provision for outstanding claims and benefits, net of reinsurance	34,207	8,312
2.1. Movement in provision for outstanding claims and benefits, gross	32,491	8,263
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(1,716)	(49)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>(8)</b>
<b>VII. Insurance activity expenses</b>	<b>5,238</b>	<b>13,323</b>
1. Acquisition expenses, including:	4,245	13,056
- movement in deferred acquisition costs	1,041	4,512
2. Administrative expenses	1,659	985
3. Reinsurance commissions and profit participation	666	718
<b>VIII. Other net technical charges</b>	<b>(12)</b>	<b>16</b>
<b>IX. Movement in equalization provision</b>	<b>(1,828)</b>	<b>(177)</b>
<b>X. Technical result of non-life insurance</b>	<b>6,372</b>	<b>4,194</b>

## Technical account of direct insurance – inward reinsurance

### ACCOUNTING CLASS 7 Credit and suretyship (classes 14, 15)

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>567</b>	<b>584</b>
1. Gross written premium	14,005	9,097
2. Reinsurers' share in gross written premium	14,063	7,720
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	7,432	2,862
4. Reinsurers' share in the movement in provision for unearned premiums	8,057	2,069
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>493</b>	<b>47</b>
<b>IV. Claims and benefits (1+2)</b>	<b>(20)</b>	<b>33</b>
1. Net claims and benefits paid	3	9
1.1. Gross claims and benefits paid	476	424
1.2. Reinsurers' share in claims and benefits paid	473	415
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(23)	24
2.1. Movement in provision for outstanding claims and benefits, gross	1,938	505
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	1,961	481
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>1,269</b>	<b>293</b>
1. Acquisition expenses, including:	3,728	2,290
- movement in deferred acquisition costs	(1,404)	(939)
2. Administrative expenses	647	398
3. Reinsurance commissions and profit participation	3,106	2,395
<b>VIII. Other net technical charges</b>	<b>156</b>	<b>75</b>
<b>IX. Movement in equalization provision</b>	<b>(1)</b>	<b>3</b>
<b>X. Technical result of non-life insurance</b>	<b>(344)</b>	<b>227</b>

## Technical account of direct insurance – inward reinsurance

### ACCOUNTING CLASS 8 Assistance (class 18)

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>607</b>	<b>3,590</b>
1. Gross written premium	264	105
2. Reinsurers' share in gross written premium	283	286
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(629)	(3,714)
4. Reinsurers' share in the movement in provision for unearned premiums	(3)	57
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>29</b>	<b>6</b>
<b>IV. Claims and benefits (1+2)</b>	<b>614</b>	<b>1,673</b>
1. Net claims and benefits paid	1,010	1,639
1.1. Gross claims and benefits paid	1,010	1,639
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(396)	34
2.1. Movement in provision for outstanding claims and benefits, gross	(396)	34
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>230</b>	<b>1,981</b>
1. Acquisition expenses, including:	133	921
- movement in deferred acquisition costs	145	867
2. Administrative expenses	100	1,066
3. Reinsurance commissions and profit participation	3	6
<b>VIII. Other net technical charges</b>	<b>-</b>	<b>1</b>
<b>IX. Movement in equalization provision</b>	<b>-</b>	<b>-</b>
<b>X. Technical result of non-life insurance</b>	<b>(208)</b>	<b>(59)</b>

## Technical account of direct insurance – inward reinsurance

### ACCOUNTING CLASS 10 Miscellaneous (class 16)

Item	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Premium income (1-2-3+4)</b>	<b>23,848</b>	<b>37,940</b>
1. Gross written premium	124,964	107,755
2. Reinsurers' share in gross written premium	122,339	104,353
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(10,508)	35,011
4. Reinsurers' share in the movement in provision for unearned premiums	10,715	69,549
<b>II. Net investment income (including costs) transferred from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other net technical income</b>	<b>3,226</b>	<b>168</b>
<b>IV. Claims and benefits (1+2)</b>	<b>7,187</b>	<b>1,561</b>
1. Net claims and benefits paid	5,230	1,982
1.1. Gross claims and benefits paid	15,047	9,738
1.2. Reinsurers' share in claims and benefits paid	9,817	7,756
2. Movement in provision for outstanding claims and benefits, net of reinsurance	1,957	(421)
2.1. Movement in provision for outstanding claims and benefits, gross	5,881	(4,580)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	3,924	(4,159)
<b>V. Movement in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
<b>VI. Net bonuses and discounts including movement in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Insurance activity expenses</b>	<b>15,443</b>	<b>15,492</b>
1. Acquisition expenses, including:	17,002	17,400
- movement in deferred acquisition costs	19,550	33,745
2. Administrative expenses	709	97
3. Reinsurance commissions and profit participation	2,268	2,005
<b>VIII. Other net technical charges</b>	<b>(274)</b>	<b>4,556</b>
<b>IX. Movement in equalization provision</b>	<b>974</b>	<b>(586)</b>
<b>X. Technical result of non-life insurance</b>	<b>3,744</b>	<b>17,085</b>

# Notes and explanations

## 1. Intangible assets

Intangible assets	31 December 2020	31 December 2019
a) costs of completed development works	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar values, including:	258,351	268,790
- computer software	255,384	267,159
d) other intangible assets	78	52
e) advance payments for intangible assets	47,237	47,371
<b>Total intangible assets</b>	<b>305,666</b>	<b>316,213</b>

Total changes in intangible assets	31 December 2020	31 December 2019
<b>a) gross value of intangible assets – at the beginning of the period</b>	<b>882,213</b>	<b>827,390</b>
b) additions (by virtue of)	110,325	123,620
- purchase	56,123	63,222
- transfers	53,822	60,398
- other (including estimations)	380	-
c) reductions (by virtue of)	161,021	68,797
- sale	-	-
- liquidation	104,764	4,712
- transfers	53,822	60,398
- other (including estimations)	2,435	3,687
<b>d) gross value of intangible assets – at the end of the period</b>	<b>831,517</b>	<b>882,213</b>
<b>e) accumulated depreciation – at the beginning of the period</b>	<b>564,791</b>	<b>490,834</b>
f) depreciation for the period (due to)	(40,149)	73,957
- current year charges	63,420	78,097
- sale	33	-
- liquidation	(103,957)	(4,140)
- other	355	-
<b>g) accumulated depreciation – at the end of the period</b>	<b>524,642</b>	<b>564,791</b>
<b>h) impairment losses – at the beginning of the period</b>	<b>1,209</b>	<b>1,611</b>
- additions	-	-
- reductions	-	402
<b>i) impairment losses – at the end of the period</b>	<b>1,209</b>	<b>1,209</b>
<b>j) net value of intangible assets – at the end of the period</b>	<b>305,666</b>	<b>316,213</b>

Intangible assets – ownership structure	31 December 2020	31 December 2019
a) owned	305,666	316,213
b) used based on lease, rental or other agreement	-	-
<b>Total intangible assets</b>	<b>305,666</b>	<b>316,213</b>



<b>Movement in intangible assets for the year ended 31 December 2020 (by groups)</b>	<b>a) costs of completed development works</b>	<b>b) goodwill</b>	<b>c) acquired concessions, patents, licenses and similar values</b>	<b>- including computer software</b>	<b>d) other intangible assets</b>	<b>e) advance payments and intangible assets under construction</b>	<b>Total intangible assets</b>
<b>a) gross value of intangible assets – at the beginning of the period</b>	-	-	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
<b>d) gross value of intangible assets – at the end of the period</b>	-	-	782,940	773,972	131	48,446	831,517
<b>e) accumulated depreciation – at the beginning of the period</b>	-	-	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
<b>g) accumulated depreciation – at the end of the period</b>	-	-	524,589	518,588	53	-	524,642
<b>h) impairment losses – at the beginning of the period</b>	-	-	-	-	-	1,209	1,209
- additions	-	-	-	-	-	-	-
- reductions	-	-	-	-	-	-	-
<b>i) impairment losses – at the end of the period</b>	-	-	-	-	-	1,209	1,209
<b>j) net value of intangible assets – at the end of the period</b>	-	-	258,351	255,384	78	47,237	305,666

<b>Movement in intangible assets for the year ended 31 December 2019 (by groups)</b>	<b>a) costs of completed development works</b>	<b>b) goodwill</b>	<b>c) acquired concessions, patents, licenses and similar values</b>	<b>- including computer software</b>	<b>d) other intangible assets</b>	<b>e) advance payments and intangible assets under construction</b>	<b>Total intangible assets</b>
<b>a) gross value of intangible assets – at the beginning of the period</b>	-	-	<b>777,532</b>	<b>766,111</b>	<b>13</b>	<b>49,845</b>	<b>827,390</b>
b) additions (by virtue of)	-	-	60,339	59,599	59	63,222	123,620
- purchase	-	-	-	-	-	63,222	63,222
- transfers	-	-	60,339	59,599	59	-	60,398
- other (including estimations)	-	-	-	-	-	-	-
c) reductions (by virtue of)	-	-	4,310	3,795	-	64,487	68,797
- sale	-	-	-	-	-	-	-
- liquidation	-	-	4,310	3,795	-	402	4,712
- transfers	-	-	-	-	-	60,398	60,398
- other (including estimations)	-	-	-	-	-	3,687	3,687
<b>d) gross value of intangible assets – at the end of the period</b>	-	-	<b>833,561</b>	<b>821,915</b>	<b>72</b>	<b>48,580</b>	<b>882,213</b>
<b>e) accumulated depreciation – at the beginning of the period</b>	-	-	<b>490,821</b>	<b>481,194</b>	<b>13</b>	-	<b>490,834</b>
f) depreciation for the period (due to)	-	-	73,950	73,562	7	-	73,957
- current year charges	-	-	78,090	77,187	7	-	78,097
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(4,140)	(3,625)	-	-	(4,140)
- other	-	-	-	-	-	-	-
<b>g) accumulated depreciation – at the end of the period</b>	-	-	<b>564,771</b>	<b>554,756</b>	<b>20</b>	-	<b>564,791</b>
<b>h) impairment losses – at the beginning of the period</b>	-	-	-	-	-	<b>1,611</b>	<b>1,611</b>
- additions	-	-	-	-	-	-	-
- reductions	-	-	-	-	-	402	402
<b>i) impairment losses – at the end of the period</b>	-	-	-	-	-	<b>1,209</b>	<b>1,209</b>
<b>j) net value of intangible assets – at the end of the period</b>	-	-	<b>268,790</b>	<b>267,159</b>	<b>52</b>	<b>47,371</b>	<b>316,213</b>

## 2. Investments

### 2.1 Geographic structure of investments

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 <sup>1)</sup>	712,340	451,777	310,722	138,596	-	-	-	-	-	-	-	-	712,340	451,777	310,722	138,596
II. Investments in subordinated entities <sup>2)</sup>	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 in 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>28,547,092</b>	<b>38,282,950</b>	<b>34,120,636</b>	<b>1,306,552</b>	<b>2,552,718</b>	<b>2,564,956</b>	<b>3,102,908</b>	<b>-</b>	<b>2,714,566</b>	<b>2,959,643</b>	<b>2,983,507</b>	<b>-</b>	<b>33,814,376</b>	<b>43,807,549</b>	<b>40,207,051</b>	<b>1,306,552</b>

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

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

Geographic structure of investments as at 31 December 2019	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 <sup>1)</sup>	717,124	477,381	332,768	132,035	-	-	-	-	-	-	-	-	717,124	477,381	332,768	132,035
II. Investments in subordinated entities <sup>2)</sup>	10,771,014	20,512,579	15,209,683	3,962	1,076,075	762,178	1,195,018	-	176,250	56,276	75,846	-	12,023,339	21,331,033	16,480,547	3,962
III. Other financial investments	13,976,466	16,824,910	15,795,532	12,549	2,261,694	2,432,819	2,431,993	-	1,473,833	1,618,785	1,618,785	-	17,711,993	20,876,514	19,846,310	12,549
1. Shares and other variable income securities	18,818	379	379	12,500	-	-	-	-	-	-	-	-	18,818	379	379	12,500
- measured at fair value	6,303	364	364	-	-	-	-	-	-	-	-	-	6,303	364	364	-
- measured at cost	12,515	15	15	12,500	-	-	-	-	-	-	-	-	12,515	15	15	12,500
2. Participation units and investment certificates in mutual funds	5,297,519	7,040,545	7,040,545	49	61,499	81,217	81,217	-	46,812	58,292	58,292	-	5,405,830	7,180,054	7,180,054	49
3. Debt securities and other fixed income securities	7,806,170	8,919,165	7,895,624	-	2,034,278	2,147,064	2,147,064	-	1,426,491	1,560,493	1,560,493	-	11,266,939	12,626,722	11,603,181	-
- measured at fair value	3,213,265	3,262,638	3,262,638	-	2,034,278	2,147,064	2,147,064	-	1,426,491	1,560,493	1,560,493	-	6,674,034	6,970,195	6,970,195	-
- measured at adjusted purchase price or cost	4,592,905	5,656,527	4,632,986	-	-	-	-	-	-	-	-	-	4,592,905	5,656,527	4,632,986	-
4. Participation in investments pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgage-backed loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other loans	764,360	766,123	760,286	-	165,917	164,230	163,404	-	-	-	-	-	930,277	930,353	923,690	-
7. Term deposits in credit institutions	89,599	89,598	89,598	-	-	-	-	-	-	-	-	-	89,599	89,598	89,598	-
8. Other investments	-	9,100	9,100	-	-	40,308	40,308	-	530	-	-	-	530	49,408	49,408	-
IV. Deposits with ceding enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>25,464,604</b>	<b>37,814,870</b>	<b>31,337,983</b>	<b>148,546</b>	<b>3,337,769</b>	<b>3,194,997</b>	<b>3,627,011</b>	<b>-</b>	<b>1,650,083</b>	<b>1,675,061</b>	<b>1,694,631</b>	<b>-</b>	<b>30,452,456</b>	<b>42,684,928</b>	<b>36,659,625</b>	<b>148,546</b>

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

<sup>2)</sup> 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 2019	Domestic – Net carrying amount	Foreign – EU countries – Net carrying amount	Foreign – other countries – Net carrying amount	Total
<b>I. Real property</b>	<b>332,768</b>	<b>-</b>	<b>-</b>	<b>332,768</b>
<b>II. Investments in related parties</b>	<b>15,209,683</b>	<b>1,195,018</b>	<b>75,846</b>	<b>16,480,547</b>
- with unlimited transferability, quoted on a regulated market	8,886,009	-	-	8,886,009
- with unlimited transferability, not listed on a regulated market	6,323,674	1,195,018	75,846	7,594,538
- with limited transferability	-	-	-	-
<b>III. Other financial investments</b>	<b>15,795,532</b>	<b>2,431,993</b>	<b>1,618,785</b>	<b>19,846,310</b>
<b>1. Shares and other variable income securities</b>	<b>379</b>	<b>-</b>	<b>-</b>	<b>379</b>
- with unlimited transferability, quoted on a regulated market	364	-	-	364
- with unlimited transferability, not listed on a regulated market	15	-	-	15
- with limited transferability	-	-	-	-
<b>2. Participation units and investment certificates in mutual funds</b>	<b>7,040,545</b>	<b>81,217</b>	<b>58,292</b>	<b>7,180,054</b>
- with unlimited transferability, quoted on a regulated market	-	-	-	-
- with unlimited transferability, not listed on a regulated market	7,040,545	81,217	58,292	7,180,054
- with limited transferability	-	-	-	-
<b>3. Debt securities and other fixed income securities</b>	<b>7,895,624</b>	<b>2,147,064</b>	<b>1,560,493</b>	<b>11,603,181</b>
- with unlimited transferability, quoted on a regulated market	7,895,624	2,147,064	1,560,493	11,603,181
- with unlimited transferability, not listed on a regulated market	-	-	-	-
- with limited transferability	-	-	-	-
<b>4. Participation in investments pools</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- with unlimited transferability, quoted on a regulated market	-	-	-	-
- with unlimited transferability, not listed on a regulated market	-	-	-	-
- with limited transferability	-	-	-	-
<b>5. Mortgage-backed loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Other loans</b>	<b>760,286</b>	<b>163,404</b>	<b>-</b>	<b>923,690</b>
<b>7. Term deposits in credit institutions</b>	<b>89,598</b>	<b>-</b>	<b>-</b>	<b>89,598</b>
<b>8. Other investments</b>	<b>9,100</b>	<b>40,308</b>	<b>-</b>	<b>49,408</b>
- with unlimited transferability, quoted on a regulated market	-	-	-	-
- with unlimited transferability, not listed on a regulated market	9,100	40,308	-	49,408
- with limited transferability	-	-	-	-
<b>IV. Deposits with ceding enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>31,337,983</b>	<b>3,627,011</b>	<b>1,694,631</b>	<b>36,659,625</b>

## 2.2 Movement in financial instruments, by portfolio

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	
<b>a) financial assets held for trading, including:</b>	<b>341,897</b>	<b>1,230,946</b>	<b>5,034</b>	<b>1,568,209</b>	<b>38</b>	<b>9,630</b>
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>b) financial liabilities held for trading</b>	<b>10,352</b>	<b>-</b>	<b>59,240</b>	<b>13,059</b>	<b>1,720</b>	<b>54,813</b>
<b>c) loans granted and own receivables, including:</b>	<b>1,140,624</b>	<b>98,187,066</b>	<b>21,315</b>	<b>98,053,030</b>	<b>1,304</b>	<b>1,294,671</b>
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 in credit institutions	89,598	39,683,504	-	39,739,023	-	34,079
<b>d) financial assets held to maturity, including:</b>	<b>4,505,650</b>	<b>4,443,347</b>	<b>126,748</b>	<b>1,406,209</b>	<b>10,397</b>	<b>7,659,139</b>
Debt securities and other fixed income securities	4,505,650	4,443,347	126,748	1,406,209	10,397	7,659,139
<b>e) financial assets available for sale, including:</b>	<b>13,858,139</b>	<b>5,864,657</b>	<b>960,108</b>	<b>5,811,958</b>	<b>98,504</b>	<b>14,772,442</b>
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
<b>Total assets in other entities</b>	<b>19,846,310</b>	<b>109,726,016</b>	<b>1,113,205</b>	<b>106,839,406</b>	<b>110,242</b>	<b>23,735,882</b>
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
<b>Total investments in subordinated entities</b>	<b>16,480,547</b>	<b>289,941</b>	<b>525,791</b>	<b>41,273</b>	<b>1,094,559</b>	<b>16,160,447</b>
<b>Total liabilities</b>	<b>10,352</b>	<b>-</b>	<b>59,240</b>	<b>13,059</b>	<b>1,720</b>	<b>54,813</b>

Movement in financial instruments, by portfolio for the year ended 31 December 2019	Beginning of the period	Additions, including:		Reductions, including:		End of the period
		Acquisition	Increase in value	Sale or redemption	Decrease in value	
<b>a) financial assets held for trading, including:</b>	<b>5,765,469</b>	<b>21,961,499</b>	<b>21,839</b>	<b>27,405,347</b>	<b>1,563</b>	<b>341,897</b>
Shares and other variable income securities, participation units and investment certificates in mutual funds	-	-	-	-	-	-
Debt securities and other fixed income securities	5,691,535	21,961,499	5,158	27,364,140	1,563	292,489
Other investments	73,934	-	16,681	41,207	-	49,408
<b>b) financial liabilities held for trading</b>	<b>79,984</b>	<b>-</b>	<b>1,912</b>	<b>71,473</b>	<b>71</b>	<b>10,352</b>
<b>c) loans granted and own receivables, including:</b>	<b>2,486,976</b>	<b>191,899,565</b>	<b>9,641</b>	<b>193,253,489</b>	<b>2,069</b>	<b>1,140,624</b>
Debt securities and other fixed income securities	127,336	-	1,440	1,370	70	127,336
Mortgage-backed loans	-	-	-	-	-	-
Other loans	1,490,152	47,814,626	8,200	48,387,289	1,999	923,690
Term deposits in credit institutions	869,488	144,084,939	1	144,864,830	-	89,598
<b>d) financial assets held to maturity, including:</b>	<b>4,901,605</b>	<b>2,287,810</b>	<b>101,336</b>	<b>2,776,431</b>	<b>8,670</b>	<b>4,505,650</b>
Debt securities and other fixed income securities	4,901,605	2,287,810	101,336	2,776,431	8,670	4,505,650
<b>e) financial assets available for sale, including:</b>	<b>8,012,902</b>	<b>6,356,308</b>	<b>780,729</b>	<b>1,231,479</b>	<b>60,321</b>	<b>13,858,139</b>
Shares and other variable income securities, participation units and investment certificates in mutual funds	6,918,661	126,378	376,183	238,451	2,338	7,180,433
Debt securities and other fixed income securities	1,094,241	6,229,930	404,546	993,028	57,983	6,677,706
<b>Total assets in other entities</b>	<b>21,166,952</b>	<b>222,505,182</b>	<b>913,545</b>	<b>224,666,746</b>	<b>72,623</b>	<b>19,846,310</b>
Investments in related parties	15,671,129	1,046	368,890	14,808	59,869	15,966,388
Loans granted to subordinated entities	363,641	126,089	1,181	28,823	-	462,088
Other investments in subordinated entities	21,999	52,853	685	23,365	101	52,071
<b>Total investments in subordinated entities</b>	<b>16,056,769</b>	<b>179,988</b>	<b>370,756</b>	<b>69,996</b>	<b>56,970</b>	<b>16,480,547</b>
<b>Total liabilities</b>	<b>79,984</b>	<b>-</b>	<b>1,912</b>	<b>71,473</b>	<b>71</b>	<b>10,352</b>



## 2.3 Investments in real property

Investments in real property (by group)	31 December 2020	31 December 2019
a) own land	17,440	17,936
- at purchase price	22,891	23,261
- at current value	46,615	52,648
b) perpetual usufruct right to land	223	55
c) buildings and structures	289,300	310,832
- at purchase price	659,970	663,629
- at current value	310,917	331,961
d) cooperative ownership right to a unit	2,412	3,390
e) construction investments	1,347	555
f) advance payments for construction investments	-	-
<b>Total investments in real property (by group)</b>	<b>310,722</b>	<b>332,768</b>

Movement in investments in real property	31 December 2020	31 December 2019
<b>a) gross value – at the beginning of the period</b>	<b>717,124</b>	<b>730,664</b>
b) additions (by virtue of)	9,448	7,359
- investments	5,120	3,016
- direct purchase	4,328	3,268
- other	-	1,075
c) reductions (by virtue of)	14,232	20,899
- liquidation	-	10
- sale	9,904	17,621
- donations	-	-
- other	4,328	3,268
<b>d) gross value – at the end of the period</b>	<b>712,340</b>	<b>717,124</b>
<b>e) accumulated depreciation – at the beginning of the period</b>	<b>252,321</b>	<b>246,693</b>
f) depreciation for the period (due to)	10,701	5,628
- depreciation charges for the current year	13,177	13,224
- accumulated depreciation of fixed assets liquidated	-	-
- accumulated depreciation of fixed assets sold	(3,272)	(6,509)
- accumulated depreciation of fixed assets donated	-	-
- other	796	(1,087)
<b>g) accumulated depreciation – at the end of the period</b>	<b>263,022</b>	<b>252,321</b>
<b>h) impairment losses – at the beginning of the period</b>	<b>132,035</b>	<b>136,944</b>
- additions	6,561	20,957
- reductions	-	25,866
<b>i) impairment losses – at the end of the period</b>	<b>138,596</b>	<b>132,035</b>
<b>j) net value – at the end of the period</b>	<b>310,722</b>	<b>332,768</b>

<b>Movement in real property value for the year ended 31 December 2020 (by group)</b>	<b>Land and perpetual usufruct right</b>	<b>Buildings and structures, facilities</b>	<b>Rights to residential and commercial space</b>	<b>Construction investments</b>	<b>Advance payments for construction investments</b>	<b>Total real property</b>
<b>a) gross value – at the beginning of the period</b>	<b>45,468</b>	<b>663,629</b>	<b>7,472</b>	<b>555</b>	<b>-</b>	<b>717,124</b>
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
<b>d) gross value – at the end of the period</b>	<b>45,556</b>	<b>659,970</b>	<b>5,467</b>	<b>1,347</b>	<b>-</b>	<b>712,340</b>
<b>e) accumulated depreciation – at the beginning of the period</b>	<b>22,026</b>	<b>226,213</b>	<b>4,082</b>	<b>-</b>	<b>-</b>	<b>252,321</b>
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
<b>g) accumulated depreciation – at the end of the period</b>	<b>22,442</b>	<b>237,525</b>	<b>3,055</b>	<b>-</b>	<b>-</b>	<b>263,022</b>
<b>h) impairment losses – at the beginning of the period</b>	<b>5,451</b>	<b>126,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,035</b>
- additions	-	6,561	-	-	-	6,561
- reductions	-	-	-	-	-	-
<b>i) impairment losses – at the end of the period</b>	<b>5,451</b>	<b>133,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,596</b>
<b>j) net value – at the end of the period</b>	<b>17,663</b>	<b>289,300</b>	<b>2,412</b>	<b>1,347</b>	<b>-</b>	<b>310,722</b>

<b>Movement in real property value for the year ended 31 December 2019 (by group)</b>	<b>Land and perpetual usufruct right</b>	<b>Buildings and structures, facilities</b>	<b>Rights to residential and commercial space</b>	<b>Construction investments</b>	<b>Advance payments for construction investments</b>	<b>Total real property</b>
<b>a) gross value – at the beginning of the period</b>	<b>49,175</b>	<b>673,200</b>	<b>7,472</b>	<b>817</b>	<b>-</b>	<b>730,664</b>
b) additions (by virtue of)	1,085	3,258	-	3,016	-	7,359
- investments	-	-	-	3,016	-	3,016
- direct purchase	10	3,258	-	-	-	3,268
- other	1,075	-	-	-	-	1,075
c) reductions (by virtue of)	4,792	12,829	-	3,278	-	20,899
- liquidation	-	-	-	10	-	10
- sale	4,792	12,829	-	-	-	17,621
- donations	-	-	-	-	-	-
- other	-	-	-	3,268	-	3,268
<b>d) gross value – at the end of the period</b>	<b>45,468</b>	<b>663,629</b>	<b>7,472</b>	<b>555</b>	<b>-</b>	<b>717,124</b>
<b>e) accumulated depreciation – at the beginning of the period</b>	<b>23,562</b>	<b>219,233</b>	<b>3,898</b>	<b>-</b>	<b>-</b>	<b>246,693</b>
f) depreciation for the period (due to)	(1,536)	6,980	184	-	-	5,628
- depreciation charges for the current year	78	12,962	184	-	-	13,224
- accumulated depreciation of property liquidated	-	-	-	-	-	-
- accumulated depreciation of property sold	(527)	(5,982)	-	-	-	(6,509)
- accumulated depreciation of property donated	-	-	-	-	-	-
- other	(1,087)	-	-	-	-	(1,087)
<b>g) accumulated depreciation – at the end of the period</b>	<b>22,026</b>	<b>226,213</b>	<b>4,082</b>	<b>-</b>	<b>-</b>	<b>252,321</b>
<b>h) impairment losses – at the beginning of the period</b>	<b>6,615</b>	<b>130,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136,944</b>
- additions	2,008	18,949	-	-	-	20,957
- reductions	3,172	22,694	-	-	-	25,866
<b>i) impairment losses – at the end of the period</b>	<b>5,451</b>	<b>126,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,035</b>
<b>j) net value – at the end of the period</b>	<b>17,991</b>	<b>310,832</b>	<b>3,390</b>	<b>555</b>	<b>-</b>	<b>332,768</b>

<b>Real property (by purpose)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) real property used for own purposes	296,613	312,912
b) other property	14,109	19,856
<b>Total real property (by purpose)</b>	<b>310,722</b>	<b>332,768</b>

<b>Investments in real property</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) short-term	11,323	14,985
b) long-term	299,399	317,783
<b>Total investments in real property</b>	<b>310,722</b>	<b>332,768</b>

<b>Investments in real property (by currency)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) in PLN	310,722	332,768
b) in EUR or other currencies (by currency and translated to PLN)	-	-
<b>Total investments in real property</b>	<b>310,722</b>	<b>332,768</b>

<b>Investments in real property</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Value of land in perpetual usufruct not used for own purposes	1	55
<b>Total value of land in perpetual usufruct not used for own purposes</b>	<b>1</b>	<b>55</b>

## 2.4 Investments in related parties

<b>Investments in subordinated entities (carrying amount)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) shares in subsidiaries, of which:	15,428,279	15,965,517
- long-term investments	15,428,279	15,965,517
b) shares in co-subsiaries, of which	-	-
- long-term investments	-	-
c) shares in associates, of which:	29,440	871
- long-term investments	29,440	871
d) loans granted to subsidiaries, of which:	526,434	462,088
- long-term investments	526,434	453,205
e) loans granted to co-subsiaries, of which:	-	-
- long-term investments	-	-
f) loans granted to associates, of which:	-	-
- long-term investments	-	-
g) debt securities of subsidiaries, of which:	-	-
- long-term investments	-	-
g) debt securities of co-subsiaries, of which:	-	-
- long-term investments	-	-
i) debt securities of associates, of which:	-	-
- long-term investments	-	-
j) other investments (by type), of which:	176,294	52,071
- long-term investments	91,960	-
<b>Total investments in related parties</b>	<b>16,160,447</b>	<b>16,480,547</b>

<b>Investments in related parties measured by the equity method</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) shares, of which:	15,457,719	15,966,388
- in subsidiaries	15,428,279	15,965,517
- in co-subsidiaries	-	-
- in associates	29,440	871
b) loans granted, of which:	526,434	462,088
- to subsidiaries	523,374	462,088
- to co-subsidiaries	-	-
- to associates	3,060	-
c) debt securities, of which:	-	-
- subsidiaries	-	-
- co-subsidiaries	-	-
- associates	-	-
j) other (by type), of which:	176,294	52,071
d1) term deposits, of which:	84,334	51,386
- in subsidiaries	84,334	51,386
- in co-subsidiaries	-	-
- in associates	-	-
d2) derivatives, of which:	-	685
- in subsidiaries	-	685
- in co-subsidiaries	-	-
- in associates	-	-
d3) other, including:	91,960	-
- in subsidiaries	91,960	-
- in co-subsidiaries	-	-
- in associates	-	-
<b>Total investments in subordinated entities measured by the equity method</b>	<b>16,160,447</b>	<b>16,480,547</b>

<b>Investments in related parties measured by the equity method, including:</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) goodwill of subordinated entities	1,646,411	2,888,616
- subsidiaries	1,619,503	2,888,616
- co-subsidiaries	-	-
- associates	26,908	-
b) negative goodwill of subordinated entities	-	-
- subsidiaries	-	-
- co-subsidiaries	-	-
- associates	-	-

<b>Movement in goodwill – subsidiaries</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>a) gross goodwill at the beginning of the period, including:</b>	<b>3,586,945</b>	<b>3,586,945</b>
- 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 SA	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>b) additions (by virtue of)</b>	<b>-</b>	<b>-</b>
<b>c) reductions (by virtue of)</b>	<b>-</b>	<b>-</b>
<b>d) gross goodwill at the end of the period</b>	<b>3,586,945</b>	<b>3,586,945</b>
- UAB PZU Lietuva Gyvybes Draudimas	81	81
- PrJSC IC PZU Ukraine	4,361	4,361

<b>Movement in goodwill – subsidiaries</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
- PrJSC IC PZU Ukraine Life Insurance	1,595	1,595
- Lietuvos Draudimas AB	436,809	436,809
- Link4 SA	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>e) charges to goodwill at the beginning of the period</b>	<b>698,329</b>	<b>468,219</b>
- 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	72,637	31,698
- Link4 SA	78,711	63,953
- Bank Pekao	227,008	139,134
- AAS Balta	30,341	23,470
- Alior Bank	283,595	203,927
<b>f) charges to goodwill for the period</b>	<b>130,649</b>	<b>230,110</b>
- Lietuvos Draudimas AB	9,658	40,939
- Link4 SA	14,758	14,758
- Bank Pekao	76,820	87,874
- AAS Balta	1,800	6,871
- Alior Bank	27,613	79,668
<b>g) impairment loss on goodwill for the period</b>	<b>1,138,464</b>	-
- Bank Pekao	374,000	-
- Alior Bank	764,464	-
<b>h) charges to goodwill at the end of the period</b>	<b>1,967,442</b>	<b>698,329</b>
- 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 SA	93,469	78,711
- Bank Pekao	677,828	227,008
- AAS Balta	32,141	30,341
- Alior Bank	1,075,672	283,595
<b>i) net goodwill at the end of the period</b>	<b>1,619,503</b>	<b>2,888,616</b>
- Lietuvos Draudimas AB	354,514	364,172
- Link4 SA	127,908	142,666
- Bank Pekao	1,079,663	1,530,483
- AAS Balta	57,418	59,218
- Alior Bank	-	792,077

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

<b>Movement in goodwill – associates</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>a) gross goodwill at the beginning of the period, including:</b>	-	-
<b>b) additions (by virtue of)</b>	<b>26,908</b>	-
- RUCH SA	26,908	-
<b>c) reductions (by virtue of)</b>	-	-
<b>d) gross goodwill at the end of the period</b>	<b>26,908</b>	-
- RUCH SA	26,908	-
<b>e) charges to goodwill at the beginning of the period</b>	-	-
<b>f) charges to goodwill for the period</b>	-	-
<b>g) impairment loss on goodwill for the period</b>	-	-
<b>h) charges to goodwill at the end of the period</b>	-	-
<b>i) net goodwill at the end of the period</b>	<b>26,908</b>	-
- RUCH SA	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 test carried out as at 30 June 2020 for Bank Pekao showed that an impairment had occurred and, consequently, an impairment loss on goodwill on acquisition of Bank Pekao in the amount of PLN 374,000 thousand was recognized.

The tests carried out as at 31 March and 30 June 2020 for Alior Bank showed shortages which resulted in the need to recognize, in H1 2020, an impairment loss on goodwill in the amount of PLN 729,000 thousand.

Due to the outcome of the test carried out as at 31 December 2020, additional impairment losses were recognized on Alior Bank's goodwill and trademark in the amount of PLN 35,464 thousand and PLN 16,943 thousand, respectively. As at 31 December 2020, Alior Bank's goodwill and trademark was zero.

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,
- 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.

Movement in investments in subordinated entities (by type)	31 December 2020	31 December 2019
<b>a) at the beginning of the period</b>	<b>16,480,547</b>	<b>16,056,769</b>
- shares in subordinated entities	15,966,388	15,671,129
- loans granted	462,088	363,641
- other	52,071	21,999
<b>b) additions (by virtue of)</b>	<b>815,732</b>	<b>550,744</b>
- acquisition	289,941	179,988
- revaluation adjustments	525,791	370,756
- other	-	-
<b>c) reductions (by virtue of)</b>	<b>1,135,832</b>	<b>126,966</b>
- sale or buyout	41,273	66,996
- revaluation adjustments	1,094,559	59,970
- other	-	-
<b>d) at the end of the period</b>	<b>16,160,447</b>	<b>16,480,547</b>
- shares in subordinated entities	15,457,719	15,966,388
- loans granted	526,434	462,088
- other	176,294	52,071

Shares and securities in subordinated entities	31 December 2020	31 December 2019
a) admitted to trading on a regulated market	8,042,822	8,886,009
b) not admitted to trading on a regulated market	7,414,897	7,080,379
<b>Total shares and securities in subordinated entities</b>	<b>15,457,719</b>	<b>15,966,388</b>

Shares and other financial instruments in related parties (long-term investments), by transferability	31 December 2020	31 December 2019
<b>A. With unlimited transferability, quoted on a regulated market (carrying amount)</b>	<b>8,042,822</b>	<b>8,886,009</b>

<b>Shares and other financial instruments in related parties (long-term investments), by transferability</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) shares (carrying amount):	8,042,822	8,886,009
- revaluation adjustments (for the period)	(843,187)	90,135
- value at the beginning of the period	8,886,009	8,795,874
- value at purchase price	8,752,305	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>B. With unlimited transferability, not listed on a regulated market (carrying amount)</b>	<b>8,033,291</b>	<b>7,533,584</b>
a) shares (carrying amount):	6,751,203	6,447,664
- revaluation adjustments (for the period)	303,539	184,972
- value at the beginning of the period	6,447,664	6,262,692
- value at purchase price	2,212,854	2,179,531
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):	1,282,088	1,085,920
shares in subordinated entities (carrying amount)	663,694	632,715
- revaluation adjustments (for the period)	30,979	20,152
- value at the beginning of the period	632,715	612,563
- value at purchase price	587,455	587,455
loans granted (carrying amount)	526,434	453,205
- revaluation adjustments (for the period)	73,229	89,564
- value at the beginning of the period	453,205	363,641
- value at purchase price	514,476	444,171
other investments (carrying amount)	91,960	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	91,960	-
<b>C. With limited transferability (carrying amount)</b>	-	-
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	-	-
<b>Total value at purchase price</b>	<b>12,159,050</b>	<b>11,963,462</b>
<b>Total value at the beginning of the period</b>	<b>16,419,593</b>	<b>16,034,770</b>
<b>Total revaluation adjustments (for the period)</b>	<b>(435,440)</b>	<b>384,823</b>
<b>Total carrying amount</b>	<b>16,076,113</b>	<b>16,419,593</b>



Shares and other financial instruments in related parties (short-term investments), by transferability	31 December 2020	31 December 2019
<b>A. With unlimited transferability, quoted on a regulated market (carrying amount)</b>	-	-
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>B. With unlimited transferability, not listed on a regulated market (carrying amount)</b>	-	-
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>C. With limited transferability (carrying amount)</b>	<b>84,334</b>	<b>60,954</b>
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):	84,334	60,954
c1) loans granted (carrying amount):	-	8,883
- fair value	-	9,010
- market value	-	9,010
- value at purchase price	-	8,491
c2) term deposits (carrying amount):	84,334	51,386
- fair value	84,334	51,386
- market value	84,334	51,386
- value at purchase price	84,334	51,386
c3) derivatives (carrying amount):	-	685
- fair value	-	685
- market value	-	685
- value at purchase price	-	-
<b>Total value at purchase price</b>	<b>84,334</b>	<b>59,877</b>
<b>Total value at the beginning of the period</b>	<b>60,954</b>	<b>21,999</b>
<b>Total revaluation adjustments (for the period)</b>	<b>23,380</b>	<b>38,955</b>
<b>Total carrying amount</b>	<b>84,334</b>	<b>60,954</b>

## 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 2020 was PLN 398,250 thousand (PLN 332,195 thousand as at 31 December 2019).

### 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 2020, the loan value was PLN 80,004 thousand (as at 31 December 2019: PLN 80,005 thousand).

## Shares in subordinated entities (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) <sup>1)</sup>	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	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 Towarzystwo Ubezpieczeń SA ("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.	Apdrošināšanas Akciju Sabiedrība Balta ("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.	Towarzystwo Funduszy Inwestycyjnych PZU SA ("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.	Ogrodowa - Inwestycje Sp. z o.o. ("Ogrodowa 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.	Tower-Inwestycje Sp. z o.o. ("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

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) <sup>1)</sup>	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)
13. PZU Centrum Operacji SA ("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. Pekao Financial Services Sp. z o.o. ("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 SA ("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
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
<b>Total</b>						<b>11,552,614</b>	<b>3,905,105</b>	<b>15,457,719</b>			

<sup>1)</sup> "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)								

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1.	Bank Pekao SA <sup>1) 2)</sup>	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 <sup>2)</sup>	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 <sup>1) 2)</sup>	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 <sup>1) 2)</sup>	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 <sup>2)</sup>	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 <sup>2)</sup>	324,900	-	3,827	36,933	-	19,324	564,144	93,755	84,813	505,033	1,219,151	636,324	-	-
7.	AAS Balta <sup>1) 2)</sup>	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	0	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 <sup>1) 2)</sup>	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 <sup>1) 2)</sup>	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 <sup>1) 2)</sup>	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.) <sup>1)</sup>	219	-	-	89,402	3,029	(89,488)	-	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 <sup>1)</sup>	-	-	-	-	(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 <sup>1)</sup>	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	-	-	-

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

<sup>1)</sup> IFRS figures

<sup>2)</sup> 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 subordinated entities (long-term investments) as at 31 December 2019, 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) <sup>1)</sup>	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	Warsaw	Banking business	subsidiary	measured by the equity method	07.06.2017	6,001,761	105,789	6,107,550	20.00%	20.00%	n/a
2. PZU Życie	Warsaw	Life insurance business	subsidiary	measured by the equity method	18.12.1991	295,088	4,228,473	4,523,561	100.00%	100.00%	n/a
3. Alior Bank	Warsaw	Banking business	subsidiary	measured by the equity method	18.12.2015	2,750,544	27,915	2,778,459	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	38,086	845,252	100.00%	100.00%	n/a
5. Link4 Towarzystwo Ubezpieczeń SA ("Link4")	Warsaw	Non-life insurance business	subsidiary	measured by the equity method	15.09.2014	518,482	(119,646)	398,836	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	35,570	361,420	100.00%	100.00%	n/a
7. Apdrošināšanas Akciju Sabiedrība Balta ("AAS Balta")	Riga, Latvia	Non-life insurance business	subsidiary	measured by the equity method	30.06.2014	200,776	85,053	285,829	99.99%	99.99%	n/a
8. Towarzystwo Funduszy Inwestycyjnych PZU SA ("TFI PZU")	Warsaw	Creation, representing and management of mutual funds	subsidiary	measured by the equity method	27.09.2011	38,403	156,274	194,677	100.00%	100.00%	n/a
9. Ogródowa - Inwestycje Sp. z o.o. ("Ogródowa Inwestycje")	Warsaw	Business and management consultancy activities, business of a holding company	subsidiary	measured by the equity method	15.09.2004	142,255	(422)	141,833	100.00%	100.00%	n/a
10. Tower-Inwestycje Sp. z o.o. ("PZU Tower")	Warsaw	Development activity, operation and lease of properties	indirect subsidiary	measured by the equity method	17.08.1999	112,900	2,539	115,439	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	28,241	46,807	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	(84,188)	59,478	83.23%	83.23%	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) <sup>1)</sup>	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)
13. PZU Centrum Operacji SA ("PZU CO")	Warsaw	Activities auxiliary to insurance and pension funding	subsidiary	measured by the equity method	27.09.2011	40,645	(97)	40,548	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	(9,180)	31,055	99.34%	99.34%	n/a
15. Pekao Financial Services Sp. z o.o. ("PFS")	Warsaw	Other financial service activities, except insurance and pension funding	subsidiary	measured by the equity method	4.06.2018	2,267	8,257	10,524	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	(16,216)	16,368	53.47%	53.47%	n/a
17. PZU Zdrowie SA ("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	3,005	3,241	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	(602)	3,448	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	(725)	975	100.00%	100.00%	n/a
21. Omicron BIS SA	Warsaw	No business conducted	subsidiary	measured by the equity method	21.08.2014	150	(48)	102	100.00%	100.00%	n/a
22. PZU Cash SA	Warsaw	Other monetary intermediation	subsidiary	measured by the equity method	15.09.2017	115	(52)	63	100.00%	100.00%	n/a
23. Sigma BIS SA	Warsaw	Advertising activity	associate	measured by the equity method	19.08.2015	1,054	(183)	871	34.00%	34.00%	n/a
24. Tulare Investments Sp. z o.o.	Warsaw	No business conducted	subsidiary	measured by the equity method	15.09.2017	56	(30)	26	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	(52)	25	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
<b>Total</b>						<b>11,519,291</b>	<b>4,447,097</b>	<b>15,966,388</b>			

<sup>1)</sup> "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 <sup>1) 2)</sup>	262,470	-	9,492,733	11,172,697	293,340	2,165,047	12,223,193	166,856,416	106,248,588	36,999,483	203,322,919	9,605,366	-	346,460
2.	PZU Życie <sup>2)</sup>	295,000	-	3,076,728	(182,294)	-	1,334,127	-	521,036	776	133,354	28,067,727	8,586,119	-	1,331,807
3.	Alior Bank <sup>1) 2)</sup>	1,305,540	-	5,393,358	243,254	(436,524)	252,832	5,278,482	64,319,753	38,218,276	17,865,916	76,735,834	5,071,337	-	-
4.	Lietuvos Draudimas AB <sup>1) 2)</sup>	48,537	-	9,884	38,993	473,982	88,170	6,051	139,781	8,036	240,801	1,860,321	1,148,804	-	36,493
5.	Link4 <sup>2)</sup>	111,356	-	278,626	2,856	(167,319)	16,363	36,796	281,225	75	105,098	1,016,458	1,024,154	-	-
6.	TUW PZUW <sup>2)</sup>	324,900	-	2,062	12,391	-	22,067	148,579	582,894	104,527	490,415	1,218,398	691,064	-	-
7.	AAS Balta <sup>1)</sup>	34,182	-	5,488	25,249	137,761	54,130	22,958	48,585	341	88,543	757,366	491,825	-	-
8.	TFI PZU	13,000	-	105,127	-	(253)	76,394	3,157	55,951	-	35,328	255,140	230,622	-	41,977
9.	Ogrodowa Inwestycje	142,255	-	-	-	(2,253)	1,830	684	3,059	-	1,388	146,034	21,498	-	-
10.	PZU Tower	411,000	-	805	3,166	-	5,272	221	868	11	3,326	421,702	-	-	1,321
11.	PZU Pomoc SA	4,886	-	38,984	-	5	2,965	-	7,991	11	10,970	54,572	59,761	-	-
12.	PrJSC IC PZU Ukraine <sup>1) 2)</sup>	7,430	-	1,982	181,469	(132,769)	13,351	111	94,395	-	93,204	426,817	256,720	-	-
13.	PZU CO	500	-	33,127	(90)	1,267	5,687	4,064	45,293	382	19,120	87,610	343,825	-	-
14.	UAB PZU Lietuva Gyvybes Draudimas <sup>1) 2)</sup>	29,309	-	1,162	1,063	(1,598)	1,325	2,602	3,390	64	298	258,968	72,408	-	-
15.	PFS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16.	PrJSC IC PZU Ukraine Life Insurance <sup>1) 2)</sup>	7,153	-	808	26,262	(11,697)	8,083	1,150	9,422	-	1,837	166,780	78,679	-	-
17.	PZU Zdrowie	10,650	-	29,945	9	(38,808)	(21,998)	562,105	58,224	-	30,374	598,805	248,738	-	-
18.	PZU Finance AB (publ.) <sup>1)</sup>	219	-	-	(7)	3,877	(847)	-	115	200	128	3,360	-	-	-
19.	PZU Finanse Sp. z o.o.	50	-	-	4,000	(1,085)	483	108	506	-	526	4,200	3,483	-	-
20.	PZU LAB SA	260	-	1,440	-	(728)	8	-	1,909	-	671	2,931	1,393	-	-
21.	Omicron BIS SA	150	-	-	-	(37)	(11)	-	4	-	2	105	-	-	-
22.	PZU Cash SA	100	-	-	-	(18)	(19)	-	15	-	3	77	-	-	-
23.	Sigma BIS SA	3,100	-	-	-	-	(506)	-	1,486	-	1,149	4,047	934	-	-
24.	Tulare Investments Sp. z o.o.	5	-	-	45	(14)	(9)	-	4	-	2	31	-	-	-
25.	Ipsilon sp. z o.o.	50	-	-	-	(40)	(9)	-	4	-	2	29	-	-	-
26.	PZU Corporate Member Limited <sup>1)</sup>	-	-	-	-	(14)	(349)	20,453	-	-	-	20,085	-	-	-

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

<sup>1)</sup> IFRS figures

<sup>2)</sup> 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 2020	31 December 2019
a) in PLN	14,536,894	15,209,683
b) in EUR or other currencies (by currency and translated to PLN)	1,623,553	1,270,864
b1. UAH 000s	783,439	473,446
PLN 000s	103,884	75,846
b2. EUR 000s	304,161	275,745
PLN 000s	1,403,642	1,174,261
b3. GBP 000s	4,689	4,154
PLN 000s	24,067	20,757
b4. SEK 000s	200,000	-
PLN 000s	91,960	-
<b>Total investments in related parties</b>	<b>16,160,447</b>	<b>16,480,547</b>

## 2.5 Other financial investments

Other financial investments	31 December 2020	31 December 2019
a) shares and other variable income securities	2,408	379
b) participation units and investment certificates in mutual funds	7,656,746	7,180,054
c) debt securities and other fixed income securities	14,901,230	11,603,181
d) participation in investments pools	-	-
e) mortgage-backed loans, including:	-	-
- additionally backed with policies	-	-
f) other loans, including:	1,133,908	923,690
- 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	34,079	89,598
h) other investments (by type)	7,511	49,408
- derivatives	7,511	49,408
<b>Other financial investments, total</b>	<b>23,735,882</b>	<b>19,846,310</b>

Movement in other financial investments (by type)	31 December 2020	31 December 2019
<b>a) at the beginning of the period</b>	<b>19,846,310</b>	<b>21,166,952</b>
Shares and other variable income securities, participation units and investment certificates in mutual funds	7,180,433	6,918,661
Debt securities and other fixed income securities	11,603,181	11,814,717
Other investments	1,062,696	2,433,574
<b>b) additions (by virtue of)</b>	<b>110,839,221</b>	<b>223,418,727</b>
- acquisition	109,726,016	222,505,182
- revaluation adjustments	1,113,205	913,545
- other	-	-
<b>c) reductions (by virtue of)</b>	<b>106,949,648</b>	<b>224,739,369</b>
- sale or buyout	106,839,406	224,666,746
- revaluation adjustments	110,242	72,623
- other	-	-
<b>d) at the end of the period</b>	<b>23,735,882</b>	<b>19,846,310</b>
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

Other financial investments	31 December 2020	31 December 2019
a) long-term	22,698,431	18,812,009
a) short-term	1,037,451	1,034,301
<b>Other financial investments, total</b>	<b>23,735,882</b>	<b>19,846,310</b>

Other financial investments (by currency)	31 December 2020	31 December 2019
a) in PLN	19,142,682	15,571,969
b) in EUR or other currencies (by currency and translated to PLN)	4,593,200	4,274,341
b1. EUR 000s	400,516	393,681
PLN 000s	1,848,301	1,676,492
b2. USD 000s	536,858	496,146
PLN 000s	2,017,727	1,884,213
b3. GBP 000s	141,674	142,810
PLN 000s	727,172	713,636
b4. other currencies PLN 000s	-	-
<b>Other financial investments, total</b>	<b>23,735,882</b>	<b>19,846,310</b>

Other financial investments by portfolio classification	31 December 2020	31 December 2019
a) financial assets held for trading	9,630	341,897
b) loans granted and own receivables	1,294,671	1,140,624
c) financial assets held to maturity	7,659,139	4,505,650
d) financial assets available for sale	14,772,442	13,858,139
<b>Other financial investments, total</b>	<b>23,735,882</b>	<b>19,846,310</b>

Other financial investments in financial instruments	31 December 2020	31 December 2019
a) issued by the State Treasury or international organizations in which the Republic of Poland is a member	8,462,001	8,078,223
- long-term investments	8,234,972	8,075,803
- short-term investments	227,029	2,420
b) guaranteed by the State Treasury or international organizations in which the Republic of Poland is a member	3,536,242	657,940
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	10,519
e) guaranteed by a local government or an association of such local governments or the capital city of Warsaw	-	-
g) other	11,727,119	11,099,628
<b>Other financial investments in financial instruments, total</b>	<b>23,735,882</b>	<b>19,846,310</b>

Securities (other financial investments)	31 December 2020	31 December 2019
a) admitted to trading on a regulated market	14,776,940	11,476,209
b) not admitted to trading on a regulated market	6,609,995	6,014,364
<b>Total securities (other financial investments)</b>	<b>21,386,935</b>	<b>17,490,573</b>

Shares and other variable income securities (carrying amount)	31 December 2020	31 December 2019
a) shares, of which:	2,408	379
- long-term investments	2,408	379
b) debt securities, of which:	-	-
- long-term investments	-	-
c) other (by type)	-	-
<b>Total shares and other variable income securities</b>	<b>2,408</b>	<b>379</b>

<b>Movement in investments in shares and other variable income securities (by type)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>a) at the beginning of the period</b>	<b>379</b>	<b>2,197</b>
Shares and other variable income securities	379	2,197
<b>b) additions (by virtue of)</b>	<b>2,029</b>	<b>-</b>
- acquisition	429	-
- valuation adjustment	1,600	-
- other	-	-
<b>c) reductions (by virtue of)</b>	<b>-</b>	<b>1,818</b>
- disposal	-	-
- valuation adjustment	-	1,818
- other	-	-
<b>d) at the end of the period</b>	<b>2,408</b>	<b>379</b>
Shares and other variable income securities	2,408	379

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.

<b>Shares and other variable income financial instruments (long-term investments) - by transferability</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>A. With unlimited transferability, quoted on a regulated market (carrying amount)</b>	<b>-</b>	<b>-</b>
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>B. With unlimited transferability, not listed on a regulated market (carrying amount)</b>	<b>7,659,154</b>	<b>7,180,433</b>
a) shares (carrying amount):	2,408	379
- revaluation adjustments (for the period)	2,029	(1,818)
- value at the beginning of the period	379	2,197
- value at purchase price	19,247	18,818
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):	7,656,746	7,180,054
participation units and investment certificates in mutual funds (carrying amount)	7,656,746	7,180,054
- revaluation adjustments (for the period)	476,692	263,590
- value at the beginning of the period	7,180,054	6,916,464
- value at purchase price	5,471,501	5,405,830
loans (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
<b>C. With limited transferability (carrying amount)</b>	<b>-</b>	<b>-</b>

<b>Shares and other variable income financial instruments (long-term investments) – by transferability</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
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	-	-
<b>Total value at purchase price</b>	<b>5,490,748</b>	<b>5,424,648</b>
<b>Total value at the beginning of the period</b>	<b>7,180,433</b>	<b>6,918,661</b>
<b>Total revaluation adjustments (for the period)</b>	<b>478,721</b>	<b>261,772</b>
<b>Total carrying amount</b>	<b>7,659,154</b>	<b>7,180,433</b>

In 2020 and 2019, there were no shares and other variable income financial instruments that would also be short-term investments.

### 2.5.1. Other loans

<b>Other loans</b>	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Carrying amount</b>	<b>Collateral type</b>	<b>Carrying amount</b>	<b>Collateral type</b>
Buy-sell-back transactions	739,262	Debt securities	529,982	Debt securities
Non-mortgage asset-backed loans	394,646	Mainly pledges on shares, accounts receivable portfolios and on bank accounts, other loans or otherwise	393,708	Mainly pledges on shares, accounts receivable portfolios and on bank accounts, other loans or otherwise
<b>Total other loans</b>	<b>1,133,908</b>		<b>923,690</b>	

## 2.5.2. Debt securities issued by corporations and local government units

Debt securities by issuer	31 December 2020	31 December 2019
Foreign banks	1,019,757	1,052,777
Energy and fuel	443,311	409,099
Financial and insurance activities	430,582	399,754
Transportation and storage	273,418	245,846
Manufacturing	191,073	199,748
Real estate management	180,820	200,893
Telecommunications	160,482	125,655
Companies from the WIG-Banks Index	126,683	127,336
Mining and quarrying (including companies included in the WIG-Mining index)	67,773	56,230
Public utility services	43,649	41,637
Domestic local governments	10,520	10,519
Other	-	51,048
<b>Total</b>	<b>2,948,068</b>	<b>2,920,542</b>

## 2.5.3. Debt securities issued by governments other than the government of the Republic of Poland

Country	31 December 2020	31 December 2019
Indonesia	120,223	79,960
Columbia	95,798	77,064
Russia	93,223	67,459
Romania	86,736	20,806
Brazil	76,480	74,638
Panama	71,480	68,618
Mexico	67,070	16,874
Kazakhstan	57,056	35,584
Peru	53,854	42,101
Saudi Arabia	50,869	23,443
Uruguay	50,164	45,687
South Africa	49,611	47,060
Hungary	48,832	31,723
Dominican Republic	48,093	51,505
Philippines	43,850	54,667
Qatar	41,492	37,113
Croatia	40,801	24,662
Azerbaijan	27,213	12,035
Paraguay	21,275	20,348
Morocco	19,093	11,784
Serbia	18,246	-
Trinidad and Tobago	6,732	6,606
Guatemala	6,303	5,929
Uzbekistan	6,239	4,107
Honduras	4,291	4,318
Vietnam	4,254	4,183
Chile	4,242	2,114
Namibia	3,893	3,987
Kuwait	1,297	-
Oman	-	50,495
<b>Total</b>	<b>1,218,710</b>	<b>924,870</b>

## 2.5.4. Term deposits in credit institutions

<b>Term deposits with credit institutions (by maturity) – remaining time to maturity from the balance sheet date</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) up to 3 months	34,079	89,598
b) from 3 months to 1 year	-	-
c) from 1 to 5 years	-	-
d) over 5 years	-	-
<b>Total term deposits with credit institutions</b>	<b>34,079</b>	<b>89,598</b>

<b>Term deposits with credit institutions (by currency)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) in PLN	34,079	88,093
b) in EUR or other currencies in domestic banks (by currency and translated to PLN)	-	1,505
b1. EUR 000s	-	161
PLN 000s	-	684
b2. USD 000s	-	216
PLN 000s	-	821
b3. other	-	-
c) in EUR or other currencies in foreign banks (by currency and translated to PLN)	-	-
<b>Total term deposits with credit institutions</b>	<b>34,079</b>	<b>89,598</b>

## 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 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 the currency 000s	Par value as at 31 December 2020 translated to PLN in PLN 000s	Quantity as at 31 December 2020	Position as at 31 December 2020 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2020 in PLN 000s	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 the currency 000s	Par value as at 31 December 2020 translated to PLN in PLN 000s	Quantity as at 31 December 2020	Position as at 31 December 2020 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2020 in PLN 000s	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 the currency 000s	Par value as at 31 December 2020 translated to PLN in PLN 000s	Quantity as at 31 December 2020	Position as at 31 December 2020 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2020 in PLN 000s	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 the currency 000s	Par value as at 31 December 2020 translated to PLN in PLN 000s	Quantity as at 31 December 2020	Position as at 31 December 2020 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2020 in PLN 000s	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	-
<b>TOTAL</b>									<b>3,534,800</b>			<b>7,511</b>	<b>54,813</b>	<b>(29,149)</b>	<b>(112,635)</b>

As at 31 December 2019, PZU held the following derivatives and achieved the following results on transactions with such instruments in 2019:

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 2019 in the currency 000s	Par value as at 31 December 2019 translated to PLN in PLN 000s	Quantity as at 31 December 2019	Position as at 31 December 2019 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2019 in PLN 000s	Gains/losses not realized in 2019 in PLN 000s
FX risk	commercial	Forward	CZK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5	-
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	120	-
FX risk	commercial	Interest rate forward	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	285	-
FX risk	commercial	Interest rate forward	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,309	-
FX risk	commercial	Interest rate forward	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,984	-
Interest rate risk	commercial	IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(124)	-
Interest rate risk	commercial	IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21	-
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,403	-
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1,058)	-
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1,012)	-
Interest rate risk	commercial	IRS	ILS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(674)	-
Interest rate risk	commercial	IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	719	-
Interest rate risk	cash flow hedges	CIRS	EUR	2027-02-02	Yes	None	None	20,000	85,782	1	n/a	1,039	-	12	174
Interest rate risk	cash flow hedges	CIRS	GBP	2029-05-02	Yes	None	None	3,000	14,967	1	n/a	490	-	(2)	(79)
Interest rate risk	cash flow hedges	CIRS	EUR	2026-02-04	Yes	None	None	23,000	98,735	1	n/a	3,677	-	(61)	309
Interest rate risk	cash flow hedges	CIRS	EUR	2024-11-04	Yes	None	None	20,000	86,056	1	n/a	798	13	129	759
Interest rate risk	cash flow hedges	CIRS	USD	2026-04-05	Yes	None	None	24,000	92,460	1	n/a	17	93	(215)	558
Interest rate risk	cash flow hedges	CIRS	EUR	2028-06-05	Yes	None	None	21,000	90,231	1	n/a	1,533	-	(9)	519
Interest rate risk	cash flow hedges	CIRS	EUR	2025-01-07	Yes	None	None	22,750	97,664	1	n/a	3,134	-	(101)	543
Interest rate risk	cash flow hedges	CIRS	EUR	2026-03-10	Yes	None	None	7,717	33,052	1	n/a	971	-	(13)	63
Interest rate risk	cash flow hedges	CIRS	EUR	2024-04-10	Yes	None	None	2,000	8,589	1	n/a	241	-	8	51
Interest rate risk	cash flow hedges	CIRS	EUR	2023-05-11	Yes	None	None	23,000	98,832	1	n/a	547	-	73	627
Interest rate risk	cash flow hedges	CIRS	EUR	2027-11-13	Yes	None	None	22,900	98,203	1	n/a	1,549	-	(136)	682
Interest rate risk	cash flow hedges	CIRS	GBP	2026-01-14	Yes	None	None	18,600	92,734	1	n/a	188	284	(47)	(544)
Interest rate risk	cash flow	CIRS	EUR	2025-05-14	Yes	None	None	5,300	22,726	1	n/a	181	-	(30)	124

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 2019 in the currency 000s	Par value as at 31 December 2019 translated to PLN in PLN 000s	Quantity as at 31 December 2019	Position as at 31 December 2019 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2019 in PLN 000s	Gains/losses not realized in 2019 in PLN 000s
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2029-05-14	Yes	None	None	5,000	21,486	1	n/a	1,121	-	10	117
Interest rate risk	hedges cash flow hedges	CIRS	USD	2026-03-15	Yes	None	None	12,500	47,943	1	n/a	1	68	(82)	287
Interest rate risk	hedges cash flow hedges	CIRS	USD	2026-06-15	Yes	None	None	5,000	19,241	1	n/a	74	-	(72)	190
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2025-08-15	Yes	None	None	8,000	34,324	1	n/a	438	-	(9)	155
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2025-12-15	Yes	None	None	15,500	66,539	1	n/a	756	-	(17)	426
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2028-08-16	Yes	None	None	19,000	94,946	1	n/a	917	-	(107)	(976)
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2024-01-18	Yes	None	None	22,000	94,853	1	n/a	2,823	-	(29)	813
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2026-01-19	Yes	None	None	22,000	94,552	1	n/a	2,602	-	(5)	457
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2026-05-20	Yes	None	None	15,000	64,325	1	n/a	517	-	(18)	56
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2026-04-21	Yes	None	None	18,500	92,347	1	n/a	1,021	105	185	(113)
Interest rate risk	hedges cash flow hedges	CIRS	USD	2025-04-23	Yes	None	None	5,000	19,265	1	n/a	67	-	16	211
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2025-02-27	Yes	None	None	7,500	32,307	1	n/a	1,018	-	62	266
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2025-06-27	Yes	None	None	21,700	93,162	1	n/a	810	-	(30)	422
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2026-01-29	Yes	None	None	17,500	87,494	1	n/a	625	230	58	(316)
Interest rate risk	hedges cash flow hedges	CIRS	EUR	2029-01-29	Yes	None	None	7,500	32,271	1	n/a	1,644	-	(6)	136
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2028-05-30	Yes	None	None	6,050	30,574	1	n/a	697	-	78	160
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2028-07-31	Yes	None	None	14,000	70,242	1	n/a	2,004	-	235	(777)
Interest rate risk	hedges cash flow hedges	CIRS	USD	2025-04-01	Yes	None	None	25,000	95,450	1	n/a	-	1,651	(192)	63
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2026-02-02	Yes	None	None	5,000	24,465	1	n/a	-	368	86	(635)
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2025-04-04	Yes	None	None	8,000	38,230	1	n/a	-	2,036	(26)	(1,916)
Interest rate risk	cash flow	CIRS	USD	2023-03-08	Yes	None	None	17,000	65,034	1	n/a	-	7	364	175

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 2019 in the currency 000s	Par value as at 31 December 2019 translated to PLN in PLN 000s	Quantity as at 31 December 2019	Position as at 31 December 2019 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2019 in PLN 000s	Gains/losses not realized in 2019 in PLN 000s
Interest rate risk	hedges cash flow hedges	CIRS	USD	2025-05-08	Yes	None	None	8,000	30,433	1	n/a	-	493	(28)	(89)
Interest rate risk	cash flow hedges	CIRS	GBP	2025-01-15	Yes	None	None	5,000	23,846	1	n/a	-	1,258	(98)	(1,283)
Interest rate risk	cash flow hedges	CIRS	GBP	2023-11-15	Yes	None	None	3,000	14,548	1	n/a	-	471	(2)	(521)
Interest rate risk	cash flow hedges	CIRS	USD	2025-03-16	Yes	None	None	20,000	75,145	1	n/a	-	2,962	(427)	(1,225)
Interest rate risk	cash flow hedges	CIRS	GBP	2026-02-23	Yes	None	None	5,000	24,574	1	n/a	-	241	121	(509)
Interest rate risk	commercial	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(9,437)	-
Interest rate risk	commercial	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9,173	-
Interest rate risk	commercial	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,461	-
Interest rate risk	commercial	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(495)	-
Interest rate risk	commercial	IRS	EUR	2020-01-02	Yes	None	None	700	2,981	1	n/a	-	8	(5)	(8)
Interest rate risk	commercial	IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,559	-
Interest rate risk	commercial	IRS	EUR	2020-03-06	Yes	None	None	1,500	6,388	1	n/a	45	-	3	45
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1,063)	-
Interest rate risk	commercial	FX Swap	USD	2020-01-02	Yes	None	None	4,200	15,950	1	n/a	-	64	61	(63)
Interest rate risk	commercial	FX Swap	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43,964	-
Interest rate risk	commercial	FX Swap	USD	2020-02-20	Yes	None	None	23,000	87,347	1	n/a	1,867	-	32	1,867
Interest rate risk	commercial	FX Swap	USD	2020-03-03	Yes	None	None	4,500	17,090	1	n/a	788	-	13	788
Interest rate risk	commercial	FX Swap	USD	2020-06-04	Yes	None	None	54,511	207,015	1	n/a	1,027	-	752	1,027
Interest rate risk	commercial	FX Swap	USD	2020-03-10	Yes	None	None	256,450	973,920	1	n/a	14,866	-	(3,681)	14,865
Interest rate risk	commercial	FX Swap	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(131)	-
Interest rate risk	commercial	FX Swap	CHF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	164	-
Interest rate risk	commercial	FX Swap	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(387)	-
Interest rate risk	commercial	FX Swap	RON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(237)	-
Interest rate risk	commercial	Option	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	120	-
<b>TOTAL</b>												<b>50,093</b>	<b>10,352</b>	<b>54,519</b>	<b>17,881</b>

## 2.5.6. Hedge accounting

In 2020 and 2019, PZU applied hedge accounting to cover its cash flows. Cash flow hedge is a hedge of the exposure to volatility 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 2020 Maturity					31 December 2019 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
Parvalue	EUR/PLN	-	-	443,058	663,461	1,106,519	-	-	288,331	965,359	1,253,690
Parvalue	USD /PLN	-	-	285,327	159,644	444,971	-	-	65,034	379,937	444,971
Parvalue	GBP /PLN	-	-	76,624	507,768	584,392	-	-	14,548	594,418	608,966

Impact of the hedge relationship on the balance sheet and the financial result	31 December 2020	31 December 2019
<b>Hedging instruments</b>		
Parvalue	2,135,882	2,307,627
Carrying amount – assets (fair value)	4,093	31,500
Carrying amount – liabilities (fair value)	39,864	10,280
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	(56,991)	21,220
Hedge inefficiency amount recognized in the profit and loss account	347	(10,023)
Impairments increasing and decreasing the revaluation reserve, including:	43,279	13,557
Impairments increasing the revaluation reserve	43,279	19,103
Impairments decreasing the revaluation reserve		5,546
Impairments charged to the revaluation reserve and classified as financial income or financial costs, including:	(100,617)	17,686
Impairments charged to the revaluation reserve and classified as financial income	-	23,168
Impairments charged to the revaluation reserve and classified as financial costs	100,617	5,482
<b>Hedged items</b>		
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	58,276	(31,192)
Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period	56,837	13,557

## 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, FIZ Sektora Nieruchomości 2, FIZ Dynamiczny).

### 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 2020 (PLN million)	31 December 2020 (% of investments)	31 December 2019 (PLN million)	31 December 2019 (% of investments)
Financial instruments in the held-for-trading portfolio and the available-for-sale portfolio	8,642.4	21.7%	8,496.4	23.4%
Financial instruments in the held-to-maturity portfolio	7,660.0	19.2%	4,505.6	12.4%
Debt securities in the loans portfolio	126.7	0.3%	127.3	0.4%
Debt and cash mutual funds	337.0	0.8%	282.3	0.8%

For the above financial instruments measured at fair value, a decline in value caused by a 100 bps increase in interest rates is PLN 389 million (PLN 387 million as at 31 December 2019). An increase in value caused by a 100 bps decrease in interest rates is PLN 426 million (PLN 422 million as at 31 December 2019).

### 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 2020 (PLN million)	31 December 2020 (% of investments)	31 December 2019 (PLN million)	31 December 2019 (% of investments)
Financial instruments exposed to equity risk, including	15,694.0	39.3%	17,123.7	47.1%
- unquoted shares	7,626.3	19.1%	8,103.5	22.3%
- quoted shares	7,988.5	20.0%	8,816.1	24.3%
- other investments	-	-	-	-
- equity funds	79.3	0.2%	204.2	0.6%

### 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 2020 (PLN million)	31 December 2020 (% of investments)	31 December 2019 (PLN million)	31 December 2019 (% of investments)
Value of investments exposed to property price risk, including:	310.7	0.8%	332.8	0.9%
- real property	310.7	0.8%	332.8	0.9%

### 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 assets exposed to credit risk, broken down by rating grades, as at 31 December 2020 and 31 December 2019. 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 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	-	-	-	-	-	-	-
<b>Total assets exposed to credit risk</b>	-	<b>47</b>	<b>14,558</b>	<b>3,126</b>	<b>656</b>	<b>2,989</b>	<b>21,376</b>

<b>Assets exposed to credit risk as at 31 December 2019 (PLN million)</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>below BB or unrated</b>	<b>Total</b>
Debt securities	-	37	9,604	2,283	441	764	13,129
- held to maturity	-	-	4,633	-	-	-	4,633
- available for sale	-	37	4,681	2,283	439	764	8,204
- measured at fair value	-	-	290	-	2	-	292
- loans	-	-	-	-	-	-	-
Bank deposits and repo transactions on treasury securities	-	-	1,766	57	35	-	1,858
Mortgage loans	-	-	-	-	-	11	11
Other loans	-	-	-	-	381	3,180	3,561
Derivatives	-	-	34	29	-	6	69
Reinsurers' share in net claims provisions	-	-	-	-	-	-	-
Deposits with ceding enterprises	-	-	-	-	-	-	-
Reinsurance receivables	-	-	-	-	-	-	-
<b>Total assets exposed to credit risk</b>	-	<b>37</b>	<b>11,404</b>	<b>2,369</b>	<b>857</b>	<b>3,961</b>	<b>18,628</b>

As at 31 December 2020, PZU's maximum potential credit loss was PLN 1,071.6 million (PLN 1,291.6 million as at 31 December 2019). 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:

<b>Assets exposed to credit risk</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>below BB or unrated</b>
Calculation ratios as at 31 December 2020 (%)	0.70	0.72	1.24	3.32	11.78	23.10
Calculation ratios as at 31 December 2019 (%)	0.70	0.73	1.28	3.44	12.22	24.21

## 2.6.5. Concentration risk

<b>Concentration risk</b>	<b>31 December 2020 (PLN million)</b>	<b>31 December 2020 (% of investments)</b>	<b>31 December 2019 (PLN million)</b>	<b>31 December 2019 (% of investments)</b>
Treasury securities issued by the Treasury of the Republic of Poland and repo transactions on such securities	13,362.8	33.5%	9,713.6	26.7%

## 2.6.6. Foreign exchangerisk

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 2020 (PLN million)	31 December 2019 (PLN million)
Value of assets denominated in foreign currencies	6,276.5	5,633.1
Currency position on derivatives	(4,054.6)	(3,955.4)
Amount of net technical provisions denominated in foreign currencies	(1,156.7)	(831.9)
Currency mismatch	1065.2	845.8

### 3. Receivables

Geographic structure of receivables	31 December 2020				31 December 2019			
	Domestic	Foreign – EU countries	Foreign – other countries	Total	Domestic	Foreign – EU countries	Foreign – other countries	Total
<b>I. Receivables on direct insurance</b>	<b>1,363,855</b>	<b>9,352</b>	<b>15,068</b>	<b>1,388,275</b>	<b>1,688,635</b>	<b>18,330</b>	<b>33,748</b>	<b>1,740,713</b>
1. Receivables from policyholders	1,271,018	8,059	15,064	1,294,141	1,571,309	17,060	33,734	1,622,103
2. Receivables from intermediaries	82,345	47	4	82,396	95,547	-	14	95,561
3. Other receivables	10,492	1,246	-	11,738	21,779	1,270	-	23,049
<b>II. Reinsurance receivables</b>	<b>140,566</b>	<b>3,589</b>	<b>1,944</b>	<b>146,099</b>	<b>100,021</b>	<b>9,287</b>	<b>5,193</b>	<b>114,501</b>
<b>III. Other receivables</b>	<b>135,426</b>	<b>17,996</b>	<b>930</b>	<b>154,352</b>	<b>216,064</b>	<b>12,774</b>	<b>767</b>	<b>229,605</b>
1. Receivables from the state budget	2,523	-	-	2,523	2,001	-	-	2,001
2. Other receivables	132,903	17,996	930	151,829	214,063	12,774	767	227,604
<b>Total receivables</b>	<b>1,639,847</b>	<b>30,937</b>	<b>17,942</b>	<b>1,688,726</b>	<b>2,004,720</b>	<b>40,391</b>	<b>39,708</b>	<b>2,084,819</b>

### 3.1 Receivables on direct insurance

Receivables on direct insurance	31 December 2020	31 December 2019
a) receivables from policyholders, including:	1,294,141	1,622,103
- from subordinated entities	1,989	2,581
- domestic	1,989	2,581
- foreign	-	-
- from other entities	1,292,152	1,619,522
- domestic	1,269,029	1,568,728
- foreign	23,123	50,794
b) receivables from insurance intermediaries, including:	82,396	95,561
- from subordinated entities	2	-
- domestic	2	-
- foreign	-	-
- from other entities	82,394	95,561
- domestic	82,343	95,547
- foreign	51	14
c) other receivables, including:	11,738	23,049
- from subordinated entities	-	-
- domestic	-	-
- foreign	-	-
- from other entities	11,738	23,049
- domestic	10,492	21,779
- foreign	1,246	1,270
<b>Receivables on direct insurance (net), total</b>	<b>1,388,275</b>	<b>1,740,713</b>
d) impairment losses	626,845	647,941
<b>Receivables on direct insurance (gross), total</b>	<b>2,015,120</b>	<b>2,388,654</b>

Receivables on direct insurance, by remaining time to maturity from the balance sheet date	31 December 2020	31 December 2019
a) up to 3 months <sup>1)</sup>	911,150	1,136,127
b) from 3 months to 1 year	463,272	565,199
c) from 1 to 5 years	13,851	39,353
d) over 5 years	2	34
<b>Receivables on direct insurance, total</b>	<b>1,388,275</b>	<b>1,740,713</b>

<sup>1)</sup> As at 31 December 2020, the net amount of overdue receivables on direct insurance was PLN 281,185 thousand (PLN 470,013 thousand on 31 December 2019).

Receivables on direct insurance (net)	31 December 2020	31 December 2019
a) from subsidiaries	1,718	2,581
b) from co-subsidiaries	-	-
c) from associates	273	-
d) from a major investor	-	-
e) from a shareholder in a co-subsidiary	-	-
f) from the parent company	-	-
g) other	1,386,284	1,738,132
<b>Receivables on direct insurance, total</b>	<b>1,388,275</b>	<b>1,740,713</b>

Receivables on direct insurance (by currency)	31 December 2020	31 December 2019
a) in PLN	1,363,701	1,724,105
b) in EUR or other currencies (by currency and translated to PLN)	24,574	16,608
b1. EUR 000s	791	601
PLN 000s	3,651	2,558
b2. USD 000s	5,567	3,700
PLN 000s	20,923	14,050
b3. other	-	-
<b>Receivables on direct insurance, total</b>	<b>1,388,275</b>	<b>1,740,713</b>

Balance of co-insurance settlements	31 December 2020	31 December 2019
Balance of co-insurance settlements	101,921	83,297

### 3.2 Reinsurance receivables

Reinsurance receivables	31 December 2020	31 December 2019
a) current receivables in inward reinsurance, including:	121,674	86,948
- from domestic cedents	120,560	84,502
- from international cedents	1,114	2,446
b) current receivables in outward reinsurance, including	7,716	11,960
- from domestic reinsurers	4,360	2,885
- from international reinsurers	3,356	9,075
c) current receivables from retrocessionaires, including:	16,709	15,593
- domestic	15,646	12,634
- foreign	1,063	2,959
d) receivables by virtue of the reinsurance commission spread over time	-	-
e) receivables for reinsurers' share in paid claims	-	-
<b>Receivables on reinsurance (net), total</b>	<b>146,099</b>	<b>114,501</b>
f) impairment losses	744	2,389
<b>Receivables on reinsurance (gross), total</b>	<b>146,843</b>	<b>116,890</b>

Reinsurance receivables	31 December 2020	31 December 2019
a) from subsidiaries	119,069	84,424
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	27,030	30,077
<b>Receivables on reinsurance, total</b>	<b>146,099</b>	<b>114,501</b>

Reinsurance receivables	31 December 2020	31 December 2019
a) current receivables in inward reinsurance, including:	121,674	86,948
- from cedents who are subsidiaries	119,069	84,424
- from cedents who are co-subsidiaries	-	-
- 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	7,716	11,960
- from reinsurers who are subsidiaries	-	-
- from cedents who are co-subsidiaries	-	-
- 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:	16,709	15,593
- from subsidiaries	-	-
- from cedents who are co-subsidiaries	-	-
- from associates	-	-
- from a major investor	-	-
- from a shareholder in co-subsidiary	-	-
- from the parent company	-	-
d) other	-	-
<b>Receivables on reinsurance, total</b>	<b>146,099</b>	<b>114,501</b>

Receivables on reinsurance (net), by remaining time to maturity from the balance sheet date	31 December 2020	31 December 2019
a) up to 3 months	85,024	64,224
b) from 3 months to 1 year	50,157	36,891
c) from 1 to 5 years	10,918	13,386
d) over 5 years	-	-
<b>Receivables on reinsurance (net), total</b>	<b>146,099</b>	<b>114,501</b>

Receivables on reinsurance (by currency)	31 December 2020	31 December 2019
a) in PLN	139,946	107,073
b) in EUR or other currencies (by currency and translated to PLN)	6,153	7,428
b1. EUR 000s	604	258
PLN 000s	2,787	1,097
b2. USD 000s	599	1,216
PLN 000s	2,250	4,617
b3. UAH 000s	8,394	10,256
PLN 000s	1,113	1,643
b4. other currencies	3	71
<b>Receivables on reinsurance, total</b>	<b>146,099</b>	<b>114,501</b>

### 3.3 Other receivables

Other receivables	31 December 2020	31 December 2019
a) receivables from the state budget	2,523	2,001
b) settlements for guarantees and letters of credit	-	-
c) other receivables, including:	151,829	227,604
receivables from unsettled investment transactions and security deposits	9,190	7,506
settlements of the Company Social Benefit Fund	54,648	58,017
receivables from direct claims handling on behalf of other insurance undertakings	16,534	26,816
settlements of prevention activities	11,580	15,229
receivables for acting as an emergency adjuster	27,727	95,675
receivables on account of settlements within the Tax Group	-	10,926
bailiff seizures	3,509	3,464
security deposits withheld	12,044	1,916
receivables due to shortages and damages	3,427	3,019
prepayments for suppliers	584	2,001
<b>Other receivables (net), total</b>	<b>154,352</b>	<b>229,605</b>
d) impairment losses	14,650	15,501
<b>Other receivables (gross), total</b>	<b>169,002</b>	<b>245,106</b>

Other receivables	31 December 2020	31 December 2019
a) from subsidiaries	21,034	101,075
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	133,318	128,530
<b>Other receivables, total</b>	<b>154,352</b>	<b>229,605</b>

Other receivables, by remaining time to maturity from the balance sheet date	31 December 2020	31 December 2019
a) up to 3 months	85,931	169,237
b) from 3 months to 1 year	2,195	1,554
c) from 1 to 5 years	19,632	22,149
d) over 5 years	46,594	36,665
<b>Other receivables, total</b>	<b>154,352</b>	<b>229,605</b>

Other receivables (by currency)	31 December 2020	31 December 2019
a) in PLN	146,579	229,092
b) in EUR or other currencies (by currency and translated to PLN)	7,773	513
b1. EUR 000s	1,684	107
PLN 000s	7,773	456
b2. USD 000s	-	9
PLN 000s	-	36
b3. CHF 000s	-	5
PLN 000s	-	21
b4. other currencies	-	-
<b>Other receivables, total</b>	<b>154,352</b>	<b>229,605</b>

### 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 2020	31 December 2019
<b>a) at the beginning of the period (by type of receivable)</b>	<b>665,831</b>	<b>643,043</b>
impairment losses on receivables on direct insurance	647,941	620,660
impairment losses on reinsurance receivables	2,389	5,450
impairment losses on other receivables	15,501	16,933
<b>b) additions (by virtue of)</b>	<b>15,143</b>	<b>113,441</b>
impairment losses on receivables on direct insurance	14,799	108,762
impairment losses on reinsurance receivables	247	276
impairment losses on other receivables	97	4,403
<b>c) reductions (by virtue of)</b>	<b>38,735</b>	<b>90,653</b>
- utilized impairment losses	544	3,535
impairment losses on receivables on direct insurance	-	839
impairment losses on reinsurance receivables	476	1,902
impairment losses on other receivables	68	794
- reversal of impairment losses due to repayment and other	38,191	87,118
impairment losses on receivables on direct insurance	35,895	80,642
impairment losses on reinsurance receivables	1,416	1,435
impairment losses on other receivables	880	5,041
<b>d) at the end of the period (by type of receivable)</b>	<b>642,239</b>	<b>665,831</b>
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

### 3.4.2. Information on past due receivables (by type)

Past due receivables (by type)	31 December 2020	31 December 2019
a) up to 3 months	214,306	293,993
- receivables on direct insurance	203,110	279,691
- receivables on reinsurance	5,963	7,215
- other receivables	5,233	7,087
b) over 3 months	99,569	208,771
- receivables on direct insurance	78,075	190,322
- receivables on reinsurance	3,111	3,005
- other receivables	18,383	15,444
<b>Total past due receivables (by type), of which:</b>	<b>313,875</b>	<b>502,764</b>
a) up to 3 months	214,306	293,993
b) over 3 months	99,569	208,771

As at 31 December 2020, the value of receivables more than 1 year past due was PLN 19,068 thousand (PLN 86,587 thousand on 31 December 2019).

## 4. Other assets

### 4.1 Property, plant and equipment

Property, plant and equipment	31 December 2020	31 December 2019
a) plant and machinery	38,724	43,117
b) means of transport	56,021	63,520
c) other fixed assets	9,393	10,385
d) fixed assets under construction	14,081	8,403
e) advances for fixed assets under construction	-	-
f) inventories	-	-
g) salvage after damages	336	421
<b>Total property, plant and equipment</b>	<b>118,555</b>	<b>125,846</b>

Property, plant and equipment – ownership structure	31 December 2020	31 December 2019
a) owned	118,555	125,846
b) third party	-	-
<b>Total property, plant and equipment</b>	<b>118,555</b>	<b>125,846</b>

Fixed assets (on balance sheet) – ownership structure	31 December 2020	31 December 2019
a) owned	118,555	125,846
b) used based on lease, rental or other agreement	-	-
<b>Total fixed assets (on balance sheet)</b>	<b>118,555</b>	<b>125,846</b>

Fixed assets (off balance sheet)	31 December 2020	31 December 2019
a) used based on lease, rental or other agreement, including:	112,171	122,054
lease	112,171	122,054
<b>Total fixed assets (off balance sheet)</b>	<b>112,171</b>	<b>122,054</b>

In 2020 and 2019, PZU did not incur production costs of fixed assets under construction and fixed assets for internal purposes.



<b>Movement in fixed assets (by types) for the year ended 31 December 2020</b>	<b>Plant and machinery</b>	<b>Means of transport</b>	<b>Other fixed assets</b>	<b>Fixed assets under construction</b>	<b>Advances for fixed assets under construction</b>	<b>Inventories</b>	<b>Salvage after damages</b>	<b>Total property, plant and equipment</b>
<b>a) gross value of fixed assets – at the beginning of the period</b>	<b>185,413</b>	<b>91,386</b>	<b>67,210</b>	<b>8,403</b>	<b>-</b>	<b>-</b>	<b>421</b>	<b>352,833</b>
b) additions (by virtue of)	<b>12,591</b>	<b>4,088</b>	<b>3,221</b>	<b>22,951</b>	<b>-</b>	<b>-</b>	<b>2,161</b>	<b>45,012</b>
- 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)	<b>27,150</b>	<b>5,957</b>	<b>1,073</b>	<b>17,273</b>	<b>-</b>	<b>-</b>	<b>2,246</b>	<b>53,699</b>
- 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
<b>d) gross value of fixed assets – at the end of the period</b>	<b>170,854</b>	<b>89,517</b>	<b>69,358</b>	<b>14,081</b>	<b>-</b>	<b>-</b>	<b>336</b>	<b>344,146</b>
<b>e) accumulated depreciation – at the beginning of the period</b>	<b>142,296</b>	<b>27,866</b>	<b>56,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,987</b>
f) depreciation for the period (due to)	<b>(10,166)</b>	<b>5,630</b>	<b>3,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,396)</b>
- 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
<b>g) accumulated depreciation – at the end of the period</b>	<b>132,130</b>	<b>33,496</b>	<b>59,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225,591</b>
<b>h) impairment losses – at the beginning of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- additions	-	-	-	-	-	-	-	-
- reductions	-	-	-	-	-	-	-	-
<b>i) impairment losses – at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>j) net value of fixed assets – at the end of the period</b>	<b>38,724</b>	<b>56,021</b>	<b>9,393</b>	<b>14,081</b>	<b>-</b>	<b>-</b>	<b>336</b>	<b>118,555</b>

<b>Movement in fixed assets (by types) for the year ended 31 December 2019</b>	<b>Plant and machinery</b>	<b>Means of transport</b>	<b>Other fixed assets</b>	<b>Fixed assets under construction</b>	<b>Advances for fixed assets under construction</b>	<b>Inventories</b>	<b>Salvage after damages</b>	<b>Total property, plant and equipment</b>
<b>a) gross value of fixed assets – at the beginning of the period</b>	<b>194,699</b>	<b>90,243</b>	<b>66,539</b>	<b>8,898</b>	-	-	<b>199</b>	<b>360,578</b>
b) additions (by virtue of)	10,190	33,911	1,425	42,719	-	-	936	89,181
- investments	-	-	-	-	-	-	-	-
- direct purchase	763	5	645	42,719	-	-	-	44,132
- transfers	9,378	32,177	780	-	-	-	-	42,335
- other (including estimates)	49	1,729	-	-	-	-	936	2,714
c) reductions (by virtue of)	19,476	32,768	754	43,214	-	-	714	96,926
- liquidation	15,638	-	664	-	-	-	-	16,302
- sale	3,765	32,768	30	-	-	-	714	37,277
- transfers	-	-	-	42,335	-	-	-	42,335
- other	73	-	60	879	-	-	-	1,012
<b>d) gross value of fixed assets – at the end of the period</b>	<b>185,413</b>	<b>91,386</b>	<b>67,210</b>	<b>8,403</b>	-	-	<b>421</b>	<b>352,833</b>
<b>e) accumulated depreciation – at the beginning of the period</b>	<b>144,999</b>	<b>40,777</b>	<b>52,070</b>	-	-	-	-	<b>237,846</b>
f) depreciation for the period (due to)	(2,703)	(12,911)	4,755	-	-	-	-	(10,859)
- depreciation charges for the current year	16,641	8,554	5,486	-	-	-	-	30,681
- accumulated depreciation of fixed assets liquidated	(15,555)	-	(641)	-	-	-	-	(16,196)
- accumulated depreciation of fixed assets sold	(3,763)	(22,681)	(30)	-	-	-	-	(26,474)
- other	(26)	1,216	(60)	-	-	-	-	1,130
<b>g) accumulated depreciation – at the end of the period</b>	<b>142,296</b>	<b>27,866</b>	<b>56,825</b>	-	-	-	-	<b>226,987</b>
<b>h) impairment losses – at the beginning of the period</b>	-	-	-	-	-	-	-	-
- additions	-	-	-	-	-	-	-	-
- reductions	-	-	-	-	-	-	-	-
<b>i) impairment losses – at the end of the period</b>	-	-	-	-	-	-	-	-
<b>j) net value of fixed assets – at the end of the period</b>	<b>43,117</b>	<b>63,520</b>	<b>10,385</b>	<b>8,403</b>	-	-	<b>421</b>	<b>125,846</b>

## 4.2 Cash

Cash	31 December 2020	31 December 2019
a) cash on hand and on bank accounts	124,457	126,141
b) other cash	-	-
<b>Total cash</b>	<b>124,457</b>	<b>126,141</b>

Restricted cash is described in item 28.1 of Notes and explanations.

Cash, by currency	31 December 2020	31 December 2019
a) in PLN	103,252	62,788
b) in EUR or other currencies (by currency and translated to PLN)	21,205	63,353
b1. EUR 000s	953	14,593
PLN 000s	4,399	62,143
b2. USD 000s	4,459	251
PLN 000s	16,758	952
b3. HUF 000s	-	388
PLN 000s	-	5
b4. GBP 000s	7	5
PLN 000s	36	26
b5. other	12	227
<b>Total cash</b>	<b>124,457</b>	<b>126,141</b>

## 5. Prepayments and accruals

### 5.1 Deferred tax assets

Movement in deferred tax assets	31 December 2020	31 December 2019
<b>1. Deferred tax assets – at the beginning of the period, including:</b>	<b>534,492</b>	<b>482,759</b>
a) recognized in the financial result <sup>1)</sup>	505,742	464,716
b) recognized in equity <sup>2)</sup>	28,750	18,043
c) recognized in goodwill or negative goodwill	-	-
<b>2. Additions</b>	<b>65,973</b>	<b>82,092</b>
a) recognized in the financial result of the period in connection with deductible temporary differences (by virtue of)	32,634	71,385
- occurrence of temporary differences, including:	32,634	71,385
accrued expenses	-	66,869
financial instruments	26,632	-
impairment losses on real property	1,247	-
other provisions	4,755	4,516
- 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)	33,339	10,707
- occurrence of temporary differences, including:	33,339	10,707
financial instruments	33,339	10,707
- 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)	-	-
<b>3. Reductions</b>	<b>13,062</b>	<b>30,359</b>
a) recognized in the financial result of the period in connection with deductible temporary differences (by virtue of)	13,062	30,359
- reversed temporary differences, including:	13,062	30,359

insurance receivables	140	58
financial instruments	-	16,562
other provisions	20	84
accrued expenses	8,852	11,577
other temporary differences	4,050	2,078
- 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)	-	-
<b>4. Total deferred tax assets – at the end of the period, including:</b>	<b>587,403</b>	<b>534,492</b>
<b>a) recognized in the financial result<sup>3)</sup></b>	<b>525,314</b>	<b>505,742</b>
<b>b) recognized in equity<sup>2)</sup></b>	<b>62,089</b>	<b>28,750</b>
<b>c) recognized in goodwill or negative goodwill</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> Refers to accumulated changes in deferred tax assets recognized in the financial result of 2019 and previous years.

<sup>2)</sup> Refers to revaluation reserve.

<sup>3)</sup> Refers to accumulated impact of changes in deferred tax assets recognized in the financial result of 2020 and previous years.

Assets and deferred tax liability are presented after setting off the relevant amounts resulting from negative and taxable temporary differences.

<b>Additional information regarding deductible temporary differences</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) deductible temporary differences – at the beginning of the period, including:	2,813,118	2,540,839
financial instruments	824,340	855,145
accrued expenses	1,341,725	1,050,725
insurance receivables	461,205	444,554
other temporary differences	5,794	10,303
impairment losses on real property	126,899	130,984
other provisions	53,155	49,128
b) deductible temporary differences – at the end 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
deductible temporary differences expiring within 1 year	2,463,084	2,177,827
deductible temporary differences expiring in more than 1 year	628,513	635,291

## 5.2 Other prepaid expenses and accrued income

<b>Other prepayments and accruals</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) reinsurance accruals <sup>1)</sup>	751,016	836,877
b) expenses related to direct claims handling expenses	49,603	56,158
c) IT expenses	31,350	32,273
d) other	14,989	13,893
<b>Other prepayments and accruals, total</b>	<b>846,958</b>	<b>939,201</b>

<sup>1)</sup> "Reinsurance accruals" include mainly gross accrued premium on inward reinsurance in the amount of PLN 701,509 thousand (PLN 776,545 thousand as at 31 December 2019).

## 6. Movements in impairment losses

### Movement in impairment losses 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
<b>I. Intangible assets</b>	<b>1,209</b>	-	-	-	-	-	-	-	<b>1,209</b>	-
<b>II. Investments</b>	<b>146,197</b>	<b>2,349</b>	<b>803,941</b>	<b>358,027</b>	<b>(3,962)</b>	-	-	-	<b>946,176</b>	<b>360,376</b>
1. Real property	129,686	2,349	6,561	-	-	-	-	-	136,247	2,349
2. Investments in related parties	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	-	-	-	-	-	-	-	-	-	-
<b>III. Net assets for life insurance where the policyholder bears the investment risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IV. Receivables</b>	<b>665,831</b>	-	<b>15,143</b>	-	<b>(38,191)</b>	-	<b>(544)</b>	-	<b>642,239</b>	-
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	-
<b>V. Other assets, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1. Property, plant and equipment	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
<b>VI. Prepayments and accruals</b>	<b>117</b>	-	-	-	<b>(102)</b>	-	-	-	<b>15</b>	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rents	-	-	-	-	-	-	-	-	-	-
4. Other prepayments and accruals	117	-	-	-	(102)	-	-	-	15	-

## Movement in impairment losses in the year ended 31 December 2019.

Item	Impairment losses as at 1 January 2019, including:		Recognized, of which:		Reversed, of which:		Utilized, of which:		Impairment losses as at 31 December 2019, 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
<b>I. Intangible assets</b>	1,611	-	-	-	-	-	(402)	-	1,209	-
<b>II. Investments</b>	159,103	2,349	20,957	-	(33,863)	-	-	-	146,197	2,349
1. Real property	134,595	2,349	20,957	-	(25,866)	-	-	-	129,686	2,349
2. Investments in related parties	7,821	-	-	-	(3,859)	-	-	-	3,962	-
3. Other financial investments	16,687	-	-	-	(4,138)	-	-	-	12,549	-
a) shares and other variable income securities	12,500	-	-	-	-	-	-	-	12,500	-
b) participation units and investment certificates in mutual funds	4,187	-	-	-	(4,138)	-	-	-	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	-	-	-	-	-	-	-	-	-	-
<b>III. Net assets for life insurance where the policyholder bears the investment risk</b>	-	-	-	-	-	-	-	-	-	-
<b>IV. Receivables</b>	643,043	-	113,441	-	(87,118)	-	(3,535)	-	665,831	-
1. Receivables on direct insurance	620,660	-	108,762	-	(80,642)	-	(839)	-	647,941	-
2. Reinsurance receivables	5,450	-	276	-	(1,435)	-	(1,902)	-	2,389	-
3. Other receivables	16,933	-	4,403	-	(5,041)	-	(794)	-	15,501	-
3.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	16,933	-	4,403	-	(5,041)	-	(794)	-	15,501	-
<b>V. Other assets, including:</b>	-	-	-	-	-	-	-	-	-	-
1. Property, plant and equipment	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
<b>VI. Prepayments and accruals</b>	316	-	-	-	(199)	-	-	-	117	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rents	-	-	-	-	-	-	-	-	-	-
4. Other prepayments and accruals	316	-	-	-	(199)	-	-	-	117	-

## 6.1 Carrying amount of interest accrued on impaired assets

As at 31 December 2020 and 31 December 2019, no interest has accrued on impaired assets.

## 7. Equity

### 7.1 Share capital

#### 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
<b>Total</b>					<b>863,523,000</b>	<b>86,352,300</b>			

#### Share capital structure as at 31 December 2019

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
<b>Total</b>					<b>863,523,000</b>	<b>86,352,300</b>			

#### 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 <sup>1)</sup>	295,217,300	34.1875%
2.	Funds managed by Nationale Nederlanden Powszechne Towarzystwo Emerytalne Spółka Akcyjna	44,260,638	5.1256%
	Other shareholders	524,045,062	60.6869%
	<b>Total</b>	<b>863,523,000</b>	<b>100.0000%</b>

<sup>1)</sup> Based on a notification from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. of 28 December 2020.

#### Shareholder structure as at 31 December 2019

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 <sup>1)</sup>	295,217,300	34.1875%
2.	Other shareholders	568,305,700	65.8125%
	<b>Total</b>	<b>863,523,000</b>	<b>100.0000%</b>

<sup>1)</sup> According to the Current Report No. 22/2019 on the list of shareholders holding at least 5% of the number of votes at the PZU Extraordinary Shareholder Meeting that took place on 6 September 2019.

## 7.2 Distribution of net profit

### 7.2.1. Distribution of net profit for the financial year 2019

On 26 May 2020, PZU's Ordinary Shareholder Meeting distributed net profit for the financial year 2019 totaling PLN 2,651,012 thousand by earmarking:

- PLN 2,643,739 thousand as supplementary capital;
- PLN 7,273 thousand to the Company Social Benefit Fund.

The profit distribution complies with the stance of the KNF expressed in its letter of 26 March 2020 and sent to insurance and reinsurance undertakings in which KNF indicates that having regard for the current situation involving the epidemic announced in Poland and its possible further adverse economic consequences as well as their expected adverse impact on the insurance sector, the regulatory authority expects that insurance undertakings retain the entirety of profit earned in previous years, notwithstanding the actions previously undertaken in this area. In addition, KNF has emphasized that it is advisable for undertakings not to take other actions without making arrangements with the regulatory authority, in particular, actions falling outside the scope of their ongoing business and operating activity that could lead to weakening their capital base.

### 7.2.2. Proposed distribution of the 2020 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 2020 profit.

## 7.3 Supplementary capital

Supplementary capital	31 December 2020	31 December 2019
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	7,883,924	5,240,185
d) from shareholder contributions	-	-
e) other	7,242	7,133
<b>Total supplementary capital</b>	<b>8,458,089</b>	<b>5,814,241</b>

## 7.4 Revaluation reserve

Revaluation reserve	31 December 2020	31 December 2019
a) revaluation of fixed assets	9,762	9,871
b) deferred tax	(540,252)	(396,702)
c) exchange differences from translation of foreign branches	-	-
d) other (by type):	7,755,871	6,792,088
- due to remeasurement of financial investments measured by the equity method	4,907,486	4,699,517
- due to remeasurement of financial investments held for hedge accounting purposes	57,698	13,557
- due to remeasurement of financial investments classified in the portfolio of available-for-sale financial assets	2,790,687	2,079,014
<b>Total revaluation reserve</b>	<b>7,225,381</b>	<b>6,405,257</b>



Revaluation reserve on financial instruments (gross)	1 January – 31 December 2020	1 January – 31 December 2019
<b>1. Opening balance</b>	<b>6,792,088</b>	<b>5,859,146</b>
<b>2. Additions due to:</b>	<b>1,035,566</b>	<b>1,010,054</b>
a) effects of revaluation of available-for-sale financial assets, including:	891,670	985,469
- remeasurement gains	856,857	981,165
- amounts deducted as at the derecognition data (e.g. sale)	34,813	4,304
- 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:	143,896	24,585
- 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	143,896	24,585
- 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	-	-
<b>3. Reductions due to:</b>	<b>71,783</b>	<b>77,112</b>
a) effects of revaluation of available-for-sale financial assets, including:	71,783	48,398
- remeasurement losses	44,984	8,508
- amounts deducted as at the derecognition data (e.g. sale)	26,799	39,890
- 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:	-	28,714
- 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	-	28,714
- 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	-	-
<b>4. Closing balance</b>	<b>7,755,871</b>	<b>6,792,088</b>

## 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 2020 was PLN 2,265,385 thousand, while their fair value was PLN 2,382,618 thousand (as at 31 December 2019, the carrying amount was PLN 2,279,173 thousand and the fair value was PLN 2,361,546 thousand).

## 9. Technical provisions

Technical provisions	31 December 2020	31 December 2019
a) provision for unearned premiums:	6,644,410	6,934,492
- gross provisions	7,376,501	7,610,300
- reinsurers' share	732,091	675,808
b) provision for unexpired risk:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
c) life insurance provisions:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
d) provision for outstanding claims and benefits:	14,482,588	13,882,070
- gross provisions	15,482,663	14,747,115
- reinsurers' share	1,000,075	865,045
e) provisions for bonuses and discounts for insureds:	1,079	1,863
- gross provisions	1,226	2,010
- reinsurers' share	147	147
f) equalization provision	579,125	754,596
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	-	-
<b>Total technical provisions</b>	<b>21,707,202</b>	<b>21,573,021</b>

Technical provisions – gross (by currency)	31 December 2020	31 December 2019
a) provision for unearned premiums:	7,376,501	7,610,300
- in PLN	7,376,501	7,610,300
- 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 provisions:	-	-

Technical provisions – gross (by currency)	31 December 2020	31 December 2019
- in PLN	-	-
- in EUR or other currencies (by currency and translated to PLN)	-	-
d) provision for outstanding claims and benefits:	15,482,663	14,747,115
- in PLN	13,887,087	13,468,633
- in EUR or other currencies (by currency and translated to PLN)	1,595,576	1,278,482
d1. EUR 000s	258,671	240,562
PLN 000s	1,193,716	1,024,435
d2. GBP 000s	70,213	41,895
PLN 000s	360,383	209,352
d3. CZK 000s	236,606	266,677
PLN 000s	41,477	44,695
d4. USD 000s	-	-
PLN 000s	-	-
e) provisions for bonuses and discounts for insureds:	1,226	2,010
- in PLN	1,226	2,010
- in EUR or other currencies (by currency and translated to PLN)	-	-
f) equalization provision:	579,125	754,596
- in PLN	579,125	754,596
- 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)	-	-
<b>Total technical provisions</b>	<b>23,439,515</b>	<b>23,114,021</b>
<b>Reinsurers' share in technical provisions (by currency)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) reinsurers' share in the provision for unearned premiums:	732,091	675,808
- in PLN	732,091	675,808
- 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 outstanding claims and benefits:	1,000,075	865,045
- in PLN	561,223	651,536
- in EUR or other currencies (by currency and translated to PLN)	438,852	213,509
d1. EUR 000s	91,400	44,062
PLN 000s	421,791	187,636
d2. USD 000s	2,539	2,635
PLN 000s	9,542	10,008
d3. UAH 000s	56,237	99,032
PLN 000s	7,457	15,865
d4. other	62	-
e) reinsurers' share in the provision for bonuses and discounts for insureds:	147	147
- in PLN	147	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)	-	-

Reinsurers' share in technical provisions (by currency)	31 December 2020	31 December 2019
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)	-	-
<b>Reinsurers' share in technical provisions, total</b>	<b>1,732,313</b>	<b>1,541,000</b>

## 9.1 Provision for unearned premiums and provision for unexpired risk

Provision for unearned premiums and provision for unexpired risk	31 December 2020	31 December 2019
a) provision for unearned premiums:	6,644,410	6,934,492
- gross provisions	7,376,501	7,610,300
- reinsurers' share	732,091	675,808
b) provision for unexpired risk:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
<b>Total provision for unearned premiums and provision for unexpired risk</b>	<b>6,644,410</b>	<b>6,934,492</b>

## 9.2 Provision 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 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
<b>Total gross provision for outstanding claims and benefits</b>	<b>15,482,663</b>	<b>3,219,713</b>

Gross provision for outstanding claims and benefits	Provisions as at 31 December 2019	Provisions for claims relating to the reporting period
Accident and sickness insurance (class 1, 2)	121,809	64,142
Motor TPL (class 10)	10,943,345	2,093,450
Other TPL (class 3)	716,794	440,427
Marine, aviation and transport (class 4, 5, 6, 7)	52,617	17,626
Fire and other damage to property (class 8, 9)	889,479	399,887
TPL insurance (classes 11, 12, 13)	1,824,823	298,592
Credit and suretyship (class 14, 15)	37,980	22,050
Assistance (class 18)	56,460	36,077
Legal expenses insurance (class 17)	9,585	3,088
Other (class 16)	94,223	14,695
<b>Total gross provision for outstanding claims and benefits</b>	<b>14,747,115</b>	<b>3,390,034</b>

### 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 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
<b>Total reinsurers' share</b>	<b>1,000,075</b>	<b>132,630</b>

<b>Reinsurers' share in the provision for outstanding claims and benefits</b>	<b>Provisions as at 31 December 2019</b>	<b>Provisions for claims relating to the reporting period</b>
Accident and sickness insurance (class 1, 2)	30	12
Motor TPL (class 10)	344,283	12,191
Other TPL (class 3)	12	-
Marine, aviation and transport (class 4, 5, 6, 7)	2,558	1,370
Fire and other damage to property (class 8, 9)	320,606	139,012
TPL insurance (classes 11, 12, 13)	126,867	12,276
Credit and suretyship (class 14, 15)	17,675	10,196
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	53,014	3,236
<b>Total reinsurers' share</b>	<b>865,045</b>	<b>178,293</b>

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

<b>Provision for the capitalized value of annuities before discounts and impairment losses (gross)</b>	<b>Provisions as at 31 December 2020</b>	<b>Reinsurers' share</b>
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)	-	-
<b>Total gross provisions</b>	<b>9,940,907</b>	<b>323,651</b>

<b>Provision for the capitalized value of annuities before discounts and impairment losses (gross)</b>	<b>Provisions as at 31 December 2019</b>	<b>Reinsurers' share</b>
Accident and sickness insurance (class 1, 2)	-	-
Motor TPL (class 10)	8,953,838	289,274
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)	733,011	4,331
Credit and suretyship (class 14, 15)	-	-
Assistance (class 18)	-	-

Legal expenses insurance (class 17)	-	-
Other (class 16)	-	-
<b>Total gross provisions</b>	<b>9,686,849</b>	<b>293,605</b>

## 10. Estimated subrogation, salvage and subsidies

### 10.1 Gross estimated subrogation, salvage and subsidies

Gross estimated subrogation, salvage and subsidies	31 December 2020	31 December 2019
Accident and sickness insurance (class 1, 2)	-	-
Motor TPL (class 10)	39,168	50,586
Other TPL (class 3)	45,305	41,368
Marine, aviation and transport (class 4, 5, 6, 7)	-	-
Fire and other damage to property (class 8, 9)	11,355	12,753
TPL insurance (classes 11, 12, 13)	-	-
Credit and suretyship (class 14, 15)	5,196	6,115
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	-	-
<b>Total gross estimated subrogation, salvage and subsidies</b>	<b>101,024</b>	<b>110,822</b>

### 10.2 Reinsurers' share in estimated subrogation, salvage and subsidies

Reinsurers' share in estimated subrogation, salvage and subsidies	31 December 2020	31 December 2019
Accident and sickness insurance (class 1, 2)	-	-
Motor TPL (class 10)	31	101
Other TPL (class 3)	12	2
Marine, aviation and transport (class 4, 5, 6, 7)	-	-
Fire and other damage to property (class 8, 9)	60	16
TPL insurance (classes 11, 12, 13)	-	-
Credit and suretyship (class 14, 15)	2,708	2,939
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	-	-
<b>Total reinsurers' share</b>	<b>2,811</b>	<b>3,058</b>

## 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 2020	31 December 2019
a) provisions for pension benefits	15,110	11,586
b) other compulsory employee benefits (by type):	38,720	34,095
provisions for holidays	25,502	23,248
provisions for post-mortem benefits	13,218	10,847
<b>Provisions for pension benefits and other compulsory employee benefits, total</b>	<b>53,830</b>	<b>45,681</b>

Movement in provisions for pension benefits and other compulsory employee benefits	31 December 2020	31 December 2019
<b>a) provisions at the beginning of the period (by type)</b>	<b>45,681</b>	<b>42,039</b>
provisions for pension benefits	11,586	10,310
provisions for holidays	23,248	22,111
provisions for post-mortem benefits	10,847	9,618
b) additions (by virtue of)	9,738	6,022
provisions for pension benefits	4,031	2,570
provisions for holidays	3,218	2,167
provisions for post-mortem benefits	2,489	1,285
c) utilization (by type)	1,589	1,702
provisions for pension benefits	507	645
provisions for holidays	964	1,030
provisions for post-mortem benefits	118	27
d) reversal (by type)	-	678
provisions for pension benefits	-	649
provisions for holidays	-	-
provisions for post-mortem benefits	-	29
<b>e) provisions at the end of the period (by type)</b>	<b>53,830</b>	<b>45,681</b>
provisions for pension benefits	15,110	11,586
provisions for holidays	25,502	23,248
provisions for post-mortem benefits	13,218	10,847

Provisions for pension benefits and other compulsory employee benefits (by currency)	31 December 2020	31 December 2019
a) in PLN	53,830	45,681
b) in EUR or other currencies (by currency and translated to PLN)	-	-
<b>Provisions for pension benefits and other compulsory employee benefits, total</b>	<b>53,830</b>	<b>45,681</b>

### 11.2 Deferred tax liability

Assets and deferred tax liability are presented after setting off the relevant amounts resulting from negative and taxable temporary differences.

Movement in the deferred tax liability	31 December 2020	31 December 2019
<b>1. Deferred tax liability – at the beginning of the period, including:</b>	<b>974,153</b>	<b>802,092</b>
a) recognized in the financial result <sup>1)</sup>	548,701	513,913
b) recognized in equity <sup>2)</sup>	425,452	288,179
c) recognized in goodwill or negative goodwill	-	-
<b>2. Additions</b>	<b>184,649</b>	<b>196,413</b>
a) recognized in the financial result of the period in connection with taxable temporary differences (by virtue of)	7,760	59,140
- occurrence of temporary differences, including:	7,760	59,140
prepayments and accruals	7,760	59,140
other temporary differences	-	-

<b>Movement in the deferred tax liability</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
financial instruments	-	-
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
b) recognized in equity in connection with taxable temporary differences (by virtue of)	176,889	137,273
- occurrence of temporary differences, including:	176,889	137,273
financial instruments	176,889	137,273
- 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)	-	-
<b>3. Reductions</b>	<b>17,532</b>	<b>24,352</b>
a) recognized in the financial result of the period in connection with taxable temporary differences (by virtue of)	17,532	24,352
- reversed temporary differences (utilization of the deferred tax liability), including:	17,532	24,352
financial instruments and other postings	17,532	24,352
- 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)	-	-
<b>4. Total deferred tax liability – at the end of the period</b>	<b>1,141,270</b>	<b>974,153</b>
<b>a) recognized in the financial result<sup>3)</sup></b>	<b>538,929</b>	<b>548,701</b>
<b>b) recognized in equity<sup>2)</sup></b>	<b>602,341</b>	<b>425,452</b>
<b>c) recognized in goodwill or negative goodwill</b>	-	-

<sup>1)</sup> Refers to accumulated changes in deferred tax liability recognized in the financial result of 2019 and previous years.

<sup>2)</sup> Refers to revaluation reserve.

<sup>3)</sup> Refers to accumulated impact of changes in deferred tax liability recognized in the financial result of 2020 and previous years.

<b>Additional information regarding taxable temporary differences</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
a) taxable temporary differences – at the beginning of the period	5,127,127	4,221,539
financial instruments	2,596,515	1,964,754
prepayments and accruals	2,299,919	2,000,112
other temporary differences	230,693	256,673
b) taxable temporary differences – at the end of the period, including:	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
taxable temporary differences expiring within 1 year	5,773,558	4,896,434
taxable temporary differences expiring in more than 1 year	233,128	230,693



Deferred tax liability (by currency) <sup>1)</sup>	31 December 2020	31 December 2019
a) in PLN	553,867	439,661
b) in EUR or other currencies (by currency and translated to PLN)	-	-
<b>Total deferred tax liability</b>	<b>553,867</b>	<b>439,661</b>

<sup>1)</sup> Deferred tax liability is recognized net of the deferred tax asset presented in item 5.1 of Notes and explanations.

### 11.3 Other provisions

Other provisions	31 December 2020	31 December 2019
a) provision for the cash penalty imposed by the Office of Competition and Consumer Protection	-	56,605
b) provisions for reinsurance settlements	1,662	7,009
c) provision for disputed claims and potential liabilities on account of concluded insurance contracts	557	795
d) provision for restructuring expenses	6,168	6,272
e) provision for other administrative proceedings	48	420
f) other provisions	20,913	6,199
<b>Total other provisions</b>	<b>29,348</b>	<b>77,300</b>

The disputable matter concerning the penalty imposed by the Office of Competition and Consumer Protection is described in item 31.2 of Notes and explanations.

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 2020	31 December 2019
<b>a) balance at the beginning of the period (by type)</b>	<b>77,300</b>	<b>82,354</b>
provision for restructuring expenses	6,272	6,715
provisions for reinsurance settlements	7,009	7,822
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	56,605	56,605
other provisions	7,414	11,212
b) additions (by virtue of)	17,421	13,507
provision for restructuring expenses	-	-
provisions for reinsurance settlements	1,715	9,923
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	-	-
other provisions	15,706	3,584
c) utilization (by type)	756	6,728
provision for restructuring expenses	104	443
provisions for reinsurance settlements	-	-
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	-	-
other provisions	652	6,285
d) reversal (by type)	64,617	11,833
provision for restructuring expenses	-	-
provisions for reinsurance settlements	7,062	10,736
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	56,605	-
other provisions	950	1,097
<b>e) balance at the end of the period (by type)</b>	<b>29,348</b>	<b>77,300</b>
provision for restructuring expenses	6,168	6,272
provisions for reinsurance settlements	1,662	7,009

<b>Movement in other provisions</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	-	56,605
other provisions	21,518	7,414

Other provisions (by currency)	31 December 2020	31 December 2019
a) in PLN	29,348	77,300
b) in EUR or other currencies (by currency and translated to PLN)	-	-
<b>Total other provisions</b>	<b>29,348</b>	<b>77,300</b>

## 12. Other liabilities and special-purpose funds

Geographic structure of liabilities	31 December 2020				31 December 2019			
	Domestic	Foreign – EU countries	Foreign – other countries	Total	Domestic	Foreign – EU countries	Foreign – other countries	Total
<b>I. Liabilities for reinsurers' deposits</b>	-	-	-	-	-	-	-	-
<b>II. Liabilities on direct insurance</b>	<b>362,423</b>	<b>50,506</b>	<b>1,060</b>	<b>413,989</b>	<b>396,097</b>	<b>24,127</b>	<b>575</b>	<b>420,799</b>
1. Liabilities to policyholders	77,763	198	346	78,307	75,677	155	352	76,184
2. Liabilities to insurance intermediaries	167,138	1,714	35	168,887	177,612	1,748	-	179,360
3. Other insurance liabilities	117,522	48,594	679	166,795	142,808	22,224	223	165,255
<b>III. Reinsurance liabilities</b>	<b>108,353</b>	<b>2,401</b>	<b>4,923</b>	<b>115,677</b>	<b>71,009</b>	<b>3,861</b>	<b>3,471</b>	<b>78,341</b>
<b>IV. Liabilities on the issue of own debt securities and drawn loans</b>	-	-	-	-	-	-	-	-
<b>V. Liabilities to credit institutions</b>	<b>12</b>	-	-	<b>12</b>	<b>12</b>	-	-	<b>12</b>
<b>VI. Other liabilities</b>	<b>414,723</b>	<b>140,927</b>	<b>2,188</b>	<b>557,838</b>	<b>397,824</b>	<b>28,098</b>	<b>3,109</b>	<b>429,031</b>
1. Liabilities to the state budget	63,860	-	-	63,860	74,570	-	-	74,570
2. Other liabilities	350,863	140,927	2,188	493,978	323,254	28,098	3,109	354,461
<b>Total liabilities</b>	<b>885,511</b>	<b>193,834</b>	<b>8,171</b>	<b>1,087,516</b>	<b>864,942</b>	<b>56,086</b>	<b>7,155</b>	<b>928,183</b>

## 12.1 Liabilities on direct insurance

Liabilities on direct insurance	31 December 2020	31 December 2019
a) liabilities to policyholders, including:	78,307	76,184
- to subordinated entities	273	80
- domestic	273	80
- foreign	-	-
- to other entities	78,034	76,104
- domestic	77,490	75,597
- foreign	544	507
b) liabilities to insurance intermediaries, including:	168,887	179,360
- to subordinated entities	2,663	8,888
- domestic	2,663	8,888
- foreign	-	-
- to other entities	166,224	170,472
- domestic	164,475	168,724
- foreign	1,749	1,748
c) other insurance liabilities, including:	166,795	165,255
- to subordinated entities	5,101	4,968
- domestic	4,679	4,376
- foreign	422	592
- to other entities	161,694	160,287
- domestic	112,843	138,432
- foreign	48,851	21,855
<b>Liabilities on direct insurance, total</b>	<b>413,989</b>	<b>420,799</b>

Liabilities on direct insurance	31 December 2020	31 December 2019
a) subsidiaries	8,037	13,936
b) co-subsidiaries	-	-
c) associates	-	-
d) a major investor	-	-
e) a shareholder in a co-subsidiary	-	-
f) the parent company	-	-
g) other	405,952	406,863
<b>Liabilities on direct insurance, total</b>	<b>413,989</b>	<b>420,799</b>

Liabilities on direct insurance, by remaining time to maturity from the balance sheet date	31 December 2020	31 December 2019
a) up to 3 months	413,989	420,799
b) from 3 months to 1 year	-	-
c) from 1 to 5 years	-	-
d) over 5 years	-	-
<b>Liabilities on direct insurance, total</b>	<b>413,989</b>	<b>420,799</b>

Liabilities on direct insurance (by currency)	31 December 2020	31 December 2019
a) in PLN	354,940	392,932
b) in EUR or other currencies (by currency and translated to PLN)	59,049	27,867
b1. EUR 000s	12,592	5,828
PLN 000s	58,109	24,819
b2. USD 000s	35	760
PLN 000s	130	2,885
b3. GBP 000s	52	33
PLN 000s	265	163
b4. CHF 000s	19	-
PLN 000s	83	-
b5. other currencies in PLN 000s	462	-
<b>Liabilities on direct insurance, total</b>	<b>413,989</b>	<b>420,799</b>

## 12.2 Reinsurance liabilities

Reinsurance liabilities, total	31 December 2020	31 December 2019
a) current accounts in inward reinsurance, including:	9,588	10,957
- domestic cedents	8,456	8,416
- international cedents	1,132	2,541
b) current accounts in outward reinsurance, including:	16,241	19,551
- domestic reinsurers	10,060	14,919
- international reinsurers	6,181	4,632
c) retrocession liabilities, including:	89,848	47,833
- domestic retrocessionaires	89,837	47,674
- international retrocessionaires	11	159
d) liabilities for reinsurance premiums spread over time	-	-
<b>Reinsurance liabilities, total</b>	<b>115,677</b>	<b>78,341</b>

Reinsurance liabilities	31 December 2020	31 December 2019
a) current liabilities in inward reinsurance, including:	9,588	10,957
- cedents who are subsidiaries	8,920	10,724
- cedents who are co-subsiidiaries	-	-
- cedents who are associates	-	-
- a cedent who is a major investor	-	-
- a cedent who is a shareholder in co-subsiidiary	-	-
- a cedent who is the parent company	-	-
b) current liabilities in outward reinsurance, including:	16,241	19,551
- reinsurers who are subsidiaries	-	-
- reinsurers who are co-subsiidiaries	-	-
- reinsurers who are associates	-	-
- a reinsurer who is a major investor	-	-
- a reinsurer who is a shareholder in co-subsiidiary	-	-
- a reinsurer who is the parent company	-	-
c) current liabilities to retrocessionaires, including to:	89,848	47,833
- retrocessionaires who are subsidiaries	-	-
- retrocessionaires who are co-subsiidiaries	-	-
- retrocessionaires who are associates	-	-
- a retrocessionaire who is a major investor	-	-
- a retrocessionaire who is a shareholder in co-subsiidiary	-	-
- a retrocessionaire who is the parent company	-	-
d) other	-	-
<b>Reinsurance liabilities, total</b>	<b>115,677</b>	<b>78,341</b>

Reinsurance liabilities, by remaining time to maturity from the balance sheet date	31 December 2020	31 December 2019
a) up to 3 months	69,791	26,675
b) from 3 months to 1 year	40,128	39,594
c) from 1 to 5 years	5,758	12,072
d) over 5 years	-	-
<b>Reinsurance liabilities, total</b>	<b>115,677</b>	<b>78,341</b>

Reinsurance liabilities (by currency)	31 December 2020	31 December 2019
a) in PLN	110,730	75,242
b) in EUR or other currencies (by currency and translated to PLN)	4,947	3,099
b1. EUR 000s	147	68
PLN 000s	678	288
b2. USD 000s	835	71
PLN 000s	3,137	271
b3. UAH 000s	8,333	15,799
PLN 000s	1,105	2,531
b4. other currencies	27	9
<b>Reinsurance liabilities, total</b>	<b>115,677</b>	<b>78,341</b>

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

As at 31 December 2020 and 31 December 2019, 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 2020	31 December 2019
a) up to 3 months	12	12
b) from 3 months to 1 year	-	-
c) from 1 to 5 years	-	-
d) over 5 years	-	-
<b>Liabilities to credit institutions, total</b>	<b>12</b>	<b>12</b>

Liabilities to credit institutions, by remaining time to maturity from the balance sheet date	31 December 2020	31 December 2019
a) in PLN	12	12
b) in EUR or other currencies (by currency and translated to PLN)	-	-
<b>Liabilities to credit institutions, total</b>	<b>12</b>	<b>12</b>

### 12.5 Other liabilities

Other liabilities	31 December 2020	31 December 2019
<b>a) liabilities to the state budget</b>	<b>63,860</b>	<b>74,570</b>
corporate income tax	31,365	44,095
liabilities for the tax referred to in the Act of 15 January 2016 on the tax on some financial institutions (consolidated text: Journal of Laws of 2019, Item 1836, "Tax on some financial institutions")	16,138	14,933
personal income tax	9,650	11,055
VAT	6,694	4,454
other	13	33
<b>b) other liabilities</b>	<b>493,978</b>	<b>354,461</b>
costs of co-funding a subsidiary	-	78,944
estimated non-insurance liabilities	56,284	60,632
liabilities for outstanding investment transactions and margins	154,911	51,362
security deposits withheld	43,118	35,408

Other liabilities	31 December 2020	31 December 2019
settlements for direct claims handling	27,434	29,306
liabilities on account of donations	20,843	23,225
liability to the Insurance Guarantee Fund	13,606	14,615
ZUS contributions and benefits	14,439	14,084
measurement of derivatives - liabilities held for trading	54,813	10,352
liabilities for the Tax Group's settlements	80,820	7,070
liabilities for building the Central Records of Vehicles and Drivers (CEPiK)	3,580	3,500
dividend-related settlements with shareholders	2,667	2,667
liabilities on account of trial-related representation	1,858	2,021
other	19,605	21,275
<b>Other liabilities, total</b>	<b>557,838</b>	<b>429,031</b>

Other liabilities	31 December 2020	31 December 2019
a) subsidiaries	235,082	122,608
b) co-subsidiaries	-	-
c) associates	-	-
d) a major investor	-	-
e) a shareholder in a co-subsidiary	-	-
f) the parent company	-	-
g) other	322,756	306,423
<b>Other liabilities, total</b>	<b>557,838</b>	<b>429,031</b>

Other liabilities, by remaining time to maturity from the balance sheet date	31 December 2020	31 December 2019
a) up to 3 months	557,838	429,031
b) from 3 months to 1 year	-	-
c) from 1 to 5 years	-	-
d) over 5 years	-	-
<b>Other liabilities, total</b>	<b>557,838</b>	<b>429,031</b>

All derivatives held by PZU are classified as liabilities held for trading and recognized under "Other liabilities" with maturities up to 3 months after the balance sheet date.

Other liabilities (by currency)	31 December 2020	31 December 2019
a) in PLN	551,439	323,589
b) in EUR or other currencies (by currency and translated to PLN)	6,399	105,442
b1. USD 000s	292	552
PLN 000s	1,097	2,098
b2. EUR 000s	1,149	24,267
PLN 000s	5,302	103,341
b3. other currencies PLN 000s	-	3
<b>Other liabilities, total</b>	<b>557,838</b>	<b>429,031</b>

## 12.6 Other information on liabilities

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

As at 31 December 2020 and 31 December 2019, there were no liabilities secured on the issuer's assets.

### 12.6.2. Information on past due liabilities

As at 31 December 2020 and 31 December 2019, 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 2020 and 31 December 2019, 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 2020	31 December 2019
a) Prevention Fund	22,252	22,812
b) Company Social Benefit Fund	75,815	77,129
<b>Special-purpose funds, total</b>	<b>98,067</b>	<b>99,941</b>

## 13. Prepayments and accruals

Prepayments and accruals	31 December 2020	31 December 2019
<b>a) accrued expenses, including:</b>	<b>1,208,398</b>	<b>1,241,848</b>
- long-term	19,601	23,203
- short-term (by title):	<b>1,188,797</b>	<b>1,218,645</b>
- accrued reinsurance income and expenses	731,834	727,684
- accrued expenses of direct insurance commissions	286,979	322,700
- accrued payroll expenses	104,873	103,467
- accrued employee bonuses	44,995	46,778
- other postings	20,116	18,016
<b>b) negative goodwill</b>	-	-
<b>c) deferred income, including:</b>	<b>71,073</b>	<b>62,508</b>
- deferred reinsurance commissions	67,238	61,758
- investment income	2,433	391
- perpetual usufruct right to land obtained gratuitously	174	-
- other	1,228	359
<b>Total accruals and deferred income</b>	<b>1,279,471</b>	<b>1,304,356</b>

Movement in accrued expenses and deferred income	31 December 2020	31 December 2019
<b>At the beginning of the period (by type)</b>	<b>1,304,356</b>	<b>958,302</b>
accrued expenses	1,241,848	909,084
deferred income	62,508	49,218
a) additions (by virtue of):	5,391,043	4,126,364
accrued expenses	4,425,027	3,458,872
deferred income	966,016	667,492
b) reductions (by virtue of)	5,415,928	3,780,310
accrued expenses	4,458,477	3,126,108
deferred income	957,451	654,202
<b>At the end of the period (by type)</b>	<b>1,279,471</b>	<b>1,304,356</b>
accrued expenses	1,208,398	1,241,848
deferred income	71,073	62,508

## 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 2020 report, the publication deadline is no later than 14 weeks after the yearend, that is 8 April 2021. 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 2020	31 December 2019
a) guarantees and sureties received, of which:	6,700	2,956
- from subsidiaries	-	-
- other (by type):	3,969,036	4,254,021
- promissory notes related to extended insurance guarantees <sup>2)</sup>	-	-
- other promissory notes, of which:	-	-
- from subsidiaries	-	-
- other contingent receivables <sup>1)</sup>	3,969,024	4,254,010
<b>Total contingent receivables</b>	<b>3,975,736</b>	<b>4,256,977</b>

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

<sup>2)</sup> Only a quantitative record of promissory notes is kept.

Contingent receivables (by currency)	31 December 2020	31 December 2019
a) guarantees and sureties received:	6,700	2,956
- in PLN	6,700	2,956
- in EUR or other currencies (by currency and translated to PLN)	-	-
- other (by type):	3,969,036	4,254,021
- in PLN	3,379,600	3,709,798
- in EUR or other currencies (by currency and translated to PLN)	589,436	544,223
b1. EUR 000s	127,727	127,797
PLN 000s	589,436	544,223
<b>Total contingent receivables</b>	<b>3,975,736</b>	<b>4,256,977</b>

#### 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 2020	Amount of active guarantees as at 31 December 2019
Bank Millennium SA	7 September 2013	15,000	Yes	7,671	6,673
Bank Pekao SA	28 September 2018 <sup>1)</sup>	15,000 <sup>1)</sup>	Yes	87,089	1,034
<b>Total</b>				<b>94,760</b>	<b>7,707</b>

<sup>1)</sup> 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 2020	31 December 2019
a) guarantees and sureties extended, of which:	92,890	6,052
- from subsidiaries	87,089	1,034
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):	1,108,173	1,143,047
- disputed claims not accepted by the insurer and pursued by creditors through litigation	945,257	934,421
- contingent liabilities arising from securities placing agreements	-	-
- other contingent liabilities <sup>1)</sup>	162,916	208,626
<b>Total contingent liabilities</b>	<b>1,201,063</b>	<b>1,149,099</b>

<sup>1)</sup> As at 31 December 2020, the "other contingent liabilities" item included primarily liabilities arising from undrawn loan tranches in the total amount of PLN 109,743 thousand (PLN 176,605 thousand on 31 December 2019).

Contingent liabilities (by currency)	31 December 2020	31 December 2019
a) guarantees and sureties granted:	92,890	6,052
- in PLN	6,648	6,052
- in EUR or other currencies (by currency and translated to PLN)	86,242	-
a1. EUR 000s	18,688	-
PLN 000s	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):	1,108,173	1,143,047
disputed claims not accepted by the insurer and pursued by creditors through litigation	945,257	934,421
- in PLN	-	-
- in EUR or other currencies (by currency and translated to PLN)	-	-
other contingent liabilities:	162,916	208,626
- in PLN	162,916	208,626
- in EUR or other currencies (by currency and translated to PLN)	-	-
<b>Total contingent liabilities</b>	<b>1,201,063</b>	<b>1,149,099</b>

### 15.3 Other off-balance sheet line items

Other off-balance sheet line items arising from	31 December 2020	31 December 2019
Other off-balance sheet line items (by type):	112,171	122,054
third party assets not recognized in assets, including:	112,171	122,054
- to subsidiaries	24,002	24,002
<b>Total other off-balance sheet line items</b>	<b>112,171</b>	<b>122,054</b>

Other off-balance sheet line items (by currency)	31 December 2020	31 December 2019
a) in PLN	112,171	122,054
b) in EUR or other currencies (by currency and translated to PLN)	-	-
<b>Total other off-balance sheet line items</b>	<b>112,171</b>	<b>122,054</b>

## 16. Premiums in non-life insurance

Gross written premiums in non-life insurance	1 January – 31 December 2020	1 January – 31 December 2019
a) in direct insurance, including:	11,249,293	11,700,776
- from contracts concluded outside the Republic of Poland, including:	34,927	40,661
- from contracts concluded in EU member states	15,989	16,205
b) in indirect insurance	1,287,384	1,338,609
<b>Total gross written premiums</b>	<b>12,536,677</b>	<b>13,039,385</b>

### 16.1 Gross written premium in direct insurance

Gross written premium in direct non-life insurance (by accounting class)	1 January – 31 December 2020	1 January – 31 December 2019
a) accident and sickness insurance (groups 1 and 2)	594,411	442,121
b) motor third party liability insurance (group 10)	4,101,521	4,441,049
c) other motor insurance (group 3)	2,977,001	3,219,818
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	80,218	43,528
e) fire and other property damage insurance (groups 8 and 9)	2,174,942	2,246,610
f) TPL insurance (groups 11, 12, 13)	723,200	713,268
g) credit and suretyship (groups 14, 15)	65,607	63,700
h) assistance (group 18)	373,720	410,952
i) legal protection (group 17)	11,873	10,601
j) other (group 16)	146,800	109,129

<b>Gross written premium in direct non-life insurance (by accounting class)</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
<b>Total gross written premiums in direct insurance (by accounting class)</b>	<b>11,249,293</b>	<b>11,700,776</b>
<b>Gross written premium received in direct non-life insurance from mandatory TPL insurance, by insurance group</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
Group 10	4,028,808	4,336,152
Group 11	12,137	2,032
Group 13	205,425	220,342
<b>Total gross written premium received in direct non-life insurance from mandatory TPL insurance, by insurance group</b>	<b>4,246,370</b>	<b>4,558,526</b>

## 16.2 Gross written premium in indirect insurance

<b>Gross written premium in indirect non-life insurance</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
a) accident and sickness insurance (groups 1 and 2)	7,643	19,160
b) motor third party liability insurance (group 10)	694,262	676,236
c) other motor insurance (group 3)	5,208	6,680
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	17,572	18,081
e) fire and other property damage insurance (groups 8 and 9)	358,266	446,209
f) TPL insurance (groups 11, 12, 13)	65,200	55,286
g) credit and suretyship (groups 14, 15)	14,005	9,097
h) assistance (group 18)	264	105
i) legal protection (group 17)	-	-
j) other (group 16)	124,964	107,755
<b>Total gross written premiums in indirect insurance (by accounting class)</b>	<b>1,287,384</b>	<b>1,338,609</b>
<b>Gross written premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
Group 10	693,266	674,135
Group 11	315	131
Group 13	26,685	19,588
<b>Total gross written premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group</b>	<b>720,266</b>	<b>693,854</b>

## 17. Gross earned premium

### 17.1 Gross earned premium in direct insurance

<b>Gross earned premium in direct non-life insurance (by accounting class)</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
a) accident and sickness insurance (groups 1 and 2)	452,060	399,081
b) motor third party liability insurance (group 10)	4,306,740	4,553,010
c) other motor insurance (group 3)	3,121,876	3,233,774
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	61,052	46,600
e) fire and other property damage insurance (groups 8 and 9)	2,220,180	2,159,465
f) TPL insurance (groups 11, 12, 13)	710,643	699,979
g) credit and suretyship (groups 14, 15)	73,569	74,614
h) assistance (group 18)	382,594	398,454
i) legal protection (group 17)	11,074	10,077
j) other (group 16)	105,814	87,715
<b>Total gross earned premium in direct non-life insurance</b>	<b>11,445,602</b>	<b>11,662,769</b>
<b>Gross earned premium received in direct non-life insurance from mandatory TPL insurance, by insurance group</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
Group 10	4,235,522	4,448,514
Group 11	3,664	1,830

Group 13	208,746	222,461
<b>Total gross earned premium received in direct non-life insurance</b>	<b>4,447,932</b>	<b>4,672,805</b>

## 17.2 Gross earned premium in indirect insurance

<b>Gross earned premium in indirect non-life insurance (by accounting class)</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
a) accident and sickness insurance (groups 1 and 2)	18,277	10,968
b) motor third party liability insurance (group 10)	691,407	697,129
c) other motor insurance (group 3)	8,056	21,078
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	15,602	13,340
e) fire and other property damage insurance (groups 8 and 9)	383,750	339,043
f) TPL insurance (groups 11, 12, 13)	64,845	52,570
g) credit and suretyship (groups 14, 15)	6,573	6,235
h) assistance (group 18)	893	3,819
i) legal protection (group 17)	-	-
j) other (group 16)	135,472	72,744
<b>Total gross earned premium in indirect non-life insurance</b>	<b>1,324,875</b>	<b>1,216,926</b>

<b>Gross earned premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
Group 10	690,552	695,291
Group 11	420	194
Group 13	24,932	16,060
<b>Total gross earned premium received in indirect non-life insurance</b>	<b>715,904</b>	<b>711,545</b>

## 18. Reinsurance settlements

<b>Reinsurance settlements</b>	<b>1 January – 31 December 2020</b>	<b>1 January – 31 December 2019</b>
a) insurance premiums received from abroad	303,820	144,411
b) reinsurance premiums transferred abroad	506,954	366,356
c) balance of settlements in outward reinsurance	(458,346)	(427,591)
d) balance of settlements on inward reinsurance	423,859	438,863
e) receivables and liabilities arising from outward reinsurance, including:	(81,664)	(39,831)
- receivables from reinsurers secured by guarantees from financial institutions	-	-
f) receivables and liabilities arising from inward reinsurance, including:	112,086	75,991
- 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 2020	1 January – 31 December 2019
a) on direct insurance, including:	6,532,499	6,852,362
- claims handling expenses	705,368	715,449
b) on indirect insurance, including:	645,170	681,796
- claims handling expenses	28,899	27,357
<b>Total gross claims and benefits paid</b>	<b>7,177,669</b>	<b>7,534,158</b>

### 19.1 Gross claims and benefits paid

Gross claims and benefits paid in direct non-life insurance (by accounting class)	1 January – 31 December 2020	1 January – 31 December 2019
a) accident and sickness insurance (groups 1 and 2)	92,048	106,169
b) motor third party liability insurance (group 10)	2,824,339	3,086,083
c) other motor insurance (group 3)	1,929,065	2,113,225
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	17,508	22,015
e) fire and other property damage insurance (groups 8 and 9)	1,081,195	951,851
f) TPL insurance (groups 11, 12, 13)	316,002	336,599
g) credit and suretyship (groups 14, 15)	65,526	37,781
h) assistance (group 18)	179,030	183,606
i) legal protection (group 17)	5,063	2,344
j) other (group 16)	22,723	12,689
<b>Gross written gross claims and benefits paid in direct insurance (by accounting classes), total</b>	<b>6,532,499</b>	<b>6,852,362</b>

Gross claims and benefits paid in indirect non-life insurance (by accounting class)	1 January – 31 December 2020	1 January – 31 December 2019
a) accident and sickness insurance (groups 1 and 2)	9,494	5,842
b) motor third party liability insurance (group 10)	376,285	351,080
c) other motor insurance (group 3)	4,269	15,294
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	1,838	983
e) fire and other property damage insurance (groups 8 and 9)	222,086	274,519
f) TPL insurance (groups 11, 12, 13)	14,665	22,277
g) credit and suretyship (groups 14, 15)	476	424
h) assistance (group 18)	1,010	1,639
i) legal protection (group 17)	-	-
j) other (group 16)	15,047	9,738
<b>Gross written gross claims and benefits paid in indirect insurance (by accounting classes), total</b>	<b>645,170</b>	<b>681,796</b>

### 19.2 Claims handling expenses

Claims handling expenses in direct non-life insurance (by accounting class)	1 January – 31 December 2020	1 January – 31 December 2019
a) accident and sickness insurance (groups 1 and 2)	17,716	20,531
b) motor third party liability insurance (group 10)	356,583	383,511
c) other motor insurance (group 3)	140,516	127,284
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	1,064	882
e) fire and other property damage insurance (groups 8 and 9)	98,661	87,630
f) TPL insurance (groups 11, 12, 13)	56,927	62,153
g) credit and suretyship (groups 14, 15)	1,997	5,980
h) assistance (group 18)	26,559	25,351
i) legal protection (group 17)	4,357	1,247
j) other (group 16)	988	880
<b>Claims handling expenses in direct insurance (by accounting classes), total</b>	<b>705,368</b>	<b>715,449</b>

Claims handling expenses in indirect non-life insurance (by accounting class)	1 January – 31 December 2020	1 January – 31 December 2019
a) accident and sickness insurance (groups 1 and 2)	644	347
b) motor third party liability insurance (group 10)	23,587	22,285
c) other motor insurance (group 3)	314	780
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	82	46
e) fire and other property damage insurance (groups 8 and 9)	2,247	1,166
f) TPL insurance (groups 11, 12, 13)	1,562	2,289
g) credit and suretyship (groups 14, 15)	-	-
h) assistance (group 18)	252	381
i) legal protection (group 17)	-	-
j) other (group 16)	211	63
<b>Total claims handling expenses in indirect insurance (by accounting classes)</b>	<b>28,899</b>	<b>27,357</b>

## 20. Supplementary data to the revenue account

### 20.1 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
<b>Total direct and indirect insurance</b>	<b>12,536,677</b>	<b>12,770,477</b>	<b>6,603,681</b>	<b>734,267</b>	<b>160,279</b>	<b>(34,487)</b>	<b>3,186,382</b>

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
<b>Total direct insurance</b>	<b>11,249,293</b>	<b>11,445,602</b>	<b>5,977,065</b>	<b>705,368</b>	<b>149,934</b>	<b>(458,346)</b>	<b>2,913,583</b>



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
<b>Total indirect insurance</b>	<b>1,287,384</b>	<b>1,324,875</b>	<b>626,616</b>	<b>28,899</b>	<b>10,345</b>	<b>423,859</b>	<b>272,799</b>

## 20.2 Supplementary data to the revenue account for the year ended 31 December 2019

Total direct and indirect insurance for the year ended 31 December 2019	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)	461,281	410,049	91,160	20,878	27	4,357	141,605
Motor TPL (class 10)	5,117,285	5,250,139	3,072,258	405,796	40,891	114,577	1,145,879
Other TPL (class 3)	3,226,498	3,254,852	2,051,843	128,064	51,388	(23,001)	761,078
Marine, aviation and transport (class 4, 5, 6, 7)	61,609	59,940	22,244	928	174	1,553	14,040
Fire and other damage to property (class 8, 9)	2,692,819	2,498,508	1,153,871	88,796	16,297	(95,394)	691,616
TPL insurance (classes 11, 12, 13)	768,554	752,549	295,257	64,442	823	4,151	226,701
Credit and suretyship (class 14, 15)	72,797	80,849	47,517	5,980	15,292	204	28,733
Assistance (class 18)	411,057	402,273	160,156	25,732	643	(1,661)	110,922
Legal expenses insurance (class 17)	10,601	10,077	1,097	1,247	-	-	3,999
Other (class 16)	216,884	160,459	21,506	943	22	6,486	68,066
<b>Total direct and indirect insurance</b>	<b>13,039,385</b>	<b>12,879,695</b>	<b>6,916,909</b>	<b>742,806</b>	<b>125,557</b>	<b>11,272</b>	<b>3,192,639</b>

Direct insurance in the year ended 31 December 2019	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)	442,121	399,081	85,665	20,531	27	(6,040)	138,338
Motor TPL (class 10)	4,441,049	4,553,010	2,737,200	383,511	34,628	(20,173)	939,390
Other TPL (class 3)	3,219,818	3,233,774	2,035,876	127,284	49,935	(9,689)	747,058
Marine, aviation and transport (class 4, 5, 6, 7)	43,528	46,600	21,306	882	173	(13,547)	12,256
Fire and other damage to property (class 8, 9)	2,246,610	2,159,465	880,437	87,630	16,216	(244,454)	664,604
TPL insurance (classes 11, 12, 13)	713,268	699,979	275,060	62,153	614	(20,272)	212,660
Credit and suretyship (class 14, 15)	63,700	74,614	47,093	5,980	15,292	(5,266)	26,045
Assistance (class 18)	410,952	398,454	158,898	25,351	643	(73)	108,935
Legal expenses insurance (class 17)	10,601	10,077	1,097	1,247	-	-	3,999
Other (class 16)	109,129	87,715	11,831	880	22	(108,077)	50,569
<b>Total direct insurance</b>	<b>11,700,776</b>	<b>11,662,769</b>	<b>6,254,463</b>	<b>715,449</b>	<b>117,550</b>	<b>(427,591)</b>	<b>2,903,854</b>

Indirect insurance in the year ended 31 December 2019	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)	19,160	10,968	5,495	347	-	10,397	3,267
Motor TPL (class 10)	676,236	697,129	335,058	22,285	6,263	134,750	206,489
Other TPL (class 3)	6,680	21,078	15,967	780	1,453	(13,312)	14,020
Marine, aviation and transport (class 4, 5, 6, 7)	18,081	13,340	938	46	1	15,100	1,784
Fire and other damage to property (class 8, 9)	446,209	339,043	273,434	1,166	81	149,060	27,012
TPL insurance (classes 11, 12, 13)	55,286	52,570	20,197	2,289	209	24,423	14,041
Credit and suretyship (class 14, 15)	9,097	6,235	424	-	-	5,470	2,688
Assistance (class 18)	105	3,819	1,258	381	-	(1,588)	1,987
Legal expenses insurance (class 17)	-	-	-	-	-	-	-
Other (class 16)	107,755	72,744	9,675	63	-	114,563	17,497
<b>Total indirect insurance</b>	<b>1,338,609</b>	<b>1,216,926</b>	<b>662,446</b>	<b>27,357</b>	<b>8,007</b>	<b>438,863</b>	<b>288,785</b>

## 21. Information on the course of claims handling processes.

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
<b>Total (average)</b>	<b>20.71</b>	<b>1,948,334</b>	<b>1,193,236</b>

Information on the course of claims handling processes for the year ended 31 December 2019 (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)	9.50	19,231	29,895
Motor TPL (class 10)	21.37	633,412	689,041
Other TPL (class 3)	12.85	745,883	254,318
Marine, aviation and transport (class 4, 5, 6, 7)	67.19	7,774	11,063
Fire and other damage to property (class 8, 9)	8.54	446,102	148,021
TPL insurance (classes 11, 12, 13)	19.53	52,765	131,200
Credit and suretyship (class 14, 15)	44.13	16,315	16,426
Assistance (class 18)	30.54	75,390	23,689
Legal expenses insurance (class 17)	16.16	107	957
Other (class 16)	12.67	1,184	4,316
<b>Total (average)</b>	<b>14.71</b>	<b>1,998,163</b>	<b>1,308,926</b>

## 22. Insurance activity expenses

Insurance activity expenses, net of reinsurance	1 January – 31 December 2020	1 January – 31 December 2019
a) in direct insurance	2,898,089	2,881,886
b) in indirect insurance	250,198	264,463
<b>Total insurance activity expenses, net of reinsurance</b>	<b>3,148,287</b>	<b>3,146,349</b>

Insurance activity expenses (by type)	1 January – 31 December 2020	1 January – 31 December 2019
<b>I. Administrative expenses</b>	<b>724,834</b>	<b>703,514</b>
1. internal:	486,544	472,885
a) consumption of materials and energy	17,297	18,048
b) salaries and insurance and other benefits	419,678	399,095
c) amortization and depreciation	48,837	52,805
d) other administrative expenses	732	2,937
2. external:	238,290	230,629
a) third party services	118,851	123,631
b) commission for premium collection	60,521	56,684
c) advertising	36,419	37,738
d) other expenses	22,499	12,576
<b>II. Acquisition expenses</b>	<b>2,461,548</b>	<b>2,489,125</b>
1. internal:	363,663	389,506
a) consumption of materials and energy	13,583	17,256
b) salaries and insurance and other benefits classified as acquisition expenses	319,110	328,047
c) commissions on direct activity	-	-
d) amortization and depreciation	30,970	44,203
e) other acquisition expenses	-	-
2. external:	2,126,978	2,117,599
a) salaries and insurance and other benefits classified as acquisition expenses	-	-
b) commission on direct activity, including:	1,819,121	1,801,864
- acquisition commissions	831,428	837,973
- policy extension commissions	933,225	906,251
- commissions for servicing insurance and reinsurance agreements	54,468	57,640
c) commissions on indirect activity	208,089	210,101
d) third party services	73,421	71,369
e) advertising	12,235	19,587
f) other expenses	14,112	14,678
3. movement in deferred acquisition costs	(29,093)	(17,980)
<b>III. Claims handling and subrogation collection expenses</b>	<b>734,267</b>	<b>742,806</b>
1. internal:	418,677	357,700
a) consumption of materials and energy	7,732	2,777
b) salary of experts, adjusters and other salary associated with claims handling and pursuit of subrogation claims	382,911	322,869
c) amortization and depreciation	28,034	32,054
2. external:	315,590	385,106
a) third party services	195,685	204,282
b) other costs	119,905	180,824
<b>IV. Investment activity expenses</b>	<b>936,099</b>	<b>272,192</b>
1. internal:	9,491	8,686
a) consumption of materials and energy	835	954
b) salary and insurance and other benefits to employees	7,724	6,621
c) amortization and depreciation	932	1,111
2. external:	926,608	263,506
a) third party services	3,423	35,062
b) other costs <sup>1)</sup>	923,185	228,444

<sup>1)</sup> The "other costs" item includes among others losses on realization and revaluation of investments.

## 22.1 Acquisition expenses

Acquisition expenses	1 January – 31 December 2020	1 January – 31 December 2019
a) incurred in the financial period, of which:	2,490,641	2,507,105
- acquisition commission on direct insurance	1,819,121	1,801,864
b) deferred to future reporting periods	1,373,662	1,344,569

## 22.2 Administrative expenses

Administrative expenses	1 January – 31 December 2020	1 January – 31 December 2019
a) consumption of materials and energy	17,297	18,048
b) third party services	118,851	123,631
c) taxes and charges	15,264	12,230
d) salaries	332,153	312,626
e) insurance and other benefits	87,525	86,469
f) depreciation and amortization	48,837	52,805
g) other, including:	104,907	97,705
premium collection commission	60,521	56,684
advertising	36,419	37,738
business trips	732	2,937
insurance of property	837	1,046
<b>Administrative expenses, total</b>	<b>724,834</b>	<b>703,514</b>

## 23. Other operating income

Other operating income	1 January – 31 December 2020	1 January – 31 December 2019
a) financial income	1,316	40,256 <sup>1)</sup>
b) income for acting as an emergency adjuster	12,316	14,037
b) income for direct claims handling	162,390	195,851
d) other operating income, including:	160,963	23,274
positive foreign exchange differences	9,937	5,426
indemnities received	3,055	3,255
re invoiced expenses	3,140	2,743
income on reversal of a provision for impairment losses and provisions for future costs	57,793	5,493
revenues from the reversal of the provision for co-funding of PZU Finance AB (publ.)	81,460	-
other	5,578	6,357
<b>Total</b>	<b>336,985</b>	<b>273,418</b>

<sup>1)</sup> "Financial income" in 2019 included revenue from foreign exchange differences on loans received from PZU Finance AB (publ.) in the amount of PLN 37,950 thousand.

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 the PZU Group'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 is not final. Consequently, PZU assesses the probability that the tax will have to be paid at less than 50%. As a consequence, the provision was reversed (as at 31 December 2019, it was posted as a liability of PLN 78,944 thousand) and income was recognized (in other operating income) in the amount of PLN 81,460 thousand.

## 24. Other operating expenses

Other operating expenses	1 January – 31 December 2020	1 January – 31 December 2019
a) financial expenses	68,095	125,133 <sup>1)</sup>
b) expenses for acting as an emergency adjuster	663	773
c) expenses of direct claims handling	177,867	208,747
d) tax on some financial institutions	187,503	186,093
e) other operating expenses, including:	51,653	139,568
costs of co-funding of PZU Finance AB (publ.)	-	78,944
negative foreign exchange differences	19,507	26,069
donations	12,161	11,686
employment restructuring costs	-	162
other	19,985	22,707
<b>Total</b>	<b>485,781</b>	<b>660,314</b>

<sup>1)</sup> "Financial costs" in 2019 contained costs of interest on loans received from PZU Finance AB (publ.) in the amount of PLN 29,744 thousand.

## 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 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	-	-	-	-
<b>Total interest income</b>	<b>267,617</b>	<b>26,557</b>	<b>172,527</b>	<b>-</b>

Interest income calculated using contractual interest rates in 2019	Interest accrued and realized in 2019	Interest accrued but not realized in 2019 (by maturity from the balance sheet date)		
		up to 3 months	3 to 12 months	over 12 months

a) Investments in related parties	6,694	-	6,309	-
b) Other financial investments, including:	247,568	26,201	138,899	-
- debt securities and other fixed income securities	240,142	25,785	138,899	-
- participation in investments pools	-	-	-	-
- mortgage-backed loans	-	-	-	-
- other loans	22,112	415	-	-
- term deposits with credit institutions	(14,686)	1	-	-
- other investments	-	-	-	-
c) Receivables	-	-	-	-
<b>Total interest income</b>	<b>254,262</b>	<b>26,201</b>	<b>145,208</b>	<b>-</b>

In the table above, negative figures are a result of unrealized and realized negative foreign exchange differences relating to revenues. For term deposits, negative foreign exchange differences were PLN 16,392 thousand.

## 25.2 Interest expenses calculated using contractual interest rates

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	-	-	-	-
<b>Total interest expenses in 2020, including:</b>	<b>46,702</b>	<b>-</b>	<b>20,513</b>	<b>-</b>
- liabilities held for trading	-	-	-	-
- current liabilities	7	-	-	-
- non-current liabilities	46,695	-	20,513	-

Interest expenses calculated using contractual interest rates in 2019	Interest accrued and realized in 2019	Interest accrued but not realized in 2019 (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:	87,854	-	34,650	-
- liabilities on direct insurance	-	-	-	-
- reinsurance liabilities	-	-	-	-
- liabilities on the issue of own debt securities and drawn loans	84,820	-	34,650	-
- liabilities to credit institutions	3,034	-	-	-
- other liabilities	-	-	-	-
<b>Total interest expenses in 2019, including:</b>	<b>87,854</b>	<b>-</b>	<b>34,650</b>	<b>-</b>
- liabilities held for trading	-	-	-	-
- current liabilities	3,034	-	-	-
- non-current liabilities	84,820	-	34,650	-

## 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 2020	1 January – 31 December 2019
<b>1. Profit (loss) before tax</b>	<b>2,269,010</b>	<b>2,983,376</b>
<b>2. Differences between profit (loss) before tax and the income tax base (by type)</b>	<b>(115,904)</b>	<b>(1,166,447)</b>
<b>2a) Costs and losses not permitted by tax law to be treated as tax deductible expenses</b>	<b>1,649,660</b>	<b>1,179,078</b>
Accrued outward reinsurance expenses	(6,173)	295,369
Accrued investment losses	1,072,975	154,375
Accrued bonuses, allowances for bonuses and provisions for employee benefits	8,187	23,426
Accrued and deferred acquisition expenses	209,191	167,749
Impairment losses on insurance, reinsurance and recourse claims	16,857	124,297
Donations	12,161	11,686
Provision for probable losses	97,462	54,326
Asset levy	187,502	186,093
Impairment loss on real property	6,561	20,957
Other	44,937	140,800
<b>2b) Revenue not included in the tax base</b>	<b>1,944,884</b>	<b>2,499,699</b>
Accrued investment gains	333,425	341,493
Dividends	1,376,738	1,722,781
Other technical revenues – reversal of impairment losses and other	223,289	116,937
Accrued revenues on outward reinsurance	(86,859)	238,813
Accrued revenues on direct claims handling	(6,493)	564
Revenues on premiums under contracts related to previous years	104,784	79,111
<b>2c) Other changes in the tax base</b>	<b>179,320</b>	<b>154,174</b>
Realization of accrued investment gains from previous years	189,636	156,609
Payments due to natural persons under mandate contracts and bonuses accrued in the previous year	(1,589)	(1,995)
Increases/decreases in tax revenues due to unexplained payments	5,674	15,245
Realization of other costs/revenues	(3,501)	(1,335)
Free income	(10,900)	(14,350)
<b>3. Income tax base</b>	<b>2,153,106</b>	<b>1,816,929</b>
<b>4. Income tax at the 19% rate</b>	<b>409,090</b>	<b>345,217</b>
<b>5. Tax increases, waivers, exemptions, deductions and reductions</b>	<b>(29,516)</b>	<b>(6,615)</b>
<b>6. Current income tax included in tax returns for the period, including:</b>	<b>379,574</b>	<b>338,602</b>
- posted in the profit and loss account	379,574	338,602
- 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 2020	1 January – 31 December 2019
<b>Differences between profit (loss) before tax and the income tax base</b>	<b>(115,904)</b>	<b>(1,166,447)</b>
- arising from technical activities	(9,172)	167,235
- arising from extraordinary profits and losses	-	-
- other	(106,732)	(1,333,682)
<b>Income tax base</b>	<b>2,153,106</b>	<b>1,816,929</b>

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 2020	1 January – 31 December 2019
- reduction (increase) relating to the origination and reversal of temporary differences	(29,344)	(6,238)
- 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	-	-
<b>Total deferred tax</b>	<b>(29,344)</b>	<b>(6,238)</b>

In 2020 and 2019, 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 2020	1 January – 31 December 2019
Total deferred tax amount:	540,252	396,702
- recognized in equity	540,252	396,702
- 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 2020	1 January – 31 December 2019
Share of the net profit (loss) of related parties measured by the equity method, including:	17,705	18,543
- impairment recognized on goodwill of related parties	(130,649)	(221,415)
- impairment recognized on negative goodwill of related parties	-	-
- impairment loss on net asset measurement	148,354	239,958

## 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 2020	1 January – 31 December 2019
Refund of CIT advances – participation in the Tax Group	333,051	266,555
Proceeds to the Company Social Benefit Fund and the Labor Fund	4,453	5,027
Refunded overpaid tax on assets	-	6,587
Other proceeds	146,574	176,183
<b>Total other proceeds from operating activity</b>	<b>484,078</b>	<b>454,352</b>

The item “Other operating expenditures” includes:

Other operating expenditures – highlights	1 January – 31 December 2020	1 January – 31 December 2019
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Expenditures for CIT advances – participation in the Tax Group	322,799	269,612
Corporate income tax	319,170	337,513
Tax on certain financial institutions	186,298	186,854
Expenditures from the Company Social Benefit Fund and the Labor Fund	53,916	65,404
Expenditures on account of VAT	23,009	25,404
Donations	14,400	14,350
Other expenditures	392,989	417,939
<b>Total other operating expenditures</b>	<b>1,312,581</b>	<b>1,317,076</b>

### 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	2020	2019
Capital expenditures incurred, of which:	84,121	106,141
- expenditures for non-financial non-current assets	54,392	57,840

  

Capital expenditures planned for the 12 months following the balance sheet date <sup>1)</sup>	31 December 2020	31 December 2019
Capital expenditures planned for the 12 months following the balance sheet date, including:	130,511	130,482
- expenditures for non-financial non-current assets	71,614	73,236

<sup>1)</sup> Data not audited by a statutory auditor.

## 30. Information on the changes in the economic situation and business conditions exerting a material effect on the fair value of financial assets and liabilities.

The COVID-19 pandemic resulted in an economic downturn in Poland and its environment. Its negative impact on the economy (among others suspension or limitation of activity in some sectors, disruptions of the supply chain, unavailability and dismissal of employees, changes in consumer behaviors, economic slowdown at business partners) may lead to a significant deterioration of the financial standing of some borrowers.

As regards non-life insurance, the risks associated with the COVID-19 pandemic may pertain to the largest extent to, among other things, commercial credit insurance, financial guarantees, job loss or loss of profit insurance, or motor insurance.

As regards financial guarantees, PZU did not record an increase in the loss ratio in connection with the impact of the COVID-19 pandemic on the contracts performed by our clients. Approx. 60% of the value of exposures in the guarantee portfolio are clients from the construction industry which was affected by the COVID-19 pandemic only insignificantly.

In the bank credit insurance segment, the increase of the loss ratio may result from an increase of the unemployment rate and discontinuation of repayment of mortgage loans by the borrowers. This risk is mitigated by the loan repayment moratoria granted by banks.

PZU did not observe any material increase in the loss ratio in the financial loss insurance segment or the cash receivables insurance segment, either. The market situation is stabilized by such elements as the governmental aid programs and the sustainable activity of the commercial credit insurers who do not cancel limits en masse, which could cause an insolvency domino effect.

The COVID-19 epidemic may potentially cause a decrease of the provision for the capitalized value of annuities due to the increased mortality and decrease in the annuity recipient portfolio. In the case of non-annuity provisions, they take into account the current loss ratio resulting from the decreased exposure in some products. PZU does not expect the observed trends to be long-term, hence the assumptions were not modified in the applied provision calculation models.

In line with the outcomes of its analyses carried out as at 31 December 2020, PZU has not introduced any major changes to the approach and, as a consequence, to the level of technical provisions in non-life insurance. The developments are constantly monitored by the PZU Management Board and, in the case of observing any major changes to the loss ratio, the assumptions made for the calculation of provisions will be modified appropriately.

In the calculation of provisions for outstanding claims and benefits, 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.

## 31. 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 of a typical and repetitive nature and usually 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 2020 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 2020, the aggregate value of the subject matter of litigation in all 173,685 cases (200,676 cases as at 31 December 2019) pending before courts, arbitration bodies or public administration authorities in which PZU takes part, was PLN 3,536,605 thousand (PLN 3,541,931 thousand as at 31 December 2019). Out of this amount, PLN 3,020,153 thousand pertained to PZU's liabilities (PLN 3,018,788 thousand as at 31 December 2019) and PLN 516,452 thousand (PLN 523,143 thousand as at 31 December 2019) pertained to PZU's receivables.

### **31.1 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 in a letter to pay PLN 264,865 thousand as a compensation for repealing resolution no. 8/2007 adopted by the Ordinary Shareholder Meeting of PZU on 30 June 2007 to distribute PZU's profit for the financial year 2006. PZU refused to effect the performance, indicating the lack of grounds.

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. 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 that the claim be dismissed 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 2020, no changes were made to the presentation of PZU's equity that could potentially stem from the repeal of resolution no. 8/2007 adopted by the PZU Ordinary Shareholder Meeting on the 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 were not adjusted.

#### **31.1.1. Other demands for payment pertaining to the 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.

#### **31.2 Proceedings regarding a penalty imposed by the Office of Competition and Consumer Protection ("UOKiK")**

On 30 December 2011, the President of the Office of Competition and Consumer Protection ("UOKiK") issued a decision to impose a fine of PLN 56,605 thousand on PZU for its use of a practice restricting competition and violating the prohibition prescribed in Article 6 Section 1 Item 3 of the Act on Competition and Consumer Protection by the execution, by PZU and Maximus Broker Sp. z o.o. with its registered office in Toruń ("Maximus Broker"), of an agreement restricting competition in the domestic market for sales of group accident insurance for children, youths and staff of educational institutions consisting of dividing the sales market by entity and transferring PZU's clients from the Kujawsko-Pomorskie voivodship to Maximus Broker for the provision of services in exchange for their recommending PZU as the insurer of choice and at the same time prohibited PZU from the use of this alleged practice.

The PZU Management Board did not agree with the determination of facts and the legal argumentation in the decision, because not all the evidence was taken into account when making the decision and an erroneous legal qualification was made.

On 18 January 2012 PZU submitted an appeal against the aforementioned decision (as a result of which it did not become final). In its appeal, PZU indicated the following, among other issues:

no agreement (other than a brokerage agreement) was entered into between PZU and Maximus Broker;

the President of the Office of Competition and Consumer Protection misunderstands the principles of execution of insurance agreements involving a broker;

the majority of insurance agreements involving Maximus Broker were entered into with insurance companies other than PZU;

PZU and Maximus Broker cannot and could not in the past conduct competitive activity in the markets in which they operate.

On 27 March 2015, the Regional Court in Warsaw issued a judgment in which it repealed the decision of the UOKiK President of 30 December 2011. By judgment of 6 December 2016, following an appeal of the UOKiK President, the Appellate Court in Warsaw repealed the judgment issued by the Regional Court in Warsaw and referred the case for re-examination. On 31 July 2017, the Regional Court in Warsaw issued a judgment in which it repealed the decision of the UOKiK President of 30 December 2011. On 4 October 2017, the UOKiK President filed an appeal with the Appellate Court in Warsaw. The Appellate Court in Warsaw, by its judgment of 23 January 2019, dismissed the appeal put forward by the UOKiK President. The judgment is final non-appealable. The UOKiK President has filed a cassation appeal with the Supreme Court against the final judgment, to which PZU has given its reply. The Supreme Court accepted the cassation appeal filed by the President of UOKiK for examination. On 10 June 2020, the Supreme Court dismissed the cassation appeal filed by the President of UOKiK, which finally closes the case. Consequently, PZU derecognized the provision for the above penalty, recognizing a revenue in the amount of PLN 56,605 thousand.

### **31.3 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. This decision is legally binding.

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 2020 was PLN 1,212 thousand (PLN 364 thousand as at 31 December 2019). Bonds – on 31 December 2020 and 31 December 2019, they were recognized in off-balance sheet records only and the carrying amount of bonds was zero.

The first list of claims presented by Hydrobudowa's receiver to the judge commissioner contained PZU SA's claim for PLN 16,198 thousand. The fourth supplementary list of claims contained a claim for PLN 15,944 thousand. Accordingly, the total value of claims pursued by PZU on this account was PLN 32,142 thousand. In respect of PZU's claims for the amount of 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).

### **31.4 Miscellaneous**

#### **31.4.1. 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.

## 32. Headcount

Average headcount, by employee group	1 January - 31 December 2020		1 January - 31 December 2019	
	Average headcount (FTEs)	Average number of employees (persons)	Average headcount (FTEs)	Average number of employees (persons)
a) Supervisory Board	-	11	-	10
b) Management Board	-	8	-	7
c) Total headcount, including:	7,265	9,480	7,293	9,422
– management	331	546	333	544
– advisors	4	5	3	5
– actuaries	5	6	4	5
– other employees	6,925	8,923	6,954	8,868
– including agents on employment contracts	-	-	-	-
d) Number of agents without employment contracts (persons)	n/a	8622	n/a	8,666

## 33. Agreements to audit and review financial statements

### 33.1 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 2020	1 January – 31 December 2019
a) statutory audit of annual standalone/consolidated financial statements	945	828
b) other assurance services, including review of standalone/consolidated financial statements	939	878
c) tax advisory services	-	-
d) other services	-	-
<b>Total</b>	<b>1,884</b>	<b>1,706</b>

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.

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

On 18 February 2014, the PZU Supervisory Board selected KPMG Audyt 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 Audyt to audit PZU's standalone and consolidated financial statements, the PZU Supervisory Board made the decision to select KPMG Audyt 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, 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 Audyt 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.

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.



## 34. Related party transactions

### 34.1 Transactions with members of the PZU Management Board

In 2020 and 2019, there were no transactions between PZU and the PZU Management Board Members 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 or other persons personally related to the PZU Management Board Members, other than following from executed non-life insurance agreements entered into on an arm's length principle.

In 2020 and 2019, there were no material transactions between PZU and the entities, in which PZU Management Board Members 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.

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

In 2020 and 2019, there were no outstanding advances, loans, guarantees, sureties or other agreements with performance obligations pertaining to PZU Management Board 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.

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

The compensation paid to members of PZU's key management staff (PZU Management Board Members, senior managers and Supervisory Board members who discharged their duties for at least one day in 2020 and 2019) is presented below. The figures are presented in thousands of PLN.

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2020 (PLN thousand)		1 January – 31 December 2019 (PLN thousand)	
		including part of variable compensation for 2017-2019		including part of variable compensation for 2017 and 2018
<b>Management Board, of which:</b>	<b>12,892</b>	<b>3,909</b>	<b>10,664</b>	<b>4,412</b>
Beata Kozłowska-Chyła	776	-	n/a	n/a
Ernest Bejda	617	-	n/a	n/a
Marcin Eckert	1,321	391	672	-
Małgorzata Kot	297	-	n/a	n/a
Tomasz Kulik	1,567	637	1,482	627
Maciej Rapkiewicz	1,567	637	1,733	879
Małgorzata Sadurska	1,581	651	1,543	689
Krzysztof Szypuła	415 <sup>1)</sup>	-	n/a	n/a
Aleksandra Agatowska	356	282	611	423
Adam Brzozowski	1,395 <sup>2)</sup>	310	532	-
Elżbieta Häuser-Schöneich	1,395 <sup>3)</sup>	310	532	-
Paweł Surówka	1,605 <sup>4)</sup>	691	1,799	915
Roger Hodgkiss	n/a	n/a	1,760 <sup>5)</sup>	879



Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2020 (PLN thousand)		1 January – 31 December 2019 (PLN thousand)	
<b>High-level managers (PZU Group Directors), including:</b>	<b>2,374</b>	<b>741</b>	<b>3,530</b>	<b>2,034</b>
Aleksandra Agatowska	384	-	239	-
Bartłomiej Litwińczuk	616	244	821	482
Dorota Macieja	616	244	754	415
Małgorzata Kot	140	-	n/a	n/a
Roman Pałac	618 <sup>6)</sup>	253	923	572
Tomasz Karusewicz	n/a	n/a	793 <sup>7)</sup>	565
<b>Supervisory Board, of which:</b>	<b>2,007</b>	<b>-</b>	<b>1,761</b>	<b>-</b>
Maciej Łopiński	195	-	184	-
Paweł Górecki	193	-	182	-
Robert Śnitko	188	-	167	-
Marcin Chłudziński	177	-	167	-
Agata Górnicka	177	-	167	-
Robert Jastrzębski	193	-	176	-
Tomasz Kuczur	177	-	101	-
Elżbieta Mączyńska-Ziemacka	177	-	101	-
Krzysztof Opolski	188	-	101	-
Józef Wierzbowski	106	-	n/a	n/a
Maciej Zaborowski	177	-	167	-
Alojzy Nowak	59	-	182	-
Katarzyna Lewandowska	n/a	n/a	66	-

<sup>1)</sup> Including compensation and bonus for the function of Managing Director on Product Strategy discharged from 1 January to 9 September 2020.

<sup>2)</sup> Including non-competition fee of PLN 210 thousand and severance pay of PLN 233 thousand.

<sup>3)</sup> Including non-competition fee of PLN 210 thousand and severance pay of PLN 233 thousand.

<sup>4)</sup> Including non-competition fee of PLN 483 thousand and severance pay of PLN 242 thousand.

<sup>5)</sup> Including non-competition fee of PLN 383 thousand and severance pay of PLN 192 thousand.

<sup>6)</sup> Including non-competition fee of PLN 193 thousand and severance pay of PLN 97 thousand.

<sup>7)</sup> Including non-competition fee of PLN 49 thousand and severance pay of PLN 77 thousand.

In 2020, PZU Management Board Members were paid part of the benefits for 2017-2019 under the variable compensation system. The payout of the remaining part of the bonus for 2017-2020 may be made in subsequent periods. A provision has been recognized for these benefits with the total amount of PLN 15,688 thousand as at 31 December 2020 (including the employer's burdens; PLN 11,791 thousand as at 31 December 2019).

Compensation and other short-term employee benefits paid by other PZU Group entities	1 January – 31 December 2020 (PLN thousand)		1 January – 31 December 2019 (PLN thousand)	
		including part of variable compensation for 2017-2019		including part of variable compensation for 2017 and 2018
<b>Management Board, of which:</b>	<b>892</b>	<b>-</b>	<b>1,471</b>	<b>1,012</b>
Marcin Eckert	-	-	48	-
Małgorzata Kot	224	-	n/a	n/a
Tomasz Kulik	-	-	298	298
Maciej Rapkiewicz	-	-	135	135
Krzysztof Szypuła	668 <sup>1)</sup>	-	n/a	n/a
Aleksandra Agatowska	n/a	n/a	788	377
Paweł Surówka	-	-	67	67
Roger Hodgkiss	n/a	n/a	135	135

Compensation and other short-term employee benefits paid by other PZU Group entities	1 January – 31 December 2020 (PLN thousand)		1 January – 31 December 2019 (PLN thousand)	
<b>High-level managers (PZU Group Directors), including:</b>	<b>3,573</b>	<b>1,429</b>	<b>3,831</b>	<b>1,946</b>
Aleksandra Agatowska	784	285	n/a	n/a
Bartłomiej Litwińczuk	934	377	979	471
Dorota Macieja	934	377	943	434
Roman Pałac	921 <sup>2)</sup>	390	1,052	526
Tomasz Karusewicz	n/a	n/a	857 <sup>3)</sup>	515

<sup>1)</sup> Including compensation and bonus for the function of Managing Director on Product Strategy discharged from 1 January to 9 September 2020.

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

<sup>3)</sup> Including non-competition fee of PLN 74 thousand and severance pay of PLN 115 thousand.

Total estimated value of non-cash benefits granted by PZU and PZU's subsidiaries	1 January – 31 December 2020 (PLN thousand)		1 January – 31 December 2019 (PLN thousand)	
<b>Management Board, of which:</b>	<b>2,626</b>		<b>2,242</b>	
Beata Kozłowska-Chyła	118		n/a	
Ernest Bejda	58		n/a	
Marcin Eckert	657 <sup>1)</sup>		200	
Małgorzata Kot	90		n/a	
Tomasz Kulik	156		649 <sup>2)</sup>	
Maciej Rapkiewicz	160		227	
Małgorzata Sadurska	241		259	
Krzysztof Szypuła	101		n/a	
Adam Brzozowski	214		148	
Paweł Surówka	661 <sup>3)</sup>		331	
Elżbieta Häuser-Schöneich	170		119	
Aleksandra Agatowska	n/a		207	
Roger Hodgkiss	n/a		102	
<b>High-level managers (PZU Group Directors), including:</b>	<b>697</b>		<b>768</b>	
Aleksandra Agatowska	214		n/a	
Bartłomiej Litwińczuk	235		200	
Dorota Macieja	209		197	
Roman Pałac	39		228	
Tomasz Karusewicz	n/a		143	

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

<sup>2)</sup> Including PLN 473 thousand for the Advanced Management Program at Harvard Business School.

<sup>3)</sup> Including PLN 515 thousand for the Advanced Management Program at Harvard Business School.

Compensation of PZU Management Board Members, PZU Group Directors and PZU Supervisory Board Members paid, payable or potentially payable	1 January – 31 December 2020	1 January – 31 December 2019
a) Charged to costs	25,061	24,267
b) Arising from the issuer's share-based incentive or bonus schemes	-	-

## 34.2 Transactions with subsidiaries

Transactions with subsidiaries	1 January – 31 December 2020	1 January – 31 December 2019
<b>1. Gross written premium on direct and inward reinsurance, including:</b>	<b>1,080,828</b>	<b>1,139,950</b>
- from Link4	674,099	649,298
- from TUW PZUW	310,896	381,505
- from Lietuvos Draudimas AB	34,217	32,628
- from PrJSC IC PZU Ukraine	25,024	44,240
- from AAS Balta	20,231	16,203
- from Alior Bank	8,101	5,222
- from Bank Pekao	3,479	5,026
- from PZU Pomoc	2,493	4,179
<b>2. Dividend revenue, including:</b>	<b>1,376,738</b>	<b>1,759,274</b>
- from PZU Życie	1,330,976	1,331,807
- from TFI PZU	37,379	41,977
- from PZU CO	5,483	-
- from Pekao Financial Services sp. z o.o.	1,469	1,215
- from PZU Tower	1,431	1,321
- from Bank Pekao	-	346,460
- from Lietuvos Draudimas AB	-	36,493
<b>3. Other income, including:</b>	<b>116,347</b>	<b>74,072</b>
- other operating income from PZU Finance AB (publ.)	81,460	-
- income for acting as an emergency adjuster	7,879	7,175
- refund of part of the management fee for financial assets from TFI PZU	7,411	10,608
- re-invoicing of costs from subsidiaries	2,633	2,024
- rents in buildings leased to PZU Group companies	2,336	1,759
- foreign exchange differences on loans extended to PZU Group entities	640	652
- foreign exchange differences on loans from PZU Finance AB (publ.)	-	37,950
<b>4. Gross claims and benefits paid, including:</b>	<b>621,415</b>	<b>603,021</b>
- to Link4	346,857	323,146
- to TUW PZUW	229,221	92,357
- to PrJSC IC PZU Ukraine	36,125	23,903
- to Lietuvos Draudimas AB	6,781	1,058
- to AAS Balta	760	161,592
- to PZU Pomoc SA	55	50
<b>5. Other expenses, including:</b>	<b>290,461</b>	<b>412,002</b>
- reinsurance commissions for Link4	167,331	171,786
- costs of co-funding a subsidiary – PZU Finance AB (publ.)	-	78,944
- IT services rendered by PZU CO	49,542	43,532
- reinsurance commissions to PrJSC IC PZU Ukraine	7,691	8,042
- lease of space from Ogrodowa Inwestycje	5,009	4,511
- mass printing services provided by PZU CO	2,389	2,330
- profit sharing for Link4	15,353	16,292
- profit sharing for PrJSC IC PZU Ukraine	5,177	2,373
- reinsurance commissions for TUW PZUW	30,467	36,780
- interest expenses on loans from PZU Finance AB (publ.)	-	29,744
- foreign exchange differences on loans from PZU Finance AB (publ.)	-	381

Transactions with subsidiaries	31 December 2020	31 December 2019
<b>1. Receivables, including:</b>	<b>141,821</b>	<b>188,080</b>
- receivables on inward reinsurance - premium from TUV PZUW	117,951	82,778
- other receivables from TUV PZUW	16,879	82,119
- other receivables from Link4	2,012	5,405
- CIT receivable – Tax Group	1,215	10,926
- receivables on inward reinsurance - premium from PZU Ukraine	1,018	1,226
- insurance premium receivables from Alior Bank	234	343
- insurance premium receivables from Bank Pekao	203	1,208
<b>2. Liabilities, including:</b>	<b>248,734</b>	<b>147,268</b>
- liabilities on outstanding investment transactions with PZU Finance AB (publ.)	91,960	-
- costs of co-funding a subsidiary – PZU Finance AB (publ.)	-	78,944
- CIT liability – Tax Group	80,820	7,070
- other liabilities to PZU Zdrowie	49,526	19,810
- inward reinsurance liabilities - to TUV PZUW	7,815	8,193
- other liabilities to PZU CO	7,193	9,641
- liabilities to Bank Pekao	2,356	8,643
- other liabilities to TFI PZU	2,331	4,532
- inward reinsurance liabilities - to PZU Ukraine	1,105	2,531
- other liabilities to PZU Pomoc	111	2,612
<b>3. Contingent (off-balance sheet) receivables arising from a guarantee extended to Alior Bank</b>	<b>100,000</b>	<b>100,000</b>
<b>4. Contingent liability (off-balance sheet) for the extended guarantee to Alior Bank</b>	<b>-</b>	<b>-</b>

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 solvency 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.

#### 34.2.1. 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 2020 and 2019, PZU did not grant any loans to PZU Życie and did not receive any loans from PZU Życie.

#### 34.2.2. 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.

No guarantee was issued under this agreement in 2020.

### 34.2.3. Loans granted to related parties

Loans granted to related parties are described in section 2.4.2.

## 34.3 Transactions with associates

Transactions with associates <sup>1)</sup>	1 January – 31 December 2020	1 January – 31 December 2019
1. Gross written premium	1,093	-
2. Dividend revenue	-	-
3. Other income	41	-
4. Gross claims and benefits paid	-	-
5. Other expenses	3,439	-

<sup>1)</sup> Transaction with RUCH SA, which became an associate of PZU on 23 December 2020.

Transactions with associates	31 December 2020	31 December 2019
1. Insurance premium receivables	273	-
2. Liabilities	3,307	-

## 35. Other information

### 35.1 Lease agreement for the building of PZU’s new Head Office

On 4 February 2020 the PZU Management Board adopted a resolution to select an offer in the proceeding to lease headquarters for the PZU Head Office and sign a letter of intent with Bitra Enterprise 1 sp. z o.o., a company belonging to the Skanska Group. According to the resolution in question, the PZU Management Board accepted a scenario on how to proceed in the selection of

headquarters for the PZU Head Office involving the conclusion of a lease agreement for office and storage space and parking spaces with Bitra Enterprise 1 sp. z o.o., with its registered office at Al. Solidarności 173, 00-877 Warsaw ("Lessor") and approved the selection of building "Y"; it is under construction in the Generation Park complex situated at Rondo Daszyńskiego 4 in Warsaw ("Building") as the new headquarters of the PZU Head Office.

On 30 June 2020, the PZU Management Board adopted a resolution on the execution of a lease agreement for the PZU Head Office with the Lessor. On the same date, an agreement was signed to lease office space, commercial and servicespace, storage space and parking spaces in the Building ("Lease Agreement"). The lease agreement contains clauses contemplating contractual penalties regarding the Lessor's liability for delays in handing over the leased facility, hindrances and impediments to usage of the leased area and violations of the non-compete clause.

The total estimated gross value of the Lease Agreement to lease the Building over the 10 years of its duration is approximately PLN 787 million, while the gross incremental costs related to relocation are approximately PLN 65 million. The amounts stated above may vary as a result of specific arrangements concerning the final layout, the final scope of adaptation work, the costs of fit-out and the date of translating some of the costs and financial incentives between EUR and PLN. The total value of the Lease Agreement as at 31 December 2020 should not change by more than 5% of the specified amount.

### ***Signatures of the PZU Management Board Members:***

<b>Name</b>	<b>Position</b>	
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
Marcin Eckert	Member of the PZU Management Board	signed by qualified electronic signature
Małgorzata Kot	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
Krzysztof Szypuła	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
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### **Actuary supervising the actuarial division**

Paweł Chadysz	Director of Insurance Risk	signed by qualified electronic signature
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Warsaw, 24 March 2021