

# Powszechny Zakład Ubezpieczeń Spółka Akcyjna

Condensed interim separate financial statements for the  
period of 6 months ended 30 June 2016



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# Introduction to condensed interim separate financial statements

## 1. Introduction

### Basic information about the Company

Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter referred to as "PZU", or "the Company") has its registered office in Warsaw at Al. Jana Pawła II 24.

PZU is entered into the Register of Entrepreneurs of the National Court Register at the District Court for the capital city of Warsaw, 12<sup>th</sup> Business Division of the National Court Register, under KRS number 0000009831.

According to Polish Statistical Classification of Activity (PKD), the core business of the Company includes non-life insurance (PKD 65.12) and according to Statistical Classification of Economic Activities in the European Community (NACE), non-life insurance (EKD 6603).

PZU is the parent entity of the Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU Group") and prepares consolidated financial statements.

### Period covered by the condensed interim separate financial statements

Condensed interim separate financial statements have been prepared for the period of 6 months from 1 January to 30 June 2016.

### Going concern

The condensed interim separate financial statements have been prepared based on the assumption that the Company will operate as a going concern in the foreseeable future, i.e. the period of at least 12 months following the closing of the reporting period.

As at the date of signing these condensed interim separate financial statements, no facts and circumstances indicate a risk to PZU's ability to operate as a going concern during 12 months after closing the reporting period due to the intended or forced discontinuation or significant limitation of its operations.

### Presentation unit

Unless stated otherwise, all financial data presented in the condensed interim separate financial statements are expressed in PLN thousand.

### Business combinations

Over the period of 6 months between 1 January and 30 June 2016 and in 2015, there were no business combinations of PZU with other entities.

### Discontinued operations

Over the period of 6 months between 1 January and 30 June 2016 and in 2015, PZU did not discontinue any of its business activities.

### Seasonal or periodic nature of operations

The business performed by PZU is neither of considerably seasonal nor cyclical nature.

## 2. Accounting principles (policy)

Pursuant to Article 45 Section 1a of the Accounting Act (i.e. Journal of Laws of 2016, item 1047, the "Accounting Act"), financial statements of issuers of securities admitted to trading in a regulated market within the European Economic Area may be prepared in compliance with International Financial Reporting Standards and the related interpretations published in the form of regulations of the European Commission ("IFRS").

As the General Shareholders' Meeting of PZU has not taken the decision referred to in Article 45.1c of the Accounting Act regarding preparation of financial statements in accordance with IFRS, separate financial statements of PZU are drawn up in line with Polish Accounting Standards ("PAS") as defined in the Accounting Act and implementing acts issued on the basis of the Accounting Act, among others including:

- Ordinance of the Minister of Finance of 12 April 2016 on special accounting principles applied by insurance and reinsurance companies (Journal of Laws of 2016, item 562);
- Ordinance of the Minister of Finance of 12 December 2001 on detailed principles of recognition, measurement, disclosure and presentation of financial instruments (Journal of Laws No. 149 of 2001, item 1674, as amended).

Other major legal acts applicable to the separate financial statements include the Act on Insurance and Reinsurance, understood as the Act on Insurance and Reinsurance dated 11 September 2015 (Journal of Laws of 2015, item 1844, as amended).

All matters not specified in the Accounting Act and the regulations issued on the basis thereof are governed by the National Accounting Standards and/or IFRS.

The condensed interim separate financial statements are compliant with Ordinance of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and conditions recognizing as equivalent information required by the laws of a non-member state (unified text, Journal of Laws of 2014, item 133, as amended).

The accounting principles (policy) are presented in detail in the annual separate financial statements of PZU for 2015, in accordance with PAS, signed by the Management Board of PZU on 14 March 2016 on which the certified auditor issued an unqualified opinion on the same day and which was approved by the PZU General Shareholders' Meeting on 30 June 2016 ("Separate financial statements of PZU for 2015").

The separate financial statements of PZU for 2015 are available on the PZU website [www.pzu.pl](http://www.pzu.pl) under "Investor Relations".

## 3. Changes in accounting principles (policies)

No changes to the accounting principles (policies) were introduced within the 6 months between 1 January and 30 June 2016, with exception of the changes discussed in point 4 below.

## 4. Changes to the method of preparation of the financial statements financial data comparability

In comparison with the 2015 separate financial statements of PZU, the presentation of the financial data in the condensed interim separate financial statements for the 6 months between 1 January and 30 June 2016 did not change, but it is different from the presentation of the financial data in the condensed interim separate financial statements for the 6 months between 1 January and 30 June 2015, which results from the matter discussed below.

The Company made the following changes in several item of the financial statements:

- in the financial statements for the 6 months between 1 January and 30 June 2015, a non-interest-bearing loan granted to PZU Zdrowie was measured as at the moment of recognizing at fair value, i.e. at the value of discounted future cash flows, while the difference between the fair and nominal value of the loan specified as a result of such a transaction increased the measurement of PZU Zdrowie. The following items were presented under "Investments in related parties":
  - ✓ fair value of the loans increased by a change in loan measurement resulting from calculation of interests using effective interest rate, whereas the calculated interests were recognized under "Income from investments in related parties";

- ✓ valuation of PZU Zdrowie measured using the equity method, including amortized difference between fair value and nominal value of the loan, while the entire results of measurement was charged to "Share in net profit (loss) of related parties measured using the equity method".

For a more precise reflection of the economic content, in these financial statements the initial value of the loan was specified on the basis of a purchase price which is simultaneously a nominal value, and which was presented in total under the same item, i.e. "Investments in related parties". With the applied approach, the value of the granted loan is stable and does not affect the amounts specified in the general profit or loss account.

- for a greater transparency of presentation of joint co-insurance transactions in the general profit or loss account, the amount of potential claims in part attributable to other co-insurers was presented only as contingent liabilities, rather than other operating income and other operating expenses, recognized in correspondence to receivables from reinsurers and other provisions.
- in connection with the character of insurance guarantees, a review of legal security of recourse claims connected with those guarantees was commenced. In consequence, for a more precise reflection of the economic content of the security, their presentation convention was changed.

The impact of the above-mentioned changes on the comparable data in the general profit or loss account and off-balance sheet items is presented below:

<b>General profit or loss account</b>	<b>1 January 2015–30 June 2015</b> <i>Historical data</i>	<b>Change</b>	<b>1 January 2015–30 June 2015</b> <i>Comparable data in the condensed interim financial statements</i>
II.2.2 Income from investments in related parties – from loans and debt securities	2,468	(613)	1,855
XIII. Share in net profit (loss) of related parties measured using the equity method	(143,186)	613	(142,573)
VIII. Other operating income	185,715	(23,471)	162,244
IX. Other operating expenses	147,411	(23,471)	123,940

<b>Off-balance sheet items</b>	<b>31 December 2015</b> <i>Historical data</i>	<b>Change</b>	<b>31 December 2015</b> <i>Comparable data in the condensed interim financial statements</i>
1. Contingent receivables, including:	30,527,497	(20,909,111)	9,618,386
1.2. Other	30,515,089	(20,909,111)	9,605,978

## 5. Adjustment of prior period errors

Over the period of 6 months from 1 January to 30 June 2016, there were no adjustments of prior period errors.

## 6. Information on significant post-balance sheet events not recognized in the condensed interim separate financial statements

There were no significant post-balance sheet events not recognized in the condensed interim separate financial statements.

## 7. Significant events pertaining to previous years and recognized in the condensed interim separate financial statements

By the submission date of the condensed interim separate financial statements, there were no significant prior years' events that should be included in these financial statements.

## 8. Significant events pertaining to the 6-month period ended on 30 June 2016 and significantly changing the structure of balance sheet items and the financial result

### Dividend for financial year 2015

On 30 June 2016, the General Shareholders' Meeting of PZU decided on the distribution of the net profit for 2015 in the amount of PLN 2,248,522 thousand in the following manner:

- PLN 1,796,128 thousand for the payment of dividends to shareholders, i.e. PLN 2.08 per share;
- PLN 442,394 thousand for the supplementary capital;
- PLN 10,000 thousand to the Company's Social Benefits Fund.

The cum dividend date was determined at 30 September 2016 and the dividend payment date at 21 October 2016.

### Dividend from PZU Życie SA

On 30 June 2016, the General Shareholders' Meeting of PZU Życie adopted a resolution regarding the appropriation of profit for the financial year 2015 in the amount of PLN 1,677,124 thousand as follows:

- dividend payment for the sole shareholder, i.e. PZU, in the amount of PLN 1,450,000 thousand;
- allocation of PLN 222,124 thousand to the supplementary capital;
- allocation to the Social Benefits Fund: PLN 5,000 thousand.

Given the payment made on 31 December 2015 on the account of advance payments towards the dividend expected at the end of 2015 in the amount of PLN 625,000 thousand, the remaining part of the dividend payable in the year ended 31 December 2015 amounted to PLN 825,000 thousand.

The cum dividend date for the remaining part of the dividend payable was set for 30 June 2016, and the dividend payment date at 19 October 2016. The cum dividend date for that part of the dividend was determined at the date of the General Shareholders' Meeting of PZU Życie, and the dividend payment date at 19 October 2016.

# Interim separate financial statements

## 1. Interim Balance Sheet

Assets	Note	30 June 2016	31 December 2015
I. Intangible assets, including:	1	354,297	362,167
- goodwill		-	-
II. Investments	2	32,351,209	32,356,048
1. Property	2.1	454,296	475,812
Investments in related parties, including:	2.2	8,298,429	8,040,778
- investments in related parties measured using the equity method		8,061,200	7,463,908
3. Other financial investments	2.3	23,598,484	23,839,458
4. Deposits with cedants		-	-
III. Net unit-linked assets where the risk is borne by the policyholders		-	-
IV. Receivables	3	2,969,264	1,801,903
1. Insurance receivables	3.1	1,671,364	1,433,828
1.1. From related parties		47,951	2,419
1.2. From other entities		1,623,413	1,431,409
2. Reinsurance receivables	3.2	100,276	40,929
2.1. From related parties		21,039	2,452
2.2. From other entities		79,237	38,477
3. Other receivables	3.3	1,197,624	327,146
3.1. Receivables from the State Treasury		12,722	63,641
3.2. Other receivables		1,184,902	263,505
a) from related parties		894,014	37,127
b) from other entities		290,888	226,378
V. Other assets	4	345,259	195,984
1. Property, plant and equipment	4.1	120,639	130,908
2. Cash	4.2	224,620	65,076
3. Other assets		-	-
VI. Accruals		1,823,091	1,642,259
1. Deferred tax assets		-	-
2. Deferred acquisition costs		1,090,744	957,179
3. Accrued interest and rent		-	-
4. Other prepayments	4.3	732,347	685,080
VII. Called up share capital		-	-
VIII. Own shares		-	-
<b>Total assets</b>		<b>37,843,120</b>	<b>36,358,361</b>



Equity and liabilities	Note	30 June 2016	31 December 2015
I. Equity		11,139,505	12,378,733
1. Share capital	5	86,352	86,352
2. Supplementary capital		4,889,031	4,446,348
3. Revaluation reserve (fund)		5,173,786	5,597,511
4. Other reserve capital		-	-
5. Retained earnings		-	-
6. Net profit/ (loss)		990,336	2,248,522
7. Appropriations of net profit during the financial year (negative value)		-	-
II. Subordinated liabilities		-	-
III. Technical provisions	6	19,247,270	18,673,869
IV. Reinsurers' share in technical provisions (negative value)		(959,290)	(1,037,301)
V. Expected subrogations and salvages (negative value)		(94,074)	(96,075)
1. Expected subrogations and salvages (gross)		(94,615)	(96,539)
2. Reinsurers' share in expected subrogations and salvages		541	464
VI. Other provisions		531,432	472,916
1. Provisions for pension and other statutory employee benefits	7	63,472	50,287
2. Deferred tax liability		384,749	349,003
3. Other provisions	8	83,211	73,626
VII. Liabilities due to reinsurers' deposits		-	-
VIII. Other liabilities and special funds	9	7,200,250	5,109,816
1. Insurance liabilities	9.1	389,098	344,541
1.1. To related parties		482	912
1.2. To other entities		388,616	343,629
2. Reinsurance liabilities	9.2	139,098	81,038
2.1. To related parties		9,540	1,883
2.2. To other entities		129,558	79,155
3. Liabilities arising from issue of debt securities and obtained loans		4,084,910	3,611,636
4. Liabilities to credit institutions		1,401	-
5. Other liabilities	9.3	2,445,736	928,469
5.1. Liabilities to the State Treasury		54,838	50,783
5.2. Other liabilities		2,390,898	877,686
a) to related parties		6,230	46,427
b) to other entities		2,384,668	831,259
6. Special funds	10	140,007	144,132
IX. Accruals	11	778,027	856,403
1. Cost accruals		740,571	821,516
2. Negative goodwill		-	-
3. Deferred income		37,456	34,887
<b>Total equity and liabilities</b>		<b>37,843,120</b>	<b>36,358,361</b>

Book value	11,139,505	12,378,733
Number of shares	863,523,000	863,523,000
Book value per share (in PLN)	12.90	14.34
Diluted number of shares	863,523,000	863,523,000
Diluted book value per share (in PLN)	12.90	14.34

## 2. Interim list of off-balance sheet items

Off-balance sheet items	30 June 2016	31 December 2015
1. Contingent receivables, including:	10,951,535	9,618,386
1.1. Guarantees and sureties received	18,728	12,408
1.2. Other <sup>1)</sup>	10,890,786	9,605,978
2. Contingent liabilities, including:	4,910,444	4,642,447
2.1. Guarantees and sureties given	3,819,589	3,651,485
2.2. Accepted and endorsed promissory notes	-	-
2.3. Buy-sell-back assets	-	-
2.4. Other liabilities collateralized by the Company's assets or revenue	-	-
3. Reinsurance collateral for the insurance company	-	-
4. Reinsurance collateral pledged by the insurance company for cedants	-	-
5. Third-party assets not recognized in the company's assets	123,120	136,477
6. Other off-balance sheet items	-	-
Total off-balance sheet items	15,943,078	14,397,310

<sup>1)</sup> The item includes mainly: promissory notes related to granted insurance guarantees, other promissory notes, collaterals received in the form of assignment of debtor's assets, mortgage on debtor's assets, other contingent receivables, etc.

### 3. Interim technical non-life insurance account

Revenue account – non-life insurance	Note	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
I. Premiums (1-2-3+4)	13	2,278,435	4,303,756	1,991,456	3,908,527
1. Gross written premiums		2,543,510	5,257,564	2,012,199	4,242,092
2. Reinsurers' share in written premium		80,748	102,775	5,682	56,503
3. Change in unearned premiums reserve and unexpired risks reserve, gross		203,447	817,660	(40,330)	214,701
4. Reinsurers' share in change in unearned premiums reserve		19,120	(33,373)	(55,391)	(62,361)
II. Net investment (including costs), transferred from the general profit or loss account		61,958	118,698	67,760	128,820
III. Other technical revenue net of reinsurance		30,549	60,132	42,744	92,785
IV. Claims and benefits (1+2)		1,489,150	2,832,260	1,328,620	2,353,794
1. Claims paid net of reinsurance		1,507,769	3,030,260	1,202,536	2,374,246
1.1. Gross claims paid	14	1,592,546	3,146,585	1,215,715	2,401,543
1.2. Reinsurers' share in claims paid		84,777	116,325	13,179	27,297
2. Change in outstanding claims provision, net of reinsurance		(18,619)	(198,000)	126,084	(20,452)
2.1. Change in outstanding claims provision, gross		(68,927)	(242,715)	119,476	11,162
2.2. Reinsurers' share in change in outstanding claims provision		(50,308)	(44,715)	(6,608)	31,614
V. Changes in other technical provisions, net of reinsurance		-	-	-	-
1. Change in other technical provisions (gross)		-	-	-	-
2. Reinsurers' share in change in other technical provisions		-	-	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions		663	617	708	2,174
VII. Costs of insurance activities		626,524	1,200,206	553,593	1,094,752
1. Acquisition costs, including:	16	454,525	871,629	380,932	740,964
- change in deferred acquisition costs		(21,889)	(133,566)	(52,960)	(116,398)
2. Administrative expenses	17	169,324	333,232	176,591	361,981
3. Reinsurers' commissions and share in reinsurers' profit		(2,675)	4,655	3,930	8,193
VIII. Other technical charges – net of reinsurance		82,605	187,264	80,859	185,556
IX Changes in risk equalization reserve		-	-	-	-
<b>X. Technical result on non-life insurance</b>		<b>172,000</b>	<b>262,239</b>	<b>138,180</b>	<b>493,856</b>

#### 4. Interim general profit or loss account

General profit or loss account	Note	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
I. Technical result on non-life insurance or life insurance		172,000	262,239	138,180	493,856
II. Investment income		1,184,963	1,438,095	1,325,162	1,472,052
1. Investment income from property		1,421	2,610	1,349	2,843
2. Income from investments in related parties		847,417	848,485	1,082,061	1,081,164
2.1. Arising from shares		844,151	844,151	1,079,309	1,079,309
2.2. Arising from loans and debt securities		3,266	4,334	2,752	1,855
2.3. Arising from other investments		-	-	-	-
3. Income from other financial investments		177,919	228,019	128,547	177,991
3.1. Arising from shares, other variable income securities as well as participation units and investment certificates of investment funds		3,312	6,391	3,870	7,015
3.2. Arising from debt securities and other fixed income securities		104,146	161,390	94,220	154,086
3.3. Arising from term deposits at credit institutions		47,584	27,055	9,895	(10,504)
3.4. Arising from other investments		22,877	33,183	20,562	27,394
4. Gain on revaluation of investments		84	138	51	477
5. Gain on realization of investments		158,122	358,843	113,154	209,577
III. Unrealized gains on investments		54,759	268,975	3,399	102,815
IV. Net investment income (including costs) transferred from the revenue account of life insurance		-	-	-	-
V. Investing activities costs		152,157	290,995	91,689	191,659
1. Property maintenance costs		1,345	2,991	2,394	5,296
2. Other investing activities costs		2,427	5,796	3,506	6,955
3. Loss on revaluation of investments		1	8	196	403
4. Loss on realization of investments		148,384	282,200	85,593	179,005
VI. Unrealized losses on investments		45,715	263,227	35,922	145,515
VII. Net investment income (including costs) transferred to the revenue account of non-life insurance		61,958	118,698	67,760	128,820
VIII. Other operating income	18	76,953	156,680	5,289	162,244
IX. Other operating expenses	19	243,087	392,722	64,710	123,940
X. Operating profit (loss)		985,758	1,060,347	1,211,949	1,641,033
XI. Extraordinary gains		-	-	-	-
XII. Extraordinary losses		-	-	-	-
XIII. Share in net profit (loss) of related parties measured using the equity method		1,576	(6,018)	(26,237)	(142,573)
XIV. Gross profit (loss)		987,334	1,054,329	1,185,712	1,498,460
XV. Income tax		33,859	63,993	13,313	94,059
a) current tax		34,453	(3,133)	(23,387)	68,438
b) deferred tax		(594)	67,126	36,699	25,620
XVI. Other statutory reductions in profit (increases of loss)		-	-	-	-
<b>XVII. Net profit (loss)</b>		<b>953,475</b>	<b>990,336</b>	<b>1,172,399</b>	<b>1,404,401</b>

Net profit (loss) (annualized) <sup>1)</sup>	3,834,855	1,991,555	4,702,480	2,832,079
Weighted average number of ordinary shares <sup>2)</sup>	863,523,000	863,523,000	863,523,000	863,523,000
Profit (loss) per ordinary share (in PLN) <sup>1)</sup>	1.10	1.15	1.36	1.63
Weighted average diluted number of ordinary shares <sup>2)</sup>	863,523,000	863,523,000	863,523,000	863,523,000
Diluted profit (loss) per ordinary share (in PLN) <sup>1)</sup>	1.10	1.15	1.36	1.63

<sup>1)</sup> The calculation includes the number of calendar days in the period.

<sup>2)</sup> Comparable data have been adjusted taking into account the new number of shares existing after the split

## 5. Interim statement of changes in equity

Statement of changes in equity	1 January– 30 June 2016	1 January– 31 December 2015	1 January– 30 June 2015
I. Equity at the beginning of the period (OB)	12,378,733	12,328,724	12,328,724
a) changes in the accounting principles (policy)	-	-	-
b) errors adjustments	-	-	-
I.a. Equity at the beginning of the period (OB), after restatements	12,378,733	12,328,724	12,328,724
1. Share capital at the beginning of the period	86,352	86,352	86,352
1.1. Changes in share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
1.2. Share capital at the end of the period	86,352	86,352	86,352
2. Supplementary capital at the beginning of the period	4,446,348	4,408,306	4,408,306
2.1. Changes in supplementary capital	442,683	38,042	36,447
a) increases (due to):	442,683	38,042	36,447
- profit distribution (above the statutory value)	442,394	36,164	36,164
- revaluation reserve – sale and liquidation of fixed assets	289	1,878	283
b) decreases	-	-	-
2.2. Supplementary capital at the end of the period	4,889,031	4,446,348	4,444,753
3. Revaluation reserve at the beginning of the period	5,597,511	5,197,333	5,197,333
- changes in the accounting principles (policy)	-	-	-
3.1. Changes in revaluation reserve	(423,725)	400,178	(34,253)
a) increases (due to):	110,899	673,567	378,155
- remeasurement of financial investments	110,889	664,996	378,155
- reclassification of impairment losses on investments available for sale	-	8,571	-
- other increases, including release of impairment losses	-	-	-
b) decreases (due to):	534,624	273,389	412,408
- remeasurement of financial investments	534,324	271,511	412,125
- sale of fixed assets	289	1,878	283
- other decreases, including release of property impairment losses	11	-	-
3.2. Revaluation reserve at the end of the period	5,173,786	5,597,511	5,163,080
4. Other reserve capital at the beginning of the period	-	-	-
4.1. Changes in other reserve capitals	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
4.2. Other reserve capital at the end of the period	-	-	-
5. Retained profits (losses) at the beginning of the period	2,248,522	2,636,733	2,636,733
5.1. Retained profits at the beginning of the period	2,248,522	2,636,733	2,636,733
a) changes in the accounting principles (policy)	-	-	-
b) errors adjustments	-	-	-
5.2. Retained profits at the beginning of the period, after restatements	2,248,522	2,636,733	2,636,733
a) increases	-	-	-
b) decreases	2,248,522	2,636,733	2,636,733
- reclassification to supplementary capital	442,394	36,164	36,164
- dividend payment	1,796,128	2,590,569	2,590,569
- allocation to the Social Benefits Fund	10,000	10,000	10,000
5.3. Retained profits at the end of the period	-	-	-
5.4. Retained losses at the beginning of the period	-	-	-
a) changes in the accounting principles (policy)	-	-	-
b) errors adjustments	-	-	-
5.5. Retained losses at the beginning of the period, after restatements	-	-	-
a) increases	-	-	-

Statement of changes in equity	1 January– 30 June 2016	1 January– 31 December 2015	1 January– 30 June 2015
b) decreases	-	-	-
5.6. Retained losses at the end of the period	-	-	-
5.7. Retained profits (losses) at the end of the period	-	-	-
6. Net result	990,336	2,248,522	1,404,401
a) net profit	990,336	2,248,522	1,404,401
b) net loss	-	-	-
c) appropriations of profit	-	-	-
<b>II. Equity at the end of the period (CB)</b>	<b>11,139,505</b>	<b>12,378,733</b>	<b>11,098,586</b>

## 6. Interim cash flow statement

Cash Flow Statement	1 January– 30 June 2016	1 January– 31 December 2015	1 January– 30 June 2015
<b>A. Cash flows from operating activities</b>			
I. Inflows	5,499,018	9,571,857	4,840,693
1. Inflows from insurance operations and reinsurance inwards	5,133,964	8,613,380	4,305,743
1.1. Inflows from insurance premiums. gross	5,057,514	8,459,119	4,239,196
1.2. Inflows from subrogations and salvages and claim refunds	60,297	119,939	50,600
1.3. Other inflows from direct business	16,153	34,322	15,947
2. Inflows from reinsurance outwards	81,809	87,338	37,607
2.1. Reinsurers' payments due to their share in claims	70,675	65,993	29,307
2.2. Inflows from reinsurance commissions and share in reinsurers' profits	11,103	21,327	8,282
2.3. Other inflows from reinsurance outwards	31	18	18
3. Inflows from other operating activities	283,245	871,139	497,343
3.1. Inflows from claims representative services	135,965	194,355	96,822
3.2. Disposal of intangible assets and fixed assets other than investments	1,656	3,453	1,265
3.3. Other inflows	145,624	673,331	399,256
II. Outflows	5,206,013	9,192,097	4,495,637
1. Outflows for insurance operations and reinsurance outwards	4,443,741	7,530,796	3,609,923
1.1. Refunds of gross premiums	79,672	156,921	74,082
1.2. Gross claims paid	2,722,006	4,405,539	2,022,982
1.3. Outflows due to acquisition expenses	683,554	1,185,199	588,273
1.4. Administrative outflows	676,876	1,424,266	734,569
1.5. Payments due to handling claims and costs of subrogations collection	128,204	206,305	103,765
1.6. Paid commissions and profit sharing due to reinsurance inwards	73,629	34,776	14,273
1.7. Other outflows for insurance operations and reinsurance inwards	79,800	117,790	71,979
2. Payments due to reinsurance outwards	141,619	264,798	102,203
2.1. Premiums paid to reinsurers	141,461	264,325	102,059
2.2. Other outflows due to reinsurance outwards	158	473	144
3. Outflows for the other operating activities	620,653	1,396,503	783,511
3.1. Outflows from claims representative services	265,026	484,799	253,510
3.2. Acquisition of intangible assets and fixed assets other than investments	55,666	170,395	78,706
3.3. Other operating outflows	299,961	741,309	451,295
<b>III. Net cash flows from operating activities (I-II)</b>	<b>293,005</b>	<b>379,760</b>	<b>345,056</b>
<b>B. Cash flows from investment activities</b>			
I. Inflows	117,433,050	168,572,509	94,893,533
1. Disposal of property	33,051	34,766	10,638
2. Disposal of shares in related parties	180	281,073	-
3. Disposal of shares in other entities and participation units and investment certificates of investment funds	4,360	12,976	1,152
4. Redemption of debt securities issued by related parties and repayment of loans taken out by those entities	-	37,448	-
5. Redemption of debt securities issued by other entities	3,768,840	8,001,193	3,957,412
6. Withdrawal of term deposits at credit institutions	93,759,689	95,747,370	51,846,835
7. Inflows from other investments	19,850,118	61,969,168	38,303,001
8. Inflows from property	3,693	7,955	3,411
9. Interest received	5,927	22,003	10,492
10. Dividends received	25	2,434,351	744,177
11. Other inflows from investments	7,167	24,206	16,415
II. Outflows	117,874,716	166,313,000	93,695,475
1. Acquisition of property	-	-	-
2. Acquisition of shares in related parties	895,996	1,414,544	-
3. Acquisition of shares in other entities and participation units and	11,556	75,540	45,726



Cash Flow Statement	1 January– 30 June 2016	1 January– 31 December 2015	1 January– 30 June 2015
investment certificates of investment funds			
4. Acquisition of debt securities issued by related parties and granting loans to those entities	-	130,000	90,000
5. Acquisition of debt securities issued by other entities	3,292,178	7,418,486	4,066,370
6. Term deposits at credit institutions	94,018,085	95,783,100	51,652,170
7. Acquisition of other investments	19,629,628	61,430,307	37,804,417
8. Outflows for maintenance of property	26,614	56,377	32,691
9. Other investments outflows	659	4,646	4,101
<b>III. Net cash flows from investing activities (I-II)</b>	<b>(441,666)</b>	<b>2,259,509</b>	<b>1,198,058</b>
C. Cash flows from financing activities	-	-	-
I. Inflows	1,028,684	13,604,842	5,100,246
1. Net inflows from issue of shares and capital contributions	-	-	-
2. Loans and borrowings and issues of debt securities	1,028,684	13,604,842	5,100,246
3. Other financial inflows	-	-	-
II. Outflows	724,392	16,231,980	6,600,223
1. Dividends	-	4,058,605	1,468,023
2. Profit distribution payments other than dividend	-	-	-
3. Acquisition of treasury shares	-	-	-
4. Repayment of credit facilities and loans and redemption of debt securities	677,299	12,144,251	5,103,111
5. Interest on credit facilities, loans and issued debt securities	47,093	29,124	29,089
6. Other financial outflows	-	-	-
<b>III. Net cash flows from financing activities (I-II)</b>	<b>304,292</b>	<b>(2,627,138)</b>	<b>(1,499,977)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>155,631</b>	<b>12,131</b>	<b>43,137</b>
E. Balance sheet change in cash and cash equivalents, including:	159,544	18,075	42,084
- change in cash due to exchange differences	3,913	5,944	(1,053)
F. Cash at the beginning of the period	65,076	47,001	47,001
G. Cash at the end of the period (F+/-E), including:	224,620	65,076	89,085
- cash not available for use	80,317	60,646	81,664

# Additional information and notes

## 1. Intangible assets

Intangible assets	30 June 2016	31 December 2015
a) development expenses	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar items, including:	304,208	274,269
- computer software	301,094	270,642
d) other intangible assets	-	-
e) advance payments for intangible assets	50,089	87,898
<b>Total intangible assets</b>	<b>354,297</b>	<b>362,167</b>

## 2. Investments

### 2.1 Investments in property

Investments in property	30 June 2016	31 December 2015
a) own land	22,852	29,743
b) land perpetual usufruct right	3,855	4,958
c) buildings and structures	421,812	431,340
d) cooperative ownership of premises	5,463	6,420
e) non-current assets under construction	314	3,351
f) advance payments for non-current assets under construction	-	-
<b>Total investments in property</b>	<b>454,296</b>	<b>475,812</b>

### 2.2 Investments in related parties

Investments in related parties	30 June 2016	31 December 2015
a) shares in subsidiaries	8,061,200	7,463,908
b) shares in joint-ventures	-	-
c) shares in associates	-	-
d) loans granted to subsidiaries	237,229	235,161
e) loans granted to joint-ventures	-	-
f) loans granted to associates	-	-
g) debt securities of subsidiaries	-	-
h) debt securities of joint-ventures	-	-
i) debt securities of associates	-	-
j) other investments (by type), including:	-	341,709
- unregistered payments for shares	-	-
<b>Total investments in related parties</b>	<b>8,298,429</b>	<b>8,040,778</b>

## 2.3 Other financial investments

Other financial investments	30 June 2016	31 December 2015
a) shares and other variable income securities	15	48
b) participation units and investment certificates of investment funds	13,443,218	13,606,029
c) debt securities and other fixed income securities	6,932,933	7,042,428
d) interests in joint ventures (investments)	-	-
e) mortgages, including:	939,190	917,623
- additionally collateralized with policies	-	-
f) other loans, including:	350,650	616,988
- for the insured, with policies as the basic collateral	-	-
- for the insured, not collateralized with policies	-	-
g) term deposits at credit institutions	1,685,396	1,391,806
h) other investments	247,082	264,536
<b>Total other financial investments</b>	<b>23,598,484</b>	<b>23,839,458</b>

Other financial investments – in financial instruments	30 June 2016	31 December 2015
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	5,561,243	5,828,325
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	600,414	603,212
c) issued by the National Bank of Poland	-	-
d) guaranteed by the National Bank of Poland	-	-
e) issued by local government units or their associations, or by the capital city of Warsaw	25,429	26 251
f) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-
g) other	17,411,398	17,381,670
<b>Total other financial investments – in financial instruments</b>	<b>23,598,484</b>	<b>23,839,458</b>

Other financial investments by portfolio qualification	30 June 2016	31 December 2015
a) financial assets held for trading	1,092,768	672,106
b) loans and receivables	3,382,469	3,238,178
c) financial assets held to maturity	5,401,507	5,376,840
d) financial assets available for sale	13,721,740	14,552,334
<b>Total other financial investments</b>	<b>23,598,484</b>	<b>23,839,458</b>

## 2.4 Other information on investments

### 2.4.1. Change in the way (method) of determining the fair value of financial instruments measured at fair value

In the period of 6 months ended on 30 June 2016, PZU did not change the way (method) of determining the fair value of financial instruments measured at fair value.

### 2.4.2. Changes in the classification of financial assets resulting from change in purpose or use of these assets

In the period of 6 months ended on 30 June 2016, PZU did changed the classification of financial assets due to change in purpose or use of these assets.

### 3. Receivables

#### 3.1 Insurance receivables

Insurance receivables	30 June 2016	31 December 2015
a) receivables from policyholders	1,441,492	1,297,731
b) receivables from intermediaries	145,731	113,615
c) other receivables	84,141	22,482
<b>Total insurance receivables (net)</b>	<b>1,671,364</b>	<b>1,433,828</b>
d) impairment losses	567,328	533,079
<b>Total insurance receivables (gross)</b>	<b>2,238,692</b>	<b>1,966,907</b>

#### 3.2 Reinsurance receivables

Reinsurance receivables	30 June 2016	31 December 2015
a) current receivables from reinsurance inwards	44 271	9,989
b) current receivables from reinsurance outwards	48,900	26,321
c) current receivables from retrocession	7 105	4,619
d) receivables from deferred reinsurance commission	-	-
e) receivables from reinsurers' share in claims paid	-	-
<b>Total reinsurance receivables (net)</b>	<b>100,276</b>	<b>40,929</b>
f) impairment losses	5,658	6,226
<b>Total reinsurance receivables (gross)</b>	<b>105,934</b>	<b>47,155</b>

#### 3.3 Other receivables

Other receivables	30 June 2016	31 December 2015
a) receivables from the State Treasury	12,722	63,641
b) receivables from guarantees and letters of credit	-	-
c) other receivables, including:	1,184,902	263,505
Receivables from dividends	844,151	-
Receivables from unsettled collateral deposits and investment transactions	147,410	76,822
Settlements of the Social Benefits Fund	56,555	57,008
Receivables from the performance of direct claims handling	44,886	40,401
Receivables from refunds of advances for revenue tax from legal entities from PGK	41,893	29,560
Settlements of prevention activities	17,657	27,035
Receivables from claims representative services	10,659	9,746
Seizures by a bailiff	7,666	6,843
Retained guarantee deposits	2,563	3,537
Prepayments for suppliers	645	1,506
Receivables from shortages and damages	353	483
<b>Total other receivables (net)</b>	<b>1,197,624</b>	<b>327,146</b>
d) impairment losses	10,125	10,159
<b>Total other receivables (gross)</b>	<b>1,207,749</b>	<b>337,305</b>

## 4. Other assets

### 4.1 Property, plant and equipment

Property, plant and equipment	30 June 2016	31 December 2015
a) technical equipment and machines	41,004	41,288
b) vehicles	55,016	56,541
c) other tangible assets	22,722	20,569
d) tangible assets under construction	1,533	12,182
e) advance payments for tangible assets under construction	-	-
f) inventory	123	114
g) claim salvages	241	214
<b>Total property, plant and equipment</b>	<b>120,639</b>	<b>130,908</b>

#### 4.1.1. Information concerning relevant transactions of acquisition and disposal of property, plant and equipment and liabilities arising from the purchase of property, plant and equipment

In the period of 6 months ended on 30 June 2016, PZU sold property valued PLN 33,051 thousand (31 December 2015: PLN 34,766 thousand).

In the period of 6 months ended on 30 June 2016 and as at 31 December 2015, the Company did not have any liabilities arising from the purchase of property, plant and equipment.

### 4.2 Cash

Cash	30 June 2016	31 December 2015
a) cash in hand and at bank	224,620	65,076
b) other cash	-	-
<b>Total cash</b>	<b>224,620</b>	<b>65,076</b>

### 4.3 Other prepayments

Other prepayments	30 June 2016	31 December 2015
a) reinsurance accruals	641,945	612,964
b) Prevention Fund charges	12,500	-
c) accrued receivables from the performance of direct claims handling	43,106	41,539
d) deferred IT costs	12,391	15,167
e) deferred property-related costs	3,908	7,100
f) other	18,497	8,310
<b>Total other prepayments</b>	<b>732,347</b>	<b>685,080</b>

## 5. Share capital

As at 30 June 2016:

Series	Nominal value	Share type	Type of preference	Limitation on rights to shares	Number of shares	Face value of series/ issue in PLN	Capital coverage	Registration date	Cum dividend (as at)
A	PLN 0.1	registered	none	none	40,110	4,011	cash	23.01.1997	27.12.1991
A	PLN 0.1	bearer	none	none	604,423,090	60,442,309	cash	23.01.1997	27.12.1991
B	PLN 0.1	bearer	none	none	259,059,800	25,905,980	contribution in kind	31.03.1999	01.01.1999
<b>Total</b>					<b>863,523,000</b>	<b>86,352,300</b>			

## 6. Technical provisions

Technical provisions	30 June 2016	31 December 2015
a) unearned premiums reserve:	5,569,004	4,734,129
- gross provisions	5,850,968	5,049,466
- reinsurers' share	281,964	315,337
b) unexpired risks reserve:	100,898	84,741
- gross provisions	100,898	84,741
- reinsurers' share	-	-
c) life insurance provision:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
d) provisions for outstanding claims and benefits:	11,982,767	12,182,768
- gross provisions	12,660,093	12,904,732
- reinsurers' share	677,326	721,964
e) provisions for bonuses and rebates for the insured:	2,339	1,958
- gross provisions	2,339	1,958
- reinsurers' share	-	-
f) risk equalization reserve	632,972	632,972
g) provisions for premium refund to the members	-	-
h) other technical provisions specified in the By-laws	-	-
- gross provisions	-	-
- reinsurers' share	-	-
i) life insurance unit-linked provision:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
<b>Total technical provisions</b>	<b>18,287,980</b>	<b>17,636,568</b>

## 7. Provisions for pension and other statutory employee benefits

Provisions for pension and other statutory employee benefits	30 June 2016	31 December 2015
a) provisions for pension benefits	12,495	12,109
b) other obligatory employee benefits (by basis):	50,977	38,178
provisions for unused paid vacation	32,732	20,787
provisions for death benefits	18,245	17,391
<b>Total provisions for pension and other statutory employee benefits</b>	<b>63,472</b>	<b>50,287</b>

### 7.1 Changes in provisions for pension and other obligatory employee benefits

Changes in provisions for pension and other obligatory employee benefits	1 January– 30 June 2016	1 January– 30 June 2015
<b>a) at the beginning of the period (by basis)</b>	<b>50,287</b>	<b>72,667</b>
provisions for pension benefits	12,109	12,245
provisions for unused paid vacation	20,787	43,274
provisions for death benefits	17,391	17,148
b) increases (due to)	14,608	7,730
provisions for pension benefits	527	559
provisions for unused paid vacation	13,222	6,290
provisions for death benefits	859	881
c) utilized (due to)	1,423	1,078
provisions for pension benefits	141	195
provisions for unused paid vacation	1,277	811
provisions for death benefits	5	72
d) released (due to)	-	-
provisions for pension benefits	-	-
provisions for unused paid vacation	-	-
provisions for death benefits	-	-
<b>e) at the end of the period (by title)</b>	<b>63,472</b>	<b>79,319</b>
provisions for pension benefits	12,495	12,609
provisions for unused paid vacation	32,732	48,753
provisions for death benefits	18,245	17,957

## 8. Other provisions

Other provisions	30 June 2016	31 December 2015
a) provision for penalties imposed by the Office of Competition and Consumer Protection (UOKiK)	56,605	56,605
b) provisions for reinsurance settlements	21,324	10,793
c) provision for restructuring expenses	655	1,564
d) provision for disputed claims and potential liabilities under insurance contracts	854	837
e) other provisions	3,773	3,827
<b>Total other provisions</b>	<b>83,211</b>	<b>73,626</b>

### 8.1 Changes in other provisions

Changes in other provisions	1 January– 30 June 2016	1 January– 30 June 2015
<b>a) at the beginning of the period (by title)</b>	<b>73,626</b>	<b>99,926</b>
<b>provision for restructuring expenses</b>	<b>1,564</b>	<b>7,930</b>
<b>provisions for reinsurance settlements</b>	<b>10,793</b>	<b>17,531</b>
<b>provision for penalties imposed by the Office of Competition and Consumer Protection (OCCP)</b>	<b>56,605</b>	<b>67,892</b>
<b>other provisions</b>	<b>4,664</b>	<b>6,573</b>
b) increases (due to)	13,666	5,408
provision for restructuring expenses	-	-
provisions for reinsurance settlements	12,914	3,980
provision for penalties imposed by the Office of Competition and Consumer Protection (OCCP)	-	2
other provisions	752	1,426
c) utilized (due to)	1,186	3,720
provision for restructuring expenses	809	2,825
provisions for reinsurance settlements	-	-
provision for penalties imposed by the Office of Competition and Consumer Protection (OCCP)	-	-
other provisions	377	895
d) released (due to)	2,895	5,510
provision for restructuring expenses	100	201
provisions for reinsurance settlements	2,383	3,541
provision for penalties imposed by the Office of Competition and Consumer Protection (OCCP)	-	-
other provisions	412	1,768
<b>e) closing balance (by basis)</b>	<b>83,211</b>	<b>96,104</b>
<b>provision for restructuring expenses</b>	<b>655</b>	<b>4,904</b>
<b>provisions for reinsurance settlements</b>	<b>21,324</b>	<b>17,970</b>
<b>provision for penalties imposed by the Office of Competition and Consumer Protection (OCCP)</b>	<b>56,605</b>	<b>67,894</b>
<b>other provisions</b>	<b>4,627</b>	<b>5,336</b>



## 9. Liabilities

### 9.1 Insurance liabilities

Insurance liabilities	30 June 2016	31 December 2015
a) liabilities to policyholders	125,766	123,714
b) liabilities to insurance intermediaries	178,174	137,092
c) other insurance liabilities	85,158	83,735
<b>Total insurance liabilities</b>	<b>389,098</b>	<b>344,541</b>

### 9.2 Reinsurance liabilities

Total reinsurance liabilities	30 June 2016	31 December 2015
a) current liabilities due to reinsurance inwards:	11,776	3,330
b) current liabilities due to reinsurance outwards	105,483	66,176
c) liabilities due to retrocession	21,839	11,532
d) reinsurance liabilities premiums settled over time	-	-
<b>Total reinsurance liabilities</b>	<b>139,098</b>	<b>81,038</b>

### 9.3 Other liabilities

Other liabilities	30 June 2016	31 December 2015
<b>a) liabilities to the State Treasury, including:</b>	<b>54,838</b>	<b>50,783</b>
- corporate income tax	33,601	40,157
- tax described in the Act on Tax on Certain Financial Institutions dated 15 January 2016 (Journal of Laws, item 68)	13,455	-
- personal income tax	5,475	8,232
- VAT	2,017	2,192
- other	290	202
<b>b) other liabilities, including:</b>	<b>2,390,898</b>	<b>877,686</b>
- settlements with shareholders due to dividend	1,799,110	2,982
- derivatives measurement – liabilities held for trading	284,506	304,467
- liabilities in respect of unsettled investment transactions and collateral deposits	197,762	375,998
- estimated non insurance liabilities	26,409	76,173
- Social Security Institution (ZUS) premiums and benefits paid	14,831	12,308
- liability to the Insurance Guarantee Fund (UFG)	11,777	9,478
- settlements from the performance of direct claims handling	9,647	11,113
- retained guarantee deposits	3,640	3,683
- liabilities arising from the creation of the Central Register of Vehicles and Drivers (CEPIK)	3,174	3,620
- liabilities due to settlements with legal persons from the Tax Capital Group (PGK)	2,272	42,115
- liabilities arising from legal representation	1,927	2,345
- other	35,843	33,404
<b>Total other liabilities</b>	<b>2,445,736</b>	<b>928,469</b>

## 10. Special funds

Special funds	30 June 2016	31 December 2015
a) Prevention Fund	49,659	47,287
b) Social Benefits Fund	90,348	96,845
<b>Total special funds</b>	<b>140,007</b>	<b>144,132</b>

## 11. Accruals

Accruals	30 June 2016	31 December 2015
<b>a) accruals, including:</b>	<b>740,571</b>	<b>821,516</b>
- long-term	-	-
- short-term (by title):	740,571	821,516
- accrued costs of commissions on direct insurance	386,816	477,149
- deferred income and accrued expenses relating to reinsurance	244,821	216,477
- accrued costs of salaries and wages	80,045	86,791
- accrued costs of bonuses for employees	18,292	26,572
- other accruals	10,597	14,527
<b>b) negative goodwill</b>	<b>-</b>	<b>-</b>
<b>c) deferred income, including:</b>	<b>37,456</b>	<b>34,887</b>
- deferred reinsurance commissions	28,532	25,663
- investment income	7,154	6,739
- land perpetual usufruct right received free of charge	521	979
- other	1,249	1,506
<b>Total accruals</b>	<b>778,027</b>	<b>856,403</b>

## 12. Changes in impairment losses

Asset item	Impairment losses as at 1 January 2016, including:		Recognized, including:		Released, including:		Derecognition of assets in, including:		Other changes, including:		Impairment losses as at 30 June 2016, including:	
	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity
<b>I. Intangible assets</b>	<b>1,723</b>	-	-	-	-	-	-	-	-	-	<b>1,723</b>	-
<b>II. Investments</b>	<b>116,766</b>	<b>3,063</b>	<b>7</b>	<b>12</b>	<b>(2,075)</b>	-	-	-	-	-	<b>114,698</b>	<b>3,075</b>
1. Property	75,607	3,063	7	12	(2,051)	-	-	-	-	-	73,563	3,075
2. Investments in related parties	7,821	-	-	-	-	-	-	-	-	-	7,821	-
3. Other financial investments	33,338	-	-	-	(24)	-	-	-	-	-	33,314	-
a) shares and other variable income securities	12,524	-	-	-	(24)	-	-	-	-	-	12,500	-
b) participation units and investment certificates of investment funds	20,814	-	-	-	-	-	-	-	-	-	20,814	-
c) debt securities and other fixed income securities	-	-	-	-	-	-	-	-	-	-	-	-
d) interests in joint ventures (investments)	-	-	-	-	-	-	-	-	-	-	-	-
e) mortgages	-	-	-	-	-	-	-	-	-	-	-	-
f) other loans	-	-	-	-	-	-	-	-	-	-	-	-
g) term deposits at credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
h) other investments (by type)	-	-	-	-	-	-	-	-	-	-	-	-
4. Deposits with cedants	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Net unit-linked assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Receivables</b>	<b>549,464</b>	-	<b>61,163</b>	-	<b>(27,355)</b>	-	-	-	<b>(161)</b>	-	<b>583,111</b>	-
1. Insurance receivables	533,079	-	59,496	-	(25,114)	-	-	-	(133)	-	567,328	-
2. Reinsurance receivables	6,226	-	1,667	-	(2,235)	-	-	-	-	-	5,658	-
3. Other receivables	10,159	-	-	-	(6)	-	-	-	(28)	-	10,125	-
3.1. Receivables from the State Treasury	-	-	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	10,159	-	-	-	(6)	-	-	-	(28)	-	10,125	-
<b>V. Other assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
1. Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Accruals</b>	<b>70</b>	-	<b>112</b>	-	-	-	-	-	-	-	<b>182</b>	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	70	-	112	-	-	-	-	-	-	-	182	-

Asset item	Impairment losses as at 1 January 2015, including:		Recognized, including:		Released, including:		Derecognition t, including:		Other changes, including:		Impairment losses as at 30 June 2015, including:	
	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity
<b>I. Intangible assets</b>	<b>1,723</b>	-	-	-	-	-	-	-	-	-	<b>1,723</b>	-
<b>II. Investments</b>	<b>96,804</b>	<b>3,063</b>	<b>197</b>	-	<b>(594)</b>	-	-	-	-	-	<b>96,407</b>	<b>3,063</b>
1. Property	76,156	3,063	-	-	(594)	-	-	-	-	-	75,562	3,063
2. Investments in related parties	7,821	-	-	-	-	-	-	-	-	-	7,821	-
3. Other financial investments	12,827	-	197	-	-	-	-	-	-	-	13,024	-
a) shares and other variable income securities	12,716	-	-	-	-	-	-	-	-	-	12,716	-
b) participation units and investment certificates of investment funds	111	-	197	-	-	-	-	-	-	-	308	-
c) debt securities and other fixed income securities	-	-	-	-	-	-	-	-	-	-	-	-
d) interests in joint ventures (investments)	-	-	-	-	-	-	-	-	-	-	-	-
e) mortgages	-	-	-	-	-	-	-	-	-	-	-	-
f) other loans	-	-	-	-	-	-	-	-	-	-	-	-
g) term deposits at credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
h) other investments (by type)	-	-	-	-	-	-	-	-	-	-	-	-
4. Deposits with cedants	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Net unit-linked assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Receivables</b>	<b>552,321</b>	-	<b>65,578</b>	-	<b>(50,018)</b>	-	<b>(164)</b>	-	-	-	<b>567,717</b>	-
1. Insurance receivables	536,891	-	64,138	-	(49,042)	-	(35)	-	-	-	551,952	-
2. Reinsurance receivables	5,001	-	1,440	-	(970)	-	-	-	-	-	5,471	-
3. Other receivables	10,429	-	-	-	(6)	-	(129)	-	-	-	10,294	-
3.1. Receivables from the State Treasury	-	-	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	10,429	-	-	-	(6)	-	(129)	-	-	-	10,294	-
<b>V. Other assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
1. Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Accruals</b>	<b>1,909</b>	-	<b>78</b>	-	<b>(1,909)</b>	-	-	-	-	-	<b>78</b>	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	1,909	-	78	-	(1,909)	-	-	-	-	-	78	-

## 13. Non-life insurance premiums

### 13.1 Gross written premiums from non-life insurance

Gross written premiums	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) in direct insurance	2,474,897	4,924,867	1,931,707	4,147,587
b) in indirect insurance	68,613	332,697	80,492	94,505
<b>Total gross written premiums</b>	<b>2,543,510</b>	<b>5,257,564</b>	<b>2,012,199</b>	<b>4,242,092</b>

Gross written premiums – direct insurance	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) accident and sickness insurance (groups 1 and 2)	88,748	180,606	85,143	178,530
b) MTPL insurance (group 10)	923,050	1,687,876	659,770	1,299,837
c) motor own damage insurance (group 3)	685,354	1,326,531	531,783	1,059,977
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	14,299	29,370	13,549	28,125
e) insurance against fire and other damage to property (groups 8, 9)	472,407	1,042,925	391,069	1,038,357
f) TPL insurance (groups 11, 12, 13)	163,999	362,507	146,918	352,300
g) credit insurance and suretyship (groups 14, 15)	13,873	85,665	15,759	30,044
h) assistance (group 18)	88,961	167,892	78,182	143,366
i) legal protection (group 17)	1,572	3,432	409	754
j) other (group 16)	22,634	38,063	9,125	16,297
<b>Total gross premiums – direct insurance (by accounting class)</b>	<b>2,474,897</b>	<b>4,924,867</b>	<b>1,931,707</b>	<b>4,147,587</b>

Gross written premiums – indirect insurance	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) accident and sickness insurance (groups 1 and 2)	(781)	13,226	5,923	5,917
b) MTPL insurance (group 10)	(1,377)	241,649	53,082	52,914
c) motor own damage insurance (group 3)	(76)	(498)	1,219	5,210
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	511	1,855	514	3,672
e) insurance against fire and other damage to property (groups 8, 9)	65,711	69,527	12,114	16,536
f) TPL insurance (groups 11, 12, 13)	2,109	4,052	4,559	6,444
g) credit insurance and suretyship (groups 14, 15)	363	293	(116)	(61)
h) assistance (group 18)	-	-	-	-
i) legal protection (group 17)	-	-	-	-
j) other (group 16)	2,153	2,593	3,197	3,873
<b>Total gross premiums – indirect insurance (by accounting class)</b>	<b>68,613</b>	<b>332,697</b>	<b>80,492</b>	<b>94,505</b>

### 13.2 Gross earned premiums

Gross earned premiums – direct insurance	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) accident and sickness insurance (groups 1 and 2)	108,360	213,968	112,880	222,354
b) MTPL insurance (group 10)	751,521	1,374,667	648,313	1,297,816
c) motor own damage insurance (group 3)	573,596	1,116,464	505,298	1,001,374
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	12,061	23,973	11,624	24,319
e) insurance against fire and other damage to property (groups 8, 9)	495,589	945,051	478,790	920,025
f) TPL insurance (groups 11, 12, 13)	169,120	337,060	167,251	329,545
g) credit insurance and suretyship (groups 14, 15)	30,478	41,878	15,763	24,189
h) assistance (group 18)	73,039	143,486	67,143	122,057
i) legal protection (group 17)	1,615	2,956	152	173
j) other (group 16)	20,709	42,024	7,947	20,062
<b>Total gross earned premiums – direct non-life insurance</b>	<b>2,236,088</b>	<b>4,241,527</b>	<b>2,015,161</b>	<b>3,961,914</b>

Gross earned premiums – indirect insurance	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) accident and sickness insurance (groups 1 and 2)	-	3,905	2,113	2,328
b) MTPL insurance (group 10)	62,152	114,990	12,117	15,674
c) motor own damage insurance (group 3)	1,441	4,894	1,564	5,652
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	1,214	2,840	2,270	4,798
e) insurance against fire and other damage to property (groups 8, 9)	30,891	57,979	15,388	29,510
f) TPL insurance (groups 11, 12, 13)	3,626	5,833	2,283	4,087
g) credit insurance and suretyship (groups 14, 15)	356	1,086	185	895
h) assistance (group 18)	45	48	-	-
i) legal protection (group 17)	-	-	-	-
j) other (group 16)	4,250	6,802	1,448	2,533
<b>Total gross earned premiums – indirect non-life insurance</b>	<b>103,975</b>	<b>198,377</b>	<b>37,368</b>	<b>65,477</b>

### 14. Gross claims and benefits paid

Gross claims and benefits paid	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) in direct insurance, including:	1,509,859	3,007,888	1,213,201	2,395,906
-claims handling expenses	156,841	311,949	130,899	268,095
b) in indirect insurance, including:	82,687	138,697	2,514	5,637
-claims handling expenses	1,736	2,467	194	376
<b>Total gross claims and benefits paid</b>	<b>1,592,546</b>	<b>3,146,585</b>	<b>1,215,715</b>	<b>2,401,543</b>

<b>Gross claims in direct insurance</b>	<b>1 April–30 June 2016</b>	<b>1 January–30 June 2016</b>	<b>1 April–30 June 2015</b>	<b>1 January–30 June 2015</b>
a) accident and sickness insurance (groups 1 and 2)	30,992	62,886	34,998	68,505
b) MTPL insurance(group 10)	666,059	1,334,788	600,026	1,152,164
c) motor own damage insurance (group 3)	392,736	807,698	339,405	693,002
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	24,596	32,265	12,769	17,380
e) insurance against fire and other damage to property (groups 8, 9)	266,101	531,467	124,549	256,254
f) TPL insurance (groups 11, 12, 13)	71,510	136,024	59,810	121,482
g) credit insurance and suretyship (groups 14, 15)	3,287	2,180	3,608	11,033
h) assistance (group 18)	45,895	89,950	37,548	73,574
i) legal protection (group 17)	280	545	151	357
j) other (group 16)	8,403	10,085	337	2,155
<b>Total gross claims and benefits paid – direct insurance (by accounting class)</b>	<b>1,509,859</b>	<b>3,007,888</b>	<b>1,213,201</b>	<b>2,395,906</b>

<b>Gross claims in indirect insurance</b>	<b>1 April–30 June 2016</b>	<b>1 January–30 June 2016</b>	<b>1 April–30 June 2015</b>	<b>1 January–30 June 2015</b>
a) accident and sickness insurance (groups 1 and 2)	3,531	3,531	-	-
b) MTPL insurance(group 10)	20,254	33,432	-	-
c) motor own damage insurance (group 3)	819	939	187	290
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	1,114	1,288	627	627
e) insurance against fire and other damage to property (groups 8, 9)	8,041	16,591	1,480	3,727
f) TPL insurance (groups 11, 12, 13)	696	1,785	219	927
g) credit insurance and suretyship (groups 14, 15)	-	-	-	(1)
h) assistance (group 18)	-	-	-	-
i) legal protection (group 17)	-	-	-	-
j) other (group 16)	48,232	81,131	1	67
<b>Total gross claims and benefits paid – indirect insurance (by accounting class)</b>	<b>82,687</b>	<b>138,697</b>	<b>2,514</b>	<b>5,637</b>

## 15. Claims handling expenses

<b>Claims handling costs in direct insurance</b>	<b>1 April–30 June 2016</b>	<b>1 January–30 June 2016</b>	<b>1 April–30 June 2015</b>	<b>1 January–30 June 2015</b>
a) accident and sickness insurance (groups 1 and 2)	9,692	21,315	9,449	19,265
b) MTPL insurance (group 10)	76,844	151,255	64,492	128,759
c) motor own damage insurance (group 3)	28,264	55,679	21,217	42,289
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	123	236	196	649
e) insurance against fire and other damage to property (groups 8, 9)	23,206	46,872	20,208	44,347
f) TPL insurance (groups 11, 12, 13)	13,054	24,549	11,235	24,033
g) credit insurance and suretyship (groups 14, 15)	120	187	25	45
h) assistance (group 18)	5,332	11,421	3,996	8,538
i) legal protection (group 17)	142	295	5	12
j) other (group 16)	64	140	76	158
<b>Total claims handling costs – direct insurance (by accounting class)</b>	<b>156,841</b>	<b>311,949</b>	<b>130,899</b>	<b>268,095</b>

## 16. Acquisition costs

Acquisition costs	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) consumption of materials and energy	3,916	7,548	3,245	7,704
b) external services	25,873	47,130	17,591	38,262
c) payroll, social insurance and other benefits	74,688	149,012	71,889	151,412
d) commissions	357,858	772,715	316,253	620,873
e) depreciation and amortization	9,829	21,093	8,815	16,921
f) other	4,250	7,697	16,099	22,190
g) change in deferred acquisition costs	(21,889)	(133,566)	(52,960)	(116,398)
<b>Total acquisition costs</b>	<b>454,525</b>	<b>871,629</b>	<b>380,932</b>	<b>740,964</b>

## 17. Administrative expenses

Administrative expenses	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) consumption of materials and energy	4,153	9,593	5,137	16,435
b) external services	39,410	71,194	49,363	96,607
c) taxes and charges	3,121	6,916	3,272	6,527
d) remunerations	69,070	146,763	70,170	145,102
e) social insurance and other benefits;	19,405	39,548	19,816	41,594
f) depreciation and amortization	13,183	27,033	12,143	25,481
g) other	20,982	32,185	16,690	30,235
<b>Total administrative expenses</b>	<b>169,324</b>	<b>333,232</b>	<b>176,591</b>	<b>361,981</b>

## 18. Other operating income

Other operating income	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) financial revenue	574	771	549	1,051
b) revenues from claims representative services	1,858	3,874	1,616	3,614
c) revenues from acquisition activities carried out for open pension funds	-	-	-	-
d) revenue from the performance of direct claims handling	51,651	104,704	48,016	80,550
e) other operating income including:	22,870	47,331	(44,892)	77,029
Foreign exchange gains	19,483	40,706	(49,392)	66,643
Received compensations	830	1,840	1,132	2,139
Recharged costs	759	1,327	549	3,950
Impairment losses release and provision release for other costs	186	490	1,743	1,969
Revenue from disposal of fixed assets and investments in progress	46	162	213	412
Other	1,566	2,806	863	1,916
<b>Total other operating income</b>	<b>76,953</b>	<b>156,680</b>	<b>5,289</b>	<b>162,244</b>



## 19. Other operating expenses

Other operating expenses	1 April–30 June 2016	1 January–30 June 2016	1 April–30 June 2015	1 January–30 June 2015
a) financial costs	16,879	32,304	8,141	17,167
b) costs relating to claims representative services	70	92	40	71
c) costs incurred in connection with acquisition activities carried out for open pension funds	-	-	-	-
d) costs from the performance of direct claims handling	52,853	108,768	49,265	83,246
e) tax described in the Act on Tax on Certain Financial Institutions dated 15 January 2016 (Journal of Laws, item 68)	39,886	66,119	-	-
f) other operating expenses including:	133,399	185,439	7,264	23,456
Negative exchange differences	130,513	177,323	3,150	10,718
Donations	656	1,735	63	827
Rechargeable expenses	759	1,327	520	3,835
Loss from sale of tangible assets and investments in progress	600	934	331	637
Provisions created for probable losses	(95)	502	503	1,428
Costs of sell-buy-back contracts	1	17	807	3,062
Restructuring costs	(119)	-	765	907
Other	1,084	3,601	1,125	2,042
<b>Total other operating expenses</b>	<b>243,087</b>	<b>392,722</b>	<b>64,710</b>	<b>123,940</b>

## 20. Issuances, redemptions and repayments of debt and equity securities

In the period of 6 months between 1 January and 30 June 2016, PZU did not perform any issuances, redemptions or repayments of debt and equity securities.

## 21. Non-payment or violation of the credit or loan terms

In the period of 6 months ended on 30 June 2016, there were no instances of outstanding credit or loan payments or violation of the credit or loan terms not subject to corrective measures before end of the reporting period.

## 22. Credit facility/loan collateral or guarantees granted by PZU or its subsidiaries

In the period of 6 months from 1 January to 30 June 2016, neither PZU nor its subsidiaries granted any credit facility/loan collateral or guarantees – to one entity or a subsidiary of such an entity – if the total value of the existing collateral or guarantees constituted the equivalent of at least 10% of the equity of PZU.

## 23. Disputes

PZU is a party to a number of court and arbitration disputes and administrative proceedings. The typical court disputes are those related to insurance contracts, employment contracts and contractual obligations. The typical administrative proceedings are related to own property. The proceedings and disputes are typical and repetitive and, usually, individually they are not significant for PZU.

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

PZU includes disputed claims in the process of recording technical reserves for known claims taking into account the probability of unfavorable resolution of the dispute and estimating the value of the probable adjudication.

In the period of 6 months between 1 January and 30 June 2016 and by the date of submission of the condensed interim separate financial statements, PZU did not take part in any proceedings before court, body competent to hear arbitration proceedings or public authority body concerning liabilities or receivables of PZU of the unit value of at least 10% of the equity of PZU.

As at 30 June 2016, the value of all 80,382 cases held by courts, bodies competent to hear arbitration proceedings or public authority bodies involving PZU was PLN 3,379,680 thousand. The amount includes PLN 3,027,296 thousand of liabilities and PLN 352,384 thousand of receivables of PZU, which constituted 27.18% and 3.16% of PZU equity calculated in accordance with PAS, respectively.

## 24. Related party transactions

In the period of 6 months ended on 30 June 2016, PZU concluded neither one nor many transactions with related parties, if they would be relevant on their own or in total and concluded otherwise than on an arm's length basis, with the exception of the transactions described below.

Based on the framework contract signed on 7 August 2013 between PZU and PZU Życie, cash loans denominated in PLN are granted between these companies for a definite period not longer than 12 months. The total value of cash loans provided by each Party may not exceed PLN 1 billion. The aim of the abovementioned contract is providing a tool for the management of fluidity in PZU Group. The loans are not granted on an arm's length basis – the amount of the loan is interest-free and the debtor receives commission on granting a loan in the amount of PLN 100 for each concluded loan contract – however, due to the participation of both companies in TCG, they are tax neutral. In the period of 6 months ended on 30 June 2016, PZU Życie granted two such loans:

- on 27 May 2016, amounting to PLN 400,000 thousand, which was paid on 24 June 2016;
- on 24 June 2016, amounting to PLN 350,000 thousand, which was paid on 25 July 2016.

## 24.1 Transactions with Members of the Management Board and Supervisory Board of PZU

As at 30 June 2016, there were no unsettled advances or loans contracted by Members of the Management Board of PZU or Members of the Supervisory Board of PZU.

In the period of 6 months between 1 January and 30 June 2016, there were no transactions between PZU and Members of the Management Board of PZU, Members of the Supervisory Board of PZU or persons who are their joint householders, spouses, persons related by blood or affinity up to the second degree, adoptees and adopters and persons under their care or guardianship or other persons personally related to Members of the Management Board of PZU or Supervisory Board of PZU, other than those resulting from concluded non-life insurance contracts, concluded on an arm's length basis.

In the period of 6 months from 1 January to 30 June 2016, there were no material transactions between PZU and entities in which Members of the Management Board of PZU or the Supervisory Board of PZU, persons who are their joint householders, spouses, persons related by blood or affinity up to the second degree, adoptees and adopters and persons under their care or guardianship would hold directly or indirectly at least 20% of votes at the General Shareholders' Meeting, other than those resulting from concluded non-life insurance contracts, concluded on an arm's length basis.

## 24.2 Transactions with subsidiaries

Transactions with subsidiaries	1 January– 30 June 2016	1 January– 31 December 2015	1 January– 30 June 2015
1. Gross written premiums, including:	377,189	276,107	65,137
- from Link 4	228,221	160,686	43,230
- from TUW PZUW	61,285	47,197	-
- from Alior Bank	58,341	1,708	-
- from PrJSC IC PZU Ukraine	26,037	44,080	21,609
- from Lietuvos Draudimas AB	2,197	16,571	(775)
- from AAS Balta	415	9,004	1,767
- from UAB DK PZU Lietuva	-	(4,963)	(697)
2. Dividend revenue, including:	844,151	1,704,309	1,079,309
- from PZU Życie	825,000	1,690,174	1,065,174
- from TFI PZU	18,671	9,227	9,227
- from Tower Inwestycje	480	-	-
- from PZU CO	-	1,102	1,102
- from PZU AM	-	3,806	3,806
3. Other revenue, including:	13,594	36,004	48,979
- kick-backs from TFI PZU	6,391	13,884	7,015
- from exchange differences of the loan from PZU Finance AB	2,353	-	33,958
- from property due to rentals to PZU Group entities	1,154	2,978	1,457
- from re-invoicing costs from related parties	1,076	4,384	3,556
- receiving shares from PZU Pomoc free of charge	-	6,604	-
4. Gross claims and benefits paid, including:	52,759	6,769	1,998
- for Link 4	31,991	158	55
- for PZU Pomoc SA	7,737	1,877	1,028
- for AAS Balta	6,223	3,327	-
- for PrJSC IC PZU Ukraine	5,837	1,389	587
5. Other expenses, including:	227,165	118,225	48,638
- cost of exchange differences of the loan from PZU Finance AB	139,096	9,683	-
- cost of interest of the loan from PZU Finance AB	31,531	39,151	16,755
- reinsurance commissions payable to Link4	24,826	11,004	-
- IT services rendered by PZU CO	15,758	31,112	12,575
- reinsurance commissions payable to PrJSC IC PZU Ukraine	2,988	5,289	-
- rental services by Ogrodowa Inwestycje	2,706	5,590	2,857
- cyclic mass print service by PZU CO	2,303	4,108	2,030
- share in profit for PrJSC IC PZU Ukraine	-	3,163	-

Transactions with subsidiaries	30 June 2016	31 December 2015	30 June 2015
1. Receivables, including:	963,004	41,998	1,177,714
- receivables from PZU Życie from the advance dividend	825,000	-	1,065,174
- receivables due to premiums from Alior Bank	47,346	1,723	-
- CIT receivables – PGK	41,893	29,560	62,201
- receivables due to reinsurance inwards – premiums from PZU Ukraine	20,646	2,450	2,894
- receivables from TFI PZU from the advance dividend	18,671	-	-
- other receivables from Link4	6,908	7,009	7,040
- receivables due to reinsurance inwards – premiums from ASS Balta	390	-	2,175
- deposits receivable due to reinsurance inwards – premiums from PZU Lithuania	-	-	2,467
2. Liabilities, including:	4,101,162	3,660,858	2,090,501
- liabilities from PZU Finance AB (publ.)	3,734,910	3,611,636	2,080,866
- liabilities due to loan from PZU Życie	350,000	-	-
- liabilities arising from reinsurance inwards – to PZU Ukraine	9,402	1,276	1,066
- income tax liabilities – PGK	2,272	42,115	4,332
3. Contingent liabilities (off-balance sheet) arising from the promissory notes from PZU Pomoc	12,731	12,944	-
4. Contingent liabilities (off-balance sheet) arising from the loan not granted to PZU Zdrowie	70,000	70,000	110,000

Condensed interim separate financial statements of PZU for the period of 6 months ended 30 June 2016 was signed by:

<b>Name</b>	<b>Position</b>	
Michał Krupiński	CEO of PZU	..... (signature)
Roger Hodgkiss	Member of the Management Board	..... (signature)
Andrzej Jaworski	Member of the Management Board	..... (signature)
Sebastian Klimek	Member of the Management Board	..... (signature)
Beata Kozłowska-Chyłą	Member of the Management Board	..... (signature)
Maciej Rapkiewicz	Member of the Management Board	..... (signature)

**Person responsible for bookkeeping**

Katarzyna Łubkowska	Director of Accounting Department	..... (signature)
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**Chief Actuary at PZU**

Paweł Chadysz	Vice-Director of the Actuarial Office	..... (signature)
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Warsaw, 23 August 2016