

Powszechny Zakład Ubezpieczeń Spółka Akcyjna

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
WITH AUDITOR'S OPINION



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Introduction to the 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, 12th Business Division of the National Court Register, under KRS number 0000009831.

According to Polish Classification of Activities (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 separate financial statements

The separate financial statements have been prepared for the period of 12 months from 1 January to 31 December 2016.

Format of the separate financial statements of PZU

The separate financial statements for the year 2016 contain financial data presented in line with Attachment no. 3 to the Ordinance of the Ministry of Finance dated 18 October 2005 on the scope of information disclosed in separate and consolidated financial statements as required in prospectuses of listed issuers with registered office on the territory of the Republic of Poland applying Polish accounting principles (Journal of Laws of 2014, Item 300 as amended, "Ordinance on financial statements presented in prospectus").

Going concern

The 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. during the period of at least 12 months following the balance sheet date.

As at the date of signing the separate financial statements, there were no facts or circumstances indicating a risk to PZU's ability to operate as a going concern during the period of 12 months following the balance sheet date due to the intended or forced discontinuation or material limitation of its current activities.

Presentation unit

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

Discontinued operations

In 2016 and 2015, PZU did not discontinue any operations.

Seasonal or periodic nature of operations

The operations of PZU are neither seasonal nor periodic in their nature.

2. Selected financial data of PZU

Items from balance sheet	31 December 2016 in PLN thousand	31 December 2015 in PLN thousand	31 December 2016 in EUR thousand	31 December 2015 in EUR thousand
Assets	37,418,630	36,358,361	8,458,099	8,531,822
Share capital	86,352	86,352	19,519	20,263
Total equity	12,219,012	12,378,733	2,761,983	2,904,783
Basic and diluted weighted average number of ordinary shares (items)	863,523,000	863,523,000	863,523,000	863,523,000
Book value per ordinary share (in PLN/EUR)	14.15	14.34	3.20	3.37

Items from technical non-life insurance account and general profit and loss account	31 December 2016 in PLN thousand	31 December 2015 in PLN thousand	31 December 2016 in EUR thousand	31 December 2015 in EUR thousand
Gross written premiums	10,682,014	8,858,036	2,441,213	2,116,717
Result on non-life insurance	536,523	636,334	122,614	152,058
Net investment result ¹⁾	1,897,566	2,023,981	433,660	483,651
Net profit (loss)	1,592,951	2,248,522	364,045	537,307
Basic and diluted weighted average number of ordinary shares (items)	863,523,000	863,523,000	863,523,000	86,352,300
Basic and diluted profit per one ordinary share (in PLN/EUR)	1.84	2.60	0.42	0.62

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

Data from cash flow statements	1 January–31 December 2016 in PLN thousand	1 January–31 December 2015 in PLN thousand	1 January–31 December 2016 in EUR thousand	1 January–31 December 2015 in EUR thousand
Net cash flows from operating activities	722,484	379,760	165,113	90,747
Net cash flows from investment activities	2,171,920	2,259,509	496,359	539,932
Net cash flows from financial activities	(1,844,350)	(2,627,138)	(421,498)	(627,781)
Total net cash flows	1,050,054	12,131	239,974	2,899

3. PLN/EUR exchange rates

The following exchange rates have been applied herein (also for presentation of selected financial data):

EUR/PLN	1 January–31 December 2016	1 January–31 December 2015	31 December 2016	31 December 2015
Average rate	4.3757	4.1848	4.4240	4.2615
Highest rate of the period	4.5035	4.3580	n/a	n/a
Lowest rate of the period	4.2355	3.9822	n/a	n/a

The rates are:

- average rates of the National Bank of Poland ruling as at the balance sheet date – for the balance sheet items;
- rates determined as the arithmetic mean of the rates published by the National Bank of Poland, ruling as at the last day of each month of the given period – for the general profit and loss account and cash flow statement.

4. Changes in the accounting principles (policy) during the financial year

In 2016, no changes were made to the accounting principles (policy).

5. Changes in the method of preparation of the financial statements

In 2016, the following changes to the method of preparation of the financial statements were made:

- In order to ensure that the interest received from debt instruments with respect to investment activities of cash flow statement is presented more accurately, the presentation of interest inflows has been taken from Item 5 "Redemption of debt securities issued by other entities" has been moved to Item 9 "Interest received".

- Due to the nature of insurance guarantees and promissory notes granted as collateral, the review of legal collateral of recourse claims related to these guarantees and promissory notes has been conducted. As a result, changes in the presentation style of the collateral have been introduced in order to reflect its economic content more accurately. At the moment, securities are presented up to the amount of granted guarantees.

The impact of the above-mentioned changes on the comparable data in the cash flow statement and off-balance sheet items is presented below:

Cash flow statement	1 January – 31 December 2015 <i>Historical data</i>	Change	1 January 2015 – 31 December 2015 <i>Comparable data in financial statement</i>
5. Redemption of debt securities issued by other entities	8,001,193	(323,646)	7,677,547
9. Interest received	22,003	323,646	345,649

Off-balance sheet items	31 December 2015 <i>Historical data</i>	Change	31 December 2015 <i>Comparable data in financial statement</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

6. Adjustment of prior period errors

In the separate financial statements, no prior period errors were corrected.

7. Information on significant post balance sheet events not recognized in the financial statements

7.1 Purchase of significant packages of shares of Bank Polska Kasa Opieki SA ("Pekao")

Negotiations to conclude the transaction of purchase of a significant package of Bank PEKAO shares by PZU, being in the consortium with Polish Development Fund ("PFR"), from UniCredit were opened on 28 September 2016 ("Seller", "UniCredit", PZU, PFR, and Seller are jointly referred to as "Parties") and ended on 8 December 2016.

The Management Board and Supervisory Board of PZU consented to the conclusion of the agreement concerning the purchase of Pekao shares package ("SPA") from UniCredit and other agreements indispensable to the realization of the planned transaction.

On 8 December 2016, PZU and PFR entered into the agreement with UniCredit.

The core of the transaction resulting from SPA is the acquisition of a significant package of Pekao shares (comprising ultimately 32.8% of the total number of votes) by PZU and PFR acting in agreement. The transaction will be concluded according to the structure comprising two stages. Within the first stage:

- PZU will purchase 100% of shares of the special purpose vehicle ("SPV"), which will be the owner of Pekao shares accounting for about 20% of the total number of votes.
- At the same time, PFR will directly purchase a package of shares accounting for about 10% of the total number of votes.

During the second stage, which will be introduced no earlier than 60 days after the first purchase, PFR will directly purchase remaining packages of Pekao shares as specified in SPA, accounting for 2.8% of the total number of votes (both stages being referred to as "Transaction").

The price agreed by the Parties is PLN 123 per share, which implies the total price of PLN 10,589,091 for the entire package purchased by PZU and PFR, including the price for the package purchased by PZU at PLN 6,456,763. Generally,

SPA does not assume a possibility to introduce any purchasing price adjustment apart from the automatic lowering of the total selling price by the value of dividend paid to Seller.

Transaction realization is subject to the fulfillment of the precedent conditions as indicated in SPA, which cover in particular:

- obtaining consent from the Polish and Ukrainian anti-trust authorities, and
- obtaining relevant consent and KNF decisions by Seller as well as PZU and PFR.

Under SPA, the conditions must be fulfilled by the final date, which was set for the first anniversary of the SPA conclusion, that is, 8 December 2017. If the conditions are not met or cancelled under SPA, each Party retains the right to withdraw from SPA, which will allow for a waiver of Transaction realization under the terms of SPA.

SPA contains a specific list of statements and guarantees of Seller with respect to sold shares and business condition of Pekao and other entities within Pekao Capital Group. Moreover, SPA provides for exemption of liability of PZU and PFR for any losses resulting from regulation changes, which may impact the existing credit portfolio of Pekao denominated in Swiss francs. Parties agreed that the above-mentioned exemption from liability will not exceed the agreed amount and it will be available to PZU and PFR for the period of 3 years following the purchase of Pekao shares within the first Transaction stage.

Under SPA, PZU, PFR, and Seller agreed on the terms of the non-competition clause affecting Seller and entities within its capital group, as well as principles concerning non-solicitation of key Pekao employees.

Due to the obligation to ensure proper separation of Pekao from Seller's capital group, Parties consider entering into an agreement which would specify fundamental principles of separation (in terms of IT) of Pekao from Seller's capital group. The agreement will set the rules providing for, in particular, the continuity of process management based on the information system of Pekao and regulation of terms and costs ensuring self-sufficiency of Pekao following the realization of Transaction in terms of its access to services and rights to software.

Moreover, Parties also agreed that their intention is to make Pioneer Pekao Investment SA (and, hence, indirectly Pioneer Pekao TFI SA), Pekao Pioneer PTE SA and Dom Inwestycyjny Xelion Sp. z o.o. fully legitimate members of the Pekao capital group. Therefore, SPA contains general boundary conditions (term sheet) regarding the purchase of shares of the above-mentioned entities, which, as at the date of signing SPA, belong to Seller (or entities being members of Seller's group) and not to Pekao.

It has been agreed that the maximum purchase price of shares of Pioneer Pekao Investment Management SA, Pekao Pioneer PTE SA and Dom Inwestycyjny Xelion Sp. z o. o. will not exceed the total amount of PLN 634,000 thousand and that the shares will be purchased at this price by either Pekao or PZU, or an entity designated by PZU. Generally, the agreement does not provide for a possibility to introduce any purchasing price adjustment apart from the automatic lowering of the total selling price by the value of dividend paid to Seller or entities being members of Seller's group.

In connection with SPA, PZU and PFR entered into the consortium agreement on 8 December 2016. The consortium agreement specifies mutual rights and obligations of PZU and PFR in terms of conducting and finalizing Transaction and mutual cooperation of PZU and PFR with respect to SPA and Transaction ("Consortium Agreement").

The law applicable to SPA and Consortium Agreement is the Polish law.

7.2 Shareholders' agreement between PZU and PFR

On 23 January 2017, PZU and PFR signed the shareholders' agreement ("Shareholders' Agreement") which is part of the documentation on purchase of a significant package of Pekao, described in Note of "Introduction to the financial statements".

Shareholders' Agreement was concluded due to the fact that the intention of PZU and PFR has been to: build long-term value of Pekao, pursue the politics focused on its development, financial stability, and effective and careful management after closing the transaction of purchase of shares, and provide for appropriate standards of corporate governance of Pekao.

The core of Shareholders' Agreement is to specify the terms of cooperation between PZU and PFR following the purchase of the Pekao shares as well as rights and obligations of the Parties acting as shareholders of Pekao, in particular, in terms of determining the manner of execution of voting rights by both Parties and pursuing long-term politics concerning Pekao activity with the aim to achieve the above-mentioned objectives.

The terms of Shareholders' Agreement cover, in particular, the following issues:

- PZU and PFR are mutually obliged to vote “for” adopting resolutions concerning profit distribution and payment of dividend on the terms and within the scope as specified in the applicable provisions of law and recommendations of KNF and in line with current Pekao practices;
- Subject to specified exceptions, in the situation in which PZU and PFR fail to arrive at an agreement concerning the manner of execution of voting rights, PZU will determine the manner of voting, whereas, PFR will be obliged to vote in line with the position of PZU;
- Mutual obligations of PZU and PFR aiming to limit the capacity of either Party to dispose of their Pekao shares, as well as contractual priority right in the situation in which either Party will intend to sell all or some of their Pekao shares;
- Right of either Party to purchase shares owned by the other Party that would dissolve or denounce Shareholders’ Agreement;
- Terms of cooperation and mutual relations between PZU, PFR and the entity that provides PFR with funds to purchase Pekao shares. PZU and PFR will also enter into negotiations in order to conclude an additional tripartite agreement with that entity, which would clarify their mutual relations under the terms of Shareholders’ Agreement and documentation of funds received by PFR;
- The manner in which Parties monitor the fulfillment of their obligations under the provisions of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies (Journal of Laws of 2016, Item 1639) and exclude the obligation to announce a call to register for the sale of Pekao shares in line with the provisions of the above-mentioned Act.

Shareholders’ Agreement becomes effective as of the date of realization of the first Transaction stage concerning purchase of Pekao shares by PZU and PFR, described in Note of “Introduction to the financial statement”.

Shareholders’ Agreement has been concluded for the definite period of 5 years from the date of its entry into force, and during 12 months from the date of its entry into force it cannot be terminated or denounced by either Party.

The law applicable to Shareholders’ Agreement is the Polish law.

7.3. Employment restructuring

Employment restructuring has been described in point 28.1 in Supplementary information and explanations.

8. Significant prior years' events recognized in the financial statements for the financial year

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

9. Significant events pertaining to the reporting period and significantly changing the structure of balance sheet items and the financial result

9.1 Redemption of certificates and participation units

On 17 October 2016, PZU redeemed PZU investment certificates of the PZU Fundusz Inwestycyjny Zamknięty Dynamiczny (closed-end investment fund) amounting to PLN 1,036,862 thousand and received the payment in cash. The realized transaction gains, presented in Item “Loss on realization of investments” of general profit and loss account, amounted to PLN 7,512 thousand.

On 14 December 2016, PZU redeemed participation units of the PZU Specjalistyczny Fundusz Inwestycyjny Universum (specialized investment fund) amounting to PLN 6,250,000 thousand and took over the government debt securities. The realized transaction gains, presented in Item “Gains on realization of investments” of general profit and loss account, amounted to PLN 764,374 thousand.

9.2 Dividend from Powszechny Zakład Ubezpieczeń na Życie

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

- PLN 1,450,000 thousand as dividend payment;
- allocation of PLN 222,124 thousand to the supplementary capital;
- allocation of PLN 5,000 thousand to the Company's Social Benefits Fund.

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 dividend date for the remaining part of the dividend payable was set for 30 June 2016, and the payment was made on 19 October 2016. This amount increased investment income in related parties.

9.3 Dividends paid

The issue has been described in Note 7.2. of Supplementary information and explanations.

10. Managing and supervisory bodies of PZU

10.1 Management Board of PZU

Since 1 January 2016, the composition of the Management Board of PZU has been as follows:

- Dariusz Krzewina – acting as Chairman of the Management Board;
- Przemysław Dąbrowski – Member of the Management Board;
- Rafał Grodzicki – Member of the Management Board;
- Tomasz Tarkowski – Member of the Management Board.

On 19 January 2016, Tomasz Tarkowski and Rafał Grodzicki submitted a statement of resignation from the position of the Member of the Management Board of PZU coming into effect as of 19 January 2016.

On 19 January 2016, the Supervisory Board of PZU appointed the following persons the Members of the Management Board of PZU: Michał Krupiński, Roger Hodgkiss, Beata Kozłowska-Chyła, Robert Pietryszyn, and on 20 January 2016 Paweł Surówka.

On 18 March 2016, Przemysław Dąbrowski submitted a statement of resignation from the position of the Member of the Management Board of PZU coming into effect as of 18 March 2016.

On 19 March 2016, Paweł Surówka submitted a statement of resignation from the position of the Member of the Management Board of PZU coming into effect as of 19 March 2016.

On 19 March 2016, the Supervisory Board of PZU appointed the following persons the Members of the Management Board of PZU: Sebastian Klimek and Maciej Rapkiewicz, with the appointment coming into effect as of 22 March 2016.

On 13 May 2016, Robert Pietryszyn submitted a statement of resignation from the position of the Member of the Management Board of PZU coming into effect as of 13 May 2016.

On 13 May 2016, the Supervisory Board of PZU appointed Andrzej Jaworski the Member of the Management Board of PZU, with the appointment coming into effect as of 14 May 2016.

On 23 June 2016, Dariusz Krzewina submitted a statement of resignation from the position of the Member of the Management Board of PZU coming into effect as of 23 June 2016.

On 30 August 2016, Sebastian Klimek submitted a statement of resignation from the position of the Member of the Management Board of PZU coming into effect as of 30 August 2016.

On 14 October 2016, Beata Kozłowska-Chyła submitted a statement of resignation from the position of the Member of the Management Board of PZU coming into effect as of 17 October 2016.

On 14 October 2016, the Supervisory Board of PZU appointed Tomasz Kulik the Member of the Management Board of PZU, with the appointment coming into effect as of 14 October 2016.

The appointments are made for the common term of office which was commenced on 1 July 2015 and lasts for three full subsequent reporting periods. 2016 is the first full reporting period of this term.

From 18 October 2016 to the date of signing the separate financial statements, the composition of the Management Board of PZU was as follows:

- Michał Krupiński – Chairman of the Management Board;
- Roger Hodgkiss - Member of the Management Board;
- Andrzej Jaworski – Member of the Management Board;
- Tomasz Kulik – Member of the Management Board;
- Maciej Rapkiewicz – Member of the Management Board;

10.2 Supervisory Board of PZU

Since 1 January 2016, the composition of the Supervisory Board of PZU has been as follows:

- Zbigniew Cwiąkowski – Chairman of the Board;
- Paweł Kaczmarek – Vice-Chairman of the Board;
- Dariusz Filar – Secretary of the Board;
- Zbigniew Derdziuk – Member of the Board;
- Dariusz Kacprzyk – Member of the Board;
- Jakub Karnowski – Member of the Board;
- Aleksandra Magaczewska – Member of the Board;
- Alojzy Nowak – Member of the Board;
- Maciej Piotrowski – Member of the Board.

On 7 January 2016, the Extraordinary General Shareholders' Meeting of PZU (EGSM PZU) dismissed the following persons from the Supervisory Board of PZU: Zbigniew Cwiąkowski, Zbigniew Derdziuk, Maciej Piotrowski, Dariusz Kacprzyk, Jakub Karnowski, Aleksandra Magaczewska, and Dariusz Filar. At the same time, on 7 January 2016, the EGSM PZU appointed the following persons the Members of the Supervisory Board: Marcin Chludziński, Marcin Gargas, Eligiusz Krześniak, Jerzy Paluchniak, Piotr Paszko, Radosław Potrzebacz, and Maciej Zaborowski.

On 19 January 2016, Paweł Kaczmarek took the position of the Chairman of the Board, Marcin Gargas became the Vice-Chairman, and Maciej Zaborowski was appointed the Secretary of the Board.

On 1 July 2016, Jerzy Paluchniak resigned from the position of the Member of the Supervisory Board. On 1 July 2016, the General Shareholders' Meeting appointed Piotr Walkowiak the Member of the Supervisory Board, with the appointment coming into effect as of 2 July 2016.

On 7 July 2016, the Minister of Treasury of the Republic of Poland, acting on the basis of Art. 20 sec. 7 of the Bylaws of PZU, appointed Jerzy Paluchniak the Member of the Supervisory Board.

On 4 August 2016, Piotr Walkowiak submitted a statement of resignation from the position of the Member of the Supervisory Board.

On 8 February 2017, Eligiusz Krześniak submitted a statement of resignation from the position of the Member of the Supervisory Board of PZU coming into effect as of 8 February 2017.

On 8 February 2017, EGSM PZU dismissed Marcin Gargas, Piotr Paszko and Radosław Potrzebacz from the Supervisory Board of PZU. At the same time, EGSM PZU appointed to the Supervisory Board of PZU Bogusław Banaszak, Paweł Górecki, Agata Górnicka and Łukasz Świerzewski.

From 8 February 2017 to the date of signing the selected financial statements, the composition of the Supervisory Board of PZU was as follows:

- Paweł Kaczmarek – Chairman of the Board
- Maciej Zaborowski – Secretary of the Board;
- Bogusław Banaszak – Member of the Board;
- Marcin Chludziński – Member of the Board;

- Paweł Górecki – Member of the Board;
- Agata Górnicka – Member of the Board;
- Alojzy Nowak – Member of the Board;
- Jerzy Paluchniak – Member of the Board;
- Łukasz Świerżewski – Member of the Board.

10.3 PZU Group Directors

Along with the Members of the Management Board, key management personnel in PZU Group includes Group Directors, who are members of the Management Board of PZU Życie.

Group Directors as of 1 January 2016:

- Tobiasz Bury;
- Przemysław Henschke;
- Sławomir Niemierka.

On 29 January 2016, Tobiasz Bury and Przemysław Henschke were dismissed from the positions of the Director of PZU Group, whereas, Tomasz Karusewicz was appointed. Roman Pałac and Aleksandra Agatowska were appointed the Directors of PZU Group on 15 February 2016 and 25 March 2016, respectively.

On 2 September 2016, Bartłomiej Litwińczuk was appointed the Director of PZU Group.

On 25 October 2016, Paweł Surówka was appointed the Director of PZU Group, with the appointment coming into effect as of 1 November 2016.

From 1 November to the date of signing the separate financial statements, the Directors of PZU Group were:

- Aleksandra Agatowska;
- Tomasz Karusewicz;
- Bartłomiej Litwińczuk;
- Sławomir Niemierka;
- Roman Pałac;
- Paweł Surówka.

11. Remuneration of the entity authorized to audit financial statements

According to the provisions of point 12a.(b) of "B. Supplementary information and explanations" of Appendix no. 3 to the Ordinance on financial statements presented in prospectus, information regarding remuneration of the company authorized to audit financial statements is presented in point 31.1 of Supplementary information and explanations.

12. Adopted accounting principles (policy)

Pursuant to Article 45.1a of the Accounting Act (Journal of Laws of 2016, Item 1047 as amended, 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 reached 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 related bylaws, among others, including:

- Ordinance of the Ministry of Finance dated 12 April 2016 on specific accounting principles in insurance and reinsurance companies (Journal of Laws of 2016, Item 562 as amended, the "Ordinance on accounting of insurance companies");

- Ordinance of the Ministry of Finance of 12 December 2001 on detailed principles of recognition, measurement, disclosure, and presentation of financial instruments (Journal of Laws from 2001, No. 149, item 1674 as amended).

Other major legal acts applicable to separate financial statements include the Act on Insurance Activity of 11 September 2015 (Journal of Laws of 2015, Item 1844 as amended, the "Act on Insurance Activity").

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 International Financial Reporting Standards (IFRS).

12.1 Intangible assets

Intangible assets are recognized if it is likely that in the future they will cause an inflow of economic benefits closely related to such assets and include property rights acquired by PZU and suitable for economic use, classified as non-current assets, with expected useful life exceeding one year, and intended for internal purposes of PZU.

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

Intangible assets are valued at acquisition price or production cost, less depreciation and impairment losses.

Intangible assets are amortized in accordance with the straight-line method over their expected useful life and pursuant to a depreciation plan adopted by PZU and corresponding to their estimated economic useful life, with application of annual depreciation rates ranging from 20% to 50%.

If appropriate, following a case-by-case analysis, the company may apply another depreciation rate suitable for the estimated useful life of a given intangible asset. As PZU plans to use the Platforma Everest product system for 10 years, the adopted annual depreciation rate is 10%.

Intangible assets with a unit value of up to PLN 3,500 are expensed in the month of their commissioning.

12.2 Investments

12.2.1. Investments in property

Property investments include: own land, perpetual usufruct of land, buildings and structures, as well as premises, ownership right to cooperative residential or commercial space, construction investments and advance payments for construction investments.

Property investments are valued at acquisition price or production cost, revalued based on separate regulations (the last revaluation took place on 1 January 1995 and its effects were charged to the revaluation reserve), reduced by depreciation accumulated as at the balance sheet date, including impairment losses.

Property is depreciated in accordance with the straight-line method over its expected useful life and pursuant to a depreciation plan adopted by PZU and corresponding to its estimated economic useful life, with application of annual depreciation rates for key components of this category as presented below. If appropriate, PZU may calculate depreciation rates individually, pursuant to the current depreciation plan. Own land, construction investments and advance payments for construction investments are not depreciated.

Asset type	Rate
Cooperative ownership of residential or commercial space	2.5%
Buildings and structures	1.5 – 10%

12.2.2. Shares in related parties

Shares in related parties are valued using the equity method.

Equity method means that the cost of shares in a controlled entity is increased or decreased by the controlled entity's equity increases or decreases on PZU's share that have occurred from the date of acquiring of control, joint control or significant influence until the balance sheet date. PZU's share in equity increases and decreases of the controlled entity is adjusted by:

- write-off of goodwill (in accordance with the straight-line method over the period up to 15 years);

- impairment loss on net asset measurement of the difference between the fair value of net assets and their carrying amount pertaining to the given reporting period;

The differences between the fair value of net assets and their carrying amount include mainly intangible assets identified during the purchase price allocation process and other revaluation, such as:

- trademarks – amortized in accordance with the straight-line method, most frequently for a period equal to the period of goodwill amortization;
- insurance - present value of future profits (value in force) – amortized over the term of insurance contracts;
- other remeasurements of the fair value of assets and liabilities of the related parties, which were not measured at the fair value;
- deferred tax impact on the controlled entity's equity resulting from the above differences.

The effects of remeasurement of shares in related parties using the equity method are recognized in the following manner:

- remeasurement of shares in related parties to the amount exceeding the cost is charged to the revaluation reserve;
- remeasurement of shares in related parties to the amount below their cost is charged to the general profit and loss account;

Impairment losses

As at the end of each reporting period and every time impairment indicators are identified, shares in related parties are tested for impairment. Impairment losses are recognized in the general profit and loss account.

12.2.3. Financial instruments

Financial instruments are classified at the time of acquisition according to the following categories:

- financial assets and liabilities held for trading;
- financial assets held to maturity;
- loans and receivables;
- financial assets available for sale.

Financial assets and liabilities are recognized in the balance sheet when PZU becomes a party to a binding contract under which it incurs risk and enjoys benefits related to a given financial instrument. For transactions concluded on an organized market, the purchase or sale of financial assets and liabilities are recognized as at the transaction date.

Financial instruments are initially recognized at the fair value adjusted by transaction costs directly attributable to the purchase or sale of a given financial instrument. The fair value of a financial instrument upon initial recognition is usually its transaction price, unless the nature of the financial instrument provides otherwise.

For financial instruments generating interest, interest is calculated beginning from the day after the transaction settlement date.

The fair value of debt securities includes interest accrued as at the balance sheet date, in compliance with the terms of issue, taking into account the total interest purchased but not settled as well as interest accrued but unpaid.

Release of financial instruments follows the FIFO (First In, First Out) principle.

The fair value of financial instruments is determined based on publically available quotations from an active market; when no such quotations are available, the valuation models are applied that use public quotations of financial instruments, interest rates and stock market indexes.

Shares whose fair value cannot be reliably estimated are exempted from this rule. They are valued at cost less any impairment losses.

Financial instruments held for trading

Financial instruments held for trading include those acquired for the purpose of obtaining economic benefits resulting from short-term price fluctuations and other market factors, or from a short life of the acquired instrument, as well as derivatives, unless classified as hedging instruments.

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

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

Financial instruments held for trading are measured at the fair value.

Derivatives

Derivative instruments are recognized in account books at the fair value on the date of the transaction and subsequently measured at the fair value.

For derivatives traded on an active market, the fair value shall be the closing price on the trading date.

The fair value of derivatives not quoted on an active market, including forward contracts and interest rate swap contracts (IRS), is determined using the discounted cash flows model. Interest rate yield curves associated with a particular type of financial instrument and currency, constructed on the basis of available market data, are used to discount cash flows.

Derivative instruments are recognized in the balance sheet in assets as "Other investments" or in liabilities as "Other liabilities."

Changes in the fair value of derivatives not classified as hedging instruments are charged to the general profit and loss account of the reporting period.

Financial assets held to maturity

Financial assets held to maturity include those not classified as loans and receivables, for which concluded contracts determine the date of nominal value payment and the right to economic benefits obtainable within pre-defined deadlines – e.g. interest, in a fixed or determinable amount, provided that PZU intends and is able to maintain these assets (in particular debt securities) to their maturity.

The classification is mainly based on a judgment of the Management Board of PZU, which, making the assessment, defines its intentions and ability to hold these financial instruments to maturity. The assessment is based on an analysis of material and financial position as well as possible adjustment of assets and liabilities of PZU.

Financial assets held to maturity are valued at the balance sheet date at adjusted price less any impairment losses.

Loans and receivables

Loans and receivables include financial assets arising from cash issued directly to the other party of a contract, regardless of their maturity (payment deadline).

Loans include also buy-sell-back transactions and term deposits at credit institutions regardless of their maturity.

Loans granted, including term deposits and receivables, are recognized at adjusted price less any impairment losses.

Accrued and received interest on term deposits at credit institutions, pertaining to the reporting period, are presented under "Investment income arising from term deposits at credit institutions" in the general profit and loss account.

Financial assets available for sale

Financial assets available for sale include those not classified according to the above categories, i.e.:

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

Financial assets held for trading are measured at the fair value, and if it cannot be reliably determined, at cost less any impairment losses.

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

The effects of remeasurement of debt instruments available for sale to their adjusted purchase price are recognized in the general profit and loss account.

If the instruments available for sale are impaired, revaluation losses previously recognized in the revaluation reserve are charged to the general profit and loss account.

If the reason for impairment losses no longer exists, the equivalent of total or part of the previous impairment losses is recognized in the general profit and loss account.

Deposits with cedants

Deposits with cedants include claims and premium deposits retained by insurers for which PZU provides reinsurance coverage. They represent a part of PZU receivables, however retained as collateral of future claims.

Deposits with cedants are valued at the amount due, determined in accordance with the terms and conditions of a reinsurance contract, and in the case when the deposit is a financial instrument, including also measurement of the instrument and impairment losses.

Acquisition and sale of financial instruments with economic content different than legal aspects

According to PZU, buy-sell-back and sell-buy-back transactions do not mean transfer of rights and obligations related to a given financial instrument. The above transactions are classified as loans or liabilities, respectively. These transactions are valued at adjusted purchase price.

Impairment of financial assets

As at the end of each accounting period, potential existence of objective evidence for impairment of a financial asset or a group of financial assets is tested.

In the case of existence of any objective evidence for impairment resulting from events following the initial recognition of financial assets and resulting in decrease in expected future cash flows, appropriate impairment losses are recognized and charged as expenses of the period. Expected impairment losses resulting from future events, irrespective of their probability, are not recognized.

Objective evidence for impairment includes information concerning the following events:

- material financial difficulties of the issuer or debtor;
- breach of the terms and conditions of the contract (such as outstanding interest or principal repayment);
- special facilities given to the debtor resulting from financial difficulties of the debtor which otherwise would not have been given;
- high probability of bankruptcy or other financial reorganization of the debtor;
- disappearance of an active market for a given financial instrument due to financial difficulties of the issuer;
- availability of data indicating measurable decrease in estimated future cash flows related to the group of financial assets since their initial recognition, despite lack of evidence indicating impairment of a single financial asset, including:
 - adverse changes concerning the status of the debtors' payments in the group (e.g. increase in the amount of outstanding payments) or
 - unfavorable changes of the economic situation in the industry, region, etc., which lead to deterioration in the debtor's solvency;

- significant or prolonged decrease in the fair value of an investment in an equity instrument below the acquisition cost;
- unfavorable changes in the technological, market, economic, legal, or other situation affecting the issuer of the equity instruments which indicate that the costs of investment in the equity instrument may not be recovered.

In the case of impairment indicators for financial instruments available for sale, losses initially recognized under revaluation reserve are charged to the general profit and loss account.

Impairment losses on assets held to maturity and loans are determined as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted using the initial effective interest rate (original effective interest rate).

Impairment losses on equity instruments quoted on regulated markets, participation units in open investment funds and investment certificates issued by closed investment funds classified as available for sale are recognized if at least one of these two conditions is met:

- adverse difference between the current value and the cost or the remeasured amount (decreased by previous impairment losses) represents at least 30% of the cost or the remeasured amount;
- fair value of the asset as at the end of each of 12 consecutive months is lower than the cost or the remeasured amount (decreased by previous impairment losses).

Impairment losses are not recognized if it is concluded that the aforesaid events may be reversed within 6 months following the end of the financial year or there are any other indications that the decreases may be temporary in nature.

Foreign investments

Foreign investments are investments outside the territory of Poland.

Location of investments is determined by: country of the issuer – for assets quoted on regulated markets or their redemption place – for other investments, in particular:

- country of the registered office of the issuer, borrower or debtor – for debt securities, loans and receivables and other financial instruments with a guaranteed rate of return;
- registered office of the company – for shares and other financial instruments with the right to interest in the equity;
- country of the registered office of the fund manager – for participation units and investment certificates of investment funds or other joint investment vehicles.

12.3 Receivables

Receivables are recorded at the value determined when they occur. As at the balance sheet date, receivables are recognized at the amount due less any impairment losses. Impairment losses on uncollectible or doubtful receivables are based on an analysis of the economic and financial situation of the debtors, ageing analysis of receivables and their historical recoverability including the probability of payment.

12.3.1. Direct insurance receivables

Direct insurance receivables include receivables from policyholders for premiums paid in installments and overdue premiums, receivables from insurance intermediaries, i.e. insurance brokers, agents and other intermediaries, as well as other receivables.

Receivables from policyholders

PZU reviews receivables from policyholders in order to determine whether there are any impairment indicators.

If the individual approach has not been applied, impairment is estimated on a collective basis and the resulting impairment losses are of general nature.

The general impairment losses are estimated on the basis of the model built for individually insignificant receivables. In the model, the impairment is determined on the basis of a collective assessment in relation to the policyholders grouped according to similar characteristics of the credit risk.

Receivables due are subject to an age analysis, depending on their overdue period. Receivables due are reduced by the value of the receivables subject to individual impairment losses. The general impairment losses are calculated for each overdue period based on unrecoverability ratios that are determined on the basis of a historical analysis.

For receivables not yet due, the share of receivables that will be eventually due is determined on the basis of a historical analysis of the percentage of receivables that are not paid when due. The amount determined in this way is reduced by the value of the receivables subject to individual impairment losses. For the remaining amount of receivables, impairment losses are determined based on the unrecoverability ratios of receivables due in the shortest overdue period.

Impairment losses on receivables for direct insurance are recognized as other technical expenses.

12.3.2. Reinsurance receivables

Reinsurance receivables include receivables due to cedants, reinsurers and reinsurance brokers resulting from inward reinsurance, outward reinsurance, and retrocession. The receivables are related mainly to reinsurers' share in claims and benefits paid, reinsurers' commission and share in reinsurers' profits.

Impairment losses on reinsurance receivables are recognized as other technical expenses.

12.3.3. Other receivables

Other receivables include, among others, receivables from due dividend, receivables from the State Treasury, and receivables from loss adjusting services.

Impairment losses on other receivables are recognized as other operating expenses.

12.4 Tangible assets

Tangible assets include tangible assets excluding property classified as investments, with expected useful life over one year, complete, suitable for use and designated for the purposes of PZU.

They include in particular:

- machines, devices, vehicles, IT equipment and other;
- leasehold improvements.

Tangible assets are recognized at acquisition price or production cost less accumulated depreciation and impairment losses. Tangible assets are depreciated beginning from the first day of the month following the month of commissioning in accordance with the straight-line method over their projected useful life and pursuant to a depreciation plan adopted by PZU and corresponding to their estimated economic useful life, with application of annual depreciation rates for key components of a given category as presented below. If appropriate, PZU may calculate depreciation rates individually, pursuant to the current depreciation plan.

Asset type	Depreciation rate for key components of a given category
Machines and technical devices	10% - 40%
Vehicles	14% - 33%
IT equipment	20% - 40%
Other non-current assets	7% - 20%

Tangible assets with a unit value of up to PLN 3,500 are expensed in the month of their commissioning.

12.5 Cash

Cash includes mainly cash in hand and at bank as well as promissory notes, third-party checks and cash in transit.

Cash is recognized at the face value.

12.6 Prepayments and accrued income

Accruals include paid and accrued costs, in their entirety or in part pertaining to periods after the balance sheet date and include in particular costs related to insurance premiums which will be earned in later periods (i.e., among other things, acquisition costs, costs of obligatory payments, provided that they have a material impact on the financial statements).

In property insurance, acquisition commissions and a portion of indirect acquisition expenses related to conclusion and renewal of insurance policies are subject to be deferred in time, especially costs of operations directly related to sales processes which cannot be classified as direct acquisition expenses, mainly costs of operations related to: contract conclusion and underwriting processes in sales units (selected on the basis of work time polls), automatic and manual introduction of policies to production systems (sales register), and call center operations in the scope of sale of policies.

12.6.1. Deferred tax assets

Deferred tax assets are presented after offsetting with the provision for deferred tax liabilities.

12.6.2. Prepayments

Costs (including i.a. IT costs, costs of obligatory payments imposed by legal regulations etc.) are recognized over time, proportionally to the passing time or the amount of benefits, if their impact on the financial statements is material.

Prepayments include, among other things, accrued reinsurance income resulting from past events prior to the balance sheet date that will be settled in accordance with the contractual terms in the future.

12.6.3. Accrued expenses

Accrued expenses include costs and investments outlays pertaining to the current reporting period paid in the following period, which have not been recognized as liabilities or provisions, including in particular costs of acquisition, obligatory fees and outward reinsurance.

Reinsurance accruals include accrued costs from past events prior to the balance sheet date that will be settled in accordance with the contractual terms in the future.

12.6.4. Deferred income

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

12.7 Equity

12.7.1. Share capital

Share capital is recognized in books of account at the nominal value and is recorded in the National Court Register.

12.7.2. Supplementary capital

Supplementary capital is created and distributed in line with the provisions of the Code of Commercial Companies (Journal of Laws of 2016, Item 1578, as amended, "KSH") and the Bylaws of PZU.

Supplementary capital is created from the prior years net profit distribution and a portion of revaluation reserve transferred upon disposal or liquidation of previously revalued tangible assets.

12.7.3. Revaluation reserve

The item includes the effects of:

- remeasurements of shares in related parties (above cost only) along with the corresponding change in assets or deferred tax reserve;
- remeasurements of investments classified as available for sale (above and below cost and, for debt instruments, adjusted purchase price) along with the corresponding change in assets or deferred tax reserve;

- revaluation of tangible assets in line with relevant regulations. The last revaluation took place on 1 January 1995.

12.7.4. Retained profit (accumulated loss)

The item includes retained net profit (net loss) from the previous years, including net financial result being the effect of changes in the accounting principles, which was not appropriated by the General Shareholders' Meeting.

12.8 Technical provisions

Technical provisions are created in order to cover current and future claims that may result from concluded insurance and inward reinsurance contracts. Provisions are created in line with the prudence concept. In the event that available information does not allow for the calculation of technical provisions for inward reinsurance by the methods mentioned below, technical provisions are created in the amount documented by cedants.

12.8.1. Premiums reserve

Premiums reserve covers costs which may be incurred after the end of the reporting period and which result from insurance contracts concluded by the end of the reporting period.

Premiums reserve is created as written premium for future financial years, in proportion to the period which the written premium covered. Premiums reserve is determined individually as at the end of each reporting period, accurate to one day.

In the case of insurance groups with non-linear spread of risk over time, premiums reserve is created in the amount corresponding to the spread of the risk over time based on statistical layouts.

The share of reinsurers in premiums reserve is determined in line with the conditions specified in relevant reinsurance contracts, in the amount proportional to the reinsurance coverage attributable to periods following the end of a given reporting period.

12.8.2. Unexpired risks reserve

Unexpired risks reserve complements premiums reserve and covers future claims, benefits and costs relating to insurance contracts which do not expire on the last day of the reporting period.

Unexpired risks reserve is determined for individual insurance groups as at the end of each reporting period.

Overall unexpired risks reserve is determined for insurance groups with the claims ratio for the current period exceeding 100%, as the difference between the product of the premiums reserve and the claims ratio for the current reporting period and the premiums reserve – for the same insurance period. Share of reinsurers in unexpired risks reserve is determined in line with the conditions specified in relevant reinsurance contracts.

12.8.3. Outstanding claims provision

Outstanding claims provision includes:

- provision for outstanding claims incurred and reported by the end of the accounting period (including the part for the capitalized value of annuities);
- provision for claims incurred by the end of the accounting period but not reported (including the part for the capitalized value of annuities);
- provision for claims handling costs.

All the above provisions with the exception of the part for the capitalized value of annuities are recognized at the nominal value, i.e. without discounting.

Provision for the capitalized value of annuities is discounted.

Provision for claims reported but not paid

Provision for claims reported but not paid (hereinafter referred to as "RBNP" or "Provision I") is determined based on an individual approach by claims handling units or, if obtained information disallows determining the provision amount, as

the amount of average claim determined with an actuarial method. The provision includes the policyholder's deductible, expected increase in the prices of goods and repair services and may not exceed the sum insured and the guaranteed sum. The provision is revalued immediately after receiving information which impacts its amount by individual assessment or estimated losses and claims.

Provision for claims incurred but not reported

Provision for claims incurred but not reported (hereinafter referred to as "IBNR" or "Provision II") is created for claims and benefits which have not been reported by the balance sheet date as at which the provision is recognized. IBNR is calculated using the loss triangles analysis: generalized Chain Ladder method, and if the number of claims or their value is insignificant – using the Bornhuetter-Ferguson method, broken down by the accident years. Both claims paid and reported are the basis for building the annual loss triangles.

Provision for claims handling expenses

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

Provision for direct claim handling costs for claims reported is calculated on an individual basis, whereas for claims incurred but not reported it is calculated using generalized Chain Ladder method (based on loss triangles broken down into accident years).

Provision for indirect claims handling expenses is recognized using the actuarial method as the product of (1) the share of indirect claims handling expenses in claims paid and direct claims handling expenses, and (2) the sum of RBNP, IBNR and the provision for direct claims handling expenses.

Provision for the capitalized value of annuities

Provisions for the capitalized value of annuities is calculated individually as the present value of annuity (life-long or periodic), paid in advance.

As regards life-long annuities, the period during which annuity claims are paid is determined based on the Polish life expectancy tables published by the Central Statistical Office. Additionally, calculation of the provision for capitalized value of annuities includes the cost of their future management in the amount of 3% of the value of paid claims.

When calculating the provision for capitalized value of annuities, estimated future increase of an average annuity is based on historical data taking into account other information that may result in an increase in the value of annuities in the future (for instance, increased insurance awareness, legislation changes etc.).

As at 31 December 2016 and 31 December 2015, the technical interest rate applied to all annuities was 3.6% and, based on the forecasted inflation rate and the remuneration growth rate, a growth rate used for annuities was 3.9%.

As at the end of each reporting period, provision for the capitalized value of annuities is created by means of the actuarial method for claims incurred after 31 December 1990 and not reported as annuities by the balance sheet date (annuity IBNR).

As at the end of each reporting period the value of additional provision for costs resulting from increased annuity benefits from the so-called old portfolio is determined. Reassessment is carried out only for those annuitants for whom corresponding provision was calculated as at the end of 1997 and whose benefits at the end of the reporting period is lower than a specified percentage of the present value of average remuneration for the years 1960-1990. For the difference between satisfactory and actual benefits, provision for the capitalized value of annuities is calculated in line with the current principles.

Reinsurers' share in technical provisions

Share of reinsurers in outstanding claims provisions is determined in line with provisions of relevant reinsurance contracts.

12.8.4. Risk equalization reserve

Risk equalization reserve is recognized at the amount ensuring equalization of future fluctuations in the claims ratio, net of reinsurance, in accordance with the Ordinance on accounting of insurance companies.

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

Provision is created for the insurance contracts that assume an increase in future benefits, including the insurer profit sharing for the insured.

The amount of the provision at the end of the reporting period is determined based on currently expected final amount of the increase in the benefit (or decrease in the premium) directly proportional to the premium earned at the end of a given reporting period.

12.8.6. Estimated subrogations and salvages

When determining future claims and benefits, PZU estimates, using the actuarial method, the value of expected future refunds of expenses as a result of assumption of claims against third parties (subrogations), rights to the insured property (salvages) and subsidies to cover part of claims due to agricultural producers for losses caused by drought, payable to the Company in accordance with the provisions of the Act on insurance of agricultural crops and livestock (Journal of Laws of 2016, Item 792 as amended). When estimating the amount of subrogations, salvages and subsidies, collection costs of subrogations and salvages and costs related to acquisition of subsidies are included.

The basis for determining future subrogations and salvages are the annual triangles of received subrogations and salvages. The value of future subrogations and salvages is calculated with the use of a generalized Chain Ladder method, broken down by the accident years.

When estimating the value of future reimbursements resulting from the acquisition of claims against third parties and ownership rights in insured properties, the share in the sum of the received and estimated subrogations and salvages in the cost of claims and benefits of the year in which the damage occurs cannot exceed the arithmetic mean of the share of the received subrogations and salvages in the cost of claims from three consecutive years in which the damage occurs, immediately preceding the year for which the calculations are made.

12.9 Other provisions

Item "Other provisions" include provisions for certain or highly probable future costs arising from past events, with uncertain amount or payment deadline, which can be reliably estimated. In particular, provisions are created for retirement benefits, unused paid vacation, losses on business transactions in progress, guarantees and sureties granted, losses arising on pending litigations, and third party claims.

Item "Other provisions" include also provision for deferred tax liability compensated against deferred tax assets.

The costs of establishing provisions are charged to other technical costs, net of reinsurance, other operating expenses or administrative expenses, respectively, depending on the type of future liability.

12.9.1. Provision for retirement and disability benefits

Pursuant to the Labor Code of 26 June 1974 (Journal of Laws of 2016, Item 1666, as amended), the employees of PZU are entitled to a retirement or disability benefit in the amount of a monthly salary at the time when they retire or are granted the right to disability allowance due to inability to work, respectively.

The costs of retirement or disability benefits are estimated using the actuarial methods and recognized on an accrual basis using the projected unit credit method.

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

12.9.2. Provision for unused paid vacation

Provision for unused paid vacation is calculated using a liability method based on the difference between the actual use of vacation days by employees and the status that would occur if vacation were used proportionally to the passage of time in the entitlement period, in line with the valid legal regulations.

12.9.3. Provision for death benefits

Pursuant to the Labor Code, in the event of death of an employee while in service or during period in which sickness benefit is collected, their family is entitled to a death benefit, the amount of which depends on the employee's years in service with the employer and is an equivalent of the employee's salary for the period ranging from one to six months.

Provision for death benefits is measured at the present value of discounted cash flows.

12.10 Liabilities and special funds

12.10.1. Liabilities due to reinsurers' deposits

Liabilities due to reinsurers' deposits are recognized in books of account at the amount due, in line with concluded reinsurance contracts.

12.10.2. Liabilities arising from issue of own debt securities and obtained loans

Liabilities arising from issue of own debt securities and obtained loans are recognized at adjusted purchase price.

12.10.3. Other liabilities

Liabilities are recognized at the amount due.

12.10.4. Special funds

Item "Special funds" include:

- balance of the Social Benefits Fund, created in line with the Act on the Social Benefit Fund dated on the 4 March 1994 (Journal of Laws of 2016, Item 800). The Social Benefits Fund is also increased, among other things, by allocation of net profit pursuant to the resolutions of the General Shareholders' Meeting;
- balance of the Prevention Fund, created from expensed charges, in line with the Insurance Act and the Bylaws of PZU. The balance of special funds is increased by investment income generated by the funds' assets.

The balance of special funds is increased by investment income generated by the fund's assets

12.11 Revenue from insurance activities

Revenues from gross premiums written are recognized starting from the date of concluded insurance contract, regardless of the date of inception of insurance coverage.

Reinsurers' share in premiums has been determined for the insurance groups with reinsurance coverage, in the amount which - pursuant to relevant reinsurance treaties - corresponds to the ceded premium.

12.12 Income and costs of investment activities

12.12.1. Income and property maintenance costs

Income from property considered as investments, such as rent and lease payments and other revenues related to the management of properties, are recognized under "Investment income from property" in the general profit and loss account.

Investment property maintenance costs are recognized under "Property maintenance costs" in the general profit and loss account.

Own property maintenance costs are recognized in the revenue account of non-life insurance under "Administrative costs".

12.12.2. Income and cost related to debt securities

The remeasurement result on debt securities to adjusted purchase price is recognized as income from 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:

- in the case of debt securities (not relevant for the calculation of provisions for the capitalized value of annuities and bonuses and discounts) recognized as available-for-sale investments - under "Revaluation reserve";
- in the case of debt securities classified as held-for-trading investments - under "Unrealized gains on investments" or "Unrealized losses on investments."

Profits/losses on sale/redemption of debt securities are disclosed under "Gain on realization of investments"/"Loss on realization of investments."

12.12.3. Income and losses on shares, participation units and investment certificates of investment funds

Unrealized gains and losses on valuation of shares, participation units and investment certificates of investment funds classified as investments held for trading are recognized as the difference between the fair value and the purchase price or the carrying amount at the end of the previous reporting period (in the case the securities were acquired in previous years) under "Unrealized gains/losses on investments."

Unrealized gains and losses on valuation of shares, participation units and investment certificates of investment funds classified as investments available for sale (not relevant to the calculation of technical provisions) are recognized in the revaluation reserve.

Gains/losses on sale of shares, participation units and investment certificates of investment funds are disclosed under "Gains/losses on realization of investments."

Impairment losses on investments for the reporting period are recognized under "Loss on revaluation of investments", whereas revenue from reversal of the impairment losses for the previous periods are recognized under "Gain on revaluation of investments."

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

12.12.4. Interest income from term deposits at credit institutions

Interest income from deposits at credit institutions is recognized on an accrual basis, i.e. all interest for a given reporting period is recognized irrespective of the date when it is received. If the deposit matures after the balance sheet date, interest is determined using the effective interest rate from the date following the investment date to the balance sheet date (inclusive).

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

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

Due to the fact that the insurer's own funds and those from the insurance fund are invested jointly and the investments are not separated, the investment income to be transferred from the general profit and loss account to the revenue account of non-life insurance is calculated as the product of the provision for capitalized value of annuities at the beginning of the month and the return ratio of the treasury bonds held to maturity in a given month, including relevant investment costs.

12.12.6. Investment costs

Investment costs include internal and external costs arising from the investment activity, including investment management costs, bank fees, broker commissions, depreciation and maintenance of property, except for the costs of depreciation and maintenance of own properties, which are classified as administrative expenses.

12.13 Costs of claims and benefits

The costs of the reporting period include all costs of claims and benefits paid for accidents and losses which took place during the reporting period and in the prior periods, including direct and indirect claims handling expenses and a change in the provisions for outstanding claims and benefits, less all received subrogations, salvages and subsidies as well as a change in the balance of estimated subrogations, salvages and subsidies.

Reinsurers' share in claims and benefits is determined for the insurance groups with reinsurance coverage, in the amount which - pursuant to the conditions of the relevant reinsurance contracts valid in the reporting period - corresponds to the expected participation of reinsurers in claims and benefits paid.

Claims handling costs include direct and indirect costs related to activities which aim at settlement of reported claims or support activities aimed at settlement of such claims.

12.14 Costs of insurance activities

Costs of insurance activity are recognized on the accrual basis proportionally to the revenues.

12.14.1. Acquisition costs

Acquisition costs include expenses related to conclusion and extension of insurance contracts and inward reinsurance agreements. Direct acquisition costs include, among other things, insurance agent commission costs, payroll costs related to conclusion of insurance contracts, costs of attestation, expert opinion, and research regarding the accepted risk, costs of including reinsurance agreements to the reinsurance portfolio as well as commissions and cedants' shares in profit. Indirect acquisition costs include advertisement and promotion of insurance products and costs related to the analysis of applications and issuing policies.

The costs of commission 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 costs are deferred in line with the principles applicable to the determination of premiums reserve by transferring a relevant cost portion to the "Deferred acquisition costs" item. Deferred acquisition costs are then amortized through the revenue account during the period of the insurance coverage. A change in deferred acquisition costs adjusts the acquisition cost item.

The deferred acquisition costs are tested for impairment by their inclusion in calculation of the unexpired risks reserve.

12.14.2. Administrative expenses

Administrative expenses include costs of insurance activity, not classified as acquisition costs, costs of claims and benefits or investment costs related to collected premiums, managed portfolio of insurance contracts, reinsurance contracts, and general expenses related to the management of the insurance company.

12.14.3. Reinsurers' commissions and share in reinsurers' profit

Costs of insurance activity are adjusted by the value of reinsurance commission and share in reinsurers' and retrocessionaries' profits, received or receivable from brokers and reinsurers (under outward reinsurance or retrocession). The value of reinsurance commission received or receivable is adjusted by the value of deferred reinsurance commission in the part concerning future reporting periods.

12.15 Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated as at the balance sheet date at the average exchange rate of the National Bank of Poland as at that date.

Business transactions denominated in foreign currencies are recognized in books of account as at their conclusion date at the average exchange rate determined for the given currency as at the date directly preceding the transaction, unless another rate has been stated in a customs application or another binding document.

12.16 Income tax

Income tax recognized in the general profit and loss account includes current and deferred portion.

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

The deferred portion recognized in the general profit and loss account is the difference between the balance of deferred tax liability and deferred tax assets as at the beginning and end of the reporting period; deferred tax liability and deferred tax assets for transactions charged to equity are charged to equity.

Deferred tax liability and assets are determined using the balance sheet method, using the tax rates which - according to predictions - will apply at the time when the asset is recovered or liability settled, in line with the tax law provisions applicable in Poland, issued by the balance sheet date.

PZU, as a company governed by the Polish tax regulations, can effectively offset tax liabilities and receivables by paying a net CIT amount. Therefore, deferred tax assets and liability are presented in the financial statements after compensation.

13. Significant differences between PAS and IFRS – indication, explanation and qualifications

Since PZU prepared its first consolidated financial statements of PZU Group according to IFRS for the year ended 31 December 2005 and presented therein comparable data for the previous year, 1 January 2004 is assumed as the date of transition of PZU Group to IFRS. Based on Point 17 of Appendix D to IFRS 1, indication, explanation and quantification of material differences between PAS and IFRS are presented upon the assumption that PZU transitioned to IFRS for separate financial statements purposes as at 1 January 2004 (in order to calculate the differences between PAS and IFRS as presented below) despite the fact that PZU does not prepare separate financial statements in line with IFRS.

Description of significant accounting differences between PAS and IFRS that would materially impact financial result or equity in the separate financial statements of PZU prepared in line with IFRS are presented below.

13.1 Valuation of related parties

In separate financial statements being in line with PAS, shares in related parties are valued using the equity method, described in detail in point 12.2.2 of the Introduction to financial statements.

In line with IAS 27, shares in related parties would be measured at purchase price less any impairment losses in separate IFRS financial statements.

In accordance with IAS 39.66, impairment losses recognized on unquoted equity instruments not measured at the fair value (if the fair value cannot be reliably determined) cannot be reversed.

13.2 Valuation of property

Under the Ordinance on accounting of insurance companies, all properties (both own and investment) is valued at purchase price less accumulated depreciation and any impairment losses.

As at the date of transition to IFRS (i.e. 1 January 2004), the manufacturing cost of own properties was determined and the difference was charged to the not appropriated result from previous years. In subsequent periods, this leads to a difference in the net book value and accumulated depreciation of the property.

In accordance with IFRS, investment property is measured at the fair value as at the balance sheet date and any changes in the fair value during the reporting period are charged to the general profit and loss account of the reporting period.

If own property is reclassified as investment property measured at the fair value, depreciation is continued 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 – property, plant and equipment

Pursuant to the provisions of the Accounting Act and based on separate regulations concerning revaluation of tangible fixed assets in 1995, tangible assets were revalued in the Polish accounting records and the effects of revaluation were charged to revaluation reserve. The revaluation does not meet the requirements of IAS 29.

13.4 Risk equalization reserve in non-life insurance

The Ordinance on accounting of insurance companies regulates the principles of creating and using risk equalization reserve. The provision does not refer to specific liabilities resulting from concluded insurance contracts. In accordance with PAS, the change in the provision is the current period expense; in accordance with IFRS it is allocation of net profit.

13.5 Prevention fund

Pursuant to the Act on Insurance Activity, PZU may contribute to the Prevention Fund and recognize those contributions in the current period expenses. Under the Ordinance on accounting of insurance companies, the fund is disclosed as liabilities and special funds.

Pursuant to the provisions of IAS 37, such funds must not be created through charges to the current period expenses and they may be recognized as allocation of net profit. Prevention costs are recognized when incurred.

13.6 Social Benefits Fund

If the General PZU Shareholders' Meeting decides to assign a portion of net profit for the previous year to the Social Benefits Fund maintained by PZU the fact is recognized, in accordance to PAS, as part of profit appropriation in the year in which the appropriation took place.

The above transaction meets the definition of a cost in IFRS and, pursuant to the provisions of IAS 1, it is expensed in the consolidated profit or loss account for the financial year when a portion of net profit for the previous year was allocated to the Social Benefits Fund.

13.7 Actuarial gains and losses from remeasurements of defined benefit liabilities

In accordance with PAS, determination of provisions for retirement and death benefits includes recognition of actuarial gains and losses resulting from changes in demographic and financial assumptions. Under PAS, the aforesaid gains and losses impact the financial result for the period.

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

13.8 Estimated subrogations and salvages

In accordance with PAS, when determining the final value of future claims and benefits, insurance companies estimate the expected future refunds of expenses as a result of assumption of claims against third parties (subrogations), rights to the insured property (salvages), and subsidies. When estimating the value of future reimbursements resulting from subrogations and salvages, when the company has operated in the given insurance group for more than 3 years, the share in the sum of the received and estimated subrogations and salvages in the cost of claims and benefits of the year in which the damage occurs cannot exceed the arithmetic mean of the share of the received subrogations and salvages in the cost of claims from three consecutive years in which the damage occurs, immediately preceding the year for which the calculations are made.

According to IFRS, subrogations and recoveries are recognized in the balance sheet and in the profit and loss account in the estimated value if obtaining the profit from them is virtually certain. Therefore the limitations in estimation do not apply.

13.9 Differences due to deferred tax

For all the differences between PAS and IFRS, as described above, the deferred tax effect was calculated and included in calculation of all presented adjustments, if relevant.

13.10 Reconciliation of equity and net financial result prepared in line with PAS and IFRS

Description	Point	Net profit 1 January 31 December 2016	Equity 31 December 2016	Net profit 1 January 31 December 2015	Equity 31 December 2015
Financial statements in accordance with PAS		1,592,951	12,219,012	2,248,522	12,378,733
Valuation of related parties ¹⁾	13.1	47,626	(4,449,472)	(60,508)	(3,838,547)
Valuation of property	13.2, 13.3	(25,821)	93,213	(14,677)	114,477
Risk equalization reserve in non-life insurance	13.4	24,583	537,290	29,279	512,707
Prevention Fund	13.5	(10,415)	27,888	14,616	38,303
Social Benefits Fund	13.6	(10,000)	-	(10,000)	-
Actuarial gains and losses from remeasurements of defined benefit liabilities	13.7	(4,638)	-	(1,301)	-
Estimated subrogations and recoveries	13.8	24,450	24,450	-	-
Other		(507)	472	(1,200)	979
Total adjustments		45,278	(3,766,159)	(43,791)	(3,172,081)
Financial statements in accordance with IFRS		1,638,229	8,452,853	2,204,731	9,206,652

¹⁾ PZU has never prepared and does not prepare separate financial statements in line with IFRS. For the purpose of this note it has been assumed, in line with IAS 27 Separate financial statements, that investments in related parties, according to IFRS, are measured at acquisition price, less impairment losses.

Balance sheet and off-balance sheet items

Assets	Note	31 December 2016	31 December 2015
I. Intangible assets, including:	1	377 535	362 167
- goodwill		-	-
II. Investments	2	31,476 581	32,356,048
1. Property	2.3	387 790	475 812
2. Investments in related parties, including:	2.4	9,664 078	8,040 778
- investments in related parties measured using the equity method		9,274 657	7,463 908
3. Other financial investments	2.5	21,424 713	23,839 458
4. Deposits with cedants		-	-
III. Net life insurance unit-linked assets		-	-
IV. Receivables	3	2,252 438	1,801,903
1. Direct insurance receivables	3.1	1,752 142	1,433 828
1.1. From related parties		3,318	2,419
1.2. From other entities		1,748 824	1,431 409
2. Reinsurance receivables	3.2	130 137	40 929
2.1. From related parties		62,733	2,452
2.2. From other entities		67,404	38 477
3. Other receivables	3.3	370 159	327 146
3.1. Receivables from the State Budget		11,486	63 641
3.2. Other receivables		358 673	263 505
a) from related parties		74,683	37 127
b) from other entities		283 990	226 378
V. Other assets	4	1,272 661	195 984
1. Property, plant and equipment	4.1	124 630	130 908
2. Cash	4.2	1,148 031	65 076
3. Other assets		-	-
VI. Accruals	5	2,039 415	1,642,259
1. Deferred tax assets	5.1	-	-
2. Deferred acquisition costs		1,208 626	957 179
3. Accrued interest and rent		-	-
4. Other accruals	5.2	830 789	685 080
VII. Called up share capital		-	-
VIII. Own shares		-	-
Total assets		37,418,630	36,358,361

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

Equity and liabilities	Note	31 December 2016	31 December 2015
I. Equity	7	12,219,012	12,378,733
1. Share capital	7.1	86,352	86,352
2. Supplementary capital (fund)	7.3	4,889,182	4,446,348
3. Revaluation reserve (fund)	7.4	5,650,527	5,597,511
4. Other reserve capital		-	-
5. Retained earnings		-	-
6. Net profit/ (loss)		1,592,951	2,248,522
7. Appropriations of net profit during the financial year (negative value)		-	-
II. Subordinated liabilities		-	-
III. Technical provisions	8	19,740,609	18,673,869
IV. Reinsurers' share in technical provisions (negative value)	8	(921,520)	(1,037,301)
V. Estimated subrogations and salvages (negative value)	9	(104,300)	(96,075)
1. Estimated subrogations and salvages (gross)		(105,242)	(96,539)
2. Reinsurers' share in estimated subrogations and salvages		942	464
VI. Other provisions	10	385,844	472,916
1. Provisions for pension and other statutory employee benefits	10.1	44,131	50,287
2. Deferred tax liability	10.2	271,943	349,003
3. Other provisions	10.3	69,770	73,626
VII. Liabilities due to reinsurers' deposits		-	-
VIII. Other liabilities and special funds	11	5,156,199	5,109,816
1. Direct insurance liabilities	11.1	461,809	344,541
1.1. To related parties		3,820	912
1.2. To other entities		457,989	343,629
2. Reinsurance liabilities	11.2	117,534	81,038
2.1. To related parties		2,793	1,883
2.2. To other entities		114,741	79,155
3. Liabilities arising from issue of own debt securities and obtained loans	11.3	3,764,983	3,611,636
4. Liabilities to credit institutions	11.4	-	-
5. Other liabilities	11.5	694,859	928,469
5.1. Liabilities to the State Treasury		232,498	50,783
5.2. Other liabilities		462,361	877,686
a) to related parties		10,715	46,427
b) to other entities		451,646	831,259
6. Special funds	11.7	117,014	144,132
IX. Accruals	12	942,786	856,403
1. Accrued expenses		904,276	821,516
2. Negative goodwill		-	-
3. Deferred income		38,510	34,887
Total equity and liabilities		37,418,630	36,358,361

Book value	12,219,012	12,378,733
Number of shares	863,523,000	863,523,000
Book value per share (in PLN)	14.15	14.34
Diluted number of shares	863,523,000	863,523,000
Diluted book value per share (in PLN)	14.15	14.34

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

Off-balance sheet items	Note	31 December 2016	31 December 2015
1. Contingent receivables, including:	14.1	4,357,144	9,618,386
1.1. Guarantees and sureties received		1,957	12,408
1.2. Other ¹⁾		4,355,187	9,605,978
2. Contingent liabilities, including:	14.2	4,690,077	4,642,447
2.1. Guarantees and sureties given		3,790,755	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		592,513	575,148
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		117,710	136,477
6. Other off-balance sheet items		-	-
Total off-balance sheet items		9,164,931	14,397,310

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

Revenue account – non-life insurance

Revenue account – non-life insurance	Note	1 January– 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)		9,212,816	7,897,960
1. Gross written premiums	15	10,682,014	8,858,036
2. Reinsurers' share in written premium		363,593	293,494
3. Change in unearned premiums reserve and unexpired risks reserve, gross		1,143,992	709,055
4. Reinsurers' share in change in unearned premiums reserve		38,387	42,473
II. Net investment (including costs), transferred from the general profit and loss account		243,643	256,955
III. Other technical revenue net of reinsurance		132,984	213,649
IV. Claims and benefits (1+2)	18	6,148,534	5,036,629
1. Claims and benefits paid net of reinsurance		6,110,245	5,060,585
1.1. Gross claims and benefits paid		6,393,045	5,135,220
1.2. Reinsurers' share in claims and benefits paid		282,800	74,635
2. Change in outstanding claims provision, net of reinsurance		38,289	(23,956)
2.1. Change in outstanding claims provision, gross		(116,357)	288,158
2.2. Reinsurers' share in change in outstanding claims provision		(154,646)	312,114
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		(1,653)	7,191
VII. Costs of insurance activities	21	2,573,431	2,325,217
1. Acquisition costs, including:	21.1	1,855,068	1,572,330
- change in deferred acquisition costs		(251,447)	(388,677)
2. Administrative expenses	21.2	723,941	753,737
3. Reinsurers' commissions and share in reinsurers' profit		5,578	850
VIII. Other technical charges net of reinsurance		302,258	327,046
IX Changes in risk equalization reserve		30,350	36,147
X. Result on non-life insurance		536,523	636,334

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

General profit and loss account

General profit and loss account	Note	1 January – 31 December 2016	1 January - 31 December 2015
I. Result on non-life insurance or life insurance		536,523	636,334
II. Investment income		2,587,046	2,505,084
1. Investment income from property		5,709	5,854
2. Income from investments in related parties		850,889	1,708,564
2.1. Arising from shares		844,150	1,704,309
2.2. Arising from loans and debt securities		6,739	4,255
2.3. Arising from other investments		-	-
3. Income from other financial investments		392,725	377,268
3.1. Arising from shares, other variable income securities as well as participation units and investment certificates of investment funds		16,709	13,884
3.2. Arising from debt securities and other fixed income securities		314,271	310,169
3.3. Arising from term deposits at credit institutions		11,507	1,344
3.4. Arising from other investments		50,238	51,871
4. Gain on revaluation of investments		2,760	534
5. Gain on realization of investments		1,334,963	412,864
III. Unrealized gains on investments		218,311	181,605
IV. Net investment income (including costs) transferred from the revenue account of life insurance		-	-
V. Investment activities costs		604,627	391,054
1. Property maintenance costs		5,209	9,706
2. Other investment activities costs		13,717	13,051
3. Loss on revaluation of investments		56,068	21,349
4. Loss on realization of investments		529,633	346,948
VI. Unrealized losses on investments		255,538	218,407
VII. Net investment income (including costs) transferred to the revenue account of non-life insurance		243,643	256,955
VIII. Other operating income	22	314,487	303,853
IX. Other operating expenses	23	676,226	284,539
X. Operating profit (loss)		1,876,333	2,475,921
XI. Extraordinary gains		-	-
XII. Extraordinary losses		-	-
XIII. Gross profit (loss)		1,876,333	2,475,921
XIV. Income tax	25	235,756	174,152
a) current portion		171,203	26,603
b) deferred portion		64,553	147,549
XV. Other statutory reductions in profit (increases of loss)		-	-
XVI. Share in net profit (loss) of related parties measured using the equity method	26	(47,626)	(53,247)
XVII. Net profit (loss)		1,592,951	2,248,522

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The attached supplementary information constitutes an integral part of the financial statements

Net profit (loss)	1,592,951	2,248,522
Weighted average number of ordinary shares	863,523,000	863,523,000
Profit (loss) per ordinary share (in PLN)	1.84	2.60
Weighted average diluted number of ordinary shares ¹⁾	863,523,000	863,523,000
Diluted profit (loss) per ordinary share (in PLN) ¹⁾	1.84	2.60

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The attached supplementary information constitutes an integral part of the financial statements

Statement of changes in equity

Statement of changes in equity	1 January– 31 December 2016	1 January– 31 December 2015
I. Equity at the beginning of the period (OB)	12,378,733	12,328,724
a) changes in the adopted accounting principles (policy)	-	-
b) errors adjustments	-	-
I.a. Equity at the beginning of the period, after restatements (OB)	12,378,733	12,328,724
1. Share capital at the beginning of the period	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
2. Supplementary capital at the beginning of the period	4,446,348	4,408,306
2.1. Changes in supplementary capital	442,834	38,042
a) increases (due to):	442,834	38,042
- profit distribution (above the statutory value)	442,395	36,164
- revaluation reserve – sale of fixed assets	439	1,878
b) decreases	-	-
2.2. Supplementary capital at the end of the period	4,889,182	4,446,348
3. Revaluation reserve at the beginning of the period	5,597,511	5,197,333
- changes in the adopted accounting principles (policy)	-	-
3.1. Changes in revaluation reserve	53,016	400,178
a) increases (due to):	784,198	673,567
- remeasurement of financial investments	772,968	656,783
- reclassification of impairment losses on investments available for sale	1,142	8,571
- increases due to the sale of instruments available for sale	10,088	8,213
b) decreases (due to)	731,182	273,389
- remeasurement of financial investments	128,219	246,979
- decrease due to the sale of instruments available for sale	602,512	24,532
- sale of fixed assets	439	1,878
- other	12	-
3.2. Revaluation reserve at the end of the period	5,650,527	5,597,511
4. Other reserve capital at the beginning of the period	-	-
4.1. Changes in other reserve capital	-	-
a) increases	-	-
b) decreases	-	-
4.2. Other reserve capital at the end of the period	-	-
5. Retained earnings at the beginning of the period	2,248,522	2,636,733
5.1. Retained profits at the beginning of the period	2,248,522	2,636,733
a) changes in the adopted accounting principles (policy)	-	-
b) errors adjustments	-	-
5.2. Retained profits at the beginning of the period, after restatements	2,248,522	2,636,733
a) increases	-	-
b) decreases	2,248,522	2,636,733
- reclassification to supplementary capital	442,395	36,164
- dividend payment	1,796,127	2,590,569
- allocation to the Social Benefits Fund	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 adopted accounting principles (policy)	-	-
b) errors adjustments	-	-
5.5. Retained losses at the beginning of the period, after restatements	-	-
a) increases	-	-

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The attached supplementary information constitutes an integral part of the financial statements

Statement of changes in equity	1 January– 31 December 2016	1 January– 31 December 2015
b) decreases	-	-
5.6. Retained losses at the end of the period	-	-
5.7. Retained earnings at the end of the period	-	-
6. Net result	1,592,951	2,248,522
a) net profit	1,592,951	2,248,522
b) net loss	-	-
c) appropriations of profit	-	-
II. Equity at the end of the period (CB)	12,219,012	12,378,733
III. Equity, including the proposed profit appropriation (loss coverage)	12,219,012	12,378,733

"Equity, including the proposed profit appropriation (loss coverage)" has been presented regarding the issue described in Note 7.2.2. of Supplementary information and explanations

Cash Flow Statement

Cash Flow Statement	Note	1 January– 31 December 2016	1 January– 31 December 2015
A. Cash flows from operating activities			
I. Inflows		11,457,632	9,571,857
1. Inflows from insurance operations and inward reinsurance		10,596,634	8,613,380
1.1. Inflows from insurance premiums, gross		10,464,366	8,459,119
1.2. Inflows from subrogations and salvages and claim refunds		106,806	119,939
1.3. Other inflows from direct business		25,462	34,322
2. Inflows from outward reinsurance		202,449	87,338
2.1. Reinsurers' payments due to their share in claims		176,938	65,993
2.2. Inflows from reinsurance commissions and share in reinsurers' profits		23,588	21,327
2.3. Other inflows from outward reinsurance		1,923	18
3. Inflows from other operating activities		658,549	871,139
3.1. Inflows from loss adjusting services		260,448	194,355
3.2. Disposal of intangible assets and fixed assets other than investments		2,976	3,453
3.3. Other inflows	27	395,125	673,331
II. Outflows		10,735,148	9,192,097
1. Outflows for insurance operations and reinsurance		9,067,091	7,530,796
1.1. Refunds of gross Premium		167,887	156,921
1.2. Gross claims and benefits paid		5,544,953	4,405,539
1.3. Outflows due to acquisition expenses		1,353,987	1,185,199
1.4. Administrative outflows		1,385,079	1,424,266
1.5. Payments due to handling claims and costs of subrogations collection		248,028	206,305
1.6. Paid commissions and profit sharing due to inward reinsurance		236,211	34,776
1.7. Other outflows from direct operations and inward reinsurance		130,946	117,790
2. Payments due to outward reinsurance		300,481	264,798
2.1. Premiums paid due to reinsurance		300,227	264,325
2.2. Other payments due to outward reinsurance		254	473
3. Outflows from other operating activities		1,367,576	1,396,503
3.1. Outflows from loss adjusting services		510,018	484,799
3.2. Acquisition of intangible assets and fixed assets other than investments		117,167	170,395
3.3. Other operating expenses	27	740,391	741,309
III. Net cash flows from operating activities (I-II)		722,484	379,760
B. Cash flows from investment activities		-	-
I. Inflows		239,677,792	168,572,509
1. Disposal of property		53,784	34,766
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		1,051,223	12,976
4. Redemption of debt securities issued by related parties and repayment of loans taken out by these entities		-	37,448
5. Redemption of debt securities issued by other entities		9,804,544	7,677,547
6. Withdrawal of term deposits at credit institutions		184,625,108	95,747,370
7. Redemption of other investments		42,992,101	61,969,168
8. Inflows from property		7,472	7,955
9. Interest received		284,925	345,649
10. Dividends received		844,176	2,434,351
11. Other inflows from investments		14,279	24,206

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

Cash Flow Statement	Note	1 January– 31 December 2016	1 January– 31 December 2015
II. Outflows		237,505,872	166,313,000
1. Acquisition of property		-	-
2. Acquisition of shares in related parties		1,197,996	1,414,544
3. Acquisition of shares in other entities and participation units and investment certificates of investment funds		35,850	75,540
4. Acquisition of debt securities issued by related parties and granting loans to these entities		150,000	130,000
5. Acquisition of debt securities issued by other entities		8,786,060	7,418,486
6. Term deposits at credit institutions		184,138,646	95,783,100
7. Acquisition of other investments		43,149,288	61,430,307
8. Outflows for property maintenance		46,722	56,377
9. Other investments outflows		1,310	4,646
III. Net cash flows from investment activities (I-II)		2,171,920	2,259,509
C. Cash flows from financial activities		-	-
I. Inflows		7,133,567	13,604,842
1. Net inflows from issue of shares and capital contributions		-	-
2. Loans, borrowings, and issue of debt securities		7,133,567	13,604,842
3. Other financial inflows		-	-
II. Outflows		8,977,917	16,231,980
1. Dividends		1,796,162	4,058,605
2. Profit distribution payments other than dividend		-	-
3. Acquisition of treasury shares		-	-
4. Repayment of loans and borrowings and redemption of treasury debt securities		7,134,630	12,144,251
5. Interest on loans and borrowings and issued debt securities		47,125	29,124
6. Other financial outflows		-	-
III. Net cash flows from financial activities (I-II)		(1,844,350)	(2,627,138)
D. Total net cash flows (A.III+/-B.III+/-C.III)		1,050,054	12,131
E. Balance sheet change in cash and cash equivalents, including:		1,082,955	18,075
- change in the balance of cash due to exchange differences		32,901	5,944
F. Cash at the beginning of the period		65,076	47,001
G. Cash at the end of the period (F+/-E), including:		1,148,031	65,076
- restricted Cash	27.1	43,272	60,646

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The attached supplementary information constitutes an integral part of the financial statements

Revenue accounts – direct insurance

Revenue account – total direct insurance

Item	1 January– 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	8,818,205	7,757,001
1. Gross written premiums	9,836,663	8,262,970
2. Reinsurers' share in written premium	196,732	219,060
3. Change in unearned premiums reserve and unexpired risks reserve, gross	803,889	314,918
4. Reinsurers' share in change in unearned premiums reserve	(17,837)	28,009
II. Net investment (including costs), transferred from the general profit and loss account	243,643	256,955
III. Other technical revenue net of reinsurance	127,693	210,680
IV. Claims and benefits (1+2)	5,821,700	4,926,554
1. Claims and benefits paid net of reinsurance	5,948,097	5,023,863
1.1. Gross claims and benefits paid	6,057,093	5,085,970
1.2. Reinsurers' share in claims and benefits paid	108,996	62,107
2. Change in outstanding claims provision, net of reinsurance	(126,397)	(97,309)
2.1. Change in outstanding claims provision, gross	(144,280)	(84,141)
2.2. Reinsurers' share in change in outstanding claims provision	(17,883)	13,168
V. Change 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	517	2,501
VII. Costs of insurance activities	2,449,602	2,266,013
1. Acquisition costs, including:	1,750,233	1,543,172
- change in deferred acquisition costs	(139,656)	(161,945)
2. Administrative expenses	699,465	723,691
3. Reinsurers' commissions and share in reinsurers' profit	96	850
VIII. Other technical charges net of reinsurance	287,692	318,847
IX. Change in risk equalization reserve	12,573	33,619
X. Result on non-life insurance	617,457	677,102

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 1 – Accident insurance, including industrial injury and occupational disease

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	415,570	436,487
1. Gross written premiums	396,018	428,767
2. Reinsurers' share in written premium	100	67
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(19,628)	(7,807)
4. Reinsurers' share in change in unearned premiums reserve	24	(20)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	4,865	1,415
IV. Claims and benefits (1+2)	123,366	134,675
1. Claims and benefits paid net of reinsurance	134,530	140,255
1.1. Gross claims and benefits paid	134,530	140,255
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	(11,164)	(5,580)
2.1. Change in outstanding claims provision, gross	(11,167)	(5,578)
2.2. Reinsurers' share in change in outstanding claims provision	(3)	2
V. Change 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	15	1
VII. Costs of insurance activities	133,873	153,930
1. Acquisition costs, including:	85,259	101,106
- change in deferred acquisition costs	(436)	5,450
2. Administrative expenses	48,603	52,846
3. Reinsurers' commissions and share in reinsurers' profit	(11)	22
VIII. Other technical charges – net of reinsurance	2,746	6,636
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	160,435	142,660

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 2 – Sickness insurance

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	7,749	8,323
1. Gross written premiums	7,834	8,337
2. Reinsurers' share in written premium	3	2
3. Change in unearned premiums reserve and unexpired risks reserve, gross	83	10
4. Reinsurers' share in change in unearned premiums reserve	1	(2)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	19	11
IV. Claims and benefits (1+2)	3,969	3,705
1. Claims and benefits paid net of reinsurance	3,950	3,946
1.1. Gross claims and benefits paid	3,950	3,946
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	19	(241)
2.1. Change in outstanding claims provision, gross	19	(241)
2.2. Reinsurers' share in change in outstanding claims provision	-	-
V. Change 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	-	-
VII. Costs of insurance activities	2,352	2,925
1. Acquisition costs, including:	1,794	1,862
- change in deferred acquisition costs	(10)	(6)
2. Administrative expenses	558	1,063
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	137	105
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	1,310	1,599

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 3 – Own damage insurance of land vehicles other than rail vehicles

Item	1 January- 31 December 2016	1 January- 31 December 2015
I. Premiums (1-2-3+4)	2,357,354	2,024,744
1. Gross written premiums	2,747,504	2,142,681
2. Reinsurers' share in written premium	34,436	24,076
3. Change in unearned premiums reserve and unexpired risks reserve, gross	361,263	92,941
4. Reinsurers' share in change in unearned premiums reserve	5,549	(920)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	30,383	44,890
IV. Claims and benefits (1+2)	1,654,460	1,474,670
1. Claims and benefits paid net of reinsurance	1,637,230	1,421,815
1.1. Gross claims and benefits paid	1,637,771	1,423,920
1.2. Reinsurers' share in claims and benefits paid	541	2,105
2. Change in outstanding claims provision, net of reinsurance	17,230	52,855
2.1. Change in outstanding claims provision, gross	17,291	53,104
2.2. Reinsurers' share in change in outstanding claims provision	61	249
V. Change 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	(60)	290
VII. Costs of insurance activities	672,968	545,201
1. Acquisition costs, including:	535,009	406,745
- change in deferred acquisition costs	(64,577)	(33,983)
2. Administrative expenses	131,622	132,845
3. Reinsurers' commissions and share in reinsurers' profit	(6,337)	(5,611)
VIII. Other technical charges – net of reinsurance	28,001	33,224
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	32,368	16,249

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 4 – Own damage insurance of rail vehicles

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	2,480	4,231
1. Gross written premiums	1,634	970
2. Reinsurers' share in written premium	215	604
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(2,297)	(5,038)
4. Reinsurers' share in change in unearned premiums reserve	(1,236)	(1,173)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	254	492
IV. Claims and benefits (1+2)	372	1,530
1. Claims and benefits paid net of reinsurance	1,614	8,571
1.1. Gross claims and benefits paid	1,754	8,890
1.2. Reinsurers' share in claims and benefits paid	140	319
2. Change in outstanding claims provision, net of reinsurance	(1,242)	(7,041)
2.1. Change in outstanding claims provision, gross	(1,421)	(10,004)
2.2. Reinsurers' share in change in outstanding claims provision	(179)	(2,963)
V. Change 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	3	(18)
VII. Costs of insurance activities	895	1,205
1. Acquisition costs, including:	954	1,231
- change in deferred acquisition costs	468	860
2. Administrative expenses	149	202
3. Reinsurers' commissions and share in reinsurers' profit	208	228
VIII. Other technical charges – net of reinsurance	68	21
IX. Change in risk equalization reserve	124	212
X. Result on non-life insurance	1,272	1,773

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 5 – Own damage insurance of aircraft

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	5,750	6,396
1. Gross written premiums	7,252	8,323
2. Reinsurers' share in written premium	937	1,375
3. Change in unearned premiums reserve and unexpired risks reserve, gross	97	1,059
4. Reinsurers' share in change in unearned premiums reserve	(468)	507
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	99	378
IV. Claims and benefits (1+2)	6,792	(5,042)
1. Claims and benefits paid net of reinsurance	3,836	2,090
1.1. Gross claims and benefits paid	3,836	2,090
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	2,956	(7,132)
2.1. Change in outstanding claims provision, gross	2,938	(8,410)
2.2. Reinsurers' share in change in outstanding claims provision	(18)	(1,278)
V. Change 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	(2)	37
VII. Costs of insurance activities	1,507	1,540
1. Acquisition costs, including:	1,381	1,346
- change in deferred acquisition costs	4	(237)
2. Administrative expenses	126	194
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	306	190
IX. Change in risk equalization reserve	(659)	320
X. Result on non-life insurance	(2,095)	9,729

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 6 – Insurance of vessels in sea and inland navigation

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	19,174	16,222
1. Gross written premiums	26,444	21,237
2. Reinsurers' share in written premium	5,572	5,453
3. Change in unearned premiums reserve and unexpired risks reserve, gross	986	(1,604)
4. Reinsurers' share in change in unearned premiums reserve	(712)	(1,166)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	83	1,140
IV. Claims and benefits (1+2)	23,408	17,460
1. Claims and benefits paid net of reinsurance	17,043	10,482
1.1. Gross claims and benefits paid	33,400	11,423
1.2. Reinsurers' share in claims and benefits paid	16,357	941
2. Change in outstanding claims provision, net of reinsurance	6,365	6,978
2.1. Change in outstanding claims provision, gross	(10,436)	24,562
2.2. Reinsurers' share in change in outstanding claims provision	(16,801)	17,584
V. Change 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	671	-
VII. Costs of insurance activities	4,721	4,059
1. Acquisition costs, including:	4,004	3,709
- change in deferred acquisition costs	(116)	202
2. Administrative expenses	884	808
3. Reinsurers' commissions and share in reinsurers' profit	167	458
VIII. Other technical charges – net of reinsurance	978	428
IX. Change in risk equalization reserve	(3,399)	811
X. Result on non-life insurance	(7,122)	(5,396)

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 7 – Goods-in-transit insurance

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	8,505	8,443
1. Gross written premiums	11,834	8,428
2. Reinsurers' share in written premium	3,464	1,526
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(38)	(2,067)
4. Reinsurers' share in change in unearned premiums reserve	97	(526)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	224	493
IV. Claims and benefits (1+2)	2,443	(4,197)
1. Claims and benefits paid net of reinsurance	3,107	3,720
1.1. Gross claims and benefits paid	3,120	3,720
1.2. Reinsurers' share in claims and benefits paid	13	-
2. Change in outstanding claims provision, net of reinsurance	(664)	(7,917)
2.1. Change in outstanding claims provision, gross	(735)	(7,859)
2.2. Reinsurers' share in change in outstanding claims provision	(71)	58
V. Change 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	(59)	5
VII. Costs of insurance activities	4,563	3,818
1. Acquisition costs, including:	3,506	2,791
- change in deferred acquisition costs	(66)	(651)
2. Administrative expenses	1,173	1,104
3. Reinsurers' commissions and share in reinsurers' profit	116	77
VIII. Other technical charges – net of reinsurance	213	488
IX. Change in risk equalization reserve	86	-
X. Result on non-life insurance	1,483	8,822

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

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

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	1,065,190	1,046,456
1. Gross written premiums	1,139,602	1,121,316
2. Reinsurers' share in written premium	47,053	46,459
3. Change in unearned premiums reserve and unexpired risks reserve, gross	23,095	31,548
4. Reinsurers' share in change in unearned premiums reserve	(4,264)	3,147
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	11,832	14,641
IV. Claims and benefits (1+2)	375,451	380,001
1. Claims and benefits paid net of reinsurance	394,381	374,830
1.1. Gross claims and benefits paid	404,657	382,377
1.2. Reinsurers' share in claims and benefits paid	10,276	7,547
2. Change in outstanding claims provision, net of reinsurance	(18,930)	5,171
2.1. Change in outstanding claims provision, gross	(18,069)	(4,201)
2.2. Reinsurers' share in change in outstanding claims provision	861	(9,372)
V. Change 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	(90)	283
VII. Costs of insurance activities	340,401	331,293
1. Acquisition costs, including:	253,689	247,168
- change in deferred acquisition costs	3,601	(22,929)
2. Administrative expenses	90,123	86,858
3. Reinsurers' commissions and share in reinsurers' profit	3,411	2,733
VIII. Other technical charges – net of reinsurance	44,040	49,740
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	317,220	299,780

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 9 – Insurance against other damage to or loss of property (other than included in groups 3, 4, 5, 6 or 7) due to hail or frost, and any event (e.g. theft), other than those included in group 8

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	735,555	668,553
1. Gross written premiums	716,895	744,001
2. Reinsurers' share in written premium	42,275	67,794
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(71,769)	22,571
4. Reinsurers' share in change in unearned premiums reserve	(10,834)	14,917
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	14,708	9,375
IV. Claims and benefits (1+2)	589,852	284,969
1. Claims and benefits paid net of reinsurance	583,607	296,464
1.1. Gross claims and benefits paid	611,334	307,710
1.2. Reinsurers' share in claims and benefits paid	27,727	11,246
2. Change in outstanding claims provision, net of reinsurance	6,245	(11,495)
2.1. Change in outstanding claims provision, gross	5,857	(14,568)
2.2. Reinsurers' share in change in outstanding claims provision	(388)	(3,073)
V. Change 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	(13)	200
VII. Costs of insurance activities	276,462	256,426
1. Acquisition costs, including:	188,831	166,875
- change in deferred acquisition costs	(4,454)	(25,425)
2. Administrative expenses	90,288	93,216
3. Reinsurers' commissions and share in reinsurers' profit	2,657	3,665
VIII. Other technical charges – net of reinsurance	5,782	19,668
IX. Change in risk equalization reserve	-	28,922
X. Result on non-life insurance	(121,820)	87,743

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 10 – Motor third-party liability insurance - All liability arising out of the possession and use of self-propelled land vehicles, including carrier's liability

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	3,111,203	2,518,975
1. Gross written premiums	3,607,198	2,642,743
2. Reinsurers' share in written premium	14,491	7,912
3. Change in unearned premiums reserve and unexpired risks reserve, gross	486,012	115,304
4. Reinsurers' share in change in unearned premiums reserve	4,508	(552)
II. Net investment (including costs), transferred from the general profit and loss account	224,785	233,806
III. Other technical revenue net of reinsurance	27,424	127,006
IV. Claims and benefits (1+2)	2,632,037	2,258,620
1. Claims and benefits paid net of reinsurance	2,659,040	2,337,747
1.1. Gross claims and benefits paid	2,695,188	2,369,329
1.2. Reinsurers' share in claims and benefits paid	36,148	31,582
2. Change in outstanding claims provision, net of reinsurance	(27,003)	(79,127)
2.1. Change in outstanding claims provision, gross	(3,975)	(67,992)
2.2. Reinsurers' share in change in outstanding claims provision	23,028	11,135
V. Change 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	51	81
VII. Costs of insurance activities	643,779	603,426
1. Acquisition costs, including:	413,031	353,716
- change in deferred acquisition costs	(67,888)	(48,700)
2. Administrative expenses	222,797	242,245
3. Reinsurers' commissions and share in reinsurers' profit	(7,951)	(7,465)
VIII. Other technical charges – net of reinsurance	173,937	183,234
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	(86,392)	(165,574)

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 11 – Aircraft liability – All liability arising out of the possession and use of aircraft, including carrier’s liability

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	3,230	3,359
1. Gross written premiums	6,648	5,450
2. Reinsurers’ share in written premium	2,667	1,597
3. Change in unearned premiums reserve and unexpired risks reserve, gross	1,117	780
4. Reinsurers’ share in change in unearned premiums reserve	366	286
II. Net investment (including costs), transferred from the general profit and loss account	106	62
III. Other technical revenue net of reinsurance	61	219
IV. Claims and benefits (1+2)	1,448	4,243
1. Claims and benefits paid net of reinsurance	426	2,128
1.1. Gross claims and benefits paid	426	2,128
1.2. Reinsurers’ share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	1,022	2,115
2.1. Change in outstanding claims provision, gross	1,076	2,174
2.2. Reinsurers’ share in change in outstanding claims provision	54	59
V. Change 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	-	-
VII. Costs of insurance activities	2,157	1,667
1. Acquisition costs, including:	1,636	1,112
- change in deferred acquisition costs	(139)	(521)
2. Administrative expenses	552	589
3. Reinsurers’ commissions and share in reinsurers’ profit	31	34
VIII. Other technical charges – net of reinsurance	141	200
IX. Change in risk equalization reserve	91	(120)
X. Result on non-life insurance	(440)	(2,350)

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

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

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	616	513
1. Gross written premiums	559	575
2. Reinsurers' share in written premium	28	10
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(69)	51
4. Reinsurers' share in change in unearned premiums reserve	16	(1)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	6	6
IV. Claims and benefits (1+2)	489	398
1. Claims and benefits paid net of reinsurance	391	317
1.1. Gross claims and benefits paid	391	317
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	98	81
2.1. Change in outstanding claims provision, gross	97	81
2.2. Reinsurers' share in change in outstanding claims provision	(1)	-
V. Change 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	-	-
VII. Costs of insurance activities	344	306
1. Acquisition costs, including:	213	181
- change in deferred acquisition costs	(15)	(32)
2. Administrative expenses	131	125
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	2	10
IX. Change in risk equalization reserve	-	(7)
X. Result on non-life insurance	(213)	(188)

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 13 - General liability – Liability other than those forms included in groups 10-12

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	664,910	650,625
1. Gross written premiums	685,012	676,024
2. Reinsurers' share in written premium	15,223	13,194
3. Change in unearned premiums reserve and unexpired risks reserve, gross	5,194	10,038
4. Reinsurers' share in change in unearned premiums reserve	315	(2,167)
II. Net investment (including costs), transferred from the general profit and loss account	18,752	23,087
III. Other technical revenue net of reinsurance	25,462	6,689
IV. Claims and benefits (1+2)	177,194	201,858
1. Claims and benefits paid net of reinsurance	284,022	254,633
1.1. Gross claims and benefits paid	287,553	256,239
1.2. Reinsurers' share in claims and benefits paid	3,531	1,606
2. Change in outstanding claims provision, net of reinsurance	(106,828)	(52,775)
2.1. Change in outstanding claims provision, gross	(102,983)	(46,666)
2.2. Reinsurers' share in change in outstanding claims provision	3,845	6,109
V. Change 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	3	2
VII. Costs of insurance activities	197,421	200,270
1. Acquisition costs, including:	156,592	147,436
- change in deferred acquisition costs	1,829	(16,998)
2. Administrative expenses	41,844	54,221
3. Reinsurers' commissions and share in reinsurers' profit	1,015	1,387
VIII. Other technical charges – net of reinsurance	18,104	17,137
IX. Change in risk equalization reserve	16,517	-
X. Result on non-life insurance	299,885	261,134

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 14 – Credit insurance

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	17,680	16,015
1. Gross written premiums	18,358	14,175
2. Reinsurers' share in written premium	1,943	1,630
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(868)	(3,597)
4. Reinsurers' share in change in unearned premiums reserve	397	(127)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	335	533
IV. Claims and benefits (1+2)	493	2,808
1. Claims and benefits paid net of reinsurance	1,843	1,290
1.1. Gross claims and benefits paid	2,652	2,650
1.2. Reinsurers' share in claims and benefits paid	809	1,360
2. Change in outstanding claims provision, net of reinsurance	(1,350)	1,518
2.1. Change in outstanding claims provision, gross	(1,399)	1,600
2.2. Reinsurers' share in change in outstanding claims provision	(49)	82
V. Change 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	(74)	312
VII. Costs of insurance activities	5,767	4,675
1. Acquisition costs, including:	2,745	1,976
- change in deferred acquisition costs	288	(470)
2. Administrative expenses	3,558	3,264
3. Reinsurers' commissions and share in reinsurers' profit	536	565
VIII. Other technical charges – net of reinsurance	305	80
IX. Change in risk equalization reserve	27	1,505
X. Result on non-life insurance	11,497	7,168

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 15 – Suretyship

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	26,302	19,639
1. Gross written premiums	45,974	61,075
2. Reinsurers' share in written premium	16,694	26,442
3. Change in unearned premiums reserve and unexpired risks reserve, gross	1,431	23,980
4. Reinsurers' share in change in unearned premiums reserve	(1,547)	8,986
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	561	(830)
IV. Claims and benefits (1+2)	8,248	9,525
1. Claims and benefits paid net of reinsurance	13,182	6,363
1.1. Gross claims and benefits paid	23,484	10,667
1.2. Reinsurers' share in claims and benefits paid	10,302	4,304
2. Change in outstanding claims provision, net of reinsurance	(4,934)	3,162
2.1. Change in outstanding claims provision, gross	(8,479)	5,048
2.2. Reinsurers' share in change in outstanding claims provision	(3,545)	1,886
V. Change 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	-	-
VII. Costs of insurance activities	11,928	9,410
1. Acquisition costs, including:	9,453	5,320
- change in deferred acquisition costs	(3,067)	(7,393)
2. Administrative expenses	7,351	7,883
3. Reinsurers' commissions and share in reinsurers' profit	4,876	3,793
VIII. Other technical charges – net of reinsurance	225	(557)
IX. Change in risk equalization reserve	1,315	355
X. Result on non-life insurance	5,147	76

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 16 – Insurance of various financial risks

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	61,959	66,245
1. Gross written premiums	70,889	85,073
2. Reinsurers' share in written premium	11,363	21,103
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(12,490)	5,008
4. Reinsurers' share in change in unearned premiums reserve	(10,057)	7,283
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	9,751	3,758
IV. Claims and benefits (1+2)	18,412	1,129
1. Claims and benefits paid net of reinsurance	16,285	5,111
1.1. Gross claims and benefits paid	19,437	6,208
1.2. Reinsurers' share in claims and benefits paid	3,152	1,097
2. Change in outstanding claims provision, net of reinsurance	2,127	(3,982)
2.1. Change in outstanding claims provision, gross	(22,550)	(11,292)
2.2. Reinsurers' share in change in outstanding claims provision	(24,677)	(7,310)
V. Change 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	72	1,308
VII. Costs of insurance activities	44,647	47,021
1. Acquisition costs, including:	20,838	44,338
- change in deferred acquisition costs	(103)	(435)
2. Administrative expenses	25,187	3,647
3. Reinsurers' commissions and share in reinsurers' profit	1,378	964
VIII. Other technical charges – net of reinsurance	10,600	3,757
IX. Change in risk equalization reserve	(1,621)	1,621
X. Result on non-life insurance	(400)	15,167

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Revenue account - direct insurance

GROUP 17 – Insurance of legal protection

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	6,586	878
1. Gross written premiums	7,159	3,535
2. Reinsurers' share in written premium	-	-
3. Change in unearned premiums reserve and unexpired risks reserve, gross	573	2,657
4. Reinsurers' share in change in unearned premiums reserve	-	-
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	27	1
IV. Claims and benefits (1+2)	1,905	549
1. Claims and benefits paid net of reinsurance	1,225	596
1.1. Gross claims and benefits paid	1,225	596
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	680	(47)
2.1. Change in outstanding claims provision, gross	680	(47)
2.2. Reinsurers' share in change in outstanding claims provision	-	-
V. Change 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	-	-
VII. Costs of insurance activities	2,801	1,287
1. Acquisition costs, including:	1,797	723
- change in deferred acquisition costs	(761)	(504)
2. Administrative expenses	1,004	564
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	38	55
IX. Change in risk equalization reserve	92	-
X. Result on non-life insurance	1,777	(1,012)

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account - direct insurance

GROUP 18 – Insurance of assistance and benefits to persons encountering difficulties while traveling or when away from their place of residence

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	308,392	260,897
1. Gross written premiums	339,849	290,260
2. Reinsurers' share in written premium	268	(184)
3. Change in unearned premiums reserve and unexpired risks reserve, gross	31,197	29,084
4. Reinsurers' share in change in unearned premiums reserve	8	(463)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1,599	463
IV. Claims and benefits (1+2)	201,361	159,653
1. Claims and benefits paid net of reinsurance	192,385	153,505
1.1. Gross claims and benefits paid	192,385	153,505
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	8,976	6,148
2.1. Change in outstanding claims provision, gross	8,976	6,148
2.2. Reinsurers' share in change in outstanding claims provision	-	-
V. Change 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	-	-
VII. Costs of insurance activities	103,016	97,554
1. Acquisition costs, including:	69,501	55,537
- change in deferred acquisition costs	(4,214)	(10,173)
2. Administrative expenses	33,515	42,017
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	2,069	4,431
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	3,545	(278)

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The attached supplementary information constitutes an integral part of the financial statements

Revenue accounts – reinsurance inwards

Revenue account – total reinsurance inwards

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	394,611	140,959
1. Gross written premiums	845,351	595,066
2. Reinsurers' share in written premium	166,861	74,434
3. Change in unearned premiums reserve and unexpired risks reserve, gross	340,103	394,137
4. Reinsurers' share in change in unearned premiums reserve	56,224	14,464
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	5,291	2,969
IV. Claims and benefits (1+2)	326,834	110,075
1. Claims and benefits paid net of reinsurance	162,148	36,722
1.1. Gross claims and benefits paid	335,952	49,250
1.2. Reinsurers' share in claims and benefits paid	173,804	12,528
2. Change in outstanding claims provision, net of reinsurance	164,686	73,353
2.1. Change in outstanding claims provision, gross	27,923	372,299
2.2. Reinsurers' share in change in outstanding claims provision	(136,763)	298,946
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	(2,170)	4,690
VII. Costs of insurance activities	123,829	59,204
1. Acquisition costs, including:	104,835	29,158
- change in deferred acquisition costs	(111,791)	(226,732)
2. Administrative expenses	24,476	30,046
3. Reinsurers' commissions and share in reinsurers' profit	5,482	-
VIII. Other technical charges net of reinsurance	14,566	8,199
IX Changes in risk equalization reserve	17,777	2,528
X. Result on non-life insurance	(80,934)	(40,768)

In years 2016 and 2015, PZU carried out reinsurance inwards activities in all accounting classes, except for class 9.

Revenue account – reinsurance inwards

CLASS 1 – Accidents and sickness (groups 1 and 2)

Item	1 January - 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	14,806	7,844
1. Gross written premiums	26,202	11,895
2. Reinsurers' share in written premium	129	449
3. Change in unearned premiums reserve and unexpired risks reserve, gross	11,081	3,314
4. Reinsurers' share in change in unearned premiums reserve	(186)	(288)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	792	226
IV. Claims and benefits (1+2)	8,954	4,424
1. Claims and benefits paid net of reinsurance	7,853	-
1.1. Gross claims and benefits paid	7,853	-
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	1,101	4,424
2.1. Change in outstanding claims provision, gross	1,101	4,424
2.2. Reinsurers' share in change in outstanding claims provision	-	-
V. Change 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	-	-
VII. Costs of insurance activities	5,962	2,531
1. Acquisition costs, including:	5,552	2,475
- change in deferred acquisition costs	(983)	(401)
2. Administrative expenses	410	56
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges net of reinsurance	591	889
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	91	226

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account – reinsurance inwards

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

Item	1 January– 31 December 2016	1 January– 31 December 2015
I. Premiums (1-2-3+4)	308,058	55,222
1. Gross written premiums	465,184	181,687
2. Reinsurers' share in written premium	13,706	7,873
3. Change in unearned premiums reserve and unexpired risks reserve, gross	148,472	119,162
4. Reinsurers' share in change in unearned premiums reserve	5,052	570
Net investment (including costs), transferred from the general profit and loss account	-	-
Other technical revenue net of reinsurance	1,163	418
IV. Claims and benefits (1+2)	258,786	48,508
1. Claims and benefits paid net of reinsurance	102,256	376
1.1. Gross claims and benefits paid	102,256	376
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	156,530	48,132
2.1. Change in outstanding claims provision, gross	158,934	48,132
2.2. Reinsurers' share in change in outstanding claims provision	2,404	-
V. Change 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	-	-
VII. Costs of insurance activities	87,674	33,773
1. Acquisition costs, including:	73,863	12,056
- change in deferred acquisition costs	(34,581)	(28,532)
2. Administrative expenses	13,811	21,717
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges net of reinsurance	262	924
IX. Changes in risk equalization reserve	15,403	(251)
X. Result on non-life insurance	(52,904)	(27,314)

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Revenue account – reinsurance inwards

CLASS 3 – Motor, other groups (group 3)

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	10,965	7,385
1. Gross written premiums	12,439	24,986
2. Reinsurers' share in written premium	135	132
3. Change in unearned premiums reserve and unexpired risks reserve, gross	1,334	17,485
4. Reinsurers' share in change in unearned premiums reserve	(5)	16
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	940	1,161
IV. Claims and benefits (1+2)	5,581	2,828
1. Claims and benefits paid net of reinsurance	4,695	1,834
1.1. Gross claims and benefits paid	4,695	1,834
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	886	994
2.1. Change in outstanding claims provision, gross	886	994
2.2. Reinsurers' share in change in outstanding claims provision	-	-
V. Change 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	-	-
VII. Costs of insurance activities	6,305	4,523
1. Acquisition costs, including:	3,974	3,861
- change in deferred acquisition costs	170	(11,110)
2. Administrative expenses	2,331	662
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	1,068	1,225
IX. Change in risk equalization reserve	-	(18)
X. Result on non-life insurance	(1,049)	(12)

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Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	3,458	3,063
1. Gross written premiums	6,615	5,706
2. Reinsurers' share in written premium	3,521	2,837
3. Change in unearned premiums reserve and unexpired risks reserve, gross	731	(2,372)
4. Reinsurers' share in change in unearned premiums reserve	1,095	(2,178)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	563	138
IV. Claims and benefits (1+2)	1,854	1,742
1. Claims and benefits paid net of reinsurance	1,763	705
1.1. Gross claims and benefits paid	1,763	705
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	91	1,037
2.1. Change in outstanding claims provision, gross	153	1,037
2.2. Reinsurers' share in change in outstanding claims provision	62	-
V. Change 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	1,866	30
VII. Costs of insurance activities	903	1,039
1. Acquisition costs, including:	757	869
- change in deferred acquisition costs	(212)	-
2. Administrative expenses	177	170
3. Reinsurers' commissions and share in reinsurers' profit	31	-
VIII. Other technical charges – net of reinsurance	386	(7)
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	(988)	397

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Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	36,406	49,582
1. Gross written premiums	190,387	133,975
2. Reinsurers' share in written premium	127,096	56,285
3. Change in unearned premiums reserve and unexpired risks reserve, gross	68,981	41,568
4. Reinsurers' share in change in unearned premiums reserve	42,096	13,460
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1,535	830
IV. Claims and benefits (1+2)	17,783	27,956
1. Claims and benefits paid net of reinsurance	13,302	30,443
1.1. Gross claims and benefits paid	72,376	42,971
1.2. Reinsurers' share in claims and benefits paid	59,074	12,528
2. Change in outstanding claims provision, net of reinsurance	4,481	(2,487)
2.1. Change in outstanding claims provision, gross	(34,471)	88,478
2.2. Reinsurers' share in change in outstanding claims provision	(38,952)	90,965
V. Change 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	(3,711)	3,957
VII. Costs of insurance activities	5,397	14,317
1. Acquisition costs, including:	4,586	8,026
- change in deferred acquisition costs	994	(4,964)
2. Administrative expenses	5,155	6,291
3. Reinsurers' commissions and share in reinsurers' profit	4,344	-
VIII. Other technical charges – net of reinsurance	9,891	4,481
IX. Change in risk equalization reserve	1,278	2,479
X. Result on non-life insurance	7,303	(2,778)

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Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	8,428	6,641
1. Gross written premiums	2,055	33,108
2. Reinsurers' share in written premium	5,224	1,810
3. Change in unearned premiums reserve and unexpired risks reserve, gross	(9,178)	24,483
4. Reinsurers' share in change in unearned premiums reserve	2,419	(174)
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	78	66
IV. Claims and benefits (1+2)	6,952	3,913
1. Claims and benefits paid net of reinsurance	3,334	2,447
1.1. Gross claims and benefits paid	3,334	2,447
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	3,618	1,466
2.1. Change in outstanding claims provision, gross	3,628	1,466
2.2. Reinsurers' share in change in outstanding claims provision	10	-
V. Change 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	(1)	2
VII. Costs of insurance activities	1,425	2,405
1. Acquisition costs, including:	1,260	1,715
- change in deferred acquisition costs	1,585	(4,987)
2. Administrative expenses	296	690
3. Reinsurers' commissions and share in reinsurers' profit	131	-
VIII. Other technical charges – net of reinsurance	70	48
IX. Change in risk equalization reserve	336	332
X. Result on non-life insurance	(276)	7

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account – reinsurance inwards

CLASS 7 – Credit and suretyship (groups 14 and 15)

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	(3,710)	4,561
1. Gross written premiums	5,591	1,826
2. Reinsurers' share in written premium	6,736	463
3. Change in unearned premiums reserve and unexpired risks reserve, gross	2,841	(1,823)
4. Reinsurers' share in change in unearned premiums reserve	276	1,375
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	106	4
IV. Claims and benefits (1+2)	(86)	435
1. Claims and benefits paid net of reinsurance	(15)	(2)
1.1. Gross claims and benefits paid	20	(2)
1.2. Reinsurers' share in claims and benefits paid	35	-
2. Change in outstanding claims provision, net of reinsurance	(71)	437
2.1. Change in outstanding claims provision, gross	182	542
2.2. Reinsurers' share in change in outstanding claims provision	253	105
V. Change 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	-	-
VII. Costs of insurance activities	835	(603)
1. Acquisition costs, including:	997	(718)
- change in deferred acquisition costs	(1,096)	(1,650)
2. Administrative expenses	662	115
3. Reinsurers' commissions and share in reinsurers' profit	824	-
VIII. Other technical charges – net of reinsurance	44	3
IX. Change in risk equalization reserve	-	(14)
X. Result on non-life insurance	(4,397)	4,744

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The attached supplementary information constitutes an integral part of the financial statements

Revenue account – reinsurance inwards

CLASS 8 – Assistance (group 18)

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	994	-
1. Gross written premiums	25,319	863
2. Reinsurers' share in written premium	177	-
3. Change in unearned premiums reserve and unexpired risks reserve, gross	24,324	863
4. Reinsurers' share in change in unearned premiums reserve	176	-
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	5	-
IV. Claims and benefits (1+2)	31	-
1. Claims and benefits paid net of reinsurance	6	-
1.1. Gross claims and benefits paid	6	-
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Change in outstanding claims provision, net of reinsurance	25	-
2.1. Change in outstanding claims provision, gross	25	-
2.2. Reinsurers' share in change in outstanding claims provision	-	-
V. Change 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	-	-
VII. Costs of insurance activities	939	1
1. Acquisition costs, including:	214	-
- change in deferred acquisition costs	(4,764)	(242)
2. Administrative expenses	725	1
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	-	-
IX. Change in risk equalization reserve	-	-
X. Result on non-life insurance	29	(1)

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

Revenue account – reinsurance inwards

CLASS 10 – Miscellaneous (group 16)

Item	1 January - 31 December 2016	1 January - 31 December 2015
I. Premiums (1-2-3+4)	15,206	6,661
1. Gross written premiums	111,559	201,020
2. Reinsurers' share in written premium	10,137	4,585
3. Change in unearned premiums reserve and unexpired risks reserve, gross	91,517	191,457
4. Reinsurers' share in change in unearned premiums reserve	5,301	1,683
II. Net investment (including costs), transferred from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	109	126
IV. Claims and benefits (1+2)	26,979	20,269
1. Claims and benefits paid net of reinsurance	28,954	919
1.1. Gross claims and benefits paid	143,649	919
1.2. Reinsurers' share in claims and benefits paid	114,695	-
2. Change in outstanding claims provision, net of reinsurance	(1,975)	19,350
2.1. Change in outstanding claims provision, gross	(102,515)	227,226
2.2. Reinsurers' share in change in outstanding claims provision	(100,540)	207,876
V. Change 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	(324)	701
VII. Costs of insurance activities	14,389	1,218
1. Acquisition costs, including:	13,632	874
- change in deferred acquisition costs	(72,904)	(174,846)
2. Administrative expenses	909	344
3. Reinsurers' commissions and share in reinsurers' profit	152	-
VIII. Other technical charges – net of reinsurance	2,254	636
IX. Change in risk equalization reserve	760	-
X. Result on non-life insurance	(28,743)	(16,037)

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

Actuary's opinions

I hereby state that as at 31 December 2016, technical provisions recognized in Powszechny Zakład Ubezpieczeń Spółka Akcyjna based on insurance mathematics method are correct.

Paweł Chadysz
Chief Actuary at PZU

Warsaw, 14 March 2017

The attached supplementary information constitutes an integral part of the financial statements

Supplementary information and explanations

1. Intangible assets

Intangible assets	31 December 2016	31 December 2015
a) development expenses	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar items, including:	335,962	274,269
- computer software	332,787	270,642
d) other intangible assets	-	-
e) advance payments for intangible assets	41,573	87,898
Total intangible assets	377,535	362,167

Total changes in intangible assets	31 December 2016	31 December 2015
a) gross value of intangible assets – opening balance	696,772	560,499
b) increases (due to)	226,128	243,506
- purchase	100,113	141,291
- transfers	125,568	102,215
- other (including estimations)	447	-
c) decreases (due to)	138,536	107,233
- sale	-	-
- liquidation	2,247	2,385
- transfers	125,568	102,215
- other (including estimations)	10,721	2,633
d) gross value of intangible assets – closing balance	784,364	696,772
e) accumulated depreciation – at the beginning of the period	332,882	274,777
f) depreciation for the period (due to)	72,224	58,105
- current year charges	74,459	60,489
- sale	-	-
- liquidation	(2,235)	(2,384)
- other	-	-
g) accumulated depreciation – at the end of the period	405,106	332,882
h) impairment losses – at the beginning of the period	1,723	1,723
- increases	-	-
- decreases	-	-
i) impairment losses – at the end of the period	1,723	1,723
j) carrying amount of intangible assets – closing balance	377,535	362,167

Intangible assets – ownership structure	31 December 2016	31 December 2015
a) own	377,535	362,167
b) used based on lease, rental or other agreement	-	-
Total intangible assets	377,535	362,167

Changes in intangible assets in the year ended 31 December 2016	a) development expenses	b) goodwill	c) acquired concessions, patents, licenses and similar items	- including computer software	d) other intangible assets	e) advance payments and intangible assets under construction	Total intangible assets
a) gross value of intangible assets – opening balance	-	-	607,138	594,481	13	89,621	696,772
b) increases (due to)	-	-	136,611	134,955	-	89,517	226,128
- purchase	-	-	10,596	10,596	-	89,517	100,113
- transfers	-	-	125,568	124,359	-	-	125,568
- other (including estimations)	-	-	447	-	-	-	447
c) decreases (due to)	-	-	2,694	669	-	135,842	138,536
- sale	-	-	-	-	-	-	-
- liquidation	-	-	2,247	222	-	-	2,247
- transfers	-	-	-	-	-	125,568	125,568
- other	-	-	447	447	-	10,274	10,721
d) gross value of intangible assets – closing balance	-	-	741,055	728,767	13	43,296	784,364
e) accumulated depreciation – opening balance	-	-	332,869	323,839	13	-	332,882
f) depreciation for the period (due to)	-	-	72,224	72,141	-	-	72,224
- current year charges	-	-	74,459	72,363	-	-	74,459
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(2,235)	(222)	-	-	(2,235)
- other	-	-	-	-	-	-	-
g) accumulated depreciation – at the end of the period	-	-	405,093	395,980	13	-	405,106
h) impairment losses – at the beginning of the period	-	-	-	-	-	1,723	1,723
- increases	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-
i) impairment losses – at the end of the period	-	-	-	-	-	1,723	1,723
j) carrying amount of intangible assets – closing balance	-	-	335,962	332,787	-	41,573	377,535

Changes in intangible assets in the year ended 31 December 2015	a) development expenses	b) goodwill	c) acquired concessions, patents, licenses and similar items	- including computer software	d) other intangible assets	e) advance payments and intangible assets under construction	Total intangible assets
a) gross value of intangible assets – opening balance	-	-	507,088	496,944	13	53,398	560,499
b) increases (due to)	-	-	102,435	99,156	-	141,071	243,506
- purchase	-	-	220	220	-	141,071	141,291
- transfers	-	-	102,215	98,936	-	-	102,215
- other	-	-	-	-	-	-	-
c) decreases (due to)	-	-	2,385	1,619	-	104,848	107,233
- sale	-	-	-	-	-	-	-
- liquidation	-	-	2,385	1,619	-	-	2,385
- transfers	-	-	-	-	-	102,215	102,215
- other	-	-	-	-	-	2,633	2,633
d) gross value of intangible assets – closing balance	-	-	607,138	594,481	13	89,621	696,772
e) accumulated depreciation – opening balance	-	-	274,764	267,604	13	-	274,777
f) depreciation for the period (due to)	-	-	58,105	56,235	-	-	58,105
- current year charges	-	-	60,489	57,854	-	-	60,489
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(2,384)	(1,619)	-	-	(2,384)
- other	-	-	-	-	-	-	-
g) accumulated depreciation – at the end of the period	-	-	332,869	323,839	13	-	332,882
h) impairment losses – at the beginning of the period	-	-	-	-	-	1,723	1,723
- increases	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-
i) impairment losses – at the end of the period	-	-	-	-	-	1,723	1,723
j) carrying amount of intangible assets – closing balance	-	-	274,269	270,642	-	87,898	362,167

2. Investments

2.1 Geographical structure of investments

Geographical structure of investments as at 31 December 2016	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. Property ¹⁾	759,214	589,712	387,790	128,666	-	-	-	-	-	-	-	-	759,214	589,712	387,790	128,666
II. Investments in related parties ²⁾	3,992,993	7,921,243	8,493,527	7,821	1,106,813	1,151,805	1,150,549	-	176,250	20,002	20,002	-	5,276,056	9,093,050	9,664,078	7,821
III. Other financial investments	19,371,404	21,150,334	20,658,042	13,920	379,599	579,346	577,088	-	182,202	189,583	189,583	-	19,933,205	21,919,263	21,424,713	13,920
1. Shares and other variable income securities	12,515	15	15	12,500	-	-	-	-	-	-	-	-	12,515	15	15	12,500
- measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- measured at cost	12,515	15	15	12,500	-	-	-	-	-	-	-	-	12,515	15	15	12,500
2. Participation units and investment certificates of investment funds	5,190,311	6,349,619	6,349,619	1,420	-	-	-	-	-	-	-	-	5,190,311	6,349,619	6,349,619	1,420
3. Debt securities and other fixed income securities	11,755,805	12,285,593	11,798,148	-	379,599	401,726	399,468	-	182,202	186,315	186,315	-	12,317,606	12,873,634	12,383,931	-
- measured at fair value	6,410,766	6,399,834	6,399,834	-	309,977	324,261	324,261	-	182,202	186,315	186,315	-	6,902,945	6,910,410	6,910,410	-
- measured at cost or at amortized cost	5,345,039	5,885,759	5,398,314	-	69,622	77,465	75,207	-	-	-	-	-	5,414,661	5,963,224	5,473,521	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgages	884,676	953,383	951,450	-	-	-	-	-	-	-	-	-	884,676	953,383	951,450	-
6. Other loans	610,651	623,391	620,477	-	-	-	-	-	-	-	-	-	610,651	623,391	620,477	-
7. Term deposits at credit institutions	917,446	919,677	919,677	-	-	-	-	-	-	-	-	-	917,446	919,677	919,677	-
8. Other investments	-	18,656	18,656	-	-	177,620	177,620	-	-	3,268	3,268	-	-	199,544	199,544	-
IV. Deposits with ceding undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	24,123,611	29,661,289	29,539,359	150,407	1,486,412	1,731,151	1,727,637	-	358,452	209,585	209,585	-	25,968,475	31,602,025	31,476,581	150,407

¹⁾ The presented fair value of property is 32.4% results from valuations conducted in 2016, and in 67.6% - from valuations in 2013-2015 which were based mostly on application of the income method.

²⁾ For companies measured at equity method, the presented fair value of deposits in subsidiaries was recognized at the level of net assets of such subsidiaries attributable to PZU as at the balance sheet date (excluding Alior Bank, for which stock exchange valuation was presented), increased by non-depreciated part of goodwill as at the balance sheet date, with consideration of impairment losses. Potential regular estimations of the fair value of investments in related parties, which would be carried out solely for the purposes of PZU financial reporting, are not carried out mainly due to potential significant and repetitive costs of such activities and a wide margin of discretion and error in relation to the results.

Investment structure as at 31 December 2016	Domestic - net carrying amount	Foreign – EU countries - net carrying amount	Foreign – other countries - net carrying amount	Total
I. Property	387,790	-	-	387,790
II. Investments in related parties	8,493,527	1,150,549	20,002	9,664,078
- unrestricted, quoted on stock exchange	2,271,270	-	-	2,271,270
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	6,222,257	1,150,549	20,002	7,392,808
- restricted	-	-	-	-
III. Other financial investments	20,658,042	577,088	189,583	21,424,713
1. Shares and other variable income securities	15	-	-	15
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	15	-	-	15
- restricted	-	-	-	-
2. Participation units and investment certificates of investment funds	6,349,619	-	-	6,349,619
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	6,349,619	-	-	6,349,619
- restricted	-	-	-	-
3. Debt securities and other fixed income securities	11,798,148	399,468	186,315	12,383,931
- unrestricted, quoted on stock exchange	11,654,782	324,261	186,315	12,165,358
- unrestricted, OTC traded	118,185	-	-	118,185
- unrestricted, unquoted on regulated market	25,181	75,207	-	100,388
- restricted	-	-	-	-
4. Shares in joint investments	-	-	-	-
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	-	-	-	-
- restricted	-	-	-	-
5. Mortgages	951,450	-	-	951,450
6. Other loans	620,477	-	-	620,477
7. Term deposits at credit institutions	919,677	-	-	919,677
8. Other investments	18,656	177,620	3,268	199,544
- unrestricted, quoted on stock exchange	-	3,525	3,268	6,793
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	18,656	174,095	-	192,751
- restricted	-	-	-	-
IV. Deposits with ceding undertakings	-	-	-	-
Total	29,539,359	1,727,637	209,585	31,476,581

Geographical structure of investments as at 31 December 2015	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. Property ¹⁾	789,339	707,342	475,812	78,670	-	-	-	-	-	-	-	-	789,339	707,342	475,812	78,670
II. Investments in related parties ²⁾	2,987,207	6,450,534	6,909,718	7,821	1,106,616	1,117,830	1,117,757	-	176,250	13,303	13,303	-	4,270,073	7,581,667	8,040,778	7,821
III. Other financial investments	20,357,947	23,037,013	22,348,035	33,338	1,162,724	1,414,427	1,411,700	-	81,539	79,723	79,723	-	21,602,210	24,531,163	23,839,458	33,338
1. Shares and other variable income securities	12,572	48	48	12,524	-	-	-	-	-	-	-	-	12,572	48	48	12,524
- measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- measured at cost	12,572	48	48	12,524	-	-	-	-	-	-	-	-	12,572	48	48	12,524
2. Participation units and investment certificates of investment funds	11,718,042	13,606,029	13,606,029	20,814	-	-	-	-	-	-	-	-	11,718,042	13,606,029	13,606,029	20,814
3. Debt securities and other fixed income securities	5,813,303	6,560,352	5,866,954	-	1,093,030	1,098,202	1,095,751	-	81,539	79,723	79,723	-	6,987,872	7,738,277	7,042,428	-
- measured at fair value	245,994	250,778	250,779	-	1,023,408	1,023,326	1,023,326	-	81,539	79,723	79,723	-	1,350,941	1,353,827	1,353,828	-
- measured at cost or at amortized cost	5,567,309	6,309,574	5,616,175	-	69,622	74,876	72,425	-	-	-	-	-	5,636,931	6,384,450	5,688,600	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgages	884,676	913,253	917,623	-	-	-	-	-	-	-	-	-	884,676	913,253	917,623	-
6. Other loans	544,259	546,349	546,399	-	69,694	70,865	70,589	-	-	-	-	-	613,953	617,214	616,988	-
7. Term deposits at credit institutions	1,385,095	1,391,806	1,391,806	-	-	-	-	-	-	-	-	-	1,385,095	1,391,806	1,391,806	-
8. Other investments	-	19,176	19,176	-	-	245,360	245,360	-	-	-	-	-	-	264,536	264,536	-
IV. Deposits with ceding undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	24,134,493	30,194,889	29,733,565	119,829	2,269,340	2,532,257	2,529,457	-	257,789	93,026	93,026	-	26,661,622	32,820,172	32,356,048	119,829

¹⁾ The fair value of property results from valuations carried out in 2013-2015, based primarily on the income method.

²⁾ For companies measured at equity method, the presented fair value of deposits in subsidiaries was recognized at the level of net assets of such subsidiaries attributable to PZU as at the balance sheet date (excluding Alior Bank, for which stock exchange valuation was presented), increased by non-depreciated part of goodwill as at the balance sheet date, with consideration of impairment losses. Potential regular estimations of the fair value of investments in related parties, which would be carried out solely for the purposes of PZU financial reporting, are not carried out mainly due to potential significant and repetitive costs of such activities and a wide margin of discretion and error in relation to the results.

Investment structure as at 31 December 2015	Domestic - net carrying amount	Foreign – EU countries - net carrying amount	Foreign – other countries - net carrying amount	Total
I. Property	475,812	-	-	475,812
II. Investments in related parties	6,909,718	1,117,757	13,303	8,040,778
- unrestricted, quoted on stock exchange	1,294,327	-	-	1,294,327
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	5,615,391	1,117,757	13,303	6,746,451
- restricted	-	-	-	-
III. Other financial investments	22,348,035	1,411,700	79,723	23,839,458
1. Shares and other variable income securities	48	-	-	48
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	48	-	-	48
- restricted	-	-	-	-
2. Participation units and investment certificates of investment funds	13,606,029	-	-	13,606,029
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	13,606,029	-	-	13,606,029
- restricted	-	-	-	-
3. Debt securities and other fixed income securities	5,866,954	1,095,751	79,723	7,042,428
- unrestricted, quoted on stock exchange	5,530,013	1,023,326	79,723	6,633,062
- unrestricted, OTC traded	311,760	-	-	311,760
- unrestricted, unquoted on regulated market	25,181	72,425	-	97,606
- restricted	-	-	-	-
4. Shares in joint investments	-	-	-	-
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	-	-	-	-
- restricted	-	-	-	-
5. Mortgages	917,623	-	-	917,623
6. Other loans	546,399	70,589	-	616,988
7. Term deposits at credit institutions	1,391,806	-	-	1,391,806
8. Other investments	19,176	245,360	-	264,536
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	19,176	245,360	-	264,536
- restricted	-	-	-	-
IV. Deposits with ceding undertakings	-	-	-	-
Total	29,733,565	2,529,457	93,026	32,356,048

2.2 Change in financial instruments divided by portfolio

Change in financial instruments divided by portfolio for year ended 31 December 2016	Opening balance	Increases, including:		Decreases, including:		Closing balance
		Acquisition	Value increase	Sale or redemption	Value decrease	
a) financial assets held for trading, including:	672,106	13,384,014	63,991	6,960,762	89,391	7,069,958
Investments in related parties	-	-	-	-	-	-
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	-	-	-	-	-	-
Debt securities and other fixed income securities	407,570	13,331,930	37,874	6,866,931	40,029	6,870,414
Other investments	264,536	52,084	26,117	93,831	49,362	199,544
b) financial liabilities held for trading	304,467	76,342	16,217	87,501	85,620	223,905
c) loans and receivables, including:	3,473,338	210,317,476	60,092	210,945,517	3,959	2,901,430
Debt securities and other fixed income securities	311,760	-	5,303	296,658	-	20,405
Mortgages	917,623	-	33,827	-	-	951,450
Loans granted to related parties	235,161	150,000	4,260	-	-	389,421
Other loans	616,988	26,016,830	11,165	26,023,856	650	620,477
Term deposits at credit institutions	1,391,806	184,150,646	5,537	184,625,003	3,309	919,677
d) financial assets held to maturity, including:	5,376,841	343,391	7,750	274,860	5	5,453,117
Debt securities and other fixed income securities	5,376,841	343,391	7,750	274,860	5	5,453,117
e) financial assets available for sale, including:	22,357,951	2,460,599	809,769	9,834,209	129,824	15,664,286
Investments in related parties	7,805,617	856,434	695,272	557	82,109	9,274,657
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	13,606,077	34,489	106,807	7,355,050	42,689	6,349,634
Debt securities and other fixed income securities	946,257	1,569,676	7,690	2,478,602	5,026	39,995
Total assets	31,880,236	226,505,480	941,602	228,015,348	223,179	31,088,791
Total liabilities	304,467	76,342	16,217	87,501	85,620	223,905

Change in financial instruments divided by portfolio for year ended 31 December 2015	Opening balance	Increases, including:		Decreases, including:		Closing balance
		Acquisition	Value increase	Sale or redemption	Value decrease	
a) financial assets held for trading, including:	266,269	2,050,701	186,920	1,800,182	31,602	672,106
Investments in related parties	-	-	-	-	-	-
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	-	-	-	-	-	-
Debt securities and other fixed income securities	17,800	2,013,132	5,588	1,625,441	3,509	407,570
Other investments	248,469	37,569	181,332	174,741	28,093	264,536
b) financial liabilities held for trading	275,055	84,459	61,949	107,323	9,673	304,467
c) loans and receivables, including:	3,900,913	146,273,088	38,800	146,738,407	1,056	3,473,338
Debt securities and other fixed income securities	312,017	-	1,552	1,776	33	311,760
Mortgages	660,869	310,176	23,044	76,466	-	917,623
Loans granted to related parties	79,974	187,810	6,617	39,240	-	235,161
Other loans	1,479,827	49,992,002	869	50,854,693	1,017	616,988
Term deposits at credit institutions	1,368,226	95,783,100	6,718	95,766,232	6	1,391,806
d) financial assets held to maturity, including:	6,139,901	4,108,387	98,696	4,955,504	14,639	5,376,841
Debt securities and other fixed income securities	6,139,901	4,108,387	98,696	4,955,504	14,639	5,376,841
e) financial assets available for sale, including:	20,231,436	11,987,718	695,381	10,299,614	256,970	22,357,951
Investments in related parties	6,393,416	1,746,566	78,542	219,599	193,308	7,805,617
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	12,965,723	75,540	600,582	1,659	34,109	13,606,077
Debt securities and other fixed income securities	872,297	10,165,612	16,257	10,078,356	29,553	946,257
Total assets	30,538,519	164,419,894	1,019,797	163,793,707	304,267	31,880,236
Total liabilities	275,055	84,459	61,949	107,323	9,673	304,467

2.3 Investments in property

Investments in property	31 December 2016	31 December 2015
a) own land	16,686	29,743
- by cost	20,449	34,516
- by current value	69,842	108,151
b) land perpetual usufruct right	3,002	4,958
c) buildings and structures	361,441	431,340
- by cost	691,027	702,603
- by current value	348,716	451,745
d) cooperative ownership of premises	5,208	6,420
e) non-current assets under construction	1,453	3,351
f) advances for construction investments	-	-
Total investments in property	387,790	475,812

Change in investments in property	31 December 2016	31 December 2015
a) gross value – opening balance	789,339	797,186
b) increases (due to)	7,630	17,797
- investments	2,866	10,121
- direct purchase	4,764	7,676
- other	-	-
c) decreases (due to)	37,991	25,644
- liquidation	-	-
- sale	32,284	17,968
- donations	-	-
- other	4,764	7,676
d) gross value – closing balance	759,214	789,339
e) accumulated depreciation – at the beginning of the period	234,857	225,547
f) depreciation for the period (due to)	7,901	9,310
- current year charges	17,520	18,428
- depreciation of liquidated tangible assets	-	-
- depreciation of tangible assets sold	(9,619)	(9,363)
- depreciation of tangible assets donated	-	-
- other	-	245
g) accumulated depreciation – at the end of the period	242,758	234,857
h) impairment losses – at the beginning of the period	78,670	79,219
- increases	54,658 ¹⁾	73
- decreases	4,662	622
i) impairment losses – at the end of the period	128,666	78,670
j) carrying amount – closing balance	387,790	475,812

1) The item includes mainly the allocation of PLN 54,544 thousand to the building of the PZU's Centers

Change in property value for year ended 31 December 2016	Land and perpetual usufruct right	Buildings and structures, commercial space	Right to residential and commercial space	Construction investments	Advances for construction investments	Total property
a) gross value of property – at the beginning of the period	72,018	702,603	11,367	3,351	-	789,339
b) increases (due to)	87	4,677	-	2,866	-	7,630
- investments	-	-	-	2,866	-	2,866
- direct purchase	87	4,677	-	-	-	4,764
- other	-	-	-	-	-	-
c) decreases (due to)	15,008	16,253	1,730	4,764	-	37,755
- liquidation	-	-	-	-	-	-
- sale	15,008	16,253	1,730	-	-	32,991
- donations	-	-	-	-	-	-
- other	-	-	-	4,764	-	4,764
d) gross value of property – closing balance	57,097	691,027	9,637	1,453	-	759,214
e) accumulated depreciation – at the beginning of the period	31,468	198,442	4,947	-	-	234,857
f) depreciation for the period (due to)	1,102	7,317	(518)	-	-	7,901
- current year charges	1,963	15,301	256	-	-	17,520
- accumulated depreciation of property liquidated	-	-	-	-	-	-
- accumulated depreciation of property sold	(861)	(7,984)	(774)	-	-	(9,619)
- accumulated depreciation of property donated	-	-	-	-	-	-
- other	-	-	-	-	-	-
g) accumulated depreciation – at the end of the period	32,570	205,759	4,429	-	-	242,758
h) impairment losses – at the beginning of the period	5,849	72,821	-	-	-	78,670
- increases	18	54,640	-	-	-	54,658
- decreases	1,028	3,634	-	-	-	4,662
i) impairment losses – at the end of the period	4,839	123,827	-	-	-	128,666
j) carrying amount of property – closing balance	19,688	361,441	5,208	1,453	-	387,790

Change in property value for year ended 31 December 2015	Land and perpetual usufruct right	Buildings and structures, commercial space	Right to residential and commercial space	Construction investments	Advances for construction investments	Total property
a) gross value of property – at the beginning of the period	73,280	711,806	11,194	906	-	797,186
b) increases (due to)	107	7,137	432	10,121	-	17,797
- investments	-	-	-	10,121	-	10,121
- direct purchase	107	7,137	432	-	-	7,676
- other	-	-	-	-	-	-
c) decreases (due to)	1,369	16,340	259	7,676	-	25,644
- liquidation	-	-	-	-	-	-
- sale	1,369	16,340	259	-	-	17,968
- donations	-	-	-	-	-	-
- other	-	-	-	7,676	-	7,676
d) gross value of property – closing balance	72,018	702,603	11,367	3,351	-	789,339
e) accumulated depreciation – at the beginning of the period	29,802	191,172	4,573	-	-	225,547
f) depreciation for the period (due to)	1,666	7,270	374	-	-	9,310
- current year charges	2,649	15,499	280	-	-	18,428
- accumulated depreciation of property liquidated	-	-	-	-	-	-
- accumulated depreciation of property sold	(983)	(8,229)	(151)	-	-	(9,363)
- accumulated depreciation of property donated	-	-	-	-	-	-
- other	-	-	245	-	-	245
g) accumulated depreciation – at the end of the period	31,468	198,442	4,947	-	-	234,857
h) impairment losses – at the beginning of the period	5,776	73,405	38	-	-	79,219
- increases	73	-	-	-	-	73
- decreases	-	584	38	-	-	622
i) impairment losses – at the end of the period	5,849	72,821	-	-	-	78,670
j) carrying amount of property – closing balance	34,701	431,340	6,420	3,351	-	475,812

Property (by purpose)	31 December 2016	31 December 2015
a) used for own purposes	361,777	434,756
b) other	26,013	41,056
Total property (by use)	387,790	475,812

Investments in property	31 December 2016	31 December 2015
a) short-term	26,154	44,976
b) long-term	361,636	430,836
Total investments in property	387,790	475,812

Investments in property (by currency)	31 December 2016	31 December 2015
a) PLN thousand	387,790	475,812
b) foreign currencies (by currency and converted to PLN)	-	-
Total investments in property	387,790	475,812

Investments in property	31 December 2016	31 December 2015
Value of land in perpetual usufruct not used for own purposes	87	177
Total value of land in perpetual usufruct not used for own purposes	87	177

2.4 Investments in related parties (carrying amount)

Investments in related parties (carrying amount)	31 December 2016	31 December 2015
a) shares in subsidiaries, including:	9,274,657	7,463,908
- long-term investments	9,274,657	7,463,908
b) shares in joint-ventures, including:	-	-
- long-term investments	-	-
c) shares in associates, including:	-	-
- long-term investments	-	-
d) loans granted to subsidiaries, including:	389,421	235,161
- long-term investments	389,421	235,161
e) loans granted to joint-ventures, including:	-	-
- long-term investments	-	-
f) loans granted to associates, including:	-	-
- long-term investments	-	-
g) debt securities of subsidiaries, including:	-	-
- long-term investments	-	-
f) debt securities of joint-ventures, including:	-	-
- long-term investments	-	-
i) debt securities of associates, including:	-	-
- long-term investments	-	-
j) other investments (by type), including:	-	341,709
- long-term investments	-	341,709
Total investments in related parties	9,664,078	8,040,778

As at 31 December 2016 and 31 December 2015, PZU did not hold any securities in related parties, guaranteed by the State Treasury or international organizations which Poland has joined, or local government.

Investments in related parties measured using the equity method	31 December 2016	31 December 2015
a) shares or stock, including:	9,274,657	7,463,908
- in subsidiaries	9,274,657	7,463,908
- in joint-ventures	-	-
- in associates	-	-
b) loans granted, including:	389,421	235,161
- to subsidiaries	389,421	235,161
- to joint-ventures	-	-
- to associates	-	-
c) debt instruments, including:	-	-
- subsidiaries	-	-
- joint-ventures	-	-
- associates	-	-
d) other (by type), including:	-	341,709
- in subsidiaries	-	341,709
- in joint-ventures	-	-
- in associates	-	-
Total investments in related parties measured with equity method	9,664,078	8,040,778

Investments in related parties measured using the equity method	31 December 2016	31 December 2015¹⁾
a) goodwill of related parties	1,493,801	1,401,646
- subsidiaries	1,493,801	1,401,646
- joint-ventures	-	-
- associates	-	-
b) negative goodwill of related parties	-	-
- subsidiaries	-	-
- joint-ventures	-	-
- associates	-	-

1) Data restated due to the end of the Alior Bank acquisition price allocation proces.

Changes in goodwill - subsidiaries	31 December 2016	31 December 2015
a) gross value of goodwill – at the beginning of the period including:	1,468,248	754,536
- from UAB DK PZU Lithuania	-	754
- 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
- AAS Balta	89,559	89,559
- Alior Bank	714,466	-
b) increases	183,033	714,466
- Alior Bank	183,033	714,466
c) decreases	-	754
- from UAB DK PZU Lithuania	-	754
d) gross value of goodwill – closing balance	1,651,281	1,468,248
- 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
- AAS Balta	89,559	89,559
- Alior Bank	897,499	714,466
e) accumulated amortization of goodwill – opening balance	66,314	13,523
- from UAB DK PZU Lithuania	-	754
- UAB PZU Lietuva Gyvybes Draudimas	81	81

Changes in goodwill - subsidiaries	31 December 2016	31 December 2015
- PrJSC IC PZU Ukraine	4,361	4,361
- PrJSC IC PZU Ukraine Life Insurance	1,595	1,595
- Lietuvos Draudimas AB	30,534	1,103
- Link4 SA	19,678	5,263
- AAS Balta	6,690	366
- Alior Bank	3,375	-
f) amortization of goodwill for the period	91,166	52,791
- from UAB DK PZU Lithuania ²⁾	-	(754) ²⁾
- Lietuvos Draudimas AB	17,414	29,431
- Link4 SA	14,758	14,415
- AAS Balta	1,922	6,324
- Alior Bank	57,072	3,375
g) accumulated amortization of goodwill – closing balance	157,480	66,314
- 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	47,948	30,534
- Link4 SA	34,436	19,678
- AAS Balta	8,612	6,690
- Alior Bank	60,447	3,375
h) carrying amount of goodwill – closing balance	1,493,801	1,401,934
- Lietuvos Draudimas AB	388,861	406,275
- Link4 SA	186,941	201,699
- AAS Balta	80,947	82,869
- Alior Bank	837,052	711,091
	1,468,248	754,536

¹⁾ Data restated due to the end of the Alior Bank acquisition price allocation process

²⁾ Withdrawal of the accumulated amortization of goodwill due to the sale of UAB DK PZU Lithuania

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

In 2016, the final settlement of Alior Bank acquisition was concluded and the goodwill was determined. The table below shows values that result from the final settlement.

Calculation of goodwill – Alior Bank	As at the day of purchase of the first installment	As at the day of purchase of the second installment	As at the day of purchase of the third installment
Assets	37,196,303	39,897,668	41,920,353
New intangible assets identified during the acquisition – trademark (after amortization)	100,000	98,889	97,227
Deferred tax on new intangible assets identified during the acquisition – trademark	(19,000)	(18,789)	(18,473)
Remeasurement of loans and recognition of liabilities arising from rental agreements	(689,405)	(689,405)	(689,405)
Deferred tax on remeasurement of loans and liabilities arising from rental agreements	130,987	130,987	130,987
Liabilities	(33,833,924)	(36,494,251)	(38,426,412)
Fair value of the acquired net assets	2,884,961	2,925,099	3,014,277
Share in share capital	9,9645%	9,9645%	5,2659%
Share in fair value of the acquired net assets	287,472	291,471	158,728
Fair value of consideration transferred – cash	646,704	646,705	341,761
Goodwill	359,232	355,234	183,033

Change in investments in related parties (by type)	31 December 2016	31 December 2015
a) opening balance	8,040,778	6,473,390
- shares and stock in related parties	7,805,617	6,393,416
- loans granted	235,161	79,974
- contribution to share capital	-	-
b) increases (due to)	1,705,966	2,019,535
- acquisition	1,006,434	1,934,376
- revaluation adjustments	699,532	85,159
- other	-	-
c) decreases (due to)	82,666	452,147
- sale or redemption	557	258,839
- revaluation adjustments	82,109	193,308
- other	-	-
d) closing balance	9,664,078	8,040,778
- shares and stock in related parties	9,274,657	7,805,617
- loans granted	389,421	235,161
- contribution to share capital	-	-

Shares and securities in related parties	31 December 2016	31 December 2015
a) listed on the regulated market	2,271,270	1,294,327
b) not listed on the regulated market	7,003,387	6,169,581
Total shares and securities in related parties	9,274,657	7,463,908

Shares, stock and other financial instruments in related parties (long-term investments) by disposability	31 December 2016	31 December 2015
A. Unrestricted, listed on regulated market (carrying amount)	2,271,270	1,294,327
a) stock (carrying amount)	2,271,270	1,294,327
- revaluation adjustments (for the period)	976,943	1,294,327
- opening balance	1,294,327	-
- at cost	2,189,405	1,293,409
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
B. Unrestricted, listed on OTC market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
C. Unrestricted, not listed on the regulated market (carrying amount)	7,392,808	6,746,451
a) stock (carrying amount)	6,736,992	5,906,925
- revaluation adjustments (for the period)	830,067	(6,519)
- opening balance	5,906,925	5,913,444
- wartość według cen nabycia	2,439,174	2,139,476
b) obligacje (wartość bilansowa):	-	-
- korekty aktualizujące wartość (za okres)	-	-

Shares, stock and other financial instruments in related parties (long-term investments) by disposability	31 December 2016	31 December 2015
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	655,816	839,526
shares in related parties (balance sheet value)	266,395	262,656
- revaluation adjustments (for the period)	3,739	2,283
- opening balance	262,656	260,373
- at cost	263,219	261,219
loans granted (balance sheet value)	389,421	235,161
- revaluation adjustments (for the period)	154,260	155,187
- opening balance	235,161	79,974
- at cost	380,401	230,401
investments (carrying amount)	-	341,709
- revaluation adjustments (for the period)	(341,709)	341,709
- opening balance	341,709	-
- at cost	-	341,709
D. Restricted (carrying amount)	-	-
a) shares or stock (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
Total at cost	5,272,199	4,266,214
Total opening balance	8,040,778	6,253,791
Total revaluation adjustments (for the period)	1,623,300	1,786,987
Total carrying amount	9,664,078	8,040,778

Shares, stock and other financial instruments in related parties (short-term investments) by disposability	31 December 2016	31 December 2015
A. Unrestricted, listed on regulated market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
B. Unrestricted, listed on OTC market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-

Shares, stock and other financial instruments in related parties (short-term investments) by disposability	31 December 2016	31 December 2015
c) other – by group (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
C. Unrestricted, not listed on the regulated market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
D. Restricted (carrying amount)	-	-
a) shares or stock (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
Total at cost	-	-
Total opening balance	-	219,599
Total revaluation adjustments (for the period)	-	(219,599)¹⁾
Total carrying amount	-	-

¹⁾ Refers to PZU Lietuva shares subject to the sales agreements.

2.4.1. Purchase of shares of Alior Bank

Under the preliminary share purchase agreement signed on 30 May 2015 concerning the sale of Alior Bank's shares, PZU acquired 17,818,473 shares of Alior Bank from Alior Lux S.ř.r.l. & Co. S.C.A. ("Seller 1") and 500,00 Alior Bank's shares from Alior Polska sp. z o.o. ("Seller 2"), i.e. 18,318,473 shares in total, representing 25.19% of both the share capital of Alior Bank and the total number of votes at the General Meeting of Shareholders of Alior Bank.

Price per share was PLN 89.25 and the total price of purchased shares was PLN 1,634,924 thousand.

The acquisition of the first tranche was settled on 12 October 2015, the second – on 18 December 2015, and the third tranche of the transaction was settled on 11 March 2016. Between 12 October 2015 and 18 December 2015, PZU Group did not exercise control over Alior Bank, but had a significant influence, and, as a result, Alior Bank was considered an associate at that time. As a result of the acquisition of the second tranche, PZU assumed control over Alior Bank.

As a result of the acquisition of three tranches, PZU directly holds a total of 18,318,473 shares of Alior Bank, which constitute 25.1949% of Alior Bank's share capital and the total number of votes at the General Shareholders' Meeting of Alior Bank. Moreover, right after the above-mentioned transactions, through PZU Źycie and controlled investment fund, PZU held indirectly 4.03% of Alior Bank's share capital and the total number of votes at the general shareholders meeting of Alior Bank (as at 31 December 2016, this indirect share grew to 4.25%, 4.22% of which was attributed to investment funds).

2.4.2. Increasing Alior Bank's share

On 24 June 2016, the National Court Register registered the increase of Alior Bank capital by 56,550,249 ordinary bearers series I shares of nominal value of PLN 10 each and issue price of PLN 38.90 per share.

PZU subscribed for 14,247,701 shares, which constitute 25.19% of shares in the new issue (proportionally to the share held by to that moment) for the amount of PLN 554,236 thousand. As a result, PZU's share in share capital and voting rights held on the General Shareholders' Meeting of Alior Bank did not change. Moreover, PZU Życie and PZU-controlled investment funds subscribed for new issue shares proportionally to the shares they had held by that moment.

2.4.3. Loans for subsidiaries

Loan granted to PZU Zdrowie SA

On 23 March 2015, a subordinated loan agreement was concluded between PZU and PZU Zdrowie SA covering the amount no greater than PLN 200,000 thousand. The first installment in the amount of PLN 90,000 thousand was paid on 26 March 2015, the second installment in the amount of PLN 40,000 thousand - on 29 September 2015, the third installment in the amount of PLN 70,000 thousand - on 4 July 2016. The loan bears no interest. The loan should be paid in 120 equal installments, no later than on 31 December 2030. As at 31 December 2015, the amount of loan was PLN 200,000 thousand.

Loan granted to TU PZUW

On 9 November 2016, PZU and TUW PZUW concluded an agreement to grant a subordinated loan of PLN 80,000 thousand, payable on 4 January 2027, with interest rate determined on an arm's length basis (6-month WIBOR rate increased by 300 bps).

List of subsidiaries as at 31 December 2016, financial data included

a) Entity name (including the status of business)	b) Registered office	c) Company's scope of operation	d) Capital relationship	e) Applied consolidation method/ measurement using the equity method, or indication that the entity is not subject to consolidation/ measurement using the equity method	f) Date of commencing control/ significant impact	g) Value of stock/ shares per cost	h) Total revaluation adjustment ¹⁾	i) Carrying amount of stock/ shares	j) Percentage of share capital directly or indirectly held by PZU	k) Share in total number of votes at the General Shareholder s' Meeting	l) Basis of control/ significant impact other than that referred to in sections j) and k)
1. Powszechny Zakład Ubezpieczeń na Życie SA ("PZU Życie")	Warsaw	Conducting life insurance activities	subsidiary	full consolidation	18.12.1991	295,088	4,515,156	4,810,244	100.00%	100.00%	n.d.
2. Alior Bank Group	Warsaw	Conducting banking activities	subsidiary ²⁾	full consolidation	18.12.2015	2,189,405	81,865	2,271,270	25.19%	25.19%	n.d.
3. Lietuvos Draudimas AB	Vilnius – Lithuania	Conducting non-life insurance activities	subsidiary	full consolidation	31.10.2014	807,166	44,830	851,996	100.00%	100.00%	n.d.
4. Link4 Towarzystwo Ubezpieczeń SA ("Link4")	Warsaw	Conducting non-life insurance activities	subsidiary	full consolidation	15.09.2014	473,482	(118,967)	354,515	100.00%	100.00%	n.d.
5. Apdrošināšanas Akciju Sabiedrība Balta ("AAS Balta")	Riga – Latvia	Conducting non-life insurance activities	subsidiary	full consolidation	30.06.2014	200,776	3,160	203,936	99.99%	99.99%	n.d.
6. Ogródowa - Inwestycje Sp. z o.o. ("Ogródowa Inwestycje")	Warsaw	Business and management counselling, activities of holding companies	subsidiary	full consolidation	15.09.2004	142,255	2,695	144,950	100.00%	100.00%	n.d.
7. Tower-Inwestycje Sp. z o.o. (former PZU Tower Sp. z o.o.) ("PZU Tower")	Warsaw	Other financial service activities, except insurance and pension funding	indirect subsidiary	full consolidation	17.08.1999	112,900	5,747	118,647	27.47%	27.47%	n.d.
8. Towarzystwo Funduszy Inwestycyjnych PZU SA ("TFI PZU")	Warsaw	Creation, representing and management of investment funds	subsidiary	full consolidation	27.09.2011	38,403	40,100	78,503	100.00%	100.00%	n.d.
9. PZU Centrum Operacji SA ("PZU CO")	Warsaw	Activities auxiliary to insurance and pension funding	subsidiary	full consolidation	27.09.2011	40,645	(3,866)	36,779	100.00%	100.00%	n.d.
10. UAB PZU Lietuva Gyvybes Draudimas	Vilnius – Lithuania	Conducting life insurance activities	subsidiary	full consolidation	08.04.2004	40,235	(11,054)	29,181	99.34%	99.34%	n.d.
11. Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych ("TUW PZUW")	Warsaw	Conducting non-life insurance activities	subsidiary	full consolidation	20.11.2015	325,850	(7,246)	318,604	100.00%	100.00%	n.d.
12. PZU Pomoc SA	Warsaw	Assistance services	subsidiary	full consolidation	18.03.2009	18,566	4,601	23,167	100.00%	100.00%	n.d.

a) Entity name (including the status of business)	b) Registered office	c) Company's scope of operation	d) Capital relationship	e) Applied consolidation method/ measurement using the equity method, or indication that the entity is not subject to consolidation/ measurement using the equity method	f) Date of commencing control/ significant impact	g) Value of stock/ shares per cost	h) Total revaluation adjustment ¹⁾	i) Carrying amount of stock/ shares	j) Percentage of share capital directly or indirectly held by PZU	k) Share in total number of votes at the General Shareholders' Meeting	l) Basis of control/ significant impact other than that referred to in sections j) and k)
13. PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of third-party securities portfolio on a fee or commission basis	subsidiary	full consolidation	12.07.2001	11,463	(3,635)	7,828	100.00%	100.00%	n/a
14. PrJSC IC PZU Ukraine	Kiev – Ukraine	Conducting non-life insurance activities	subsidiary	full consolidation	01.07.2005	143,666	(130,148)	13,518	83.23%	83.23%	n/a
15. PrJSC IC PZU Ukraine Life Insurance	Kiev – Ukraine	Conducting life insurance activities	subsidiary	full consolidation	01.07.2005	32,584	(26,100)	6,484	53.47%	53.47%	n/a
16. PZU Zdrowie SA (“PZU Zdrowie”)	Warsaw	Provision of medical services	subsidiary	full consolidation	02.09.2011	10,664	(10,664)	-	100.00%	100.00%	n/a
17. PZU Finanse Sp. z o.o.	Warsaw	Other financial service activities, except insurance and pension funding	subsidiary	full consolidation	30.10.2013	4,050	(1,274)	2,776	100.00%	100.00%	n/a
18. PZU Finance AB	Stockholm – Sweden	Financing services	subsidiary	full consolidation	02.06.2014	236	1,711	1,947	100.00%	100.00%	n/a
19. Omicron BIS SA	Warsaw	The company does not conduct any lease activity	subsidiary	full consolidation	21.08.2014	150	(19)	131	100.00%	100.00%	n/a
20. Sigma BIS SA	Warsaw	The company does not conduct any lease activity	subsidiary	full consolidation	19.08.2015	100	(14)	86	100.00%	100.00%	n/a
21. Ipsilon Sp. z o.o.	Warsaw	Assistance services and provision of medical services	subsidiary	full consolidation	02.04.2009	52	(30)	22	100.00%	100.00%	n/a
22. Omicron SA	Warsaw	The company does not conduct any lease activity	subsidiary	full consolidation	13.09.2011	100	(27)	73	100.00%	100.00%	n/a
23. Syta Development Sp. z o.o. w likwidacji („Syta Development”)	Warsaw	Acquisition and dispose of real estate, real estate agency services, property administration	subsidiary	unconsolidated	29.04.1996	3,962	(3,962)	-	100.00%	100.00%	n/a
Total						4,891,798	4,382,859	9,274,657			

¹⁾ “Total revaluation adjustment” shows change in value resulting from measurement using the equity method, including goodwill amortization and impairment losses.

²⁾ Alior Bank was recognized as a subsidiary under the conditions described in point 2.4.1 of Supplementary information and explanations.

³⁾ The increased purchase value results from compulsory buyout of 188 shares in Lietuvos Draudimas AB of a nominal value of EUR 14.48, made on 14 November 2016. The purchase price was EUR 237.16 per share, i.e. EUR 45 thousand for all shares

a) Entity name (including the status of business)	m) Entity's equity, including:						n) Liabilities and provisions for liabilities, including:		o) Entity's receivables		p) Total entity's assets	r) Revenue from sale	s) Value of stock/ shares not paid by the issuer	t) Dividends received from or due by the entity for the previous financial year
	- share capital	- called up share capital (negative value)	- supplementary capital	- other equity, including:			- long-term liabilities	- short-term liabilities	- long-term	- short-term				
				- other equity	- retained profit (accumulated loss)	- net profit (loss)								
1. PZU Życie ²⁾	295,000	-	3,076,663	4,235	-	1,434,346	4,641	879,663	3,440	208,976	27,894,446	8,036,107	-	825,000
2. Grupa Alior Banku ^{1) 2)}	1,292,578	-	4,185,843	112,342	(7,085)	618,278	4,965,555	49,549,878	30,218,769	17,425,961	61,209,545	3,529,175	-	-
3. Lietuvos Draudimas AB ¹⁾	48,537	-	9,707	55,646	412,826	21,975	44,240	92,338	6,317	180,778	1,370,825	800,429	-	-
4. Link4 ²⁾	111,355	-	254,470	3,835	(208,868)	(20,844)	33,555	229,741	524	203,690	933,796	729,672	-	-
5. AAS Balta ¹⁾	34,182	-	5,488	21,822	89,163	7,019	25,234	27,424	84	64,887	487,051	330,847	-	-
6. Ogrodowa Inwestycje	142,255	-	-	2,149	(185)	666	1,523	2,243	-	1,240	150,444	21,797	-	-
7. PZU Tower	411,000	-	-	20,117	-	805	-	35	-	170	436,703	-	-	-
8. TFI PZU	13,000	-	33,578	4,589	-	27,887	-	23,505	-	21,138	117,224	173,581	-	18,671
9. PZU CO	500	-	35,680	319	-	281	-	13,847	143	12,966	83,465	281,049	-	-
10. UAB PZU Lietuva Gyvybes Draudimas ¹⁾	29,309	-	-	3,335	(4,468)	1,199	40	3,977	-	111	163,312	51,480	-	-
11. TUW PZUW	324,900	-	-	(6,086)	957	(220)	80,470	99,288	8,690	74,821	585,921	137,752	-	-
12. PZU Pomoc SA	4,886	-	12,555	-	-	5,677	12,000	2,960	-	7,460	41,438	39,139	-	-
13. PZU AM	5,000	-	2,841	145	-	(156)	-	3	-	57	7,892	-	-	-
14. PrJSC IC PZU Ukraine ¹⁾	7,430	-	1,063	147,084	(143,816)	4,482	-	54,210	-	53,658	166,689	172,760	-	-
15. PrJSC IC PZU Ukraine Life Insurance ¹⁾	7,153	-	262	21,595	(19,806)	2,924	-	4,066	-	916	94,022	36,934	-	-
16. PZU Zdrowie	650	-	9,961	-	(6,270)	(7,313)	200,026	18,122	184	21,313	223,494	90,758	-	-
17. PZU Finanse Sp. z o.o.	50	-	-	4,000	(389)	(884)	-	177	-	354	3,056	1,469	-	-
18. PZU Finance AB ¹⁾	219	-	-	56	517	1,155	3,712,429	51,842	3,764,983	270	3,766,218	-	-	-
19. Omicron BIS SA	150	-	-	-	(14)	(5)	-	-	-	2	135	-	-	-
20. Sigma BIS SA	100	-	-	-	(7)	(8)	-	-	-	-	89	-	-	-
21. Ipsilon Sp. z o.o.	50	-	-	-	(24)	(4)	-	1	-	1	25	-	-	-
22. Omicron SA	100	-	-	-	(22)	(4)	-	-	-	2	77	-	-	-
23. Syta Development	831	-	9,908	(285)	(10,171)	(163)	-	12	-	-	133	-	-	-

The above data are disclosed on the basis of unaudited financial statements of companies, except for PZU Życie, PZU Zdrowie, TFI PZU and Alior Bank Group.

1) Data according to IFRS.

2) In the case of insurance companies, "revenue from sale" shows gross written premiums and other technical revenue; in the case of Alior Bank Group it shows interest income and revenues from commissions and fees

List of subsidiaries as at 31 December 2015, financial data included

a) Entity name (including the status of business)	b) Registered office	c) Company's scope of operation	d) Capital relationship	e) Applied consolidation method/ measurement using the equity method, or indication that the entity is not subject to consolidation/ measurement using the equity method	f) Date of commencing control/ significant impact	g) Value of stock/ shares per cost	h) Total revaluation adjustment ¹⁾	i) Carrying amount of stock/ shares	j) Percentage of share capital directly or indirectly held by PZU	k) Share in total number of votes at the General Shareholder s' Meeting	l) Basis of control/ significant impact other than that referred to in sections j) and k)
1. Powszechny Zakład Ubezpieczeń na Życie SA („PZU Życie”)	Warsaw	Conducting life insurance activities	subsidiary	full consolidation	18.12.1991	295,088	3,958,465	4,253,553	100.00%	100.00%	n/a
2. Grupa Alior Banku	Warsaw	Conducting banking activities	subsidiary ²⁾	full consolidation	18.12.2015	1,293,409	918	1,294,327	19.93%	19.93%	n/a
3. Lietuvos Draudimas AB	Vilnius – Lithuania	Conducting non-life insurance activities	subsidiary	full consolidation	31.10.2014	806,968	40,273	847,241	99.98%	99.98%	n/a
4. Link4 Towarzystwo Ubezpieczeń SA („Link4”)	Warsaw	Conducting non-life insurance activities	subsidiary	full consolidation	15.09.2014	473,482	(58,375)	415,107	100.00%	100.00%	n/a
5. Apdrošinašanas Akciju Sabiedrība Balta („AAS Balta”)	Riga – Latvia	Conducting non-life insurance activities	subsidiary	full consolidation	30.06.2014	200,776	(19,208)	181,568	99.99%	99.99%	n/a
6. Ogródowa - Inwestycje Sp. z o.o. (“Ogródowa Inwestycje”)	Warsaw	Business and management counselling, activities of holding companies	subsidiary	full consolidation	15.09.2004	142,255	1,284	143,539	100.00%	100.00%	n/a
7. Tower-Inwestycje Sp. z o.o. (d. PZU Tower Sp. z o.o.) („PZU Tower”)	Warsaw	Other financial service activities, except insurance and pension funding	indirect subsidiary	full consolidation	17.08.1999	112,900	4,504	117,404	27.47%	27.47%	n/a
8. Towarzystwo Funduszy Inwestycyjnych PZU SA („TFI PZU”)	Warsaw	Creation, representing and management of investment funds	subsidiary	full consolidation	27.09.2011	38,403	35,283	73,686	100.00%	100.00%	n/a
9. PZU Centrum Operacji SA („PZU CO”)	Warsaw	Activities auxiliary to insurance and pension funding	subsidiary	full consolidation	27.09.2011	40,645	(4,296)	36,349	100.00%	100.00%	n/a
10. UAB PZU Lietuva Gyvybes Draudimas	Vilnius – Lithuania	Conducting life insurance activities	subsidiary	full consolidation	08.04.2004	40,235	(13,285)	26,950	99.34%	99.34%	n/a
11. Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych (“TUW PZUW”)	Warsaw	Conducting non-life insurance activities	subsidiary	full consolidation	20.11.2015	25,850	7	25,857	100.00%	100.00%	n/a
12. PZU Pomoc SA	Warsaw	Assistance services	subsidiary	full consolidation	18.03.2009	18,566	1,213	19,779	100.00%	100.00%	n/a

a) Entity name (including the status of business)	b) Registered office	c) Company's scope of operation	d) Capital relationship	e) Applied consolidation method/ measurement using the equity method, or indication that the entity is not subject to consolidation/ measurement using the equity method	f) Date of commencing control/ significant impact	g) Value of stock/ shares per cost	h) Total revaluation adjustment ¹⁾	i) Carrying amount of stock/ shares	j) Percentage of share capital directly or indirectly held by PZU	k) Share in total number of votes at the General Shareholders' Meeting	l) Basis of control/ significant impact other than that referred to in sections j) and k)
13. PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of third-party securities portfolio on a fee or commission basis	subsidiary	full consolidation	12.07.2001	11,463	(3,591)	7,872	100.00%	100.00%	n/a
14. PrJSC IC PZU Ukraine	Kiev – Ukraine	Conducting non-life insurance activities	subsidiary	full consolidation	01.07.2005	143,666	(135,539)	8,127	89.97%	89.97%	n/a
15. PrJSC IC PZU Ukraine Life Insurance	Kiev – Ukraine	Conducting life insurance activities	subsidiary	full consolidation	01.07.2005	32,584	(27,408)	5,176	53.47%	53.47%	n/a
16. PZU Zdrowie SA (“PZU Zdrowie”)	Warsaw	Provision of medical services	subsidiary	full consolidation	02.09.2011	10,664	(6,263)	4,401	100.00%	100.00%	n/a
17. PZU Finanse Sp. z o.o.	Warsaw	Other financial service activities, except insurance and pension funding	subsidiary	full consolidation	30.10.2013	2,050	(363)	1,687	100.00%	100.00%	n/a
18. Międzyzakładowe Pracownicze Towarzystwo Emerytalne PZU SA w likwidacji („MPTE PZU SA”)	Warsaw	Development and management of employee pension fund.	subsidiary	full consolidation	13.08.2004	500	(304)	196	100.00%	100.00%	n/a
19. PZU Finance AB	Stockholm – Sweden	Financing services	subsidiary	full consolidation	02.06.2014	236	514	750	100.00%	100.00%	n/a
20. Omicron BIS SA	Warsaw	The company does not conduct any lease activity	subsidiary	full consolidation	21.08.2014	150	(14)	136	100.00%	100.00%	n/a
21. Sigma BIS SA	Warsaw	The company does not conduct any lease activity	subsidiary	full consolidation	19.08.2015	100	(4)	96	100.00%	100.00%	n/a
22. Ipsilon Sp. z o.o.	Warsaw	Assistance services and provision of medical services	subsidiary	full consolidation	02.04.2009	52	(26)	26	100.00%	100.00%	n/a
23. Omicron SA	Warsaw	The company does not conduct any lease activity	subsidiary	full consolidation	13.09.2011	100	(19)	81	100.00%	100.00%	n/a
24. Syta Development Sp. z o.o. w likwidacji („Syta Development”)	Warsaw	Acquisition and dispose of real estate, real estate agency services, property administration	subsidiary	unconsolidated	29.04.1996	3,962	(3,962)	-	100.00%	100.00%	n/a
Total						3,694,104	3,769,804	7,463,908			

¹⁾ “Total revaluation adjustment” shows change in value resulting from measurement using the equity method, including goodwill amortization and impairment losses.

²⁾ Alior Bank was recognized as a subsidiary under the conditions described in point 2.4.4 of Supplementary information and explanations.

a) Entity name (including the status of business)	m) Entity's equity, including:						n) Liabilities and provisions for liabilities, including:		o) Entity's receivables		p) Total entity's assets	r) Revenue from sale	s) Value of stock/ shares not paid by the issuer	t) Dividends received from or due by the entity for the previous financial year
	- share capital	- called up share capital (negative value)	- supplementary capital	- other equity, including:			- long-term liabilities	- short-term liabilities	- long-term	- short-term				
				- other equity	- retained profit (accumulated loss)	- net profit (loss)								
1. PZU Życie ²⁾	295,000	-	2,854,505	51,924	-	1,052,124	3,290	1,094,747	9,810	256,730	27,956,769	8,065,078	-	2,420,174
2. Grupa Alior Banku ^{1) 2)}	727,075	-	2,279,843	199,950	(3,657)	309,648	3,622,521	32,831,390	19,685,405	11,866,981	40,003,010	2,944,950	-	-
3. Lietuvos Draudimas AB ¹⁾	48,541	-	9,707	35,626	338,085	74,736	42,615	96,958	6,068	156,793	1,255,911	638,450	-	-
4. Link4 ²⁾	111,355	-	273,506	10,557	(208,868)	(19,035)	32,025	193,454	14,112	122,050	881,620	494,939	-	-
5. AAS Balta ¹⁾	34,182	-	5,488	16,211	94,106	(4,942)	17,809	28,117	-	54,500	442,923	281,101	-	-
6. Ogrodowa Inwestycje	142,255	-	482	1,550	-	(667)	1,467	3,071	-	1,221	149,548	19,997	-	-
7. PZU Tower	411,000	-	-	14,649	(10,819)	12,567	-	1,803	-	95	432,671	193	-	-
8. TFI PZU	13,000	-	27,355	7,981	-	24,894	-	14,415	2	18,689	103,559	172,622	-	9,227
9. PZU CO	500	-	35,509	170	-	171	-	10,903	105	13,158	59,080	106,217	-	1,102
10. UAB PZU Lietuva Gyvybes Draudimas ¹⁾	29,309	-	-	2,288	(3,111)	(1,357)	-	1,709	-	119	127,061	43,062	-	-
11. TUW PZUW	24,900	-	-	-	-	7	-	1,034	-	-	25,942	-	-	-
12. PZU Pomoc SA	4,886	-	8,439	-	-	4,116	12,000	1,706	-	10,125	34,336	75,619	-	-
13. PZU AM	5,000	-	2,913	32	-	(72)	-	12	76	49	7,923	-	-	3,806
14. PrJSC IC PZU Ukraine ¹⁾	7,216	-	658	144,571	(145,726)	2,314	-	53,682	-	36,256	133,188	137,564	-	-
15. PrJSC IC PZU Ukraine Life Insurance ¹⁾	7,153	-	126	22,072	(21,251)	1,581	-	3,167	-	974	82,997	30,620	-	-
16. PZU Zdrowie	650	-	10,014	-	(34)	(6,236)	130,000	7,932	-	12,702	147,259	11,860	-	-
17. PZU Finanse Sp. z o.o.	50	-	-	2,000	(36)	(353)	-	339	-	335	2,144	515	-	-
18. MPTE PZU SA	693	-	-	-	-	(495)	-	26	-	-	259	-	-	-
19. PZU Finance AB ¹⁾	219	-	-	15	23	494	3,569,863	48,637	3,611,634	72	3,619,250	-	-	-
20. Omicron BIS SA	150	-	-	-	-	(14)	-	-	-	-	140	-	-	-
21. Sigma BIS SA	100	-	-	-	-	(7)	-	-	-	-	97	-	-	-
22. Ipsilon Sp. z o.o.	50	-	-	-	(20)	(4)	-	1	-	-	27	-	-	-
23. Omicron SA	100	-	-	-	(15)	(7)	-	-	-	-	82	-	-	-
24. Syta Development	831	-	9,908	(285)	(10,005)	(166)	-	14	-	-	298	-	-	-

1) Data according to IFRS.

2) In the case of insurance companies, "revenue from sale" shows gross written premiums and other technical revenue; in the case of Alior Bank Group it shows interest income and revenues from commissions and fees.

Deposits in subsidiaries (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	8,493,526	6,909,718
b) foreign currencies (by currency and converted to PLN)	1,170,552	1,131,060
b1. UAH thousand	129,715	82,016
PLN thousand	20,002	13,303
B2. EUR thousand	260,070	262,292
PLN thousand	1,150,550	1,117,757
Total investments in related parties	9,664,078	8,040,778

2.5 Other financial investments

Other financial investments	31 December 2016	31 December 2015
a) shares and other variable income securities	15	48
b) participation units and investment certificates of investment funds	6,349,619	13,606,029
c) debt securities and other fixed income securities	12,383,931	7,042,428
d) interests in joint ventures (investments)	-	-
e) mortgages, including:	951,450	917,623
- additionally collateralized with policies	-	-
f) other loans, including:	620,477	616,988
- for the insured, with policies as the basic collateral	-	-
- for the insured, not collateralized with policies	-	-
g) term deposits at credit institutions	919,677	1,391,806
h) other investments	199,544	264,536
Total other financial investments	21,424,713	23,839,458

Change in other investments (by type)	31 December 2016	31 December 2015
a) opening balance	23,839,458	24,065,129
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	13,606,077	12,965,723
Debt securities and other fixed income securities	7,042,428	7,342,015
Other investments	3,190,953	3,757,391
b) increases (due to)	225,741,116	163,420,156
- acquisition	225,499,046	162,485,518
- revaluation adjustments	242,070	934,638
- other	-	-
c) decreases (due to)	228,155,861	163,645,827
- sale or redemption	228,014,791	163,534,868
- revaluation adjustments	141,070	110,959
- other	-	-
d) closing balance	21,424,713	23,839,458
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	6,349,634	13,606,077
Debt securities and other fixed income securities	12,383,931	7,042,428
Other investments	2,691,148	3,190,953

Other financial investments	31 December 2016	31 December 2015
a) short-term	17,418,134	21,306,143
b) long-term	4,006,579	2,533,315
Total other financial investments	21,424,713	23,839,458

Other financial investments (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	19,281,346	20,942,131
b) foreign currencies (by currency and converted to PLN)	2,143,367	2,897,327
b1. EUR thousand	251,748	603,677
PLN thousand	1,113,734	2,572,568
b2. CZK thousand	3,075,681	134,807
PLN thousand	503,489	21,259
b3. USD thousand	90,214	33,401
PLN thousand	377,033	130,300
b4. HUF thousand	2,754,218	4,925,961
PLN thousand	39,176	66,998
b4. other currencies	109,935	106,202
Total other financial investments	21,424,713	23,839,458

Other financial investments by portfolio qualification	31 December 2016	31 December 2015
a) financial assets held for trading	7,069,958	672,106
b) loans and receivables	2,512,009	3,238,178
c) financial assets held to maturity	5,453,117	5,376,840
d) financial assets available for sale	6,389,629	14,552,334
Total other financial investments	21,424,713	23,839,458

Other financial investments – in financial instruments	31 December 2016	31 December 2015
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	11,535,545	5,828,325
- long-term investments	9,787,499	5,507,730
- short-term investments	1,748,046	320,595
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	603,560	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	26,254	26,251
f) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-
g) other	9,259,354	17,381,670
Total other financial investments – in financial instruments	21,424,713	23,839,458

Securities (other financial investments)	31 December 2016	31 December 2015
a) listed on the regulated market	12,165,358	6,633,062
b) not listed on the regulated market	5,760,392	6,922,315
Total securities (other financial investments)	17,925,750	13,555,377

Shares and other variable income securities (carrying amount)	31 December 2016	31 December 2015
a) shares and stock including:	15	48
- long-term investments	15	48
b) debt securities, including:	-	-
- long-term investments	-	-
c) other (by type)	-	-
Shares and other variable income securities total	15	48

Change in the balance of investments in shares and other variable income securities (by type)	31 December 2016	31 December 2015
a) opening balance	48	72
Shares and other variable income securities	48	72
b) increases (due to)		
- acquisition		-
- value adjustment		-
- other		-
c) decreases (due to)	33	24
-disposal	33	24
- value adjustment		-
- other		-
d) closing balance	15	48
Shares and other variable income securities	15	48

The above table does not include participation units and investment certificates of investment funds presented in the balance sheet under II.3.

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2016	31 December 2015
A. Unrestricted, listed on regulated market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
mortgage bonds (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
open investment fund participation units (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
B. Unrestricted, listed on OTC market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
C. Unrestricted, not listed on the regulated market (carrying amount)	6,349,634	13,606,077
a) stock (carrying amount)	15	48
- revaluation adjustments (for the period)	(33)	(24)
- opening balance	48	72
- at cost	12,515	12,572
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	6,349,619	13,606,029

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2016	31 December 2015
closed investment fund's investment certificates (carrying amount)	6,349,619	13,606,029
- revaluation adjustments (for the period)	(7,256,410)	640,378
- opening balance	13,606,029	12,965,651
- at cost	5,190,311	11,718,042
loans (carrying amount)		-
- revaluation adjustments (for the period)		-
- opening balance		-
- at cost		-
D. Restricted (carrying amount)		-
a) shares or stock (carrying amount):		-
- revaluation adjustments (for the period)		-
- opening balance		-
- at cost		-
b) bonds (carrying amount):		-
- revaluation adjustments (for the period)		-
- opening balance		-
- at cost		-
c) other – by group (carrying amount)		-
- revaluation adjustments (for the period)		-
- opening balance		-
- at cost		-
Total at cost	5,202,826	11,730,614
Total opening balance	13,606,077	12,965,723
Total revaluation adjustments (for the period)	(7,256,443)	640,354
Total carrying amount	6,349,634	13,606,077

In 2016 and 2015, no shares or other variable income financial instruments, classified as short-term investments, occurred.

2.5.1. Other loans

Other loans	31 December 2016		31 December 2015	
	Total carrying amount	Reinsurance type	Total carrying amount	Reinsurance type
Buy-sell-back transactions	412,357	Debt securities	409,570	Debt securities
Loans secured by assets other than mortgage	208,120	Main mortgages on shares, receivables portfolios, bank accounts, other loans and other	207,418	Main mortgages on shares, receivables portfolios, bank accounts, other loans and other
Total other loans	620,477		616,988	

2.5.2. Debt securities issued by corporations and local government authorities

Debt securities by issuer as at 31 December 2016	Remeasurement method	Purchase price	Total carrying measurement	Measurement at fair value
WIG companies – Raw materials	at amortized cost	90,416	97,781	92,854
Foreign banks	at amortized cost	69,622	75,207	77,465
WIG companies – Banks	at amortized cost	45,556	45,585	44,846
National authorities	at amortized cost	25,000	26,254	27,438
Total		230,594	244,827	242,603

Debt securities by issuer as at 31 December 2015	Remeasurement method	Purchase price	Total carrying measurement	Measurement at fair value
WIG companies – Banks	at amortized cost	335,556	336,941	337,427
WIG companies – Banks	at fair value	98,472	101,266	101,266
Foreign banks	at amortized cost	69,622	72,425	74,876
Mortgage banks	at fair value	41,983	43,179	43,179
National authorities	at amortized cost	25,000	26,251	29,733
WIG companies – Fuels	at fair value	13,489	13,673	13,673
Other	at fair value	18,419	17,154	17,154
Total		602,541	610,889	617,308

2.5.3. Debt securities issued by state treasuries other than Polish

As at 31 December 2016:

Issuer	Currency	Remeasurement method	Purchase price	Total carrying measurement	Measurement at fair value
USA	USD	at fair value	147,175	147,907	147,907
Slovakia	EUR	at fair value	87,704	86,618	86,618
Bulgaria	EUR	at fair value	61,573	70,067	70,067
Slovenia	EUR	at fair value	55,971	59,238	59,238
Hungary	EUR	at fair value	46,872	48,087	48,087
Romania	RON	at fair value	28,185	28,577	28,577
Brazil	USD	at fair value	17,569	19,986	19,986
South Africa	ZAR	at fair value	17,458	18,422	18,422
Romania	EUR	at fair value	10,264	12,626	12,626
Spain	EUR	at fair value	13,115	12,502	12,502
Hungary	HUF	at fair value	6,295	6,545	6,545
Total			492,181	510,575	510,575

As at 31 December 2015:

Issuer	Currency	Remeasurement method	Purchase price	Total carrying measurement	Measurement at fair value
Germany	EUR	at fair value	684,709	680,057	680,057
USA	USD	at fair value	80,031	77,843	77,843
Romania	EUR	at fair value	52,805	56,754	56,754
Hungary	EUR	at fair value	46,872	47,554	47,554
Hungary	HUF	at fair value	41,964	40,852	40,852
Portugal	EUR	at fair value	36,735	35,565	35,565
Spain	EUR	at fair value	31,627	30,451	30,451
Iceland	USD	at fair value	1,508	1,880	1,880
Total			976,251	970,956	970,956

2.5.4. Term deposits at credit institutions

Total term deposits in credit institutions (by maturity)	31 December 2016	31 December 2015
a) up to 3 months	919,677	752,466
b) over 3 months and up to 1 year	-	639,340
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Total term deposits in credit institutions	919,677	1,391,806

Term deposits at credit institutions (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	205,532	491,756
b) in foreign currencies with domestic banks (by currency and translated into PLN)	714,145	900,050
b1. CZK thousand	3,000,000	-
PLN thousand	491,100	-
b2. EUR thousand	50,187	206,063
PLN thousand	222,028	878,138
b3. USD thousand	243	5,617
PLN thousand	1,017	21,912
b4. other	-	-
c) in foreign currencies in foreign banks (by currency and converted to PLN)	-	-
Total term deposits in credit institutions	919,677	1,391,806

2.5.5. Derivatives

Both in 2016 and in 2015, PZU did not apply hedge accounting and had no derivatives to hedge the value of technical provisions.

PZU in its investing activities uses various types of derivatives to manage various types of investment risk. The instruments decrease or increase exposure to specific types of risk. In 2016 and in 2015, PZU used swap transactions, interest rate forwards and exchange rates, as well as, stock index futures, price of commodities and bond prices.

The basic type of risk related to derivatives at PZU is market risk which includes interest rate risk and the risk of fluctuations in the prices of various instruments.

As at 31 December 2016, PZU held the following derivatives and achieved the following results on transactions involving such instruments in 2016:

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2016 in currency thousand in currency thousand	Nominal value as at 31 December 2016 translated into PLN in PLN thousand	Number as at 31 December 2016	Position as at 31 December 2016 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2016 in PLN thousand	Unrealized gains/ losses in 2016 in thousand PLN
Interest rate risk	commercial	IRS	HUF	2024-02-24	Yes	None	None	3,500,000	49,784	1	n/a	-	15,853	10,651	(15,853)
Interest rate risk	commercial	IRS	HUF	2024-04-08	Yes	None	None	3,500,000	49,784	1	n/a	12,429	-	(7,620)	12,429
Interest rate risk	commercial	IRS	HUF	2024-04-08	Yes	None	None	3,500,000	49,784	1	n/a	12,657	-	(7,818)	12,657
Interest rate risk	commercial	IRS	PLN	2018-06-16	Yes	None	None	50,000	50,000	1	n/a	-	1,507	1,637	(1,507)
Interest rate risk	commercial	IRS	PLN	2018-06-16	Yes	None	None	25,000	25,000	1	n/a	-	753	818	(753)
Interest rate risk	commercial	IRS	PLN	2024-06-05	Yes	None	None	65,000	65,000	1	n/a	2,462	-	-	(613)
Interest rate risk	commercial	IRS	PLN	2018-07-08	Yes	None	None	25,000	25,000	1	n/a	456	-	(534)	456
Interest rate risk	commercial	IRS	MXN	2017-10-13	Yes	None	None	3,635,002	732,453	1	n/a	-	8,325	(4,854)	(8,325)
Interest rate risk	commercial	IRS	PLN	2019-12-09	Yes	None	None	25,000	25,000	1	n/a	-	28	133	(28)
Interest rate risk	commercial	IRS	MXN	2017-10-13	Yes	None	None	3,635,002	732,453	1	n/a	7,440	-	5,819	7,440
Interest rate risk	commercial	IRS	PLN	2019-12-19	Yes	None	None	15,000	15,000	1	n/a	-	14	79	(14)
Interest rate risk	commercial	IRS	PLN	2019-12-23	Yes	None	None	10,000	10,000	1	n/a	10	-	35	10
Interest rate risk	commercial	IRS	PLN	2019-12-23	Yes	None	None	30,000	30,000	1	n/a	30	-	104	30
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	266,953	342,714	1	n/a	-	3,279	-	17,226
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	256,665	329,507	1	n/a	-	6,770	-	(20,145)
Interest rate risk	commercial	IRS	ILS	2018-08-14	Yes	None	None	383,000	416,168	1	n/a	2,952	-	-	2,494
Interest rate risk	commercial	IRS	ILS	2018-08-14	Yes	None	None	950,000	1,032,270	1	n/a	7,347	-	-	6,188
Interest rate risk	commercial	IRS	ZAR	2025-09-11	Yes	None	None	575,002	174,513	1	n/a	-	1,714	-	(5,607)
Interest rate risk	commercial	IRS	USD	2023-05-21	Yes	None	None	114,000	476,440	1	n/a	-	11,643	-	(11,643)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	409,042	525,128	1	n/a	1,140	-	-	1,140
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	137,753	176,847	1	n/a	650	-	-	650
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	172,191	221,059	1	n/a	813	-	-	813
Interest rate risk	commercial	IRS	ZAR	2025-08-25	Yes	None	None	1,150,000	349,025	1	n/a	7,171	-	-	7,171
Interest rate risk	commercial	IRS	EUR	2021-05-26	Yes	None	None	1,000	4,424	1	n/a	-	3	(3)	(3)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	949,795	1,219,347	1	n/a	-	4,598	-	(4,598)
Interest rate risk	commercial	IRS	PLN	2017-11-06	Yes	None	None	425,000	425,000	1	n/a	-	691	(82)	(691)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	228,000	292,707	1	n/a	2,163	-	-	2,163
Interest rate risk	commercial	IRS	ZAR	2025-09-11	Yes	None	None	575,002	174,513	1	n/a	2,020	-	-	2,020
Interest rate risk	commercial	IRS	MXN	2018-08-08	Yes	None	None	1,195,002	240,793	1	n/a	-	6,455	310	(6,455)
Interest rate risk	commercial	IRS	MXN	2026-07-29	Yes	None	None	295,002	59,443	1	n/a	7,019	-	(280)	7,019
Interest rate risk	commercial	IRS	MXN	2018-08-09	Yes	None	None	2,350,000	473,525	1	n/a	-	13,111	285	(13,111)
Interest rate risk	commercial	IRS	MXN	2026-07-30	Yes	None	None	570,000	114,855	1	n/a	13,762	-	(147)	13,762
Interest rate risk	commercial	IRS	BRL	2020-01-02	Yes	None	None	182,370	234,127	1	n/a	638	-	-	638
Interest rate risk	commercial	IRS	BRL	2020-01-02	Yes	None	None	192,860	247,594	1	n/a	-	1	-	(1)
Interest rate risk	commercial	IRS	BRL	2020-01-02	Yes	None	None	84,562	108,561	1	n/a	10	-	-	10
Interest rate risk	commercial	IRS	BRL	2019-01-02	Yes	None	None	292,207	375,135	1	n/a	-	953	-	(953)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	497,704	638,953	1	n/a	-	1,562	-	(1,562)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	170,303	218,635	1	n/a	-	487	-	(487)
Interest rate risk	commercial	IRS	HUF	2023-12-19	Yes	None	None	7,049,986	100,279	1	n/a	1,089	-	(91)	1,089
Interest rate risk	commercial	IRS	HUF	2024-02-24	Yes	None	None	3,325,998	47,309	1	n/a	156	-	-	156
Interest rate risk	commercial	IRS	HUF	2020-04-30	Yes	None	None	2,000,000	28,448	1	n/a	6,300	-	(4,625)	6,300
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	1,000,000	14,224	1	n/a	-	3,354	2,500	(3,354)

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2016 in currency thousand in currency thousand	Nominal value as at 31 December 2016 translated into PLN in PLN thousand	Number as at 31 December 2016	Position as at 31 December 2016 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2016 in PLN thousand	Unrealized gains/ losses in 2016 in thousand PLN
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	1,000,000	14,224	1	n/a	-	3,348	2,495	(3,348)
Interest rate risk	commercial	IRS	PLN	2018-07-12	Yes	None	None	112,500	112,500	1	n/a	5,852	-	(6,117)	5,852
Interest rate risk	commercial	IRS	PLN	2018-07-31	Yes	None	None	125,000	125,000	1	n/a	-	5,948	6,232	(5,948)
Interest rate risk	commercial	IRS	ZAR	2022-09-20	Yes	None	None	637,499	193,481	1	n/a	-	487	-	9,523
Interest rate risk	commercial	IRS	PLN	2017-09-28	Yes	None	None	50,000	50,000	1	n/a	-	1,205	1,304	(1,205)
Interest rate risk	commercial	IRS	PLN	2017-10-02	Yes	None	None	25,000	25,000	1	n/a	-	600	649	(600)
Interest rate risk	commercial	IRS	ZAR	2022-10-03	Yes	None	None	637,499	193,481	1	n/a	159	-	-	(9,582)
Interest rate risk	commercial	IRS	PLN	2017-10-04	Yes	None	None	112,500	112,500	1	n/a	-	2,656	2,880	(2,656)
Interest rate risk	commercial	IRS	PLN	2017-10-09	Yes	None	None	25,000	25,000	1	n/a	-	600	649	(600)
Interest rate risk	commercial	IRS	PLN	2017-10-19	Yes	None	None	50,000	50,000	1	n/a	-	1,145	-	(1,145)
Interest rate risk	commercial	IRS	PLN	2017-10-19	Yes	None	None	50,000	50,000	1	n/a	-	1,145	2,495	(1,146)
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/a	-	7,036	7,273	(7,036)
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/a	-	7,036	7,273	(7,036)
Interest rate risk	commercial	IRS	USD	2023-01-08	Yes	None	None	44,500	185,979	1	n/a	-	8,585	-	(1,776)
Interest rate risk	commercial	IRS	PLN	2017-01-09	Yes	None	None	250,000	250,000	1	n/a	-	7,584	7,849	(7,584)
Interest rate risk	commercial	IRS	USD	2023-01-30	Yes	None	None	25,000	104,483	1	n/a	-	4,923	-	(995)
Interest rate risk	commercial	IRS	USD	2023-03-12	Yes	None	None	69,500	290,461	1	n/a	15,287	-	-	2,824
Interest rate risk	commercial	IRS	USD	2023-05-14	Yes	None	None	111,000	463,902	1	n/a	-	18,970	-	(1,544)
Interest rate risk	commercial	IRS	PLN	2017-11-20	Yes	None	None	187,500	187,500	1	n/a	1,560	-	-	1,560
Interest rate risk	commercial	IRS	PLN	2017-11-20	Yes	None	None	125,000	125,000	1	n/a	1,040	-	(3,382)	1,040
Interest rate risk	commercial	IRS	EUR	2017-06-19	Yes	None	None	95,000	420,280	1	n/a	5,342	-	(4,293)	5,342
Interest rate risk	commercial	IRS	PLN	2023-06-20	Yes	None	None	130,000	130,000	1	n/a	-	8,273	-	846
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	77,664	99,705	1	n/a	-	4,031	-	4,831
Interest rate risk	commercial	IRS	USD	2017-07-09	Yes	None	None	128,000	534,950	1	n/a	-	6,764	4,298	(6,764)
Interest rate risk	commercial	IRS	EUR	2017-07-09	Yes	None	None	100,000	442,400	1	n/a	6,507	-	(5,318)	6,507
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	78,851	101,229	1	n/a	9,437	-	-	(2,892)
Interest rate risk	commercial	IRS	CZK	2017-07-29	Yes	None	None	2,500,000	409,250	1	n/a	5,654	-	(5,113)	5,654
Interest rate risk	commercial	IRS	PLN	2017-07-29	Yes	None	None	425,000	425,000	1	n/a	-	8,293	9,207	(8,293)
Interest rate risk	commercial	IRS	PLN	2017-01-16	Yes	None	None	225,000	225,000	1	n/a	7,492	-	-	7,492
Interest rate risk	commercial	IRS	PLN	2017-01-16	Yes	None	None	250,000	250,000	1	n/a	8,349	-	(16,393)	8,349
Interest rate risk	commercial	IRS	CZK	2017-08-03	Yes	None	None	1,225,003	200,533	1	n/a	2,824	-	(2,605)	2,824
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/a	8,018	-	(8,291)	8,018
Interest rate risk	commercial	IRS	PLN	2017-08-19	Yes	None	None	225,000	225,000	1	n/a	-	5,405	6,076	(5,405)
Interest rate risk	commercial	IRS	CZK	2017-08-16	Yes	None	None	1,250,000	204,625	1	n/a	2,947	-	(2,719)	2,947
Interest rate risk	commercial	IRS	PLN	2023-09-09	Yes	None	None	130,000	130,000	1	n/a	13,136	-	-	(804)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	84,996	109,118	1	n/a	-	2,153	-	6,005
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	81,213	104,261	1	n/a	-	3,494	-	5,201
Interest rate risk	commercial	IRS	PLN	2017-09-17	Yes	None	None	215,000	215,000	1	n/a	5,292	-	(5,714)	5,292
Interest rate risk	commercial	IRS	CZK	2017-10-19	Yes	None	None	1,250,000	204,625	1	n/a	-	2,640	2,316	(2,640)
Interest rate risk	commercial	IRS	CZK	2017-10-21	Yes	None	None	1,200,000	196,440	1	n/a	-	2,465	2,151	(2,465)
Interest rate risk	commercial	IRS	CZK	2017-10-21	Yes	None	None	1,200,000	196,440	1	n/a	-	2,465	2,151	(2,465)
Interest rate risk	commercial	IRS	CZK	2017-10-19	Yes	None	None	1,250,000	204,625	1	n/a	-	2,558	2,238	(2,558)
Interest rate risk	commercial	IRS	USD	2017-10-26	Yes	None	None	128,000	534,950	1	n/a	3,961	-	(1,514)	3,961
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	179,632	230,611	1	n/a	-	1,836	-	(14,751)

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2016 in currency thousand in currency thousand	Nominal value as at 31 December 2016 translated into PLN in PLN thousand	Number as at 31 December 2016	Position as at 31 December 2016 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2016 in PLN thousand	Unrealized gains/ losses in 2016 in thousand PLN
Interest rate risk	commercial	Futures on interest rate	EUR	2017-03-20	Yes	None	None	48,903	216,349	195	short	-	2,966	-	(441)
Interest rate risk	commercial	Futures on interest rate	GBP	2017-03-29	Yes	None	None	6,292	32,367	50	short	-	844	-	(844)
Interest rate risk	commercial	Futures on interest rate	USD	2017-03-22	Yes	None	None	45,611	190,623	367	short	-	2,452	-	(2,452)
Interest rate risk	commercial	Futures on interest rate	USD	2017-03-22	Yes	None	None	35,255	147,341	220	short	343	71	-	272
Interest rate risk	commercial	Futures on interest rate	USD	2018-12-18	Yes	None	None	85,750	358,375	350	short	2,926	-	1,933	2,926
Interest rate risk	commercial	Futures on interest rate	EUR	2017-03-08	Yes	None	None	18,220	80,604	105	short	-	2,380	-	(2,380)
Interest rate risk	commercial	Futures on interest rate	EUR	2017-03-08	Yes	None	None	187,459	829,320	58	long	3,525	2,601	151	924
Interest rate risk	commercial	Futures on interest rate	EUR	2017-03-08	Yes	None	None	121,911	539,336	803	short	-	4,613	243	(4,613)
Exchange rate risk	commercial	FX SWAP	CZK	2017-01-03	Yes	None	None	192,999	31,594	1	long	-	381	-	(381)
Exchange rate risk	commercial	FX SWAP	CZK	2017-01-06	Yes	None	None	3,000,000	491,100	1	long	965	-	67	965
Exchange rate risk	commercial	FX SWAP	HUF	2017-01-09	Yes	None	None	1,085,419	15,439	1	long	-	163	(8)	(163)
Exchange rate risk	commercial	FX SWAP	USD	2017-01-09	Yes	None	None	10,000	41,793	1	long	-	633	(146)	(633)
Exchange rate risk	commercial	FX SWAP	USD	2017-01-09	Yes	None	None	5,000	20,897	1	long	-	316	(73)	(316)
Exchange rate risk	commercial	FX SWAP	USD	2017-01-09	Yes	None	None	41,000	171,351	1	long	-	2,594	(599)	(2,594)
Exchange rate risk	commercial	FX SWAP	RON	2017-01-09	Yes	None	None	29,000	28,272	1	long	214	-	(5)	214
Exchange rate risk	commercial	FX SWAP	USD	2017-01-13	Yes	None	None	28,000	117,020	1	short	-	466	(392)	(466)
Exchange rate risk	commercial	FX SWAP	USD	2017-01-09	Yes	None	None	25,000	104,483	1	long	-	679	123	(679)
Interest rate risk	commercial	IRS	AUD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	6,202	-
Interest rate risk	commercial	IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,032)	-
Interest rate risk	commercial	IRS	CAD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(8,627)	-
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5,318)	-
Interest rate risk	commercial	IRS	MXN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(3,091)	-
Interest rate risk	commercial	IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(729)	-
Interest rate risk	commercial	IRS	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	43	-
Interest rate risk	commercial	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	10,853	-
Interest rate risk	commercial	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(11,344)	-
Interest rate risk	commercial	Futures in	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	12,181	-

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2016 in currency thousand in currency thousand	Nominal value as at 31 December 2016 translated into PLN in PLN thousand	Number as at 31 December 2016	Position as at 31 December 2016 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2016 in PLN thousand	Unrealized gains/ losses in 2016 in thousand PLN
Interest rate risk	commercial	interest rate Futures on interest rate	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	9,359	-
Exchange rate risk	commercial	FX SWAP	CHF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(788)	-
Exchange rate risk	commercial	FX SWAP	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(6,844)	-
Exchange rate risk	commercial	FX SWAP	GBP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	6,972	-
Exchange rate risk	commercial	FX SWAP	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	31	-
Exchange rate risk	commercial	FX SWAP	RON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	51	-
Exchange rate risk	commercial	FX SWAP	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(245)	-
Exchange rate risk	commercial	FX SWAP	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(15,361)	-
Exchange rate risk	commercial	FX SWAP	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,701)	-
Exchange rate risk	commercial	Forward	AUD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,747)	-
Exchange rate risk	commercial	Forward	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	3,842	-
Exchange rate risk	commercial	Forward	GBP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5,390)	-
Exchange rate risk	commercial	Forward	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,067)	-
Exchange rate risk	commercial	Forward	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	294	-
Exchange rate risk	commercial	Forward	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	5,072	-
Price risk	commercial	Futures on interest rate	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2,215)	-
Price risk	commercial	Option	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5,011)	-
Price risk	commercial	Option	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,879)	-
Price risk	commercial	Option	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2,867)	-
TOTAL												199,544	223,905	(16,669)	(11,673)

As at 31 December 2015, PZU held the following derivatives and achieved the following results on transactions involving such instruments in 2015:

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2015 in currency thousand	Nominal value as at 31 December 2015 translated into PLN in PLN thousand	Number as at 31 December 2015	Position as at 31 December 2015 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2015 in PLN thousand	Unrealized gains/ losses in 2015 in thousand PLN
Interest rate risk	commercial	IRS	HUF	2024-02-24	Yes	None	None	3,500,037	47,604	1	n/d	-	12,798	9,859	(12,798)
Interest rate risk	commercial	IRS	HUF	2024-04-08	Yes	None	None	3,500,037	47,604	1	n/d	9,322	-	(6,551)	9,322
Interest rate risk	commercial	IRS	HUF	2024-04-08	Yes	None	None	3,500,037	47,604	1	n/d	9,557	-	(6,773)	9,557
Interest rate risk	commercial	IRS	PLN	2016-03-09	Yes	None	None	250,000	250,000	1	n/d	-	6,075	6,041	(6,075)
Interest rate risk	commercial	IRS	PLN	2016-03-09	Yes	None	None	250,000	250,000	1	n/d	-	6,050	6,017	(6,050)
Interest rate risk	commercial	IRS	PLN	2018-06-16	Yes	None	None	50,000	50,000	1	n/d	-	2,217	2,047	(2,217)
Interest rate risk	commercial	IRS	PLN	2018-06-16	Yes	None	None	25,000	25,000	1	n/d	-	1,108	1,023	(1,108)
Interest rate risk	commercial	IRS	PLN	2018-06-18	Yes	None	None	70,000	70,000	1	n/d	-	3,150	2,912	(3,150)
Interest rate risk	commercial	IRS	PLN	2024-06-05	Yes	None	None	65,000	65,000	1	n/d	3,075	-	-	(712)
Interest rate risk	commercial	IRS	PLN	2018-07-08	Yes	None	None	25,000	25,000	1	n/d	782	-	(701)	782
Interest rate risk	commercial	IRS	MXN	2017-10-13	Yes	None	None	3,635,000	814,967	1	n/d	5,068	-	-	6,240
Interest rate risk	commercial	IRS	PLN	2016-11-10	Yes	None	None	125,000	125,000	1	n/d	-	184	161	(184)
Interest rate risk	commercial	IRS	PLN	2016-11-12	Yes	None	None	128,000	128,000	1	n/d	-	201	188	(201)
Interest rate risk	commercial	IRS	PLN	2019-12-09	Yes	None	None	25,000	25,000	1	n/d	-	211	128	(211)
Interest rate risk	commercial	IRS	MXN	2017-10-13	Yes	None	None	3,635,000	814,967	1	n/d	-	6,199	-	(6,224)
Interest rate risk	commercial	IRS	PLN	2019-12-19	Yes	None	None	15,000	15,000	1	n/d	-	125	77	(125)
Interest rate risk	commercial	IRS	PLN	2019-12-23	Yes	None	None	10,000	10,000	1	n/d	-	58	27	(58)
Interest rate risk	commercial	IRS	PLN	2019-12-23	Yes	None	None	30,000	30,000	1	n/d	-	175	81	(175)
Interest rate risk	commercial	IRS	HUF	2024-02-24	Yes	None	None	3,326,005	45,237	1	n/d	1,122	-	(473)	1,122
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	266,953	262,975	1	n/d	-	20,505	-	(20,505)
Interest rate risk	commercial	IRS	USD	2023-05-20	Yes	None	None	114,000	444,725	1	n/d	6,474	-	-	6,474
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	256,665	252,841	1	n/d	13,375	-	-	13,375
Interest rate risk	commercial	IRS	MXN	2017-07-21	Yes	None	None	4,200,000	941,640	1	n/d	2,591	-	-	2,591
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	370,260	364,743	1	n/d	-	23,018	-	(23,018)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	124,740	122,881	1	n/d	-	7,544	-	(7,544)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	155,019	152,709	1	n/d	-	8,405	-	(8,405)
Interest rate risk	commercial	IRS	AUD	2019-08-12	Yes	None	None	36,600	104,478	1	n/d	151	-	-	151
Interest rate risk	commercial	IRS	AUD	2019-08-14	Yes	None	None	150,000	428,190	1	n/d	457	-	-	457
Interest rate risk	commercial	IRS	ILS	2018-08-14	Yes	None	None	383,000	382,847	1	n/d	458	-	-	458
Interest rate risk	commercial	IRS	ILS	2018-08-14	Yes	None	None	950,000	949,620	1	n/d	1,159	-	-	1,159
Interest rate risk	commercial	IRS	PLN	2017-11-06	Yes	None	None	425,000	425,000	1	n/d	500	-	-	500
Interest rate risk	commercial	IRS	PLN	2025-08-26	Yes	None	None	50,000	50,000	1	n/d	-	806	-	(806)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	199,063	196,097	1	n/d	9,253	-	-	9,253
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	648,798	639,131	1	n/d	30,157	-	-	30,157
Interest rate risk	commercial	IRS	ZAR	2025-08-25	Yes	None	None	1,150,000	287,155	1	n/d	-	9,049	-	(9,049)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	196,145	193,222	1	n/d	-	5,393	-	(5,393)
Interest rate risk	commercial	IRS	ZAR	2025-09-11	Yes	None	None	575,002	143,578	1	n/d	3,893	-	-	3,893
Interest rate risk	commercial	IRS	ZAR	2025-09-11	Yes	None	None	575,002	143,578	1	n/d	3,930	-	-	3,930
Interest rate risk	commercial	IRS	AUD	2019-10-23	Yes	None	None	40,000	114,184	1	n/d	-	351	-	(351)
Interest rate risk	commercial	IRS	AUD	2019-10-23	Yes	None	None	107,000	305,442	1	n/d	-	967	-	(967)
Interest rate risk	commercial	IRS	CAD	2025-10-28	Yes	None	None	33,000	92,737	1	n/d	-	27	-	(27)

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2015 in currency thousand in currency thousand	Nominal value as at 31 December 2015 translated into PLN in PLN thousand	Number as at 31 December 2015	Position as at 31 December 2015 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2015 in PLN thousand	Unrealized gains/ losses in 2015 in thousand PLN
Interest rate risk	commercial	IRS	HUF	2023-12-19	Yes	None	None	7,049,996	95,887	1	n/d	-	64	(130)	(64)
Interest rate risk	commercial	IRS	CAD	2025-11-09	Yes	None	None	56,000	157,371	1	n/d	-	1,661	-	(1,661)
Interest rate risk	commercial	IRS	PLN	2025-12-08	Yes	None	None	25,000	25,000	1	n/d	11	-	-	11
Interest rate risk	commercial	IRS	HUF	2020-04-30	Yes	None	None	2,000,000	27,202	1	n/d	6,057	-	(4,845)	6,057
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	1,000,000	13,601	1	n/d	-	3,264	2,641	(3,264)
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	1,000,000	13,601	1	n/d	-	3,257	2,635	(3,257)
Interest rate risk	commercial	IRS	RUB	2016-04-13	Yes	None	None	325,000	17,160	1	n/d	-	97	(323)	(97)
Interest rate risk	commercial	IRS	RUB	2016-04-13	Yes	None	None	325,000	17,160	1	n/d	-	106	(314)	(106)
Interest rate risk	commercial	IRS	PLN	2018-07-12	Yes	None	None	112,500	112,500	1	n/d	9,163	-	(8,668)	9,163
Interest rate risk	commercial	IRS	PLN	2018-07-31	Yes	None	None	125,000	125,000	1	n/d	-	9,340	8,791	(9,340)
Interest rate risk	commercial	IRS	ZAR	2022-09-20	Yes	None	None	637,501	159,184	1	n/d	-	10,010	-	(8,168)
Interest rate risk	commercial	IRS	PLN	2017-09-28	Yes	None	None	50,000	50,000	1	n/d	-	2,549	2,356	(2,549)
Interest rate risk	commercial	IRS	PLN	2017-10-02	Yes	None	None	25,000	25,000	1	n/d	-	1,273	1,178	(1,273)
Interest rate risk	commercial	IRS	ZAR	2022-10-03	Yes	None	None	637,501	159,184	1	n/d	9,741	-	-	8,193
Interest rate risk	commercial	IRS	PLN	2017-10-04	Yes	None	None	112,500	112,500	1	n/d	-	5,615	5,193	(5,615)
Interest rate risk	commercial	IRS	PLN	2017-10-09	Yes	None	None	25,000	25,000	1	n/d	-	1,273	1,178	(1,273)
Interest rate risk	commercial	IRS	PLN	2017-10-19	Yes	None	None	50,000	50,000	1	n/d	-	2,434	2,248	(2,434)
Interest rate risk	commercial	IRS	PLN	2017-10-19	Yes	None	None	50,000	50,000	1	n/d	-	2,434	2,248	(2,434)
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/d	-	4,380	-	(364)
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/d	-	4,380	-	(364)
Interest rate risk	commercial	IRS	USD	2023-01-08	Yes	None	None	44,500	173,599	1	n/d	-	6,809	-	(3,493)
Interest rate risk	commercial	IRS	PLN	2017-01-09	Yes	None	None	250,000	250,000	1	n/d	-	4,671	-	(402)
Interest rate risk	commercial	IRS	USD	2023-01-30	Yes	None	None	25,000	97,528	1	n/d	-	3,928	-	(1,957)
Interest rate risk	commercial	IRS	USD	2023-03-12	Yes	None	None	69,500	271,126	1	n/d	12,464	-	-	5,538
Interest rate risk	commercial	IRS	RUB	2016-04-15	Yes	None	None	325,000	17,160	1	n/d	174	-	311	174
Interest rate risk	commercial	IRS	RUB	2016-04-15	Yes	None	None	325,000	17,160	1	n/d	173	-	312	173
Interest rate risk	commercial	IRS	USD	2023-05-14	Yes	None	None	111,000	433,022	1	n/d	-	17,426	-	(7,868)
Interest rate risk	commercial	IRS	PLN	2017-11-20	Yes	None	None	187,500	187,500	1	n/d	3,733	-	(3,245)	3,733
Interest rate risk	commercial	IRS	PLN	2017-11-20	Yes	None	None	125,000	125,000	1	n/d	2,489	-	(2,164)	2,489
Interest rate risk	commercial	IRS	EUR	2017-06-19	Yes	None	None	95,000	404,843	1	n/d	9,615	-	(7,745)	9,615
Interest rate risk	commercial	IRS	PLN	2023-06-20	Yes	None	None	130,000	130,000	1	n/d	-	9,119	-	857
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	77,664	76,507	1	n/d	-	8,862	-	(6,317)
Interest rate risk	commercial	IRS	USD	2017-07-09	Yes	None	None	128,000	499,341	1	n/d	-	11,763	6,239	(11,763)
Interest rate risk	commercial	IRS	EUR	2017-07-09	Yes	None	None	100,000	426,150	1	n/d	10,939	-	-	1,980
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	78,851	77,676	1	n/d	12,330	-	-	5,462
Interest rate risk	commercial	IRS	CZK	2017-07-29	Yes	None	None	2,500,000	394,250	1	n/d	10,480	-	-	724
Interest rate risk	commercial	IRS	PLN	2017-07-29	Yes	None	None	425,000	425,000	1	n/d	-	17,704	-	(910)
Interest rate risk	commercial	IRS	PLN	2017-01-16	Yes	None	None	225,000	225,000	1	n/d	4,841	-	-	388
Interest rate risk	commercial	IRS	PLN	2017-01-16	Yes	None	None	250,000	250,000	1	n/d	5,456	-	-	424
Interest rate risk	commercial	IRS	CZK	2017-08-03	Yes	None	None	1,225,003	193,183	1	n/d	5,293	-	-	394
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/d	5,398	-	-	377
Interest rate risk	commercial	IRS	PLN	2017-08-19	Yes	None	None	225,000	225,000	1	n/d	-	11,610	-	(752)
Interest rate risk	commercial	IRS	CZK	2017-08-16	Yes	None	None	1,250,000	197,125	1	n/d	5,485	-	-	306

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2015 in currency thousand in currency thousand	Nominal value as at 31 December 2015 translated into PLN in PLN thousand	Number as at 31 December 2015	Position as at 31 December 2015 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2015 in PLN thousand	Unrealized gains/ losses in 2015 in thousand PLN
Interest rate risk	commercial	IRS	PLN	2023-09-09	Yes	None	None	130,000	130,000	1	n/d	13,941	-	-	(904)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	84,996	83,730	1	n/d	-	8,158	-	(7,170)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	81,213	80,003	1	n/d	-	8,695	-	(6,599)
Interest rate risk	commercial	IRS	PLN	2017-09-17	Yes	None	None	215,000	215,000	1	n/d	11,225	-	-	570
Interest rate risk	commercial	IRS	CZK	2017-10-19	Yes	None	None	1,250,000	197,125	1	n/d	-	4,848	-	(262)
Interest rate risk	commercial	IRS	CZK	2017-10-21	Yes	None	None	1,200,000	189,240	1	n/d	-	4,492	-	(237)
Interest rate risk	commercial	IRS	CZK	2017-10-21	Yes	None	None	1,200,000	189,240	1	n/d	-	4,492	-	(237)
Interest rate risk	commercial	IRS	CZK	2017-10-19	Yes	None	None	1,250,000	197,125	1	n/d	-	4,689	-	(257)
Interest rate risk	commercial	IRS	USD	2017-10-26	Yes	None	None	128,000	499,341	1	n/d	7,701	-	-	5,785
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	179,632	176,955	1	n/d	12,916	-	-	15,911
Interest rate risk	commercial	Futures on interest rate	EUR	2016-12-20	Yes	None	None	48,294	205,806	195	short	-	2,306	-	(634)
Interest rate risk	commercial	Futures on interest rate	EUR	2016-06-20	Yes	None	None	48,421	206,346	195	short	-	1,776	-	(540)
Interest rate risk	commercial	Futures on interest rate	EUR	2016-03-20	Yes	None	None	48,474	206,574	195	short	-	1,517	-	(478)
Interest rate risk	commercial	Futures on interest rate	EUR	2017-03-20	Yes	None	None	48,233	205,545	195	short	-	2,525	-	(634)
Interest rate risk	commercial	Futures on interest rate	EUR	2016-09-20	Yes	None	None	48,358	206,076	195	short	-	2,057	-	(602)
Exchange rate risk	commercial	FX SWAP	USD	2016-01-11	Yes	None	None	5,500	21,456	1	long	139	-	-	139
Exchange rate risk	commercial	FX SWAP	EUR	2016-01-04	Yes	None	None	80,300	342,198	1	long	2,233	-	-	2,233
Exchange rate risk	commercial	FX SWAP	EUR	2016-01-04	Yes	None	None	2,350	10,015	1	long	38	-	-	38
Exchange rate risk	commercial	FX SWAP	GBP	2016-01-07	Yes	None	None	12,500	72,328	1	long	377	-	-	377
Exchange rate risk	commercial	FX SWAP	EUR	2016-01-07	Yes	None	None	25,000	106,538	1	long	553	-	-	553
Exchange rate risk	commercial	FX SWAP	EUR	2016-01-11	Yes	None	None	3,698	15,760	1	long	142	-	-	142
Exchange rate risk	commercial	FX SWAP	EUR	2016-01-11	Yes	None	None	462	1,970	1	long	18	-	-	18
Exchange rate risk	commercial	FX SWAP	USD	2016-01-11	Yes	None	None	15,200	59,297	1	short	-	267	-	(267)
Exchange rate risk	commercial	FX SWAP	HUF	2016-01-29	Yes	None	None	2,894,420	39,367	1	long	87	-	-	87
Interest rate risk	commercial	IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(8,088)	-
Interest rate risk	commercial	IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	26,092	-
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(3,779)	-
Interest rate risk	commercial	IRS	ILS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	4,071	-
Interest rate risk	commercial	IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(625)	-
Interest rate risk	commercial	IRS	SEK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	3,890	-
Interest rate risk	commercial	IRS	THB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,471	-
Interest rate risk	commercial	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	817	-

Risk hedged	Acquisition/ issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as at 31 December 2015 in currency thousand in currency thousand	Nominal value as at 31 December 2015 translated into PLN in PLN thousand	Number as at 31 December 2015	Position as at 31 December 2015 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realized gains/ losses in 2015 in PLN thousand	Unrealized gains/ losses in 2015 in thousand PLN
Interest rate risk	commercial	Futures on interest rate	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	3,671	-
Interest rate risk	commercial	Futures on interest rate	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(839)	-
Interest rate risk	commercial	Futures on interest rate	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(7,230)	-
Interest rate risk	commercial	Future interest rates agreements FRA	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(210)	-
Exchange rate risk	commercial	FX SWAP	DKK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	2,328	-
Exchange rate risk	commercial	FX SWAP	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(32,308)	-
Exchange rate risk	commercial	FX SWAP	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(579)	-
Exchange rate risk	commercial	FX SWAP	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	3	-
Exchange rate risk	commercial	FX SWAP	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(4,584)	-
Exchange rate risk	commercial	Forward	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(707)	-
Exchange rate risk	commercial	Forward	GBP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(175)	-
Exchange rate risk	commercial	Forward	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(87)	-
Exchange rate risk	commercial	Forward	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	180	-
Price risk	commercial	Option	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(10,188)	-
Price risk	commercial	Option	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,820)	-
Price risk	commercial	Option	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(4,981)	-
Price risk	commercial	Option	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(7,889)	-
TOTAL												264,536	304,467	(19,607)	(28,567)

2.6 Exposure of investment to risks

The risk management objective is to ensure that PZU, when pursuing its business goals, keeps monitoring and managing its portfolios in a safe manner and adequately to the scale of incurred risk.

Key elements of risk management in PZU include:

- risk management organizational structure, in which Supervisory Board, Management Board, Risk Committee, ALCO, Credit Risk Committee (the "Committees"), Investment Function and Risk Function play key roles;
- identification, measurement, evaluation, monitoring and reporting processes and management measures regarding each type of risk;
- the system of limits and restrictions to acceptable risk level determined by the Supervisory Board, Management Board and adequate Committees.

Based on internal regulations of the Company, the Supervisory Board, Management Board and Committees supervise the process of achieving the key risk management objective, i.e. mitigating risk through its active monitoring and management. The risk appetite was determined based on a system of limits, including all material factors related to the investment risk. The key risk management tools used by the Company are, inter alia:

- Value at Risk limits, the risk measure identifying a potential loss unlikely to be exceeded (99.5% probability that it will not be exceeded) under normal market conditions within one year;
- Basis Point Value limits, i.e. changes in the value of financial instruments and portfolio if interest rate curves move 1 bp up;
- share price risk sensitivity limits including the derivative exposure to the share price risk;
- limit of the maximum position for each foreign currency;
- limit of the global position for each foreign currency;
- position limits for individual foreign currencies;
- exposure limits;
- net credit exposure limits weighted by maturity.

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 Committees.

Below please find information regarding most material market risks in PZU.

2.6.1. Interest rate risk

Interest rate risk is defined as a possibility to incur a loss following changes in the value of financial instruments or assets and fluctuations in the present value of projected cash flows on liabilities following changes in term structure of market interest rates or changing variability of the risk-free rates. The table below presents financial instruments exposed to interest rate risk.

Interest rate risk	31 December 2016 (PLN million)	31 December 2016 (% of financial investments)	31 December 2015 (PLN million)	31 December 2015 (% of financial investments)
Financial instruments in the held for trading and available for sale portfolio	6,910.4	22.2%	1,353.8	4.2%
Financial instruments in the portfolio of instruments held to maturity portfolio	5,453.1	17.5%	5,376.8	16.8%
Debt securities held in the loans portfolio	20.4	0.1%	311.8	1.0%
Debt and cash investment funds	717.7	2.3%	6,996.2	21.9%

For the above financial instruments measured at fair value, the drop in value that results from the increase in interest rates by 100 bps amounts to PLN 265 million (PLN 68 million as at 31 December 2015). The increase in value that results from the decrease in interest rates by 100 bps amounts to PLN 293 million (PLN 84 million as at 31 December 2015).

2.6.2. Share price risk

Share price risk is defined as a possibility to incur a loss following changes in the value of assets, liabilities and financial instruments as a result of changes in market prices of shares or their volatility.

Share price risk	31 December 2016 (PLN million)	31 December 2016 (% of financial investments)	31 December 2015 (PLN million)	31 December 2015 (% of financial investments)
Financial instruments exposed to the share price risk, including:	9,397.9	30.2%	7,861.6	24.3%
- unquoted shares	7,003.4	22.5%	6,169.6	19.1%
- quoted shares	2,271.3	7.3%	1,294.3	4.0%
- other investments	-	-	341.7	1.1%
- equity funds	123.2	0.4%	56.0	0.2%

2.6.3. Property risk

Exposure to property price risk results from investing in property and investment certificates of funds that invest in the property sector.

Property risk	31 December 2016 (PLN million)	31 December 2016 (% of financial investments)	31 December 2015 (PLN million)	31 December 2015 (% of financial investments)
Value of investments exposed to property price risk, including:	1,640.1	5.3%	1,643.3	5.1%
- investment certificates in property sector funds	1,252.3	4.0%	1,167.5	3.6%
- property	387.8	1.3%	475.8	1.5%

2.6.4. Credit risk

Credit risk is defined as the risk of loss or unfavorable change of the financial standing resulting from fluctuations of reliability and creditworthiness of issuers of securities, counterparties and debtors, which materializes in their failure to perform or an increase in credit spread.

The tables below present the value of items exposed to the credit risk, broken down by rating categories as at 31 December 2016 and 31 December 2015. The following assumption has been adopted:

- the exposure to credit risk relating to repo transactions has been presented as an exposure towards the issuer of collateral instruments;
- investment ratings adopted are based on Fitch ratings (if these are absent, Standard&Poor's or Moody's are used);

Assets exposed to credit risk as at 31 December 2016 (PLN million)	AAA	AA	A	BBB	BB	lower than BB or no rating	Total
Debt securities	148	-	11,821	272	20	123	12,384
- held to maturity	-	-	5,255	75	-	123	5,453
- available for sale	-	-	40	-	-	-	40
- measured at fair value	148	-	6,506	197	20	-	6,871 ¹⁾
- loans	-	-	20	-	-	-	20
Bank deposits and repo transactions involving treasury securities	-	-	1,286	45	-	1	1,332
Mortgages	-	-	-	-	-	951	951
Other loans	-	-	-	-	-	598	598
Derivatives	-	3	177	16	-	4	200

Reinsurers' share in net claim provisions	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-	-
Reinsurance receivables	-	-	-	-	-	-	-
Total assets exposed to credit risk	148	3	13,284	333	20	1,677	15,465

1) The increase in debt instruments measured at fair value in 2016 results from acquisition of bonds valued at PLN 6,250,000 thousand upon the redemption of participation units in PZU Specjalistyczny Fundusz Inwestycyjny Universum, described in Point 9.1. of the overview to the financial statements.

Assets exposed to credit risk as at 31 December 2015 (PLN million)	AAA	AA	A	BBB	BB	lower than BB or no rating	Total
Debt securities	758	-	5,530	428	309	17	7,042
- held to maturity	-	-	5,279	72	25	-	5,376
- available for sale	519	-	251	150	9	17	946
- measured at fair value	239	-	-	45	124	-	408
- loans	-	-	-	161	151	-	312
Bank deposits and repo transactions involving treasury securities	-	-	1,032	769	-	-	1,801
Mortgages	-	-	-	-	-	918	918
Other loans	-	-	-	-	71	372	443
Derivatives	-	15	239	11	-	-	265
Reinsurers' share in net claim provisions	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-	-
Reinsurance receivables	-	-	-	-	-	-	-
Total assets exposed to credit risk	758	15	6,801	1,208	380	1,307	10,469

As at 31 December 2016, the maximum potential credit loss for PZU was PLN 638.8 million (as at 31 December 2015: PLN 548.3 million). The amount calculation was based on average accumulated probability ratios regarding insolvency within ten-year horizon for a given rating group published by Standard&Poor's and presented in the table below:

Assets exposed to credit risk as at 31 December 2016	AAA	AA	A	BBB	BB	lower than BB or no rating¹⁾
The ratio for the conversion as at 31 December 2016 (%)	0.72	0.79	1.48	3.89	13.45	25.37
The ratio for the conversion as at 31 December 2015 (%)	0.74	0.82	1.51	4.06	13.74	25.91

¹⁾ In the case of exposure to mortgages with no rating, the ratio of 2% was adopted corresponding to the lowest BBB+ investment rating.

2.6.5. Concentration risk

Concentration risk	31 December 2016 (PLN million)	31 December 2016 (% of financial investments)	31 December 2015 (PLN million)	31 December 2015 (% of financial investments)
Treasury securities issued by the State Treasury of the Republic of Poland together with repo transactions involving such securities	11,437.3 ¹⁾	36.4%	5,870.2	18.3%

1) The increase in debt instruments measured at fair value in 2016 results from acquisition of bonds valued at PLN 6,250,000 thousand upon the redemption of participation units in PZU Specjalistyczny Fundusz Inwestycyjny Universum, described in Point 9.1. of the overview to the financial statements.

2.6.6. Currency risk

Currency risk is defined as a possibility to incur a loss following changes in the value of assets, technical provisions net of reinsurance and derivatives resulting from changes or volatility of currency exchange rates.

PZU is exposed to currency risk arising from currency mismatch of technical provisions whose value depends on exchange rates and assets denominated in foreign currencies, in particular: securities, investments in financial institutions, investment fund participation units and derivatives, i.e. fx forward, fx swap, interest/ currency swap with forex rates as underlying instruments, i.e. fx forward, fx swap and interest rate - fx swaps.

Currency risk	31 December 2016 (PLN million)	31 December 2015 (PLN million)
Amount of assets denominated in foreign currencies	4,581.5	4,028.4
Value of technical provisions denominated in foreign currencies net of reinsurance	651.9	437.6
Liabilities from loans from PZU Finance AB (publ.) funded from debt securities issued by PZU Finance AB (publ.)	3,765.0	3,611.6
Currency mismatch	164.6	(20.8)

3. Receivables

Geographical structure of receivables	31 December 2016				31 December 2015			
	Domestic	Foreign – EU countries	Foreign –other countries	Total	Domestic	Foreign – EU countries	Foreign –other countries	Total
I. Direct insurance receivables	1,728,960	14,198	8,984	1,752,142	1,428,341	3,652	1,835	1,433,828
1. Receivables from policyholders	1,522,295	12,291	8,984	1,543,570	1,293,812	2,084	1,835	1,297,731
2. Receivables from intermediaries	188,307	53	-	188,360	113,529	86	-	113,615
3. Other receivables	18,358	1,854	-	20,212	21,000	1,482	-	22,482
II. Reinsurance receivables	84,923	37,630	7,584	130,137	22,644	12,995	5,290	40,929
III. Other receivables	220,607	122,009	27,543	370,159	240,711	67,004	19,431	327,146
1. Receivables from the State Budget	11,486	-	-	11,486	63,641	-	-	63,641
2. Other receivables	209,121	122,009	27,543	358,673	177,070	67,004	19,431	263,505
Total receivables	2,034,490	173,837	44,111	2,252,438	1,691,696	83,651	26,556	1,801,903

3.1 Direct insurance receivables

Direct insurance receivables	31 December 2016	31 December 2015
a) receivables from policyholders	1,543,570	1,297,731
- from related parties	3,310	2,408
- domestic	3,310	2,408
- foreign	-	-
- from other entities	1,540,260	1,295,323
- domestic	1,518,985	1,291,404
- foreign	21,275	3,919
b) receivables from intermediaries, including:	188,360	113,615
- from related parties	8	11
- domestic	8	11
- foreign	-	-
- from other entities	188,352	113,604
- domestic	188,299	113,518
- foreign	53	86
c) other receivables	20,212	22,482
- from related parties	-	-
- domestic	-	-
- foreign	-	-
- from other entities	20,212	22,482
- domestic	18,358	21,000
- foreign	1,854	1,482
Total insurance receivables (net)	1,752,142	1,433,828
d) impairment losses	524,532	533,079
Total direct insurance receivables (gross)	2,276,674	1,966,907

Direct insurance receivables - with maturity periods after the balance sheet date	31 December 2016	31 December 2015
a) up to 3 months ¹⁾	1,107,984	994,230
b) over 3 months and up to 1 year	564,060	333,453
c) over 1 year and up to 5 years	80,055	106,145
d) over 5 years	43	-
Total direct insurance receivables	1,752,142	1,433,828

¹⁾ As at 31 December 2016, overdue net direct insurance receivables amounted to PLN 280,075 thousand (31 December 2015: PLN 303,208 thousand).

Direct insurance receivables (net)	31 December 2016	31 December 2015
a) from subsidiaries	3,318	2,419
b) from joint-ventures	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from shareholders in joint-ventures	-	-
f) from parent entity	-	-
g) other	1,748,824	1,431,409
Total direct insurance receivables	1,752,142	1,433,828

Direct insurance receivables (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	1,749,490	1,433,828
b) foreign currencies (by currency and converted to PLN)	2,652	-
b1. EUR thousand	599	-
PLN thousand	2,652	-
Total direct insurance receivables	1,752,142	1,433,828

Balance of co-insurance settlements	31 December 2016	31 December 2015
Balance of co-insurance settlements	85,516	105,502

3.2 Reinsurance receivables

Reinsurance receivables	31 December 2016	31 December 2015
a) current receivables from reinsurance inwards, including:	67,783	9,989
- from domestic cedents	66,265	5,712
- from foreign cedents	1,518	4,277
b) current receivables from reinsurance outwards, including:	29,983	26,321
- from domestic reinsurers	7,231	16,493
- from foreign reinsurers	22,752	9,828
c) current receivables from retrocession, including:	32,371	4,619
- from domestic entities	11,427	439
- from foreign entities	20,944	4,180
d) receivables from deferred reinsurance commission	-	-
e) receivables from reinsurers' share in claims paid	-	-
Total reinsurance receivables (net)	130,137	40,929
f) impairment losses	7,968	6,226
Total reinsurance receivables (gross)	138,105	47,155

Reinsurance receivables	31 December 2016	31 December 2015
a) from subsidiaries	62,733	2,452
b) from joint-ventures	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from shareholders in joint-ventures	-	-
f) from parent entity	-	-
g) other	67,404	38,477
Total reinsurance receivables	130,137	40,929

Reinsurance receivables	31 December 2016	31 December 2015
a) current receivables from reinsurance inwards, including:	67,783	9,989
- from cedents being subsidiaries	62,733	2,452
- from joint-ventures	-	-
- from cedents being associates	-	-
- from a cedents being a major investor	-	-
- from a cedents being shareholders in joint-ventures	-	-
- from a cedents being the parent entity	-	-
b) current receivables from reinsurance outwards, including:	29,983	26,321
- from cedents subsidiaries	-	-
- from joint-ventures	-	-
- from reinsurers being associates	-	-
- from reinsurer being a major investor	-	-
- from reinsurers being shareholders in joint-ventures	-	-
- from reinsurers being the parent entity	-	-
c) current receivables from retrocession, including:	32,371	4,619
- from subsidiaries	-	-
- from joint-ventures	-	-
- from associates	-	-
- from a major investor	-	-
- from a shareholder in a joint-ventures	-	-
- from the parent entity	-	-
d) other	-	-
Total reinsurance receivables	130,137	40,929

Reinsurance receivables (net) - with maturity periods after the balance sheet date	31 December 2016	31 December 2015
a) up to 3 months	85,932	33,080
b) over 3 months and up to 1 year	43,470	5,238
c) over 1 year and up to 5 years	735	2,611
d) over 5 years	-	-
Total reinsurance receivables (net)	130,137	40,929

Reinsurance receivables (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	100,707	22,869
b) foreign currencies (by currency and converted to PLN)	29,430	18,060
b1. EUR thousand	95	203
PLN thousand	422	867
b2. USD thousand	6,768	3,523
PLN thousand	28,286	13,745
b3. SEK thousand	-	1,576
PLN thousand	-	732
b4. UAH thousand	2,043	15,117
PLN thousand	315	2,452
b5. other currencies	407	264
Total reinsurance receivables	130,137	40,929

3.3 Other receivables

Other receivables	31 December 2016	31 December 2015
a) receivables from the State Treasury	11,486	63,641
b) receivables from guarantees and letters of credit	-	-
c) other receivables, including:	358,673	263,505
Receivables from unsettled collateral deposits and investment transactions	141,060	76,822
Amounts due to settlements within the Tax Capital Group (PGK)	63,436	29,560
Settlements of the Social Benefits Fund	58,704	57,008
Receivables from direct claims handling on behalf of other insurance companies	43,663	40,401
Settlements of prevention activities	15,040	27,035
Receivables from claims representative services	10,973	9,746
Seizures by a bailiff	8,851	6,843
Retained guarantee deposits	2,722	3,537
Prepayments for suppliers	1,313	1,506
Receivables from shortages and damages	293	483
Total other receivables (net)	370,159	327,146
d) impairment losses	10,077	10,159
Total other receivables (gross)	380,236	337,305

Other receivables	31 December 2016	31 December 2015
a) from subsidiaries	74,683	37,127
b) from joint-ventures	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from shareholders in joint-ventures	-	-
f) from parent entity	-	-
g) other	295,476	290,019
Total other receivables	370,159	327,146

Other receivables by maturity period after the balance sheet date	31 December 2016	31 December 2015
a) up to 3 months	264,461	295,834
b) over 3 months and up to 1 year	18,037	14,072
c) over 1 year and up to 5 years	56,106	9,922
d) over 5 years	31,555	7,318
Total other receivables	370,159	327,146

Other receivables (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	229,966	258,846
b) foreign currencies (by currency and converted to PLN)	140,193	68,300
b1. EUR thousand	25,452	11,361
PLN thousand	112,598	48,413
b2. USD thousand	6,297	4,740
PLN thousand	26,315	18,493
b3. GBP thousand	249	239
PLN thousand	1,280	1,383
b4. CHF thousand	-	3
PLN thousand	-	11
b5. other currencies	-	-
Total other receivables	370,159	327,146

3.4 Other information on receivables

3.4.1. Changes in impairment losses on receivables by type

Changes in impairment losses on receivables by type	31 December 2016	31 December 2015
a) at the beginning of the period (by type of receivable)	549,464	552,321
impairment losses on direct insurance receivables	533,079	536,891
impairment losses on reinsurance receivables	6,226	5,001
impairment losses on other receivables	10,159	10,429
b) increases (due to)	42,833	99,095
impairment losses on direct insurance receivables	38,423	96,094
impairment losses on reinsurance receivables	4,410	3,001
impairment losses on other receivables	-	-
c) decreases (due to)	49,883	101,952
- utilized impairment losses	345	1,426
impairment losses on direct insurance receivables	116	1,178
impairment losses on reinsurance receivables	-	-
impairment losses on other receivables	66	248
- released impairment losses on repayments and other	49,538	100,526
impairment losses on direct insurance receivables	46,854	98,728
impairment losses on reinsurance receivables	2,668	1,776
impairment losses on other receivables	16	22
d) at the end of the period (by type of receivable)	542,577	549,464
impairment losses on direct insurance receivables	524,532	533,079
impairment losses on direct reinsurance receivables	7,968	6,226
impairment losses on other receivables	10,077	10,159

3.4.2. Overdue receivables net

Overdue receivables	31 December 2016	31 December 2015
a) up to 3 months	175,784	159,095
- direct insurance receivables	165,348	136,462
- reinsurance receivables	8,688	20,874
- other receivables	1,748	1,759
b) over 3 months	137,459	181,908
- direct insurance receivables	114,727	166,746
- reinsurance receivables	13,077	6,537
- other receivables	9,655	8,625
Total overdue receivables, including:	313,243	341,003
a) up to 3 months	175,784	159,095
b) over 3 months	137,459	181,908

As at 31 December 2016, overdue receivables net which are overdue for more than 1 year amounted to PLN 44,728 thousand). (31 December 2015: PLN 88,646 thousand).

4. Other assets

4.1 Tangible assets

Tangible assets	31 December 2016	31 December 2015
a) technical equipment and machines	43,290	41,288
b) vehicles	48,726	56,541
c) other tangible assets	20,830	20,569
d) tangible assets under construction	11,375	12,182
e) advance payments for tangible assets under construction	-	-
f) inventory	155	114
g) claim salvages	254	214
Total tangible assets	124,630	130,908

Tangible assets – ownership structure	31 December 2016	31 December 2015
a) own	124,630	130,908
b) leased	-	-
Total tangible assets	124,630	130,908

Tangible assets (balance sheet) – ownership structure	31 December 2016	31 December 2015
a) own	124,630	130,908
b) used based on lease, rental or other agreement	-	-
Total tangible assets (balance sheet)	124,630	130,908

Tangible assets (off-balance sheet)	31 December 2016	31 December 2015
a) used based on lease, rental or other agreement, including:	117,710	136,477
lease	117,710	136,477
Total tangible assets (off-balance sheet)	117,710	136,477

In 2016 and 2015, PZU did not incur costs of manufacturing tangible assets under construction and for internal purposes.

Changes in tangible assets in the year ended 31 December 2016	Technical equipment and machines	Vehicles	Other tangible assets	Tangible assets under construction	Advance payments for tangible assets under construction	Inventories	Claim salvages	Total tangible assets
a) gross value of tangible assets – at the beginning of the period	247,175	87,568	62,244	12,182	-	114	214	409,497
b) increases (due to)	18,105	5,674	6,824	23,327	-	41	1,362	55,333
- investments	-	-	-	-	-	-	-	-
- direct purchase	1,375	-	4,267	19,535	-	-	-	25,177
- transfers	15,979	5,481	2,541	-	-	-	-	24,001
-other (including estimations)	751	193	16	3,792	-	41	1,362	6,155
c) decreases (due to)	40,257	9,482	4,232	24,134	-	-	1,322	79,427
- liquidation	36,815	46	2,618	26	-	-	-	39,505
- sale	3,310	9,390	1,528	-	-	-	1,322	15,550
- transfers	-	-	-	24,001	-	-	-	24,001
- other	132	46	86	107	-	-	-	371
d) gross value of tangible assets – at the end of the period	225,023	83,760	64,836	11,375	-	155	254	385,403
e) accumulated depreciation – at the beginning of the period	205,887	31,027	41,675	-	-	-	-	278,589
f) depreciation for the period (due to)	(24,154)	4,007	2,331	-	-	-	-	(17,816)
- current year charges	15,063	10,546	6,243	-	-	-	-	31,852
- depreciation of liquidated tangible assets	(36,604)	(9)	(2,355)	-	-	-	-	(38,968)
- depreciation of tangible assets sold	(3,299)	(6,623)	(1,528)	-	-	-	-	(11,450)
- other	686	93	(29)	-	-	-	-	750
g) accumulated depreciation – at the end of the period	181,733	35,034	44,006	-	-	-	-	260,773
h) impairment losses – at the beginning of the period	-	-	-	-	-	-	-	-
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-	-
i) impairment losses – at the end of the period	-	-	-	-	-	-	-	-
j) carrying amount of tangible assets – at the end of the period	43,290	48,726	20,830	11,375	-	155	254	124,630

Changes in tangible assets in the year ended 31 December 2015	Technical equipment and machines	Vehicles	Other tangible assets	Tangible assets under construction	Advance payments for tangible assets under construction	Inventories	Claim salvages	Total tangible assets
a) gross value of tangible assets – at the beginning of the period	288,650	84,872	61,986	12,529	-	156	444	448,637
b) increases (due to)	24,234	18,345	6,047	32,063	-	1,304	866	82,859
- investments	-	-	-	-	-	-	-	-
- direct purchase	6,988	-	3,489	32,063	-	-	-	42,540
- transfers	10,659	18,034	2,496	-	-	-	-	31,189
-other (including estimations)	6,587	311	62	-	-	1,304	866	9,130
c) decreases (due to)	65,709	15,649	5,789	32,410	-	1,346	1,096	121,999
- liquidation	64,163	45	5,195	-	-	-	-	69,403
- sale	944	15,604	85	-	-	-	-	16,633
- transfers	-	-	-	31,189	-	-	-	31,189
- other	602	-	509	1,221	-	1,346	1,096	4,774
d) gross value of tangible assets – at the end of the period	247,175	87,568	62,244	12,182	-	114	214	409,497
e) accumulated depreciation – at the beginning of the period	249,045	34,049	40,894	-	-	-	-	323,988
f) depreciation for the period (due to)	(43,158)	(3,022)	781	-	-	-	-	(45,399)
- current year charges	21,854	10,006	6,029	-	-	-	-	37,889
- depreciation of liquidated tangible assets	(64,087)	(19)	(5,169)	-	-	-	-	(69,275)
- depreciation of tangible assets sold	(925)	(13,009)	(79)	-	-	-	-	(14,013)
- other	-	-	-	-	-	-	-	-
g) accumulated depreciation – at the end of the period	205,887	31,027	41,675	-	-	-	-	278,589
h) impairment losses – at the beginning of the period	-	-	-	-	-	-	-	-
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-	-
i) impairment losses – at the end of the period	-	-	-	-	-	-	-	-
j) carrying amount of tangible assets – at the end of the period	41,288	56,541	20,569	12,182	-	114	214	130,908

4.2 Cash

Cash	31 December 2016	31 December 2015
a) cash in hand and at bank	1,148,031	65,076
b) other cash	-	-
Total cash	1,148,031	65,076

Cash not available for use has been described in point 27.1 of Supplementary information and explanations.

The increase in cash balance as at 31 December 2016 results from a trading strategy for the liquidity of the portfolio denominated in EUR for which it was decided to leave cash on a current bank account due to the fact that making deposits at negative interest rate is unprofitable.

Cash – currency structure	31 December 2016	31 December 2015
a) PLN thousand	52,679	61,864
b) foreign currencies (by currency and converted to PLN)	1,095,352	3,212
b1. EUR thousand EUR	232,230	409
PLN thousand PLN	1,027,385	1,744
b2. CZK thousand	192,999	-
PLN thousand PLN	31,594	-
b3. USD thousand	6,263	376
PLN thousand	26,173	1,468
b4. HUF thousand	200,717	-
PLN thousand	2,855	-
b5. GBP thousand	1,372	-
PLN thousand	7,060	-
B6. other	285	-
Total cash	1,148,031	65,076

5. Accruals

5.1 Deferred tax assets

Changes in deferred tax assets	31 December 2016	31 December 2015
1. Deferred tax assets at the beginning of the period, including:	459,105	408,388
a) charged to financial result ¹⁾	456,912	401,078
b) charged to equity ²⁾	2,193	7,310
c) charged to goodwill or negative goodwill	-	-
2. Increases	28,162	115,725
a) charged to the financial result for the period in relation to temporary deductible differences (due to)	28,162	115,725
- occurrence of temporary differences, including:	28,162	115,725
accrued expenses	18,301	57,885
financial instruments	-	57,734
impairment losses on properties	9,721	1
other provisions	140	105
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
b) charged to the financial result for the period in relation to tax loss (due to)	-	-
c) charged to equity in relation to temporary deductible differences (due to)	-	-
- occurrence of temporary differences, including:	-	-
financial instruments	-	-
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
d) charged to equity in relation to tax loss (due to)	-	-
e) charged to goodwill or negative goodwill period in relation to temporary deductible differences (due to)	-	-
3. Decreases	12,953	65,008
a) charged to the financial result for the period in relation to temporary	11,436	59,891

deductible differences (due to)		
- reversed temporary differences, including:	11,436	59,891
insurance receivables	1,076	31,608
financial instruments	6,005	19,641
other provisions	1,581	5,508
accrued expenses	1,938	2,491
other temporary differences	836	644
- changes in tax rates	-	-
- impairment losses of deferred tax assets	-	-
b) charged to the financial result for the period in relation to tax loss (due to)	-	-
c) charged to equity in relation to temporary deductible differences (due to)	1,517	5,117
- reversed temporary differences, including:	1,517	5,117
financial instruments	1,517	5,117
- changes in tax rates	-	-
- impairment losses of deferred tax assets	-	-
d) charged to equity in relation to tax loss (due to)	-	-
e) charged to goodwill or negative goodwill period in relation to temporary deductible differences (due to)	-	-
4. Total deferred tax assets at the end of the period	474,314	459,105
a) charged to financial result ³⁾	473,638	456,912
b) charged to equity ²⁾	676	2,193
c) charged to goodwill or negative goodwill	-	-

1) Refers to accumulated changes in deferred tax assets for the previous years charged to financial result of the prior year and previous years.

2) Refers to revaluation reserve.

3) Refers to accumulated changes in deferred tax assets for the previous years charged to financial result of 2016 and previous years.

Deferred tax assets and liabilities are presented after offsetting of the relevant temporary deductible and taxable differences.

Notes on temporary deductible differences	31 December 2016	31 December 2015
a) temporary deductible differences at the beginning of the period, including:	2,416,339	2,149,410
financial instruments	950,371	776,807
accrued expenses	942,171	650,624
insurance receivables	386,089	552,448
other temporary differences	13,094	16,485
impairment losses on properties	72,452	72,448
other provisions	52,162	80,597
b) temporary deductible differences at the end of the period, including:	2,496,389	2,416,339
financial instruments	910,779	950,371
accrued expenses	1,028,298	942,171
insurance receivables	380,424	386,089
other temporary differences	8,696	13,094
impairment losses on properties	123,615	72,452
other provisions	44,577	52,162
temporary deductible differences expiring within one year	1,942,218	1,897,079
temporary deductible differences expiring within more than one year	554,171	519,261

5.2 Other payments

Other prepayments	31 December 2016	31 December 2015
a) reinsurance accruals ¹⁾	755,392	612,964
b) deferred IT costs	14,614	15,167
c) deferred property-related costs	2,687	7,100
d) other	58,096	49,849
Total other prepayments	830,789	685,080

¹⁾ "Reinsurance accruals" include mainly gross accrued reinsurance inwards premium in the amount of PLN 774,247 thousand. (31 December 2015: PLN 591,405 thousand).

6. Changes in impairment losses

Changes in impairment losses in the year ended 31 December 2016

Item	Impairment losses as at 1 January 2016, including:		Created, including:		Reversed, including:		Utilized, including:		Impairment losses as at 31 December 2016, including:	
	charged to financial result	charged to equity	charged to financial result	charged to equity	charged to financial result	charged to equity	charged to financial result	charged to equity	charged to financial result	charged to equity
I. Intangible assets	1,723	-	-	-	-	-	-	-	1,723	-
II. Investments	116,766	3,063	56,068	-	(2,760)	(12)	(22,718)	-	147,356	3,051
1. Property	75,607	3,063	54,658	-	(2,760)	(12)	(1,890)	-	125,615	3,051
2. Investments in related parties	7,821	-	-	-	-	-	-	-	7,821	-
3. Other financial investments	33,338	-	1,410	-	-	-	(20,828)	-	13,920	-
a) shares and other variable income securities	12,524	-	-	-	-	-	(24)	-	12,500	-
b) participation units and investment certificates of investment funds	20,814	-	1,410	-	-	-	(20,804)	-	1,420	-
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 ceding undertakings	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets	-	-	-	-	-	-	-	-	-	-
IV. Receivables	549,464	-	42,833	-	(49,538)	-	(182)	-	542,577	-
1. Direct insurance receivables	533,079	-	38,423	-	(46,854)	-	(116)	-	524,532	-
2. Reinsurance receivables	6,226	-	4,410	-	(2,668)	-	-	-	7,968	-
3. Other receivables	10,159	-	-	-	(16)	-	(66)	-	10,077	-
3.1. Receivables from the State Budget	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	10,159	-	-	-	(16)	-	(66)	-	10,077	-
V. Other assets, including:	-	-	-	-	-	-	-	-	-	-
1. Tangible assets	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
VI. Accruals	70	-	200	-	-	-	-	-	270	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rent	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	70	-	200	-	-	-	-	-	270	-

Changes in impairment losses in the year ended 31 December 2015

Item	Impairment losses as at 1 January 2015, including:		Created, including:		Reversed, including:		Utilized, including:		Impairment losses as at 31 December 2015, including:	
	charged to financial result	charged to equity	charged to financial result	charged to equity	charged to financial result	charged to equity	charged to financial result	charged to equity	charged to financial result	charged to equity
I. Intangible assets	1,723	-	-	-	-	-	-	-	1,723	-
II. Investments	96,804	3,063	20,776	-	(814)	-	-	-	116,766	3,063
1. Property	76,156	3,063	73	-	(622)	-	-	-	75,607	3,063
2. Investments in related parties	7,821	-	-	-	-	-	-	-	7,821	-
3. Other financial investments	12,827	-	20,703	-	(192)	-	-	-	33,338	-
a) shares and other variable income securities	12,716	-	-	-	(192)	-	-	-	12,524	-
b) participation units and investment certificates of investment funds	111	-	20,703	-	-	-	-	-	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 ceding undertakings	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets	-	-	-	-	-	-	-	-	-	-
IV. Receivables	552,321	-	99,095	-	(100,526)	-	(1,426)	-	549,464	-
1. Direct insurance receivables	536,891	-	96,094	-	(98,728)	-	(1,178)	-	533,079	-
2. Reinsurance receivables	5,001	-	3,001	-	(1,776)	-	-	-	6,226	-
3. Other receivables	10,429	-	-	-	(22)	-	(248)	-	10,159	-
3.1. Receivables from the State Budget	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	10,429	-	-	-	(22)	-	(248)	-	10,159	-
V. Other assets, including:	-	-	-	-	-	-	-	-	-	-
1. Tangible assets	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
VI. Accruals	1,909	-	-	-	(1,839)	-	-	-	70	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rent	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	1,909	-	-	-	(1,839)	-	-	-	70	-

6.1 Carrying amount of interests accrued on impaired assets

As at 31 December 2016 and 31 December 2015, no interest accrued on impaired assets occurred.

7. Equity

7.1 Share capital

Share capital structure as at 31 December 2016

Series/ issue	Nominal value per share	Share type	Type of preference	Type of limitation on rights to shares	Number of shares	Nominal value of series/ issue in PLN	Capital coverage	Registration date	Cum dividend (as at)
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	contribution in kind	31.03.1999	01.01.1999
Total					863,523,000	86,352,300			

Share capital structure as at 31 December 2015

Series/ issue	Nominal value per share	Share type	Type of preference	Type of limitation on rights to shares	Number of shares	Nominal 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
Total					863 523 000	86,352,300			

Shareholding structure as at 31 December 2016

No.	Shareholder's name	Number of shares and votes	Percentage share in share capital and in total number of votes at GSM
1.	State Treasury ¹⁾	295,217,300	34.1875%
2.	Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK ¹⁾	44,260,000	5.1255%
3.	Other shareholders	524,045,700	60.6870%
	Total	863,523,000	100.0000%

¹⁾

- 1) On the basis of the current report no. 17/2017 relating to the list of shareholders with at least 5% of the number of votes at the Extraordinary General Shareholders' Meeting of PZU convened on 18 January and ended on 8 February 2017.

Shareholding structure as at 31 December 2015

No.	Shareholder's name	Number of shares and votes	Percentage share in share capital and in total number of votes at GSM
1.	State Treasury ¹⁾	297,420,578,	34.4427%
2.	Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK ¹⁾	49,156,660,	5.6926%
3.	Other shareholders	516,945,762	59.8647%
	Total	863,523,000	100.0000%

¹⁾ On the basis of the current report no. 3/2016 relating to the list of shareholders with at least 5% of the number of votes at the Extraordinary General Shareholders' Meeting of PZU convened on 7 January 2016.

7.2 Dividends

7.2.1. Dividend paid from the profit for 2015

On 20 May 2016, the Management Board of PZU applied to the General Shareholders' Meeting for the distribution of PZU net profit for the year ended 31 December 2015 in the amount of PLN 2,248,522 thousand in the following way:

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

On 30 June 2016, the General Shareholders' Meeting of PZU passed a resolution regarding the distribution of the net profit of PZU for the year ended 31 December 2015, in accordance with the application of the Management Board of PZU.

The dividend date was set for 30 September 2016, and the dividend was paid on 21 October 2016.

7.2.2. Proposition of profit distribution for year 2016

At the date of signing the separate financial statements, the Management Board of PZU had not adopted a resolution concerning the proposed appropriation of 2016 profit.

7.3 Supplementary capital

Supplementary capital	31 December 2016	31 December 2015
a) share premium	538,139	538,139
b) statutory	28,784	28,784
c) arising from the Bylaws, above the statutory (minimum) value	4,316,121	3,873,726
d) shareholder contributions	-	-
e) other	6,138	5,699
Total supplementary capital	4,889,182	4,446,348

7.4 Revaluation reserve

Revaluation reserve	31 December 2016	31 December 2015
a) revaluation of tangible assets	10,165	10,616
b) deferred tax	(220,171)	(361,785)
c) exchange differences from translation of foreign branches	-	-
d) other (by type):	5,860,533	5,948,680
- due to remeasurement of financial investments measured using the equity method	4,699,866	4,042,463
- due to remeasurement of available for sale financial investments	1,160,667	1,906,217
Total revaluation reserve	5,650,527	5,597,511

	1 January– 31 December 2016	1 January– 31 December 2015
Revaluation reserve on financial instruments (gross)		
1. At the beginning of the period	5,948,680	5,437,746
2. Increases due to:	814,856	653,422
a) effects of revaluation of available for sale financial assets, including:	814,856	653,422
- remeasurement gains	800,992	634,628
- amounts deducted as at the derecognition date (e.g. sales)	12,454	8,213
- impairment losses transferred to the general profit and loss account in case of recognition of impairment	1,410	10,581
- profits on valuation as at the date of reclassifying assets to available for sale from held to maturity	-	-
- amounts settled upon reclassification of assets to held to maturity (re-reclassified to held to maturity after the tainting period referred to in clause 8. of the Ordinance on financial instruments)	-	-
b) arising from hedge accounting:	-	-
- amounts settled for fair value hedges of an interest-bearing financial instrument	-	-
- periodic measurement of hedged items and hedging instruments related to cash flow hedges	-	-
- periodic measurement of hedged items and hedging instruments related to hedges of net assets of foreign entities	-	-
c) other	-	-
d) deferred income tax provision and asset determined, revalued and charged to financial result	-	-
3. Decreases due to:	903,003	142,488
a) effects of revaluation of available for sale financial assets, including:	903,003	142,488
- remeasurement losses	159,161	112,202
- amounts deducted as at the derecognition date (e.g. sales)	743,842	30,286
- losses on valuation as at the date of reclassifying assets to available for sale from held to maturity	-	-
- amounts settled upon reclassification of assets to held to maturity (re-reclassified to held to maturity after the tainting period referred to in clause 8. of the Ordinance on financial instruments)	-	-
b) arising from hedge accounting:	-	-
- amounts settled for fair value hedges of an interest-bearing financial instrument	-	-
- periodic measurement of hedged items and hedging instruments related to cash flow hedges	-	-
- periodic measurement of hedged items and hedging instruments related to hedges of net assets of foreign entities	-	-
c) other	-	-
d) deferred income tax provision and asset determined, revalued and charged to financial result	-	-
4. At the end of the period	5,860,533	5,948,680

8. Technical provisions

Technical provisions	31 December 2016	31 December 2015
a) unearned premiums reserve:	5,924,475	4,734,129
- gross provisions	6,278,199	5,049,466
- reinsurers' share	353,724	315,337
b) unexpired risks reserve:	-	84,741
- gross provisions	-	84,741
- reinsurers' share	-	-
c) life insurance provision:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
d) provisions for outstanding claims and benefits:	12,229,282	12,182,768
- gross provisions	12,797,078	12,904,732
- reinsurers' share	567,796	721,964

e) provisions for bonuses and rebates for the insured:	2,010	1,958
- gross provisions	2,010	1,958
- reinsurers' share	-	-
f) risk equalization reserve	663,322	632,972
g) provisions for premium refund to the members	-	-
h) other technical provisions specified in the Bylaws	-	-
- gross provisions	-	-
- reinsurers' share	-	-
i) life insurance unit-linked provision:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
Total technical provisions	18,819,089	17,636,568

Gross technical provisions (currency structure)	31 December 2016	31 December 2015
a) unearned premiums reserve:	6,278,199	5,049,466
- in PLN	6,278,199	5,049,466
- foreign currencies (by currency and converted to PLN)	-	-
b) unexpired risks reserve:	-	84,741
- in PLN	-	84,741
- foreign currencies (by currency and converted to PLN)	-	-
c) life insurance provision:	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
d) provisions for outstanding claims and benefits:	12,797,078	12,904,732
- in PLN	11,961,699	12,153,294
- foreign currencies (by currency and converted to PLN)	835,379	751,438
d1. EUR thousand EUR	188,829	176,331
PLN thousand PLN	835,379	751,433
d2. USD thousand USD	-	1
PLN thousand PLN	-	5
e) provisions for bonuses and rebates for the insured:	2,010	1,958
- in PLN	2,010	1,958
- foreign currencies (by currency and converted to PLN)	-	-
f) risk equalization reserve:	663,322	632,972
- in PLN	663,322	632,972
- foreign currencies (by currency and converted to PLN)	-	-
g) provisions for premium refund to the members:	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
h) other technical provisions specified in the Bylaws:	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-

Gross technical provisions (currency structure)	31 December 2016	31 December 2015
i) life insurance unit-linked provision:	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
Total technical provisions	19,740,609	18,673,869

Reinsurers' share in technical provisions (currency structure)	31 December 2016	31 December 2015
a) reinsurers' share in unearned premiums reserve:	353,724	315,337
- in PLN	353,724	315,337
- foreign currencies (by currency and converted to PLN)	-	-
b) reinsurers' share in unexpired risks reserve:	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
c) reinsurers' share in life insurance provision:	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
d) reinsurers' share in provision for outstanding claims and benefits:	567,796	721,964
- in PLN	384,341	408,118
- foreign currencies (by currency and converted to PLN)	183,455	313,846
d1. EUR thousand EUR	6,688	2,044
PLN thousand PLN	29,588	8,712
d2. USD thousand USD	36,730	77,238
PLN thousand PLN	153,506	301,312
d3. other	361	3,822
e) reinsurers' share in provision for bonuses and rebates for the insured:	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
f) reinsurers' share in other technical provisions specified in the Bylaws	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
g) reinsurers' share in life insurance unit-linked provision	-	-
- in PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
Total reinsurers' share in technical provisions	921,520	1,037,301

8.1 Provision for unearned premiums and unexpired risks reserve

Provision for unearned premiums and unexpired risks reserve	31 December 2016	31 December 2015
a) unearned premiums reserve:	5,924,475	4,734,129
- gross provisions	6,278,199	5,049,466
- reinsurers' share	353,724	315,337
b) unexpired risks reserve:	-	84,741
- gross provisions	-	84,741
- reinsurers' share	-	-
Total provision for unearned premiums and unexpired risks reserve	5,924,475	4,818,870

8.2 Provisions for outstanding claims and benefits

8.2.1. Provisions for outstanding claims and benefits (gross)

Provisions for outstanding claims and benefits (gross)	Gross provisions as at 31 December 2016	Provisions for claims relating to the reporting period
Accident and sickness insurance (groups 1, 2)	107,575	71,963
MTPL (group 10)	9,645,185	1,582,828
Other motor insurance (group 3)	513,122	406,572
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	55,579	20,768
Fire and other damage to property (groups 8, 9)	511,665	233,000
TPL insurance (groups 11, 12, 13)	1,672,617	275,762
Credit insurance and suretyship (groups 14, 15)	24,245	3,072
Assistance (group 18)	51,360	36,286
Insurance of legal protection (group 17)	2,934	1,361
Other (group 16)	212,796	51,098
Total provisions for outstanding claims and benefits (gross)	12,797,078	2,682,710

Provisions for outstanding claims and benefits (gross)	Gross provisions as at 31 December 2015	Provisions for claims relating to the reporting period
Accident and sickness insurance (groups 1, 2)	117,623	76,858
MTPL (group 10)	9,488,175	1,289,622
Other motor insurance (group 3)	493,726	325,374
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	65,079	38,479
Fire and other damage to property (groups 8, 9)	553,316	263,079
TPL insurance (groups 11, 12, 13)	1,771,319	278,309
Credit insurance and suretyship (groups 14, 15)	33,020	10,905
Assistance (group 18)	42,359	31,206
Insurance of legal protection (group 17)	2,254	748
Other (group 16)	337,861	234,019
Total provisions for outstanding claims and benefits (gross)	12,904,732	2,548,599

8.2.2. Reinsurers' share in outstanding claims and benefits provision

Reinsurers' share in outstanding claims and benefits provision	Gross provisions as at 31 December 2016	Provisions for claims relating to the reporting period
Accident and sickness insurance (groups 1, 2)	2	-
MTPL (group 10)	248,023	2,414
Other motor insurance (group 3)	717	470
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	2,243	383
Fire and other damage to property (groups 8, 9)	79,006	25,006
TPL insurance (groups 11, 12, 13)	63,682	2,836
Credit insurance and suretyship (groups 14, 15)	9,376	1,148
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other (group 16)	164,747	24,302
Total reinsurers' share	567,796	56,559

Reinsurers' share in outstanding claims and benefits provision	Gross provisions as at 31 December 2015	Provisions for claims relating to the reporting period
Accident and sickness insurance (groups 1, 2)	5	3
MTPL (group 10)	222,587	1,696
Other motor insurance (group 3)	611	529
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	19,251	18,519
Fire and other damage to property (groups 8, 9)	117,468	94,157
TPL insurance (groups 11, 12, 13)	59,785	3,420
Credit insurance and suretyship (groups 14, 15)	12,293	3,692
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other (group 16)	289,964	211,188
Total reinsurers' share	721,964	333,204

8.3 Provisions for capitalized value of annuities

8.3.1. Provisions for capitalized value of annuity claims before discounts and gross impairment losses

Provisions for capitalized value of annuity claims before discounts and gross impairment losses	Gross provisions as at 31 December 2016	Reinsurers' share
Accident and sickness insurance (groups 1, 2)	-	-
MTPL (group 10)	8,904,953	302,283
Other motor insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Fire and other damage to property (groups 8, 9)	-	-
TPL insurance (groups 11, 12, 13)	669,729	5,397
Credit insurance and suretyship (groups 14, 15)	-	-
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other (group 16)	-	-
Total provisions (gross)	9,574,682	307,680

Provisions for capitalized value of annuity claims before discounts and gross impairment losses	Gross provisions as at 31 December 2015	Reinsurers' share
Accident and sickness insurance (groups 1, 2)	-	-
MTPL (group 10)	9,117,957	291,894
Other motor insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Fire and other damage to property (groups 8, 9)	-	-
TPL insurance (groups 11, 12, 13)	755,692	3,057
Credit insurance and suretyship (groups 14, 15)	-	-
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other (group 16)	-	-
Total provisions (gross)	9,873,649	294,951

9. Estimated subrogations, salvages and subsidies

9.1 Estimated subrogations, salvages and subsidies (gross)

Estimated subrogations, salvages and subsidies (gross)	31 December 2016	31 December 2015
Accident and sickness insurance (groups 1, 2)	-	-
MTPL (group 10)	41,051	38,999
Other motor insurance (group 3)	49,953	48,735
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Fire and other damage to property (groups 8, 9)	11,500	6,468
TPL insurance (groups 11, 12, 13)	849	1,370
Credit insurance and suretyship (groups 14, 15)	1,889	967
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other (group 16)	-	-
Estimated subrogations, salvages and subsidies, total	105,242	96,539

9.2 Reinsurers' share in estimated subrogations, salvages and subsidies

Reinsurers' share in estimated subrogations, salvages and subsidies	31 December 2016	31 December 2015
Accident and sickness insurance (groups 1, 2)	-	-
MTPL (group 10)	40	37
Other motor insurance (group 3)	44	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Fire and other damage to property (groups 8, 9)	17	1
TPL insurance (groups 11, 12, 13)	18	30
Credit insurance and suretyship (groups 14, 15)	823	396
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other (group 16)	-	-
Total reinsurers' share	942	464

10. Other provisions

10.1 Provisions for pension and other statutory employee benefits

Provisions for pension and other statutory employee benefits	31 December 2016	31 December 2015
a) provisions for pension benefits	12,845	12,109
b) other obligatory employee benefits (by title):	31,286	38,178
provisions for unused paid vacation	19,751	20,787
provisions for death benefits	11,535	17,391
Total provisions for pension and other statutory employee benefits	44,131	50,287

Changes in provisions for pension and other obligatory employee benefits	31 December 2016	31 December 2015
a) at the beginning of the period (by title)	50,287	72,667
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)	1,141	2,705
provisions for pension benefits	1,141	373
provisions for unused paid vacation	-	1,933
provisions for death benefits	-	399
c) utilized (due to)	1,503	24,949
provisions for pension benefits	405	373
provisions for unused paid vacation	1,036	24,420
provisions for death benefits	62	156
d) released (due to)	5,794	136

Changes in provisions for pension and other obligatory employee benefits	31 December 2016	31 December 2015
provisions for pension benefits	-	136
provisions for unused paid vacation	-	-
provisions for death benefits	5,794	-
e) at the end of the period (by title)	44,131	50,287
provisions for pension benefits	12,845	12,109
provisions for unused paid vacation	19,751	20,787
provisions for death benefits	11,535	17,391

Provisions for pension and other statutory employee benefits (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	44,131	50,287
b) foreign currencies (by currency and converted to PLN)	-	-
Total provisions for pension and other statutory employee benefits	44,131	50,287

10.2 Deferred tax liability

Deferred tax assets and liabilities are presented after offsetting of the relevant temporary deductible and taxable differences.

Change in deferred tax liability	31 December 2016	31 December 2015
1. Deferred tax liability at the beginning of the period, including:	808,109	500,965
a) charged to financial result ¹⁾	444,131	240,748
b) charged to equity ²⁾	363,978	260,217
c) charged to goodwill or negative goodwill	-	-
2. Increases	84,616	307,144
a) charged to the financial result for the period in relation to temporary taxable differences (due to)	84,616	203,383
- occurrence of temporary differences, including:	84,616	203,383
Accruals	75,765	183,477
other temporary differences	8,851	14,508
financial instruments	-	5,398
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
b) charged to equity in relation to temporary taxable differences (due to)	-	103,761
- occurrence of temporary differences, including:	-	103,761
financial instruments	-	103,761
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
c) charged to goodwill or negative goodwill in relation to temporary taxable differences (due to)	-	-
3. Decreases	146,468	-
a) charged to the financial result for the period in relation to temporary taxable differences (due to)	3,337	-
- reversed temporary differences (use of provisions for deferred tax liability), including:	3,337	-
- financial instruments	3,337	-
- changes in tax rates	-	-
- provision release due to inability to use it	-	-
b) charged to equity in relation to temporary taxable differences (due to)	143,131	-
- reversed temporary differences (use of provisions for deferred tax liability)	143,131	-
- financial instruments	143,131	-
- changes in tax rates	-	-
- provision release due to inability to use it	-	-
c) charged to goodwill or negative goodwill in relation to temporary taxable differences (due to)	-	-
4. Total provision for deferred tax liability at the end of the period	746,257	808,109
a) charged to financial result ³⁾	525,410	444,131
b) charged to equity ²⁾	220,847	363,978

Change in deferred tax liability	31 December 2016	31 December 2015
c) charged to goodwill or negative goodwill	-	-

1) It refers to accumulated changes in deferred tax provisions charged to financial result of the prior year and previous years.

2) It refers to revaluation reserve.

3) It refers to accumulated changes in deferred tax liability charged to the financial result of 2016 and previous years.

Notes on temporary taxable positive differences	31 December 2016	31 December 2015
a) temporary taxable differences at the beginning of the period	4,253,199	2,636,660
financial instruments	2,402,409	1,827,891
accruals	1,686,723	721,059
other temporary differences	164,067	87,710
b) temporary taxable differences at the end of the period, including:	3,927,670	4,253,199
financial instruments	1,631,529	2,402,409
accruals	2,085,488	1,686,723
other temporary differences	210,653	164,067
exchange gains expiring within one year	3,717,017	4,089,133
exchange gains expiring within more than one year	210,653	164,066
c) total amount of temporary differences related to investments in related parties, branches, and joint investments, for which deferred tax liability was not recognized	-	-

Deferred tax liability (currency structure)¹⁾	31 December 2016	31 December 2015
a) PLN thousand	271,943	349,003
b) foreign currencies (by currency and converted to PLN)	-	-
Total deferred tax liability	271,943	349,003

¹⁾ Deferred tax liability is recognized in the net amount reduced by deferred tax assets, presented in Note 5.1 of Supplementary information and explanations.

10.3 Other provisions

Other provisions	31 December 2016	31 December 2015
a) provisions for penalties imposed by the Office of Competition and Consumer Protection (UOKiK)	56,605	56,605
b) provisions for reinsurance settlements	8,289	10,793
c) provision for disputed claims and potential liabilities under insurance contracts	872	837
d) provision for restructuring expenses	254	1,564
e) other provisions	3,750	3,827
Total other provisions	69,770	73,626

Litigations related to fines imposed by the Office of Competition and Consumer Protection have been presented in detail in Note 29.2 of Supplementary information and explanations.

The item "Provisions for reinsurance settlements" includes only provisions for the share of reinsurers in the technical provisions that are in arrears with payments to PZU or which may in future have problems with settlement of their liabilities.

Changes in other provisions	31 December 2016	31 December 2015
a) at the beginning of the period (by title)	73,626	99,926
provision for restructuring expenses	1,564	7,930
provisions for reinsurance settlements	10,793	17,531
provisions for penalties imposed by the Office of Competition and Consumer Protection	56,605	67,892
other provisions	4,664	6,573
b) increases (due to)	25,936	13,025
provision for restructuring expenses	-	2,508
provisions for reinsurance settlements	24,689	8,531
provisions for penalties imposed by the Office of Competition and Consumer Protection	-	3
other provisions	1,247	1,983
c) utilized (due to)	1,594	6,414
provision for restructuring expenses	987	5,193
provisions for reinsurance settlements	-	-
provisions for penalties imposed by the Office of Competition and Consumer Protection	-	-
other provisions	607	1,221
d) released (due to)	28,198	32,911
provision for restructuring expenses	323	3,681
provisions for reinsurance settlements	27,193	15,269
provisions for penalties imposed by the Office of Competition and Consumer Protection	-	11,290
other provisions	682	2,671
e) closing balance (by title)	69,770	73,626
provision for restructuring expenses	254	1,564
provisions for reinsurance settlements	8,289	10,793
provisions for penalties imposed by the Office of Competition and Consumer Protection	56,605	56,605
other provisions	4,622	4,664
Other provisions (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	69,770	73,626
b) foreign currencies (by currency and converted to PLN)	-	-
Total other provisions	69,770	73,626

11. Other liabilities and special funds

Geographical structure of liabilities	31 December 2016				31 December 2015			
	Domestic	Foreign – EU countries	Foreign – other countries	Total	Domestic	Foreign – EU countries	Foreign – other countries	Total
I. Liabilities due to reinsurers' deposits	-	-	-	-	-	-	-	-
II. Direct insurance liabilities	430,077	30,873	859	461,809	323,920	20,136	485	344,541
1. Liabilities to policyholders	121,519	394	127	122,040	122,798	879	37	123,714
2. Liabilities to insurance intermediaries	219,408	79	-	219,487	137,039	53	-	137,092
3. Other insurance liabilities	89,150	30,400	732	120,282	64,083	19,204	448	83,735
III. Reinsurance liabilities	86,736	25,952	4,846	117,534	44,685	29,604	6,749	81,038
IV. Liabilities arising from issue of own debt securities and obtained loans	-	3,764,983	-	3,764,983	-	3,611,636	-	3,611,636
V. Liabilities to credit institutions	-	-	-	-	-	-	-	-
VI. Other liabilities	470,025	193,012	31,822	694,859	295,149	621,695	11,625	928,469
1. Liabilities to the State Treasury	232,498	-	-	232,498	50,783	-	-	50,783
2. Other liabilities	237,527	193,012	31,822	462,361	244,366	621,695 ¹⁾	11,625	877,686
Total liabilities	986,838	4,014,820	37,527	5,039,185	663,754	4,283,071	18,859	4,965,684

¹⁾ This item represents the liability resulting from purchase of Alior Bank shares in the amount of PLN 341,709 thousand, described in note 2.4.1. of Supplementary information and explanations.

11.1 Direct insurance liabilities

Direct insurance liabilities	31 December 2016	31 December 2015
a) liabilities to policyholders	122,040	123,714
- to related parties	18	8
- domestic	18	8
- foreign	-	-
- to other entities	122,022	123,706
- domestic	121,501	122,790
- foreign	521	916
b) liabilities to insurance intermediaries, including:	219,487	137,092
- to related parties	94	91
- domestic	94	91
- foreign	-	-
- to other entities	219,393	137,001
- domestic	219,314	136,948
- foreign	79	53
c) other insurance liabilities, including:	120,282	83,735
- to related parties	3,708	813
- domestic	3,515	782
- foreign	193	31
- to other entities	116,574	82,922
- domestic	85,635	63,301
- foreign	30,939	19,621
Total direct insurance liabilities	461,809	344,541

Direct insurance liabilities	31 December 2016	31 December 2015
a) subsidiaries	3,820	912
b) joint-ventures	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a joint-venture	-	-
f) parent entity	-	-
g) other	457,989	343,629
Total direct insurance liabilities	461,809	344,541

Insurance liabilities with maturity periods after the balance sheet date	31 December 2016	31 December 2015
a) up to 3 months	461,809	344,541
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Total direct insurance liabilities	461,809	344,541

Direct insurance liabilities (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	427,883	324,283
b) foreign currencies (by currency and converted to PLN)	33,926	20,258
b1. EUR thousand EUR	6,429	3,666
PLN thousand PLN	28,444	15,621
b2. USD thousand USD	89	215
PLN thousand PLN	371	838
b3. GBP thousand GBP	562	434
PLN thousand PLN	2,893	2,514
b4. CHF thousand CHF	62	53
PLN thousand PLN	255	209
b5. other currencies in PLN thousand PLN	1,963	1,076
Total direct insurance liabilities	461,809	344,541

11.2 Reinsurance liabilities

Total reinsurance liabilities	31 December 2016	31 December 2015
a) current liabilities due to inward reinsurance, including:	4,867	3,330
- domestic cedants	4,187	1,351
- foreign cedants	680	1,979
b) current liabilities due to outward reinsurance, including:	58,356	66,176
- domestic reinsurers	30,109	34,934
- foreign reinsurers	28,247	31,242
c) liabilities due to retrocession, including:	54,311	11,532
- domestic retrocessionaries	52,440	8,400
- foreign retrocessionaries	1,871	3,132
d) reinsurance liabilities premiums settled over time	-	-
Total reinsurance liabilities	117,534	81,038

Reinsurance liabilities	31 December 2016	31 December 2015
a) current receivables from inward reinsurance, including to:	4,867	3,330
- cedants being subsidiaries	2,793	1,883
- cedants being joint-ventures	-	-
- cedants being associates	-	-
- a cedant being a major investor	-	-
- a cedant being a shareholder in a joint-venture	-	-
- a cedant being a parent entity	-	-
a) current receivables from outward reinsurance, including to:	58,356	66,176
- reinsurers being subsidiaries	-	-
- reinsurers being joint-ventures	-	-
- reinsurers being associates	-	-
- a reinsurer being a major investor	-	-
- a reinsurer being a shareholder in a joint-venture	-	-
- a reinsurer being a parent entity	-	-
c) current liabilities to retrocessionaries, including to:	54,311	11,532
- retrocessionaries being subsidiaries	-	-
- retrocessionaries being joint-ventures	-	-
- retrocessionaries being associates	-	-
- a retrocessionary being a major investor	-	-
- a retrocessionary being a shareholder in a joint-venture	-	-
- a retrocessionary being a parent entity	-	-
d) other	-	-
Total reinsurance liabilities	117,534	81,038

Reinsurance liabilities with maturity periods after the balance sheet date	31 December 2016	31 December 2015
a) up to 3 months	53,878	12,904
b) over 3 months and up to 1 year	53,405	27,651
c) over 1 year and up to 5 years	10,251	29,533
d) over 5 years	-	10,950
Total reinsurance liabilities	117,534	81,038

Reinsurance liabilities (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	109,001	66,993
b) foreign currencies (by currency and converted to PLN)	8,533	14,045
b1. EUR thousand EUR	877	1,568
PLN thousand PLN	3,882	6,680
b2. USD thousand USD	1,045	1,374
PLN thousand PLN	4,366	5,362
b3. UAH thousand UAH	1,336	11,609
PLN thousand PLN	206	1,883
b4. other currencies	79	120
Total reinsurance liabilities	117,534	81,038

11.3 Liabilities arising from issue of own debt securities and obtained loans

Liabilities arising from issue of own debt securities and obtained loans	31 December 2016	31 December 2015
a) liabilities convertible to shares of the insurance company	-	-
b) other (by title):	3,764,983	3,611,636
- loans from PZU Finance AB (publ.) funded from debt securities issued by PZU Finance AB (publ.)	3,764,983	3,611,636
Total liabilities due to issue of own debt securities and taking out loans	3,764,983	3,611,636

Liabilities from issue of own debt securities and obtained loans by maturity period after the balance sheet date	31 December 2016	31 December 2015
a) up to 3 months	-	-
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	3,764,983	3,611,636
d) over 5 years	-	-
Total liabilities due to issue of own debt securities and taking out loans	3,764,983	3,611,636

Liabilities from issue of own debt securities and obtained loans (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	-	-
b) foreign currencies (by currency and converted to PLN)	3,764,983	3,611,636
b1. EUR thousand	851,036	847,503
PLN thousand	3,764,983	3,611,636
Total liabilities due to issue of own debt securities and taking out loans	3,764,983	3,611,636

11.3.1. Loan from PZU Finance AB (publ)

On 7 July 2014 and 16 October 2015, PZU took out loans from Stockholm-based PZU Finance AB (publ.) with nominal values of EUR 500,000 thousand and EUR 350,000 thousand respectively. The interest rate on loans is stable, interest is paid once a year when due, that is, in the last week of June. Loans payment date was set for 28 June 2019.

On 3 July 2014, PZU granted guarantee with respect to issue of non-subordinated bonds by PZU Finance AB (publ.), which covers all liabilities of the issuer arising from the bonds (including the obligation for payment of the nominal value of bonds and interest on the bonds) and is provided to all bondholders. The nominal value of bonds is EUR 850,000 thousand, with maturity date as at 3 July 2019. The maximum value of the guarantee was not determined. The guarantee expires at the same time as the bondholders' claims to PZU Finance AB (publ.).

11.4 Liabilities to credit institutions

There were no liabilities to credit institutions as at 31 December 2016 and 31 December 2015.

11.5 Other liabilities

Other liabilities	31 December 2016	31 December 2015
a) liabilities to the State Treasury	232,498	50,783
- corporate income tax	208,292	40,157

Other liabilities	31 December 2016	31 December 2015
- tax on some of the financial institutions	13,514	-
- personal income tax	8,514	8,232
- VAT	1,893	2,192
- other	285	202
b) other liabilities	462,361	877,686
- valuation of derivatives – liabilities held for trading	223,905	304,467
- estimated non-insurance liabilities	66,555	76,173
- liabilities in respect of unsettled investment transactions and collateral deposits ¹⁾	46,310	375,998
- liabilities due to donations	34,121	-
- liability to the Insurance Guarantee Fund (UFG)	14,929	9,478
- settlements from direct claims handling	13,078	11,113
- Social Security Institution (ZUS) premiums and benefits paid	11,868	12,308
- retained guarantee deposits	9,046	3,683
- liabilities related to the creation of the Central Register of Vehicles and Drivers (CEPIK)	3,965	3,620
- settlements with shareholders due to dividend	2,667	2,982
- liabilities due to settlements within the Tax Capital Group (PGK)	2,634	42,115
- liabilities arising from legal representation	1,555	2,345
- other	31,728	33,404
Total other liabilities	694,859	928,469

¹⁾ As at 31 December 2015, this item represents the liability resulting from purchase of Alior Bank shares in the amount of PLN 341,709 thousand, described in Section 2.4.1 of Supplementary information and explanations.

Other liabilities	31 December 2016	31 December 2015
a) subsidiaries	10,715	46,427
b) joint-ventures	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a joint-venture	-	-
f) parent entity	-	-
g) other	684,144	882,042
Total other liabilities	694,859	928,469

Other liabilities by maturity period after the balance sheet date	31 December 2016	31 December 2015
a) up to 3 months	694,859	928,469
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Other liabilities, total	694,859	928,469

All derivatives of PZU are qualified as liabilities held for trading and recognized under "Other liabilities" with maturity period up to 3 months after the balance sheet date.

Other liabilities (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	486,398	686,396
b) foreign currencies (by currency and converted to PLN)	208,461	242,073
b1. EUR thousand	6,219	9,679
PLN thousand	27,514	41,246
b2. USD thousand	20,907	11,247
PLN thousand	87,376	43,876
b3. BRL thousand	22,716	91,950
PLN thousand	29,163	90,580
b4. MXN thousand	138,417	-
PLN thousand	27,891	-
b5. HUF thousand	1,597,089	1,425,189
PLN thousand	22,717	19,384
b6. CZK thousand	64,197	117,445
PLN thousand	10,509	18,521
b7. ZAR thousand	7,249	76,328
PLN thousand	2,200	19,059
b8. RUB thousand	-	3,845
PLN thousand	-	203
b9. Other currencies PLN thousand	1,091	9,204
Other liabilities, total	694,859	928,469

11.6 Other information regarding liabilities

11.6.1. Liabilities secured on the Company's assets and its related parties

As at 31 December 2016 and 31 December 2015, PZU did not have any liabilities secured on its assets.

11.6.2. Overdue liabilities

As at 31 December 2016 and 31 December 2015, no overdue liabilities occurred.

11.6.3. Liabilities to the State Treasury or local authorities due to acquisition of an ownership title to buildings and structures

As at 31 December 2016 and 31 December 2015, the Company had no liabilities to the State Treasury or local government due to acquisition of an ownership title to buildings and structures.

11.7 Special funds

Special funds	31 December 2016	31 December 2015
a) Prevention Fund	34,429	47,287
b) Social Benefits Fund	82,585	96,845
Total special funds	117,014	144,132

12. Accruals

Accruals	31 December 2016	31 December 2015
a) accruals, including:	904,276	821,516
- long-term	-	-
- short-term (by title):	904,276	821,516
- deferred income and accrued expenses relating to reinsurance	510,178	477,149
- accrued costs of commissions on direct insurance	251,742	216,477
- accrued costs of salaries and wages	95,318	86,791
- accrued costs of bonuses for employees	24,241	26,572
- other accruals	22,797	14,527
b) negative goodwill	-	-
c) deferred income, including:	38,510	34,887
- deferred reinsurance commissions	30,165	25,663
- investment income	6,770	6,739
- land perpetual usufruct right received free of charge	471	979
- other	1,104	1,506
Total accruals	942,786	856,403

Change in accruals and deferred income	31 December 2016	31 December 2015
At the beginning of the period (by title)	856,403	576,129
accrued expenses	821,516	550,075
deferred income	34,887	26,054
a) increases (due to)	2,548,491	1,804,323
accrued expenses	2,221,805	1,563,079
deferred income	326,686	241,244
b) decreases (due to)	2,462,108	1,524,049
accrued expenses	2,139,045	1,291,638
deferred income	323,063	232,411
Closing balance (by title)	942,786	856,403
accrued expenses	904,276	821,516
deferred income	38,510	34,887

13. Solvency of the insurance company

Pursuant to article 284 clause 1 and article 488 clause 3 point 1 of the Act on Insurance Activity, PZU is obliged to prepare and publish the annual solvency and financial condition report, in line with Solvency II. For the 2016 report the publication due date is no later than 20 weeks after the end of the year, that is, by 20 May 2017. Pursuant to Article 290 clause 1 of the Act on Insurance Activity, the solvency and financial condition report of an insurance company is subject to audit by an entity authorized to audit financial statements.

14. Off-balance sheet items

14.1 Contingent receivables

Contingent receivables	31 December 2016	31 December 2015
a) guarantees and sureties received	1,957	12,408
b) other (by type)	4,355,187	9,605,978
promissory notes related to granted insurance guarantees	2,957,446	7,682,993
other promissory notes, including:	136,962	183,514
- from subsidiaries	12,517	12,944
- other contingent receivables ¹⁾	953,098	1,739,471
Total contingent receivables	4,357,144	9,618,386

¹⁾ The item includes mainly collateral received in the form of a mortgage on the debtor's assets and other receivables.

Total contingent receivables (currency structure)	31 December 2016	31 December 2015
a) guarantees and sureties received:	1,957	12,408
- in PLN	1,957	12,408
- in foreign currencies (by currency and translated to PLN)	-	-
b) other (by type)	4,355,187	9,605,978
- in PLN	4,047,670	9,552,443
- in foreign currencies (by currency and translated to PLN)	307,517	53,535
b1. EUR thousand EUR	69,404	12,461
PLN thousand PLN	307,042	53,102
b2. NOK thousand NOK	976	977
PLN thousand PLN	475	433
Total contingent receivables	4,357,144	9,618,386

14.1.1. Guarantees received

The table below presents the tender fee and due contract performance guarantees (required mainly in tender procedure for insurance services) received within a guarantee line.

Bank	Date of guarantee line agreement	Amount of guarantee line	Line renewal	Amount of active guarantees as at 31 December 2016	Amount of active guarantees as at 31 December 2015
Bank Millennium SA	7 September 2013	15,000	Yes	2,671	4,579
Alior Bank	12 February 2016	15,000	Yes	2,043	-
Total				4,714	4,579

14.2 Contingent liabilities

Contingent liabilities due to:	31 December 2016	31 December 2015
a) guarantees and sureties granted	3,790,755	3,651,485
- from subsidiaries	2,043	-
b) accepted and endorsed promissory notes	-	-
c) assets with resale obligation	-	-
d) other liabilities secured on assets or revenue	-	-
e) other (by type):	899,322	990,962
disputed claims not acknowledged by the insurer and brought to court by creditors	592,513	575,148
contingency liabilities arising from sub-issue contracts	-	-
- other contingent liabilities ¹⁾	306,809	415,814
Total contingent liabilities	4,690,077	4,642,447

¹⁾ As at 31 December 2016, the item "other contingent liabilities" includes mainly liabilities from outstanding loan installments with a total value of PLN 221,022 thousand. (31 December 2015: PLN 373,923 thousand).

Contingent liabilities (currency structure)	31 December 2016	31 December 2015
a) guarantees and sureties granted:	3,790,755	3,651,485
- in PLN	4,715	4,579
- in foreign currencies (by currency and translated to PLN)	3,786,040	3,646,906
a1. EUR thousand EUR	855,796	855,780
PLN thousand PLN	3,786,040	3,646,906
b) accepted and endorsed promissory notes	-	-
c) assets with resale obligation	-	-
d) other liabilities secured on assets or revenue (by type)	-	-
e) other (by type):	899,322	990,962
disputed claims not acknowledged by the insurer and brought to court by creditors	592,513	575,148
- in PLN	592,513	575,148
- in foreign currencies (by currency and translated to PLN)	-	-
other contingent liabilities	306,809	415,814
- in PLN	306,809	415,814
- in foreign currencies (by currency and translated to PLN)	-	-
Total contingent liabilities	4,690,077	4,642,447

- 1) The guarantee granted to PZU Finance AB (publ.) was shown in Item "Guarantees and sureties granted" and described in Note 11.3.1 of Supplementary information and explanations.

14.3 Other off-balance sheet items

Other non-balance sheet items due to	31 December 2016	31 December 2015
Other non-balance sheet items (by type):	117,710	136,477
third-party assets not recognized in the Company's assets, including:	117,710	136,477
- to subsidiaries	13,541	12,543
Total other non-balance sheet items	117,710	136,477

Other non-balance sheet items (currency structure)	31 December 2016	31 December 2015
a) PLN thousand	117,710	136,477
b) foreign currencies (by currency and converted to PLN)	-	-
Total other non-balance sheet items	117,710	136,477

15. Premiums in non-life insurance

Gross written premiums in non-life insurance	1 January– 31 December 2016	1 January– 31 December 2015
a) in direct insurance, including:	9,836,663	8,262,970
- from contracts concluded outside Poland, including:	25,052	7,677
- from contracts concluded in EU member states	12,660	3,408
b) in indirect insurance	845,351	595,066
Total gross written premiums	10,682,014	8,858,036

15.1 Gross written premiums in direct insurance

Gross written premiums in direct non-life insurance (by accounting class)	1 January– 31 December 2016	1 January– 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	403,852	437,104
b) MTPL (group 10)	3,607,198	2,642,743
c) other motor insurance (group 3)	2,747,504	2,142,681
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	47,164	38,958
e) fire and other damage to property (groups 8, 9)	1,856,497	1,865,317
f) TPL insurance (groups 11, 12, 13)	692,219	682,049
g) credit insurance and suretyship (groups 14, 15)	64,332	75,250
h) assistance (group 18)	339,849	290,260
i) legal protection (group 17)	7,159	3,535
j) other (group 16)	70,889	85,073
Total gross premiums in direct insurance (by accounting class)	9,836,663	8,262,970

Total gross earned premiums in direct non-life insurance arising from obligatory TPL insurance by groups	1 January– 31 December 2016	1 January– 31 December 2015
Group 10	3,534,597	2,587,784
Group 11	5,297	5,252
Group 13	265,318	305,171
Total gross earned premiums in direct non-life insurance arising from obligatory TPL insurance by groups	3,805,212	2,898,207

15.2 Gross written premiums in indirect insurance

Total gross written premiums in indirect non-life insurance	1 January – 31 December 2016	1 January – 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	26,202	11,895
b) MTPL (group 10)	465,184	181,687
c) other motor insurance (group 3)	12,439	24,986
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	6,615	5,706
e) fire and other damage to property (groups 8, 9)	190,387	133,975
f) TPL insurance (groups 11, 12, 13)	2,055	33,108
g) credit insurance and suretyship (groups 14, 15)	5,591	1,826
h) assistance (group 18)	25,319	863
i) legal protection (group 17)	-	-
j) other (group 16)	111,559	201,020
Total gross written premiums in indirect insurance (by accounting class)	845,351	595,066

Total gross earned premiums in indirect non-life insurance arising from obligatory TPL insurance by group	1 January– 31 December 2016	1 January– 31 December 2015
Group 10	462,023	179,307
Group 11	(1)	1
Group 13	(4,738)	17,529
Total gross earned premiums in indirect non-life insurance arising from obligatory TPL insurance by group	457,284	196,837

16. Gross earned premiums

16.1 Gross earned premiums in direct insurance

Gross earned premium in direct non-life insurance (by accounting class)	1 January– 31 December 2016	1 January– 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	423,397	444,901
b) MTPL (group 10)	3,121,186	2,527,439
c) other motor insurance (group 3)	2,386,241	2,049,740
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	48,416	46,608
e) fire and other damage to property (groups 8, 9)	1,905,171	1,811,198
f) TPL insurance (groups 11, 12, 13)	685,977	671,180
g) credit insurance and suretyship (groups 14, 15)	63,769	54,867
h) assistance (group 18)	308,652	261,176
i) legal protection (group 17)	6,586	878
j) other (group 16)	83,379	80,065
Total gross earned premiums in direct non-life insurance	9,032,774	7,948,052

Total gross earned premiums in direct non-life insurance arising from obligatory TPL insurance by groups	1 January– 31 December 2016	1 January– 31 December 2015
Group 10	3,057,351	2,479,308
Group 11	5,265	4,529
Group 13	281,913	306,756
Total gross earned premiums in direct non-life insurance	3,344,529	2,790,593

16.2 Gross earned premiums in indirect insurance

Gross earned premiums in indirect non-life insurance (by accounting class)	1 January– 31 December 2016	1 January– 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	15,121	8,581
b) MTPL (group 10)	316,712	62,525
c) other motor insurance (group 3)	11,105	7,501
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	5,884	8,078
e) fire and other damage to property (groups 8, 9)	121,406	92,407
f) TPL insurance (groups 11, 12, 13)	11,233	8,625
g) credit insurance and suretyship (groups 14, 15)	2,750	3,649
h) assistance (group 18)	995	-
i) legal protection (group 17)	-	-
j) other (group 16)	20,042	9,563
Total gross earned premiums in indirect non-life insurance	505,248	200,929

Total gross earned premiums in indirect non-life insurance arising from obligatory TPL insurance by groups	1 January– 31 December 2016	1 January– 31 December 2015
Group 10	313,424	60,098
Group 11	-	159
Group 13	1,822	810
Total gross earned premiums – indirect non-life insurance	315,246	61,067

17. Reinsurance settlements

Reinsurance settlements	1 January– 31 December 2016	1 January– 31 December 2015
a) insurance premiums received from abroad	115,886	54,412
b) reinsurance premiums transferred abroad	203,577	175,048
c) outward reinsurance balance (gross)	(76,703)	(218,011)
d) inward reinsurance balance (gross)	292,957	285,233
e) receivables and liabilities arising from outward reinsurance, including: - receivables from reinsurers collateralized with guarantees of financial institutions	(50,313)	(46,768)
f) receivables and liabilities arising from inward reinsurance, including: - liabilities to cedants collateralized with insurer's guarantees - liabilities to retrocedants collateralized with insurer's guarantees	62,916	6,659

18. Gross claims and benefits paid

Gross claims and benefits paid	1 January– 31 December 2016	1 January– 31 December 2015
a) from direct insurance, including: -claims handling costs	6,057,093	5,085,970
b) from indirect insurance, including: -claims handling costs	335,952	49,250
Total gross claims and benefits paid	6,393,045	5,135,220

18.1 Gross claims and benefits paid

Total gross claims and benefits paid in direct non-life insurance (by accounting class)	1 January– 31 December 2016	1 January– 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	138,480	144,201
b) MTPL (group 10)	2,695,188	2,369,329
c) other motor insurance (group 3)	1,637,771	1,423,920
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	42,110	26,123
e) fire and other damage to property (groups 8, 9)	1,015,991	690,087
f) TPL insurance (groups 11, 12, 13)	288,370	258,684
g) credit insurance and suretyship (groups 14, 15)	26,136	13,317
h) assistance (group 18)	192,385	153,505
i) legal protection (group 17)	1,225	596
j) other (group 16)	19,437	6,208
Total gross claims and benefits paid in direct insurance (by accounting class)	6,057,093	5,085,970

Total gross claims and benefits paid in indirect non-life insurance (by accounting class)	1 January– 31 December 2016	1 January– 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	7,853	-
b) MTPL (group 10)	102,256	376
c) other motor insurance (group 3)	4,695	1,834
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	1,763	705
e) fire and other damage to property (groups 8, 9)	72,376	42,971
f) TPL insurance (groups 11, 12, 13)	3,334	2,447
g) credit insurance and suretyship (groups 14, 15)	20	(2)
h) assistance (group 18)	6	-
i) legal protection (group 17)	-	-
j) other (group 16)	143,649	919
Total gross claims and benefits paid in indirect insurance (by accounting class)	335,952	49,250

18.2 Claims handling costs

Total claims handling costs in direct non-life insurance (by accounting class)	1 January– 31 December 2016	1 January– 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	39,388	39,882
b) MTPL (group 10)	301,523	258,889
c) other motor insurance (group 3)	114,962	91,326
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	658	1,278
e) fire and other damage to property (groups 8, 9)	91,088	88,824
f) TPL insurance (groups 11, 12, 13)	48,956	48,014
g) credit insurance and suretyship (groups 14, 15)	407	474
h) assistance (group 18)	24,799	17,535
i) legal protection (group 17)	668	50
j) other (group 16)	327	321
Total claims handling costs in direct insurance (by accounting class)	622,776	546,593

Total claims handling costs in indirect non-life insurance (by accounting class)	1 January– 31 December 2016	1 January– 31 December 2015
a) accident and sickness insurance (groups 1 and 2)	1,674	-
b) MTPL (group 10)	3,928	1
c) other motor insurance (group 3)	145	-
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	14	-
e) fire and other damage to property (groups 8, 9)	1,771	1,471
f) TPL insurance (groups 11, 12, 13)	527	478
g) credit insurance and suretyship (groups 14, 15)	-	-
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	124	853
Total claims handling costs in indirect insurance (by accounting class)	8,183	2,803

19. Supplementary data to the revenue account

19.1 Supplementary data to the revenue account for the year ended 31 December 2016

Total direct and indirect insurance for the year ended 31 December 2016	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1, 2)	430,054	438,518	105,915	41,062	644	11,574	142,176
MTPL (group 10) 10)	4,072,382	3,437,898	2,517,141	305,451	25,148	253,488	723,502
Other motor insurance (group 3)	2,759,943	2,397,346	1,572,833	115,107	45,474	(36,572)	672,936
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	53,779	54,300	44,593	672	1,392	4,230	13,111
Fire and other damage to property (groups 8, 9)	2,046,884	2,026,577	1,011,923	92,859	16,415	8,290	632,672
TPL insurance (groups 11, 12, 13)	694,274	697,210	243,875	49,483	1,654	(19,359)	202,524
Credit insurance and suretyship (groups 14, 15)	69,923	66,519	32,685	407	6,936	(4,520)	24,766
Assistance (group 18)	365,168	309,647	168,365	24,799	773	19,907	103,955
Insurance of legal protection (group 17)	7,159	6,586	558	668	1	-	2,801
Other (group 16)	182,448	103,421	162,695	451	60	(20,784)	60,566
Total direct and indirect insurance	10,682,014	9,538,022	5,860,583	630,959	98,497	216,254	2,579,009

Direct insurance for the year ended 31 December 2016	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1, 2)	403,852	423,397	99,736	39,388	644	(243)	136,214
MTPL (group 10) 10)	3,607,198	3,121,186	2,418,813	301,523	25,148	-	635,828
Other motor insurance (group 3)	2,747,504	2,386,241	1,568,283	114,962	45,474	(40,368)	666,631
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	47,164	48,416	42,844	658	1,392	3,322	12,177
Fire and other damage to property (groups 8, 9)	1,856,497	1,905,171	941,318	91,088	16,415	(109,967)	622,931
TPL insurance (groups 11, 12, 13)	692,219	685,977	241,068	48,956	1,654	(18,434)	200,968
Credit insurance and suretyship (groups 14, 15)	64,332	63,769	32,665	407	6,936	(7,983)	23,107
Assistance (group 18)	339,849	308,652	168,359	24,799	773	(444)	103,016
Insurance of legal protection (group 17)	7,159	6,586	558	668	1	-	2,801
Other (group 16)	70,889	83,379	19,170	327	60	97,414	46,025
Total direct insurance	9,836,663	9,032,774	5,532,814	622,776	98,497	(76,703)	2,449,698

Indirect insurance for the year ended 31 December 2016	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1, 2)	26,202	15,121	6,179	1,674	-	11,817	5,962
MTPL (group 10)	465,184	316,712	98,328	3,928	-	253,488	87,674
Other motor insurance (group 3)	12,439	11,105	4,550	145	-	3,796	6,305
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	6,615	5,884	1,749	14	-	908	934
Fire and other damage to property (groups 8, 9)	190,387	121,406	70,605	1,771	-	118,257	9,741
TPL insurance (groups 11, 12, 13)	2,055	11,233	2,807	527	-	(925)	1,556
Credit insurance and suretyship (groups 14, 15)	5,591	2,750	20	-	-	3,463	1,659
Assistance (group 18)	25,319	995	6	-	-	20,351	939
Insurance of legal protection (group 17)	-	-	-	-	-	-	-
Other (group 16)	111,559	20,042	143,525	124	-	(118,198)	14,541
Total indirect insurance	845,351	505,248	327,769	8,183	-	292,957	129,311

19.2 Supplementary data to the revenue account for the year ended 31 December 2015

Total direct and indirect insurance for the year ended 31 December 2015	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1, 2)	448,999	453,482	106,155	39,882	1,836	8,522	159,408
MTPL (group 10)	2,824,430	2,589,964	2,135,955	258,890	25,140	149,056	629,734
Other motor insurance (group 3)	2,167,667	2,057,241	1,393,280	91,326	58,852	(19,535)	544,113
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	44,664	54,686	27,428	1,278	1,878	(5,671)	12,424
Fire and other damage to property (groups 8, 9)	1,999,292	1,903,605	657,620	90,295	14,857	(58,764)	608,434
TPL insurance (groups 11, 12, 13)	715,157	679,805	217,949	48,492	5,310	10,373	206,069
Credit insurance and suretyship (groups 14, 15)	77,076	58,516	16,800	474	3,959	(17,618)	17,840
Assistance (group 18)	291,123	261,176	136,575	17,535	605	806	97,555
Insurance of legal protection (group 17)	3,535	878	546	50	-	-	1,287
Other (group 16)	286,093	89,628	6,112	1,174	159	53	49,203
Total direct and indirect insurance	8,858,036	8,148,981	4,698,420	549,396	112,596	67,222	2,326,067

Direct insurance for the year ended 31 December 2015	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1, 2)	437,104	444,901	106,155	39,882	1,836	(496)	156,877
MTPL (group 10) 10)	2,642,743	2,527,439	2,135,580	258,889	25,140	8,334	595,961
Other motor insurance (group 3)	2,142,681	2,049,740	1,391,446	91,326	58,852	(27,715)	539,590
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	38,958	46,608	26,723	1,278	1,878	(9,772)	11,385
Fire and other damage to property (groups 8, 9)	1,865,317	1,811,198	616,120	88,824	14,857	(132,820)	594,117
TPL insurance (groups 11, 12, 13)	682,049	671,180	215,980	48,014	5,310	(13,585)	203,664
Credit insurance and suretyship (groups 14, 15)	75,250	54,867	16,802	474	3,959	(18,514)	18,443
Assistance (group 18)	290,260	261,176	136,575	17,535	605	184	97,554
Insurance of legal protection (group 17)	3,535	878	546	50	-	-	1,287
Other (group 16)	85,073	80,065	6,046	321	159	(23,627)	47,985
Total direct insurance	8,262,970	7,948,052	4,651,973	546,593	112,596	(218,011)	2,266,863

Direct insurance for the year ended 31 December 2015	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1, 2)	11,895	8,581	-	-	-	9,018	2,531
MTPL (group 10) 10)	181,687	62,525	375	1	-	140,722	33,773
Other motor insurance (group 3)	24,986	7,501	1,834	-	-	8,180	4,523
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	5,706	8,078	705	-	-	4,101	1,039
Fire and other damage to property (groups 8, 9)	133,975	92,407	41,500	1,471	-	74,056	14,317
TPL insurance (groups 11, 12, 13)	33,108	8,625	1,969	478	-	23,958	2,405
Credit insurance and suretyship (groups 14, 15)	1,826	3,649	(2)	-	-	896	(603)
Assistance (group 18)	863	-	-	-	-	622	1
Insurance of legal protection (group 17)	-	-	-	-	-	-	-
Other (group 16)	201,020	9,563	66	853	-	23,680	1,218
Total indirect insurance	595,066	200,929	46,447	2,803	-	285,233	59,204

20. Information regarding claim handling process

Information concerning claims handling process in the year ended 31 December 2016 (data for direct insurance)	Average time of claims handling (in days)	Claims incurred during the reporting period from insurance contracts concluded in this period, including:	
		Claims and benefits paid	Outstanding claims and benefits provision set up at the end of the financial year
Accident and sickness insurance (groups 1, 2)	9.37	22,789	28,850
MTPL (group 10) 10)	23.30	538,012	620,358
Other motor insurance (group 3)	17.42	609,463	256,731
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	43.52	4,498	9,440
Fire and other damage to property (groups 8, 9)	16.03	337,131	103,402
TPL insurance (groups 11, 12, 13)	25.30	41,961	132,516
Credit insurance and suretyship (groups 14, 15)	166.76	420	1,333
Assistance (group 18)	29.93	83,575	26,518
Insurance of legal protection (group 17)	16.98	120	647
Other (group 16)	28.15	567	2,717
Total (average)	17.76	1,638,536	1,182,512

Information concerning claims handling process in the year ended 31 December 2015 (data for direct insurance)	Average time of claims handling (in days)	Claims incurred during the reporting period from insurance contracts concluded in this period, including:	
		Claims and benefits paid	Outstanding claims and benefits provision set up at the end of the financial year
Accident and sickness insurance (groups 1 and 2) 1, 2)	7.61	27,187	30,823
MTPL (group 10) 10)	22.76	452,140	503,596
Other motor insurance (group 3) 3)	17.38	571,244	206,394
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	45.74	7,764	32,962
Fire and other damage to property (groups 8, 9)	14.38	271,978	96,638
TPL insurance (groups 11, 12, 13)	24.60	40,989	134,708
Credit insurance and suretyship (groups 14, 15)	61.24	840	576
Assistance (group 18)	28.71	78,750	22,697
Insurance of legal protection (group 17)	17.65	64	418
Other (group 16)	20.59	1,139	2,666
Total (average)	16.33	1,452,095	1,031,478

21. Costs of insurance activities

Costs of insurance activity, net of reinsurance	1 January– 31 December 2016	1 January– 31 December 2015
a) direct insurance	2,449,602	2,266,013
b) indirect insurance	123,829	59,204
Total costs of insurance activity, net of reinsurance	2,573,431	2,325,217

Costs of insurance activities (by type)	1 January– 31 December 2016	1 January– 31 December 2015
I. Administrative expenses	723,941	753,737
1. internal:	457,639	485,281
a) consumption of materials and energy	17,698	29,318
b) salaries/wages, social charges and other benefits	380,961	399,696
c) depreciation	54,900	51,532
d) other administrative expenses	4,080	4,735
2. external:	266,302	268,456
a) external services	138,710	185,339
b) commissions for premium collection ¹⁾	75,337	21,525
c) advertisement	36,256	41,438
d) other expenses	15,999	20,154
II. Acquisition costs	1,855,068	1,572,330
1. internal	348,460	343,681
a) consumption of materials and energy	16,207	15,822
b) salaries/wages, social charges and other benefits classified as acquisition costs	291,753	293,198
c) direct business commissions	-	-
d) depreciation	40,500	34,661
e) other acquisition costs	-	-
2. external:	1,758,055	1,617,326
a) salaries/wages, social charges and other benefits classified as acquisition costs	-	-
b) direct business commissions, including:	1,407,759	1,215,650
- acquisition commissions	633,480	548,370
- policy renewal commissions	731,506	635,069
- insurance and reinsurance contract administration commissions	42,773	32,211
c) indirect business commissions	216,222	255,889
d) external services	75,759	78,408
e) advertisement	42,646	51,985
f) other expenses	15,669	15,394
3. change in deferred acquisition costs ¹⁾	(251,447)	(388,677)
III. Claims handling and subrogation collection costs	630,959	549,396
1. internal	257,300	238,091
a) consumption of materials and energy	9,093	10,145
b) loss appraiser and adjuster remunerations and other remunerations related to claims handling and recourse collection	221,829	207,161
c) depreciation	26,378	20,785
2. external:	373,659	311,305
a) external services	170,530	133,998
b) other expenses	203,129	177,307
IV. Costs of investment activities	604,627	391,054
1. internal	11,495	14,311
a) consumption of materials and energy	1,560	3,026
b) salaries/wages, social charges and other employee benefits	8,342	8,257
c) depreciation	1,593	3,028
2. external:	593,132	376,743
a) external services	5,671	5,654
b) other expenses ¹⁾	587,461	371,089

1) The increase in commissions for premium collection results from a change in regulations that govern settlement of remunerations of the insured in group contracts – as of 1 April 2016, in accordance with the changes in the requirement included in the Act on Insurance Activity, the remuneration for administrative activities is recognized under administrative expenses.

2) The item "other expenses" includes i.a. loss on realization and revaluation of investments.

21.1 Acquisition costs

Acquisition costs	1 January– 31 December 2016	1 January– 31 December 2015
a) incurred in the financial year, including:	2,106,515	1,961,007
- acquisition commissions on direct insurance	1,407,759	1,215,650
b) carried forward to future reporting periods	1,208,626	957,179

21.2 Administrative expenses

Administrative expenses	1 January– 31 December 2016	1 January– 31 December 2015
a) consumption of materials and energy	17,698	29,318
b) external services	138,710	185,339
c) taxes and charges	12,109	13,764
d) payroll	297,892	312,319
e) social charges	83,069	87,377
f) depreciation	54,900	51,531
g) other, including:	119,563	74,089
commissions for premium collection	75,337	21,525
advertising	36,256	41,438
business trips	4,080	4,735
property insurance	705	733
Total administrative expenses	723,941	753,737

22. Other operating income

Other operating income	1 January– 31 December 2016	1 January– 31 December 2015
a) financial revenue	1,288	1,766
b) revenue from loss adjusting services	7,151	6,567
d) revenue from direct claims handling	209,534	187,992
e) other operating income, including:	96,514	107,528
exchange gains	83,674	44,132
received compensations	4,475	7,165
recharged expenses	2,653	5,086
impairment losses release and provision release for future costs	642	17,664
revenue from disposal of tangible assets and investments in progress	197	1,151
provision release for employee benefits	-	22,487
other	4,873	9,843
Total	314,487	303,853

23. Other operating expenses

Other operating expenses	1 January– 31 December 2016	1 January– 31 December 2015
a) financial expenses	206,459	54,493
b) costs relating to loss adjusting services	507	174
d) costs of direct claims handling	218,041	192,969
e) tax on certain financial institutions	147,668	-
f) other operating expenses, including:	103,551	36,903
exchange losses	46,861	17,037
donations	44,782	1,434
other	11,908	18,432
Total	676,226	284,539

¹⁾ The item "financial expenses" includes costs of interest and exchange differences of the loans received from PZU Finance AB (publ.) in the amount of PLN 202,108 thousand (in 2015: PLN 49,655 thousand).

24. Interest revenue and expense

Both below tables present interest for the financial year determined on accrual basis.

24.1 Interest income calculated with contractual interest rates

Interest income calculated with contractual interest rates in 2016	Interest accrued and realized in 2016	Interest accrued and unrealized in 2016 (by maturity from the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Investments in related parties	1,274	-	5,465	-
b) other financial investments, including:	194,025	29,198	152,792	-
- debt securities and other fixed income securities	176,007	22,694	115,570	-
- shares in joint investments	-	-	-	-
- mortgage loans	-	-	33,915	-
- other loans	8,741	4,274	3,307	-
- term deposits at credit institutions	9,277	2,230	-	-
- other investments	-	-	-	-
c) Deposits with cedants	-	-	-	-
d) Receivables	-	-	-	-
Total interest revenue	195,299	29,198	158,257	-

Interest income calculated with contractual interest rates in 2015	Interest accrued and realized in 2015	Interest accrued and unrealized in 2015 (by maturity from the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Investments in related parties	390	-	2,640	-
b) other financial investments, including:	243,867	13,778	106,135	-
- debt securities and other fixed income securities	218,708	9,850	81,611	-
- shares in joint investments	-	-	-	-
- mortgage loans	9,748	1,941	19,409	-
- other loans	20,778	941	(550)	-
- term deposits at credit institutions	(5,367)	1,046	5,665	-
- other investments	-	-	-	-
c) Deposits with cedants	-	-	-	-
d) Receivables	-	-	-	-
- direct insurance receivables	-	-	-	-
- reinsurance receivables	-	-	-	-
- other receivables	-	-	-	-
Total interest revenue	244,257	13,778	108,775	-

24.2 Interest expense calculated with contractual interest rates

Interest expenses calculated with contractual interest rates in 2016	Interest accrued and realized in 2016	Interest accrued and unrealized in 2016 (by maturity from the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Liabilities due to reinsurers' deposits	-	-	-	-
b) Other liabilities, including:	30,068	-	174,602 ¹⁾	-
- direct insurance liabilities	-	-	-	-
- reinsurance liabilities	-	-	-	-
- liabilities arising from issue of own debt securities and obtained loans	27,506	-	174,602	-
- liabilities to credit institutions	2,562	-	-	-
- other liabilities	-	-	-	-
Total interest expenses in 2016, including:	30,068	-	174,602	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	2,562	-	-	-
- long-term liabilities	27,506	-	174,602	-

¹⁾ The item includes costs of exchange differences of loans received from PZU Finance AB (publ.) in the amount of PLN 138,383 thousand.

Interest expenses calculated with contractual interest rates in 2015	Interest accrued and realized in 2015	Interest accrued and unrealized in 2015 (by maturity from the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Liabilities due to reinsurers' deposits	-	-	-	-
b) Other liabilities, including:	19,001	-	34,990 ¹⁾	-
- direct insurance liabilities	-	-	-	-
- reinsurance liabilities	-	-	-	-
- liabilities arising from issue of own debt securities and obtained loans	14,665	-	34,990	-
- liabilities to credit institutions	4,336	-	-	-
- other liabilities	-	-	-	-
Total interest expenses in 2015, including:	19,001	-	34,990	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	4,336	-	-	-
- long-term liabilities	14,665	-	34,990	-

¹⁾ The item includes costs of exchange differences of loans received from PZU Finance AB (publ.) in the amount of PLN 10,504 thousand.

25. Income tax

25.1 Tax Capital Group

On 25 September 2014, a new Tax Capital Group (PGK) agreement was signed between PZU Group companies, comprising of 13 companies: PZU, PZU Życie, Link4 Towarzystwo Ubezpieczeń SA, PZU Centrum Operacji SA, PZU Pomoc SA, Ogrodowa-Inwestycje Sp. z o.o., PZU Zdrowie SA., PZU Asset Management SA, TFI PZU SA, Ipsilon Bis SA, PZU Finanse Sp. z o.o., Omicron SA, and Omicron Bis SA. PGK was established for the period of 3 years from 1 January 2015 to 31 December 2017.

PZU is the parent entity and the company representing PGK in the above-mentioned agreement. Pursuant to Art. 25. clause 1 of the CIT Act, PGK conducts settlements with the Tax Office in monthly cycles. PZU makes tax advances to the Tax Office in respect of corporate income tax, which are due from all the companies belonging to PGK and the said companies transfer the CIT advances related to their business activities to PZU.

On 22 December 2015, the Management Board of PZU consented to the conclusion, with effect from 1 January 2015, of an annex to the Tax Capital Group agreement. Under the annex signed on 21 January 2016, in a situation in which the income of PGK will be reduced by a tax loss arising in one or more companies forming PGK, the difference between the amount of the PGK due tax determined without taking into account the tax losses and the amount of the PGK due tax determined after taking into account the tax losses of the companies, will be transferred by PZU, proportionally to each of the companies in which the tax losses were generated. The settlement takes place within 14 days after submitting the CIT-8A declaration for the tax year for which there has been a reduction in tax liabilities of PGK.

25.2 Current income tax

Current income tax	1 January– 31 December 2016	1 January– 31 December 2015
1. Gross profit (loss) ¹⁾	1,828,707	2,422,674
2. Difference between the gross profit (loss) and the tax base (by title)	(961,121)	(2,221,312)
2a) Expenses and losses not classified by tax regulations as tax-deductible costs	619,016	530,558
Accrued reinsurance outwards expenses	30,659	42,973
Accrued investment losses	347,669	338,033
Accrued bonuses and employee benefits provisions	(11,578)	94,758
Accrued and deferred acquisition costs	(106,785)	(87,815)
Impairment losses on insurance, reinsurance and recourse receivables	67,781	105,585
Donations	44,782	1,434
Recorded receivables	12,542	31,783
Assets tax	147,668	-
Impairment losses on properties	54,658	339
Other	31,620	3,468
2b) Revenue not included in the tax base	1,668,566	2,811,975
Accrued investment income	408,257	340,470
Dividends	844,150	1,704,309
Other technical income – reversed impairment losses etc.	87,609	188,406
Release of the restructuring and Office of Competition and Customer Protection provision	-	14,971
Accrued revenue from inward and outward reinsurance	172,003	516,870
Accrued revenue from direct claims handling	7,081	41,540
Premiums from previous years	149,466	5,409
2c) Other changes in the tax base	88,429	60,105
Realized accrued investment income from previous years	79,918	205,192
Amounts payable to natural persons under personal service contracts and bonuses, accrued in the previous year	(987)	(111,302)
Accrued acquisition costs, allocated to the current year	(56,218)	(34,508)
Increases in tax revenues due to unexplained payments	74,807	-
Other costs/income realized	395	1,148
Income deductions	(9,486)	(425)
3. Tax base	867,586	201,362

4. Income tax at 19% rate	164,841	38,259
5. Tax increase, cancellation, exemption, deduction and reduction	6,362	(11,656)
6. Current income tax disclosed in tax returns for the period, including:	171,203	26,603
- cost disclosed in the general profit and loss account	171,203	26,603
- regarding items increasing or reducing equity	-	-
- regarding items increasing or reducing goodwill or negative goodwill	-	-

¹⁾ The item "gross profit (loss)" covers the item "Share in net profit (loss) of related parties measured using the equity method" included in the general profit and loss account.

Income tax by type of activity	1 January– 31 December 2016	1 January– 31 December 2015
Differences between the gross profit (loss) and the tax base	(961,121)	(2,221,312)
- due to technical activities	(405,915)	(725,990)
- due to extraordinary profits and losses	-	-
- other	(555,206)	(1,495,322)
Tax base	867,586	201,362

Regulations concerning corporate income tax, personal income tax, value added tax and contributions to social security undergo frequent changes. The current regulations contain unclear issues which result in a difference in opinions regarding their legal interpretation, both among competent authorities as well as between these authorities and enterprises. Tax and other settlements (e.g. regarding customs or foreign currency) may be controlled by authorities competent to levy high fines, and additional liabilities assessed during control bear interest. These phenomena increase tax risk in Poland above the level characteristic for some countries with more advanced tax systems. Tax returns are subject to control over a period of five years. As a result, amounts disclosed in the financial statements may change in later periods, following final determination of their value by tax authorities.

25.3 Deferred tax

Deferred tax recognized in the general profit and loss account	1 January– 31 December 2016	1 January– 31 December 2015
- decrease (increase) due to recognizing and reversing of temporary differences	64,553	147,549
- decrease (increase) due to change in tax rates	-	-
- decrease (increase) due to previously unrecognized tax loss, allowances or temporary differences from the previous period	-	-
- decrease (increase) due to impairment losses of deferred tax assets or inability to use deferred tax liability	-	-
- other deferred tax items (by title)	-	-
Total deferred tax	64,553	147,549

In 2016 and 2015, no income tax on discontinued operations or extraordinary transactions occurred.

Deferred tax recognized beyond the general profit and loss account	1 January– 31 December 2016	1 January– 31 December 2015
Total deferred tax amount:	220,171	361,785
- recognized in equity	220,171	361,785
- recognized in goodwill or negative goodwill	-	-

26. Share in net profit (loss) of related parties measured using the equity method

Share in net profit (loss) of related parties measured using the equity method	1 January– 31 December 2016	1 January– 31 December 2015
Share in net profit (loss) of related parties measured using the equity method, including:	(47,626)	(53,247)
- write-off of goodwill of related parties	(16,680)	(20,739)
- write-off of negative goodwill of related parties	-	-
- impairment loss on net asset measurement	(21,530)	(42,581)

27. Additional information to the cash flow statement

The item "Other inflows from other operating activities" includes:

Other inflows from operating activities – selected data	1 January– 31 December 2016	1 January– 31 December 2015
Refund of CIT advances - participation in PGK	260,873	492,686
Reimbursement of excess income tax payments	-	-
Inflows to social benefits fund account and employee account	5,544	5,833
Other inflows	128,708	174,812
Other inflows from operating activities, total	395,125	673,331

The item "Other outflows from other operating activities" includes:

Other operating expenses – selected data	1 January– 31 December 2016	1 January– 31 December 2015
Expenditure due to CIT advances - participation in PGK	258,471	337,751
Corporate income tax	26,246	104,686
Expenditure from social benefits fund account and employee account	75,384	49,851
Donations	17,918	1,434
Tax on certain financial institutions	134,179	-
Other expenses	228,193	247,587
Other operating expenses, total	740,391	741,309

27.1 Restricted cash

The cash flow statement includes restricted cash items concerning the cash of the Prevention Fund and the Company's Social Benefits Fund. Based on the provisions of the Polish law and related internal regulations of PZU, the funds may be spent only for specific purposes such as prevention or social activities, and close control should be exercised over the funds.

28. Other information and explanations

28.1 Employment restructuring process at PZU

On 9 March 2017, the Management Boards of PZU and PZU Życie decided to continue restructuring of employment in PZU and PZU Życie. The Management Boards of PZU and PZU Życie addressed the trade unions operating at PZU and PZU Życie to start working on agreements concerning group releases.

The restructuring of employment in PZU and PZU Życie is planned for the period between 24 March and 18 December 2017. The restructuring process will cover up to 1,944 people with estimations seeing 956 employees of PZU and PZU Życie from various professional groups subject to employment reduction.

The costs associated with payment of benefits to employees released due to employment restructuring are assessed in the budget of PZU for 2017 and will be included in the annual consolidated financial statement for the year ended on 31 December 2017.

The ultimate number of people covered by the employment restructuring process in PZU and the associated costs and savings will be known following PZU's conclusion of the consultations with trade union organizations.

28.2 Situation in Ukraine

In 2016, despite first signs of the improving economic situation and stabilizing political environment in Ukraine, the insurance market was still operating in hard conditions resulting from the country's weak economy, low client activity, devaluation processes, and drop in liquidity of the banking system. The market was also characterized by a high level of costs relating to sale of insurance products, difficulties of some insurance companies to retain their current liquidity, and lowering the level of trust of natural persons, which resulted from the problems connected with liquidity of part of the banking system. The trend of clients choosing reliable and solvent insurance companies with foreign capital that was started in 2014 was eventually replaced in favor of price. Regardless of these conditions, PZU Ukraine and PZU Ukraine Life, due to portfolio and sales channels diversification, were more flexible to market changes and realized their sales plans for 2016.

The Management Board of PZU in cooperation with the management boards of PZU Ukraine and PZU Ukraine Life Insurance constantly monitor external risks and changes in the Ukrainian legislation. The scenarios to respond to market changes and control mechanisms have been developed. PZU does not intend to withdraw from the Ukrainian market. As at the signing date of the separate financial statements, the Management Board of PZU assumes that further operations of PZU Ukraine and PZU Ukraine Life Insurance will be continued in accordance with the approved objectives, however, economic instability in Ukraine may have negative future impact on the financial situation and financial results of PZU Ukraine and PZU Ukraine Life Insurance in a way which cannot be reliably predicted today. The separate financial statements reflect the current assessment of the Management Board of PZU in this respect.

28.3 Investment outlays incurred and planned for the 12 months following the balance sheet date

Investment outlays incurred for the financial year	2016	2015
Investment outlays incurred, including:	132,920	201,628
- outlays for non-financial fixed assets	28,043	52,661

Investment outlays planned for the 12 months following the balance sheet date ¹⁾	31 December 2016	31 December 2015
Investment outlays planned for the 12 months following the balance sheet date, including:	110,948	194,003
- outlays for non-financial fixed assets	110,948	194,003

¹⁾ The data have not been revised by an auditor.

29. 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 2016 and by the date of signing of the 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 31 December 2016, the total value of all 102,455 cases (as at 31 December 2015: 82,380 cases) held by courts, bodies competent to hear arbitration proceedings or public authority bodies involving PZU was PLN 3,249,557 thousand (as at 31 December 2015: PLN 3,401,817 thousand). The amount includes PLN 2,968,004 thousand (as at 31 December 2015: PLN 2,925,272 thousand of liabilities and PLN 281,553 thousand (as at 31 December 2015: PLN 476,545 thousand) of receivables of PZU, which constituted 24.29% and 2.30% (as at 31 December 2015 23.63% and 3.85%) of PZU equity in accordance with PAS.

29.1 Resolution of General Shareholders' Meeting of PZU regarding 2006 profit distribution

A petition of 30 July 2007 initiated an action of Manchester Securities Corporation ("MSC"), with the registered office in New York, against PZU regarding cancellation of the General Shareholders' Meeting of PZU's Resolution no. 8/2007 of 30 June 2007 regarding distribution of PZU profit for 2006 as non-compliant with good practices and acting to the detriment of the claimant – a shareholder of PZU.

The debated resolution of the General Shareholders' Meeting of PZU distributed the 2006 net profit of PLN 3,280,883 thousand in the following manner:

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

In its decision of 22 January 2010, the District Court in Warsaw cancelled the above resolution. PZU used all possible means of appeal, including a cassation appeal to the Supreme Court, which during its session on 27 March 2013 pronounced a judgment whereby the cassation appeal was dismissed. The judgment of the Supreme Court is final and it may not be appealed against.

PZU believes that cancellation of the above GSM resolution does not give rise to shareholders' claim for dividend.

In connection with the validation of the resolution no. 8/2007, on 30 May 2012 GSM decided to distribute the profit for 2006 in a manner corresponding to the cancelled resolution no. 8/2007. MSC objected against the resolution of 30 May 2012, which was recorded in the minutes.

On 20 August 2012, PZU received a copy of complaint lodged by MSC in the District Court in Warsaw, in which the plaintiff requested cancellation of the GSM resolution of 30 May 2012 regarding distribution of 2006 profit with the value of the disputable object determined at PLN 5,054 thousand. PZU responded by requesting dismissal of the entire claim.

On 17 December 2013, the District Court pronounced a judgment whereby the claims were accepted in its entirety and the costs of the proceedings awarded from PZU to MSC. On 4 March 2014, PZU appealed against the above-mentioned judgment in its entirety. On 11 February 2015, the Court of Appeal in Warsaw passed a judgment that changed the judgment of the District Court of 17 December 2013 in its entirety, dismissed the action filed by MSC and ordered MSC to pay the costs of the proceedings. The judgment of the Court of Appeal is final. MSC filed a cassation appeal on 9 June 2015 against the judgment of the Court of Appeal in its entirety. PZU filed its response to the cassation appeal.

On 19 April 2016, the Supreme Court issued a decision to dismiss the MSC cassation appeal. The decision is final and non-appealable, it is not subject to further appeal under the provisions of the code of civil procedure, and thus ends the proceedings in this matter.

In the meantime, on 16 December 2014, MSC called PZU to pay PLN 264,865 thousand of compensation due to the cancellation of the resolution no. 8/2007 of the PZU General Shareholders' Meeting of 30 June 2007 on the distribution of profit of PZU for 2006. PZU refused to fulfill the obligation due to the fact it is groundless.

On 23 September 2015, PZU received a copy of complaint with attachments regarding the action initiated by MSC against PZU for the payment of PLN 169,328 thousand with statutory interest accrued from 2 January 2015 until the date of the payment. The action includes a claim for compensation for the deprivation of MSC and J.P. Morgan (MSC acquired the claim from J.P. Morgan) as minority shareholders of PZU a share in the profit for the year 2006, in connection with a resolution no. 8/2007 adopted by the General Shareholders' Meeting of 30 June 2007. The case is being handled by the District Court in Warsaw. On 18 December 2015, PZU responded by requesting dismissal of the entire claim. On 1 April 2016, MSC filed a pleading in which it referred to statements, charges, and motions of PZU and invoke new evidence to the case. On 30 June 2016, PZU filed a counter-plea to the last MSC pleading, including evidence motions. With the decision of 21 July 2016, the Court brought the case to mediation, which PZU did not approve of. The next date of the trial was set at 31 March 2017, during which evidence proceedings will be continued.

According to the Management Board of PZU, MSC's claims are unfounded. Consequently, as at 31 December 2016, no changes in the presentation of PZU capitals were made such as may result from cancellation of the resolution 8/2007 of the General Shareholders' Meeting on the distribution of profit for 2006, including "Supplementary capital" and "Retained profit (accumulated loss)". The funds allocated to the Company's Social Benefits Fund were not adjusted.

29.1.1. Other requests for payment concerning the distribution of profit of PZU for 2006

On 17 December 2014, Wspólna Reprezentacja SA called PZU to pay the amount of PLN 56,281 thousand and the amount of PLN 618 thousand as claims compensation acquired from shareholders as a response to their deprivation of the right to a share in the profit of PZU. PZU refused to fulfill the obligation due to the fact it is groundless.

Apart from the above-mentioned documents, the shareholders, the former shareholders or their legal successors presented PZU with a request for payment based on the facts presented above. Some of the parties requesting the payment did not indicate specific amounts, but a number of shares, or they simply requested the payment. PZU submitted a response in writing indicating that such claims did not exist and they would not be taken into account.

29.1.2. Other legal proceedings concerning the distribution of profit of PZU for 2006

On 19 January 2015, the District Court of Warsaw delivered a copy of a motion with attachments regarding the action initiated by Wspólna Reprezentacja SA for a summons to a conciliation hearing concerning the amount of PLN 56,281 thousand. At the trial held on 19 February 2015, PZU refused to settle.

PZU was receiving other copies of application for a summons to a conciliation hearing concerning settlement agreements consisting in the payment of the amount due to the share in the profit of PZU for 2006. The proceedings have already ended. PZU refused the conciliation proposal indicating that such claims did not exist and they would not be taken into account.

7 legal actions were initiated against PZU for the payment of dividend or compensation. PZU consistently responds to such requests demanding their cancellation in their entirety. In six proceedings, the District Court in Warsaw dismissed the actions in their entirety (the judgments in five cases are final, in one case the claimant lodged an appeal). PZU submitted a response by requesting dismissal of the entire claim. In one case, the District Court discontinued the proceedings due to the withdrawal of the complaint (the decision is final).

29.2 Anti-trust proceeding of the Office of Competition and Consumer Protection

In a decision of 30 December 2011 the President of the Office of Competition and Consumer Protection imposed a fine on PZU of PLN 56,605 thousand for the use of practices that limit competition and infringe the prohibition specified in Art. 6. 1.3 of the Act on competition and consumer protection consisting in an agreement concluded by PZU and Maximus Broker Sp. z o.o. with its registered office in Toruń ("Maximus Broker") limiting the competition in the domestic market of accident group insurance for children, youth and staff of educational institutions by dividing the market between the entities – the customers of PZU in the Kujawsko-Pomorskie region were serviced by Maximus Broker in exchange for recommendation of PZU insurance to those customers. The Office demanded to discontinue these practices.

The Management Board of PZU refused to agree with the facts and legal reasons presented in the decision, because the decision does not consider all the evidence and the legal classification was not correct.

On 18 January 2012, PZU appealed against the decision (thus the decision did not become valid). In the appeal PZU pointed that:

- PZU and Maximus Broker did not conclude any agreement apart from the agreement concerning brokerage fees;
- the President of the Office of Competition and Consumer Protection is wrong in the understanding of insurance contracts concluded via a broker;
- the majority of insurance contracts concluded via Maximus Broker was concluded with insurance companies other than PZU;
- PZU and Maximus Broker cannot and could not carry out competitive activities in their markets.

On 22 October 2012, PZU received a response of the President of the Office of Competition and Consumer Protection to its appeal, to which PZU responded on 5 November 2012. On 27 March 2015, the District Court in Warsaw pronounced a judgment annulling the decision of the President of the Office of Competition and Consumer Protection of 30 December 2011. On 21 May 2015, the President of the Office of Competition and Consumer Protection filed an appeal. On 24 June 2015, PZU responded to the appeal of the President of the Office of Competition and Consumer Protection. In its decision of 6 December 2016, the Court of Appeal in Warsaw cancelled the decision of the District Court in Warsaw and passed the case for further investigation.

PZU had a provision for the above fine, the amount of which both as at 31 December 2016 and 31 December 2015 was PLN 56,605 thousand.

29.3 Submission of PZU claims to the bankruptcy estate of PBG Capital Group companies

PZU is the creditor of PBG SA ("PBG") and Hydrobudowa Polska SA ("Hydrobudowa") for the issued and realized insurance guarantees (contractual guarantees). The registered offices of both companies are located in Wysogotowo near Poznań.

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

PBG and Hydrobudowa belong to the same capital group with PBG as the parent. They granted sureties to each other. All claims submitted to the bankruptcy estate of Hydrobudowa in the amount of PLN 100,996 thousand have been therefore submitted in relation to the bankruptcy estate of PBG as well.

Following their verification by the judge-commissioner and the court appointed supervisor, PZU's receivables due from the bankruptcy estate of PBG of PLN 103,014 thousand have been entered into the list of receivables. As at 31 December 2016, the amount of receivables was PLN 98,388 thousand (as at 31 December 2015: PLN 102,164 thousand), and their lowering was due to the expiry of guarantee to which no claims were reported. Due to low probability of receivables recovery, the amount was not recognized in the balance sheet.

At the creditors' meeting of 5 August 2015, PZU voted in favor of an agreement, and on 25 August 2015, the judge-commissioner confirmed the voting results and the conclusion of the agreement. On 8 October 2015, the Bankruptcy Court announced its decision, in which it approved the agreement concluded with the creditors. On 20 July 2016, the Bankruptcy Court announced its decision to terminate the bankruptcy proceedings. The decision is final.

As a result of the agreement realization and reduction of receivables to the level of 20.93% of the reported amount, PZU received 206,139 PBG bonds with a nominal value of PLN 20,614 thousand and 24,241,560 PBG shares with a nominal value of PLN 24,242 thousand. Both the bonds and shares were not recognized in the balance sheet due to their fair value being specified as zero, however, there were recognized as off-balance sheet record.

The first list of receivables which was submitted by the syndic of Hydrobudowa to the judge-commissioner included receivables of PZU SA in the amount of PLN 16,198 thousand. The list of receivables to the bankruptcy estate of Hydrobudowa has not been compiled in its final version yet. The bankruptcy proceedings against Hydrobudowa are in progress, whereas, the final list of claims is only a preliminary stage of these proceedings and it precedes drawing up the terms of division (after liquidation of the bankruptcy estate).

29.4 Miscellaneous

29.4.1. Inspections by PFSA

Between 17 April and 17 June 2015, PFSA controlled PZU with regards to use of insurance agents' services.

On 12 January 2016, PZU received the report from the control and it submitted its objections to the report on 27 January 2016.

Between 14 April and 19 May 2016, a controlling procedure of business operations and assets with regards to claims handling was conducted.

On 13 July 2016, PZU received the report from the control and it submitted its explanations on 27 January 2016. On 18 November 2016, PZU received three post-control recommendations which were implemented by 31 January 2017.

The PZU Management Board believes that the above-mentioned controls will have no impact on the separate financial statements.

30. Employment

Average employment by employee group	1 January – 31 December 2016		1 January – 31 December 2015	
	Average annual employment (in employment contracts)	Average annual number of employees (in people)	Average annual employment (in employment contracts)	Average annual number of employees (in people)
a) Supervisory Board	9	9	9	9
b) Management Board	6	6	6	6
c) Total employment, including:	7,720	9,643	7,832	9,723
- management	373	608	387	630
- advisors	2	4	1	2
- actuaries	3	3	3	3
- other employees	7,342	9,028	7,441	9,088
- including agents on employment contracts	4	4	9	7
d) Number of agents without employment contracts (persons)		8,566		8,678

31. Agreements on audit and review of financial statements

31.1 Remuneration of the entity authorized to audit financial statements

Remuneration of the entity authorized to audit financial statements	1 January– 31 December 2016	1 January– 31 December 2015
a) statutory audit of annual separate/consolidated financial statements	1,365	1,488
b) other attestation services, including review of separate/consolidated financial statements	1,350	248
c) tax advisory services	-	-
d) other services	27	27
Total	2,742	1,763

The above table presents the amounts paid or payable to entities authorized to audit financial statements of PZU for a given period, increased by VAT and determined on the accrual basis.

31.2 Conclusion dates and term of agreements concluded with an entity authorized to audit financial statements

An agreement with KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. concerning the reviews and audits of the separate financial statements of PZU and the consolidated financial statements of PZU Group for the financial years 2014 – 2016, with an option to extend the agreement for the years 2017 – 2018, was concluded on 26 June 2014.

32. Related party transactions

32.1 Transactions with Members of the Management Board and Supervisory Board of PZU

In 2016 and 2015, 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 2016 and in 2015, 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.

32.1.1. Unpaid advances, credit facilities, loans, guarantees, sureties or other contracts with performance obligation

In 2016 and 2015, no unpaid advances, credit facilities, loans, guarantees, sureties or other contracts with performance obligation regarding Members of PZU Management Board or Supervisory Board occurred.

32.1.2. Remuneration of Members of the Management Board of PZU, Capital Group Directors, and Members of the Supervisory Board of PZU paid, due or potentially due

Remuneration and other short-term employee benefits paid by PZU	1 January – 31 December 2016		1 January – 31 December 2015	
		including bonuses and special benefits:		including bonuses and special benefits:
Management Board, including:	9,066	-	8,124	2,862
Michał Krupiński	1,377	-	-	-
Rodger Hodgkiss	634	-	-	-
Andrzej Jaworski	434	-	-	-
Tomasz Kulik	- ¹⁾	-	-	-
Maciej Rapkiewicz	581	-	-	-
Beata Kozłowska-Chyła	634 ²⁾	-	-	-
Robert Pietryszyn	273	-	-	-
Paweł Surówka	176	-	-	-
Sebastian Klimek	579 ³⁾	-	-	-
Przemysław Dąbrowski	683 ⁵⁾	-	1,112	371
Dariusz Krzewina	668 ⁶⁾	-	1,281	507
Tomasz Tarkowski	121	-	995	332
Rafał Grodzicki	520 ⁷⁾	-	312	-
Andrzej Klesyk	1,950 ⁴⁾	-	2,970	1,170
Witold Jaworski	436 ⁸⁾	-	260	-
Ryszard Trepczyński	-	-	1,194 ⁹⁾	482

Remuneration and other short-term employee benefits paid by PZU	1 January – 31 December 2016		1 January – 31 December 2015	
		including bonuses and special benefits:		including bonuses and special benefits:
Top management (PZU Group Directors), including:	4,503	199	3,799	1,530
Aleksandra Agatowska	505	-	-	-
Tomasz Karusewicz	611	-	-	-
Bartłomiej Litwińczuk	241	-	-	-
Sławomir Niemierka	862	199	963	300
Roman Pałac	581	-	-	-
Paweł Surówka	455 ¹⁰⁾	-	-	-
Tobiasz Bury	706 ¹¹⁾	-	1 276	606
Przemysław Henschke	542 ¹²⁾	-	936	312
Rafał Grodzicki	-	-	624	312
Supervisory Board, including:	1,241	-	1,224	-
Paweł Kaczmarek	191	-	84	-
Maciej Zaborowski	143	-	-	-
Marcin Chludziński	119	-	-	-
Alojzy Nowak	120	-	120	-
Jerzy Paluchniak	118	-	-	-
Marcin Gargas	167	-	-	-
Eligiusz Krześniak	119	-	-	-
Piotr Paszko	119	-	-	-

Remuneration and other short-term employee benefits paid by PZU	1 January – 31 December 2016		1 January – 31 December 2015	
		including bonuses and special benefits:		including bonuses and special benefits:
Radosław Potrzezszcz	119	-	-	-
Piotr Walkowiak	11	-	-	-
Zbigniew Cwiąkański	3	-	180	-
Zbigniew Derdziuk	2	-	120	-
Dariusz Filar	2	-	132	-
Dariusz Kacprzyk	2	-	120	-
Jakub Karnowski	2	-	120	-
Aleksandra Magaczewska	2	-	156	-
Maciej Piotrowski	2	-	120	-
Tomasz Zganiacz	-	-	72	-

¹⁾ remuneration only from PZU Życie, amount in the following table

²⁾ including remuneration resulting from competition prohibition in the amount of PLN 55 thousand

³⁾ including remuneration resulting from competition prohibition in the amount of PLN 111 thousand

⁴⁾ including remuneration resulting from competition prohibition in the amount of PLN 1.350 thousand

⁵⁾ including remuneration resulting from competition prohibition in the amount of PLN 332 thousand

⁶⁾ including remuneration resulting from competition prohibition in the amount of PLN 55 thousand

⁷⁾ including remuneration resulting from competition prohibition in the amount of PLN 312 thousand

⁸⁾ including remuneration resulting from competition prohibition in the amount of PLN 195 thousand

⁹⁾ including remuneration resulting from competition prohibition in the amount of PLN 185 thousand

¹⁰⁾ including remuneration resulting from the advisory function to the Management Board of PZU in the amount of PLN 345 thousand in the period of 24 April 2016 – 31 October 2016

¹¹⁾ including remuneration resulting from competition prohibition in the amount of PLN 371 thousand

¹²⁾ including remuneration resulting from competition prohibition in the amount of PLN 312 thousand

Remuneration and other short-term employee benefits paid by other entities of PZU Group	1 January – 31 December 2016		1 January – 31 December 2015	
		including bonuses:		including bonuses:
Management Board, including:	4,266	-	3,310	1,279
Rodger Hodgkiss	599	-	-	-
Andrzej Jaworski	208	-	-	-
Tomasz Kulik	206	-	-	-
Maciej Rapkiewicz	208	-	-	-
Paweł Surówka	329	-	-	-
Beata Kozłowska-Chyła	329 ¹⁾	-	-	-
Robert Pietryszyn	135	-	-	-
Sebastian Klimek	208 ²⁾	-	-	-
Przemysław Dąbrowski	368 ³⁾	-	799	400
Dariusz Krzewina	360 ⁴⁾	-	690	273
Tomasz Tarkowski	801 ⁵⁾	-	536	179
Rafał Grodzicki	280 ⁶⁾	-	504	168
Witold Jaworski	235 ⁷⁾	-	138	-
Ryszard Trepczyński	-	-	643 ⁸⁾	259
Top management (PZU Group Directors), including:	2,332	107	1,546	492
Aleksandra Agatowska	272	-	-	-
Tomasz Karusewicz	329	-	-	-
Bartłomiej Litwińczuk	147	-	-	-
Sławomir Niemierka	599	107	464	107
Roman Pałac	313	-	-	-
Tobiasz Bury	380 ⁹⁾	-	578	217
Przemysław Henschke	292 ¹⁰⁾	-	504	168

¹⁾ including remuneration resulting from competition prohibition in the amount of PLN 119 thousand (PZU Życie)

²⁾ including remuneration resulting from competition prohibition in the amount of PLN 138 thousand (PZU Życie)

³⁾ including remuneration resulting from competition prohibition in the amount of PLN 179 thousand (PZU Życie)

⁴⁾ including remuneration resulting from competition prohibition in the amount of PLN 30 thousand (PZU Życie)

⁵⁾ including remuneration resulting from competition prohibition in the amount of PLN 150 thousand (Link4)

⁶⁾ including remuneration resulting from competition prohibition in the amount of PLN 168 thousand (PZU Życie)

⁷⁾ including remuneration resulting from competition prohibition in the amount of PLN 105 thousand (PZU Życie)

⁸⁾ including remuneration resulting from competition prohibition in the amount of PLN 100 thousand (PZU Życie)

⁹⁾ including remuneration resulting from competition prohibition in the amount of PLN 200 thousand (PZU Życie)

¹⁰⁾ including remuneration resulting from competition prohibition in the amount of PLN 168 thousand (PZU Życie)

Total estimated value of non-financial benefits granted by PZU and the subsidiaries of PZU	1 January – 31 December 2016	1 January – 31 December 2015
Management Board, including:	1,057	1,224
Michał Krupiński	79	-
Rodger Hodgkiss	36	-
Andrzej Jaworski	77	-
Tomasz Kulik	76	-
Maciej Rapkiewicz	101	-
Paweł Surówka	54	-
Beata Kozłowska-Chyła	105	-
Robert Pietryszyn	51	-
Sebastian Klimek	66	-
Przemysław Dąbrowski	92	191
Dariusz Krzewina	126	209
Tomasz Tarkowski	48	178
Rafał Grodzicki	51	129
Andrzej Klesyk	56	298
Witold Jaworski	39	40
Ryszard Trepczyński	-	179
Top management (PZU Group Directors), including:	605	600
Aleksandra Agatowska	97	-
Tomasz Karusewicz	51	-
Bartłomiej Litwińczuk	51	-
Sławomir Niemierka	171	176
Roman Pałac	93	-
Tobiasz Bury	60	213
Przemysław Henschke	82	167
Rafał Grodzicki	-	44
Supervisory Board, including:	-	11
Zbigniew Cwiąkański	-	10
Jakub Karnowski	-	1

Remuneration of Members of the Management Board of PZU, Capital Group Directors, and Members of the Supervisory Board of PZU paid, due or potentially due	1 January–31 December 2016	1 January–31 December 2015
a) Charged to costs	23,077	19,827
b) Resulting from incentive or bonus plans based on issuer's equity	-	-

32.2 Transactions with subsidiaries

Transactions with subsidiaries	1 January–31 December 2016	1 January–31 December 2015
1. Gross written premium from direct insurance and reinsurance inwards, including:	664,606	276,107
- from Link 4	432,352	160,686
- from TUW PZUW	110,466	47,197
- from PrJSC IC PZU Ukraine	77,896	44,080
- from Lietuvos Draudimas AB	17,430	16,571
- from Alior Bank	14,659	1,708
- from AAS Balta	9,648	9,004
- from UAB DK PZU Lietuva	-	(4,963)
2. Dividend revenue, including:	844,151	1,704,309
- from PZU Życie	825,000	1,690,174
- from TFI PZU	18,671	9,227
- from PZU AM	-	3,806
- from PZU CO	-	1,102
3. Other revenue, including:	29,830	36,004
- kick-backs from TFI PZU	16,708	13,884

Transactions with subsidiaries	1 January–31 December 2016	1 January– 31 December 2015
- from property due to rentals to related parties	2,656	2,978
- from exchange differences of the loans granted to other PZU Group entities	2,332	2,353
- from re-invoicing costs from subordinated entities	2,028	4,384
- receiving shares from PZU Pomoc free of charge	-	6,604
4. Gross claims and benefits paid, including:	151,249	6,769
- for Link4	98,226	158
- for PZU Pomoc SA	21,737	1,877
- for PrJSC IC PZU Ukraine	17,184	1,389
- for AAS Balta	13,297	3,327
- for UAB DK PZU Lietuva	-	4
5. Other expenses, including:	345,589	118,225
- exchange differences of the loan from PZU Finance AB	137,832	9,683
- reinsurance commissions to Link4	70,088	11,004
- costs of interest of the loan from PZU Finance AB	62,866	39,151
- IT services rendered by PZU CO	35,023	31,112
- reinsurance commissions to PrJSC IC PZU Ukraine	8,589	5,289
- rental services by Ogrodowa Inwestycje	5,268	5,590
- cyclic mass print services by PZU CO	5,182	4,108
- share in profit for PrJSC IC PZU Ukraine	4,418	3,163
- reinsurance commissions to TUV PZUW	3,071	-

Transactions with subsidiaries	31 December 2016	31 December 2015
1. Receivables, including:	140,734	41,998
- CIT receivables – PGK	63,436	29,560
- receivables due to reinsurance inwards – premiums from TUV PZUW	62,458	-
- other receivables from Link 4	9,335	7,009
- receivables due to insurance premiums from Alior Bank	2,797	1,723
- receivables due to inward reinsurance – premiums from PZU Ukraine	40	2,450
2. Liabilities, including:	3,779,339	3,660,858
- loans from PZU Finance AB (publ.)	3,764,982	3,611,636
- other insurance liabilities to Alior Bank	2,652	-
- income tax liabilities – PGK	2,634	42,115
- liabilities arising from inward reinsurance – to TUV PZUW	2,569	-
- liabilities arising from inward reinsurance – to PZU Ukraine	206	1,276
3. Contingent liabilities (off-balance sheet) arising from the promissory notes from PZU Pomoc	12,517	12,944
4. Contingent liabilities (off-balance sheet) arising from the guarantee granted from Alior Bank	2,043	-
5. Contingent liabilities (off-balance sheet) arising from the loan not granted to PZU Zdrowie	-	70,000

32.2.1. Information on loans from PZU Życie

On 7 August 2013, PZU and PZU Życie entered into a framework agreement concerning concluding cash loans transactions. Cash loans are granted in PLN for a specified period, not longer than 12 months. The total value of cash loans provided by each Party may not exceed PLN 1 billion. Cash loans provided are recognized under "Investments in related parties" in the Company's assets, while those received – under "Liabilities arising from issue of own debt securities and obtained loans" in liabilities.

In 2016, PZU Życie granted loans at the total amount of PLN 1,350,000 thousand, and in 2015 - PLN 1,300,000 thousand.

As at 31 December 2016, all loans were repaid.

32.2.2. Loans from subsidiaries

Loans from subsidiaries have been described in Point 2.4.3

32.3 Transactions with associates

Neither in 2016 nor in 2015, PZU had any associates.

Signatures of members of the Management Board of PZU SA:

Name

Position

Michał Krupiński

CEO of PZU

.....
(signature)

Tomasz Kulik

Member of the Management
Board

.....
(signature)

Roger Hodgkiss

Member of the Management
Board

.....
(signature)

Andrzej Jaworski

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)

Chief Actuary at PZU

Paweł Chadysz

Director of Insurance and Risk
Management

.....
(signature)

Warsaw, 14 March 2017