

**POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA**

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
WITH AUDITOR'S OPINION**



This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

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I. INTRODUCTION TO THE FINANCIAL STATEMENTS

1. Introduction

1.1. 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 to the Register of Entrepreneurs of the National Court Register at the District Court for the capital city of Warsaw, XII Business Division of the National Court Register, under KRS number 0000009831.

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

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

1.2. Period covered by the financial statements

The separate financial statements have been prepared for a period of 12 months from 1 January to 31 December 2014.

1.3. Format of separate financial statements of PZU

The separate financial statements of PZU for year 2014 contains financial data presented in line with Attachment No. 3 to the Decree 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 (Official Journal from 2014, No. 300, "Decree on financial statements presented in prospectus").

1.4. 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 and circumstances indicating a risk to PZU 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.

1.5. Presentation unit

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

1.6. Result on discontinued operations

In 2014 PZU did not discontinue any operations.

2. Selected financial data of PZU

Items from balance sheet	31 December 2014 in thousand PLN	31 December 2013 in thousand PLN	31 December 2014 in thousand EUR	31 December 2013 in thousand EUR
Assets	34,629,778	30,136,572	8,124,669	7,266,727
Share capital	86,352	86,352	20,259	20,822
Total equity	12,328,724	12,259,761	2,892,505	2,956,154
Basic and diluted weighted average number of ordinary shares in issue	86,352,300	86,352,300	86,352,300	86,352,300
Book value per share (in PLN/EUR)	142.77	141.97	33.50	34.23

Items from revenue account - non-life insurance	1 January - 31 December 2014 in thousand PLN	1 January - 31 December 2013 in thousand PLN	1 January - 31 December 2014 in thousand EUR	1 January - 31 December 2013 in thousand EUR
Gross written premiums	8,261,752	8,273,900	1,972,155	1,964,830
Technical result on non-life insurance	564,429	1,061,855	134,734	252,162
Net investment result ¹⁾	2,568,038	4,633,302	613,014	1,100,285
Net profit/ (loss)	2,636,733	5,106,345	629,412	1,212,621
Basic and diluted weighted average number of ordinary shares in issue	86,352,300	86,352,300	86,352,300	86,352,300
Basic and diluted profit per one ordinary share (in PLN/EUR)	30.53	59.13	7.29	14.04

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

Items from statements of cash flows	1 January - 31 December 2014 in thousand PLN	1 January - 31 December 2013 in thousand PLN	1 January - 31 December 2014 in thousand EUR	1 January - 31 December 2013 in thousand EUR
Net cash flows from operating activities	804,109	1,076,004	191,948	255,522
Net cash flows from investment activities	(1 210 503)	2,927,984	(288,958)	695,318
Net cash flows from financing activities	381 418	(3,966,013)	91,048	(941,822)
Total net cash flows	(24 976)	37,975	(5,962)	9,018

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 2014	31 December 2014	1 January - 31 December 2013	31 December 2013
Average rate	4.1892	4.2623	4.2110	4.1472
Highest rate of the period	4.3138	n/a	4.3432	n/a
Lowest rate of the period	4.0998	n/a	4.0671	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 a given period - for the profit and loss account and cash flow statement.

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

There were no changes introduced to the accounting principles (policy) in 2014, except for changes described in point 5 below.

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

In 2014 PZU introduced the following changes to the method of preparation of the financial statements.

5.1. Changes in the presentation of loans from PZU Życie SA

The presentation of loans from PZU Życie SA ("PZU Życie"), for adequacy purposes, was transferred from item VIII.5.2.a "Other liabilities to related parties" of liabilities to item VIII.3 "Liabilities arising from issue of debt securities and obtained loans".

The impact of the above-mentioned changes on the comparable data is presented below:

Balance sheet items	31 December 2013 <i>Historical data</i>	Change	31 December 2013 <i>Comparable data in this financial statements</i>
VIII.3 Liabilities arising from issue of debt securities and obtained loans	-	200,000	200,000
VIII.5.2.a Other liabilities to related parties	221,655	(200,000)	21,655

5.2. Change in presentation of cash flows from kick-backs

On the basis of the recommendations contained in the circular letter of the Polish Financial Supervision Authority ('PFSA') of 19 December 2014 concerning the presentation in the financial statements of the revenues from additional benefits arising from the possession of a considerable amount of assets in funds by the insurance company that are managed by investment fund companies (the so-called "kick-backs"), the presentation of inflows from these revenues within the investing activities of the cashflow statement was transferred from item B.I.7. "Inflows – cash from other investments" to item B.I.11 "Inflows – other inflows from investments".

The impact of the above-mentioned changes on the comparable data in the cashflow statement is presented below:

Specified cash flow statement items	1 January 2013 31 December 2013 <i>Historical data</i>	Change	1 January 2013 - 31 December 2013 <i>Comparable data in this financial statements</i>
B.I.7 Cash flows from investing activities - Inflows - cash from other investments	105,188,546	(9,980)	105,178,566
B.I.11. B.I.7 Cash flows from investing activities - Inflows - Other inflows from investments	-	9,980	9,980

6. Adjustment of errors

In the separate financial statements no errors were adjusted.

7. Information on significant subsequent events not recognised in the financial statements

7.1. Sale of shares in UAB DK PZU Lietuva

On 2 February 2015, a share purchase agreement of shares in UAB DK PZU Lietuva ("PZU Lietuva") was signed, under which Gjensidige Forsikring ASA with the registered office in Oslo (Norway) acquired 1,761,941 ordinary registered shares with the nominal value of LTL 100 (EUR 28.96) each, representing a total of 99.879% of the share capital of PZU Lietuva.

The sale of shares is subject to the fulfillment of the following conditions precedent:

- the lack of objection of the Bank of Lithuania regarding the purchase of shares in PZU Lietuva by the purchaser;
- consent of the Latvian and Estonian antitrust authorities or a written confirmation that such consent is not required;
- consent of the Lithuanian Competition Council;

- completion of the process of separating assets and liabilities of PZU Lietuva related to the operations carried out by the branches of PZU Lietuva in Latvia and Estonia to PZU Group;
- obtaining the consent of the Bank of Lithuania on the early repayment by PZU Lietuva of subordinated loan granted to PZU Lietuva by PZU;
- consent of the Norwegian Financial Supervision Authority for the purchase of the shares in PZU Lietuva by the purchaser;
- waiver of the preemptive right by the minority shareholder of PZU Lietuva (holding 0.121% of the share capital) in relation to the shares of PZU Lietuva in favour of PZU;
- consent of the Lithuanian government commission for the purchase of the shares in PZU Lietuva by the purchaser or a written confirmation that such consent is not required.

The above mentioned conditions precedent should be met until 30 November 2015.

The price of the shares of PZU Lietuva amounted to EUR 54,000 thousand and shall be adjusted by the difference between the estimated value of net assets and the reference net assets, as well as 4 payments in 6-month periods, each time in the amount of 1.5% of the amount of excess capital calculated as a difference between the actual equity of PZU Lietuva determined in accordance with the requirements of the Bank of Lithuania and the required PZU Lietuva capital calculated in accordance with the provisions of law and regulations binding PZU Lietuva.

7.2. Settlement of the Link4 shares acquisition

On 11 March 2015, the final settlement of acquisition of Link4 shares was prepared, which was described in the note 2.4.1.2 of Supplementary information and explanations. As a result of difference between the final value of net assets and the reference value, RSA paid to PZU the abovementioned difference in the amount of EUR 2,070 thousand. The final purchase price amounted to EUR 91,816 thousand.

8. Significant prior-years events recognised in the financial statements for the current 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 current-year events significantly changing the structure of balance sheet items and the financial result

9.1. Dividend from Powszechny Zakład Ubezpieczeń na Życie

On 16 June 2014, the General Meeting of Shareholders of PZU Życie passed a resolution regarding the appropriation of profit for the financial year 2013 in the amount of PLN 1,694,657 thousand as follows:

- dividend payment: PLN 1,330,000 thousand;
- allocation of PLN 354,657 thousand to the supplementary capital;
- allocation to the Social Benefits Fund: PLN 10,000 thousand.

The total dividend due to the sole shareholder, i.e. PZU, for 2013, in the amount of PLN 1,330,000 thousand, was paid on 6 October 2014.

On 18 December 2014, the Management Board of PZU Życie decided to pay the advance dividend, as a part of expected dividend at the end of the year 2014, in the amount of PLN 730,000 thousand. On 22 December 2014, the Supervisory Board of PZU Życie granted their consent for advance dividend payment. The dividend was paid on 29 January 2015.

9.2. Dividends paid

The issue has been described in point 7.2.1 of Supplementary information and explanations.

10. Managing and supervisory bodies of PZU

10.1. Management Board of PZU

From 1 January 2014 to 31 December 2014, composition of the Management Board of PZU was as follows:

- Andrzej Klesyk - Chairman of the Board;
- Przemysław Dąbrowski - Member of the Board;
- Dariusz Krzewina - Member of the Board;
- Barbara Smalska - Member of the Board;
- Tomasz Tarkowski - Member of the Board;
- Ryszard Trepczyński - Member of the Board.

On 6 October 2014, Barbara Smalska resigned from the position of a Member of the Management Board of PZU effective from 31 December 2014.

Composition of the Management Board of PZU from 1 January 2015 to the date of signing the separate financial statements:

- Andrzej Klesyk - Chairman of the Board;
- Przemysław Dąbrowski - Member of the Board;
- Dariusz Krzewina - Member of the Board;
- Tomasz Tarkowski - Member of the Board;
- Ryszard Trepczyński - Member of the Board.

10.2. Supervisory Board of PZU

From 1 January 2013 to 18 June 2014, the composition of the Supervisory Board of PZU was as follows:

- Waldemar Maj - Chairman
- Zbigniew Ćwiąkalski - Vice-Chairman;
- Tomasz Zganiacz – Secretary of the Board;
- Dariusz Daniluk – Member;
- Zbigniew Derdziuk – Member;
- Dariusz Filar - Member;
- Włodzimierz Kiciński - Member;
- Alojzy Nowak – Member;
- Maciej Piotrowski - Member.

On 17 June 2014, the General Meeting of Shareholders of PZU adopted a resolution dismissing Dariusz Daniluk, Włodzimierz Kiciński and Waldemar Maj from the Supervisory Board of PZU, as well as resolutions appointing Aleksandra Magaczewska, Dariusz Kacprzyk and Jakub Karnowski as Members of the Supervisory Board of PZU. The resolutions became effective on 18 June 2014.

On 15 July 2014, the Supervisory Board of PZU entrusted Aleksandra Magaczewska with the function of the Chairman of the Supervisory Board of PZU.

Composition of the Supervisory Board of PZU between 18 June 2014 and the date of signing of the separate financial statements:

- Aleksandra Magaczewska – Chairman (from 15 July 2014, in the period from 18 June to 15 July 2014 - Member of the Supervisory Board);
- Zbigniew Ćwiąkalski - Vice-Chairman;
- Tomasz Zganiacz – Secretary of the Board;
- Zbigniew Derdziuk – Member;
- Dariusz Filar - Member;

- Dariusz Kacprzyk – Member;
- Jakub Karnowski – Member;
- Alojzy Nowak – Member;
- Maciej Piotrowski - Member.

10.3. PZU Group Directors

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

Group Directors as at 1 January 2014:

- Rafał Grodzicki;
- Przemysław Henschke;
- Sławomir Niemierka.

On 15 January 2014, the Management Board of PZU appointed Tobiasz Bury as a Group Director effective from 16 January 2014.

Composition of the Group Directors from 16 January 2014 to the date of signing the separate financial statements:

- Tobiasz Bury;
- Rafał Grodzicki;
- Przemysław Henschke;

11. Fee of the company authorized to audit financial statements

In line with provisions of point 12a.(b) of “B. Supplementary information and explanations” of Appendix 3 to the Decree on financial statements presented in prospectus, information regarding remuneration of the company authorized to audit financial statements is presented in note 31.1 of Supplementary information and explanations.

12. Accounting principles (policy)

Pursuant to Article 45.1a of the Accounting Act (Official Journal from 2013, item 330, 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 (henceforth: IFRS).

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

- Decree of the Ministry of Finance dated 28 December 2009 on specific accounting principles in insurance and reinsurance companies (Official Journal from 2009, No. 226, item. 1825, 'Decree on accounting of insurance companies');
- Decree of the Ministry of Finance of 12 December 2001 on detailed principles of recognition, measurement, disclosure and presentation of financial instruments (Official Journal from 2001, No. 149, item 1674, as amended).

Other major legal acts applicable to the separate financial statements include :

- Ordinance of the Minister of Finance of 28 November 2003 on calculation methods and amount of required solvency margin and the minimum guarantee fund for insurance departments and groups (Official Journal from 2003, No. 211, item 2060 as amended);
- The Insurance Activity Act of 22 May 2003 (Official Journal from 2013, item 950 as amended, “The Insurance Activity Act”).

For all matters not specified in the Accounting Act and related bylaws on the basis thereof National Accounting Standards and / or IFRS are applied.

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, licences and concessions.

Intangible assets are measured at 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 measured at acquisition price or manufacturing costs, revalued based on separate regulations (the last revaluation took place as at 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 as presented below. 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 measured using the equity method.

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

- amortisation of goodwill (in accordance with the straight-line method over the period up to 15 years),
- amortisation 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, such as:

- trademarks – amortized in accordance with the straight-line method, most frequently for a period equal to the period of goodwill amortization;
- broker and customer relations – depreciated for a period of one up to thirteen years;
- present value of future profits (value in force) – amortized over the term of insurance contracts;

- remeasurements of fair value of the assets and liabilities of the related parties, which were not measured at fair value and the deferred tax impact on the related party'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 charge to the revaluation reserve;

12.2.2.1 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 profit and loss account.

12.2.3 Financial instruments

Financial instruments are classified at the time of the acquisition 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 trade date.

Financial instruments are initially recognized at 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 the 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) method.

Fair values of financial instruments are 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 indices.

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

12.2.3.1 Financial instruments held for trading

Financial assets 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 derivative instruments, 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 fair value.

Derivative instruments

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

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

The fair value of derivative instruments not quoted on an active market, including forwards and interest rate swaps (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 recognised in the balance sheet in assets as "Other investments" or in liabilities as "Other liabilities".

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

12.2.3.2 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, assesses 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 mismatch of assets and liabilities of PZU.

Financial assets held to maturity are measured at amortized cost less any impairment losses.

12.2.3.3 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.

Loans include also buy sell-back transactions described in point 12.2.3.6 and term deposits at credit institutions regardless of their maturity.

Loans, including term deposits and receivables, are recognised at amortized cost less 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.

12.2.3.4 Financial assets available for sale

Financial assets available for sale include those not classified to the above categories, ie:

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

Financial assets held for trading are measured at 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 case of debt instruments their amortized cost, is charged to the revaluation reserve.

The effects of remeasurement of debt instruments to their amortised cost are recognized in the profit and loss account.

In case 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 are reversed through the general profit and loss account.

12.2.3.5 Deposits with cedents

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

Deposits with cedents are measured 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.

12.2.3.6 Acquisition and sale of financial instruments with substance different than the legal aspects

According to PZU opinion, *buy-sell-back* and *sell buy-back* transactions do not mean transfer of rights and obligations related to the given financial instrument. The above transactions are classified as loans or liabilities, respectively. These transactions are measured at amortized cost.

12.2.3.7 Impairment of financial assets

As at the end of each financial year, 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 a decrease in expected future cash flows, appropriate impairment losses are recognised. 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. an increase in the amount of outstanding payments) or
 - ✓ unfavourable 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;
- unfavourable 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 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-end investment funds and investment certificates issued by closed-end 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 of 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 of the end of the financial year or there are any other indications that the decreases may be temporary in nature.

12.2.3.8 Foreign investments

Foreign investments are investments outside the territory of Poland.

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

- the 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 equity instruments with the right to interest in the equity;
- the country of the registered office of the fund manager – for participation units and investment certificates of investment funds or other 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 doubtful receivables are based on an analysis of the economic and financial position of the debtors, ageing analysis of receivables and their historical recoverability including the probability of payment.

12.3.1 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.

12.3.1.1 Receivables from policyholders

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

If case the individual approach was not 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 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 not be eventually paid is determined on the basis of a historical analysis. The amount determined in this way is reduced by the value of the receivables subject to individual impairment losses. For the resulting amount of receivables not yet due impairment losses are determined based on the unrecoverability ratios of receivables due in the shortest overdue period.

Impairment losses for insurance receivables are recognised in other technical expenses.

12.3.2 Reinsurance receivables

Reinsurance receivables include receivables due to cedents, reinsurers and reinsurance brokers resulting from reinsurance inwards, reinsurance outwards and retrocession. The receivables are related mainly to the reinsurers' share in claims paid, reinsurers' commission and share in reinsurers' profits.

Impairment losses on reinsurance receivables are recognised in other technical expenses.

12.3.3 Other receivables

Other receivables include, among others, receivables from due dividend, receivables from the State Budget and receivables from claims representative services.

Impairment losses on other receivables are recognised in 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 company's purposes.

They include in particular:

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

Tangible assets are measured at cost less accumulated depreciation and impairment losses. Tangible assets are depreciated beginning from first day of the month following the month of commissioning in accordance with 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 as presented below.

Asset type	Depreciation rates for key assets 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 recognised at face value.

12.6. Prepayments and accruals

Prepayments and accruals include paid and accrued costs, in its 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 the case of non-life insurance acquisition commissions are deferred.

12.6.1 Change in 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, cost of obligatory payments imposed by legal regulations) are recognized over time, proportionally to the passing time or to 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 that will be settled in accordance with the contractual terms in the future.

12.6.3 Accruals

Accruals 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 reinsurance outwards.

Reinsurance accruals include accrued costs from past events 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

The share capital is recognized at the nominal value and is recorded in the National Court Register.

12.7.2 Supplementary capital

The supplementary capital is created and distributed in line with the provisions of the Code of Commercial Companies (Official Journal from 2013, item 1030 as amended, "KSH") and the articles of association of PZU.

Supplementary capital is created from prior year 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 deferred tax effect;
- remeasurements available-for-sale investments (above and below cost and, for debt instruments, amortised cost), along with the corresponding deferred tax effect;
- revaluation of tangible assets in line with relevant regulations. The last revaluation took place as at 1 January 1995.

12.7.4 Retained earnings

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

12.8. Technical provisions

Technical provisions are created in order to cover current and future claims that may result from concluded insurance contracts. Provisions are created in line with the prudence concept.

12.8.1 Unearned premiums reserve

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

Unearned premiums reserve is created as written premium for future financial years, in proportion to the period which the written premium covered. Unearned 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, unearned 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 unearned 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 after the end of a given reporting period.

12.8.2 Unexpired risks reserve

Unexpired risks reserve complements the unearned 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 classes as at the end of each reporting period.

The overall unexpired risks reserve is determined for insurance classes with the claims ratio for the current period exceeding 100%, as the difference between the product of the unearned premiums reserve and the claims ratio for the current reporting period and the unearned premiums reserve – for the same insurance period. The share of reinsurers in the 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 reported but not paid claims (including the part for the capitalized value of annuities);
- provision for incurred but not reported claims (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 recognised at the nominal value, ie without discounting.

Provisions for the capitalized value of annuities are discounted.

12.8.3.1 Provision for claims reported but not paid

The provision for claims reported but not paid (RBNP or Provision I) is determined based on an individual approach by claim 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 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 impact its amount by individual assessment or estimated losses and claims.

12.8.3.2 Provision for claims incurred but not reported

The 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 end of the reporting period as at which the provision is recognised. IBNR is calculated using the loss triangles: the 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.

12.8.3.3 Provision for claims handling expenses

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

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

The provision for indirect claims handling expenses is recognised 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.

12.8.3.4 Provisions for the capitalized value of annuities

The 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 for 2013, 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 a 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.).

Future returns on the investments covering the provision for capitalized value of annuities are calculated as projected profitability of the held-to-maturity investment portfolio in line with the prudence concept.

The technical interest rate applied to all annuities was 3.6% both as at 31 December 2014 and 31 December 2013. At the same time, based on the forecasted inflation rate and the remuneration growth rate, a growth rate of 3.9% was used for annuities both as at 31 December 2014 and 31 December 2013.

As at the end of each reporting period provisions for the capitalized value of annuities are created, by means of the actuarial method, for claims incurred after 31 December 1990 and not reported as annuities until 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 the provision was calculated as at the end of 1997 and whose benefits at the end of the reporting period is lower than a predefined percentage of the present value of average remuneration for the years 1960-1990. For the difference between the satisfactory and actual amounts, a provision for capitalized value of annuities is calculated in line with current principles.

12.8.3.5 Reinsurers' share in technical provisions

The 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.

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

The 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 the reporting period.

12.8.6 Expected subrogations and salvages

When estimating 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 (Official Journal from 2005, No. 150, item 1249, as amended). When estimating the amount of subrogation, salvages and subsidies, collection costs are included.

The basis for establishing 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 generalised *Chain Ladder* method, broken down by the accident years.

12.9. Other provisions

"Other provisions" include provisions for certain or highly probable future costs arising from past events, with uncertain amount or payment deadline, that 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.

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

The costs of creating 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 (Official Journal from 2014, item 1502, 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 recognised on an accrual basis using the projected unit credit method.

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

12.9.2 Provision for unused paid vacation

The provision for unused paid vacation is calculated using liability method based on the difference between the actual use of vacation days and the status that would occur had vacation been 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 Labour Code, in the event of death of an employee while in service or during period in which sickness benefit is collected, the 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 at the amount due, in line with concluded reinsurance contracts.

12.10.2 Liabilities arising from issue of debt securities and obtained loans

Liabilities arising from issue of debt securities and obtained loans are recognized at amortized cost.

12.10.3 Other liabilities

Liabilities are recognized at the amount due.

12.10.4 Special funds

Special funds include:

- the balance of the Social Benefits Fund, created in line with the relevant regulation as an expense. The Social Benefits Fund is also increased by allocation of net profit pursuant to the resolutions of the General Meeting of Shareholders;
- the balance of the Prevention Fund, created from expensed charges, in line with the Insurance Act and the articles of association of PZU.

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

12.11. Revenue from insurance activities

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

The 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. Investment income and losses

12.12.1 Income from property and property maintenance costs

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

Investment property maintenance costs are recognised 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 "Administrative costs" in the proportion resulting from space used by PZU.

12.12.2 Income and losses from debt securities

The remeasurement result on debt securities to amortized cost is recognized as income from debt securities.

The difference between fair value as at the balance sheet date and amortized cost is recognized as follows:

- in the case of debt securities (not relevant for the calculation of the 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 recognised as the difference between the fair value and the cost or the carrying amount at the end of the previous reporting period (in the case the securities were acquired in prior 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 for the calculation of the 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 recognized in the reporting period are recognized under "Loss on revaluation of investments" and revenue from reversal of the impairment losses recognized in prior periods are recognized under "Gain on revaluation of investments".

Dividend revenue is recognized at gross amounts as at the date the right to dividend was 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 the reporting period is recognized irrespective of the date when it was 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 (including costs), transferred from the general profit and loss account

Investment income included in calculation of the provision for 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 are 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, i.e. 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.

The 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 the 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. Direct acquisition costs include insurance agent commission costs, payroll costs related to conclusion of insurance contracts, costs of attestation, studies and research regarding the accepted risk. Indirect acquisition costs include advertisement and promotion of insurance products and costs related to analysis of applications and issuing policies.

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

Acquisition costs are deferred in line with the principles applicable at the determination of the unearned 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 the costs of insurance activity, not classified as acquisition costs, costs of claims and benefits and investment costs related to the collected premiums, managed portfolio of insurance contracts, reinsurance contracts and general and administrative expenses of the insurance company.

The 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 reinsurance outwards 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.

12.14.3 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 the accounting records 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.

12.15. Income tax

Income tax recognized in the 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 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 expectations - 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 date for the previous year, 1 January 2004 is assumed as the date of transition to IFRS of PZU Group. 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 despite the fact that PZU does not prepare separate financial statements in line with IFRS.

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

13.1. Valuation of related parties

Under PAS, shares in related parties are measured using the equity method, described in detail in point 12.2.2 of the Introduction to the financial statements.

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

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

13.2. Valuation of property

Under the Decree on accounting of insurance companies, all property (both own and investment) is measured at cost less accumulated depreciation and any impairment losses.

As at the date of transition to IFRSs (i.e. as at 1 January 2004), the costs own property was determined and the difference was charged to retained earnings. 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 fair value as at the balance sheet date and any changes in the fair value during the reporting period are charged to the statement of profit or loss of the reporting period.

If own property is reclassified to investment property measured at 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 property, plant and equipment in 1995, property, plant and equipment was 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 – non-life insurance

The provisions of the Decree on accounting of insurance companies specify the principles of creating and applying the 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 recognise those contributions in the current period expenses. Pursuant to the provisions of the Ordinance on accounting insurance companies, the fund is recognized as special funds in liabilities.

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. Impairment losses on equity instruments classified as available for sale

For certain equity instruments classified as available for sale, impairment losses were recognized.

In accordance with IAS 39.69, impairment losses on unquoted equity instruments classified as available for sale cannot be reversed through profit or loss. Pursuant to the provisions of the Accounting Act, when the reason for the impairment losses of financial assets no longer exists, the entire impairment losses or its relevant part increase the value of a given assets and is recognised an income on revaluation of investments.

13.7. Social Benefits Fund

If the General Meeting of Shareholders of PZU 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 statement of profit or loss for the financial year when a portion of net profit for the previous year was allocated to the Social Benefits Fund.

13.8. Actuarial gains and losses from remeasurements of defined benefit liabilities

In accordance with PAS, determination of provisions for retirement and death benefits are 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.

13.9. Differences due to deferred tax

For all the differences between PAS and IFRS the deferred tax effect was included, if relevant.

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

Description	Pt.	Net profit 1 January - 31 December 2014	Equity 31 December 2014	Net profit 1 January - 31 December 2013	Equity 31 December 2013
Financial statements in accordance with PAS		2,636,733	12,328,724	5,106,345	12,259,761
Valuation of related parties ¹⁾	13.1	62,055	(3,840,475)	(12,378)	(3,979,803)
Valuation of property	13.2, 13.3	(15,849)	123,969	(44,077)	135,339
Risk equalization reserve – non-life insurance	13.4	5,461	483,427	5,122	477,966
Prevention Fund	13.5	(18,583)	23,687	25,933	42,270
Impairment losses on equity instruments classified as available for sale	13.6	(3)	-	(3,557)	-
Social Benefits Fund	13.7	(10,000)	-	(10,000)	-
Actuarial gains and losses from remeasurements of defined benefit liabilities	13.8	4,571	-	(31)	-
Other		(1,559)	2,180	(960)	3,739
Total adjustments		26,093	(3,207,212)	(39,948)	(3,320,489)
Financial statements in accordance with IFRS		2,662,826	9,121,512	5,066,397	8,939,272

¹⁾ PZU has never prepared separate financial statements in line with IFRS. For the purposes of this note it was assumed that investments in related parties according to IFRS are measured at cost less any impairment losses

II. BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

Assets	Note	31 December 2014	31 December 2013
I. Intangible assets, including:	X.1	283,999	244,582
- goodwill		-	-
II. Investments	X.2	31,030,939	27,609,398
1. Property	X.2.3	492,420	515,161
2. Investments in related parties	X.2.4	6,473,390	4,957,219
- investments in related parties measured using the equity method		6,473,390	4,957,219
3. Other financial investments	X.2.5	24,065,129	22,134,104
4. Deposits with cedents	X.2.7	-	2,914
III. Net unit-linked assets		-	-
IV. Receivables	X.3	2,437,819	1,496,637
1. Insurance receivables	X.3.1	1,398,967	1,282,803
1.1. From related parties		110	15
1.2. From other entities		1,398,857	1,282,788
2. Reinsurance receivables	X.3.2	19,651	18,229
2.1. From related parties		194	30
2.2. From other entities		19,457	18,199
3. Other receivables	X.3.3	1,019,201	195,605
3.1. Receivables from the State Budget		1,953	33,968
3.2. Other receivables		1,017,248	161,637
a) from related parties		803,507	43,112
b) from other entities		213,741	118,525
V. Other assets	X.4	171,650	179,203
1. Property, plan and equipment	X.4.1	124,649	104,194
2. Cash	X.4.2	47,001	75,009
3. Other assets		-	-
VI. Prepayments	X.5	705,371	606,752
1. Deferred tax assets	X.5.1	-	2,877
2. Deferred acquisition costs		568,502	520,305
3. Accrued interest and rent		-	-
4. Other prepayments	X.5.2	136,869	83,570
Total assets		34,629,778	30,136,572

Equity and liabilities	Note	31 December 2014	31 December 2013
I. Equity	X.7	12,328,724	12,259,761
1. Share capital	X.7.1	86,352	86,352
2. Called up share capital (negative value)		-	-
3. Treasury shares (negative value)		-	-
4. Supplementary capital (fund)	X.7.3	4,408,306	3,974,327
5. Revaluation reserve (fund)	X.7.4	5,197,333	4,819,783
6. Other reserve capital		-	-
7. Retained earnings		-	-
8. Net profit/ (loss)		2,636,733	5,106,345
9. Appropriations of net profit during the financial year (negative value)		-	(1,727,046)
II. Subordinated liabilities		-	-
III. Technical provisions	X.8	17,657,194	16,519,014
IV. Reinsurers' share in technical provisions (negative value)	X.8	(683,893)	(482,520)
V. Expected subrogations and salvages (negative value)	X.9	(112,120)	(123,552)
1. Expected subrogations and salvages (gross)		(113,763)	(126,669)
2. Reinsurers' share in expected subrogations and salvages		1,643	3,117
VI. Other provisions	X.10	265,170	165,228
1. Provisions for pension and other statutory employee benefits	X.10.1	72,667	83,251
2. Deferred tax liability	X.10.2	92,577	-
3. Other provisions	X.10.3	99,926	81,977
VII. Liabilities due to reinsurers' deposits		-	-
VIII. Other liabilities and special funds	X.11	4,598,574	1,280,359
1. Insurance liabilities	X.11.1	325,424	313,346
1.1. To related parties		783	1,087
1.2. To other entities		324,641	312,259
2. Reinsurance liabilities	X.11.2	67,650	28,759
2.1. To related parties		-	-
2.2. To other entities		67,650	28,759
3. Liabilities arising from issue of debt securities and obtained loans		2,127,155	200,000
4. Liabilities to credit institutions		-	-
5. Other liabilities	X.11.5	1,956,784	597,693
5.1. Liabilities to the State Budget		40,502	49,864
5.2. Other liabilities		1,916,282	547,829
a) to related parties		8,192	21,655
b) to other entities		1,908,090	526,174
6. Special funds	X.11.7	121,561	140,561
IX. Accruals	X.12	576,129	518,282
1. Cost accruals		550,075	501,342
2. Negative goodwill		-	-
3. Deferred income		26,054	16,940
Total equity and liabilities		34,629,778	30,136,572

Item	31 December 2014	31 December 2013
Book value	12,328,724	12,259,761
Number of shares	86,352,300	86,352,300
Book value per share (in PLN)	142.77	141.97
Diluted number of shares	86,352,300	86,352,300
Diluted book value per share (in PLN)	142.77	141.97

Off-balance sheet items	Note	31 December 2014	31 December 2013
1. Contingent assets, including:	X.14.1	9,846,030	7,769,202
1.1. Guarantees and sureties received		12,552	19,586
1.2. Other		9,833,478	7,749,616
2. Contingent liabilities, including:	X.14.2	2,350,745	95,616
2.1. Guarantees and sureties given		2,152,111	6,385
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		-	-
2.5. Disputed claims not acknowledged by the insurer and brought to court by creditors		198,357	88,924
3. Reinsurance collateral for the insurance company		-	-
4. Reinsurance collateral pledged by the insurance company for cedants		-	-
5. Third-party assets not recognized in the company's assets		123,161	112,901
6. Other non-balance sheet items (by type)		-	-
6.1. Assets of the insurance company used as collateral		-	-
6.2. Other off-balance sheet items		-	-
Total off-balance sheet items		12,319,936	7,977,719
Own funds	X.13	7,981,468	9,505,612
Required solvency margin	X.13	1,362,353	1,362,353
Surplus (shortage) of own funds to cover the solvency margin	X.13	6,619,115	8,143,259
Technical provisions ¹⁾		17,543,431	16,392,345
Assets to cover technical provisions		20,755,548	18,941,151
Surplus (shortage) of assets to cover technical provisions		3,212,117	2,548,806

¹⁾ less gross expected subrogations and salvages

III. REVENUE ACCOUNT – NON-LIFE INSURANCE

Revenue account – non-life insurance	Note	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums		7,902,639	8,108,036
1. Gross written premiums	X.15	8,261,752	8,273,900
2. Reinsurers' share in written premiums		281,468	204,029
3. Change in unearned premiums reserve and unexpired risks reserve, gross		159,223	(29,013)
4. Reinsurers' share in change in unearned premiums reserve		81,578	9,152
II. Net investment result (including costs) transferred from the general profit and loss account		266,032	299,902
III. Other technical revenue, net of reinsurance		143,758	46,394
IV. Claims	X.18	5,230,864	5,047,077
1. Claims paid, net of reinsurance		4,366,167	4,034,856
1.1. Gross claims paid		4,427,251	4,301,883
1.2. Reinsurers' share in claims paid		61,084	267,027
2. Change in outstanding claims provision, net of reinsurance:		864,697	1,012,221
2.1. Change in outstanding claims provision, gross		985,966	763,701
2.2. Reinsurers' share in change in outstanding claims provision		121,269	(248,520)
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, including change in provisions, net of reinsurance		2,325	298
VII. Costs of insurance activities	X.21	2,252,028	2,029,501
1. Acquisition costs, including:	X.21.1	1,511,908	1,441,795
- change in deferred acquisition costs		(48,197)	(30,020)
2. Administrative expenses	X.21.2	729,142	662,694
3. Reinsurers' commissions and share in reinsurers' profit		(10,978)	74,988
VIII. Other technical charges, net of reinsurance		256,040	309,278
IX. Changes in risk equalization reserve		6,743	6,323
X. Technical result on non-life insurance		564,429	1,061,855

IV. GENERAL PROFIT AND LOSS ACCOUNT

General profit and loss account	Note	1 January - 31 December 2014	1 January - 31 December 2013
I. Technical result on non-life insurance		564,429	1,061,855
II. Investment income		2,963,887	4,982,129
1. Investment income from property		6,215	6,873
2. Income from investments in related parties		2,093,953	3,886,588
2.1. Arising from shares		2,090,212	3,886,588
2.2. Arising from loans and debt securities		3,741	-
2.3. Arising from other investments		-	-
3. Income from other financial investments		469,524	565,602
3.1. Arising from shares, other variable income securities as well as participation units and investment certificates of investment funds		11,670	8,905
3.2. Arising from debt securities and other fixed income securities		328,612	462,032
3.3. Arising from term deposits at credit institutions		58,677	26,002
3.4. Arising from other investments		70,565	68,663
4. Gain on revaluation of investments		5,230	8,969
5. Gain on realization of investments		388,965	514,097
III. Unrealized gains on investments		266,653	132,295
IV. Net investment income (including costs) transferred from the revenue account of life insurance		-	-
V. Investing activities costs		301,637	371,493
1. Property maintenance costs		9,146	10,611
2. Other investing activities costs		14,738	26,262
3. Loss on revaluation of investments		7,386	40,707
4. Loss on realization of investments		270,367	293,913
VI. Unrealized losses on investments		298,810	121,068
VII. Net investment income (including costs) transferred to the revenue account of non-life insurance		266,032	299,902
VIII. Other operating income	X.22	146,489	65,131
IX. Other operating expenses	X.23	220,455	58,067
X. Operating profit (loss)		2,854,524	5,390,880
XI. Extraordinary gains		-	-
XII. Extraordinary losses		-	-
XIII. Profit/ (loss) before tax		2,854,524	5,390,880
XIV. Income tax	X.25	155,736	295,974
a) current portion		167,041	355,718
b) deferred portion		(11,305)	(59,744)
XV. Other statutory reductions in profit (increases of loss)		-	-
XVI. Share in net profit (loss) of related parties measured using the equity method	X.26	(62,055)	11,439
XVII. Net profit/ (loss)		2,636,733	5,106,345

	31 December 2014	31 December 2013
Net profit (loss) (annualized)	2,636,733	5,106,345
Weighted average number of ordinary shares	86,352,300	86,352,300
Profit (loss) per ordinary share (in PLN)	30.53	59.13
Weighted average diluted number of ordinary shares	86,352,300	86,352,300
Diluted profit (loss) per ordinary share (in PLN)	30.53	59.13

V. STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity	1 January - 31 December 2014	1 January - 31 December 2013
I. Equity at the beginning of the period	12,259,761	13,452,581
a) changes in the accounting principles (policy)	-	-
b) errors adjustments	-	-
I.a. Equity as at the beginning of the period, after restatements	12,259,761	13,452,581
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. Called up share capital at the beginning of the period	-	-
2.1. Changes in called up share capital	-	-
a) increases	-	-
b) decreases	-	-
2.2. Called up share capital at the end of the period	-	-
3. Treasury shares at the beginning of the period	-	-
3.1. Changes in treasury shares	-	-
a) increases	-	-
b) decreases	-	-
3.2. Treasury shares at the end of the period	-	-
4. Supplementary capital at the beginning of the period	3,974,327	3,967,599
4.1. Changes in supplementary capital	433,979	6,728
a) increases (due to)	433,979	6,728
- profit distribution (above the statutory minimum value)	433,321	6,057
- from revaluation reserve – sale and liquidation of fixed assets	658	671
b) decreases	-	-
- reclassified to reserve capital for funding of advances for dividend	-	-
4.2. Supplementary capital at the end of the period	4,408,306	3,974,327
5. Revaluation reserve at the beginning of the period	4,819,783	6,817,910
- changes in the accounting principles (policy)	-	-
5.1. Changes in revaluation reserve	377,550	(1,998,127)
a) increases (due to)	677,291	549,837
- remeasurement of financial investments	677,291	549,086
- reclassification of impairment losses on investments available for sale	-	751
b) decreases (due to)	299,741	2,547,964
- remeasurement of financial investments	299,037	2,545,012
- disposal and liquidation of fixed assets	658	671
- other decreases, including impairment losses recognition	46	2,281
5.2. Revaluation reserve at the end of the period	5,197,333	4,819,783
6. Other reserve capital at the beginning of the period	-	-
6.1. Changes in other reserve capitals	-	-
a) increases (due to)	-	-
- reclassified to reserve capital for funding of advances for dividend	-	-
b) decreases (due to)	-	-
- financing advance payments towards expected dividend	-	-
6.2. Other reserve capital at the end of the period	-	-
7. Retained earnings at the beginning of the period	3,379,299	2,580,720
7.1. Retained profits at the beginning of the period	3,379,299	2,580,720
a) changes in the accounting principles (policy)	-	-
b) errors adjustments	-	-
7.2. Retained profits at the beginning of the period, after restatements	3,379,299	2,580,720

Warsaw, 16 March 2015

The appended additional notes constitute an integral part of these financial statements

Statement of changes in equity	1 January - 31 December 2014	1 January - 31 December 2013
a) increases	-	-
b) decreases (due to)	3,379,299	2,580,720
- reclassification to supplementary capital	433,321	6,057
- dividend payment	2,935,978	2,564,663
- allocation to the Social Benefits Fund	10,000	10,000
7.3. Retained profits at the end of the period	-	-
7.4. Retained losses at the beginning of the period	-	-
a) changes in the accounting principles (policy)	-	-
b) errors adjustments	-	-
7.5. Retained losses at the beginning of the period, after restatements	-	-
7.6. Retained losses at the end of the period	-	-
7.7. Retained earnings at the end of the period	-	-
8. Net result	2,636,733	3,379,299
a) net profit	2,636,733	5,106,345
b) net loss	-	-
c) appropriations of profit	-	(1,727,046)
II. Equity at the end of the period	12,328,724	12,259,761
III. Equity, including the proposed profit appropriation (loss coverage)	12,328,724	12,259,761

Equity, including the proposed profit appropriation (loss coverage) has been calculated by taking into account the matter presented in point 7.2.2 of Supplementary information and explanations.

VI. CASH FLOW STATEMENT

Cash Flow Statement	Note	1 January - 31 December 2014	1 January - 31 December 2013
A. Cash flows from operating activities			
I. Inflows		9,155,722	9,533,864
1. Inflows from insurance operations and reinsurance inwards		8,389,086	8,474,096
1.1. Inflows from insurance premiums		8,250,782	8,304,035
1.2. Inflows from subrogations and salvages and claim refunds		108,120	131,572
1.3. Other inflows from direct business		30,184	38,489
2. Inflows from reinsurance outwards		61,026	340,039
2.1. Reinsurers' payments due to their share in claims		54,763	272,071
2.2. Inflows from reinsurance commissions and share in reinsurers' profits		6,232	67,927
2.3. Other inflows from reinsurance outwards		31	41
3. Inflows from other operating activities		705,610	719,729
3.1. Inflows from claims representative services		183,762	229,061
3.2. Disposal of intangible assets and fixed assets other than investments		2,562	3,935
3.3. Other inflows	X.27	519,286	486,733
II. Outflows		8,351,613	8,457,860
1. Outflows for insurance operations and reinsurance outwards		6,687,994	6,663,528
1.1. Refunds of gross premiums		160,062	186,430
1.2. Gross claims paid		3,771,911	3,726,114
1.3. Outflows due to acquisition expenses		1,115,888	1,042,740
1.4. Administrative outflows		1,362,861	1,473,446
1.5. Payments due to handling claims and costs of subrogations collection		155,280	121,214
1.6. Paid commissions and profit sharing due to reinsurance inwards		6,647	1,685
1.7. Other outflows for insurance operations and reinsurance inwards		115,345	111,899
2. Payments due to reinsurance outwards		219,739	182,268
2.1. Premiums paid to reinsurers		219,421	181,973
2.2. Other outflows due to reinsurance outwards		318	295
3. Outflows for the other operating activities		1,443,880	1,612,064
3.1. Outflows from claims representative services		453,015	463,108
3.2. Acquisition of intangible assets and fixed assets other than investments		161,128	162,350
3.3. Other operating outflows	X.27	829,737	986,606
III. Net cash flows from operating activities (I-II)		804,109	1,076,004
B. Cash flows from investing activities			
I. Inflows		212,221,437	177,071,640
1. Disposal of property		20,725	10,127
2. Disposal of shares in related parties		-	265
3. Disposal of shares in other entities and participation units and investment certificates of investment funds		140,654	280,804
4. Redemption of debt securities issued by related parties and repayment of loans taken out by those entities		105,000	-
5. Redemption of debt securities issued by other entities		8,541,245	26,745,642
6. Withdrawal of term deposits at credit institutions		96,709,115	42,649,055
7. Inflows from other investments		105,273,064	105,178,566
8. Inflows from property		8,200	7,773
9. Interest received		52,428	675,864
10. Dividends received	I.9.1	1,360,261	1,513,564
11. Other inflows from investments		10,745	9,980

Warsaw, 16 March 2015

The appended additional notes constitute an integral part of these financial statements

Cash Flow Statement	Note	1 January - 31 December 2014	1 January - 31 December 2013
II. Outflows		213,431,940	174,143,656
1. Acquisition of property		-	-
2. Acquisition of shares in related parties		1,412,626	12,359
3. Acquisition of shares in other entities and participation units and investment certificates of investment funds		298,550	1,076,750
4. Acquisition of debt securities issued by related parties and granting loans to those entities		327,193	-
5. Acquisition of debt securities issued by other entities		7,885,670	24,618,519
6. Term deposits at credit institutions		97,839,671	41,914,984
7. Acquisition of other investments		105,610,348	106,497,405
8. Outflows for maintenance of property		55,142	16,546
9. Other investments outflows		2,740	7,093
III. Net cash flows from investing activities (I-II)		(1,210,503)	2,927,984
C. Cash flows from financing activities			
I. Inflows		3,670,304	5,254,172
1. Net inflows from issue of shares and capital contributions		-	-
2. Loans and borrowings and issues of debt securities		3,670,304	5,254,172
3. Other financial inflows		-	-
II. Outflows		3,288,886	9,220,185
1. Dividends		1,468,139	4,166,166
2. Profit distribution payments other than dividend		-	-
3. Acquisition of treasury shares		-	-
4. Repayment of credit facilities and loans and redemption of debt securities		1,820,733	5,054,019
5. Interest on credit facilities, loans and issued debt securities		14	-
6. Other financial outflows		-	-
III. Net cash flows from financing activities (I-II)		381,418	(3,966,013)
D. Total net cash flows (A.III +/- B.III +/- C.III)		(24,976)	37,975
E. Balance sheet change in cash and cash equivalents, including:		(28,008)	33,397
- change in cash due to exchange differences		(3,032)	(4,578)
F. Cash at the beginning of the period		75,009	41,612
G. Cash at the end of the period (F +/- D), including:		47,001	75,009
- cash not available for use	X.27.1	45,167	70,842

VII. TECHNICAL ACCOUNTS – DIRECT INSURANCE

Technical account – direct insurance, total

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	7,857,787	8,074,185
1. Gross written premiums	8,139,124	8,218,944
2. Reinsurers' share in written premium	220,626	191,929
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	98,990	(36,471)
4. Reinsurers' share in change in unearned premiums reserve	38,279	10,699
II. Net investment income (including costs), reclassified from the general profit and loss account	266,032	299,902
III. Other technical revenue net of reinsurance	141,126	45,626
IV. Claims	5,190,264	5,023,762
1. Claims paid net of reinsurance	4,342,031	3,995,523
1.1. Gross claims paid	4,391,907	4,262,550
1.2. Reinsurers' share in claims paid	49,876	267,027
2. Change in outstanding claims provision, net of reinsurance:	848,233	1,028,239
2.1. Change in outstanding claims provision (gross)	970,095	779,719
2.2. Reinsurers' share in change in outstanding claims provision	121,862	(248,520)
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	908	298
VII. Costs of insurance activities	2,235,788	2,020,996
1. Acquisition costs, including:	1,503,496	1,436,455
1.1. change in deferred acquisition costs	(48,197)	(30,020)
2. Administrative expenses	721,314	659,529
3. Reinsurers' commissions and share in reinsurers' profit	(10,978)	74,988
VIII. Other technical charges – net of reinsurance	251,904	308,257
IX. Changes in risk equalization reserve	7,867	4,637
X. Technical result on non-life insurance	578,214	1,061,763

Revenue account - direct insurance

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

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	438,399	450,646
1. Gross written premiums	436,423	446,058
2. Reinsurers' share in written premium	101	102
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(2,049)	(4,727)
4. Reinsurers' share in change in unearned premiums reserve	28	(37)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	7,434	796
IV. Claims	128,216	157,272
1. Claims paid net of reinsurance	141,989	146,953
1.1. Gross claims paid	141,989	146,976
1.2. Reinsurers' share in claims paid	-	23
2. Change in outstanding claims provision, net of reinsurance:	(13,773)	10,319
2.1. Change in outstanding claims provision (gross)	(13,772)	10,315
2.2. Reinsurers' share in change in outstanding claims provision	1	(4)
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	-	-
VII. Costs of insurance activities	169,974	163,248
1. Acquisition costs, including:	109,649	107,033
1.1. change in deferred acquisition costs	(1,110)	(800)
2. Administrative expenses	60,332	56,318
3. Reinsurers' commissions and share in reinsurers' profit	7	103
VIII. Other technical charges – net of reinsurance	2,535	6,052
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	145,108	124,870

Revenue account - direct insurance

GROUP 2 – Sickness insurance

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	9,462	9,705
1. Gross written premiums	9,461	9,015
2. Reinsurers' share in written premium	4	4
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(5)	(693)
4. Reinsurers' share in change in unearned premiums reserve	-	1
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	31	42
IV. Claims	3,899	5,255
1. Claims paid net of reinsurance	3,928	5,369
1.1. Gross claims paid	3,908	5,369
1.2. Reinsurers' share in claims paid	(20)	-
2. Change in outstanding claims provision, net of reinsurance:	(29)	(114)
2.1. Change in outstanding claims provision (gross)	(29)	(114)
2.2. Reinsurers' share in change in outstanding claims provision	-	-
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	-	-
VII. Costs of insurance activities	3,438	2,972
1. Acquisition costs, including:	2,228	1,750
1.1. change in deferred acquisition costs	-	122
2. Administrative expenses	1,210	1,222
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	19	82
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	2,137	1,438

Revenue account - direct insurance

GROUP 3 – Motor own damage insurance of land vehicles other than rail vehicles

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	1,986,810	2,056,343
1. Gross written premiums	2,010,892	2,027,029
2. Reinsurers' share in written premium	26,898	22,507
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(1,942)	(54,026)
4. Reinsurers' share in change in unearned premiums reserve	874	(2,205)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	12,982	9,282
IV. Claims	1,296,224	1,283,142
1. Claims paid net of reinsurance	1,310,792	1,251,331
1.1. Gross claims paid	1,311,958	1,251,318
1.2. Reinsurers' share in claims paid	1,166	(13)
2. Change in outstanding claims provision, net of reinsurance:	(14,568)	31,811
2.1. Change in outstanding claims provision (gross)	(14,304)	31,873
2.2. Reinsurers' share in change in outstanding claims provision	264	62
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	538	355
VII. Costs of insurance activities	513,373	471,396
1. Acquisition costs, including:	373,949	352,113
1.1. change in deferred acquisition costs	(14,129)	274
2. Administrative expenses	130,944	118,428
3. Reinsurers' commissions and share in reinsurers' profit	(8,480)	(855)
VIII. Other technical charges – net of reinsurance	27,310	37,543
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	162,347	273,189

Revenue account - direct insurance

GROUP 4 – Own damage insurance of rail vehicles

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	4,437	6,398
1. Gross written premiums	13,862	6,034
2. Reinsurers' share in written premium	4,194	1,613
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	7,294	(3,109)
4. Reinsurers' share in change in unearned premiums reserve	2,063	(1,132)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	88	359
IV. Claims	7,075	4,406
1. Claims paid net of reinsurance	979	4,307
1.1. Gross claims paid	594	6,030
1.2. Reinsurers' share in claims paid	(385)	1,723
2. Change in outstanding claims provision, net of reinsurance:	6,096	99
2.1. Change in outstanding claims provision (gross)	9,207	(1,491)
2.2. Reinsurers' share in change in outstanding claims provision	3,111	(1,590)
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	134	4
VII. Costs of insurance activities	1,438	1,679
1. Acquisition costs, including:	1,225	1,678
1.1. change in deferred acquisition costs	(1,442)	456
2. Administrative expenses	458	171
3. Reinsurers' commissions and share in reinsurers' profit	245	170
VIII. Other technical charges – net of reinsurance	433	79
IX. Changes in risk equalization reserve	(618)	227
X. Technical result on non-life insurance	(3,937)	362

Revenue account - direct insurance

GROUP 5 – “Own damage” insurance of aircraft

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	6,071	6,583
1. Gross written premiums	6,130	6,502
2. Reinsurers' share in written premium	1,077	938
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(763)	(3,026)
4. Reinsurers' share in change in unearned premiums reserve	255	(2,007)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	270	390
IV. Claims	7,397	5,826
1. Claims paid net of reinsurance	1,131	4,010
1.1. Gross claims paid	1,578	4,517
1.2. Reinsurers' share in claims paid	447	507
2. Change in outstanding claims provision, net of reinsurance:	6,266	1,816
2.1. Change in outstanding claims provision (gross)	7,285	1,424
2.2. Reinsurers' share in change in outstanding claims provision	1,019	(392)
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	106	6
VII. Costs of insurance activities	1,369	1,539
1. Acquisition costs, including:	1,216	1,556
1.1. change in deferred acquisition costs	117	320
2. Administrative expenses	153	154
3. Reinsurers' commissions and share in reinsurers' profit	-	171
VIII. Other technical charges – net of reinsurance	60	130
IX. Changes in risk equalization reserve	(1,069)	329
X. Technical result on non-life insurance	(1,522)	(857)

Revenue account - direct insurance

GROUP 6 – Insurance of vessels in sea and inland navigation

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	13,150	12,606
1. Gross written premiums	22,107	18,838
2. Reinsurers' share in written premium	7,625	5,180
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	3,484	2,733
4. Reinsurers' share in change in unearned premiums reserve	2,152	1,681
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	427	471
IV. Claims	9,568	6,259
1. Claims paid net of reinsurance	9,128	14,880
1.1. Gross claims paid	9,344	15,739
1.2. Reinsurers' share in claims paid	216	859
2. Change in outstanding claims provision, net of reinsurance:	440	(8,621)
2.1. Change in outstanding claims provision (gross)	814	(9,334)
2.2. Reinsurers' share in change in outstanding claims provision	374	(713)
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	-	30
VII. Costs of insurance activities	3,380	3,079
1. Acquisition costs, including:	2,969	2,552
1.1. change in deferred acquisition costs	(926)	(181)
2. Administrative expenses	758	748
3. Reinsurers' commissions and share in reinsurers' profit	347	221
VIII. Other technical charges – net of reinsurance	660	648
IX. Changes in risk equalization reserve	(267)	630
X. Technical result on non-life insurance	236	2,431

Revenue account - direct insurance

GROUP 7 – Goods-in-transit insurance

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	8,730	8,087
1. Gross written premiums	14,547	12,487
2. Reinsurers' share in written premium	4,351	3,053
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	3,548	2,118
4. Reinsurers' share in change in unearned premiums reserve	2,082	771
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	860	56
IV. Claims	2,535	2,814
1. Claims paid net of reinsurance	1,609	3,539
1.1. Gross claims paid	1,609	3,540
1.2. Reinsurers' share in claims paid	-	1
2. Change in outstanding claims provision, net of reinsurance:	926	(725)
2.1. Change in outstanding claims provision (gross)	912	(783)
2.2. Reinsurers' share in change in outstanding claims provision	(14)	(58)
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	287	63
VII. Costs of insurance activities	4,259	4,038
1. Acquisition costs, including:	3,097	2,968
1.1. change in deferred acquisition costs	(353)	(231)
2. Administrative expenses	1,249	1,094
3. Reinsurers' commissions and share in reinsurers' profit	87	24
VIII. Other technical charges – net of reinsurance	412	526
IX. Changes in risk equalization reserve	92	404
X. Technical result on non-life insurance	2,005	298

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 2014	1 January - 31 December 2013
I. Premiums	1,014,907	985,401
1. Gross written premiums	1,084,178	1,073,206
2. Reinsurers' share in written premium	53,292	38,752
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	22,833	36,691
4. Reinsurers' share in change in unearned premiums reserve	6,854	(12,362)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	17,825	3,823
IV. Claims	343,287	416,345
1. Claims paid net of reinsurance	304,045	378,662
1.1. Gross claims paid	312,567	378,339
1.2. Reinsurers' share in claims paid	8,522	(323)
2. Change in outstanding claims provision, net of reinsurance:	39,242	37,683
2.1. Change in outstanding claims provision (gross)	37,608	37,501
2.2. Reinsurers' share in change in outstanding claims provision	(1,634)	(182)
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	(402)	(881)
VII. Costs of insurance activities	312,085	296,691
1. Acquisition costs, including:	236,376	221,390
1.1. change in deferred acquisition costs	(8,124)	(9,255)
2. Administrative expenses	78,284	76,350
3. Reinsurers' commissions and share in reinsurers' profit	2,575	1,049
VIII. Other technical charges – net of reinsurance	40,440	50,633
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	337,322	226,436

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 (such as theft, for example), other than those included in group 8

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	694,078	712,099
1. Gross written premiums	745,404	787,025
2. Reinsurers' share in written premium	41,851	66,363
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	13,669	42,958
4. Reinsurers' share in change in unearned premiums reserve	4,194	34,395
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	20,480	2,038
IV. Claims	338,454	247,607
1. Claims paid net of reinsurance	340,839	221,476
1.1. Gross claims paid	345,381	252,395
1.2. Reinsurers' share in claims paid	4,542	30,919
2. Change in outstanding claims provision, net of reinsurance:	(2,385)	26,131
2.1. Change in outstanding claims provision (gross)	(372)	27,977
2.2. Reinsurers' share in change in outstanding claims provision	2,013	1,846
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	(585)	440
VII. Costs of insurance activities	266,588	258,335
1. Acquisition costs, including:	182,467	176,496
1.1. change in deferred acquisition costs	(1,583)	(7,868)
2. Administrative expenses	86,740	82,937
3. Reinsurers' commissions and share in reinsurers' profit	2,619	1,098
VIII. Other technical charges – net of reinsurance	10,774	18,597
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	99,327	189,158

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 2014	1 January - 31 December 2013
I. Premiums	2,709,143	2,873,675
1. Gross written premiums	2,634,079	2,826,349
2. Reinsurers' share in written premium	10,725	5,261
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(84,342)	(53,268)
4. Reinsurers' share in change in unearned premiums reserve	1,447	(681)
II. Net investment income (including costs), reclassified from the general profit and loss account	242,036	275,069
III. Other technical revenue net of reinsurance	63,391	22,085
IV. Claims	2,532,056	2,406,879
1. Claims paid net of reinsurance	1,876,335	1,599,620
1.1. Gross claims paid	1,903,716	1,746,458
1.2. Reinsurers' share in claims paid	27,381	146,838
2. Change in outstanding claims provision, net of reinsurance:	655,721	807,259
2.1. Change in outstanding claims provision (gross)	680,183	629,855
2.2. Reinsurers' share in change in outstanding claims provision	24,462	(177,404)
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	192	14
VII. Costs of insurance activities	607,987	498,476
1. Acquisition costs, including:	341,715	334,232
1.1. change in deferred acquisition costs	(2,713)	(12,660)
2. Administrative expenses	248,314	231,536
3. Reinsurers' commissions and share in reinsurers' profit	(17,958)	67,292
VIII. Other technical charges – net of reinsurance	155,950	173,625
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	(281,615)	91,835

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 2014	1 January - 31 December 2013
I. Premiums	3,672	3,928
1. Gross written premiums	4,528	5,748
2. Reinsurers' share in written premium	1,012	2,053
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(489)	10
4. Reinsurers' share in change in unearned premiums reserve	(333)	243
II. Net investment income (including costs), reclassified from the general profit and loss account	48	108
III. Other technical revenue net of reinsurance	311	65
IV. Claims	(2,062)	1,420
1. Claims paid net of reinsurance	445	724
1.1. Gross claims paid	445	7,095
1.2. Reinsurers' share in claims paid	-	6,371
2. Change in outstanding claims provision, net of reinsurance:	(2,507)	696
2.1. Change in outstanding claims provision (gross)	(2,491)	(2,721)
2.2. Reinsurers' share in change in outstanding claims provision	16	(3,417)
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	(60)	60
VII. Costs of insurance activities	1,551	1,723
1. Acquisition costs, including:	1,121	1,255
1.1. change in deferred acquisition costs	65	(48)
2. Administrative expenses	455	507
3. Reinsurers' commissions and share in reinsurers' profit	25	39
VIII. Other technical charges – net of reinsurance	80	230
IX. Changes in risk equalization reserve	(77)	196
X. Technical result on non-life insurance	4,599	472

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 2014	1 January - 31 December 2013
I. Premiums	520	448
1. Gross written premiums	583	496
2. Reinsurers' share in written premium	19	10
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	46	2
4. Reinsurers' share in change in unearned premiums reserve	2	(36)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	8	-
IV. Claims	296	307
1. Claims paid net of reinsurance	190	170
1.1. Gross claims paid	190	170
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	106	137
2.1. Change in outstanding claims provision (gross)	106	134
2.2. Reinsurers' share in change in outstanding claims provision	-	(3)
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	-	-
VII. Costs of insurance activities	284	232
1. Acquisition costs, including:	164	151
1.1. change in deferred acquisition costs	(6)	1
2. Administrative expenses	120	81
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	3	5
IX. Changes in risk equalization reserve	5	(20)
X. Technical result on non-life insurance	(60)	(76)

Warsaw, 16 March 2015

The appended additional notes constitute an integral part of these 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 2014	1 January - 31 December 2013
I. Premiums	648,927	635,698
1. Gross written premiums	756,291	677,515
2. Reinsurers' share in written premium	22,031	19,855
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	88,780	26,625
4. Reinsurers' share in change in unearned premiums reserve	3,447	4,663
II. Net investment income (including costs), reclassified from the general profit and loss account	23,948	24,725
III. Other technical revenue net of reinsurance	14,551	2,811
IV. Claims	383,659	363,720
1. Claims paid net of reinsurance	208,744	202,851
1.1. Gross claims paid	210,481	205,557
1.2. Reinsurers' share in claims paid	1,737	2,706
2. Change in outstanding claims provision, net of reinsurance:	174,915	160,869
2.1. Change in outstanding claims provision (gross)	197,748	162,430
2.2. Reinsurers' share in change in outstanding claims provision	22,833	1,561
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	168	58
VII. Costs of insurance activities	187,705	172,637
1. Acquisition costs, including:	140,145	132,012
1.1. change in deferred acquisition costs	(15,808)	(5,123)
2. Administrative expenses	49,226	41,427
3. Reinsurers' commissions and share in reinsurers' profit	1,666	802
VIII. Other technical charges – net of reinsurance	8,748	14,654
IX. Changes in risk equalization reserve	7,434	-
X. Technical result on non-life insurance	99,712	112,165

Revenue account - direct insurance

GROUP 14 – Credit insurance

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	17,730	15,275
1. Gross written premiums	14,715	14,660
2. Reinsurers' share in written premium	1,824	2,103
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(4,900)	(2,442)
4. Reinsurers' share in change in unearned premiums reserve	(61)	276
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	518	727
IV. Claims	130	1,398
1. Claims paid net of reinsurance	401	1,319
1.1. Gross claims paid	474	2,680
1.2. Reinsurers' share in claims paid	73	1,361
2. Change in outstanding claims provision, net of reinsurance:	(271)	79
2.1. Change in outstanding claims provision (gross)	(354)	380
2.2. Reinsurers' share in change in outstanding claims provision	(83)	301
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	348	51
VII. Costs of insurance activities	6,512	6,079
1. Acquisition costs, including:	3,434	3,287
1.1. change in deferred acquisition costs	230	1,672
2. Administrative expenses	3,707	3,432
3. Reinsurers' commissions and share in reinsurers' profit	629	640
VIII. Other technical charges – net of reinsurance	96	250
IX. Changes in risk equalization reserve	1,547	1,507
X. Technical result on non-life insurance	9,615	6,717

Revenue account - direct insurance

GROUP 15 – Suretyship

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	15,494	26,653
1. Gross written premiums	65,351	23,754
2. Reinsurers' share in written premium	28,651	11,756
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	31,892	(20,812)
4. Reinsurers' share in change in unearned premiums reserve	10,686	(6,157)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	(846)	529
IV. Claims	9,721	(10,479)
1. Claims paid net of reinsurance	6,523	29,254
1.1. Gross claims paid	10,762	82,394
1.2. Reinsurers' share in claims paid	4,239	53,140
2. Change in outstanding claims provision, net of reinsurance:	3,198	(39,733)
2.1. Change in outstanding claims provision (gross)	5,452	(106,434)
2.2. Reinsurers' share in change in outstanding claims provision	2,254	(66,701)
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	-	-
VII. Costs of insurance activities	10,883	14,241
1. Acquisition costs, including:	9,237	9,504
1.1. change in deferred acquisition costs	(837)	1,446
2. Administrative expenses	8,336	8,817
3. Reinsurers' commissions and share in reinsurers' profit	6,690	4,080
VIII. Other technical charges – net of reinsurance	(262)	494
IX. Changes in risk equalization reserve	774	1,334
X. Technical result on non-life insurance	(6,468)	21,592

Revenue account - direct insurance

GROUP 16 – Insurance of various financial risks

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	62,852	64,371
1. Gross written premiums	82,282	69,874
2. Reinsurers' share in written premium	16,679	11,942
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	7,353	(13,144)
4. Reinsurers' share in change in unearned premiums reserve	4,602	(6,705)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1,764	1,963
IV. Claims	324	20,989
1. Claims paid net of reinsurance	8,728	18,623
1.1. Gross claims paid	10,686	41,538
1.2. Reinsurers' share in claims paid	1,958	22,915
2. Change in outstanding claims provision, net of reinsurance:	(8,404)	2,366
2.1. Change in outstanding claims provision (gross)	58,910	537
2.2. Reinsurers' share in change in outstanding claims provision	67,314	(1,829)
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	182	98
VII. Costs of insurance activities	45,544	45,155
1. Acquisition costs, including:	42,586	41,399
1.1. change in deferred acquisition costs	925	3,432
2. Administrative expenses	3,528	3,910
3. Reinsurers' commissions and share in reinsurers' profit	570	154
VIII. Other technical charges – net of reinsurance	3,398	1,804
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	15,168	(1,712)

Revenue account - direct insurance

GROUP 17 – Insurance of legal protection

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	915	600
1. Gross written premiums	875	848
2. Reinsurers' share in written premium	-	-
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(40)	248
4. Reinsurers' share in change in unearned premiums reserve	-	-
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	51	13
IV. Claims	922	659
1. Claims paid net of reinsurance	732	521
1.1. Gross claims paid	732	521
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	190	138
2.1. Change in outstanding claims provision (gross)	190	138
2.2. Reinsurers' share in change in outstanding claims provision	-	-
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	-	-
VII. Costs of insurance activities	710	672
1. Acquisition costs, including:	416	431
1.1. change in deferred acquisition costs	-	1
2. Administrative expenses	294	241
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	3	31
IX. Changes in risk equalization reserve	46	30
X. Technical result on non-life insurance	(715)	(779)

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 2014	1 January - 31 December 2013
I. Premiums	222,490	205,669
1. Gross written premiums	237,416	213,506
2. Reinsurers' share in written premium	292	437
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	14,621	7,391
4. Reinsurers' share in change in unearned premiums reserve	(13)	(9)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	981	176
IV. Claims	128,563	109,943
1. Claims paid net of reinsurance	125,493	111,914
1.1. Gross claims paid	125,493	111,914
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	3,070	(1,971)
2.1. Change in outstanding claims provision (gross)	3,002	(1,968)
2.2. Reinsurers' share in change in outstanding claims provision	(68)	3
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	-	-
VII. Costs of insurance activities	98,708	78,804
1. Acquisition costs, including:	51,502	46,648
1.1. change in deferred acquisition costs	(2,503)	(1,578)
2. Administrative expenses	47,206	32,156
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	1,245	2,874
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	(5,045)	14,224

VIII. REVENUE ACCOUNTS – REINSURANCE INWARDS

Revenue account – reinsurance inwards, total

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	44,852	33,851
1. Gross written premiums	122,628	54,956
2. Reinsurers' share in written premium	60,842	12,100
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	60,233	7,458
4. Reinsurers' share in change in unearned premiums reserve	43,299	(1,547)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	2,632	768
IV. Claims	40,600	23,315
1. Claims paid net of reinsurance	24,136	39,333
1.1. Gross claims paid	35,344	39,333
1.2. Reinsurers' share in claims paid	11,208	-
2. Change in outstanding claims provision, net of reinsurance:	16,464	(16,018)
2.1. Change in outstanding claims provision (gross)	15,871	(16,018)
2.2. Reinsurers' share in change in outstanding claims provision	(593)	-
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	1,417	-
VII. Costs of insurance activities	16,240	8,505
1. Acquisition costs, including:	8,412	5,340
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	7,828	3,165
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	4,136	1,021
IX. Changes in risk equalization reserve	(1,124)	1,686
X. Technical result on non-life insurance	(13,785)	92

In 2014 and 2013 PZU carried out reinsurance inwards activities in all accounting classes, except for classes 8 and 9.

Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	89	71
1. Gross written premiums	1,038	73
2. Reinsurers' share in written premium	859	-
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	741	2
4. Reinsurers' share in change in unearned premiums reserve	651	-
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	21	2
IV. Claims	(1)	(6)
1. Claims paid net of reinsurance	-	-
1.1. Gross claims paid	-	-
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	(1)	(6)
2.1. Change in outstanding claims provision (gross)	(1)	(6)
2.2. Reinsurers' share in change in outstanding claims provision	-	-
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	-	-
VII. Costs of insurance activities	116	3
1. Acquisition costs, including:	1	-
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	115	3
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	-	-
IX. Changes in risk equalization reserve	-	-
X. Technical result on non-life insurance	(5)	76

Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	1,804	(172)
1. Gross written premiums	14,384	851
2. Reinsurers' share in written premium	7,830	284
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	12,292	784
4. Reinsurers' share in change in unearned premiums reserve	7,542	45
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	463	117
IV. Claims	(730)	(3,371)
1. Claims paid net of reinsurance	2,806	910
1.1. Gross claims paid	2,806	910
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	(3,536)	(4,281)
2.1. Change in outstanding claims provision (gross)	(3,536)	(4,281)
2.2. Reinsurers' share in change in outstanding claims provision	-	-
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	-	-
VII. Costs of insurance activities	1,794	(87)
1. Acquisition costs, including:	231	(163)
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	1,563	76
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	7	4
IX. Changes in risk equalization reserve	90	273
X. Technical result on non-life insurance	1,106	3,126

Revenue account – reinsurance inwards

CLASS 3 – Motor, other groups (group 3)

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	2,429	717
1. Gross written premiums	5,397	1 172
2. Reinsurers' share in written premium	129	-
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	2,959	455
4. Reinsurers' share in change in unearned premiums reserve	120	-
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	39	20
IV. Claims	681	(102)
1. Claims paid net of reinsurance	364	21
1.1. Gross claims paid	364	21
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	317	(123)
2.1. Change in outstanding claims provision (gross)	317	(123)
2.2. Reinsurers' share in change in outstanding claims provision	-	-
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	-	-
VII. Costs of insurance activities	451	174
1. Acquisition costs, including:	66	110
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	385	64
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	685	-
IX. Changes in risk equalization reserve	12	6
X. Technical result on non-life insurance	639	659

Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	4,547	4,171
1. Gross written premiums	11,779	7,568
2. Reinsurers' share in written premium	6,825	3,143
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	2,367	1,590
4. Reinsurers' share in change in unearned premiums reserve	1,960	1,336
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	290	65
IV. Claims	1,707	158
1. Claims paid net of reinsurance	540	95
1.1. Gross claims paid	541	95
1.2. Reinsurers' share in claims paid	1	-
2. Change in outstanding claims provision, net of reinsurance:	1,167	63
2.1. Change in outstanding claims provision (gross)	1,335	63
2.2. Reinsurers' share in change in outstanding claims provision	168	-
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	7	-
VII. Costs of insurance activities	1,459	1,228
1. Acquisition costs, including:	1,094	1,021
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	365	207
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	82	53
IX. Changes in risk equalization reserve	(28)	28
X. Technical result on non-life insurance	1,610	2,769

Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	29,618	25,370
1. Gross written premiums	71,676	38,830
2. Reinsurers' share in written premium	35,684	7,267
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	32,064	3,694
4. Reinsurers' share in change in unearned premiums reserve	25,690	(2,499)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1,594	522
IV. Claims	33,150	18,843
1. Claims paid net of reinsurance	9,471	26,689
1.1. Gross claims paid	20,631	26,689
1.2. Reinsurers' share in claims paid	11,160	-
2. Change in outstanding claims provision, net of reinsurance:	23,679	(7,846)
2.1. Change in outstanding claims provision (gross)	22,253	(7,846)
2.2. Reinsurers' share in change in outstanding claims provision	(1,426)	-
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	1,268	-
VII. Costs of insurance activities	7,652	5,938
1. Acquisition costs, including:	3,698	3,568
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	3,954	2,370
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	2,613	593
IX. Changes in risk equalization reserve	(1,287)	1,287
X. Technical result on non-life insurance	(12,184)	(769)

Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	3,367	1,274
1. Gross written premiums	7,022	2,251
2. Reinsurers' share in written premium	2,133	471
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	3,043	747
4. Reinsurers' share in change in unearned premiums reserve	1,521	241
II. Net investment income(including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	33	19
IV. Claims	3,479	7,247
1. Claims paid net of reinsurance	9,573	6,394
1.1. Gross claims paid	9,573	6,394
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	(6,094)	853
2.1. Change in outstanding claims provision (gross)	(6,092)	853
2.2. Reinsurers' share in change in outstanding claims provision	2	-
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	-	-
VII. Costs of insurance activities	1,434	350
1. Acquisition costs, including:	1,025	220
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	409	130
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	481	295
IX. Changes in risk equalization reserve	168	-
X. Technical result on non-life insurance	(2,162)	(6,599)

Revenue account – reinsurance inwards

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

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	556	642
1. Gross written premiums	7,443	627
2. Reinsurers' share in written premium	5,672	-
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	6,887	(15)
4. Reinsurers' share in change in unearned premiums reserve	5,672	-
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	79	3
IV. Claims	(90)	(6)
1. Claims paid net of reinsurance	45	11
1.1. Gross claims paid	45	11
1.2. Reinsurers' share in claims paid	-	-
2. Change in outstanding claims provision, net of reinsurance:	(135)	(17)
2.1. Change in outstanding claims provision (gross)	(135)	(17)
2.2. Reinsurers' share in change in outstanding claims provision	-	-
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	-	-
VII. Costs of insurance activities	2,943	395
1. Acquisition costs, including:	2,033	170
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	910	225
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	12	5
IX. Changes in risk equalization reserve	10	3
X. Technical result on non-life insurance	(2,240)	248

Revenue account – reinsurance inwards

CLASS 10 – Miscellaneous (group 16)

Item	1 January - 31 December 2014	1 January - 31 December 2013
I. Premiums	2,442	1,778
1. Gross written premiums	3,889	3,584
2. Reinsurers' share in written premium	1,710	935
3. Changes in unearned premiums reserve and unexpired risks reserve, gross	(120)	201
4. Reinsurers' share in change in unearned premiums reserve	143	(670)
II. Net investment income (including costs), reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	113	20
IV. Claims	2,404	552
1. Claims paid net of reinsurance	1,337	5,213
1.1. Gross claims paid	1,384	5,213
1.2. Reinsurers' share in claims paid	47	-
2. Change in outstanding claims provision, net of reinsurance:	1,067	(4,661)
2.1. Change in outstanding claims provision (gross)	1,730	(4,661)
2.2. Reinsurers' share in change in outstanding claims provision	663	-
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	142	-
VII. Costs of insurance activities	391	504
1. Acquisition costs, including:	264	414
1.1. change in deferred acquisition costs	-	-
2. Administrative expenses	127	90
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	256	71
IX. Changes in risk equalization reserve	(89)	89
X. Technical result on non-life insurance	(549)	582

IX. ACTUARY'S OPINION

I state hereby that as at 31 December 2014, technical provisions recognized in Powszechny Zakład Ubezpieczeń Spółka Akcyjna based on insurance mathematics method are correct.

Paweł Chadysz
Chief Actuary at PZU

Warsaw, 16 March 2015

The appended additional notes constitute an integral part of these financial statements

X. SUPPLEMENTARY INFORMATION AND EXPLANATIONS

1. Intangible assets

Intangible assets	31 December 2014	31 December 2013
a) development expenses	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar items, including:	232,324	206,858
- computer software	229,340	205,451
d) other intangible assets	-	-
e) advance payments for intangible assets	51,675	37,724
Total intangible assets	283,999	244,582

Changes in intangible assets, total	31 December 2014	31 December 2013
a) gross value of intangible assets – opening balance	475,736	330,315
b) increases (due to)	171,807	317,538
- purchase	92,059	156,386
- reclassification	78,593	159,944
- other (including estimations)	1,155	1,208
c) decreases (due to)	87,044	172,117
- sale	-	-
- liquidation	8,451	8,443
- reclassification	78,593	159,944
- other	-	3,730
d) gross value of intangible assets – closing balance	560,499	475,736
e) accumulated depreciation – opening balance	221,319	187,590
f) amortization for the period (due to)	53,458	33,729
- current year charges	53,781	36,249
- sale	-	-
- liquidation	(323)	(2,520)
- other	-	-
g) accumulated amortization – closing balance	274,777	221,319
h) impairment losses – opening balance	9,835	12,996
- increases	16	1,209
- decreases	8,128	4,370
i) impairment losses – closing balance	1,723	9,835
j) carrying amount of intangible assets – closing balance	283,999	244,582

Intangible assets – ownership structure	31 December 2014	31 December 2013
a) own	283,999	244,582
b) used based on lease, rental or other agreement	-	-
Total intangible assets	283,999	244,582

Changes in intangible assets in the year ended 31 December 2014	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	-	-	428,164	421,375	13	47,559	475,736
b) increases (due to)	-	-	79,247	75,717	-	92,560	171,807
- purchase	-	-	654	534	-	91,405	92,059
- reclassification	-	-	78,593	75,183	-	-	78,593
- other (including estimations)	-	-	-	-	-	1,155	1,155
c) decreases (due to)	-	-	323	148	-	86,721	87,044
- sale	-	-	-	-	-	-	-
- liquidation	-	-	323	148	-	8,128	8,451
- reclassification	-	-	-	-	-	78,593	78,593
- other	-	-	-	-	-	-	-
d) gross value of intangible assets – closing balance	-	-	507,088	496,944	13	53,398	560,499
e) accumulated depreciation – opening balance	-	-	221,306	215,924	13	-	221,319
f) depreciation for the period	-	-	53,458	51,680	-	-	53,458
- current year charges	-	-	53,781	51,820	-	-	53,781
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(323)	(140)	-	-	(323)
- other	-	-	-	-	-	-	-
g) accumulated depreciation – closing balance	-	-	274,764	267,604	13	-	274,777
h) impairment losses – opening balance	-	-	-	-	-	9,835	9,835
- increases	-	-	-	-	-	16	16
- decreases	-	-	-	-	-	8,128	8,128
i) impairment losses – closing balance	-	-	-	-	-	1,723	1,723
j) carrying amount of intangible assets – closing balance	-	-	232,324	229,340	-	51,675	283,999

Changes in intangible assets in the financial year ended 31 December 2013	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	-	-	257,538	250,221	13	72,764	330,315
b) increases (due to)	-	-	174,699	173,288	-	142,839	317,538
- purchase	-	-	14,755	14,755	-	141,631	156,386
- reclassification	-	-	159,944	158,533	-	-	159,944
- donation	-	-	-	-	-	-	-
- other	-	-	-	-	-	1,208	1,208
c) decreases (due to)	-	-	4,073	2,134	-	168,044	172,117
- sale	-	-	-	-	-	-	-
- liquidation	-	-	4,073	2,134	-	4,370	8,443
- donation	-	-	-	-	-	-	-
- reclassification	-	-	-	-	-	159,944	159,944
- other	-	-	-	-	-	3,730	3,730
d) gross value of intangible assets – closing balance	-	-	428,164	421,375	13	47,559	475,736
e) accumulated depreciation – opening balance	-	-	187,577	182,197	13	-	187,590
f) depreciation for the period	-	-	33,729	33,727	-	-	33,729
- current year charges	-	-	36,249	34,937	-	-	36,249
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(2,520)	(1,440)	-	-	(2,520)
- donation	-	-	-	-	-	-	-
- other	-	-	-	230	-	-	-
g) accumulated depreciation – closing balance	-	-	221,306	215,924	13	-	221,319
h) impairment losses – opening balance	-	-	-	-	-	12,996	12,996
- increases	-	-	-	-	-	1,209	1,209
- decreases	-	-	-	-	-	4,370	4,370
i) impairment losses – closing balance	-	-	-	-	-	9,835	9,835
j) carrying amount of intangible assets – closing balance	-	-	206,858	205,451	-	37,724	244,582

2. Investments

2.1. Geographical structure of investments

Geographical structure of investments as at 31 December 2014	Domestic				Foreign – EU countries				Foreign – other countries				Total			
	Cost	Fair value	Carrying amount	Impairment losses	Cost	Fair value	Carrying amount	Impairment losses	Cost	Fair value	Carrying amount	Impairment losses	Cost	Fair value	Carrying amount	Impairment losses
I. Property ¹⁾	797,186	732,627	492,420	79,219	-	-	-	-	-	-	-	-	797,186	732,627	492,420	79,219
II. Investments in related parties ²⁾	1,110,010	5,201,088	5,201,384	7,821	1,435,211	1,257,173	1,257,481	-	176,250	14,525	14,525	-	2,721,471	6,472,786	6,473,390	7,821
III. Other financial investments	22,129,568	24,499,310	23,509,840	12,827	318,536	555,167	549,910	-	4,684	5,379	5,379	-	22,452,788	25,059,856	24,065,129	12,827
1. Shares and other variable income securities	12,788	72	72	12,716	-	-	-	-	-	-	-	-	12,788	72	72	12,716
- measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- measured at cost	12,788	72	72	12,716	-	-	-	-	-	-	-	-	12,788	72	72	12,716
2. Participation units and investment certificates of investment funds	11,654,036	12,965,651	12,965,651	111	-	-	-	-	-	-	-	-	11,654,036	12,965,651	12,965,651	111
3. Debt securities and other fixed income securities	7,033,378	8,057,073	7,073,833	-	248,842	267,762	262,803	-	4,684	5,379	5,379	-	7,286,904	8,330,214	7,342,015	-
- measured at fair value	670,681	694,337	694,337	-	179,220	190,381	190,381	-	4,684	5,379	5,379	-	854,585	890,097	890,097	-
- measured at cost or at amortized cost	6,362,697	7,362,736	6,379,496	-	69,622	77,381	72,422	-	-	-	-	-	6,432,319	7,440,117	6,451,918	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgages	658,300	661,929	660,869	-	-	-	-	-	-	-	-	-	658,300	661,929	660,869	-
6. Other loans	1,406,755	1,413,589	1,408,419	-	69,694	71,706	71,408	-	-	-	-	-	1,476,449	1,485,295	1,479,827	-
7. Term deposits at credit institutions	1,364,311	1,368,226	1,368,226	-	-	-	-	-	-	-	-	-	1,364,311	1,368,226	1,368,226	-
8. Other investments	-	32,770	32,770	-	-	215,699	215,699	-	-	-	-	-	-	248,469	248,469	-
IV. Deposits with ceding undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	24,036,764	30,433,025	29,203,644	99,867	1,753,747	1,812,340	1,807,391	-	180,934	19,904	19,904	-	25,971,445	32,265,269	31,030,939	99,867

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

²⁾ In the case of related parties measured using the equity method, the presented fair value of investments in related parties was adopted at the level of net assets of those companies assigned to PZU as at the balance sheet date, including unamortized goodwill on the balance sheet date and 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 2014	Domestic - carrying amount	Foreign –EU countries- carrying amount	Foreign – other countries – carrying amount	Total
I. Property	492,420	-	-	492,420
II. Investments in related parties	5,201,384	1,257,481	14,525	6,473,390
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	5,201,384	1,257,481	14,525	6,473,390
- restricted	-	-	-	-
III. Other financial investments	23,509,840	549,910	5,379	24,065,129
1. Shares and other variable income securities	72	-	-	72
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	72	-	-	72
- restricted	-	-	-	-
2. Participation units and investment certificates of investment funds	12,965,651	-	-	12,965,651
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	12,965,651	-	-	12,965,651
- restricted	-	-	-	-
3. Debt securities and other fixed income securities	7,073,833	262,803	5,379	7,342,015
- unrestricted, quoted on stock exchange	6,736,630	190,381	5,379	6,932,390
- unrestricted, OTC traded	312,017	-	-	312,017
- unrestricted, unquoted on regulated market	25,186	72,422	-	97,608
- restricted	-	-	-	-
4. Shares in joint investments	-	-	-	-
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	-	-	-	-
- restricted	-	-	-	-
5. Mortgages	660,869	-	-	660,869
6. Other loans	1,408,419	71,408	-	1,479,827
7. Term deposits at credit institutions	1,368,226	-	-	1,368,226
8. Other investments	32,770	215,699	-	248,469
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	32,770	215,699	-	248,469
- restricted	-	-	-	-
IV. Deposits with ceding undertakings	-	-	-	-
Total	29,203,644	1,807,391	19,904	31,030,939

Powszechny Zakład Ubezpieczeń Spółka Akcyjna

Financial statements for the financial year ended 31 December 2014

Geographical structure of investments as at 31 December 2013	Domestic				Foreign – EU countries				Foreign – other countries				Total			
	Cost	Fair value	Carrying amount	Impairment losses	Cost	Fair value	Carrying amount	Impairment losses	Cost	Fair value	Carrying amount	Impairment losses	Cost	Fair value	Carrying amount	Impairment losses
I. Property ¹⁾	824,665	759,918	515,161	90,501	-	-	-	-	-	-	-	-	824,665	759,918	515,161	90,501
II. Investments in related parties ²⁾	664,003	4,838,093	4,838,093	3,878	223,123	96,982	96,982	-	176,250	22,144	22,144	-	1,063,376	4,957,219	4,957,219	3,878
III. Other financial investments	20,435,972	21,543,415	21,234,784	13,646	735,249	873,627	868,160	-	33,078	31,160	31,160	-	21,204,299	22,448,202	22,134,104	13,646
1. Shares and other variable income securities	12,788	69	69	12,719	-	-	-	-	-	-	-	-	12,788	69	69	12,719
- measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- measured at cost	12,788	69	69	12,719	-	-	-	-	-	-	-	-	12,788	69	69	12,719
2. Participation units and investment certificates of investment funds	11,494,781	12,264,149	12,264,149	927	-	-	-	-	-	-	-	-	11,494,781	12,264,149	12,264,149	927
3. Debt securities and other fixed income securities	7,023,143	7,339,690	7,043,622	-	735,249	772,186	766,719	-	33,078	31,160	31,160	-	7,791,470	8,143,036	7,841,501	-
- measured at fair value	1,192,240	1,180,260	1,180,260	-	665,627	696,270	696,270	-	33,078	31,160	31,160	-	1,890,945	1,907,690	1,907,690	-
- measured at cost or at amortized cost	5,830,903	6,159,430	5,863,362	-	69,622	75,916	70,449	-	-	-	-	-	5,900,525	6,235,346	5,933,811	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other loans	1,718,899	1,732,640	1,720,077	-	-	-	-	-	-	-	-	-	1,718,899	1,732,640	1,720,077	-
7. Term deposits at credit institutions	186,361	187,694	187,694	-	-	-	-	-	-	-	-	-	186,361	187,694	187,694	-
8. Other investments	-	19,173	19,173	-	-	101,441	101,441	-	-	-	-	-	-	120,614	120,614	-
IV. Deposits with ceding undertakings	-	-	-	-	2,914	2,914	2,914	-	-	-	-	-	2,914	2,914	2,914	-
Total	21,924,640	27,141,426	26,588,038	108,025	961,286	973,523	968,056	-	209,328	53,304	53,304	-	23,095,254	28,168,253	27,609,398	108,025

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

²⁾ In the case of related parties measured using the equity method, the presented fair value of investments in related parties was adopted at the level of net assets of those companies assigned to PZU as at the balance sheet date, including unamortized goodwill on the balance sheet date and 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 2013	Domestic - carrying amount	Foreign –EU countries- carrying amount	Foreign – other countries – carrying amount	Total
I. Property	515,161	-	-	515,161
II. Investments in related parties	4,838,093	96,982	22,144	4,957,219
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	4,838,093	96,982	22,144	4,957,219
- restricted	-	-	-	-
III. Other financial investments	21,234,784	868,160	31,160	22,134,104
1. Shares and other variable income securities	69	-	-	69
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	69	-	-	69
- restricted	-	-	-	-
2. Participation units and investment certificates of investment funds	12,264,149	-	-	12,264,149
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	12,264,149	-	-	12,264,149
- restricted	-	-	-	-
3. Debt securities and other fixed income securities	7,043,622	766,719	31,160	7,841,501
- unrestricted, quoted on stock exchange	6,706,143	696,270	31,160	7,433,573
- unrestricted, OTC traded	312,263	-	-	312,263
- unrestricted, unquoted on regulated market	25,216	70,449	-	95,665
- restricted	-	-	-	-
4. Shares in joint investments	-	-	-	-
- unrestricted, quoted on stock exchange	-	-	-	-
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	-	-	-	-
- restricted	-	-	-	-
5. Mortgages	-	-	-	-
6. Other loans	1,720,077	-	-	1,720,077
7. Term deposits at credit institutions	187,694	-	-	187,694
8. Other investments	19,173	101,441	-	120,614
- unrestricted, quoted on stock exchange	-	2,540	-	2,540
- unrestricted, OTC traded	-	-	-	-
- unrestricted, unquoted on regulated market	19,173	98,901	-	118,074
- restricted	-	-	-	-
IV. Deposits with ceding undertakings	-	2,914	-	2,914
Total	26,588,038	968,056	53,304	27,609,398

2.2. Change in financial instruments divided by portfolio

Change in financial instruments by portfolio in year ended 31 December 2014	Opening balance	Increases, including:		Decreases, including:		Closing balance
		Acquisition	Increase in value	Sale or redemption	Decrease in value	
a) financial assets held for trading, including:	1,131,604	384,420	266,784	1,217,686	298,853	266,269
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	1,010,990	223,412	1,128	1,217,686	44	17,800
Other investments	120,614	161,008	265,656	-	298,809	248,469
b) financial liabilities held for trading	-	-	-	-	-	-
c) loans and receivables including:	2,220,034	199,597,600	15,555	197,925,867	6,409	3,900,913
Debt securities and other fixed income securities	312,263	-	1,780	1,987	39	312,017
Mortgages	-	658,300	2,569	-	-	660,869
Loans granted to related parties	-	78,627	1,347	-	-	79,974
Other loans	1,720,077	101,021,002	7,513	101,268,765	-	1,479,827
Term deposits at credit institutions	187,694	97,839,671	2,346	96,655,115	6,370	1,368,226
d) financial assets held to maturity, including:	5,621,548	996,324	110,751	572,982	15,740	6,139,901
Debt securities and other fixed income securities	5,621,548	996,324	110,751	572,982	15,740	6,139,901
e) financial assets available for sale, including:	18,118,137	8,777,378	682,261	7,090,616	255,724	20,231,436
Investments in related parties	4,957,219	1,579,468	11,049	-	154,320	6,393,416
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	12,264,218	298,550	645,143	144,439	97,749	12,965,723
Debt securities and other fixed income securities	896,700	6,899,360	26,069	6,946,177	3,655	872,297
Total	27,091,323	209,755,722	1,075,351	206,807,151	576,726	30,538,519

Change in financial instruments by portfolio in the financial year ended 31 December 2013	Opening balance	Increases, including:		Zmniejszenia, w tym:		Closing balance
		Acquisition	Increase in value	Sale or redemption	Decrease in value	
a) financial assets held for trading, including:	929,091	973,637	165,076	811,416	124,784	1,131,604
Investments in related parties	-	-	-	-	-	-
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	198,131	-	-	198,131	-	-
Debt securities and other fixed income securities	652,893	942,151	34,437	613,285	5,206	1,010,990
Other investments	78,067	31,486	130,639	-	119,578	120,614
b) financial liabilities held for trading	-	-	-	-	-	-
c) loans and receivables, including:	3,154,762	148,469,679	4,303	149,408,687	23	2,220,034
Debt securities and other fixed income securities	1,053,401	460,300	1,730	1,203,145	23	312,263
Mortgages	26,847	-	-	26,847	-	-
Other loans	1,040,923	106,016,261	1,218	105,338,325	-	1,720,077
Term deposits at credit institutions	1,033,591	41,993,118	1,355	42,840,370	-	187,694
d) financial assets held to maturity, including:	7,142,820	2,597,955	119,985	4,229,757	9,455	5,621,548
Debt securities and other fixed income securities	7,142,820	2,597,955	119,985	4,229,757	9,455	5,621,548
e) financial assets available for sale, including:	15,799,081	27,150,955	2,098,218	22,977,264	3,952,853	18,118,137
Investments in related parties	7,243,170	12,280	1,545,029	385	3,842,875	4,957,219
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	7,015,421	6,025,279	543,059	1,258,890	60,651	12,264,218
Debt securities and other fixed income securities	1,540,490	21,113,396	10,130	21,717,989	49,327	896,700
Total	27,025,754	179,192,226	2,387,582	177,427,124	4,087,115	27,091,323

2.3. Investments in property

Investments in property (by group)	31 December 2014	31 December 2013
a) own land	30,073	31,429
- by cost	34,773	36,142
- by current value	91,542	86,730
b) land perpetual usufruct right	7,629	11,361
c) buildings and structures	447,229	462,303
- by cost	711,806	726,818
- by current value	470,827	488,763
d) cooperative ownership of premises	6,583	6,696
e) construction investments	906	3,372
f) advances for construction investments	-	-
Investments in property (by group), total	492,420	515,161

Change in investments in property	31 December 2014	31 December 2013
a) gross value – opening balance	824,665	840,431
b) increases (due to)	14,409	10,617
- investments	5,793	786
- direct purchase	8,259	9,658
- other	357	173
c) decreases (due to)	41,888	26,383
- liquidation	-	11,011
- sale	28,883	15,372
- donations	-	-
- other	13,005	-
d) gross value – closing balance	797,186	824,665
e) accumulated depreciation – opening balance	219,003	205,356
f) depreciation for the period (due to)	6,544	13,647
- current year charges	19,333	20,210
- depreciation of liquidated tangible assets	-	-
- depreciation of tangible assets sold	(12,937)	(6,624)
- depreciation of tangible assets donated	-	-
- other	148	61
g) accumulated depreciation – closing balance	225,547	219,003
h) impairment losses – opening balance	90,501	73,486
- increases	614	37,314
- decreases	11,896	20,299
i) impairment losses – closing balance	79,219	90,501
j) carrying amount – closing balance	492,420	515,161

Change in property value in year ended 31 December 2014	Land and perpetual usufruct right of land	Buildings and structures, premises	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	78,892	726,818	10,837	3,372	4,746	824,665
b) increases (due to)	169	8,090	357	5,793	-	14,409
- investments	-	-	-	5,793	-	5,793
- direct purchase	169	8,090	-	-	-	8,259
- other	-	-	357	-	-	357
c) decreases (due to)	5,781	23,102	-	8,259	4,746	41,888
- liquidation	-	-	-	-	-	-
- sale	5,781	23,102	-	-	-	28,883
- donations	-	-	-	-	-	-
- other	-	-	-	8,259	4,746	13,005
d) gross value of property – closing balance	73,280	711,806	11,194	906	-	797,186
e) accumulated depreciation – opening balance	30,312	184,550	4,141	-	-	219,003
f) depreciation for the period (due to)	(510)	6,622	432	-	-	6,544
- current year charges	3,071	15,978	284	-	-	19,333
- accumulated depreciation of property liquidated	-	-	-	-	-	-
- accumulated depreciation of property sold	(3,581)	(9,356)	-	-	-	(12,937)
- accumulated depreciation of property donated	-	-	-	-	-	-
- other	-	-	148	-	-	148
g) accumulated depreciation – closing balance	29,802	191,172	4,573	-	-	225,547
h) impairment losses – opening balance	5,790	79,965	-	-	4,746	90,501
- increases	49	527	38	-	-	614
- decreases	63	7,087	-	-	4,746	11,896
i) impairment losses – closing balance	5,776	73,405	38	-	-	79,219
j) carrying amount of property – closing balance	37,702	447,229	6,583	906	-	492,420

Change in property value in year ended 31 December 2013	Land and perpetual usufruct right of land	Buildings and structures, premises	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	80,161	730,439	10,869	14,216	4,746	840,431
b) increases (due to)	686	9,591	173	786	-	11,236
- investments	-	-	-	786	-	786
- direct purchase	686	8,972	-	-	-	9,658
- reclassification	-	619	-	-	-	619
- other	-	-	173	-	-	173
c) decreases (due to)	1,955	13,212	205	11,630	-	27,002
- liquidation	-	-	-	11,011	-	11,011
- sale	1,955	13,212	205	-	-	15,372
- donations	-	-	-	-	-	-
- reclassification	-	-	-	619	-	619
- other	-	-	-	-	-	-
d) gross value of property – closing balance	78,892	726,818	10,837	3,372	4,746	824,665
e) accumulated depreciation – opening balance	27,944	173,512	3,900	-	-	205,356
f) depreciation for the period (due to)	2,368	11,038	241	-	-	13,647
- current year charges	3,263	16,678	269	-	-	20,210
- accumulated depreciation of property liquidated	-	-	-	-	-	-
- accumulated depreciation of property sold	(895)	(5,640)	(89)	-	-	(6,624)
- accumulated depreciation of property donated	-	-	-	-	-	-
- other	-	-	61	-	-	61
g) accumulated depreciation – closing balance	30,312	184,550	4,141	-	-	219,003
h) impairment losses – opening balance	7,284	50,445	-	11,011	4,746	73,486
- increases	-	37,314	-	-	-	37,314
- decreases	1,494	7,794	-	11,011	-	20,299
i) impairment losses – closing balance	5,790	79,965	-	-	4,746	90,501
j) carrying amount of property – closing balance	42,790	462,303	6,696	3,372	-	515,161

Property (by purpose)	31 December 2014	31 December 2013
a) used for own purposes	415,999	439,518
b) other	76,421	75,643
Property (by use), total	492,420	515,161

Investments in property	31 December 2013	31 December 2013
a) short-term	37,596	38,603
b) long-term	454,824	476,558
Total investments in property	492,420	515,161

Investments in property (by currency)	31 December 2014	31 December 2013
a) in PLN	492,420	515,161
b) in foreign currencies (by currency and translated to PLN)	-	-
Total investments in property	492,420	515,161

Investments in property	31 December 2014	31 December 2013
Value of land in perpetual usufruct not used for own purposes	1,077	1,581
Total value of land in perpetual usufruct not used for own purposes	1,077	1,581

2.4. Investments in related parties

Investments in related parties	31 December 2014	31 December 2013
a) shares in subsidiaries, including:	6,393,416	4,957,219
- long-term investments	6,393,416	4,957,219
b) shares in joint-ventures, including:	-	-
- long-term investments	-	-
c) shares in associates, including:	-	-
- long-term investments	-	-
d) loans granted to subsidiaries, including:	79,974	-
- long-term investments	79,974	-
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:	-	-
- long-term investments	-	-
Total investments in related parties	6,473,390	4,957,219

As at 31 December 2014 and 31 December 2013, 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 2014	31 December 2013
a) shares or stock, including:	6,393,416	4,957,219
- in subsidiaries	6,393,416	4,957,219
- in joint-ventures	-	-
- in associates	-	-
b) loans granted, including:	79,974	-
- to subsidiaries	79,974	-
- to joint-ventures	-	-

Investments in related parties measured using the equity method	31 December 2014	31 December 2013
- to associates	-	-
c) debt instruments, including:	-	-
- subsidiaries	-	-
- joint-ventures	-	-
- associates	-	-
d) other (by type), including:	-	-
- in subsidiaries	-	-
- in joint-ventures	-	-
- in associates	-	-
Investments in related parties measured with equity method, total	6,473,390	4,957,219

Investments in related parties measured using the equity method	31 December 2014	31 December 2013
a) goodwill of related parties	624,548	-
- subsidiaries	624,548	-
- joint-ventures	-	-
- associates	-	-
b) negative goodwill of related parties	-	-
- subsidiaries	-	-
- joint-ventures	-	-
- associates	-	-

Changes in goodwill - subsidiaries	31 December 2014	31 December 2013
a) gross value of goodwill – at the beginning of the period including:	6,791	6,791
- from UAB DK PZU Lietuva	754	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	-	-
- Link4 SA	-	-
- AAS Balta	-	-
b) increases	631,280	-
- Lietuvos Draudimas AB	357,119	-
- Link4 SA	236,813	-
- AAS Balta	37,348	-
c) decreases	-	-
d) gross value of goodwill – closing balance	638,071	6,791
- from UAB DK PZU Lietuva	754	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	357,119	-
- Link4 SA	236,813	-
- AAS Balta	37,348	-
e) accumulated amortisation of goodwill – opening balance	6,791	6,791
- from UAB DK PZU Lietuva	754	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	-	-
- Link4 SA	-	-
- AAS Balta	-	-
f) amortisation of goodwill for the period	6,732	-
- Lietuvos Draudimas AB	1,103	-
- Link4 SA	5,263	-
- AAS Balta	366	-
e) accumulated amortisation of goodwill – closing balance	13,523	6,791
- from UAB DK PZU Lietuva	754	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

Changes in goodwill - subsidiaries	31 December 2014	31 December 2013
- Lietuvos Draudimas AB	1,103	-
- Link4 SA	5,263	-
- AAS Balta	366	-
h) carrying amount of goodwill – closing balance	624,548	-
- from UAB DK PZU Lietuva	-	-
- UAB PZU Lietuva Gyvybes Draudimas	-	-
- PrJSC IC PZU Ukraine	-	-
- PrJSC IC PZU Ukraine Life Insurance	-	-
- Lietuvos Draudimas AB	356,016	-
- Link4 SA	231,550	-
- AAS Balta	36,982	-

Goodwill in the above table relating to acquired related parties is expressed in EUR and converted into PLN for every balance sheet date according to the current exchange rate. Foreign exchange differences from translation and depreciation are disclosed as changes in impairment of goodwill.

Calculation of goodwill	Lietuvos Draudimas AB	Link4 SA	AAS Balta
Fair value of purchased net assets as at the date of acquiring of control, including assets identified upon purchase price allocation:	450,479	157,104	163,873
- trademark	82,023	50,000	35,784
- relations with brokers and clients	79,064	-	59,056
- future profits from acquired insurance contracts portfolio	75,258	67,266	25,773
Fair value of payment made - cash	807,598	393,917	200,776
Goodwill	357,119	236,813	36,903

Change in investments in related parties (by type)	31 December 2014	31 December 2013
a) opening balance	4,957,219	7,243,170
- shares and stock in related parties	4,957,219	7,243,170
- loans granted	-	-
- contribution to share capital	-	-
b) increases (due to)	1,670,491	1,557,309
- acquisition	1,658,095	12,280
- revaluation adjustments	12,396	1,545,029
- other	-	-
c) decreases (due to)	154,320	3,843,260
- sale or redemption	-	385
- revaluation adjustments	154,320	3,842,875
- other	-	-
d) closing balance	6,473,390	4,957,219
- shares and stock in related parties	6,393,416	4,957,219
- loans granted	79,974	-
- contribution to share capital	-	-

Shares and securities in related parties	31 December 2014	31 December 2013
a) listed on a regulated market	-	-
b) not listed on a regulated market	6 393 416	4,957,219
Shares and securities in related parties, total	6 393 416	4,957,219

Shares, stock and other financial instruments in related parties (long-term investments) by disposability	31 December 2014	31 December 2013
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):	-	-

Shares, stock and other financial instruments in related parties (long-term investments) by disposability	31 December 2014	31 December 2013
- 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 a regulated market (carrying amount)	6,253,791	4,957,219
a) stock (carrying amount)	5,913,444	4,701,589
- revaluation adjustments (for the period)	1,211,855	(2,289,669)
- opening balance	4,701,589	6,991,258
- at cost	2,028,028	804,238
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	340,347	255,630
shares in related parties (balance sheet value)	260,373	255,630
- revaluation adjustments (for the period)	4,743	3,718
- opening balance	255,630	251,912
- at cost	261,219	255,279
loans granted (balance sheet value)	79,974	-
- revaluation adjustments (for the period)	79,974	-
- opening balance	-	-
- at cost	78,627	-
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	-	-
At cost, total	2,367,874	1,059,517
Opening balance total	4,957,219	7,243,170
Revaluation adjustments (for the period) total	1,296,572	(2,285,951)
Total carrying amount	6,253,791	4,957,219

Shares, stock and other financial instruments in related parties (short-term investments) by disposability	31 December 2014	31 December 2013
A. Unrestricted, listed on regulated market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
b) bonds (carrying amount):	-	-

Shares, stock and other financial instruments in related parties (short-term investments) by disposability	31 December 2014	31 December 2013
- 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)	219,599	-
a) stock (carrying amount)	219,599	-
- fair value	219,599	-
- market value	219,599	-
- at cost	349,739	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
c) other – by group (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at cost	-	-
C. Unrestricted, not listed on a 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	-	-
At cost, total	349,739	-
Opening balance total	-	-
Revaluation adjustments (for the period) total	(130,140)	-
Total carrying amount	219,599	-

The table "Shares, stock and other financial instruments in related parties (short-term investments)" includes PZU Lietuva shares that are subject to a share purchase agreement, described in point I.7.1 of the Introduction to the financial statements. The net assets value of PZU Lietuva was presented as its fair value. Sale price of PZU Lietuva does not reflect the market value of the shares, because it concerns only part of the PZU Lietuva net assets.

2.4.1 Insurance company takeover transactions

2.4.1.1 Acquisition of AAS Balta shares

Based on the AAS Balta share purchase agreement of 17 April 2014 PZU acquired from Royal & Sun Alliance Insurance plc, a limited liability company incorporated in England and Wales with its registered office in West Sussex, Great Britain ("RSA") 4,651,825 ordinary shares of AAS Balta, which constitute 99.995% of AAS Balta share

capital conferring the right to 99.995% of votes at the Shareholders' Meeting of AAS Balta ("AAS Balta shares") with a nominal value of LTL 1.00.

- Purchase of the AAS Balta shares was subject to the fulfilment of the following conditions precedent: decision of Financial and Capital Markets Committee of the Republic of Latvia to purchase AAS Balta shares in line with relevant regulations of the Latvian law (including a statement of lack of objections);
- consent of anti-monopoly bodies of the European Commission or the Latvian anti-monopoly authority (depending on which of the bodies is deemed competent), including a statement of lack of objections;
- consent of the Ukrainian anti-monopoly authority.

The transaction of the acquisition of AAS Balta was closed on 30 June 2014. Payment for AAS Balta shares made on the day the transaction was closed amounted to EUR 49,172 thousand (at the NBP exchange rate established on the day preceding the trade date – PLN 204,202 thousand).

On 19 November 2014 a final balance of the transaction closure was made. As a result the AAS Balta share purchase price was lowered by EUR 812 thousand. The final purchase price was EUR 48,360 thousand (PLN 200,776 thousand).

2.4.1.2 Acquisition of Link4 shares

Based on the Link4 share purchase agreement of 17 April 2014 PZU acquired from RSA 111,354,305 registered shares in Link4, which compose 100% of Link4 share capital conferring the right to 100% of votes at the Shareholders' Meeting of Link4 ("Link4 shares") with a nominal value of PLN 1.00.

Purchase of the Link4 shares was subject to the fulfilment of the following conditions precedent:

- consent of the PFSA;
- decision of anti-monopoly bodies of the European Commission or the Office of Competition and Consumer Protection (depending on which of the bodies is deemed competent), including a statement of lack of objections;
- consent of PFSA repayment of the subordinated loan between InTouch Insurance Group B.V. and Link4 from 4 March 2009 as amended;
- consent of the Ukrainian anti-monopoly authority.

The transaction of the acquisition of Link 4 shares was closed on 15 September 2014. Payment for Link4 shares made on the day the transaction was closed amounted to EUR 93,886 thousand (at the NBP exchange rate established on the day preceding the trade date – PLN 393,917 thousand). The final purchase price shall be established after the final closing balance of Link4, which is prepared by PZU and accepted by RSA.

2.4.1.3 Acquisition of Lietuvos Draudimas AB shares

Based on the Lietuvos Draudimas AB share purchase agreement of 17 April 2014 PZU acquired from RSA 805,432 ordinary registered shares of Lietuvos Draudimas AB, which compose 99.977% of Lietuvos Draudimas AB share capital ("Lietuvos Draudimas AB shares") conferring the right to 99.977% of votes at the Shareholders' Meeting of Lietuvos Draudimas AB with a nominal value of LTL 50.00.

Purchase of the Lietuvos Draudimas AB shares was subject to the fulfilment of the following conditions precedent:

- decision of the Bank of Lithuania in line with relevant regulations of the Lithuanian law (including a statement of lack of objections) – on 21 July 2014 PZU acquired the decision of the Bank of Lithuania, which did not object the acquisition of shares of Lietuvos Draudimas AB by PZU;
- decision of anti-monopoly bodies of the European Commission or the Latvian anti-monopoly authority (depending on which of the bodies is deemed competent), including a statement of lack of objections; the decision of the anti-monopoly authority should be unconditional and include conditions which can be accepted by PZU – on 9 October 2014 PZU acquired the decision about the approval. The decision was conditioned by the sale of PZU's business including motor own damage and business insurance market covering third-party insurance of residences on a specified date. Business, which is subject of the sale includes all rights and obligations arising from PZU Lietuva insurances: motor own damage and insurance of residences up to the date of the decision, as well as tangible assets and agreements concluded by PZU Lietuva in relations to the above types of insurance;

- consent of the Ukrainian anti-monopoly authority – on 16 June 2014 PZU acquired the decision about the approval.

The transaction covering the purchase of Lietuvos Draudimas AB was closed on 31 October 2014 and as of this day Lietuvos Draudimas is a controlled entity. Payment for Lietuvos Draudimas AB shares made on the day the transaction was closed amounted to EUR 191,012 thousand (at the NBP exchange rate established on the day preceding the trade date – PLN 807,598 thousand).

The final purchase price shall be established after the final closing balance of Lietuvos Draudimas AB, which is prepared by PZU and accepted by RSA.

2.4.2 Loans for subsidiaries - insurance companies

2.4.2.1 Loan and capital injection granted to PZU Lietuva

On 25 September 2014, a subordinated loan agreement was concluded between PZU and PZU Lietuva covering the amount of EUR 46,000 thousand. The purpose of the loan was to provide funds for the acquisition of the assets of the Estonian branch of Codan Forsikring A/S, a company incorporated in Denmark, with the registered office in Frederiksborg ("Codan") and to meet the requirements specified by the Lithuanian supervisory authority in the scope of the minimum solvency margin (prior to and following the acquisition of Codan's assets, the solvency margin amounted to at least 120%). The loan was granted for a minimum of five years and the agreement did not specify the maximum duration of the loan. According to the Lithuanian law, a subordinated loan may be granted for a minimum of five years. The interest rate on the loan was determined on an arm's length basis (3-month EURIBOR rate increased by a margin of 340 bps.).

Under the agreement, a portion of the loan and the accrued interest (including not less than EUR 37,000 thousand) shall be converted in order to acquire the newly issued shares of PZU Lietuva. On 24 October 2014, the Extraordinary Meeting of Shareholders of PZU Lietuva resolved to increase the share capital of PZU Lietuva by LTL 86,000 thousand through the issuance of 860,000 ordinary shares with the nominal value of LTL 100 each and the share issuance price of LTL 150 per share. The total value of the newly issued shares amounted to LTL 129,000 (approximately EUR 37,361).

On the same day, an agreement was signed between PZU Lietuva and PZU concerning the acquisition of newly issued shares.

2.4.2.2 Loan granted to Link4

On 12 September 2014, a subordinated loan agreement was concluded between PZU and Link4 covering the amount of PLN 30,000 thousand. The loan should be paid on 15 September 2019 or the following working day, whereas an early repayment is possible only in case of liquidation of Link4 or with the consent of the PFSA.

The interest rate on the loan was determined on an arm's length basis (6-month WIBOR rate increased by 350 bps.).

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Related parties as at 31 December 2014 with financial data

	a) Entity name (including the status of business)	b) Registered office	c) Company's scope of operation	d) Capital relationship	e) Applied consolidation metod/ measurement using the equity method, or indication that the entity is not subject to consolidation/ measurement using the equity method	f) Date of acquiring control/ significant impact	g) Value of stock/ shares per cost	h) Total revaluation adjustment ¹⁾	a) 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 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	4,079,506	4,374,594	100.00%	100.00%	n/a
2.	Lietuvos Draudimas AB	Vilnius - Lithuania	Conducting non-life insurance activities	subsidiary	full consolidation	31.10.2014	807,598	(22,696)	784,902	99.98%	99.98%	n/a
3.	Link4 Towarzystwo Ubezpieczeń SA („Link4”)	Warsaw	Conducting non-life insurance activities	subsidiary	full consolidation	15.09.2014	393,917	(2,521)	391,396	100.00%	100.00%	n/a
4.	UAB DK PZU Lietuva („PZU Lietuva”)	Vilnius - Lithuania	Conducting non-life insurance activities	subsidiary	full consolidation	26.04.2002	349,739	(130,140)	219,599	99.88%	99.88%	n/a
5.	Apdrošināšanas Akciju Sabiedrība Balta („AAS Balta”)	Riga -Latvia	Conducting non-life insurance activities	subsidiary	full consolidation	30.06.2014	200,776	(13,894)	186,882	99.99%	99.99%	n/a
6.	Ogrodowa-Inwestycje Sp. z o.o. („Ogrodowa-Inwestycje”)	Warsaw	Consulting in conducting business and management, holding-related activities	subsidiary	full consolidation	15.09.2004	142,255	1,415	143,670	100.00%	100.00%	n/a
7.	Tower-Inwestycje Sp. z o.o. (former PZU Tower Sp. z o.o.) („PZU Tower”)	Warsaw	Other financial services excluding insurance and pension funds	indirect subsidiary	full consolidation	17.08.1999	112,900	1,757	114,657	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	18,985	57,388	100.00%	100.00%	n/a
9.	PZU Centrum Operacji SA („PZU CO”)	Warsaw	Auxiliary activity related to insurance and pension funds	subsidiary	full consolidation	27.09.2011	40,645	(2,596)	38,049	100.00%	100.00%	n/a
10.	UAB PZU Lietuva Gyvybes Draudimas	Vilnius - Lithuania	Conducting life insurance activities	subsidiary	full consolidation	08.04.2004	40,236	(11,910)	28,326	99.34%	99.34%	n/a
11.	PZU Pomoc SA	Warsaw	Assistance services	subsidiary	full consolidation	18.03.2009	18,566	1,869	20,435	100.00%	100.00%	n/a

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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 acquiring control/ significant impact	g) Value of stock/ shares per cost	h) Total revaluation adjustment ¹⁾	a) 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 Meeting	l) Basis of control/ significant impact other than that referred to in sections j) and k)
12.	PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of securities portfolios for the account of third parties	subsidiary	full consolidation	12.07.2001	11,463	257	11,720	100.00%	100.00%	n/a
13.	PrJSC IC PZU Ukraine	Kiev - Ukraine	Conducting non-life insurance activities	subsidiary	full consolidation	01.07.2005	143,666	(135,206)	8,460	89.97%	89.97%	n/a
14.	PrJSC IC PZU Ukraine Life Insurance	Kiev - Ukraine	Conducting life insurance activities	subsidiary	full consolidation	01.07.2005	32,584	(26,519)	6,065	53.47%	53.47%	n/a
15.	Ipsilon Bis SA	Warsaw	Providing medical services	subsidiary	full consolidation	02.09.2011	4,100	(33)	4,067	100.00%	100.00%	n/a
16.	PZU Finanse Sp. z o.o.	Warsaw	Other financial services excluding insurance and pension funds	subsidiary	full consolidation	30.10.2013	2,050	(34)	2,016	100.00%	100.00%	n/a
17.	Międzyzakładowe Pracownicze Towarzystwo Emerytalne PZU SA w likwidacji („MPTE PZU SA”)	Warsaw	Development and management of employee pension programme	subsidiary	full consolidation	13.08.2004	500	178	678	100.00%	100.00%	n/a
18.	PZU Finance AB	Stockholm - Sweden	Financial services	subsidiary	full consolidation	02.06.2014	236	13	249	100.00%	100.00%	n/a
19.	Omicron BIS SA	Warsaw	The Company does not conduct activities	subsidiary	full consolidation	21.08.2014	150	(3)	147	100.00%	100.00%	n/a
20.	Ipsilon Sp. z o.o.	Warsaw	Business assistance services and medical services	subsidiary	full consolidation	02.04.2009	52	(22)	30	100.00%	100.00%	n/a
21.	Omicron SA	Warsaw	The Company does not conduct activities	subsidiary	full consolidation	13.09.2011	100	(14)	86	100.00%	100.00%	n/a
22.	Syta Development Sp. z o.o. w likwidacji („Syta Development”)	Warsaw	Property purchase and sale, brokerage and property management	subsidiary	unconsolidated	29.04.1996	3,962	(3,962)	-	100.00%	100.00%	n/a
Total							2,638,986	3,758,392	6,393,416			

¹⁾ Total revaluation adjustments¹⁾ include revaluation resulting from the measurement using the equity method, including goodwill amortisation and any impairment losses on goodwill.

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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 unpaid by the issuer in the entity	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 earnings	- net profit (loss)								
1. PZU Życie ²⁾	295,000	-	2,723,207	155,054	-	1,201,333	2,602	2,055,289	4,784	353,470	29,503,727	8,183,342	-	2,060,000
2. Lietuvos Draudimas AB ¹⁾	48,541	-	9,707	35,302	362,131	(24,046)	-	82,194	2,937	96,797	984,753	82,724	,	,
3. Link4 ²⁾	111,354	-	201,142	24,922	(208,868)	(22,636)	30,434	30,821	5,327	58,616	671,706	417,235	-	-
4. PZU Lietuva ¹⁾	216,481	-	-	54,250	(33,883)	(18,125)	-	23,713	-	52,158	670,352	295,680	-	-
5. AAS Balta ¹⁾	34,182	-	5,488	16,330	111,570	(17,465)	-	23,276	-	48,829	,	,	,	,
6. Ogródowa Inwestycje	142,255	-	2,345	921	-	(1,863)	1,858	3,261	-	1,633	150,719	21,376	-	-
7. PZU Tower	411,000	-	-	176,216	(11,176)	357	-	68	-	102	580,548	326	-	-
8. TFI PZU	13,000	-	18,128	7,695	-	18,454	-	17,114	2	29,182	93,458	146,145	-	11,989
9. PZU CO	500	-	35,509	11	-	2,102	150	11,691	-	12,150	57,445	97,634	-	18,222
10. UAB PZU Lietuva Gyvybes Draudimas ¹⁾	29,309	-	-	2,318	(3,353)	241	-	1,821	-	196	109,886	37,168	-	-
11. PZU Pomoc SA	4,886	-	12,695	-	-	2,387	12,017	19,974	-	15,539	54,353	46,495	-	-
12. PZU AM	5,000	-	5,008	1,475	-	234	-	18	88	62	11,787	37	-	-
13. PrJSC IC PZU Ukraine ¹⁾	7,216	-	652	147,255	(144,494)	(1,226)	-	27,607	-	16,033	116,839	132,873	-	-
14. PrJSC IC PZU Ukraine Life Insurance ¹⁾	7,153	-	-	25,315	(25,448)	4,323	-	3,360	-	2,043	107,182	40,690	-	-
15. Ipsilon Bis SA	100	-	-	4,000	(22)	(12)	-	1	-	-	4,071	-	-	-
16. PZU Finanse Sp. z o.o.	50	-	-	2,000	-	(36)	-	2	-	1	2,019	-	,	,
17. MPTE PZU SA	790	-	-	-	-	(120)	-	24	-	79	741	-	-	-
18. PZU Finance AB ¹⁾	219	-	-	6	-	23	-	701	-	128	2,128,486	-	-	-
19. Omicron BIS SA	150	-	-	-	-	(3)	-	1	-	-	148	-	-	-
20. Ipsilon Sp. z o.o.	50	-	-	-	(17)	(4)	-	1	-	-	31	-	-	-
21. Omicron SA	100	-	-	-	(8)	(6)	-	-	-	-	89	-	-	-
22. Syta Development	826	-	9,374	(285)	(9,601)	(404)	-	90	-	-	-	591	-	-

The above data have been disclosed based on not audited financial statements of the entities

1) Data according to IFRS

2) For insurance companies. "sales revenue" includes gross written premium and other technical revenue

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Controlled as at 31 December 2013 with financial data

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⁾	a) 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)
1. Powszechny Zakład Ubezpieczeń na Życie SA („PZU Życie”)	Warsaw	Life insurance	subsidiary	full consolidation	18.12.1991	295,088	4,151,658	4,446,746	100.00%	100.00%	n/a
2. UAB DK PZU Lietuva („PZU Lietuva”)	Vilnius - Lithuania	Non-life insurance	subsidiary	full consolidation	26.04.2002	182,887	(113,229)	69,658	99.76%	99.76%	n/a
3. Tower-Inwestycje Sp. z o.o. („PZU Tower”)	Warsaw	Other services, excluding insurance and pension funds	indirect subsidiary	full consolidation	17.08.1999	112,900	(2,301)	110,599	27.47%	27.47%	n/a
4. PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of securities portfolios for the account of third parties	subsidiary	full consolidation	12.07.2001	11,463	110	11,573	100.00%	100.00%	n/a
5. Syta Development Sp. z o.o. in liquidation („Syta Development”)	Warsaw	Trade, brokerage and property management	subsidiary	unconsolidated	29.04.1996	22	(22)	-	100.00%	100.00%	n/a
6. Ogrodowa-Inwestycje Sp. z o.o. („Ogrodowa-Inwestycje”)	Warsaw	Acquisition, operation, lease and disposal of property.	subsidiary	full consolidation	15.09.2004	142,255	2,694	144,949	100.00%	100.00%	n/a
7. UAB PZU Lietuva Gyvybes Draudimas	Vilnius - Lithuania	Life insurance	subsidiary	full consolidation	08.04.2004	40,236	(12,912)	27,324	99.34%	99.34%	n/a
8. Międzyzakładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	Warsaw	Management of employee pension fund	subsidiary	full consolidation	13.08.2004	500	752	1,252	100.00%	100.00%	n/a
9. PrJSC IC PZU Ukraine	Kiev - Ukraine	Non-life insurance	subsidiary	full consolidation	01.07.2005	143,666	(127,681)	15,985	89.97%	89.97%	n/a
10. PrJSC IC PZU Ukraine Life Insurance	Kiev - Ukraine	Life insurance	subsidiary	full consolidation	01.07.2005	32,584	(26,425)	6,159	53.47%	53.47%	n/a
11. PZU Finanse Sp. z o.o.	Warsaw	The Company does not conduct activities	subsidiary	full consolidation	30.10.2013	50	(2)	48	100.00%	100.00%	n/a
12. Ipsilon Sp. z o.o.	Warsaw	Business assistance services and medical services	subsidiary	full consolidation	02.04.2009	52	(18)	34	100.00%	100.00%	n/a
13. PZU Pomoc SA	Warsaw	Assistance services	subsidiary	full consolidation	18.03.2009	18,566	(935)	17,631	100.00%	100.00%	n/a
14. Towarzystwo Funduszy Inwestycyjnych PZU SA („TFI PZU”)	Warsaw	Creation, representing and management of investment funds	subsidiary	full consolidation	27.09.2011	38,403	11,458	49,861	100.00%	100.00%	n/a
15. PZU Centrum Operacji SA („PZU CO”)	Warsaw	Auxiliary activity related to insurance and pension funds	subsidiary	full consolidation	27.09.2011	40,645	14,582	55,227	100.00%	100.00%	n/a
16. Ipsilon Bis SA	Warsaw	The Company does not conduct activities	subsidiary	full consolidation	02.09.2011	100	(19)	81	100.00%	100.00%	n/a
17. Omicron SA	Warsaw	The Company does not conduct activities	subsidiary	full consolidation	13.09.2011	100	(8)	92	100.00%	100.00%	n/a
Total						1,059,517	3,897,702	4,957,219			

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¹⁾ Total revaluation adjustments¹⁾ include revaluation resulting from the measurement using the equity method, including goodwill amortisation and any impairment losses on goodwill.

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	-	2,368,373	88,716	-	1,694,657	3,497	1,038,481	4,191	253,508	29,020,410	8,846,496	-	3,842,875
2.	PZU Lietuva ¹⁾	109,248	-	-	473	(40,202)	304	-	29,595	-	35,775	325,370	230,476	-	-
3.	PZU Tower	411,000	-	-	161,989	(32,887)	21,711	-	590	-	92	563,168	377	-	-
4.	PZU AM	5,000	-	4,164	1,475	-	845	-	179	94	1,069	12,377	6,472	-	-
5.	Syta Development	792	-	6,008	(285)	(9,567)	(34)	-	3,568	-	31	5,234	1,622	-	-
6.	Ogrodowa Inwestycje	142,255	-	2,863	284	-	(518)	1,513	2,603	-	1,102	149,929	21,702	-	570
7.	UAB PZU Lietuva Gyvybes Draudimas ¹⁾	29,309	-	-	1,550	(3,424)	71	-	1,232	-	279	90,338	31,814	-	-
8.	MPTE	500	-	167	-	-	583	-	294	-	89	1,591	1,952	-	-
9.	PrJSC IC PZU Ukraine ¹⁾	7,216	-	501	153,895	(149,266)	4,923	-	30,438	-	17,724	158,891	157,063	-	-
10.	PrJSC IC PZU Ukraine Life Insurance ¹⁾	7,153	-	-	30,936	(28,645)	3,197	-	4,234	-	2,171	100,409	46,576	-	-
11.	PZU Finanse Sp. z o.o.	50	-	-	-	-	(2)	-	2	-	-	50	-	-	-
12.	Ipsilon Sp. z o.o.	50	-	-	-	(13)	(3)	-	-	-	-	35	-	-	-
13.	PZU Pomoc SA	4,886	-	11,279	-	-	1,416	-	2,230	-	7,864	21,197	23,636	-	-
14.	TFI PZU	13,000	-	14,131	7,514	-	15,986	-	17,844	102	24,796	81,574	113,559	-	12,019
15.	PZU CO	500	-	35,509	-	-	19,602	246	10,431	1,521	10,323	74,627	115,304	-	31,124
16.	Ipsilon Bis SA	100	-	-	-	(16)	(6)	-	-	-	-	81	-	-	-
17.	Omicron SA	100	-	-	-	(3)	(5)	-	-	-	-	95	-	-	-

1/ Data according to IFRS

2/ For insurance companies, "sales revenue" includes gross written premium and other technical revenue

Investments in related parties (currency structure)	31 December 2014	31 December 2013
a) in PLN	5,201,384	4,838,093
b) in foreign currencies (by currency and translated to PLN)	1,272,006	119,126
b1. LTL	836,704	80,744
PLN thousand	1,032,827	96,982
b2. UAH	64,671	59,752
PLN thousand	14,525	22,144
b3. thousand EUR	52,649	-
PLN thousand	224,405	-
b4. in thousand SEK	549	-
PLN thousand	249	-
Total investments in related parties	6,473,390	4,957,219

2.5. Other financial investments

Other financial investments	31 December 2014	31 December 2013
a) shares and other variable income securities	72	69
b) participation units and investment certificates of investment funds	12,965,651	12,264,149
c) debt securities and other fixed income securities	7,342,015	7,841,501
d) interests in joint ventures (investments)	-	-
e) mortgages, including:	660,869	-
- additionally collateralized with policies	-	-
f) other loans, including:	1,479,827	1,720,077
- for the insured, with policies as the basic collateral	-	-
- for the insured, not collateralized with policies	-	-
g) term deposits at credit institutions	1,368,226	187,694
h) other investments	248,469	120,614
Total other financial investments	24,065,129	22,134,104

Change in other investments (by type)	31 December 2014	31 December 2013
a) opening balance	22,134,104	19,782,584
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	12,264,218	7,213,552
Debt securities and other fixed income securities	7,841,501	10,389,604
Other investments	2,028,385	2,179,428
b) increases (due to)	209,160,582	180,022,499
- acquisition	208,097,627	179,179,946
- revaluation adjustments	1,062,955	842,553
- other	-	-
c) decreases (due to)	207,229,557	177,670,979
- sale or redemption	206,807,151	177,426,739
- revaluation adjustments	422,406	244,240
- other	-	-
d) closing balance	24,065,129	22,134,104
Shares, stock and other variable income securities, participation units and investment certificates of investment funds	12,965,723	12,264,218
Debt securities and other fixed income securities	7,342,015	7,841,501
Other investments	3,757,391	2,028,385

Other financial investments	31 December 2014	31 December 2013
a) long-term	19,980,760	20,079,995
b) short-term	4,084,369	2,054,109
Total other financial investments	24,065,129	22,134,104

Other financial investments (currency structure)	31 December 2014	31 December 2013
a) in PLN	22,324,996	21,055,720
b) in foreign currencies (by currency and translated to PLN)	1,740,133	1,078,384
b1. EUR thousand	336,555	221,652
PLN thousand	1,434,500	919,234
b2. USD thousand	8,948	42,029
PLN thousand	31,384	126,590
b3. HUF thousand	16,353,080	270,886
PLN thousand	221,388	3,784
b4. other currencies in PLN thousand	52,861	28,776
Total other financial investments	24,065,129	22,134,104

Other financial investments by portfolio qualification	31 December 2014	31 December 2013
a) financial assets held for trading	266,269	1,131,604
b) loans and receivables	3,820,939	2,220,034
c) financial assets held to maturity	6,139,901	5,621,548
d) financial assets available for sale	13,838,020	13,160,918
Total other financial investments	24,065,129	22,134,104

Other financial investments – in financial instruments	31 December 2014	31 December 2013
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	6,104,591	6,376,822
- long-term investments	5,352,044	5,895,299
- short-term investments	752,547	481,523
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	602,968	303,068
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	26,252	26,253
f) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-
g) other	17,331,318	15,427,961
Total other financial investments – in financial instruments	24,065,129	22,134,104

Securities (other financial investments)	31 December 2014	31 December 2013
a) listed on a regulated market	6,932,390	7,433,573
b) not listed on a regulated market	409,697	407,997
Total securities (other financial investments)	7,342,087	7,841,570

Shares and other variable income securities (carrying amount)	31 December 2014	31 December 2013
a) shares and stock including:	72	69
- long-term investments	72	69
b) debt securities, including:	-	-
- long-term investments	-	-
c) other (by type)	-	-
Shares and other variable income securities total	72	69

Change in the balance of investments in shares and other variable income securities (by type)	31 December 2014	31 December 2013
a) opening balance	69	353,295
Shares and other variable income securities	69	353,295
b) increases (due to)	3	-
- purchase	-	-
- value adjustment	3	-
- other	-	-
c) decreases (due to)	-	353,226
- disposal	-	353,226
- value adjustment	-	-
- other	-	-
d) closing balance	72	69
Shares and other variable income securities	72	69

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 2014	31 December 2013
A. Unrestricted, listed on regulated market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- revaluation adjustments (for the period)	-	(285,072)
- opening balance	-	285,072
- 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	-	-

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2014	31 December 2013
- at cost	-	-
C. Unrestricted, not listed on a regulated market (carrying amount)	12,965,723	12,264,218
a) stock (carrying amount)	72	69
- revaluation adjustments (for the period)	3	1
- opening balance	69	68
- at cost	12,788	12,788
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at cost	-	-
c) other – by group (carrying amount)	12,965,651	12,264,149
closed investment fund's investment certificates (carrying amount)	12,965,651	12,264,149
- revaluation adjustments (for the period)	701,502	5,533,868
- opening balance	12,264,149	6,730,281
- at cost	11,654,036	11,494,781
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	-	-
At cost, total	11,666,824	11,507,569
Opening balance, total	12,264,218	7,015,421
Revaluation adjustments (for the period), total	701,505	5,248,797
Total carrying amount	12,965,723	12,264,218

In 2013-2014, no shares or other variable income financial instruments, classified as short-term investments, occurred.

Both as at 31 December 2014 and 31 December 2013, PZU held no shares or short-term securities or providing 5% or more interest in share capital and total number of votes at the General Meeting of Shareholders of the entities other than presented related parties.

2.5.1 Other loans

Other loans	31 December 2014		31 December 2013	
	Carrying amount	Type of collateral	Carrying amount	Type of collateral
Buy-sell-back transactions	1,121,138	Debt securities	1,245,253	Debt securities
Loans secured by assets other than mortgage	358,689	Mainly pledge on assets, liabilities portfolios, bank accounts, other loans and other.	474,824	Mainly pledge on assets, liabilities portfolios, bank accounts, other loans and other.
Total other loans	1,479,827		1,720,077	

2.5.2 Debt securities issued by corporations and local government authorities

Debt securities by issuer as at 31 December 2014	Valuation method	Cost	Carrying amount	Fair value	Impairment losses
Companies from WIG – Banks	measured at fair value	136,224	141,992	141,992	-
Companies from WIG – Banks	measured at amortised cost	335,557	337,203	344,677	-

Debt securities by issuer as at 31 December 2014	Valuation method	Cost	Carrying amount	Fair value	Impairment losses
Companies from WIG - Oil	measured at fair value	13,489	13,965	13,965	-
Foreign banks	measured at amortised cost	69,622	72,422	77,381	-
Mortgage banks	measured at fair value	41,983	42,623	42,623	-
Local authorities	measured at amortised cost	25,000	26,252	30,442	-
Total		621,875	634,457	651,080	-

Debt securities by issuer as at 31 December 2013 roku	Valuation method	Cost	Carrying amount	Fair value	Impairment losses
Companies from WIG – Banks	measured at fair value	90,661	91,811	91,811	-
Companies from WIG – Banks	measured at amortised cost	335,556	337,478	340,979	-
Companies from WIG - Oil	measured at fair value	13,489	13,619	13,619	-
Foreign banks	measured at amortised cost	69,622	70,449	75,916	-
Local authorities	measured at amortised cost	25,000	26,253	29,059	-
Total		534,328	539,611	551,384	-

2.5.3 Debt securities issued by state treasuries other than Polish

As at 31 December 2014:

Issuer	Currency	Valuation method	Cost	Carrying amount	Fair value	Impairment losses
Iceland	USD	measured at fair value	4,684	5,379	5,379	-
Romania	EUR	measured at fair value	31,203	34,424	34,424	-
Total			35,887	39,803	39,803	-

As at 31 December 2013:

Issuer	Currency	Valuation method	Cost	Carrying amount	Fair value	Impairment losses
Iceland	USD	measured at fair value	33,078	31,160	31,160	-
Germany	EUR	measured at fair value	129,700	126,939	126,939	-
Romania	EUR	measured at fair value	166,036	170,152	170,152	-
Slovenia	EUR	measured at fair value	167,694	191,288	191,288	-
Slovenia	USD	measured at fair value	58,179	56,406	56,406	-
Hungary	EUR	measured at fair value	41,382	46,053	46,053	-
Total			596,069	621,998	621,998	-

2.5.4 Term deposits at credit institutions

Term deposits at credit institutions by maturity period after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	1,368,226	187,694
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Term deposits in credit institutions, total	1,368,226	187,694

Term deposits at credit institutions (currency structure)	31 December 2014	31 December 2013
a) in PLN	261,037	176,109
b) in foreign currencies with domestic banks (by currency and translated into PLN)	1,107,189	11,585
b1. EUR thousand	213,127	251
PLN thousand	908,412	1,040
b2. USD thousand	2,402	3,501
PLN thousand	8,426	10,545
b3. HUF thousand	14,060,496	-

Term deposits at credit institutions (currency structure)	31 December 2014	31 December 2013
PLN thousand	190,351	-
c) in foreign currencies with foreign banks (by currency and translated to PLN)	-	-
Term deposits in credit institutions, total	1,368,226	187,694

2.5.5 *Derivative instruments*

Both in 2014 and in 2013, PZU did not apply hedge accounting and had no derivative instruments to hedge the value of technical provisions.

PZU in its investing activities uses various types of derivative instruments to manage various types of investment risk. The instruments decrease or increase exposure to specific types of risk. In 2014 and in 2013, 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 derivative instruments at PZU is market risk which includes interest rate risk and the risk of fluctuations in the prices of various instruments.

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As at 31 December 2014, PZU held the following derivative instruments and achieved the following results on transactions involving such instruments in 2014:

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 2014 in currency thousand	Nominal value as at 31 December 2014 translated into '000 PLN in thousand PLN	Number as at 31 December 2014	Position as at 31 December 2014 (short/ long)	Assets – carrying amount in '000 PLN	Liabilities – carrying amount in '000 PLN	Realised gains/ losses in 2014 in thousand PLN	Unrealised gains/ losses in 2014 in thousand PLN
Currency risk	commercial	Futures on commodities	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	10,767	-
Currency risk	commercial	Interest rate futures	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(18,839)	-
Currency risk	commercial	Interest rate futures	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(17)	-
Currency risk	commercial	Interest rate futures	EUR	2015-12-20	Yes	None	None	48,518	206,800	195	short	-	873	-	(873)
Currency risk	commercial	Interest rate futures	EUR	2016-12-20	Yes	None	None	48,294	205,844	195	short	-	1,673	(201)	(1,673)
Currency risk	commercial	Interest rate futures	EUR	2015-06-20	Yes	None	None	48,579	207,060	195	short	-	613	-	(613)
Currency risk	commercial	Interest rate futures	EUR	2016-06-20	Yes	None	None	48,421	206,385	195	short	-	1,236	-	(1,236)
Currency risk	commercial	Interest rate futures	EUR	2016-03-20	Yes	None	None	48,475	206,613	195	short	-	1,039	-	(1,039)
Currency risk	commercial	Interest rate futures	EUR	2017-03-20	Yes	None	None	48,233	205,584	195	short	-	1,892	-	(1,892)
Currency risk	commercial	Interest rate futures	EUR	2015-09-20	Yes	None	None	48,553	206,947	195	short	-	736	-	(736)
Currency risk	commercial	Interest rate futures	EUR	2016-09-20	Yes	None	None	48,358	206,114	195	short	-	1,455	-	(1,455)
Currency risk	commercial	Interest rate futures	GBP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,319	-
Interest rate risk	commercial	Forward rate agreements - FRA	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,260	-
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(93)	-
Interest rate risk	commercial	Forward rate agreements - FRA	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2,960)	-
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-06-29	Yes	None	None	125,000	125,000	1	long	211	-	-	211
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-01-09	Yes	None	None	250,000	250,000	1	long	108	-	-	108
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-07-09	Yes	None	None	250,000	250,000	1	long	102	-	-	102

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Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-01-12	Yes	None	None	250,000	250,000	1	long	110	-	-	110
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-07-10	Yes	None	None	250,000	250,000	1	long	88	-	-	88
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-02-16	Yes	None	None	500,000	500,000	1	long	115	-	-	115
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-11-16	Yes	None	None	500,000	500,000	1	long	294	-	-	294
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-05-08	Yes	None	None	500,000	500,000	1	long	-	1,581	-	(1,205)
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-05-19	Yes	None	None	500,000	500,000	1	short	1,862	-	-	1,291
Interest rate risk	commercial	Forward rate agreements - FRA	PLN	2015-09-28	Yes	None	None	125,000	125,000	1	long	-	590	-	(487)
Currency risk	commercial	Future rate agreements	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	915	-
Currency risk	commercial	Future rate agreements	EUR	2015-02-27	Yes	None	None	18,000	76,721	1	short	-	1,261	-	(1,261)
Currency risk	commercial	Future rate agreements	EUR	2015-02-27	Yes	None	None	18,000	76,721	1	short	-	859	-	(859)
Currency risk	commercial	Future rate agreements	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	2,027	-
Currency risk	commercial	FX SWAP	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(7,726)	-
Currency risk	commercial	FX SWAP	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	31	-
Currency risk	commercial	FX SWAP	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	9	-
Currency risk	commercial	FX SWAP	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,056)	-
Currency risk	commercial	FX SWAP	HUF	2015-01-09	Yes	None	None	14,000,000	189,532	1	n/a	1,000	-	-	1,000
Currency risk	commercial	FX SWAP	EUR	2015-01-09	Yes	None	None	2,800	11,934	1	n/a	-	211	-	(211)
Currency risk	commercial	FX SWAP	USD	2015-01-09	Yes	None	None	1,550	5,436	1	n/a	-	236	-	(236)
Currency risk	commercial	FX SWAP	EUR	2015-01-20	Yes	None	None	25,000	106,558	1	n/a	151	-	-	151
Interest rate risk	commercial	IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(3,459)	-
Interest rate risk	commercial	IRS	CZK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	7,241	-
Interest rate risk	commercial	IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	2,569	-
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,334	-

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Interest rate risk	commercial	IRS	MXN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,675)	-
Interest rate risk	commercial	IRS	PLNd	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	52,530	-
Interest rate risk	commercial	IRS	SEK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	14,515	-
Interest rate risk	commercial	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(4)	-
Interest rate risk	commercial	IRS	HUF	2024-02-24	Yes	None	None	3,500,000	47,383	1	n/a	-	11,548	673	(11,548)
Interest rate risk	commercial	IRS	PLN	2016-03-07	Yes	None	None	500,000	500,000	1	n/a	7,156	-	-	7,156
Interest rate risk	commercial	IRS	ILS	2017-03-19	Yes	None	None	927,500	837,625	1	n/a	8,640	-	-	8,640
Interest rate risk	commercial	IRS	HUF	2024-04-03	Yes	None	None	3,326,000	45,027	1	n/a	8,027	-	(627)	8,027
Interest rate risk	commercial	IRS	THB	2016-04-07	Yes	None	None	4,180,000	444,334	1	n/a	-	2,870	(691)	(2,870)
Interest rate risk	commercial	IRS	THB	2024-04-07	Yes	None	None	980,000	104,174	1	n/a	9,573	-	907	9,573
Interest rate risk	commercial	IRS	HUF	2024-04-08	Yes	None	None	3,500,000	47,383	1	n/a	7,889	-	(666)	7,889
Interest rate risk	commercial	IRS	HUF	2024-04-08	Yes	None	None	3,500,000	47,383	1	n/a	8,139	-	(666)	8,139
Interest rate risk	commercial	IRS	PLN	2016-03-09	Yes	None	None	250,000	250,000	1	n/a	-	2,871	-	(2,871)
Interest rate risk	commercial	IRS	PLN	2016-03-09	Yes	None	None	250,000	250,000	1	n/a	-	2,846	-	(2,846)
Interest rate risk	commercial	IRS	PLN	2024-06-10	Yes	None	None	25,000	25,000	1	n/a	-	3,313	340	(3,313)
Interest rate risk	commercial	IRS	PLN	2018-06-12	Yes	None	None	50,000	50,000	1	n/a	-	2,510	679	(2,510)
Interest rate risk	commercial	IRS	PLN	2018-06-16	Yes	None	None	50,000	50,000	1	n/a	-	2,607	677	(2,607)
Interest rate risk	commercial	IRS	PLN	2018-06-16	Yes	None	None	50,000	50,000	1	n/a	-	2,549	677	(2,549)
Interest rate risk	commercial	IRS	PLN	2018-06-16	Yes	None	None	25,000	25,000	1	n/a	-	1,275	338	(1,275)
Interest rate risk	commercial	IRS	PLN	2018-06-18	Yes	None	None	70,000	70,000	1	n/a	-	3,633	948	(3,633)
Interest rate risk	commercial	IRS	PLN	2024-06-05	Yes	None	None	65,000	65,000	1	n/a	3,786	-	-	3,786
Interest rate risk	commercial	IRS	PLN	2018-07-08	Yes	None	None	25,000	25,000	1	n/a	801	-	-	801

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Interest rate risk	commercial	IRS	PLN	2024-09-04	Yes	None	None	29,000	29,000	1	n/a	-	1,756	-	(1,756)
Interest rate risk	commercial	IRS	PLN	2017-11-07	Yes	None	None	425,000	425,000	1	n/a	2,744	-	-	2,744
Interest rate risk	commercial	IRS	MXN	2017-10-13	Yes	None	None	3,635,000	865,857	1	n/a	-	1,170	-	(1,170)
Interest rate risk	commercial	IRS	SEK	2018-10-31	Yes	None	None	923,750	418,644	1	n/a	2,272	-	-	2,272
Interest rate risk	commercial	IRS	PLN	2016-11-10	Yes	None	None	125,000	125,000	1	n/a	-	170	-	(170)
Interest rate risk	commercial	IRS	PLN	2016-11-10	Yes	None	None	65,000	65,000	1	n/a	-	108	-	(108)
Interest rate risk	commercial	IRS	PLN	2016-11-12	Yes	None	None	128,000	128,000	1	n/a	-	190	-	(190)
Interest rate risk	commercial	IRS	PLN	2019-12-09	Yes	None	None	25,000	25,000	1	n/a	-	172	-	(172)
Interest rate risk	commercial	IRS	MXN	2017-10-13	Yes	None	None	3,635,000	865,857	1	n/a	26	-	-	26
Interest rate risk	commercial	IRS	HUF	2023-12-19	Yes	None	None	7,050,000	95,443	1	n/a	-	20,498	-	(20,498)
Interest rate risk	commercial	IRS	PLN	2019-12-19	Yes	None	None	15,000	15,000	1	n/a	-	102	-	(102)
Interest rate risk	commercial	IRS	PLN	2019-12-23	Yes	None	None	10,000	10,000	1	n/a	-	37	-	(37)
Interest rate risk	commercial	IRS	PLN	2019-12-23	Yes	None	None	30,000	30,000	1	n/a	-	110	-	(110)
Interest rate risk	commercial	IRS	PLN	2019-12-29	Yes	None	None	15,000	15,000	1	n/a	-	1	-	(1)
Interest rate risk	commercial	IRS	PLN	2019-12-29	Yes	None	None	30,000	30,000	1	n/a	27	-	-	27
Interest rate risk	commercial	IRS	HUF	2020-04-30	Yes	None	None	2,000,000	27,076	1	n/a	5,982	-	(2,946)	5,982
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	1,000,000	13,538	1	n/a	-	3,263	1,709	(3,263)
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	1,000,000	13,538	1	n/a	-	3,256	1,702	(3,256)
Interest rate risk	commercial	IRS	RUB	2016-04-13	Yes	None	None	325,000	19,565	1	n/a	2,058	-	1,156	2,058
Interest rate risk	commercial	IRS	RUB	2016-04-13	Yes	None	None	325,000	19,565	1	n/a	2,040	-	1,190	2,040
Interest rate risk	commercial	IRS	PLN	2018-07-12	Yes	None	None	112,500	112,500	1	n/a	11,053	-	(3,078)	11,053
Interest rate risk	commercial	IRS	PLN	2015-07-13	Yes	None	None	275,000	275,000	1	n/a	-	5,454	3,722	(5,454)

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Interest rate risk	commercial	IRS	PLN	2015-07-31	Yes	None	None	275,000	275,000	1	n/a	4,782	-	(2,978)	4,782
Interest rate risk	commercial	IRS	PLN	2018-07-31	Yes	None	None	125,000	125,000	1	n/a	-	11,202	2,292	(11,202)
Interest rate risk	commercial	IRS	ZAR	2022-09-20	Yes	None	None	637,500	193,163	1	n/a	-	1,841	-	5,673
Interest rate risk	commercial	IRS	PLN	2017-09-28	Yes	None	None	50,000	50,000	1	n/a	-	3,495	880	(3,495)
Interest rate risk	commercial	IRS	PLN	2017-10-02	Yes	None	None	25,000	25,000	1	n/a	-	1,753	435	(1,753)
Interest rate risk	commercial	IRS	ZAR	2022-10-03	Yes	None	None	637,500	193,163	1	n/a	1,549	-	-	(5,701)
Interest rate risk	commercial	IRS	PLN	2017-10-04	Yes	None	None	112,500	112,500	1	n/a	-	7,738	1,797	(7,738)
Interest rate risk	commercial	IRS	PLN	2017-10-09	Yes	None	None	25,000	25,000	1	n/a	-	1,759	427	(1,759)
Interest rate risk	commercial	IRS	PLN	2017-10-19	Yes	None	None	50,000	50,000	1	n/a	-	3,402	677	(3,402)
Interest rate risk	commercial	IRS	PLN	2017-10-19	Yes	None	None	50,000	50,000	1	n/a	-	3,402	677	(3,402)
Interest rate risk	commercial	IRS	PLN	2015-01-08	Yes	None	None	225,000	225,000	1	n/a	6,107	-	(5,737)	6,107
Interest rate risk	commercial	IRS	PLN	2015-01-08	Yes	None	None	225,000	225,000	1	n/a	6,107	-	(5,737)	6,107
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/a	-	4,017	-	(4,629)
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/a	-	4,017	-	(4,629)
Interest rate risk	commercial	IRS	USD	2023-01-08	Yes	None	None	44,500	156,070	1	n/a	-	3,316	-	(9,887)
Interest rate risk	commercial	IRS	PLN	2015-01-09	Yes	None	None	250,000	250,000	1	n/a	6,591	-	(6,175)	6,591
Interest rate risk	commercial	IRS	PLN	2017-01-09	Yes	None	None	250,000	250,000	1	n/a	-	4,269	-	(5,109)
Interest rate risk	commercial	IRS	USD	2023-01-30	Yes	None	None	25,000	87,680	1	n/a	-	1,971	-	(5,597)
Interest rate risk	commercial	IRS	USD	2023-03-12	Yes	None	None	69,500	243,750	1	n/a	6,925	-	-	15,949
Interest rate risk	commercial	IRS	RUB	2016-04-15	Yes	None	None	325,000	19,565	1	n/a	-	1,892	(1,405)	(1,892)
Interest rate risk	commercial	IRS	RUB	2016-04-15	Yes	None	None	325,000	19,565	1	n/a	-	1,895	(1,399)	(1,895)
Interest rate risk	commercial	IRS	PLN	2015-05-11	Yes	None	None	250,000	250,000	1	n/a	3,622	-	(2,499)	3,622

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Interest rate risk	commercial	IRS	PLN	2015-05-11	Yes	None	None	250,000	250,000	1	n/a	3,622	-	(2,499)	3,622
Interest rate risk	commercial	IRS	USD	2023-05-14	Yes	None	None	111,000	389,299	1	n/a	-	9,558	-	(25,243)
Interest rate risk	commercial	IRS	PLN	2015-05-19	Yes	None	None	250,000	250,000	1	n/a	3,356	-	(2,206)	3,356
Interest rate risk	commercial	IRS	PLN	2015-05-19	Yes	None	None	250,000	250,000	1	n/a	3,356	-	(2,206)	3,356
Interest rate risk	commercial	IRS	PLN	2015-05-19	Yes	None	None	250,000	250,000	1	n/a	3,579	-	(2,423)	3,579
Interest rate risk	commercial	IRS	PLN	2015-05-19	Yes	None	None	250,000	250,000	1	n/a	3,579	-	(2,423)	3,579
Interest rate risk	commercial	IRS	PLN	2017-11-20	Yes	None	None	187,500	187,500	1	n/a	4,729	-	5,206	4,729
Interest rate risk	commercial	IRS	USD	2023-05-21	Yes	None	None	114,000	399,821	1	n/a	8,739	-	-	25,718
Interest rate risk	commercial	IRS	PLN	2017-11-20	Yes	None	None	187,500	187,500	1	n/a	3,153	-	3,471	3,153
Interest rate risk	commercial	IRS	PLN	2015-06-10	Yes	None	None	125,000	125,000	1	n/a	-	2,315	1,689	(2,315)
Interest rate risk	commercial	IRS	PLN	2015-06-10	Yes	None	None	125,000	125,000	1	n/a	-	2,315	1,689	(2,315)
Interest rate risk	commercial	IRS	PLN	2015-06-10	Yes	None	None	125,000	125,000	1	n/a	-	2,321	1,695	(2,321)
Interest rate risk	commercial	IRS	PLN	2015-06-10	Yes	None	None	125,000	125,000	1	n/a	-	2,321	1,695	(2,321)
Interest rate risk	commercial	IRS	PLN	2015-06-18	Yes	None	None	100,000	100,000	1	n/a	-	1,863	1,274	(1,863)
Interest rate risk	commercial	IRS	PLN	2015-06-18	Yes	None	None	100,000	100,000	1	n/a	-	1,863	1,274	(1,863)
Interest rate risk	commercial	IRS	EUR	2017-06-19	Yes	None	None	95,000	404,919	1	n/a	7,642	-	-	7,358
Interest rate risk	commercial	IRS	PLN	2023-06-20	Yes	None	None	130,000	130,000	1	n/a	-	9,976	-	(13,425)
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	77,664	102,493	1	n/a	-	2,544	-	1,661
Interest rate risk	commercial	IRS	PLN	2023-06-28	Yes	None	None	25,000	25,000	1	n/a	4,350	-	(43)	4,350
Interest rate risk	commercial	IRS	USD	2017-07-09	Yes	None	None	128,000	448,922	1	n/a	-	5,891	-	(3,660)
Interest rate risk	commercial	IRS	EUR	2017-07-09	Yes	None	None	100,000	426,230	1	n/a	8,959	-	-	8,108
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	78,851	104,060	1	n/a	6,868	-	-	(1,500)

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Interest rate risk	commercial	IRS	CZK	2017-07-29	Yes	None	None	2,500,000	384,250	1	n/a	9,757	-	-	5,509
Interest rate risk	commercial	IRS	PLN	2017-07-29	Yes	None	None	425,000	425,000	1	n/a	-	16,795	-	(17,210)
Interest rate risk	commercial	IRS	PLN	2017-01-16	Yes	None	None	225,000	225,000	1	n/a	4,454	-	-	4,675
Interest rate risk	commercial	IRS	PLN	2015-01-15	Yes	None	None	225,000	225,000	1	n/a	-	5,358	4,888	(5,358)
Interest rate risk	commercial	IRS	PLN	2015-01-15	Yes	None	None	225,000	225,000	1	n/a	-	5,978	5,456	(5,978)
Interest rate risk	commercial	IRS	PLN	2017-01-16	Yes	None	None	225,000	225,000	1	n/a	5,032	-	-	5,134
Interest rate risk	commercial	IRS	CZK	2017-08-03	Yes	None	None	1,225,000	188,283	1	n/a	4,900	-	-	2,722
Interest rate risk	commercial	IRS	PLN	2015-05-19	Yes	None	None	250,000	250,000	1	n/a	-	13,802	10,658	(13,802)
Interest rate risk	commercial	IRS	PLN	2015-06-10	Yes	None	None	250,000	250,000	1	n/a	4,843	-	(3,595)	4,843
Interest rate risk	commercial	IRS	PLN	2015-01-08	Yes	None	None	225,000	225,000	1	n/a	-	5,365	5,014	(5,365)
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	225,000	225,000	1	n/a	5,021	-	-	4,637
Interest rate risk	commercial	IRS	PLN	2017-08-19	Yes	None	None	225,000	225,000	1	n/a	-	10,858	-	(9,333)
Interest rate risk	commercial	IRS	CZK	2017-08-16	Yes	None	None	1,250,000	192,125	1	n/a	5,179	-	-	2,914
Interest rate risk	commercial	IRS	PLN	2023-09-09	Yes	None	None	130,000	130,000	1	n/a	14,844	-	-	14,034
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	84,996	112,169	1	n/a	-	988	-	1,819
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	81,213	107,176	1	n/a	-	2,094	-	1,702
Interest rate risk	commercial	IRS	PLN	2017-09-17	Yes	None	None	215,000	215,000	1	n/a	10,654	-	-	9,023
Interest rate risk	commercial	IRS	CZK	2017-10-19	Yes	None	None	1,250,000	192,125	1	n/a	-	4,586	-	(3,337)
Interest rate risk	commercial	IRS	CZK	2017-10-21	Yes	None	None	1,200,000	184,440	1	n/a	-	4,256	-	(3,236)
Interest rate risk	commercial	IRS	CZK	2017-10-21	Yes	None	None	1,200,000	184,440	1	n/a	-	4,256	-	(3,236)
Interest rate risk	commercial	IRS	CZK	2017-10-19	Yes	None	None	1,250,000	192,125	1	n/a	-	4,432	-	(3,332)
Interest rate risk	commercial	IRS	USD	2017-10-26	Yes	None	None	128,000	448,922	1	n/a	1,916	-	-	3,561

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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 2014 in currency thousand	Nominal value as at 31 December 2014 translated into '000 PLN in thousand PLN	Number as at 31 December 2014	Position as at 31 December 2014 (short/ long)	Assets – carrying amount in '000 PLN	Liabilities – carrying amount in '000 PLN	Realised gains/ losses in 2014 in thousand PLN	Unrealised gains/ losses in 2014 in thousand PLN
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	179,632	237,060	1	n/a	-	2,995	-	(3,830)
Interest rate risk	commercial	IRS	PLN	2016-01-14	Yes	None	None	200,000	200,000	1	n/a	-	5,612	2,698	(5,612)
Interest rate risk	commercial	IRS	PLN	2016-01-15	Yes	None	None	150,000	150,000	1	n/a	-	4,180	2,023	(4,180)
TOTAL												248,469	275,055	79,121	(33,154)

As at 31 December 2013, PZU held the following derivative instruments and achieved the following results on transactions involving such instruments in 2013:

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 2013 in thousands (currency)	Nominal value as at 31 December 2013 translated into PLN in thousands PLN	Number as at 31 December 2013	Position as at 31 December 2013 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realised gains/ losses in 2013 in thousands PLN	Unrealised gains/ losses in 2013 in thousands PLN
Currency risk	commercial	Futures on commodities	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(122)	-
Currency risk	commercial	Interest rate futures	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	2,661	-
Currency risk	commercial	Interest rate futures	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(4,208)	-
Currency risk	commercial	Interest rate futures	CHF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(6,577)	-
Currency risk	commercial	Interest rate futures	GBP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	4,981	-
Currency risk	commercial	Interest rate futures	EUR	2014-03-20	Yes	None	None	28,638	118,765	250	long	280	-	-	280
Currency risk	commercial	Interest rate futures	EUR	2014-03-20	Yes	None	None	35,338	146,552	250	short	2,260	-	-	2,260
Interest rate risk	commercial	Forward rate agreement - FRA	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2,118)	-
Interest rate risk	commercial	Forward rate agreement - FRA	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,581	-
Interest rate risk	commercial	Forward rate agreement - FRA	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5,077)	-
Interest rate risk	commercial	Forward rate agreement - FRA	PLN	2015-05-08	Yes	None	None	500,000	500,000	1	n/a	-	376	-	(376)
Interest rate risk	commercial	Forward rate agreement - FRA	PLN	2015-05-19	Yes	None	None	500,000	500,000	1	n/a	571	-	-	571
Interest rate risk	commercial	Forward rate agreement - FRA	PLN	2014-11-20	Yes	None	None	150,000	150,000	1	n/a	-	270	-	(270)

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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 2013 in thousands (currency)	Nominal value as at 31 December 2013 translated into PLN in thousands PLN	Number as at 31 December 2013	Position as at 31 December 2013 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realised gains/ losses in 2013 in thousands PLN	Unrealised gains/ losses in 2013 in thousands PLN
Interest rate risk	commercial	Forward rate agreement - FRA	PLN	2015-09-28	Yes	None	None	125,000	125,000	1	n/a	-	104	-	(104)
Currency risk	commercial	Future rate agreements	CAD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2,968)	-
Currency risk	commercial	Future rate agreements	CZK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2,813)	-
Currency risk	commercial	Future rate agreements	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(3,538)	-
Currency risk	commercial	Future rate agreements	GBP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(244)	-
Currency risk	commercial	Future rate agreements	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	698	-
Currency risk	commercial	Future rate agreements	RON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	768	-
Currency risk	commercial	Future rate agreements	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	919	-
Currency risk	commercial	Future rate agreements	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(4,270)	-
Currency risk	commercial	Future rate agreements	EUR	2014-01-10	Yes	None	None	1,900	7,880	1	short	122	-	-	122
Currency risk	commercial	FX SWAP	CHF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	106	-
Currency risk	commercial	FX SWAP	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,223)	-
Currency risk	commercial	FX SWAP	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,945)	-
Currency risk	commercial	FX SWAP	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5)	-
Currency risk	commercial	FX SWAP	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(311)	-
Currency risk	commercial	FX SWAP	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,472	-
Currency risk	commercial	FX SWAP	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(12,341)	-
Currency risk	commercial	FX SWAP	EUR	2014-01-10	Yes	None	None	10,800	44,790	1	n/a	682	-	-	682
Currency risk	commercial	FX SWAP	EUR	2014-01-10	Yes	None	None	40,800	169,206	1	n/a	2,577	-	-	2,577
Currency risk	commercial	FX SWAP	EUR	2014-01-10	Yes	None	None	41,100	170,450	1	n/a	2,596	-	-	2,596
Currency risk	commercial	FX SWAP	EUR	2014-01-08	Yes	None	None	25,000	103,680	1	n/a	-	316	-	(316)
Currency risk	commercial	FX SWAP	USD	2014-01-10	Yes	None	None	13,300	40,060	1	n/a	1,102	-	-	1,102
Currency risk	commercial	FX SWAP	USD	2014-01-10	Yes	None	None	18,000	54,216	1	n/a	1,492	-	-	1,492
Interest rate risk	commercial	IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,411)	-
Interest rate risk	commercial	IRS	CAD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(4,604)	-
Interest rate risk	commercial	IRS	CZK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	4,398	-
Interest rate risk	commercial	IRS	GBP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,003)	-
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1,339)	-
Interest rate risk	commercial	IRS	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(816)	-
Interest rate risk	commercial	IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	20,789	-
Interest rate risk	commercial	IRS	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	13	-
Interest rate risk	commercial	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	986	-
Interest rate risk	commercial	IRS	BRL	2018-01-02	Yes	None	None	1,201,332	1,532,059	5	n/a	9,204	10,808	-	(1,604)
Interest rate risk	commercial	IRS	CZK	2017-07-29	Yes	None	None	2,500,000	378,250	1	n/a	4,247	-	-	4,247
Interest rate risk	commercial	IRS	CZK	2017-08-03	Yes	None	None	1,225,000	185,343	1	n/a	2,178	-	-	2,178
Interest rate risk	commercial	IRS	CZK	2017-08-16	Yes	None	None	1,250,000	189,125	1	n/a	2,265	-	-	2,265
Interest rate risk	commercial	IRS	CZK	2017-10-19	Yes	None	None	2,500,000	378,250	2	n/a	-	2,348	-	(2,348)
Interest rate risk	commercial	IRS	CZK	2017-10-21	Yes	None	None	2,400,000	363,120	2	n/a	-	2,039	-	(2,039)
Interest rate risk	commercial	IRS	CZK	2017-11-21	Yes	None	None	4,100,000	620,330	1	n/a	-	492	-	(492)
Interest rate risk	commercial	IRS	EUR	2017-06-19	Yes	None	None	95,000	393,984	1	n/a	284	-	-	284
Interest rate risk	commercial	IRS	EUR	2017-07-09	Yes	None	None	100,000	414,720	1	n/a	851	-	-	851
Interest rate risk	commercial	IRS	EUR	2017-08-02	Yes	None	None	97,000	402,278	1	n/a	1,403	-	-	1,403

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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 2013 in thousands (currency)	Nominal value as at 31 December 2013 translated into PLN in thousands PLN	Number as at 31 December 2013	Position as at 31 December 2013 (short/ long)	Assets – carrying amount in thousands PLN	Liabilities – carrying amount in thousands PLN	Realised gains/ losses in 2013 in thousands PLN	Unrealised gains/ losses in 2013 in thousands PLN
Interest rate risk	commercial	IRS	HUF	2020-04-30	Yes	None	None	2,000,000	27,938	1	n/a	3,785	-	(2,256)	3,785
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	2,000,000	27,938	2	n/a	-	4,405	2,785	(4,405)
Interest rate risk	commercial	IRS	PLN	2014-04-14	Yes	None	None	200,000	200,000	2	n/a	3,811	3,808	(2)	3
Interest rate risk	commercial	IRS	PLN	2014-05-10	Yes	None	None	100,000	100,000	1	n/a	2,004	-	(1,782)	2,004
Interest rate risk	commercial	IRS	PLN	2014-09-29	Yes	None	None	132,500	132,500	1	n/a	2,006	-	(1,421)	2,006
Interest rate risk	commercial	IRS	PLN	2014-10-01	Yes	None	None	66,000	66,000	1	n/a	986	-	(698)	986
Interest rate risk	commercial	IRS	PLN	2014-10-06	Yes	None	None	265,000	265,000	1	n/a	3,833	-	(2,695)	3,833
Interest rate risk	commercial	IRS	PLN	2014-10-08	Yes	None	None	66,000	66,000	1	n/a	978	-	(697)	978
Interest rate risk	commercial	IRS	PLN	2014-10-20	Yes	None	None	236,500	236,500	2	n/a	3,176	-	(2,221)	3,176
Interest rate risk	commercial	IRS	PLN	2014-11-20	Yes	None	None	1,100,000	1,100,000	3	n/a	2,376	-	1,497	2,376
Interest rate risk	commercial	IRS	PLN	2015-01-08	Yes	None	None	900,000	900,000	3	n/a	2,386	471	-	1,915
Interest rate risk	commercial	IRS	PLN	2015-01-09	Yes	None	None	250,000	250,000	1	n/a	1,127	-	-	1,127
Interest rate risk	commercial	IRS	PLN	2015-01-15	Yes	None	None	475,000	475,000	2	n/a	-	752	-	(752)
Interest rate risk	commercial	IRS	PLN	2015-05-11	Yes	None	None	500,000	500,000	2	n/a	-	1,793	-	(1,793)
Interest rate risk	commercial	IRS	PLN	2015-05-19	Yes	None	None	1,900,000	1,900,000	5	n/a	-	6,146	-	(6,146)
Interest rate risk	commercial	IRS	PLN	2015-06-10	Yes	None	None	750,000	750,000	5	n/a	3,192	7,706	4,255	(4,514)
Interest rate risk	commercial	IRS	PLN	2015-06-18	Yes	None	None	200,000	200,000	2	n/a	29	-	-	29
Interest rate risk	commercial	IRS	PLN	2015-07-13	Yes	None	None	275,000	275,000	1	n/a	-	8,271	-	(1,926)
Interest rate risk	commercial	IRS	PLN	2015-07-31	Yes	None	None	275,000	275,000	1	n/a	6,787	-	-	1,754
Interest rate risk	commercial	IRS	PLN	2017-01-08	Yes	None	None	900,000	900,000	3	n/a	1,608	-	-	1,608
Interest rate risk	commercial	IRS	PLN	2017-01-09	Yes	None	None	250,000	250,000	1	n/a	840	-	-	840
Interest rate risk	commercial	IRS	PLN	2017-01-16	Yes	None	None	475,000	475,000	2	n/a	-	324	-	(324)
Interest rate risk	commercial	IRS	PLN	2017-07-29	Yes	None	None	425,000	425,000	1	n/a	415	-	-	415
Interest rate risk	commercial	IRS	PLN	2017-09-28	Yes	None	None	50,000	50,000	1	n/a	-	1,647	1,734	(1,647)
Interest rate risk	commercial	IRS	PLN	2017-10-02	Yes	None	None	25,000	25,000	1	n/a	-	820	868	(820)
Interest rate risk	commercial	IRS	PLN	2017-10-04	Yes	None	None	112,500	112,500	1	n/a	-	3,482	3,718	(3,482)
Interest rate risk	commercial	IRS	PLN	2017-10-09	Yes	None	None	25,000	25,000	1	n/a	-	811	867	(811)
Interest rate risk	commercial	IRS	PLN	2017-10-19	Yes	None	None	100,000	100,000	2	n/a	-	2,776	3,060	(2,776)
Interest rate risk	commercial	IRS	PLN	2017-11-20	Yes	None	None	312,500	312,500	2	n/a	-	8,803	(173)	(8,803)
Interest rate risk	commercial	IRS	PLN	2018-07-12	Yes	None	None	112,500	112,500	1	n/a	5,092	-	-	(856)
Interest rate risk	commercial	IRS	PLN	2018-07-31	Yes	None	None	125,000	125,000	1	n/a	-	4,236	-	1,115
Interest rate risk	commercial	IRS	PLN	2023-06-20	Yes	None	None	130,000	130,000	1	n/a	3,448	-	-	3,448
Interest rate risk	commercial	IRS	PLN	2023-06-28	Yes	None	None	25,000	25,000	1	n/a	405	-	(342)	405
Interest rate risk	commercial	IRS	PLN	2017-08-19	Yes	None	None	225,000	225,000	1	n/a	-	1,525	-	(1,525)
Interest rate risk	commercial	IRS	PLN	2023-09-09	Yes	None	None	130,000	130,000	1	n/a	810	-	-	810
Interest rate risk	commercial	IRS	PLN	2023-09-11	Yes	None	None	25,000	25,000	1	n/a	787	-	-	787
Interest rate risk	commercial	IRS	PLN	2017-09-17	Yes	None	None	215,000	215,000	1	n/a	1,632	-	-	1,632
Interest rate risk	commercial	IRS	PLN	2017-11-07	Yes	None	None	425,000	425,000	1	n/a	53	-	-	53
Interest rate risk	commercial	IRS	PLN	2018-11-12	Yes	None	None	175,000	175,000	1	n/a	-	1,018	-	(1,018)
Interest rate risk	commercial	IRS	PLN	2016-11-14	Yes	None	None	150,000	150,000	1	n/a	84	-	-	84
Interest rate risk	commercial	IRS	PLN	2016-11-30	Yes	None	None	275,000	275,000	1	n/a	-	25	-	(25)
Interest rate risk	commercial	IRS	PLN	2023-12-11	Yes	None	None	15,000	15,000	1	n/a	84	-	-	84
Interest rate risk	commercial	IRS	PLN	2015-12-11	Yes	None	None	67,500	67,500	1	n/a	-	104	-	(104)

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Interest rate risk	commercial	IRS	PLN	2023-12-20	Yes	None	None	12,500	12,500	1	n/a	-	99	-	(99)
Interest rate risk	commercial	IRS	RUB	2016-04-13	Yes	None	None	650,000	59,410	2	n/a	-	1,434	926	(1,434)
Interest rate risk	commercial	IRS	RUB	2016-04-15	Yes	None	None	650,000	59,410	2	n/a	2,136	-	(2,292)	2,136
Interest rate risk	commercial	IRS	SEK	2017-11-11	Yes	None	None	860,000	403,684	1	n/a	-	1,155	-	(1,155)
Interest rate risk	commercial	IRS	USD	2017-07-09	Yes	None	None	128,000	385,536	1	n/a	-	2,231	-	(2,231)
Interest rate risk	commercial	IRS	USD	2023-01-08	Yes	None	None	44,500	134,034	1	n/a	6,572	-	-	6,572
Interest rate risk	commercial	IRS	USD	2023-01-30	Yes	None	None	50,000	150,600	1	n/a	3,627	-	-	3,627
Interest rate risk	commercial	IRS	USD	2023-03-12	Yes	None	None	69,500	209,334	1	n/a	-	9,024	-	(9,024)
Interest rate risk	commercial	IRS	USD	2023-05-14	Yes	None	None	111,000	334,332	1	n/a	15,685	-	-	15,685
Interest rate risk	commercial	IRS	USD	2023-05-21	Yes	None	None	114,000	343,368	1	n/a	-	16,979	-	(16,979)
Interest rate risk	commercial	IRS	USD	2023-09-16	Yes	None	None	5,600	16,867	1	n/a	-	-	606	-
Interest rate risk	commercial	IRS	USD	2017-10-26	Yes	None	None	128,000	385,536	1	n/a	-	1,645	-	(1,645)
Interest rate risk	commercial	IRS	ZAR	2014-10-01	Yes	None	None	2,250,000	645,075	1	n/a	-	2,079	-	(1,946)
Interest rate risk	commercial	IRS	ZAR	2014-09-22	Yes	None	None	2,250,000	645,075	1	n/a	1,497	-	584	1,497
Interest rate risk	commercial	IRS	ZAR	2022-09-20	Yes	None	None	637,500	182,771	1	n/a	-	7,514	-	(7,585)
Interest rate risk	commercial	IRS	ZAR	2022-10-03	Yes	None	None	637,500	182,771	1	n/a	7,249	-	-	7,632
TOTAL												120,614	117,836	(11,240)	3,938

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, ALCO, Credit Risk Committee (the "Committees"), Investment Function and Risk Office 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:

- 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 b.p. 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 2014 (PLN million)	31 December 2014 (% of financial investments)	31 December 2013 (PLN million)	31 December 2013 (% of financial investments)
Financial instruments in the held for trading and available for sale portfolio	890.1	2.9%	2,016.6	7.3%
Financial instruments in the portfolio of instruments held to maturity portfolio	6,139.9	19.8%	5,621.5	20.4%
Debt securities held in the loans portfolio	312.0	1.0%	312.3	1.1%
Debt and cash investment funds	6,806.0	21.9%	1,962.3	7.1%

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 2014 (PLN million)	31 December 2014 (% of financial investments)	31 December 2013 (PLN million)	31 December 2013 (% of financial investments)
Financial instruments exposed to the share price risk, including:	6,393.5	20.6%	7,005.5	25.4%
- unexchange listed shares	6,372.9	20.5%	4,957.2	18.0%
- equity funds	20.5	0.1%	2,048.3	7.4%

2.6.3 Property price 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 2014 (PLN million)	31 December 2014 (% of financial investments)	31 December 2013 (PLN million)	31 December 2013 (% of financial investments)
Value of investments exposed to property price risk, including:	1,526.2	4.9%	1,617.6	5.9%
- investment certificates in property sector funds	1,033.8	3.3%	1,102.5	4.0%

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 2014 and 31 December 2013. 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&Poors or Moody's are used);

Assets exposed to credit risk 31 December 2014 (in million PLN)	AAA	AA	A	BBB	BB	Lower than BB or no rating	Total
Debt securities	-	-	6,962	380	-	-	7,342
- held to maturity	-	-	6,115	25	-	-	6,140
- available for sale	-	-	827	45	-	-	872
- measured at fair value	-	-	-	18	-	-	18
- loans	-	-	20	292	-	-	312
Bank deposits and repo transactions involving treasury securities	-	-	2,218	168	-	103	2,489
Mortgages	-	-	-	-	-	661	661
Other loans	-	-	-	-	71	368	439
Derivatives	-	7	240	1	-	-	248
Reinsurers' share in net claim provisions	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-	-
Reinsurance receivables	-	-	-	-	-	-	-
Total assets exposed to credit risk	-	7	9,420	549	71	1,132	11,179

Assets exposed to credit risk 31 December 2013 (in million PLN)	AAA	AA	A	BBB	BB	Lower than BB or no rating	Total
Debt securities	127	-	7,058	540	46	70	7,841
- held to maturity	-	-	5,526	25	-	70	5,621
- available for sale	127	-	747	23	-	-	897
- measured at fair value	-	-	764	201	46	-	1,011
- loans	-	-	21	291	-	-	312
Bank deposits and repo transactions involving treasury securities	-	-	1,281	55	97	-	1,433
Mortgages	-	-	-	-	-	-	-
Other loans	-	-	-	-	23	452	475
Derivatives	-	11	69	20	-	21	121
Reinsurers' share in net claim provisions	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	3	3
Reinsurance receivables	-	-	-	-	-	-	-
Total assets exposed to credit risk	127	11	8,408	615	166	546	9,873

As at 31 December 2014, the maximum potential credit loss for PZU was PLN 489.1 million (as at 31 December 2013: PLN 345.1 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:

Rating	AAA	AA	A	BBB	BB	Lower than BB or no rating ¹⁾
The ratio for the conversion as at 31 December 2014 (%)	0.74	0.84	1.59	4.33	14.39	26.97
The ratio for the conversion as at 31 December 2013 (%)	0.76	0.88	1.65	4.59	15.09	27.84

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 2014 (PLN million)	31 December 2014 (% of financial investments)	31 December 2013 (PLN million)	31 December 2013 (% of financial investments)
Treasury securities issued by the State Treasury of the the Republic of Poland together with repo transactions involving such securities	7,788.9	25.1%	7,622.10	27.6%

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 derivative instruments 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 2014 (in PLN million)	31 December 2013 (in PLN million)
Amount of assets denominated in foreign currencies	1,649.4	1,018.6
Value of technical provisions denominated in foreign currencies net of reinsurance	772.2	632.9
Currency mismatch	877.2	385.7

2.7. Deposits with ceding undertakings

Deposits with ceding undertakings (currency structure)	31 December 2014	31 December 2013
a) deposits denominated in PLN, including with:	-	-
b) deposits denominated in foreign currencies, including with:	-	2,914
- subsidiaries, including:	-	2,827
b1. thousands EUR	-	682
thousands PLN	-	2,827
- from other entities, including:	-	87
b1. thousands EUR	-	-
thousands PLN	-	-
b2. thousands USD	-	27
thousands PLN	-	87
c) impairment losses	-	-
Deposits with ceding undertakings(gross)	-	2,914

Deposits with ceding undertakings by maturity period after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	-	2,914
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Deposits with cedents, total	-	2,914

3. Receivables

Geographical structure of receivables	31 December 2014				31 December 2013			
	Domestic	Foreign – EU countries	Foreign – other countries	Total	Domestic	Foreign – EU countries	Foreign – other countries	Total
I. Insurance receivables	1,394,646	3,875	446	1,398,967	1,280,502	2,256	45	1,282,803
1. Receivables from policyholders	1,265,883	2,457	446	1,268,786	1,147,893	926	45	1,148,864
2. Receivables from intermediaries	107,774	110	-	107,884	108,974	23	-	108,997
3. Other receivables	20,989	1,308	-	22,297	23,635	1,307	-	24,942
II. Reinsurance receivables	12,514	7,137	-	19,651	15,030	2,545	654	18,229
III. Other receivables	933,483	53,238	32,480	1,019,201	128,231	44,801	22,573	195,605
1. Receivables from the State Budget	1,953	-	-	1,953	33,968	-	-	33,968
2. Other receivables	931,530	53,238	32,480	1,017,248	94,263	44,801	22,573	161,637
Total receivables	2,340,643	64,250	32,926	2,437,819	1,423,763	49,602	23,272	1,496,637

¹⁾ As at 31 December 2014 other receivables include receivables from PZU Życie resulting from advance dividend in the amount of PLN 730,000 thousand, described in point 9.1 of the Introduction to the Financial Statement

3.1. Insurance receivables

Insurance receivables	31 December 2014	31 December 2013
a) receivables from policyholders including:	1,268,786	1,148,864
- from related parties	40	15
- domestic	40	15
- foreign	-	-
- from other entities	1,268,746	1,148,849
- domestic	1,265,843	1,147,878
- foreign	2,903	971
b) receivables from intermediaries, including:	107,884	108,997
- from related parties	-	-
- domestic	-	-
- foreign	-	-
- from other entities	107,884	108,997
- domestic	107,774	108,974
- foreign	110	23
c) other receivables, including:	22,297	24,942
- from related parties	70	-
- domestic	70	-
- foreign	-	-
- from other entities	22,227	24,942
- domestic	20,919	23,635
- foreign	1,308	1,307
Insurance receivables (net)	1,398,967	1,282,803
d) impairment losses	536,891	560,021
Insurance receivables (gross)	1,935,858	1,842,824

Insurance receivables - with maturity periods after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	890,890	791,634
b) over 3 months and up to 1 year	399,686	418,187
c) over 1 year and up to 5 years	107,633	72,982
d) over 5 years	758	-
Insurance receivables, total	1,398,967	1,282,803

Insurance receivables (net)	31 December 2014	31 December 2013
a) from subsidiaries	110	15
b) from joint ventures	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a joint-ventures	-	-
f) from parent entity	-	-
g) other	1,398,857	1,282,788
Insurance receivables, total	1,398,967	1,282,803

Insurance receivables (currency structure)	31 December 2014	31 December 2013
a) thousand PLN	1,398,967	1,282,803
b) foreign currencies (by currency and translated to PLN)	-	-
b1. thousand EUR	-	-
thousand PLN	-	-
b2. thousand USD	-	-
thousand PLN	-	-
Insurance receivables, total	1,398,967	1,282,803

Balance of co-insurance settlements	31 December 2014	31 December 2013
Balance of co-insurance settlements	173,360	216,263

3.2. Reinsurance receivables

Reinsurance receivables	31 December 2014	31 December 2013
a) current receivables from reinsurance inwards, including:	5,334	11,111
- from domestic cedents	4,892	10,927
- from foreign cedents	442	184
b) current receivables from reinsurance outwards, including:	14,306	7,118
- from domestic reinsurers	7,622	4,103
- from foreign reinsurers	6,684	3,015
c) current receivables from retrocession, including:	11	-
- from domestic entities	-	-
- from foreign entities	11	-
d) receivables from deferred reinsurance commission	-	-
e) receivables from reinsurers' share in claims paid	-	-
Reinsurance receivables (net), total	19,651	18,229
f) impairment losses	5,001	4,620
Reinsurance receivables (gross), total	24,652	22,849

Reinsurance receivables	31 December 2014	31 December 2013
a) from subsidiaries	194	30
b) from joint-ventures	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from shareholders in joint-ventures	-	-
f) from parent entity	-	-
g) other	19,457	18,199
Reinsurance receivables, total	19,651	18,229

Reinsurance receivables	31 December 2014	31 December 2013
a) current receivables from reinsurance inwards, including:	5,334	11,111
- from cedents being subsidiaries	194	30
- from cedents being 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:	14,306	7,118
- from cedents subsidiaries	-	-
- from cedents being joint-ventures	-	-
- from cedents being associates	-	-
- from cedents being a major investor	-	-
- from cedents being shareholders in joint-ventures	-	-
- from cedents being the parent entity	-	-
c) current receivables from retrocession, including:	11	-
- from subsidiaries	-	-
- from joint-ventures	-	-
- from associates	-	-
- from a major investor	-	-
- from a shareholder in a joint-ventures	-	-
- from the parent entity	-	-
d) other	-	-
Reinsurance receivables, total	19,651	18,229

Reinsurance receivables (net) - with maturity periods after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	12,830	14,316
b) over 3 months and up to 1 year	4,424	2,555
c) over 1 year and up to 5 years	2,303	509
d) over 5 years	94	849
Reinsurance receivables (net), total	19,651	18,229

Reinsurance receivables (currency structure)	31 December 2014	31 December 2013
a) thousand PLN	15,935	16,681
b) foreign currencies (by currency and converted to PLN)	3,716	1,548
b1. thousand EUR	247	170
thousand PLN	1,052	706
b2. thousand USA	711	280
thousand PLN	2,494	842
b3. thousand CHF	170	-
Reinsurance receivables total	19,651	18,229

3.3. Other receivables

Other receivables	31 December 2014	31 December 2013
a) receivables from the State Budget	1,953	33 968
b) receivables from guarantees and letters of credit	-	-
c) other receivables, including:	1,017,248	161 637
- Receivables from PZU Życie from the advance dividend	730,000	-
- Receivables from unsettled collateral deposits and investment transactions	76,739	30 558
- Receivables from refunds of advances for revenue tax from legal entities from PGK	71,809	41 544
- Settlements of the Social Benefits Fund	59,705	57 066
- Receivables from direct claims handling on behalf of other insurance companies	34,086	-
- Settlements of prevention activities	16,689	13 249
- Receivables from claims representative services	9,491	6 316
- Retained guarantee deposits	3,789	3 421
- Prepayments for suppliers	2,097	723
- Receivables from shortages and damages	1,301	3 993
Total other receivables (net)	1,019,201	195 605
d) impairment losses	10,429	15 183
Other receivables (gross) total	1,029,630	210 788

Other receivables	31 December 2014	31 December 2013
a) from subsidiaries	803,507	43,112
b) from joint-ventures	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from shareholders in joint-ventures	-	-
f) from parent entity	-	-
g) other	215,694	152,493
Total other receivables	1,019,201	195,605

Other receivables by maturity period after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	997,625	185,626
b) over 3 months and up to 1 year	8,606	824
c) over 1 year and up to 5 years	12,744	9,019
d) over 5 years	226	136
Total other receivables	1,019,201	195,605

Other receivables (currency structure)	31 December 2014	31 December 2013
a) thousand PLN	941,407	163,873
b) foreign currencies (by currency and converted to PLN)	77,794	31,732
b1. thousand EUR	10,646	6,194
thousand PLN	45,376	25,686
b2. USD thousand	8,849	2,001
thousand PLN	31,036	6,028
b3. thousand GBP	253	-
thousand PLN	1,382	-
b4. other currencies	-	18
Total other receivables	1,019,201	195,605

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 2014	31 December 2013
a) At the beginning of the period (by type of receivable)	579,824	551,741
impairment losses on insurance receivables	560,021	532,148
impairment losses on reinsurance receivables	4,620	3,959
impairment losses on other receivables	15,183	15,634
b) increases (due to)	65,068	40,599
impairment losses on insurance receivables	59,477	39,202
impairment losses on reinsurance receivables	5,591	1,279
impairment losses on other receivables	-	118
c) decreases (due to)	92,571	12,516
- utilised impairment losses	2,312	2,835
impairment losses on insurance receivables	1,138	2,324
impairment losses on reinsurance receivables	-	-
impairment losses on other receivables	1,174	511
- released impairment losses on repayments and other	90,259	9,681
impairment losses on insurance receivables	81,469	9,005
impairment losses on reinsurance receivables	5,210	618
impairment losses on other receivables	3,580	58
d) at the end of the period (by type of receivable)	552,321	579,824
impairment losses on insurance receivables	536,891	560,021
impairment losses on reinsurance receivables	5,001	4,620
impairment losses on other receivables	10,429	15,183

3.4.2 Overdue receivables net

Overdue receivables	31 December 2014	31 December 2013
a) up to 3 months	122,856	142,179
- insurance receivables	114,035	139,498
- reinsurance receivables	6,265	-
- other receivables	2,556	2,681
b) over 3 months	135,342	159,265
- insurance receivables	125,209	138,428
- reinsurance receivables	2,276	-
- other receivables	7,857	20,837
Total overdue receivables, including:	258,198	301,444
a) up to 3 months	122,856	142,179
b) over 3 months	135,342	159,265

As at 31 December 2014 the value of net receivables past due over 1 year was: PLN 64,464 thousand. (31 December 2013: PLN 98,078 thousand).

4. Other assets

4.1. Tangible assets

Tangible assets	31 December 2014	31 December 2013
a) technical equipment and machines	39,605	34,148
b) vehicles	50,823	44,193
c) other tangible assets	21,092	20,232
d) tangible assets under construction	12,529	5,161
e) advance payments for tangible assets under construction	-	-
f) inventory	156	214
g) claim salvages	444	246
Total tangible assets	124,649	104,194

Tangible assets – ownership structure	31 December 2014	31 December 2013
a) own	124,649	104,194
b) leased	-	-
Total tangible assets	124,649	104,194

Tangible assets (balance sheet) – ownership structure	31 December 2014	31 December 2013
a) own	124,649	104,194
b) used based on lease, rental or other agreement	-	-
Tangible assets (balance sheet), total	124,649	104,194

Tangible assets (off-balance sheet)	31 December 2014	31 December 2013
a) used based on lease, rental or other agreement, including:	123,161	112,901
- lease	123,161	112,901
Tangible assets (off-balance sheet), total	123,161	112,901

In 2014 and 2013, PZU did not incur costs of manufacturing tangible assets under construction and for internal purposes.

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Changes in tangible assets in the year ended 31 December 2014	Technical devices 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	316,317	78,515	61,218	5,161	-	214	246	461,671
b) increases (due to)	20,940	18,866	6,607	32,181	-	366	2,991	81,951
- investments	-	-	-	-	-	-	-	-
- direct purchase	16,605	-	3,238	25,737	-	-	-	45,580
- transfers	4,148	17,296	3,369	-	-	-	-	24,813
- other (including estimations)	187	1,570	-	6,444	-	366	2,991	11,558
c) decreases (due to)	48,607	12,509	5,839	24,813	-	424	2,793	94,985
- liquidation	47,164	54	5,585	-	-	-	-	52,803
- sale	657	12,455	109	-	-	-	-	13,221
- transfers	-	-	-	24,813	-	-	-	24,813
- other	786	-	145	-	-	424	2,793	4,148
d) gross value of tangible assets – at the end of the period	288,650	84,872	61,986	12,529	-	156	444	448,637
e) accumulated depreciation – at the beginning of the period	282,169	34,322	40,986	-	-	-	-	357,477
f) depreciation for the period (due to)	(33,124)	(273)	(92)	-	-	-	-	(33,489)
- current year charges	15,096	9,008	5,805	-	-	-	-	29,909
- depreciation of liquidated tangible assets	(47,156)	(54)	(5,571)	-	-	-	-	(52,781)
- depreciation of fixed assets sold	(602)	(10,450)	(109)	-	-	-	-	(11,161)
- depreciation of fixed assets lost	-	-	-	-	-	-	-	-
- other	(462)	1,223	(217)	-	-	-	-	544
g) accumulated depreciation – at the end of the period	249,045	34,049	40,894	-	-	-	-	323,988
h) impairment losses – at the beginning of the period	-	-	-	-	-	-	-	-
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-	-
i) impairment losses – at the end of the period	-	-	-	-	-	-	-	-
j) carrying amount of fixed assets – at the end of the period	39,605	50,823	21,092	12,529	-	156	444	124,649

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Changes in tangible assets in the year ended 31 December 2013	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	322,583	76,467	66,570	11,262	-	1,874	387	479,143
b) increases (due to)	22,578	14,960	5,297	26,405	-	1,354	2,006	72,600
- investments	-	-	-	-	-	-	-	-
- donations	-	-	-	-	-	-	-	-
- direct purchase	6,203	-	3,785	26,405	-	-	-	36,393
- transfers	16,346	14,740	1,259	-	-	-	-	32,345
- other	29	220	253	-	-	1,354	2,006	3,862
c) decreases (due to)	28,844	12,912	10,649	32,506	-	3,014	2,147	90,072
- liquidation	24,773	-	10,438	161	-	-	-	35,372
- sale	1,770	12,912	88	-	-	-	-	14,770
- donations	2,301	-	123	-	-	-	-	2,424
- transfers	-	-	-	32,345	-	-	-	32,345
- other	-	-	-	-	-	3,014	2,147	5,161
d) gross value of tangible assets – at the end of the period	316,317	78,515	61,218	5,161	-	214	246	461,671
e) accumulated depreciation – at the beginning of the period	295,917	38,507	45,590	-	-	-	-	380,014
f) depreciation for the period (due to)	(13,748)	(4,185)	(4,604)	-	-	-	-	(22,537)
- current year charges	14,867	8,170	5,584	-	-	-	-	28,621
- depreciation of liquidated tangible assets	(24,666)	-	(10,313)	-	-	-	-	(34,979)
- depreciation of tangible assets sold	(1,740)	(12,568)	(88)	-	-	-	-	(14,396)
- depreciation of tangible assets donated	(2,301)	-	(123)	-	-	-	-	(2,424)
- depreciation of tangible assets lost	-	-	-	-	-	-	-	-
- other	92	213	336	-	-	-	-	641
g) accumulated depreciation – at the end of the period	282,169	34,322	40,986	-	-	-	-	357,477
h) impairment losses – at the beginning of the period	-	-	-	161	-	-	-	161
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	161	-	-	-	161
i) impairment losses – at the end of the period	-	-	-	-	-	-	-	-
j) carrying amount of tangible assets – at the end of the period	34,148	44,193	20,232	5,161	-	214	246	104,194

4.2. Cash

Cash	31 December 2014	31 December 2013
a) cash in hand and at bank	47,001	72,809
b) other cash	-	2,200
Total cash	47,001	75,009

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

Cash – currency structure	31 December 2014	31 December 2013
a) thousand PLN	46,291	73,650
b) foreign currencies (by currency and translated to PLN)	710	1,359
b1. thousand EUR	123	207
thousand PLN	525	857
b2. thousand USD	53	89
thousand PLN	185	269
b3. thousand ZAR	-	813
thousand PLN	-	233
b4. other	81	-
Total cash	47,001	75,009

5. Accruals

5.1. Deferred tax assets

Changes in deferred tax assets	31 December 2014	31 December 2013
1. Deferred tax assets at the beginning of the period, including:	347,521	309,132
a) charged to financial result ¹	346,015	308,727
b) charged to equity ²	1,506	405
c) charged to goodwill or negative goodwill	-	-
2. Increases	83,686	53,468
a) charged to the financial result for the period in relation to temporary deductible differences (due to)	77,882	52,367
- occurrence of temporary differences	77,882	52,367
- changes in tax rates	-	-
- unrecognised temporary difference from 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)	5,804	1,101
- occurrence of temporary differences	5,804	1,101
- changes in tax rates	-	-
- unrecognised temporary difference from 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	22,819	15,079
a) charged to the financial result for the period in relation to temporary deductible differences (due to)	22,819	15,079
- reversed temporary differences	22,819	15,079
- 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)	-	-
- reversed temporary differences	-	-
- 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	408,388	347,521
a) charged to financial result	401,078	346,015
b) charged to equity ²	7,310	1,506
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 charged to 2014 financial result 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 2014	31 December 2013
a) temporary deductible differences at the beginning of the period	1,829,057	1,627,009
b) temporary deductible differences at the end of the period, including:	2,149,410	1,829,057
temporary deductible differences expiring within one year	2,197,911	2,022,146
temporary deductible differences expiring within more than one year	(48,501)	(193,089)

5.2. Other prepayments

Other prepayments	31 December 2014	31 December 2013
a) reinsurance accruals	106,545	64,570
b) deferred IT costs	14,893	12,592
c) deferred property-related costs	9,788	-
d) other	5,643	6,408
Total other prepayments	136,869	83,570

6. Changes in impairment losses

Changes in impairment losses in the year ended 31 December 2014

Item	Impairment losses as at 1 January 2014, including:		Created, including:		Released, including:		Utilized, including:		Impairment losses as at 31 December 2014, 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	9,835	-	16	-	(8,128)	-	-	-	1,723	-
II. Investments	105,008	3,017	4,237	320	(12,441)	(274)	-	-	96,804	3,063
1. Property	87,484	3,017	294	320	(11,622)	(274)	-	-	76,156	3,063
2. Investments in related parties	3,878	-	3,943	-	-	-	-	-	7,821	-
3. Other financial investments	13,646	-	-	-	(819)	-	-	-	12,827	-
a) shares and other variable income securities	12,719	-	-	-	(3)	-	-	-	12,716	-
b) participation units and investment certificates of investment funds	927	-	-	-	(816)	-	-	-	111	-
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 at cedents	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets	-	-	-	-	-	-	-	-	-	-
IV. Receivables	579,824	-	65,068	-	(90,259)	-	(2,312)	-	552,321	-
1. Insurance receivables	560,021	-	59,477	-	(81,469)	-	(1,138)	-	536,891	-
2. Reinsurance receivables	4,620	-	5,591	-	(5,210)	-	-	-	5,001	-
3. Other receivables	15,183	-	-	-	(3,580)	-	(1,174)	-	10,429	-
3.1. Receivables from the State Budget	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	15,183	-	-	-	(3,580)	-	(1,174)	-	10,429	-
V. Other assets, including:	-	-	-	-	-	-	-	-	-	-
1. Tangible assets	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
VI. Accruals	70	-	1,839	-	-	-	-	-	1,909	-
1. Deferred tax asset	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rent	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	70	-	1,839	-	-	-	-	-	1,909	-

Changes in impairment losses in the year ended 31 December 2013

Type of services	Impairment losses as at 1 January 2013, including:		Created, including:		Reversed, including:		Utilised, including:		Impairment losses as at 31 December 2013, 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	12,996	-	1,209	-	(4,370)	-	-	-	9,835	-
II. Investments	90,203	818	40,706	2,281	(8,886)	(82)	(17,015)	-	105,008	3,017
1. Property	72,668	818	35,033	2,281	(4,494)	(82)	(15,723)	-	87,484	3,017
2. Investments in related parties	4,816	-	4,713	-	(4,359)	-	(1,292)	-	3,878	-
3. Other financial investments	12,719	-	960	-	(33)	-	-	-	13,646	-
a) shares and other variable income securities	12,719	-	33	-	(33)	-	-	-	12,719	-
b) participation units and investment certificates of investment funds	-	-	927	-	-	-	-	-	927	-
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. Receivables from deposits from cedents	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets	-	-	-	-	-	-	-	-	-	-
IV. Receivables	551,741	-	40,599	-	(9,681)	-	(2,835)	-	579,824	-
1. Insurance receivables	532,148	-	39,202	-	(9,005)	-	(2,324)	-	560,021	-
2. Reinsurance receivables	3,959	-	1,279	-	(618)	-	-	-	4,620	-
3. Other receivables	15,634	-	118	-	(58)	-	(511)	-	15,183	-
3.1. Receivables from the State Budget	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	15,634	-	118	-	(58)	-	(511)	-	15,183	-
V. Other assets, including:	161	-	-	-	(161)	-	-	-	-	-
1. Tangible assets	161	-	-	-	(161)	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
VI. Accruals	48	-	22	-	-	-	-	-	70	-
1. Deferred tax asset	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition expenses	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rent	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	48	-	22	-	-	-	-	-	70	-

6.1. Carrying amount of interest accrued on impaired assets

As at 31 December 2014 and 31 December 2013, no interest accrued on impaired assets occurred.

7. Equity

7.1. Share capital

Share capital structure as at 31 December 2014

Nominal value per share	Series / issue	Share type	Type of preference	Type of limitation on rights to shares	Number of shares	Face value of series/ issue in PLN	Capital coverage	Registration date	Cum dividend (as at)
PLN 1	A	Registered	None	None	4,011	4,011	cash	23.01.1997	27.12.1991
PLN 1	A	bearer shares	None	None	60,442,309	60,442,309	cash	23.01.1997	27.12.1991
PLN 1	B	bearer shares	None	None	25,905,980	25,905,980	contribution in kind	31.03.1999	01.01.1999
Total					86,352,300	86,352,300			

Share capital structure as at 31 December 2013

Nominal value per share	Series / issue	Share type	Preference	Type of preference	Type of limitation on rights to shares	Face value of series/ issue in PLN	Capital coverage	Registration date	Cum dividend (as at)
PLN 1	A	Registered	None	None	4,011	4,011	cash	23.01.1997	27.12.1991
PLN 1	A	bearer shares	None	None	60,442,309	60,442,309	cash	23.01.1997	27.12.1991
PLN 1	B	bearer shares	None	None	25,905,980	25,905,980	contribution in kind	31.03.1999	01.01.1999
Total					86,352,300	86,352,300			

Shareholding structure as at 31 December 2014

No.	Shareholder's name	Number of shares and votes	Percentage shares in the share capital and total number of votes at GSM
1.	State Treasury	30,385,253	35.1875%
2.	Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK ¹⁾	4,317,691	5.0001%
3.	Other shareholders	51,649,356	59.8124%
	Total	86,352,300	100.0000%

¹⁾ As at after settlement of the exchange transactions on 27 May 2014, the issue described in point 7.1.1 of the Supplementary information and explanations

Shareholding structure as at 31 December 2013

No.	Shareholder's name	Number of shares and votes	Percentage shares in the share capital and total number of votes at GSM
1.	State Treasury	30,385,253	35.1875%
2.	Other shareholders	55,967,047	64.8125%
	Total	86,352,300	100.0000%

7.1.1 Transactions involving significant packages of PZU shares

In the period from 1 January 2014 until the date of the signing of the separate financial statements, there occurred one significant change in the ownership structure of large blocks of shares of PZU.

On 29 May 2014, Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK SA delivered PZU a notice concerning a change in the ownership of PZU shares by Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK ("Aviva OFE"), informing that as the result of the transaction of purchase of PZU's shares on 22 May 2014, as at 27 May 2014, Aviva OFE increased its volume of shares held in PZU to 5.00% of PZU share capital, which constitutes 5.00% of the total votes at the General Meeting of Shareholders of PZU.

7.2. Dividends

7.2.1 Dividend paid from the profit for 2013

On 13 May 2014, the Management Board of PZU adopted a resolution concerning distribution of profit for the 2013 financial year, recommending payment of dividend of PLN 4,663,024 thousand, i.e. PLN 54 per share.

On 13 May 2014, the request of the Management Board of PZU was approved by the Supervisory Board of PZU and presented to the General Meeting of Shareholders for consideration. On 17 June 2014, the General Meeting of Shareholders of PZU decided on the distribution of the net profit for 2013 in the amount of PLN 5,106,345 thousand in the following manner:

- PLN 4,663,024 thousand for the payment of dividends to shareholders, i.e. PLN 54 per share;
- PLN 433,321 thousand for the supplementary capital;
- PLN 10,000 thousand to the Company's Social Benefits Fund.

Given the payment made on 19 November 2013 on the account of advance payments towards the dividend expected at the end of 2013 in the amount of PLN 1,727,046 thousand, i.e. PLN 20.00 per share, the remaining part of the dividend payable in 2014 amounted to PLN 2,935,978 thousand, i.e. PLN 34.00 per share.

The next-dividend date for the rest of the dividend was set for 17 September 2014. The dividend date has been planned as follows:

- PLN 1,467,989 thousand, i.e. PLN 17 per share was paid on 8 October 2014;
- PLN 1,467,989 thousand, i.e. PLN 17 per share was paid on 15 January 2015.

Appropriations on net profit during the financial year	31 December 2014	31 December 2013
Appropriations on net profit during the financial year	-	1,727,046
- appropriations on net half-year 2013 profit in the form of advance dividend	-	1,727,046
Appropriations on net profit in the financial year, total	-	1,727,046

7.2.2 Proposition of profit for 2014

At the date of signing the separate financial statements, the Management Board of PZU had not adopted a resolution concerning the proposed appropriation of 2014 profit.

7.3. Supplementary capital

Supplementary capital	31 December 2014	31 December 2013
a) share premium	538,139	538,139
b) statutory	28,784	28,784

c) arising from the Articles of association, above the statutory amount	3,837,562	3,404,241
d) shareholder contributions	-	-
e) other	3,821	3,163
Total supplementary capital	4,408,306	3,974,327

7.4. Revaluation reserve

Revaluation reserve	31 December 2014	31 December 2013
a) revaluation of tangible assets	12,494	13,198
b) deferred tax	(252,907)	(146,148)
c) exchange differences from translation of foreign branches	-	-
c) other (by type):	5,437,746	4,952,733
- due to remeasurement of financial investments measured using the equity method	4,103,981	4,181,255
- due to remeasurement of available-for-sale financial investments	1,333,765	771,478
Total revaluation reserve	5,197,333	4,819,783

Revaluation reserve on financial instruments (gross)	1 January - 31 December 2014	1 January - 31 December 2013
1. At the beginning of the period	4,952,733	6,874,431
2. Increases due to:	854,194	540,918
a) effects of remeasurement of available-for-sale financial assets, including:	854,194	540,918
- remeasurement gains	843,012	394,767
- amounts deducted as at the derecognition date (e.g. sales)	11,182	145,224
- impairment losses transferred to the profit and loss account in case of recognition of impairment	-	927
- 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 8.4 of the Decree 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 undertakings	-	-
c) other	-	-
d) deferred tax asset and liability determined, revalued and charged to financial result	-	-
3. Decreases due to:	369,181	2,462,616
a) effects of remeasurement of available-for-sale financial assets, including:	369,181	2,462,616
- remeasurement losses	346,489	2,070,245
- amounts deducted as at the derecognition date (e.g. sales)	22,692	392,371
- 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 8.4 of the Decree 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 tax asset and liability determined, revalued and charged to financial result	-	-
4. At the end of the period	5,437,746	4,952,733

8. Technical provisions

Technical provisions	31 December 2014	31 December 2013
a) unearned premiums reserve:	4,151,052	4,074,416
- gross provisions	4,423,916	4,265,702
- reinsurers' share	272,864	191,286
b) unexpired risks reserve:	1,236	227
- gross provisions	1,236	227
- reinsurers' share	-	-
c) life insurance provision:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
d) provisions for outstanding claims and benefits:	12,222,769	11,369,504
- gross provisions	12,633,798	11,660,738
- reinsurers' share	411,029	291,234
e) provisions for bonuses and rebates for the insured:	1,419	2,265
- gross provisions	1,419	2,265
- reinsurers' share	-	-
f) risk equalization reserve	596,825	590,082
g) provisions for premium refund to the members	-	-
- gross provisions	-	-
- reinsurers' share	-	-
h) other technical provisions specified in the Articles of association	-	-
- gross provisions	-	-
- reinsurers' share	-	-
i) life insurance unit-linked provision:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
Total technical provisions	16,973,301	16,036,494

Gross technical provisions (currency structure)	31 December 2014	31 December 2013
a) unearned premiums reserve:	4,423,916	4,265,702
- thousand PLN	4,423,916	4,265,702
- foreign currencies (by currency and converted to PLN)	-	-
b) unexpired risks reserve:	1,236	227
- thousand PLN	1,236	227
- foreign currencies (by currency and converted to PLN)	-	-
c) life insurance provision:	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
d) provisions for outstanding claims and benefits:	12,633,798	11,660,738
- thousand PLN	11,861,563	11,027,824
- foreign currencies (by currency and converted to PLN)	772,235	632,914
d1. thousand EUR	181,174	152,604
thousand PLN	772,218	632,881
d2. thousand USD	5	11
thousand PLN	17	33
e) provisions for bonuses and rebates for the insured:	1,419	2,265
- thousand PLN	1,419	2,265
- foreign currencies (by currency and converted to PLN)	-	-
f) risk equalization reserve:	596,825	590,082
- thousand PLN	596,825	590,082
- foreign currencies (by currency and converted to PLN)	-	-
g) provisions for premium refund to members:	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
h) other technical provisions specified in the Articles of association:	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
i) life insurance unit-linked provision:	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
Total technical provisions	17,657,194	16,519,014

Reinsurers' share in technical provisions (currency structure)	31 December 2014	31 December 2013
a) reinsurers' share in unearned premiums reserve:	272,864	191,286
- thousand PLN	272,864	191,286
- foreign currencies (by currency and converted to PLN)	-	-
b) reinsurers' share in unexpired risks reserve:	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
c) reinsurers' share in life insurance provision:	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
d) reinsurers' share in provision for outstanding claims and benefits:	411,029	291,234
- thousand PLN	411,029	291,234
- foreign currencies (by currency and converted to PLN)	-	-
d1. thousand EUR	-	-
thousand PLN	-	-
e) reinsurers' share in provision for bonuses and rebates for the insured	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
f) reinsurers' share in other technical provisions specified in the Articles of association	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
g) reinsurers' share in life insurance unit-linked provision	-	-
- thousand PLN	-	-
- foreign currencies (by currency and converted to PLN)	-	-
Reinsurers' share in technical provisions, total	683,893	482,520

8.1. Unearned premiums reserve and unexpired risks reserve

Unearned premiums reserve and unexpired risks reserve	31 December 2014	31 December 2013
a) unearned premiums reserve:	4,151,052	4,074,416
- gross provisions	4,423,916	4,265,702
- reinsurers' share	272,864	191,286
b) unexpired risks reserve:	1,236	227
- gross provisions	1,236	227
- reinsurers' share	-	-
Total unearned premiums reserve and unexpired risks reserve	4,152,288	4,074,643

8.2. Outstanding claims provisions

8.2.1 Gross outstanding claims provision

Gross provision for outstanding claims and benefits	Gross provisions as at 31 December 2014	Provision for claims relating to the financial year
Accident and sickness insurance (groups 1 and 2)	119,018	69,763
MTPL(group 10)	9,503,799	1,170,079
Other motor insurance (group 3)	451,901	314,920
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	65,754	22,846
Fire and other damage to property (groups 8, 9)	491,057	211,537
TPL insurance (groups 11, 12, 13)	1,812,901	297,226
Credit insurance and insurance guarantees (groups 14, 15)	28,930	4,059
Assistance (group 18)	36,211	26,303
Insurance of legal protection (group 17)	2,301	691
Other insurance (group 16)	121,926	15,901
Provisions for outstanding claims and benefits, total	12,633,798	2,133,325

Gross provision for outstanding claims and benefits	Gross provisions as at 31 December 2013	Provision for claims relating to the financial year
Accident and sickness insurance (groups 1 and 2)	132,820	79,795
MTPL(group 10)	8,829,720	1,157,299
Other motor insurance (group 3)	473,412	314,254
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	46,201	14,656
Insurance against fire and other damage to property (groups 8, 9)	431,347	176,556
TPL insurance (groups 11, 12, 13)	1,623,647	296,395
Credit insurance and insurance guarantees (groups 14, 15)	26,984	4,390
Assistance (group 18)	33,209	21,955
Insurance of legal protection (group 17)	2,111	591
Other insurance (group 16)	61,287	30,387
Provisions for claims and benefits outstanding, total	11,660,738	2,096,278

8.2.2 Reinsurers' share in outstanding claims provision

Reinsurers' share in provision for claims and benefits outstanding	Provisions as at 31 December 2014	Provision for claims relating to the financial year
Accident and sickness insurance (groups 1 and 2)	3	3
MTPL(group 10)	211,434	1,465
Other motor insurance (group 3)	362	297
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	5,849	3,999
Insurance against fire and other damage to property (groups 8, 9)	38,949	6,658
TPL insurance (groups 11, 12, 13)	53,587	8,201
Credit insurance and insurance guarantees (groups 14, 15)	11,447	1,638
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	89,398	11,575
Total reinsurers' share in outstanding claims provision	411,029	33,836

Reinsurers' share in outstanding claims provision	Provisions as at 31 December 2013	Provision for claims relating to the financial year
Accident and sickness insurance (groups 1 and 2)	2	2
MTPL(group 10)	186,980	1,485
Other motor insurance (group 3)	98	29
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	1,192	602
Insurance against fire and other damage to property (groups 8, 9)	39,996	6,348
TPL insurance (groups 11, 12, 13)	30,735	3,120
Credit insurance and insurance guarantees (groups 14, 15)	10,742	1,371
Assistance (group 18)	68	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	21,421	20,078
Total reinsurers' share in outstanding claims provision	291,234	33,035

8.3. Provisions for capitalized value of annuities

8.3.1 Provisions for capitalized value of annuities before discounts and gross impairment losses

Provisions for capitalized value of annuity claims before discounts and gross impairment losses	Provisions as at 31 December 2014	Reinsurer's share
Accident and sickness insurance (groups 1 and 2)	-	-
MTPL(group 10)	9,243,470	254,839
Other motor insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	-	-
TPL insurance (groups 11, 12, 13)	917,256	2,526
Credit insurance and insurance guarantees (groups 14, 15)	-	-
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Total provisions	10,160,726	257,365

Provisions for capitalized value of annuity claims before discounts and gross impairment losses	Provisions as at 31 December 2013	Reinsurer's share
Accident and sickness insurance (groups 1 and 2)	-	-
MTPL(group 10)	9,046,011	254,987
Other motor insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	-	-
TPL insurance (groups 11, 12, 13)	838,098	-
Credit insurance and insurance guarantees (groups 14, 15)	-	-
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Total provisions	9,884,109	254,987

9. Expected subrogations, salvages and subsidies

9.1. Estimated subrogations, salvages and subsidies (gross)

Estimated subrogations, salvages and subsidies (gross)	31 December 2014	31 December 2013
Accident and sickness insurance (groups 1 and 2)	-	-
MTPL(group 10)	34,764	37,332
Other motor insurance (group 3)	61,008	68,533
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	13,917	13,696
TPL insurance (groups 11, 12, 13)	7	24
Credit insurance and insurance guarantees (groups 14, 15)	4,067	7,084
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Estimated subrogations, salvages and subsidies, totak	113,763	126,669

9.2. Reinsurers' share in estimated subrogations, salvages and subsidies

Reinsurers' share in estimated subrogations, salvages and subsidies	31 December 2014	31 December 2013
Accident and sickness insurance (groups 1 and 2)	-	-
MTPL (group 10)	17	27
Other motor insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	1	1
TPL insurance (groups 11, 12, 13)	-	-
Credit insurance and insurance guarantees (groups 14, 15)	1,625	3,089
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Estimated subrogations, salvages and subsidies, total	1,643	3,117

10. Other provisions

10.1. Provisions for pension and other statutory employee benefits

Provisions for pension and other statutory employee benefits	31 December 2014	31 December 2013
a) provisions for pension benefits	12,245	9,042
b) other obligatory employee benefits (by basis):	60,422	74,209
provisions for unused paid vacation	43,274	36,906
provisions for death benefits	17,148	14,675
provisions for post-employment benefits	-	22,628
Total provisions for pension and other statutory employee benefits	72,667	83,251

Changes in provisions for pension and other obligatory employee benefits	31 December 2014	31 December 2013
a) at the beginning of the period (by basis)	83,251	72,560
provisions for pension benefits	9,042	8,162
provisions for unused paid vacation	36,906	29,894
provisions for death benefits	14,675	12,244
provisions for post-employment benefits	22,628	22,260
b) increases (due to)	14,634	22,843
provisions for pension benefits	3,571	2,121
provisions for unused paid vacation	8,514	17,611
provisions for death benefits	2,549	2,642
provisions for post-employment benefits	-	469
c) utilised (due to)	2,590	12,152
provisions for pension benefits	368	1,241
provisions for unused paid vacation	2,146	10,599
provisions for death benefits	76	211
provisions for post-employment benefits	-	101
d) reversed (due to)	22,628	-
provisions for pension benefits	-	-
provisions for unused paid vacation	-	-
provisions for death benefits	-	-
provisions for post-employment benefits	22,628	-
e) at the end of the period (by title)	72,667	83,251
provisions for pension benefits	12,245	9,042
provisions for unused paid vacation	43,274	36,906
provisions for death benefits	17,148	14,675
provisions for post-employment benefits	-	22,628

Provisions for pension and other statutory employee benefits (currency structure)	31 December 2014	31 December 2013
a) PLN	72,667	83,251
b) foreign currencies (by currency and converted to PLN)	-	-
Provisions for pension and other statutory employee benefits, total	72,667	83,251

10.2. Deferred tax liability

Deferred tax assets and liability are presented after compensation of relevant temporary deductible and taxable difference.

Change in deferred tax liability	31 December 2014	31 December 2013
1. Deferred tax liability at the beginning of the period, including:	344,644	292,522
a) charged to financial result ¹⁾	196,990	219,446
b) charged to equity ²⁾	147,654	73,076
c) charged to goodwill or negative goodwill	-	-
2. Increases	162,778	91,728
a) charged to the financial result for the period in relation to temporary taxable differences (due to)	50,215	17,150
- occurrence of temporary differences	50,215	17,150
- changes in tax rates	-	-
- unrecognised temporary difference from previous period	-	-
b) charged to equity in relation to temporary taxable differences (due to)	112,563	74,578
- occurrence of temporary differences	112,563	74,578
- changes in tax rates	-	-
- unrecognised temporary difference from previous period	-	-
c) charged to goodwill or negative goodwill period in relation to temporary taxable differences (due to)	-	-
3. Decreases	6,457	39,606
a) charged to the financial result for the period in relation to temporary taxable differences (due to)	6,457	39,606
- reversed temporary differences (use of provisions for deferred tax liability)	6,457	39,606
- changes in tax rates	-	-
- provision release due to inability to use it	-	-
b) charged to equity in relation to temporary taxable differences (due to)	-	-
- reversed temporary differences (use of provisions for deferred tax liability)	-	-
- changes in tax rates	-	-
- provision release due to inability to use it	-	-
c) charged to goodwill or negative goodwill period in relation to temporary taxable differences (due to)	-	-
4. Total provision for deferred tax liability at the end of the period	500,965	344,644
a) charged to financial result ³⁾	240,748	196,990
b) charged to equity ²⁾	260,217	147,654
c) charged to goodwill or negative goodwill	-	-

¹⁾ Refers to accumulated changes in deferred tax liability charged to the financial result of 2013 and previous years.

²⁾ Refers to revaluation reserve

³⁾ Refers to accumulated changes in deferred tax liability charged to the financial result of 2014 and previous years.

Notes on temporary taxable positive differences	31 December 2014	31 December 2013
a) temporary taxable differences at the beginning of the period	1,813,914	1,539,590
b) temporary taxable differences at the end of the period, including:	2,636,660	1,813,914
temporary taxable differences expiring within one year	2,489,350	2,082,076
temporary taxable differences expiring within more than one year	147,310	(268,162)
c) total amount of temporary differences related to investments in related parties, branches and joint investments, for which deferred tax liability was not recognised	-	-

Deferred tax liability (currency structure)	31 December 2014	31 December 2013
a) thousand PLN	92,577	-
b) foreign currencies (by currency and converted to PLN)	-	-
Total deferred tax liability	92,577	-

10.3. Other provisions

Other provisions	31 December 2014	31 December 2013
provision for penalties imposed by the Office of Competition and Consumer Protection	67,892	67,892
provisions for reinsurance settlements	17,531	4,829
provision for restructuring expenses:	7,930	-
- provision for restructuring expenses for 2015	4,684	-
- provision for restructuring expenses for 2014	3,246	-
provision for disputed claims and potential liabilities under insurance contracts	782	3,075
provisions for potential liabilities relating to CLSIOR investments	-	916
other provisions	5,791	5,265
Total other provisions	99,926	81,977

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

The restructuring process has been presented in detail in point of 28.1 Supplementary information and explanations.

The position "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 2014	31 December 2013
a) at the beginning of the period (by title)	81,977	145,795
provision for restructuring expenses	-	47,914
provisions for reinsurance settlements	4,829	8,037
provision for penalties imposed by the Office of Competition and Consumer Protection	67,892	82,684
other provisions	9,256	7,160
b) increases (due to)	40,935	4,730
provision for restructuring expenses	14,536	-
provisions for reinsurance settlements	21,880	1,348
other provisions	4,519	3,382
c) utilised (due to)	8,476	35,080
provision for restructuring expenses	6,606	33,334
provisions for reinsurance settlements	-	-
provision for penalties imposed by the Office of Competition and Consumer Protection	-	1,644
other provisions	1,870	102
d) released (due to)	14,510	33,468
provision for restructuring expenses	-	14,580
provisions for reinsurance settlements	9,178	4,556
provision for penalties imposed by the Office of Competition and Consumer Protection	-	13,148
other provisions	5,332	1,184
e) closing balance (by basis)	99,926	81,977
provision for restructuring expenses	7,930	-
provisions for reinsurance settlements	17,531	4,829
provision for penalties imposed by the Office of Competition and Consumer Protection	67,892	67,892
other provisions	6,573	9,256

Other provisions (currency structure)	31 December 2014	31 December 2013
a) thousand PLN	99,926	81,977
b) foreign currencies (by currency and converted to PLN)	-	-
Total other provisions	99,926	81,977

11. Other liabilities and special funds

Geographical structure of liabilities	31 December 2014				31 December 2013			
	Domestic	Foreign – EU countries	Foreign – other countries	Total	Domestic	Foreign – EU countries	Foreign – other countries	Total
I. Liabilities due to reinsurers' deposits	-	-	-	-	-	-	-	-
II. Insurance liabilities	299,391	25,119	914	325,424	295,745	17,085	516	313,346
1. Liabilities to policyholders	133,498	928	10	134,436	123,915	414	6	124,335
2. Liabilities to insurance intermediaries	126,767	32	-	126,799	136,345	-	-	136,345
3. Other insurance liabilities	39,126	24,159	904	64,189	35,485	16,671	510	52,666
III. Reinsurance liabilities	40,174	25,735	1,741	67,650	13,442	15,000	317	28,759
IV. Liabilities arising from issuing debt securities and obtained loans	-	2,127,155	-	2,127,155	200,000	-	-	200,000
V. Liabilities to credit institutions	-	-	-	-	-	-	-	-
VI. Other liabilities	1,719,096	227,535	10,153	1,956,784	444,658	123,143	29,892	597,693
1. Liabilities to the State Budget	40,502	-	-	40,502	49,864	-	-	49,864
2. Other liabilities	1,678,594	227,535	10,153	1,916,282	394,794	123,143	29,892	547,829
Total liabilities	2,058,661	2,405,544	12,808	4,477,013	953,845	155,228	30,725	1,139,798

¹⁾ As at 31 December 2014 other liabilities include dividend liabilities to the shareholders for 2013 in the amount of PLN 1,467,989 thousand, described in point 7.2.1 of the Supplementary information and explanations.

11.1. Insurance liabilities

Insurance liabilities	31 December 2014	31 December 2013
a) liabilities to policyholders, including:	134,436	124,335
- to related parties	7	6
- domestic	7	6
- foreign	-	-
- to other entities	134,429	124,329
- domestic	133,491	123,909
- foreign	938	420
b) liabilities to insurance intermediaries, including:	126,799	136,345
- to related parties	40	5
- domestic	40	5
- foreign	-	-
- to other entities	126,759	136,340
- domestic	126,727	136,340
- foreign	32	-
c) other insurance liabilities, including:	64,189	52,666
- to related parties	736	1,076
- domestic	601	981
- foreign	135	95
- to other entities	63,453	51,590
- domestic	38,525	34,504
- foreign	24,928	17,086
Total insurance liabilities	325,424	313,346

Insurance liabilities	31 December 2014	31 December 2013
a) subsidiaries	783	1,087
b) joint-ventures	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a joint-venture	-	-
f) parent entity	-	-
g) other	324,641	312,259
Total insurance liabilities	325,424	313,346

Insurance liabilities with maturity periods after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	325,424	313,346
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Total insurance liabilities	325,424	313,346

Insurance liabilities (currency structure)	31 December 2014	31 December 2013
a) in PLN	300,090	294,920
b) in foreign currencies (by currency and translated to PLN)	25,334	18,426
b1. thousands EUR	4,425	3,833
thousands PLN	18,861	15,896
b2. thousands USD	72	-
thousands PLN	254	-
b3. thousands GBP	782	279
thousands PLN	4,272	1,388
b4. thousands CHF	110	10
thousands PLN	391	34
b5. other currencies in thousands PLN	1,556	1,108
Total insurance liabilities	325,424	313,346

11.2. Reinsurance liabilities

Reinsurance liabilities	31 December 2014	31 December 2013
a) current liabilities due to reinsurance inwards, including:	3,571	9,278
- domestic cedants	3,525	9,252
- foreign cedants	46	26
b) current liabilities due to reinsurance outwards, including:	62,581	18,204
- domestic reinsurers	35,534	4,190
- foreign reinsurers	27,047	14,014
c) liabilities due to retrocession, including:	1,498	1,277
- domestic retrocessionaries	1,115	-
- foreign retrocessionaries	383	1,277
d) reinsurance liabilities premiums settled over time	-	-
Total reinsurance liabilities	67,650	28,759

Reinsurance liabilities	31 December 2014	31 December 2013
a) current receivables from reinsurance inwards, including to:	3,571	9,278
- cedants being subsidiaries	-	-
- 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 the parent entity	-	-
a) current receivables from reinsurance outwards, including to:	62,581	18,204
- reinsurers being subsidiaries	-	-
- reinsurers being subsidiaries	-	-
- reinsurers being associates	-	-
- a reinsurer being a major investor	-	-
- a reinsurer being a shareholder in a joint-venture	-	-
- a reinsurer being the parent entity	-	-
c) current liabilities to retrocessionaries, including to:	1,498	1,277
- 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 the parent entity	-	-
d) other	-	-
Total reinsurance liabilities	67,650	28,759

Reinsurance liabilities with maturity periods after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	19,933	17,879
b) over 3 months and up to 1 year	21,846	3,875
c) over 1 year and up to 5 years	23,662	6,055
d) over 5 years	2,209	950
Total reinsurance liabilities	67,650	28,759

Reinsurance liabilities (currency structure)	31 December 2014	31 December 2013
a) in PLN	56,567	23,929
b) in foreign currencies (by currency and translated to PLN)	11,083	4,830
b1. EUR	1,005	955
PLN thousand	4,282	3,959
b2. USD thousand	1,927	289
PLN thousand	6,757	871
B3. other currencies	44	-
Total reinsurance liabilities	67,650	28,759

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 2014	31 December 2013
a) liabilities convertible to shares of the insurance company	-	-
b) other (by title):	-	-
- loans from PZU Finance AB (publ.) funded from debt securities issued by PZU Finance AB (publ)	2,127,155	-
- loans from PZU Życie	-	200,000
Total liabilities from issue of own debt securities and obtained loans	2,127,155	200,000

Liabilities from issue of own debt securities and obtained loans by maturity period after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	-	200,000
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	2,127,155	-
d) over 5 years	-	-
Total liabilities from issue of own debt securities and obtained loans	2,127,155	200,000

Liabilities from issue of own debt securities and obtained loans (currency structure)	31 December 2014	31 December 2013
a) in PLN	-	200,000
b) in foreign currencies (by currency and translated to PLN)	2,127,155	-
b1. thousands EUR	499,063	-
thousand PLN	2,127,155	-
Total liabilities due to issue of own debt securities and taking out loans	2,127,155	200,000

11.3.1 Loan from PZU Finance AB (publ)

On 7 July 2014 PZU took a loan from PZU Finance AB (publ), with the registered office in Stockholm, with a total value of EUR 500,000 thousand and the the interest rate of 1.425% per year to be repaid on 28 June 2019.

Funds for the loan were acquired by PZU Finance AB (publ) from the issue of five-year Eurobonds in the amount of EUR 500,000 thousand with the redemption date of 3 July 2019. The issue price of one bond with a nominal value of EUR 100,000 amounted to EUR 99,407. The margin over mid-swap rate (the curve, which constitutes the average of the bid and ask curves for fixed-coupon bonds corresponding to the period of redemption of the bonds issued by PZU Finance AB (publ)) amounted to 85 bps, which resulted in the bond yield of 1.499%. The bonds were released on the regulated market of the Irish Stock Exchange on the basis of a prospectus approved by the Central Bank of Ireland. Standard & Poor's awarded these bonds a rating of "A-" for unsecured debt. The bonds bear interest at a fixed interest rate of 1.375% per year and the coupon will be paid once a year.

The liabilities of PZU Finance AB (publ) arising from the bonds (including the obligation for payment of the nominal value of bonds and interest on the bonds) were secured with a guarantee provided by PZU to all bondholders.

The issue of Eurobonds constitutes the implementation of PZU Group's investment strategy in the scope of the management of the matching of assets and liabilities in euros. After having purchased the companies in the Baltic States, a significant value of the Group's assets will depend on the exchange rate of the euro, which is why it was decided that the issue would be made in this currency.

11.3.2 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 the Polish zloty 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.

11.4. Liabilities to credit institutions

There were no liabilities to credit institutions as at 31 December 2014 and 31 December 2013.

11.5. Other liabilities

Other liabilities	31 December 2014	31 December 2013
a) Liabilities to the State Budget, including:	40,502	49,864
- corporate income tax	30,100	39,017
- personal income tax	8,021	8,205
- VAT	2,376	2,642
- other	5	-
b) other liabilities, including:	1,916,282	547,829
- settlements with shareholders due to dividend	1,471,120	3,321
- derivatives measurement – liabilities held for trading	275,055	117,836
- estimated non insurance liabilities	70,798	91,646
- liabilities in respect of unsettled investment transactions and collateral deposits	46,190	234,344
- Social Security Institution (ZUS) premiums and benefits paid	12,039	12,588
- liability to the Insurance Guarantee Fund (UFG)	8,564	9,159
- liabilities arising from legal representation	3,407	3,323
- liabilities arising from the creation of the Central Register of Vehicles and Drivers (CEPIK)	3,268	3,552
- retained guarantee deposits	1,762	1,458
- liabilities due to settlements with the Tax Capital Group	536	16,131
- settlements with employees	94	29
- other	23,449	54,442
Total other liabilities	1,956,784	597,693

Other liabilities	31 December 2014	31 December 2013
a) subsidiaries	8,192	21,655
b) joint-ventures	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a joint-venture	-	-
f) parent entity	-	-
g) other	1,948,592	576,038
Total other liabilities	1,956,784	597,693

Other liabilities by maturity period after the balance sheet date	31 December 2014	31 December 2013
a) up to 3 months	1,956,784	597,693
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Total other liabilities	1,956,784	597,693

All derivative instruments 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 2014	31 December 2013
a) in PLN	1,803,554	509,948
b) in foreign currencies (by currency and translated to PLN)	153,230	87,745
b1. thousands EUR	11,702	3,726
thousands PLN	49,878	15,452
b2. thousands USD	8,260	13,215
thousands PLN	28,968	39,804
b3. thousands RUB	62,907	15,689
thousands PLN	3,787	1,434
b4. thousands BRL	6,534	8,476
thousands PLN	8,623	10,809
b5. thousands ZAR	6,076	33,460
thousands PLN	1,841	9,593
b6. thousand CZK	114,047	32,254
thousands PLN	17,529	4,880
b7. thousands HUF	2,848,648	315,270
thousands PLN	38,565	4,404
b8. other currencies in thousands PLN	4,039	1,369
Total other liabilities	1,956,784	597,693

11.6. Other information regarding liabilities

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

As at 31 December 2014 and 31 December 2013, PZU did not have any liabilities secured on its assets.

11.6.2 Overdue liabilities

As at 31 December 2014 and 31 December 2013 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 2014 and 31 December 2013, the Company had no liabilities to the State Budget or local government due to acquisition of an ownership title to buildings and structures.

11.7. Special funds

Special funds	31 December 2014	31 December 2013
a) Prevention Fund	29,243	52,185
b) Social Benefits Fund	92,318	88,376
Total special funds	121,561	140,561

12. Accruals

Accruals	31 December 2014	31 December 2013
a) accruals, including:	550,075	501,342
- long-term	-	-
- short-term (by title):	550,075	501,342
- deferred income and accrued expenses relating to reinsurance	213,981	193,249
- accrued costs of commissions on direct insurance	202,961	173,400
- accrued costs of salaries and wages	70,501	67,134
- accrued costs of bonuses for employees	51,527	55,868
- other accruals	11,105	11,691
b) negative goodwill	-	-
c) deferred income, including:	26,054	16,940
- land perpetual usufruct right received free of charge	2,179	3,738
- deferred reinsurance commissions	20,867	13,202
- other	3,008	-
Total accruals	576,129	518,282

As at 31 December 2014, "accrued employee bonuses" included accrued performance bonuses for 2014, in the amount of PLN 42.350 thousand (as at 31 December 2013: PLN 49,000 thousand as 2013 performance bonus).

Change in accruals and deferred income	31 December 2014	31 December 2013
At the beginning of the period (by title)	518,282	498,518
accrued expenses	501,342	483,677
deferred income	16,940	14,841
a) increases (due to)	867,006	1,066,986
accrued expenses	785,400	489,572
deferred income	81,606	577,414
b) decreases (due to)	809,159	1,047,222
accrued expenses	736,667	471,907
deferred income	72,492	575,315
Closing balance (by title)	576,129	518,282
accrued expenses	550,075	501,342
deferred income	26,054	16,940

13. Required solvency margin

13.1. Numeric data used to calculate own funds to cover the required solvency margin

Solvency statement	31 December 2014	31 December 2013
1. Assets of the insurance company	34,629,778	30,136,572
2. Assets allocated to cover all expected liabilities	22,301,054	17,876,811
a) subordinated liabilities	-	-
b) technical provisions	16,861,181	15,912,942
c) technical provisions for unit-linked life products	-	-
d) other provisions	265,170	165,228
e) liabilities due to reinsurers' deposits	-	-
f) other liabilities and special funds	4,598,574	1,280,359
g) accruals and deferred income	576,129	518,282
h) any other liabilities of the insurance company not included in items a-g	-	-
3. Intangible assets	283,999	244,582
4. Shares and other deductible assets pursuant to Article 148.2, 2a, 2b of the Act including Article 148.2c and 2d of the Act	6,065,985	4,565,872
a) Shares and other assets used to finance equity of insurance companies in the same insurance capital group, pursuant to Article 148.2 of the Act	6,000,224	4,565,872
b) Shares or assets used to finance equity of other insurance companies, credit and financial institutions as understood by the banking law and investment companies firm which are members of a financial conglomerate pursuant to Article 148.2a of the Act (unless included in item 4a))	-	-
c) held by the insurance company with respect to other insurance companies, credit and financial institutions as understood by the banking law and investment companies pursuant to Article 148.2b of the Act	65,761	-
i) subordinated loans granted by the insurance company which meet the conditions specified in Article 148.4.2 of the Act	65,761	-
ii) accumulated unpaid dividends due to preference shares	-	-
d) Total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2c of the Act	-	-
e) Total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2d of the Act (unless included in item 4d))	-	-
5. Impact of participation of the national insurance company in the insurance capital group on the own funds of the insurance company	2,411,116	2,403,826
6. Deferred tax assets	408,388	347,521
7. In the case of mutual insurance companies, the value of liabilities to the members of the company, provided that the conditions specified in Article 148.3.2 of the Act have been met	-	-
8. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.1 of the Act, authorized to be classified as equity	-	-
9. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.2 of the Act, authorized to be classified as equity	-	-
10. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.3 of the Act, authorized to be classified as equity	-	-
11. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.5 of the Act, authorized to be classified as equity	-	-
12. Value of deposit referred to in Article 113 of the Act	-	-

Solvency statement	31 December 2014	31 December 2013
13. Own funds	7,981,468	9,505,612
14. Own funds to cover guarantee fund pursuant to Article 148a of the Act	7,981,468	9,505,612
a) Total values resulting from Article 148.3.1-6 and clause 4.1 and 4.2 of the Act including the elements indicated in Article 148.1 2-4 and clause 2a and 2b of the Act	7,981,468	9,505,612
15. Required solvency margin	1,362,353	1,362,353
16. Minimum amount of the guarantee capital	15,403	15,048
17. 1/3 of the amount of the required solvency margin	454,118	454,118
18. Surplus/ shortage of own funds to cover required solvency margin	6,619,115	8,143,259
19. Guarantee capital	454,118	454,118
20. Surplus/ shortage of own funds to cover guarantee capital	7,527,350	9,051,494
a) Difference between the amount indicated in 14a and the guarantee capital	7,527,350	9,051,494

13.2. Numeric data used to calculate the required solvency margin for non-life insurance

Required solvency margin	31 December 2014	31 December 2013
1. Premium amount (G) (the higher of (1a-1b+50%*1c) and (1d-1e+50%*1f))	8,642,453	8,631,474
a) Premium written during the last 12 months from direct insurance and reinsurance inwards, including reversals, not reduced by reinsurers and retrocessionaries' share	8,261,752	8,273,900
b) Tax included in the premium under 1a	-	-
c) Premium from groups 11, 12 and 13 included in 1a after tax deduction	761,402	683,758
d) Premium written during the last 12 months reduced by change in the unearned premium reserve from direct insurance and reinsurance inwards, including reversals, not reduced by reinsurers and retrocessionaries' share	8,102,530	8,302,914
e) Tax included in the premium under 1d	-	-
f) Premium from groups 11, 12 and 13 included in 1d after tax deduction	673,066	657,120
2. PLN equivalent of T1 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P1)	255,198	249,313
3. Sickness insurance premium amount	-	-
a) up to P1 amount	-	-
b) over P1 amount	-	-
4. Other insurance premium amount	8,642,453	8,631,474
a) up to P1 amount	255,198	249,313
b) over P1 amount	8,387,255	8,382,161
5. Reinsurance rate in percent (H) (5b/5a, not less than 50%)	97.8759%	98.2923%
a) Gross claims and benefits paid during last 36 months net of returns, subrogations and salvages, including the change in the provision for gross unpaid claims and benefits for the period	16,092,774	16,183,015
b) Gross claims and benefits net of reinsurance paid during last 36 months net of returns, subrogations and salvages, including the change in the provision for gross unpaid claims and benefits net of reinsurance for the period	15,750,953	15,906,652
6. Required solvency margin calculated on the basis of premiums ((3a*6%+3b*16%/3+4a*18%+4b*16%)*5)	1,358,416	1,362,353
7. Comparative period (last 36 or 84 months)	36	36
a) Premium written during the last 12 months from direct insurance and reinsurance inwards, including reversals, not reduced by reinsurers and retrocessionaries' share	8,261,752	8,273,900
b) Premium written during the last 12 months from insurance from storm, hail, frost or credit, not reduced by reinsurers and retrocessionaries' share	1,844,297	1,874,892
c) Share ratio of insurance from storm, hail, frost or credit (7b/7a)	22.3233%	22.6603%
8. Average annual claims and benefits amount (J) ((8a - 8b + 8c - 8d + 1/2*(8e - 8f + 8g - 8h))/7)*12	5,575,089	5,601,528
a) Claims and benefits paid from direct insurance and reinsurance inwards in the financial year, not reduced by reinsurers and retrocessionaries' share	13,649,825	14,351,145
b) Returns, subrogations and salvages of the financial year	392,598	468,262
c) Outstanding claims provisions as at the last day of the comparative period, not reduced by reinsurers and retrocessionaries' share	12,520,035	11,534,069

Required solvency margin	31 December 2014	31 December 2013
d) Outstanding claims provisions as at the first day of the comparative period, not reduced by reinsurers and retrocessionaries' share	9,684,487	9,233,936
e) Claims and benefits paid in groups 11, 12 and 13 included in 8a	656,089	690,933
f) Returns, subrogations and salvages in groups 11, 12 and 13 included in 8b	4,703	2,548
g) Outstanding claims provisions paid in groups 11, 12 and 13 included in 8c	1,807,824	1,612,462
h) Outstanding claims provisions paid in groups 11, 12 and 13 included in 8d	1,194,227	1,057,711
9. PLN equivalent of T2 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P2)	178,597	174,479
10. Average annual amount of sickness insurance claims	-	-
a) up to P2 amount	-	-
b) over P2 amount	-	-
11. Average annual amount of other insurance claims and benefits	5,671,363	5,601,528
a) up to P2 amount	178,597	174,479
b) over P2 amount	5,492,766	5,427,049
12. Required solvency margin calculated on the basis of average annual amount of claims and benefits ((10a*26%/3+10b*23%/3+11a*26%+11b*23%)*5)	1,281,951	1,271,495
13. Required solvency margin calculated on the basis of premiums and average annual amount of claims and benefits (the higher of the amounts in items 6 and 12)	1,358,416	1,362,353
14. Required solvency margin as at the same day of the previous year	1,362,353	1,343,831
15. Adjustment ratio (15a/15b, not higher than 1)	100.0000%	100.0000%
a) Change in provision for claims and benefits outstanding, net of reinsurance as at the reporting date	12,110,649	11,245,952
b) Change in provision for claims and benefits outstanding, net of reinsurance as at the date following the same day of the previous year	11,245,952	10,233,730
16. Required solvency margin after adjustment (14 * 15)	1,362,353	1,343,831
17. Required solvency margin for section II (the higher of the amounts in items 13 and 16)	1,362,353	1,362,353

14. Off-balance sheet items

14.1. Contingent receivables

Contingent receivables	31 December 2014	31 December 2013
a) guarantees and sureties received	12,552	19,586
b) other (by type)	9,833,478	7,749,616
promissory notes related to granted insurance guarantees	7,792,716	7,011,573
other promissory notes, including:	183,456	120,027
from subsidiaries	12,018	-
other contingent receivables	1,857,306	618,016
Contingent receivables, total	9,846,030	7,769,202

Contingent receivables (currency structure)	31 December 2014	31 December 2013
a) guarantees and sureties received	12,552	19,586
- in PLN	12,552	19,586
- in foreign currencies (by currency and translated to PLN)	-	-
b) other (by type)	9,833,478	7,749,616
- in PLN	9,754,918	7,560,722
- in foreign currencies (by currency and translated to PLN)	78,560	188,894
b1. thousands EUR	18,429	45,546
thousands PLN	78,552	188,887
b2. thousands USD	2	2
thousands PLN	8	7
Contingent receivables, total	9,846,030	7,769,202

14.1.1 Guarantees received

Under the guarantee line agreement of 7 September 2013 between PZU and Bank Millennium SA, the bank extended bank guarantees (bid bonds and contractual guarantees) to PZU in procurement proceedings for insurance services.

The guarantee facility amounts to PLN 15 million and is annually extended for the following year.

As at 31 December 2014, as part of the line applicable during the period from 21 October 2014 until 20 October 2015, there were 63 active guarantees with a total value of PLN 6,430 thousand (including 6 guarantees amounting to a total value of PLN 301 thousand that were issued in December 2014, yet became effective as at January 2015).

14.2. Contingent liabilities

Contingent liabilities due to:	31 December 2014	31 December 2013
a) guarantees and sureties granted	2,152,111	6,385
b) accepted and endorsed promissory notes	-	-
c) assets with resale obligation	-	-
d) other liabilities secured on assets or revenue	-	-
e) other (by type)	198,634	89,231
disputed claims not acknowledged by the insurer and brought to court by creditors	198,357	88,924
contingency liabilities arising from sub-issue contracts	-	-
other contingent liabilities	277	307
Contingent liabilities, total	2,350,745	95,616

Contingent liabilities (currency structure)	31 December 2014	31 December 2013
a) guarantees and sureties granted	2,152,111	6,385
- in PLN	6,430	6,385
- in foreign currencies (by currency and translated to PLN)	2,145,681	-
a1. thousand EUR	503,409	-
PLN thousand	2,145,681	-
b) accepted and endorsed promissory notes	-	-
c) assets with resale obligation	-	-
d) other liabilities secured on assets or revenue	-	-
e) other (by type)	198,634	89,231
disputed claims not acknowledged by the insurer and brought to court by creditors	198,357	88,924
- in PLN	198,357	88,924
- in foreign currencies (by currency and translated to PLN)	-	-
other contingent liabilities	277	307
- in PLN	277	307
- in foreign currencies (by currency and translated to PLN)	-	-
Contingent liabilities total	2,350,745	95,616

The guarantee granted to PZU Finance AB (publ) was shown in item guarantees and sureties granted and described in point of 11.3.1 of Supplementary information and explanations.

14.3. Other non-balance sheet items

Other non-balance sheet items due to	31 December 2014	31 December 2013
Other non-balance sheet items (by type):	123,161	112,901
third-party assets not recognised in the Company's assets, including:	123,161	112,901
- to subsidiaries	12,543	10,667
Other non-balance sheet items, total	123,161	112,901

Other non-balance sheet items (currency structure)	31 December 2014	31 December 2013
a) in PLN	123,161	112,901
b) in foreign currencies (by currency and translated to PLN)	-	-
Other non-balance sheet items, total	123,161	112,901

15. Gross written premiums in non-life insurance

Gross written premiums	1 January - 31 December 2014	1 January - 31 December 2013
a) in direct insurance, including:	8,139,124	8,218,944
- from contracts concluded outside Poland, including:	7,713	2,345
- from contracts concluded in EU member states	6,251	1,764
b) in indirect insurance	122,628	54,956
Total gross written premiums	8,261,752	8,273,900

15.1. Gross written premiums – direct insurance

Gross written premium in direct non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	445,884	455,073
b) MTPL insurance (group 10)	2,634,079	2,826,349
c) motor own damage insurance (group 3)	2,010,892	2,027,029
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	56,646	43,861
e) fire and other damage to property (groups 8, 9)	1,829,582	1,860,231
f) TPL insurance (groups 11, 12, 13)	761,402	683,759
g) credit insurance and suretyship (groups 14, 15)	80,066	38,414
h) assistance (group 18)	237,416	213,506
i) legal protection (group 17)	875	848
j) other (group 16)	82,282	69,874
Total gross premiums - direct insurance (by accounting class)	8,139,124	8,218,944

Total gross earned premiums – direct non-life insurance arising from obligatory TPL insurance by groups	1 January - 31 December 2014	1 January - 31 December 2013
Group 10	2,590,408	2,785,263
Group 11	4,443	5,664
Group 13	386,397	331,391
Total gross earned premiums – direct non-life insurance arising from obligatory TPL insurance by groups	2,981,248	3,122,318

15.2. Gross written premiums – indirect insurance

Gross written premium in indirect non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	1,038	73
b) MTPL insurance (group 10)	14,384	851
c) motor own damage insurance (group 3)	5,397	1,172
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	11,779	7,568
e) fire and other damage to property (groups 8, 9)	71,676	38,830
f) TPL insurance (groups 11, 12, 13)	7,022	2,251
g) credit insurance and suretyship (groups 14, 15)	7,443	627
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	3,889	3,584
Total gross premiums - indirect insurance (by accounting class)	122,628	54,956

Total gross earned premiums – indirect non-life insurance arising from obligatory TPL insurance by group	1 January - 31 December 2014	1 January - 31 December 2013
Group 10	11,710	758
Group 11	319	357
Group 13	126	-
Total gross earned premiums – indirect non-life insurance arising from obligatory TPL insurance by group	12,155	1,115

16. Gross earned premiums

16.1. Gross earned premiums – direct insurance

Gross earned premium in direct non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	447,938	460,493
b) MTPL (group 10)	2,718,421	2,879,617
c) other motor insurance (group 3)	2,012,834	2,081,055
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	43,083	45,145
e) fire and other damage to property (groups 8, 9)	1,793,080	1,780,582
f) TPL insurance (groups 11, 12, 13)	673,065	657,122
g) credit insurance and suretyship (groups 14, 15)	53,074	61,668
h) assistance (group 18)	222,795	206,115
i) legal protection (group 17)	915	600
j) other (group 16)	74,929	83,018
Total gross earned premiums – direct non-life insurance	8,040,134	8,255,415

Total gross earned premiums – direct non-life insurance arising from obligatory TPL insurance by groups	1 January - 31 December 2014	1 January - 31 December 2013
Group 10	2,677,412	2,840,087
Group 11	4,960	5,578
Group 13	327,860	325,247
Total gross earned premiums – direct non-life insurance	3,010,232	3,170,912

16.2. Gross earned premiums – indirect insurance

Gross earned premium in indirect non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	297	71
b) MTPL (group 10)	2,092	67
c) other motor insurance (group 3)	2,438	717
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	9,412	5,978
e) fire and other damage to property (groups 8, 9)	39,612	35,136
f) TPL insurance (groups 11, 12, 13)	3,979	1,504
g) credit insurance and suretyship (groups 14, 15)	556	642
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	4,009	3,383
Total gross earned premiums – indirect non-life insurance	62,395	47,498

Total gross earned premiums – indirect non-life insurance arising from obligatory TPL insurance by groups	1 January - 31 December 2014	1 January - 31 December 2013
Group 10	2,014	60
Group 11	332	194
Group 13	91	-
Total gross earned premiums – indirect non-life insurance	2,437	254

17. Reinsurance settlements

Reinsurance settlements	1 January - 31 December 2014	1 January - 31 December 2013
a) insurance premiums received from abroad	30,758	27,748
b) reinsurance premiums transferred abroad	159,225	153,356
c) reinsurance outwards balance	(181,728)	(7,774)
d) reinsurance inwards balance	77,455	10,283
e) receivables and liabilities arising from reinsurance outwards, including: - receivables from reinsurers collateralized with guarantees of financial institutions	49,762 -	26,599 -
f) receivables and liabilities arising from reinsurance inwards, including: - liabilities to cedants collateralized with insurer's guarantees - liabilities to retrocedants collateralized with insurer's guarantees	(1,763) - -	20,389 - -

18. Gross claims and benefits paid

Gross claims and benefits paid	1 January - 31 December 2014	1 January - 31 December 2013
a) from direct insurance, including: - claims handling costs	4,391,907 499,444	4,262,550 472,415
b) from indirect insurance, including: - claims handling costs	35,344 878	39,333 1,431
Total gross claims and benefits paid	4,427,251	4,301,883

18.1. Gross claims and benefits paid

Total gross claims and benefits paid - direct non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	145,897	152,345
b) MTPL (group 10)	1,903,716	1,746,458
c) other motor insurance (group 3)	1,311,958	1,251,318
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	13,125	29,826
e) fire and other damage to property (groups 8, 9)	657,948	630,734
f) TPL insurance (groups 11, 12, 13)	211,116	212,822
g) credit insurance and suretyship (groups 14, 15)	11,236	85,074
h) assistance (group 18)	125,493	111,914
i) legal protection (group 17)	732	521
j) other (group 16)	10,686	41,538
Total gross claims and benefits paid - direct insurance (by accounting class)	4,391,907	4,262,550

Total gross claims and benefits paid - indirect non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	-	-
b) MTPL (group 10)	2,806	910
c) other motor insurance (group 3)	364	21
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	541	95
e) fire and other damage to property (groups 8, 9)	20,631	26,689
f) TPL insurance (groups 11, 12, 13)	9,573	6,394
g) credit insurance and suretyship (groups 14, 15)	45	11
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	1,384	5,213
Total gross claims and benefits paid - indirect insurance (by accounting class)	35,344	39,333

18.2. Claim handling costs

Total claims handling costs – direct non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	41,032	48,075
b) MTPL (group 10)	222,439	195,246
c) other motor insurance (group 3)	92,884	88,327
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	1,228	985
e) fire and other damage to property (groups 8, 9)	84,523	85,152
f) TPL insurance (groups 11, 12, 13)	40,795	37,734
g) credit insurance and suretyship (groups 14, 15)	631	1,195
h) assistance (group 18)	15,517	14,933
i) legal protection (group 17)	40	40
j) other (group 16)	355	728
Total claims handling costs – direct insurance (by accounting class)	499,444	472,415

Total claims handling costs – indirect non-life insurance (by accounting class)	1 January - 31 December 2014	1 January - 31 December 2013
a) accident and sickness insurance (groups 1 and 2)	-	-
b) MTPL (group 10)	1	-
c) other motor insurance (group 3)	-	-
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	4	-
e) fire and other damage to property (groups 8, 9)	238	384
f) TPL insurance (groups 11, 12, 13)	588	1,038
g) credit insurance and suretyship (groups 14, 15)	-	-
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	47	9
Total claims handling costs – indirect insurance (by accounting class)	878	1,431

19. Supplementary data to the revenue account – non-life insurance

19.1. Supplementary data to the revenue account for the period of 12 months ended 31 December 2014

Total direct and indirect insurance for the year ended 31 December 2014	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance inwards balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1 and 2)	446,922	448,235	104,866	41,032	1	919	173,535
MTPL (group 10)	2,648,463	2,720,513	1,706,142	222,440	22,060	10,045	591,823
Other motor insurance (group 3)	2,016,289	2,015,272	1,265,396	92,884	45,958	(29,245)	505,344
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	68,425	52,495	16,712	1,232	4,278	(6,153)	12,584
Fire and other damage to property (groups 8, 9)	1,901,258	1,832,692	608,536	84,761	14,718	(30,806)	591,519
TPL insurance (groups 11, 12, 13)	768,424	677,044	181,505	41,383	2,199	(23,210)	192,665
Credit insurance and suretyship (groups 14, 15)	87,509	53,630	16,578	631	5,928	(13,479)	27,657
Assistance (group 18)	237,416	222,795	110,631	15,517	655	(292)	98,708
Insurance of legal protection (group 17)	875	915	692	40	-	-	710
Other insurance (group 16)	86,171	78,938	11,758	402	90	(12,052)	46,505
Total direct and indirect insurance	8,261,752	8,102,529	4,022,816	500,322	95,887	(104,273)	2,241,050

Direct insurance for the year ended 31 December 2014	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance inwards balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1 and 2)	445,884	447,938	104,866	41,032	1	(118)	173,419
MTPL (group 10)	2,634,079	2,718,421	1,703,337	222,439	22,060	(1,302)	590,029
Other motor insurance (group 3)	2,010,892	2,012,834	1,265,032	92,884	45,958	(34,212)	504,893
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	56,646	43,083	16,175	1,228	4,278	(16,290)	11,125
Fire and other damage to property (groups 8, 9)	1,829,582	1,793,080	588,143	84,523	14,718	(76,885)	583,867
TPL insurance (groups 11, 12, 13)	761,402	673,065	172,520	40,795	2,199	(19,634)	191,231
Credit insurance and suretyship (groups 14, 15)	80,066	53,074	16,533	631	5,928	(18,844)	24,714
Assistance (group 18)	237,416	222,795	110,631	15,517	655	(292)	98,708
Insurance of legal protection (group 17)	875	915	692	40	-	-	710
Other insurance (group 16)	82,282	74,929	10,421	355	90	(14,151)	46,114
Total direct insurance	8,139,124	8,040,134	3,988,350	499,444	95,887	(181,728)	2,224,810

Indirect insurance for the year ended 31 December 2014	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance inwards balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1 and 2)	1,038	297	-	-	-	1,037	116
MTPL (group 10)	14,384	2,092	2,805	1	-	11,347	1,794
Other motor insurance (group 3)	5,397	2,438	364	-	-	4,967	451
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	11,779	9,412	537	4	-	10,137	1,459
Fire and other damage to property (groups 8, 9)	71,676	39,612	20,393	238	-	46,079	7,652
TPL insurance (groups 11, 12, 13)	7,022	3,979	8,985	588	-	(3,576)	1,434
Credit insurance and suretyship (groups 14, 15)	7,443	556	45	-	-	5,365	2,943
Assistance (group 18)	-	-	-	-	-	-	-
Insurance of legal protection (group 17)	-	-	-	-	-	-	-
Other insurance (group 16)	3,889	4,009	1,337	47	-	2,099	391
Total indirect insurance	122,628	62,395	34,466	878	-	77,455	16,240

19.2. Supplementary data to the technical account for the year ended 31 December 2013

Total direct and indirect insurance for the year ended 31 December 2013	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance inwards balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1 and 2)	455,146	460,564	104,282	48,075	12	93	166,326
MTPL (group 10)	2,827,200	2,879,684	1,576,677	195,246	24,555	208,973	565,681
Other motor insurance (group 3)	2,028,201	2,081,772	1,228,919	88,327	65,907	(22,334)	470,715
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	51,429	51,123	29,420	985	484	(656)	12,149
Fire and other damage to property (groups 8, 9)	1,899,061	1,815,718	597,221	85,536	25,334	(63,799)	563,111
TPL insurance (groups 11, 12, 13)	686,010	658,626	181,383	38,772	939	(16,363)	175,783
Credit insurance and suretyship (groups 14, 15)	39,041	62,310	92,783	1,195	8,893	45,808	25,435
Assistance (group 18)	213,506	206,115	97,532	14,933	551	(437)	78,804
Insurance of legal protection (group 17)	848	600	491	40	10	-	672
Other insurance (group 16)	73,458	86,401	46,095	737	81	9,084	45,813
Total direct and indirect insurance	8,273,900	8,302,913	3,954,803	473,846	126,766	160,369	2,104,489

Direct insurance for the year ended 31 December 2013	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance inwards balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1 and 2)	455,073	460,493	104,282	48,075	12	(1)	166,323
MTPL (group 10)	2,826,349	2,879,617	1,575,767	195,246	24,555	3,144	565,768
Other motor insurance (group 3)	2,027,029	2,081,055	1,228,898	88,327	65,907	(721)	470,541
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	43,861	45,145	29,325	985	484	(1,634)	10,921
Fire and other damage to property (groups 8, 9)	1,860,231	1,780,582	570,916	85,152	25,334	(3,272)	557,173
TPL insurance (groups 11, 12, 13)	683,759	657,122	176,027	37,734	939	(3,921)	175,433
Credit insurance and suretyship (groups 14, 15)	38,414	61,668	92,772	1,195	8,893	(273)	25,040
Assistance (group 18)	213,506	206,115	97,532	14,933	551	-	78,804
Insurance of legal protection (group 17)	848	600	491	40	10	-	672
Other insurance (group 16)	69,874	83,018	40,891	728	81	(1,096)	45,309
Total direct insurance	8,218,944	8,255,415	3,916,901	472,415	126,766	(7,774)	2,095,984

Indirect insurance for the year ended 31 December 2014	Gross written premiums	Gross earned premiums	Gross claims and benefits (paid)	Claims handling costs	Subrogations and salvages	Net reinsurance inwards balance	Costs of operations (acquisition and administrative)
Accident and sickness insurance (groups 1 and 2)	73	71	-	-	-	73	3
MTPL (group 10)	851	67	910	-	-	104	(87)
Other motor insurance (group 3)	1,172	717	21	-	-	1,041	174
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	7,568	5,978	95	-	-	6,452	1,228
Fire and other damage to property (groups 8, 9)	38,830	35,136	26,305	384	-	8,573	5,938
TPL insurance (groups 11, 12, 13)	2,251	1,504	5,356	1,038	-	(4,363)	350
Credit insurance and suretyship (groups 14, 15)	627	642	11	-	-	446	395
Assistance (group 18)	-	-	-	-	-	-	-
Insurance of legal protection (group 17)	-	-	-	-	-	-	-
Other insurance (group 16)	3,584	3,383	5,204	9	-	(2,043)	504
Total indirect insurance	54,956	47,498	37,902	1,431	-	10,283	8,505

20. Information regarding claim handling process

Claims handling process in the year ended 31 December 2014 (data for direct insurance)	Average time of claims handling (in days)	Claims incurred during the reporting period from insurance contracts concluded in the reporting period, including:	
		Claims and benefits paid	Outstanding claims and benefits provision set up at the end of the reporting period
Accident and sickness insurance (groups 1 and 2)	8.33	24,587	26,783
MTPL (group 10)	22.43	378,403	424,739
Other motor insurance (group 3)	17.83	511,237	193,177
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	75.46	4,064	16,934
Fire and other damage to property (groups 8, 9)	14.90	224,449	102,367
TPL insurance (groups 11, 12, 13)	26.42	36,101	145,370
Credit insurance and suretyship (groups 14, 15)	70.00	1,013	2,075
Assistance (group 18)	20.17	58,069	18,784
Insurance of legal protection (group 17)	21.26	160	355
Other insurance (group 16)	22.93	1,495	15,291
Total (average)	16.48	1,239,578	945,875

Claims handling process in the year ended 31 December 2013 (data for direct insurance)	Average time of claims handling (in days)	Claims incurred during the reporting period from insurance contracts concluded in the reporting period, including:	
		Claims and benefits paid	Outstanding claims and benefits provision set up at the end of the reporting period
Accident and sickness insurance (groups 1 and 2)	6.72	24,185	31,116
MTPL (group 10)	21.02	356,530	426,540
Other motor insurance (group 3)	17.43	464,646	186,451
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	101.42	6,911	9,765
Fire and other damage to property (groups 8, 9)	17.84	257,697	97,258
TPL insurance (groups 11, 12, 13)	31.52	33,414	136,375
Credit insurance and suretyship (groups 14, 15)	25.66	1,066	643
Assistance (group 18)	37.05	49,175	15,749
Insurance of legal protection (group 17)	18.50	73	372
Other insurance (group 16)	25.75	1,844	14,572
Total (average)	16.80	1,195,541	918,841

21. Costs of insurance activities

Costs of insurance activity net of reinsurance	1 January - 31 December 2014	1 January - 31 December 2013
a) direct insurance	2,235,788	2,020,996
b) indirect insurance	16,240	8,505
Total costs of insurance activity, net of reinsurance	2,252,028	2,029,501

Costs of insurance activities (by type)	1 January - 31 December 2014	1 January - 31 December 2013
I. Administrative expenses	729,142	662,694
1. internal:	496,205	450,659
a) consumption of materials and energy	20,095	23,987
b) salaries/ wages, social charges and other benefits	418,950	379,084
c) depreciation	51,616	42,820
d) other administrative expenses	5,544	4,768
2. external:	232,937	212,035
a) external services	147,281	131,345
b) commissions for premium collection	10,031	11,015
c) advertisement	59,406	53,772
d) other expenses	16,219	15,903
II. Acquisition costs	1,511,908	1,441,795
1. internal	296,006	293,980
a) consumption of materials and energy	16,398	19,345
b) salaries/ wages, social charges and other benefits classified as acquisition costs	253,813	254,173
c) direct business commission	-	-
d) depreciation	25,795	20,462
e) other acquisition costs	-	-
2. external:	1,264,099	1,177,835
a) salaries/ wages, social charges and other benefits classified as acquisition costs	-	-
b) commissions on direct business, including:	1,155,166	1,045,934
- acquisition commissions	519,645	472,728
- policy renewal commissions	609,725	554,722
- insurance and reinsurance contract administration commissions	25,796	18,484
c) indirect business commission	8,412	5,341
d) external services	63,535	72,659
e) advertisement	21,810	38,698
f) other expenses	15,176	15,203
3. change in deferred acquisition costs	(48,197)	(30,020)
III. Claims handling and subrogation collection costs	500,322	473,846
1. internal	245,512	250,637
a) consumption of materials and energy	13,015	14,025
b) loss appraiser and adjuster remunerations and other remunerations related to claims handling and recourse collection	210,764	218,539
c) depreciation	21,733	18,073
2. external:	254,810	223,209
a) external services	120,525	124,826
b) other expenses	134,285	98,383
IV. Investment expenses	301,637	371,493
1. internal	13,636	17,665
a) consumption of materials and energy	2,377	3,234
b) salaries/ wages, social charges and other employee benefits	7,879	10,717
c) depreciation	3,380	3,714
2. external:	288,001	353,828
a) external services	6,958	15,616
b) other expenses ¹⁾	281,043	338,212

¹⁾ "Other expenses" include, among other things, loss on realization and revaluation of investments.

21.1. Acquisition costs

Acquisition costs	1 January - 31 December 2014	1 January - 31 December 2013
a) incurred in the financial year, including:	1,560,105	1,471,815
- acquisition commissions on direct insurance	1,155,166	1,045,934
b) carried forward to future financial years	568,502	520,305

21.2. Administrative expenses

Administrative expenses	1 January - 31 December 2014	1 January - 31 December 2013
a) consumption of materials and energy	20,095	23,987
b) external services	147,281	131,345
c) taxes and charges	10,175	9,667
d) payroll	328,558	293,255
e) social charges;	90,392	85,829
f) depreciation	51,616	42,820
g) other, including:	81,025	75,791
advertising	59,406	53,772
commissions for premium collection	10,031	11,015
business trips	5,544	4,768
property insurance	862	916
Total administrative expenses	729,142	662,694

22. Other operating income

Other operating income	1 January - 31 December 2014	1 January - 31 December 2013
a) financial revenue	1,877	1,620
b) commission on loss adjusting services	7,320	7,505
c) revenue from acquisition activities carried out for open pension funds	-	333
d) other operating income including:	137,292	55,673
revenue from direct claims handling on behalf of other insurance companies	69,001	-
provision release for post-employment benefits	22,628	-
exchange differences	21,952	10,789
impairment losses release and provision release for other costs	8,912	1,242
recharged expenses	5,878	6,104
received damages	3,528	3,248
revenue from disposal of tangible assets and investments in progress	1,069	2,093
provision release for the Office of Competition and Customer Protection (UOKiK)	-	13,148
restructuring provision release	-	14,580
Other	4,324	4,469
Total	146,489	65,131

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

23. Other operating expenses

Other operating expenses	1 January - 31 December 2014	1 January - 31 December 2013
a) financing expenses ¹⁾	78,642	839
b) costs relating to loss adjusting services	117	264
c) costs incurred in connection with acquisition activities carried out for open pension funds	-	8
d) other operating expenses including:	141,696	56,956
costs of direct claims handling on behalf of other insurance companies	73,101	-
donations ²⁾	16,076	19,051
exchange differences	14,831	19,791
cost of establishing restructuring provisions	14,536	-
rechargeable expenses	5,900	6,496
restructuring costs	5,809	-
provisions created for probable losses	4,519	3,382
interest on overdue tax liabilities	964	120
sold tangible assets and investments in progress	872	791
penalties, compensations and fines paid	426	404
receivables written off	315	1,138
costs of liquidation of pre-numbered forms	55	852
impairment losses on receivables, tangible and intangible assets	32	1,209
other	4,260	3,722
Total	220,455	58,067

¹⁾ The position "Financing expenses" includes cost of interest and exchange differences of the loan from PZU Finance AB (publ) in the amount of PLN 75,991 thousand.

²⁾ The position "Donations" includes the donation in the amount of PLN 15,000 thousand transferred in 2014 to Fundacja PZU (in 2013: PLN 16,000 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 2014	Interest accrued and realised in 2014	Interest accrued and unrealised in 2014 (by maturity from the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Investments in related parties	-	-	-	-
b) Other financial investments, including:	349,395	25,591	86,610	-
- debt securities and other fixed income securities	223,868	18,134	86,610	-
- shares in joint investments	-	-	-	-
- mortgages	-	2,569	-	-
- other loans and borrowings	70,765	973	-	-
- term deposits at credit institutions	54,762	3,915	-	-
- other investments	-	-	-	-
c) Deposits with cedants	-	-	-	-
d) Receivables	-	-	-	-
- insurance receivables	-	-	-	-
- reinsurance receivables	-	-	-	-
- other receivables	-	-	-	-
Interest revenue, total	349,395	25,591	86,610	-

Interest income calculated with contractual interest rates in 2013	Interest accrued and realised in 2013	Interest accrued and unrealised in 2013 (by maturity from the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Investments in related parties	-	-	-	-
b) other financial investments, including:	429,395	16,260	113,630	-
- debt securities and other fixed income securities	334,693	13,709	113,630	-
- shares in joint investments	-	-	-	-
- mortgages	2,573	-	-	-
- other loans and borrowings	67,482	1,196	-	-
- term deposits at credit institutions	24,647	1,355	-	-
- other investments	-	-	-	-
c) Deposits with cedents	-	-	-	-
d) Receivables	-	-	-	-
- insurance receivables	-	-	-	-
- reinsurance receivables	-	-	-	-
- other receivables	-	-	-	-
Interest revenue, total	429,395	16,260	113,630	-

24.2. Interest expense calculated with contractual interest rates

Interest expenses calculated with contractual interest rates in 2014	Interest accrued and realised in 2014	Interest accrued and unrealised in 2014 (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:	2,353	-	75,991	-
- Insurance liabilities	-	-	-	-
- Reinsurance liabilities	-	-	-	-
- Liabilities arising from issue of debt securities and obtained loans	-	-	75,991	-
- Liabilities to credit institutions	2,353	-	-	-
- Other liabilities	-	-	-	-
Total interest expenses in 2014, including:	2,353	-	75,991	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	2,353	-	-	-
- long-term liabilities	-	-	75,991	-

Interest expenses calculated with contractual interest rates in 2013	Interest accrued and realised in 2013	Interest accrued and unrealised in 2013 (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:	85	-	-	-
- Insurance liabilities	-	-	-	-
- Reinsurance liabilities	-	-	-	-
- Liabilities arising from issue of debt securities and obtained loans	-	-	-	-
- Liabilities to credit institutions	85	-	-	-
- Other liabilities	-	-	-	-
Total interest expenses in 2013, including:	85	-	-	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	85	-	-	-
- long-term liabilities	-	-	-	-

25. Income tax

25.1. Tax Capital Group

On 25 September 2014, a new Tax Capital Group (PGK) agreement was signed between the 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., Ipsilon Sp. z o.o., PZU Asset Management SA, TFI PZU SA, Ipsilon Bis SA, PZU Finanse Sp. z o.o., Omicron SA, Omicron Bis SA. The TCG was formed for a period of 3 years from 1 January 2015 to 31 December 2017.

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

25.2. Current income tax

Current revenue tax	1 January - 31 December 2014	1 January - 31 December 2013
1. Gross profit (loss) ¹⁾	2,792,469	5,402,319
2. Difference between the gross profit (loss) and the tax base (by title)	(1,952,371)	(3,511,459)
2a) Expenses and losses not classified by tax regulations as tax-deductible costs	760,158	497,696
Accrued reinsurance outwards expenses	52,714	27,161
Accrued investment losses	392,666	140,248
Accrued bonuses and employee benefits provisions	112,380	93,949
Accrued and deferred acquisition costs	32,751	46,733
Impairment losses on insurance, reinsurance and recourse receivables	60,166	51,235
Enforcement costs and contractual penalties	7,072	3,025
PFRON charges	6,383	6,750
Donations	16,076	19,051
Accrued costs of external services	2,969	26,264
Recorded receivables	29,250	44,719
Other	47,731	38,561
2b) Revenue not included in the tax base	2,753,828	4,321,223
Accrued investment income	411,673	302,809
Dividends	2,090,225	3,886,588
Other technical income – reversed impairment losses etc.	156,090	73,737
Release of the restructuring and Office of Competition and Customer Protection provision	-	27,728
Accrued revenue from reinsurance	36,852	9,133
Other	58,988	21,228
2c) Other changes in the tax base	41,299	312,068
Realized investment income from previous years	184,731	462,916
Amounts paid to natural persons under personal service contracts and bonuses, accrued in the previous year	(95,280)	(106,463)
Paid acquisition costs accrued in the previous years	-	(35,951)
Other costs/ income realized	(32,706)	8,987
Tax-exempt revenue	(15,446)	(17,421)
3. Tax base	840,098	1,890,860
4. Income tax at 19% rate	159,619	359,263
5. Tax increase, cancellation, exemption, deduction and reduction	7,422	(3,545)
6. Current income tax disclosed in tax returns for the period, including:	167,041	355,718
- cost disclosed in the profit and loss account	167,041	355,718
- regarding items increasing or reducing equity	-	-
- regarding items increasing or reducing goodwill	-	-

1) Gross profit / (loss) includes "Share in net profit/ (loss) of related parties measured with the equity method" included in the general profit and loss account.

Income tax by type of activity	1 January - 31 December 2014	1 January - 31 December 2013
Differences between the gross profit (loss) and the tax base	(1,952,371)	(3,511,459)
- due to technical activities	(106,299)	(14,920)
- due to extraordinary profits and losses	-	-
- other	(1,846,072)	(3,496,539)
Tax base	840,098	1,890,860

Regulations concerning corporate revenue tax, personal revenue 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 recognised in the profit and loss account	1 January - 31 December 2014	1 January - 31 December 2013
- decrease (increase) due to recognizing and reversing of temporary differences	(11,305)	(59,744)
- decrease (increase) due to change in tax rates	-	-
- decrease (increase) due to previously unrecognised tax losses, allowances or temporary differences from the previous period	-	-
- decrease (increase) due to the impairment of deferred tax assets or inability to use deferred tax liability	-	-
- other deferred tax items (by title)	-	-
Total deferred tax	(11,305)	(59,744)

In 2014 and in 2013, no income tax on discontinued operations or extraordinary transactions occurred.

Deferred tax recognised beyond the profit and loss account	1 January - 31 December 2014	1 January - 31 December 2013
Total deferred tax amount:	252,907	146,148
- recognised in equity	252,907	146,148
- recognised 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 2014	1 January - 31 December 2013
Share in net profit (loss) of related parties measured using the equity method, including:	(62,055)	11,439
- amortisation of goodwill for related parties	(6,732)	-
- amortisation of negative goodwill for related parties	-	-
- amortisation of the difference on net asset measurement	(55,323)	11,439

27. Notes to the cash flow statement

"Other inflows from operating activities" include:

Other inflows from operating activities – selected data	1 January - 31 December 2014	1 January - 31 December 2013
Refunds of CIT advances - participation in PGK	403,983	398,855
Reimbursement of excess income tax payments	19,712	-
Inflows to social benefits fund account and employee account	6,719	64,897
Other inflows	88,872	22,981
Other inflows from operating activities total	519,286	486,733

"Other outflows for operating activities" include:

Other outflows for operating activities – selected data	1 January - 31 December 2014	1 January - 31 December 2013
Advance CIT payments – participation in PGK	403,983	398,855
CIT payments	227,604	453,454
Expenditure from social benefits fund account and employee account	60,887	52,708
Donations	16,076	19,051
Other expenses	121,187	62,538
Other operating costs total	829,737	986,606

27.1. Cash not available for use

The cash flow statement includes cash not available for use concerning the cash of the Prevention Fund and the 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 - for 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 8 September 2014 the Management Boards for PZU and PZU Życie decided to continue the process of employment restructuring and announced their intention to carry out group redundancies, in accordance to the Act from 13 March 2003 on special principles of employment termination for reasons not related to employees (Official Journal from 2003, No. 90, item 844, as amended, "The Act laying down special principles applicable to termination of employment contracts").

On 11 September 2014, PZU and their trade unions operating within PZU entered into an agreement setting out the terms and conditions of the employment restructuring process, which concerned to the largest degree the area of corporate sales and administration. The final version of the document was based on experience gained and solutions developed during similar negotiations in previous years.

Employment restructuring was conducted during the planned period (October – November 2014) and finally encompassed 642 people within PZU, while the employment downsizing applied to 170 employees.

The people who were dismissed or who did not accept the changes in the terms and conditions of employment (just as during all stages of employment restructuring, namely in 2010–2013) were offered more favourable conditions of leaving than those provided for by the Law. The amount of additional redundancy pay depended on the length of service with PZU Group and the salary of each employee.

18 December 2014 Management Board of PZU decided to begin restructuring activities connected to the introduction of new IT systems and operation process automation. Beginning of the restructuring process is planned for 2015. As at 31 December 2013, the provision for restructuring expenses amounted to PLN 7,930 thousand.

28.2. Situation in Ukraine

During 2014 Ukraine's political and economic situation has deteriorated. Social unrest combined with rising regional tensions has deepened the ongoing economic crisis and has resulted in a widening of the state budget deficit, a depletion of the National Bank of Ukraine's foreign currency reserves, a further downgrading of the Ukrainian sovereign debt credit ratings and significant depreciation of Ukrainian hryvna.

In connection with this volatile situation the management boards of PZU Ukraine and PZU Ukraine Life Insurance (hereinafter collectively referred to as the "Ukrainian Companies") have made the following decisions in order to mitigate the risk:

- in the scope of insurance activity, apart from standard exceptions (war, terrorism, etc.), insurance coverage does not apply to third party operations performed in violation of the law. In addition, it has been decided to temporarily suspend conclusion and renewal of non-life insurance contracts with natural and legal persons, including property that is subject to a lien or mortgage, if the contract is executed in the territory of Donetsk and Luhansk regions. The same applies to forwarding agent and carrier liability insurance, as well as cargo insurance, if the freight lane passes through the territory of the above mentioned regions;
- the regional office of PZU Ukraine in Simferopol and its customer service centre in Sevastopol are closed. In addition, four sales offices and two agencies were closed in the Donetsk and Luhansk regions;
- actions have been taken to transfer part of the assets, such as cash at current accounts and bank deposits owned by the Ukrainian Companies, to selected banks operating in Ukraine. The main criterion applied when making the above selection is whether a given institution has a trustworthy foreign majority shareholder.

Both in 2014 and early 2015, the Ukrainian Companies realised their sales plans approved by the Supervisory Board. The Management Board of PZU, in cooperation with the management boards of the Ukrainian Companies, constantly monitors the situation in Ukraine. As at the signing date of the financial statements, the Management Board of PZU assumes that the Ukrainian Companies will continue their business activity in accordance with the approved objectives. Nevertheless, a continuation of the current unstable business environment could negatively affect in the future the Ukrainian Companies' results and financial position in a manner not currently determinable. The financial statements reflects the current assessment of the Management Board of PZU in this respect.

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

Investment outlays incurred for the current period	2014	2013
Investment outlays incurred, including:	151,691	203,223
- outlays for non-financial non-current assets	51,373	37,179

Investment outlays planned for the 12 months following the balance sheet date ¹⁾ :	31 December 2014	31 December 2013
Investment outlays planned for the 12 months following the balance sheet date, including:	267,059	208,613
- outlays for non-financial non-current assets	267,059	208,613

¹⁾ The data has not been audited.

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 of 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 2014 and by the date of submission 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 or its direct or indirect subsidiary of the value or the total value of at least 10% of the equity of PZU.

As at 31 December 2014 the total value of all 54,562 cases held by courts, bodies competent to hear arbitration proceedings or public authority bodies involving the PZU Group companies was PLN 2,585,791 thousand. The amount includes PLN 2,270,251 thousand of liabilities and PLN 315,540 thousand of receivables of the PZU Group companies, which constituted 18.41% and 2.56% of PZU equity calculated in accordance with PAS, respectively.

29.1. Resolution of General Meeting of Shareholders 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 Meeting of Shareholders 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 Meeting of Shareholders of PZU distributed the 2006 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 Social Benefits Fund.

In its decision of 22 January 2010, the District Court in Warsaw cancelled the above resolution. PZU used all possible appeal instances, 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 GMS decided to distribute the profit for 2006 in a manner corresponding to the cancelled resolution No 8/2007. Manchester Securities Corporation 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 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, 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 Manchester Securities Corporation. On 4 March 2014, PZU appealed against the judgment in its entirety. On 11 February 2015, the Appellate Court in Warsaw passed a judgement that changed the judgement of the District Court dated 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 Appellate Court of 6 November 2013 is final.

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 General Meeting of Shareholders of PZU of 30 June 2007 on the distribution of profit of PZU for 2006. PZU refused to fulfil the obligation.

As at 31 December 2014, no changes in the presentation of PZU capitals were made that may result from cancellation of the resolution of the General Meeting of Shareholders on the distribution of profit for 2006, including "Supplementary capital" and "Retained earnings". The funds appropriated to the Social Benefits Fund were not

adjusted or provisions disclosed against any potential additional claims resulting from cancellation of the above resolution.

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 the shareholders as a response to their deprivation of the right to a share in the profit of PZU. PZU refused to fulfil the obligation.

Apart from the above mentioned documents, the shareholders or the former shareholders presented PZU with a request for payment based on the facts presented above. The parties requesting the payment did not indicate specific amounts, but a number of shares, or simply request 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. On legal proceeding dated 19 February 2015 PZU refused settlement proposition.

On 2 February 2015, the District Court of Warsaw delivered a copy of an application of MSC for a summons to a conciliation hearing concerning the amount of PLN 264,865 thousand. The claim covered in the application is tantamount to the request filed by MSC on 16 December 2014. On legal proceeding dated 24 February 2015 PZU refused settlement proposition.

PZU is 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. A part of 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.

PZU is receiving single copies of requests for the payment of dividends or compensation. PZU consistently responds to such requests demanding their cancellation in their entirety.

29.2. Anti-trust proceedings of the Office of Competition and Consumer Protection

29.2.1 Fine imposed in 2009 for standard agreement templates

In a decision of 30 December 2009 the President of the Office of Competition and Consumer Protection imposed a fine on PZU of PLN 14,792 thousand for the use of practices that infringe the collective interest of consumers consisting in:

- including contractual provisions listed in the Register of prohibited contractual provisions in the standard agreements;
- including contractual provisions which infringe Article 813.1 of the Civil Code by citing the unused sum insured as the condition for the amount of premium reimbursed to the consumer by the insurance company due to unused insurance period whereas the Article does not refer to such condition.

PZU does not agree with the decision and its statement of reasons. After several years of proceedings, on 6 November 2013, the Appellate Court in Warsaw changed the judgment issued by the Court of Competition and Consumer Protection ("SOKiK") of 18 January 2013 through reversal of the decision of the President of the Office of Competition and Consumer Protection dated 30 December 2009 in part, dismissal – as regards the contractual clauses in contravention of Article 813.1 of the Civil Code – of PZU's appeal of 18 January 2010, reduction of fine to PLN 1,644 thousand. The judgment of 6 November 2013 is final and was executed through the payment of PZU of the awarded financial penalty. 23 June 2014, PZU filed a cassation appeal to the Supreme Court against the judgement ON 24 July 2014, PZU received a response of President of Office of Competition and Consumer Protection to its cassation appeal. On 28 January 2015, the Supreme Court issued the decision accepting the cassation appeal for consideration without setting a date for the hearing.

29.2.2 Fines imposed in 2011

29.2.2.1 Reimbursement of the costs of rental of a replacement car

In a decision of 18 November 2011 the President of the Office of Competition and Consumer Protection imposed a fine on PZU of PLN 11,287 thousand for the use of practices that infringe the collective interest of consumers as set out in Article 24.1 and 24.2 of the Act on competition and consumer protection (Official Journal from 2007, No. 50, item 331, as amended) consisting in limitation of the scope of liability of PZU towards consumers that submit claims under the insurers' guarantee liability due to compulsory civil liability insurance of an owner of a motor vehicle by:

- refusing to acknowledge that the loss of the possibility to use the damaged car is a property damage and agreeing to pay damages for the rental of a replacement car only if the injured party presented specific circumstances necessitating the rental of a replacement car;
- leaving out the period necessary for the garage to obtain spare parts from the calculation of the reimbursement for the costs of rental of the replacement car;

and demanded that the practices be discontinued.

The Management Board of PZU does not agree with the decision and its legal and factual statement of reasons. On 5 December 2011 PZU appealed against the decision (thus the decision did not become valid).

At a trial held on 2 December 2013, the District Court in Warsaw passed a judgment whereby PZU's appeal was dismissed and the costs of legal representation were awarded from PZU to the President of the Office of Competition and Consumer Protection. On 23 December 2013, PZU appealed against the decision. At the hearing on 28 January 2015, the Supreme Court issued a decision suspending the above proceedings until the Supreme Court settles the legal issue that raises serious doubts regarding a different case pending before the Appellate Court.

Regardless of the initiated legal procedures, PZU disclosed a provision for the above fine, whose amount both as at 31 December 2014 and 31 December 2013 was PLN 11,287 thousand.

29.2.2.2 Sale of a group accident insurance

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 Article 6.1.3 of the Act on competition and consumer protection following an agreement concluded by PZU and Maximus Broker Sp. z o.o. with its registered office in Toruń ("Maximus Broker") that limited the competition in the domestic group accident insurance for children, youth and staff of educational institutions by dividing the market between the entities – the clients of PZU in the kujawsko-pomorskie region were serviced by Maximus Broker in exchange for recommendation of PZU insurance to those clients. The Office demanded that the practices be discontinued.

The Management Board of PZU refuses 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 President of Office of Competition and Consumer Protection to its appeal. 13 March 2015 Court of Competition and Consumer Protection closed the case and postponed pronouncing the judgement until 27 March 2015.

Regardless of the initiated appeal procedures, PZU disclosed a provision for the above fine, whose amount both as at 31 December 2014 and 31 December 2013 was PLN 56,605 thousand.

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

PZU concluded contracts of mandate regarding periodic insurance guarantees (contractual guarantees) with PBG SA ("PBG") and Hydrobudowa Polska SA ("Hydrobudowa"). The registered offices of both companies are located in Wysogotowo near Poznań. PZU issued insurance guarantees on the basis of these contracts. Should PZU perform on these guarantees, its clients were obliged to refund amounts paid to PZU.

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. Out of the above claims:

- PBG granted sureties regarding PLN 33,747 thousand arising from guarantees issued for Hydrobudowa;
- Hydrobudowa granted sureties regarding PLN 67,249 thousand arising from guarantees issued for PBG.

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 2014 and as at 31 December 2013, the sureties amounted to PLN 102,164 thousand and their reduction is due to the expiry of a part of guarantees to which no claims were reported. The judge set a date for the creditors' meeting (among others for PZU) for 29 April 2015, where a vote on PBG settlement propositions will be held.

30. Employment

Average employment, broken down by employee group	1 January - 31 December 2014		1 January - 31 December 2013	
	Average annual employment (in FTEs)	Average annual number of employees (in persons)	Average annual employment (in FTEs)	Average annual number of employees (in persons)
a) Supervisory Board	9	9	9	9
b) Management Board	6	6	7	7
c) Total employment, including:	7,856	9,787	7,945	9,815
- management	359	637	360	612
- advisors	1	2	1	2
- actuaries	3	3	3	3
- other employees	7,493	9,145	7,581	9,198
- including agents on employment contracts	11	10	73	77
d) Number of agents without employment contracts (persons)		8,571		8,723

31. Agreements on audit and review of financial statements

31.1. Fee of the company authorized to audit financial statements

Fee of the company authorized to audit financial statements	1 January - 31 December 2014 ¹	1 January - 31 December 2013 ²
a) statutory audit of annual separate/ consolidated financial statements	714	633
b) other attestation services, including review of separate/ consolidated financial statements	248	887
c) tax advisory services	-	416
d) other services	27	34
Total	989	1,970

¹⁾ KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is authorized to audit the 2014 financial statements

²⁾ Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp.k. was authorized to audit the 2013 financial statements

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

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

An agreement with KPMG Audyt 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 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

In 2014 and 2013, PZU did not conclude related party transactions which individually or jointly would constitute a significant amount.

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

In 2014 and in 2013, 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 2014 and in 2013, 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 Meeting of Shareholders, 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 2014 and in 2013, 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**

Remunerations and other employee benefits paid by PZU	1 January - 31 December 2014		1 January - 31 December 2013	
		including bonuses and special awards:		including bonuses and special awards:
Management Board, including:	8,226	2,812	9,503	3,024
Andrzej Klesyk	2,714	914	2,780	980
Przemysław Dąbrowski	1,054	313	1,135	336
Dariusz Krzewina	1,314	534	642	-
Barbara Smalska ¹⁾	1,088	399	593	-
Tomasz Tarkowski	891	228	1,102	336
Ryszard Trepczyński	1,165	424	1,535	736
Bogusław Skuza ²	-	-	1,716	636
Top management (PZU Group Directors), including:	3,717	1,193	3,263	1,122
Rafał Grodzicki	936	312	874	250
Przemysław Henschke	936	312	804	180
Dariusz Krzewina ³⁾	-	-	291	180
Sławomir Niemierka	860	199	863	200
Barbara Smalska ³⁾	-	-	431 ⁴⁾	312 ⁵⁾
Tobiasz Bury	985	370 ⁶⁾	-	-
Supervisory Board, including:	1,221	-	1,224	-
Aleksandra Magaczewska	97	-	-	-
Waldemar Maj	90	-	192	-
Zbigniew Cwiakalski	168	-	168	-
Tomasz Zganiacz	144	-	144	-
Dariusz Daniluk	57	-	120	-
Zbigniew Derdziuk	120	-	120	-
Dariusz Filar	120	-	120	-
Dariusz Kacprzyk	64	-	-	-
Jakub Karnowski	64	-	-	-
Włodzimierz Kiciński	57	-	120	-
Alojzy Nowak	120	-	120	-
Maciej Piotrowski	120	-	120	-

Remunerations and other employee benefits paid by other entities of PZU	1 January - 31 December 2014		1 January - 31 December 2013	
		including bonuses:		including bonuses:
Management Board, including:	2,942	996	3,826	1,224
Andrzej Klesyk	-	-	320	-
Przemysław Dąbrowski	599	200	654	255
Dariusz Krzewina	553	133	1,121	561
Barbara Smalska ¹⁾	596	225	327	-
Tomasz Tarkowski	536	179	510	153
Ryszard Trepczyński	658	259	654	255
Bogusław Skuza ²	-	-	240	-
Top management (PZU Group Directors), including:	1,844	478	2,235	1,071
Rafał Grodzicki	455	119	742	357
Przemysław Henschke	455	119	742	357
Sławomir Niemierka	427	70	751	357
Tobiasz Bury	507	170 ⁶⁾	-	-

Total estimated valued of benefits in kind allocated by PZU and its subsidiaries	1 January – 31 December 2014	1 January – 31 December 2013
Management Board, including:	1,307	1,343
Andrzej Klesyk	282	251
Przemysław Dąbrowski	186	167
Dariusz Krzewina ³⁾	217	214
Barbara Smalska ^{1) 3)}	205	151
Tomasz Tarkowski	191	181
Ryszard Trepczyński	226	166
Bogusław Skuza ²⁾	-	213
Top management (PZU Group Directors), including:	908	401
Rafał Grodzicki	170	183
Przemysław Henschke	203	55
Sławomir Niemierka	358	163
Tobiasz Bury	177	-

¹⁾ On 06 October 2014, Barbara Smalska resigned from the position effective from 31 December 2014.

²⁾ On 27 December 2013, Bogusław Skuza resigned from the position of Member of the Management Board of PZU effective from 31 December 2013.

³⁾ On 12 March 2013, the Supervisory Board of PZU appointed Dariusz Krzewina and Barbara Smalska to the position of Members of the Management Board effective from 15 March 2013. (additionally Dariusz Krzewina and Barbara Smalska were PZU Group Directors respectively till 14 March 2013 and from 5 January 2013 till 14 March 2013).

⁴⁾ The amount includes the bonuses for 2012 and benefits granted during the term of office in PZU and PZU Życie till the appointment as PZU Group Director.

⁵⁾ Amount representing the value of benefits for 2012 granted during the term of office in PZU and PZU Życie.

⁶⁾ Amount representing the value of benefits for 2013 granted during the term of office in PZU and PZU Życie.

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 2014	1 January - 31 December 2013
a) Charged to costs	20,165	21,795
b) Resulting from incentive or bonus plans based on issuer's equity	-	-

32.2. Transactions with subsidiaries

Transactions with subsidiaries	1 January - 31 December 2014	1 January - 31 December 2013
1. Gross written premiums, including:	43,508	2,851
- from UAB DK PZU Lietuva	13,959	2,303
- from Lietuvos Draudimas AB	11,473	-
- from PrJSC IC PZU Ukraine	7,144	136
- from AAS Balta	5,712	-
- from Link4	4,318	-
2. Dividend revenue, including:	2,090,211	3,886,588
- from PZU Życie	2,060,000	3,842,875
- PZU CO	18,222	31,124
- TFI PZU	11,989	12,019
- Ogrodowa Inwestycje	-	570
3. Other revenue, including:	27,397	17,647
- kick-backs from TFI PZU	12,908	8,640
- from re-invoicing costs from related parties	4,862	5,329
- due to impairment losses release for receivables from Syta Development	3,560	-
- from property due to rentals to related parties	2,712	2,519
4. Gross claims and benefits paid, including:	9,996	4,599
- for UAB DK PZU Lietuva	9,996	4,599
5. Other expenses, including:	126,078	48,324
- IT services rendered by PZU CO	26,957	32,199
- cost of interest and exchange differences of the loan from PZU Finance AB	75,991	-
- investment activities costs carried out for TFI PZU	4,008	5,060
- rental services by Ogrodowa Inwestycje	5,050	3,940
- cyclic mass print service by PZU CO	3,013	5,985

Transactions with subsidiaries	31 December 2014	31 December 2013
1. Receivables - gross value, including:	803,811	54,290
- receivables from PZU Życie from the advance dividend	730,000	-
- CIT receivables - PGK	71,809	41,544
- deposits receivable due to reinsurance inwards – premiums from UAB DK PZU Lietuva	27	2,827
- from Syta Development due to advance payments for the CLSiOR investment	-	4,746
- from Syta Development due to performance of agreements related to the CLSiOR investment	-	3,562
2. Impairment losses on receivables and advances from Syta Development	-	8,306
3. Liabilities including:	2,136,130	222,742
- loans from PZU Finance AB (publ)	2,127,155	-
- income tax liabilities – PGK	536	16,131
- loans from PZU Życie	-	200,000

32.2.1 Information on loans from PZU Życie

The loans from PZU Życie are presented in detail in point of 11.3.2 Supplementary information and explanations.

32.3. Transactions with associates

Transactions with associates	1 January - 31 December 2014	1 January - 31 December 2013
1. Gross written premiums	-	8
2. Dividend income	-	-
3. Other income	-	-
4. Gross claims and benefits paid	-	-
5. Other costs	-	-

Signatures of members of the Management Board of PZU

Name	Position	
Andrzej Klesyk	President of the Management Board (signature)
Przemysław Dąbrowski	Member of the Board (signature)
Dariusz Krzewina	Member of the Board (signature)
Tomasz Tarkowski	Member of the Board (signature)
Ryszard Trepczyński	Member of the Board (signature)

Person responsible for bookkeeping

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

Paweł Chadysz	Vice-Director of the Actuarial Office (signature)
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Warsaw, 16 March 2015