

Attachment to resolution No. URN/41/2016
adopted by the PZU SA Supervisory Board on 24 May 2016

PZU SA SUPERVISORY BOARD REPORT
ON ITS ASSESSMENT OF PZU SA'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015,
THE MANAGEMENT BOARD REPORT ON PZU SA'S ACTIVITY IN 2015
AND THE MANAGEMENT BOARD'S MOTION ON DISTRIBUTION OF PZU SA'S
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2015



This document constitutes a report of the Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna and concerns the following:

- 1) assessment of PZU SA's financial statements for the year ended 31 December 2015;
- 2) assessment of the Management Board's report on PZU SA's activity in 2015;
- 3) assessment of the Company's Management Board's motion on distribution of profit.

I. Assessment of PZU SA's financial statements for the year ended 31 December 2015 and the Management Board's report on PZU SA's activity in 2015

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

Pursuant to the Company's Articles of Association and the Supervisory Board Bylaws the PZU SA Supervisory Board selected KPMG Audyt Sp. z o.o., ("auditor") as an entity authorized to audit financial statements, to audit in particular the annual financial statements of PZU SA and the annual consolidated financial statements of the PZU Group and review the interim stand-alone financial statements of PZU SA and interim consolidated financial statements of the PZU Group for three consecutive financial years ending on 31 December 2014, 31 December 2015 and 31 December 2016, respectively with an option to extend cooperation for two more financial years ending on 31 December 2017 and 31 December 2018, respectively.

The Company's Management Board is responsible for the preparation of the PZU SA financial statements and the Management Board report on PZU SA's activity compliant with prevailing regulations. In turn, the Supervisory Board and the Management Board are obligated to ensure that the aforementioned financial statements and report satisfy the requirements stipulated by Article 4 of the Accounting Act of 29 September 1994 (Journal

of Laws of 2013, Item 330, as amended) and the executive regulations issued on its basis.

PZU SA's financial statements for the year ended 31 December 2015 and the Management Board report on PZU SA's activity in 2015 were assessed in detail by the PZU SA Supervisory Board Audit Committee at the meeting held on 14 March 2016 and discussed with the Management Board and the Company's auditor at the PZU SA Supervisory Board meeting on 14 March 2016.

In its opinion the auditor warranted that the audit of the financial statements was planned and conducted in such a manner as to obtain reasonable certainty allowing it to express an opinion on PZU SA's standalone financial statements. In particular, the audit included checking the correctness of the accounting standards (policy) used by the Company and material estimates, verification - mostly by random sample - of accounting evidence and accounting records, from which the figures and information included in the financial statements originate, as well as the overall assessment of the financial statements. The audit provided sufficient basis to express an opinion. In the opinion of the independent auditor, PZU SA's audited standalone financial statements, in all material aspects:

- accurately and clearly depict information of material importance for the assessment of the Company's assets and financial standing as at 31 December 2015, as well as its financial result for the financial year from 1 January to 31 December 2015,
- were drawn up in accordance with the applicable accounting principles (policy) prescribed by the Accounting Act and the executive regulations duly issued on its basis, based on properly kept accounting ledgers,
- comply with the provisions of the law and the provisions of the Company's Articles of Association affecting the financial statements.

The auditor's opinion on the audit of PZU SA's standalone financial statements was issued without qualification on 14 March 2016.

In addition the auditor emphasized that:

- the financial statements have been drawn up under the assumption that PZU SA will be a going concern for the foreseeable future, i.e. for a period of at least 12 months after the balance sheet date, i.e. 31 December 2015,
- as at the date of signing the financial statements, there are no facts or circumstances

that would indicate a threat to PZU SA's ability to continue its activity over the 12 months after the balance sheet date as a result of intentional or an induced discontinuation or material curtailment of its hitherto activity,

- after the balance sheet date to the date of signing the financial statements, there were no material events impacting PZU SA's assets and financial standing and audited subsidiaries that have not been reflected in these financial statements,
- the level of technical provisions ensures appropriate coverage of current and future liabilities and satisfies the requirements set for insurance undertakings.

The auditor also warranted that the report on PZU SA's activity in the 2015 financial year is complete within the meaning of Article 49 sec. 2 of the Accounting Act and the provisions of the Finance Minister's Regulation of 19 February 2009 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent (Journal of Laws of 2009 No. 33, Item 259, as amended) and the information contained therein is consistent with the audited financial statements from which it originated.

The PZU SA Management Board also represented that PZU SA's financial statements for 2015 were prepared in an accurate manner and correctly reflect the business events in the Company and are free of irregularities resulting from intentional actions or errors.

The PZU SA Supervisory Board, having reviewed the following documents submitted by the Management Board:

- 1) Financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for the year ended 31 December 2015, consisting of the following:
 - a) balance sheet prepared as at 31 December 2015, showing total assets and liabilities of PLN 36,358,361 thousand (thirty-six billion three hundred fifty-eight million three hundred sixty-one thousand zloty),
 - b) technical non-life insurance account for the period from 1 January to 31 December 2015, showing a technical result to be transferred to the non-technical profit and

loss account in the amount of PLN 636,334 thousand (six hundred thirty-six million three hundred thirty-four thousand Polish zloty),

- c) non-technical profit and loss account for the period from 1 January to 31 December 2015, showing a net profit of PLN 2,248,522 thousand (two billion two hundred forty-eight million five hundred twenty-two thousand Polish zloty),
 - d) statement of changes in equity, showing an increase in equity during the financial year ended 31 December 2015 by the amount of PLN 50,009 thousand (fifty million nine thousand Polish zloty),
 - e) cash flow statement, showing an increase in cash in the course of the financial year ended 31 December 2015 by PLN 18,075 thousand (eighteen million seventy-five Polish zloty),
 - f) notes to the financial statements for the financial year ended 31 December 2015;
- 2) Auditor's opinion and report dated 14 March 2016;
 - 3) Management Board report on PZU SA's activity in 2015;

made a positive evaluation of the foregoing documents with respect to their consistency with the Company's underlying ledgers and documents and the facts.

Consequently, the PZU SA Supervisory Board resolves to submit this assessment to the PZU SA Ordinary Shareholder Meeting.

The Supervisory Board recommends that the PZU SA Shareholder Meeting approve:

- PZU SA's financial statements for the financial year ended 31 December 2015,
- Management Board report on PZU SA's activity in 2015,

pursuant to § 18 item 1 of the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna and Article 395 § 2 Item 1 of the Commercial Companies Code.

II. Assessment of the Management Board's motion to distribute PZU SA's net profit for the year ended 31 December 2015

The Supervisory Board hereby issues a positive opinion on the PZU SA Management Board's motion to the PZU SA Ordinary Shareholder Meeting on distributing PZU SA's net profit for the year ended 31 December 2015 presented in PZU SA Management Board resolution no. UZ/186/2016 of 20 May 2016 on accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2015 and recommends to the Ordinary Shareholder Meeting that the profit of PLN 2,248,522,454.29 (two billion two hundred forty-eight million five hundred twenty-two thousand four hundred fifty-four Polish zloty and 29 grosz) be distributed as follows:

- 1) allocate PLN 1,796,127,840.00 (one billion seven hundred ninety-six million one hundred twenty-seven thousand eight hundred forty Polish zloty and 00 grosz), i.e. PLN 2.08 (two Polish zloty and 8 grosz) per share to the payment of a dividend;
- 2) allocate PLN 442,394,614.29 (four hundred forty-two million three hundred ninety-four thousand six hundred fourteen Polish zloty and 29 grosz) to supplementary capital;
- 3) allocate PLN 10,000,000.00 (ten million Polish zloty) to the Company Social Benefits Fund (ZFŚS).

The Supervisory Board recommends to the PZU SA Ordinary Shareholder Meeting that the record date be set at 30 September 2016.

Chairman
of the PZU SA Supervisory Board

Paweł Kaczmarek

Warsaw, 24 May 2016