

Powszechny Zakład Ubezpieczeń Spółka Akcyjna

INFORMATION FROM THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019, PREPARED
ELECTRONICALLY¹ IN ACCORDANCE WITH POLISH ACCOUNTING
STANDARDS



¹ This document presents all data and information contained in the Company's original financial statements prepared in accordance with the requirements specified in Article 45 Section 1g of the Accounting Act in .xml format, in the layout applicable prior to the introduction of electronic financial statements on 1 October 2018. The independent statutory auditor's report of 11 March 2020 concerns solely the audit of the financial statements prepared in .xml format.

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Introduction to the financial statements

1. Introduction

Company highlights

Powszechny Zakład Ubezpieczeń Spółka Akcyjna (“PZU”, “Company”) has its registered office in Warsaw at Al. Jana Pawła II 24.

PZU is entered in the register of commercial undertakings of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division, under file number KRS 0000009831.

According to the Polish Classification of Business Activity and the Statistical Classification of Economic Activities in Europe, the core business of PZU consists of non-life insurance (65.12).

PZU is the parent company of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group (“PZU Group”) and it prepares consolidated financial statements.

Period covered by the standalone financial statements

These standalone financial statements cover the period of 12 months from 1 January to 31 December 2019. Comparative data refer to the period from 1 January to 31 December 2018.

Format of standalone financial statements

The standalone financial statements for 2019 contain financial data presented in the layout set out in Appendix 3 to the Finance Minister’s Regulation of 18 October 2005 in the matter of the scope of information posted in financial statements and consolidated financial statements required in prospectuses from issuers with registered offices in the Republic of Poland, to which Polish accounting standards apply (consolidated text: Journal of Laws of 2019, Item 1449, “regulation on financial statements in prospectuses”).

Pursuant to Article 45(1)(f) and (g) of the Accounting Act (consolidated text: Journal of Laws of 2019, Item 351, “Accounting Act”), the standalone financial statements have been prepared in electronic form conforming to the logic structure and format made available in the Public Information Bulletin on the Finance Ministry’s website. Because of the absence of the logical structures exhausting the disclosure requirements prescribed by the regulation on financial statements in prospectuses, the statements have been based on the structures dedicated to insurance undertakings. As a result, some of the information required in the introduction to financial statements of an issuer is presented in the Notes.

Going concern assumption

These standalone financial statements have been prepared under the assumption that PZU remains a going concern in the foreseeable future, i.e. in the period of at least 12 months after the end of the reporting period.

As at the date of signing these standalone financial statements, there are no facts or circumstances that would indicate a threat to the ability of PZU to continue its activity in the period of 12 months after the end of the reporting period as a result of an intentional or an induced discontinuation or a material curtailment of their hitherto activity.

Unit for presentation purposes

Unless noted otherwise, all amounts presented in these standalone financial statements are stated in thousands of Polish zloty.

Discontinued operations

PZU did not discontinue any type of activity in 2019 or in 2018.

Seasonal or cyclical business

PZU’s business is to subject to any significant seasonality or business cycles.

2. Selected standalone financial data of PZU

Data from the balance sheet	31 December 2019 PLN 000s	31 December 2018 PLN 000s	31 December 2019 EUR 000s	31 December 2018, EUR 000s
Assets	41,596,414	43,566,528	9,767,856	10,131,751
Share capital	86,352	86,352	20,278	20,082
Total equity	14,956,862	13,924,661	3,512,237	3,238,293
Basic and diluted weighted average number of common shares	863,523,000	863,523,000	863,523,000	863,523,000
Book value per common share (in PLN/EUR)	17.32	16.13	4.08	3.75

Data from the revenue account of non-life insurance and the general profit and loss account	1 January – 31 December 2019 PLN 000s	1 January – 31 December 2018 PLN 000s	1 January – 31 December 2019 EUR 000s	1 January – 31 December 2018 EUR 000s
Gross written premiums	13,039,385	13,002,864	3,031,146	3,047,380
Technical result of non-life insurance	1,405,434	1,538,766	326,708	360,629
Net investment result ¹⁾	2,222,784	2,151,764	516,710	504,292
Net profit (loss)	2,651,012	2,711,879	616,256	635,562
Basic and diluted weighted average number of common shares	863,523,000	863,523,000	863,522,000	863,523,000
Basic and diluted earnings per common share (in PLN/EUR)	3.07	3.14	0.71	0.74

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

Data from the cash flow statement	1 January – 31 December 2019 PLN 000s	1 January – 31 December 2018 PLN 000s	1 January – 31 December 2019, EUR 000s	1 January – 31 December 2018, EUR 000s
Net cash flows from operating activities	1,120,646	1,910,843	260,506	447,829
Net cash flow on investing activity	4,096,373	461,719	952,246	108,209
Net cash flows from financing activities	(6,296,424)	(2,176,873)	(1,463,672)	(510,177)
Total net cash flows	(1,079,405)	195,689	(250,919)	45,862

3. PLN/EUR exchange rates

The following currency exchange rates were used in the financial statements (also for presentation of financial highlights):

EUR / PLN	1 January – 31 December 2019	1 January – 31 December 2018	31 December 2019	31 December 2018
Mean exchange rate	4.3018	4.2669	4.2585	4.3000
Maximum in the period	4.3891	4.3978	n/a	n/a
Minimum in the period	4.2406	4.1423	n/a	n/a

These FX rates:

- for balance sheet items – mean NBP exchange rates on the balance sheet date;
- for items from the profit and loss account and the cash flow statement – exchange rates calculated as mean NBP exchange rates for the last day of each month of the given period.

4. Changes in accounting policies in the financial year

No changes were made to the accounting principles (policy) in 2019.

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

In 2019, no changes were made to the method of preparing the financial statements.

6. Corrections of errors from previous years

No corrections of errors from previous years were made in the standalone financial statements.

7. Significant events that have occurred after the balance sheet date and have not been taken into account in the financial statements

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

8. Significant events pertaining to previous years taken into account in the financial statements of the reporting period

As of the date of signing these standalone financial statements, no significant events pertaining to previous years have occurred that should be taken into account in the standalone financial statements.

9. Significant events pertaining to the reporting period with material effect on the structure of balance sheet items and the financial result

9.1 Dividend from Powszechny Zakład Ubezpieczeń na Życie SA (“PZU Życie”)

On 30 April 2019, the PZU Życie Ordinary Shareholder Meeting adopted a resolution to distribute net profit for the 2018 financial year totaling PLN 1,334,885 thousand as follows:

- earmark PLN 1,331,807 thousand as a dividend;
- earmark PLN 3,078 thousand to the Company Social Benefit Fund.

The record date was set for 30 April 2019 and the dividend payment date was set for 3 September 2019. The dividend was disbursed on the set date. The amount increased investment income from subordinated entities.

9.2 Dividends paid

This matter is described in item 7.2 of Notes and explanations.

10. PZU’s management and supervisory bodies

10.1 PZU Management Board

From 1 January 2019, the PZU Management Board consisted of the following persons:

- Paweł Surówka – President of the PZU Management Board;
- Roger Hodgkiss – Member of the PZU Management Board;
- Tomasz Kulik – Member of the PZU Management Board;
- Maciej Rapkiewicz – Member of the PZU Management Board;
- Małgorzata Sadurska – Member of the PZU Management Board.

On 27 March 2019 the PZU Supervisory Board adopted a resolution to appoint Paweł Surówka to the PZU Management Board for the new term of office and entrusted him with discharging the function of CEO of PZU.

The appointment of Paweł Surówka was for the joint term of office commencing as of the date on which the PZU Supervisory Board resolution on his appointment was adopted and will span three full financial years from 2020-2022.

On 28 March 2019, the PZU Supervisory Board adopted resolutions to appoint the following persons to the PZU Management Board for its new term of office:

- Tomasz Kulik, entrusting him with discharging the function of PZU Management Board Member,
- Maciej Rapkiewicz, entrusting him with discharging the function of PZU Management Board Member,
- Małgorzata Sadurska, entrusting her with discharging the function of PZU Management Board Member,
- Marcin Eckert, entrusting him with discharging the function of PZU Management Board Member,
- Adam Brzozowski, entrusting him with discharging the function of PZU Management Board Member,
- Elżbieta Häuser-Schöneich, entrusting her with discharging the function of PZU Management Board Member.

In the case of Adam Brzozowski and Elżbieta Häuser-Schöneich, they were appointed as of 25 May 2019 for a joint term of office commencing at the time of appointing the CEO of PZU and spanning the three full financial years from 2020 to 2022.

The other persons were appointed on 28 March 2019 for a joint term of office commencing at the time of appointing the CEO of PZU and spanning the three full financial years from 2020 to 2022.

Roger Hodgkiss served in the capacity of PZU Management Board Member until the date of PZU's Ordinary Shareholder Meeting under the principle of discharging his mandate according to Article 369 § 4 of the Commercial Company Code.

On 23 October 2019, the PZU Supervisory Board adopted a resolution to appoint Aleksandra Agatowska to the PZU Management Board and entrust her with discharging the function of a PZU SA Management Board Member starting 24 October 2019 for a joint term of office encompassing three full financial years 2020-2022.

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

As at the date of signing the standalone financial statements, the PZU Management Board consisted of the following persons:

- Paweł Surówka – President of the PZU Management Board;
- Adam Brzozowski – Member of the PZU Management Board;
- Marcin Eckert – Member of the PZU Management Board;
- Elżbieta Häuser-Schöneich – Member of the PZU Management Board;
- Tomasz Kulik – Member of the PZU Management Board;
- Maciej Rapkiewicz – Member of the PZU Management Board;
- Małgorzata Sadurska – Member of the PZU Management Board.

10.2 PZU Supervisory Board

From 1 January 2019, the PZU Supervisory Board consisted of the following persons:

- Maciej Łopiński – Supervisory Board Chairman;
- Paweł Górecki – Supervisory Board Deputy Chairman;
- Alojzy Nowak – Supervisory Board Secretary;
- Marcin Chludziński – Supervisory Board Member;
- Agata Górnicka – Supervisory Board Member;
- Robert Jastrzębski – Supervisory Board Member;
- Katarzyna Lewandowska – Supervisory Board Member;
- Robert Śnitko – Supervisory Board Member;
- Maciej Zaborowski – Supervisory Board Member.

On 24 May 2019, the Ordinary Shareholder Meeting of PZU set the number of PZU Supervisory Board members at 11 and appointed the following to the PZU Supervisory Board of the new term of office: Maciej Łopiński, Robert Jastrzębski, Alojzy Nowak, Marcin Chludziński, Agata Górnicka, Robert Śnitko, Elżbieta Mączyńska-Ziemacka, Tomasz Kuczur, Krzysztof Opolski, Maciej Zaborowski. This appointment was for the joint term of office that encompasses three consecutive full financial years 2020-2022.

Moreover, on 24 May 2019, the Prime Minister, acting on behalf of the State Treasury of the Republic of Poland, pursuant to § 20 sec. 7 of the PZU's Articles of Association, appointed Mr. Paweł Górecki to be a PZU SA Supervisory Board Member.

From 24 May 2019 to the date of signing the standalone financial statements, the PZU Supervisory Board consisted of the following persons:

- Maciej Łopiński – Supervisory Board Chairman;
- Paweł Górecki – Supervisory Board Deputy Chairman;
- Alojzy Nowak – Supervisory Board Secretary;
- Marcin Chludziński – Supervisory Board Member;
- Agata Górnicka – Supervisory Board Member;
- Robert Jastrzębski – Supervisory Board Member;
- Tomasz Kuczur – Supervisory Board Member;

- Elżbieta Mączyńska-Ziemacka – Supervisory Board Member;
- Krzysztof Opolski – Supervisory Board Member;
- Robert Śnitko – Supervisory Board Member;
- Maciej Zaborowski – Supervisory Board Member.

10.3 PZU Group Directors

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

From 1 January 2019, the following persons were PZU Group Directors:

- Aleksandra Agatowska;
- Tomasz Karusewicz;
- Bartłomiej Litwińczuk;
- Dorota Macieja;
- Roman Pałac.

On 30 April 2019, Tomasz Karusewicz was dismissed from serving in his capacity of a PZU Group Director. From 1 to 24 May 2019, Roger Hodgkiss served as a PZU Group Director at PZU Życie. On 25 May 2019, Adam Brzozowski was appointed a PZU Group Director at PZU Życie. Due to her appointment to the PZU Management Board, on 23 October 2019, Aleksandra Agatowska was dismissed from the position of PZU Group Director. As of 20 February 2020, Aleksandra Agatowska was reappointed to the position of a PZU Group Director.

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

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

11. Audit fee payable to the audit firm performing the audit of financial statements

According to item 12.a sub-item b of “B. Notes” of Attachment 3 to the regulation on financial statements in prospectuses, information on the audit fee for the audit firm performing the audit of financial statements is presented in item 32.1 of Notes and explanations.

12. Endorsed accounting standards (policies)

According to Article 45 Section 1a of the Accounting Act, the financial statements of issuers of securities admitted into trading on one of the regulated markets of the European Economic Area states may be prepared in accordance with International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission (“IFRS”).

As the PZU Shareholder Meeting has not made the decision referred to in Article 45 Section 1c of the Accounting Act in the matter of preparation of financial statements pursuant to IFRS, PZU’s standalone financial statements for the financial year ended 31 December 2019 have been prepared in accordance with the Accounting Act and the executive regulations issued on its basis, among others:

- Finance Minister’s Regulation of 12 April 2016 on the special accounting principles for insurance and reinsurance undertakings (Journal of Laws of 2016 Item 562, “regulation on accounting principles for insurers”);
- Finance Minister’s Regulation of 12 December 2001 on the detailed principles of recognition, valuation methods, scope of disclosure and presentation of financial instruments (consolidated text in Journal of Laws of 2017, Item 277),

as well as with the adopted accounting policy and Polish Accounting Standards (“PAS”).

Other major legal acts applicable to the standalone financial statements include the Act of 11 September 2015 on Insurance and Reinsurance Activity (consolidated text: Journal of Laws of 2019, Item 381, as amended, “Insurance Activity Act”).

In matters not regulated by the Accounting Act and the executive acts issued on its basis, Polish Accounting Standards and/or IFRS are applied accordingly.

12.1 Intangible assets

Intangible assets are recognized if they are likely to cause a future inflow of economic benefits, which may be related to these assets and include property rights acquired by PZU and classified in non-current assets that are fit for economic use, with an expected useful life of over one year, designated for use for the needs of PZU.

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

Intangible assets are measured at the purchase price or production cost less amortization charges and impairment losses.

Intangible assets are amortized by the straight-line method over their expected useful lives, in line with the amortization plan adopted by PZU, corresponding to their estimated economic lives, using annual depreciation rates ranging from 20% to 50%.

In justified cases, after a case-by-case analysis, a different amortization rate may be used corresponding to the expected useful life of the intangible asset. Since a decision was made that the planned useful life of the Platforma Everest product system in PZU would be 10 years, the annual amortization rate of 10% was adopted for the system.

Intangible assets with unit values of PLN 3,500 or less are expensed in the month they are put into use.

12.2 Investments

12.2.1. Investments in real property

Investments in real property include: own land, perpetual usufruct rights to land, structures and buildings, as well as premises constituting separate property, cooperative ownership rights to apartments, cooperative rights to commercial premises, construction investments and advances towards construction investments.

Investments in real property are measured at purchase price or production cost, while taking into account revaluations conducted on the basis of separate regulations (the most recent such revaluation was conducted as at 1 January 1995 and its effects recognized in revaluation reserve), less accumulated depreciation accrued as at the balance sheet date and impairment losses.

Properties are depreciated by the straight-line method over their expected useful lives, in line with the amortization plan adopted by PZU, corresponding to their estimated economic lives, using annual depreciation rates for the key components of a given category, which are presented below. In justified cases PZU may individually set depreciation rates according to the applicable depreciation schedule. Own land, construction investments and advances towards investments are not depreciated.

Asset category	Amortization and depreciation rate
Cooperative ownership rights to apartments, cooperative rights to commercial premises	2.5%
Buildings and structures	1.5 - 10%

12.2.2. Shares in subordinated entities

Shares in subordinated entities are measured by the equity method.

In the equity method, shares in related parties are measured at purchase price plus or less the increase or decrease in the equity of the related party attributable to PZU, which occurred from the date of acquiring control, joint control or significant influence, to the balance sheet date, while the percentage of the increases or decreases in the subsidiary's equity is adjusted for:

- amortization of goodwill (amortized using the straight-line method for a period of up to twenty years);
- charge equal to the differences in the measurement of net assets at fair values and book values for a given reporting period.

Differences in the measurement of net assets at fair values and book values include mainly the purchase prices of intangible assets identified in the allocation process and other restatements, such as e.g.:

- trademarks – amortized using a straight-line method, usually over the period equal to the goodwill amortization period;

- insurance – value in force (future gains from an acquired portfolio of insurance agreements) amortized over the effective period of the insurance agreements;
- other remeasurement to fair value of those assets and liabilities of subordinated entities that were not measured at fair value;
- recognition of the effect of deferred tax on net assets of a subordinated entity, as a result of the differences mentioned above.

The effects of the equity method measurement of shares in subordinated entities are recognized as follows:

- remeasurement of shares in subordinated entities to amounts exceeding the purchase price is recognized in the revaluation reserve;
- remeasurement of shares in subordinated entities to amounts below their purchase price is recognized in the profit and loss account.

Impairment

At the end of each financial year and any time there are any indications of impairment, shares in related parties and goodwill are tested for impairment. Impairment losses are recognized in the profit and loss account.

The goodwill impairment test is based on a comparison of a recoverable amount of a company or a cash-generating unit and its carrying amount. If the value in use calculated as the present value of expected future net economic benefits discounted at the current market rate of return for similar financial assets, is lower than the carrying amount then an impairment loss is recognized in the profit and loss account. For companies quoted on an active market, the recoverable amount is estimated based on fair value.

Determining the recoverable amount of an entity or a cash-generating unit requires a professional judgment and assessment of assumptions, including among others: the entity's economic role, the discount rate, the risk-free rate, beta coefficient, activity of the market where the entity is quoted and projected cash flows.

12.2.3. Financial instruments

Financial instruments are classified upon purchase to the following categories

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

Financial assets and liabilities are recognized in the balance sheet when PZU becomes a party to a binding contract in which it assumes the risk and obtains the benefits associated with the financial instrument. In the case of transactions concluded on an organized market, the purchase or sale of financial assets and liabilities are recognized in the books on the date of the transaction.

Financial instruments are initially recognized at fair value adjusted for transaction costs that can be attributed directly to the purchase or issue of the financial instrument. The fair value of a financial instrument at initial recognition is usually its transaction price, unless the nature of the financial instrument suggests otherwise.

In the case of interest-bearing financial instruments, interest accrues from the day following the transaction settlement date.

The fair value of debt securities includes interest accrued as at the balance sheet date pursuant to the terms and conditions of issue, while taking into account the full amount of interest purchased but not settled and interest awarded but not paid.

Disposal of financial instruments is determined according to the "first in - first out" principle (FIFO).

Fair values of financial instruments are measured on the basis of quotations publicly available on an active market, and if there are no such quotations – using valuation models containing references to published price quotations of the underlying financial instruments, interest rates and stock exchange indices.

Exceptions include shares, whose fair value cannot be reliably estimated. In this situation, they are measured at purchase cost, while taking impairment losses into account.

Financial instruments held for trading

Financial instruments held for trading include assets purchased to obtain economic benefits arising from short-term price changes and fluctuations of other market factors or short term of the purchased instrument, as well as derivative instruments, provided they are not recognized as hedging instruments.

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

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

Financial instruments held for trading are measured at fair value.

Derivatives

Derivatives are carried in accounting ledgers at fair value on the transaction date and subsequently measured at fair value.

For derivatives quoted on an active market, the fair value is considered to be the closing price as at the balance sheet date.

The fair value of derivatives not quoted on an active market, including forward contracts and interest rate swaps (IRSs) is measured using the discounted future cash flow method. As regards currencies for which pertinent market data are available, the interest rate curves used for valuation are based on the assumption that risk-free rates are derived from OIS (overnight indexed swap) curves for the currency of the security deposit. For other currencies, interest rate curves are created on the basis of available quotations of derivatives.

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

Movement in fair value of non-hedging derivatives are recognized in the profit and loss account of the reporting period.

Financial assets held to maturity

Financial assets held to maturity include financial assets that are not classified as loans granted or own receivables, for which contracts specify the due repayment date of the nominal value and define the right to receive economic benefits in fixed or determinable amounts, for example interest, within the agreed dates, provided that PZU intends and is able to hold these assets until they become due and payable (in particular debt securities).

This classification is to a large extent based on the subjective judgment of the PZU Management Board, which declares its intention and ability to hold these financial instruments to maturity. Such a judgment is based on an analysis of the assets and financial situation and the matching of PZU's assets and liabilities.

Financial assets held to maturity are measured as at the balance sheet date at adjusted purchase price less impairment losses.

Loans granted and own receivables

Loans granted and own receivables include, irrespective of their maturity (payment) date, financial assets created as a result of releasing cash directly to the other contractual party.

Loans also include buy-sell-back transactions and term deposits with credit institutions, regardless of the maturity of a term deposit.

Loans granted, including term deposits and own receivables, are measured at adjusted purchase price less impairment losses.

Interest received and accrued on term deposits with credit institutions for the reporting period is recognized in the “Revenue from term deposits with credit institutions” line item in the non-technical profit and loss account.

Available for sale financial assets

Available for sale financial assets include assets not classified in the categories described above, i.e.:

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

Available for sale financial assets are measured at fair value and if fair value cannot be reliably measured – at purchase price less impairment.

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

The effects of revaluating available for sale debt instruments to the adjusted purchase price are recognized in the statement of profit or loss.

If impairment occurs in available for sale instruments then the impairment losses previously recognized in the revaluation reserve are charged to the non-technical profit and loss account.

If the reason for recognizing the impairment loss no longer exists, the equivalent of all or an appropriate part of the previously recognized impairment loss will be recognized in the non-technical profit and loss account.

Deposits with ceding enterprises

Deposits with ceding enterprises include claims deposits and premium deposits retained by the insurance companies to which PZU provides reinsurance cover. They constitute part of payments due to PZU but are retained as amounts securing future claims.

Deposits with ceding enterprises are measured at the payable amount calculated in accordance with the terms of the relevant reinsurance treaty; if the deposit is a financial instrument then the amount also takes into account the valuation of that instrument and any impairment losses.

Sale and purchase transactions of financial instruments, whose economic essence is different from the legal content

PZU believes that the conditional buy-and-sell-back transactions and sell-and-buy-back transactions do not signify a transfer of rights and duties associated with the specific financial instrument; accordingly, such transactions are classified accordingly as loans or liabilities. Such transactions are measured at adjusted purchase price.

Impairment of financial assets

The assessment of whether there is objective evidence of impairment of a financial asset or a group of financial assets is made at the end of each reporting period.

If there is objective evidence of impairment arising from events occurring after the initial recognition of financial assets and causing a decrease in expected future cash flows then appropriate impairment losses are recognized against costs of the current period. Losses expected as a result of future events, no matter how likely, are not recognized.

Objective evidence of impairment includes information on:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter liquidation, bankruptcy or other financial reorganization;
- lack of an active market for a given financial asset caused by the issuer's financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments or
 - adverse changes in the economic condition in a specific industry, region, etc. contributing to the deterioration of the debtors' capacity for repayment;
- significant or prolonged decline in the fair value of investments in an equity instrument below the purchase cost;
- adverse changes in the technology, market, economic, legal or other environment in which the issuer of an equity instrument operates indicating that costs of investment in that equity instrument may not be recovered.

If evidence of impairment occurs in available for sale financial instruments then the losses previously recognized in the revaluation reserve are charged to the profit and loss account.

Impairment losses for assets held to maturity and loans are calculated at the difference between the carrying amount of the assets and the present value of estimated future cash flows discounted by the effective interest rate determined on initial recognition (initial effective interest rate).

Impairment losses for equity instruments quoted on regulated markets, participation units in open-end mutual funds and closed-end mutual fund certificates classified as available for sale are recognized if the following conditions are jointly met:

- the negative difference between the present value and the purchase value is at least 30% of the purchase value;
- at the end of each of the consecutive 12 months, the value of the asset was lower than the purchase value.

No impairment loss is recognized if it is deemed that the events mentioned above may be reversed within 6 months of the balance sheet date or if there is any other evidence indicating the temporary nature of such declines.

International investments

International investments are investments located outside of Poland.

Location of an investment is determined by: in the case of assets listed on regulated markets – the country of their issuer, while in the case of other investments – the location where they are made, which means in particular:

- for debt securities, loans and receivables and other financial instruments with guaranteed income rates – issuer's country of domicile, borrower's country, debtor's country;
- for shares and other financial instruments offering the right to participate in equity – registered offices of that company;
- for participation units and investment certificates in mutual funds or in other collective investing funds – the country of the fund's manager.

Hedge accounting

The method in which the outcome of valuation of hedging and hedged positions is recognized depends on the type of hedge.

Prior to the establishment of a hedge, it is classified as a fair value hedge or a cash flow hedge.

For a fair value hedge, any gain or loss resulting from movement in fair value of the hedging instrument is recognized in the profit and loss account.

A gain or loss resulting from fair value measurement of a cash flow hedge instrument, in the part recognized as an effective hedge, is posted in the revaluation reserve. The effect of revaluation of a hedging instrument in the part recognized as an ineffective hedge is posted in investment income or expenses.

In the case of cash flow hedges from debt financial instruments with a variable interest rate involving an interest rate swap from a variable rate to a fixed rate, the amounts recognized in equity are reclassified to profit or loss of the current period in the same period or periods in which the expected hedged cash flows affect the current period's profit or loss.

12.3 Receivables

Receivables are recorded at the value determined upon their creation. As at the balance sheet date, receivables are measured at the amount of required payment less impairment losses. Impairment losses for uncollectible or doubtful receivables are recognized on the basis of an analysis of debtors' financial standing and property, analysis of the age structure of the receivables and the collection history, which offers insight into the probability of payment.

12.3.1. Receivables on direct insurance

Receivables on direct insurance include amounts receivable from policyholders on account of premiums paid in installments and past due premiums, receivables from insurance intermediaries, such as insurance brokers, agents and other intermediaries and other receivables.

Receivables from policyholders

PZU reviews receivables from policyholders in order to determine whether there is any indication of potential impairment.

A collective assessment of impairment of receivables is conducted, as a result of which a general impairment loss is estimated.

The general impairment loss is estimated on the basis of the assumed model for assessing impairment of receivables. In the model, the charge is determined by assessing impairment of receivables from policyholders grouped by similar credit risk characteristics.

For matured receivables, an age structure is prepared, depending on the past due period. A general charge is calculated in separate ranges of past due periods, based on the uncollectibility ratios determined through historical analysis.

For receivables before maturity, the value of the receivable that is likely to become due is determined based on a historical analysis of the percentage of the ratio of receivables that are not paid before maturity. Then, on this amount of receivables, an impairment loss is recognized in the amount corresponding to the uncollectibility ratio of matured receivables for the shortest past due period.

Impairment losses for receivables on direct insurance are posted to other technical charges.

12.3.2. Reinsurance receivables

Reinsurance receivables include receivables from ceding companies, reinsurers and reinsurance brokers resulting from inward reinsurance and outward reinsurance and retrocession. These receivables are related in particular to the reinsurers' share in claims paid out by the insurer, reinsurance commissions and share in the reinsurers' profits.

Impairment losses for receivables on reinsurance are posted to other technical charges.

12.3.3. Other receivables

Other receivables include, among others, receivables on account of due dividends, receivables from the state budget and receivables for acting as an emergency adjuster.

Impairment losses for other receivables are posted to other operating expenses.

12.4 Property, plant and equipment

Property, plant and equipment consist of tangible non-current assets excluding property classified as investments, with an expected useful life that is more than one year, complete, fit for use and intended for the purposes of PZU.

They include in particular:

- machinery, equipment, means of transport, IT hardware and other;
- improvements in fixed assets owned by third parties.

Property, plant and equipment are measured at the purchase price or production cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated from the first day of the month following the month in which they are accepted for use, using the straight-line method over their expected useful life, in line with the depreciation plan adopted by PZU corresponding to their estimated economic lives, using annual depreciation rates for the key components of a given category, which are presented below. In justified cases PZU may individually set depreciation rates according to the applicable depreciation schedule.

Asset category	Depreciation rate for key assets in each category
Machinery and technical equipment	10% - 40%
Means of transport	14% - 33%
IT hardware	14.30% - 40%
Other non-current assets	7% - 20%

Property, plant and equipment with unit values of PLN 3,500 or less are expensed in the month they are put into use.

12.5 Cash

Cash consists mainly of cash at hand and on current bank accounts and additionally bills of exchange, third party cheques and cash in transit.

Cash is recognized at its nominal value.

12.6 Prepayments and accruals

Prepayments and accruals include costs incurred and accrued related in whole or in part to periods following the balance sheet date; they include in particular costs related to insurance premiums that will be earned in subsequent periods (i.e. among others acquisition expenses, costs of mandatory fees, provided that they may have material influence on the financial statements).

In the case of property insurance, deferrals include acquisition commissions and a portion of indirect acquisition expenses related to the signing and renewals of insurance policies, in particular costs related directly to sales processes, which cannot be classified as direct acquisition expenses, in particular costs of activities related to: agreement origination processes and underwriting processes in sales units (separated by using working time questionnaires), automatic and manual entry of policies into production systems (registration of sales) and contact center operations related to the sales of policies.

12.6.1. Deferred tax assets

Deferred tax assets are recognized after set-off with deferred tax liabilities.

12.6.2. Prepaid expenses and accrued income

Expenses (including among others IT costs, costs of mandatory fees incurred in accordance with legal requirements, etc.) are accounted for according to the lapse of time or according to the amount of benefits, provided that they may have material effect on the financial statements.

Accruals include, among other things, accrued reinsurance income resulting from economic events, which occurred before the balance sheet date, that will be settled in the future in accordance with the terms and conditions of the contract.

12.6.3. Accrued expenses

Accrued expenses include expenses and capital expenditures of the current reporting period that will be incurred in the next period but that are not recognized as liabilities or provisions, including in particular acquisition expenses, costs of mandatory fees and outward reinsurance.

Accrued reinsurance expenses include, among other things, accrued expenses resulting from economic events, which occurred before the balance sheet date, that will be settled in the future in accordance with the terms and conditions of the contract.

12.6.4. Deferred income

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

12.7 Equity

12.7.1. Share capital

Share capital is posted at its nominal value registered in the National Court Register.

12.7.2. Supplementary capital

Supplementary capital is created and distributed in accordance with the provisions of the Commercial Company Code (consolidated text: Journal of Laws of 2019, Item 505, as amended, "CCC") and the PZU's Articles of Association.

Supplementary capital is created from the distribution of net profit from previous year and the transferred part of the revaluation reserve upon settlement of a sale or liquidation of previously restated fixed assets.

12.7.3. Revaluation reserve

This item captures the effects of:

- revaluation of shares in subordinated entities (above the purchase price only) after taking into account the corresponding change in deferred tax assets or liabilities;

- revaluation of investments classified into the available for sale portfolio (above and below the purchase price and, in the case of debt instruments, adjusted purchase price) after taking into account the corresponding change in deferred tax assets or liabilities;
- revaluation of fixed assets in accordance with the relevant regulations. Most recently, such revaluation of fixed assets was conducted as at 1 January 1995.

12.7.4. Retained earnings (losses)

This item includes the retained net profit (net loss) from previous years, including the net financial result resulting from changes in accounting principles, which has not been distributed (covered) by the Shareholder Meeting.

12.8 Technical provisions

Technical provisions are created to cover current and future claims and costs that may result from the concluded insurance agreements and inward reinsurance agreements. Provisions are recognized in accordance with the principle of prudence. Where the available information is not sufficient to calculate technical provisions in inward reinsurance in accordance with the methods set out below, technical provisions are created at a level documented by ceding companies.

12.8.1. Provision for unearned premiums

The provision for unearned premiums is intended to cover costs that may arise after the end of the reporting period under insurance agreements concluded before the end of the reporting period.

The provision for unearned premiums is created as gross written premium in future reporting periods, pro rata to the period for which the premium is written. The provision for unearned premiums is determined at the end of each reporting period using the individual method, with the precision of one day.

For the insurance classes where it has been determined that risks are distributed unevenly over time, provision for unearned premiums is recognized in amounts based on statistical distributions of this risk over time.

Reinsurers' share in provision for unearned premiums is set at the amount stated in the terms and conditions of the relevant reinsurance treaties in proportion to the reinsurance cover applicable to periods after the end of the reporting period.

12.8.2. Provision for unexpired risk

The provision for unexpired risk is recognized as an addition to the provision for unearned premiums to cover future claims, benefits and expenses in relation to insurance agreements that do not expire on the last day of the reporting period.

The provision for unexpired risk is calculated for insurance classes at the end of each reporting period.

The total amount of the provision for unexpired risk is determined for those insurance classes where the current year loss ratio is greater than 100%, as a difference between the product of the provision for unearned premiums and the loss ratio of the current financial year and the provision for unearned premiums for the same insurance period. Reinsurers' share in provision for unexpired risk is set at the amount stated in the terms and conditions of the relevant reinsurance treaties.

12.8.3. Provision for outstanding claims

Provision for outstanding claims includes:

- provision for outstanding claims for losses and accidents incurred and reported by the end of the reporting period (including a portion of provision for capitalized value of annuities);
- provision for losses and accidents incurred but not reported by the end of the reporting period (including a portion of provision for capitalized value of annuities);
- provision for claims handling costs.

All of the above provisions, except for the part relating to the provision for the capitalized value of annuities, are recognized at nominal value, i.e. without discounting them.

The provision for capitalized value of annuities is discounted.

Provision for claims reported but not paid

The provision for claims reported but not handled and handled but not paid (“RBNP”, Reported But Not Paid, or “1st provision”) is calculated on a case-by-case basis by claims handling units or, if available information is not sufficient to assess the provision amount, at the average claim amount determined using the actuarial method. The provision recognized takes into account the insured’s deductible, the expected increase in prices of goods and repair services and may not be greater than the sum insured or indemnity. The provision is updated as soon as information influencing its amount is available, on a case-by-case assessment or estimation of losses and claims.

Provision for losses and accidents incurred but not reported

Provision for losses and accidents incurred but not reported (“IBNR”, Incurred But Not Reported or “2nd provision”) is recognized for losses and claims that are not reported by the balance sheet date, as at which the provision is recognized. IBNR is calculated using the loss triangle analysis method: a generalized Chain Ladder method and for a small number or value of losses the Bornhuetter-Ferguson method, broken down by the years in which the losses occurred. The calculations are based on the annual triangles of claims paid and claims reported. When calculating the provision, the uncertainty related to bodily injury claims is taken into account. For such claims, changes in the legal environment and uncertain jurisprudence may affect the ultimate amount of benefits paid.

Provision for claims handling costs

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

The provision for direct claims handling costs for reported claims is calculated for each claim individually, and for claims incurred but not reported – using the generalized Chain Ladder method (based on the cost triangles analysis, broken down by the years in which the losses occurred).

The provision for indirect claims handling costs is calculated using the actuarial method, as a product of the ratio of the percentage of indirect claims handling costs in claims paid and direct claims handling costs and the sum of provision for claims reported but not paid and the provision for losses and accidents incurred but not reported and the provision for direct claims handling costs.

Provision for capitalized value of annuities

The provision for capitalized value of annuities is calculated on a case-by-case basis as the present value of an annuity (lifetime or temporary annuity) paid in advance.

For lifetime annuities, the period in which the annuity will be payable is determined using the life expectancy tables published by the Central Statistical Office. Additionally, the provision for capitalized value of annuities is calculated taking into account the cost of future handling services at 3% of the value of benefits paid.

When calculating the provision for the capitalized value of annuities, the future increase in average annuity is estimated based on historical data and taking into account other information that may contribute to an increase in annuities in the future (for example, growing insurance awareness, legislative changes, etc.).

Both as at 31 December 2019 and 31 December 2018, a technical rate of 3.6% was assumed for all annuities and an annuity growth rate of 3.9%, estimated on the basis of inflation and salary growth forecasts.

At the end of each reporting period, actuarial methods are used to recognize a provision for capitalized value of annuities arising from losses incurred after 31 December 1990 and not recognized as annuities until the balance sheet date (annuity IBNR).

At the end of each reporting period, the amount of additional provision is also calculated to cover costs resulting from the increase of annuity benefits from the “legacy portfolio”. The increases apply to those annuity beneficiaries, for whom a corresponding provision was calculated at the end of 1997 and the benefit at the end of the reporting period is lower than a certain percentage of the current value average wages in the years 1960-1990. According to the current rules, the difference between satisfactory benefits and actual benefits is calculated as the capitalized value of annuities.

Reinsurers' share in technical provisions

Reinsurers' share in provisions for outstanding claims is set at the amount stated in the terms and conditions of the relevant reinsurance treaties.

12.8.4. Equalization provision

Equalization provision is recognized in the amount that is intended to compensate for future variations of the net loss ratio in accordance with the regulation on accounting principles for insurers.

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

The provision is recognized for insurance agreements, which provide for increases in future benefits, including payment of insureds' share in profits.

The amount of the provision at the end of a period is determined based on the currently anticipated amount of the ultimate increase in benefits (or reduction of premiums) in direct proportion to premium earned at the end of the period.

12.8.6. Estimated salvage and subrogation

When calculating the future value of claim payments, PZU uses actuarial methods to estimate the expected future reimbursements of costs resulting from the assumption of claims against third parties (subrogation), ownership rights to insured property (salvage) and subsidies to cover part of the claims due to agricultural producers on account of drought losses payable to the Company in accordance with the Agricultural crop and livestock insurance act (consolidated text: Journal of Laws of 2019, Item 477). When estimating the level of subrogation, salvage and subrogation and subsidies, PZU takes into account the cost of collecting subrogation, salvage and costs related to the acquisition of subsidies.

The calculation of future salvage and subrogation is based on the annual triangles of salvage and subrogation received. The value of future salvage and subrogation is calculated using the generalized Chain Ladder method, broken down into the years in which the losses occurred.

When estimating the value of future reimbursements of costs resulting from the assumption of claims against third parties and ownership rights to the insured property, the percentage of the sum total of salvage and subrogation received and estimated to the cost of claims during the year the loss occurred may not be greater than the mean percentage of salvage and subrogation received in the cost of claims in three successive years of the loss directly preceding the year for which the determination is made.

12.9 Other provisions

The "Other provisions" line item contains provisions for certain or highly probable future costs resulting from past events whose amount or timing is uncertain but the amount can be reliably estimated. In particular, provisions are recognized for retirement severance pays, for unused holiday leaves, for losses from pending business transactions, extended guarantees and sureties, losses due to pending proceedings and third party claims.

"Other provisions" also include deferred tax liabilities after set-off against deferred tax assets.

The costs of recognizing provisions are classified as other net technical expenses, other operating expenses or administrative expenses, depending on the nature of the future liability.

12.9.1. Provisions for retirement or disability severance pay

Pursuant to the Labor Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2019, Item 1040, as amended, "Labor Code") PZU employees are entitled to a retirement or disability severance pay in the amount equal to one month's salary at the time of retirement or becoming entitled to disability benefit due to inability to work.

The costs of retirement and disability severance pay estimated using actuarial methods are recognized on an accrual basis by applying the forecast specific entitlements method.

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

12.9.2. Provision for unused holidays

The amount of the provision for unused holidays is determined using the liability method, based on the difference between the actual amount of holidays used by employees and the amount that would have been used if the holidays had been taken pro rata to the lapse of time in the period when the employees are entitled to the leaves in accordance with the applicable regulations.

12.9.3. Provisions for post-mortem benefits

By the power of the Labor Code, in the event of an employee's death during the term of employment or at the time of receiving a benefit for inability to work as a result of an illness, a family is entitled to a post-mortem benefit from the employer, the amount of which depends on the employee's tenure with the employer and is equal to the salary for a period of 1 to 6 months.

The provision for post-mortem benefits is measured at the present value of discounted cash flows.

12.10 Special-purpose liabilities and funds

12.10.1. Liabilities for reinsurers' deposits

Liabilities for reinsurers' deposits are recognized in the books in the amount of required payment in accordance with the signed reinsurance treaties.

12.10.2. Liabilities on the issue of own debt securities and drawn loans

Liabilities on the issue of own debt securities and drawn loans are recognized at the adjusted purchase price.

12.10.3. Other liabilities

Liabilities are shown in amounts that must be paid.

12.10.4. Special-purpose funds

The "Special-purpose funds" item includes:

- balance of the Company Social Benefit Fund ("ZFŚS"), which is created pursuant to the Company Social Benefit Fund Act of 4 March 1994 (consolidated text: Journal of Laws of 2019 Item 1352, as amended) and charged to costs. The Company Social Benefit Fund may also be increased, among others, by charges to net profit pursuant to resolutions adopted by the Shareholder Meeting;
- balance of the Prevention Fund, which is created from charges to costs, in accordance with the rules laid down in the Insurance Activity Act and the PZU's Articles of Association.

The balance of the special-purpose funds is augmented with the income resulting from investing the funds' financial resources.

12.11 Revenues on the sale of insurance services

Revenues from gross written premium are recognized as of the day of signing an insurance agreement, irrespective of the date when the insurance cover commences.

Reinsurers' share in premiums has been determined for those insurance groups for which there is reinsurance coverage, to the extent to which the premium is subject to cession according to the pertinent insurance contracts.

12.12 Investment activity revenues and expenses

12.12.1. Real estate income and real estate maintenance expenses

Income on real estate treated as investments, such as lease payments received, rental fees and other revenues associated with real estate management, are recognized in the "Investment income on real estate" item in the general profit and loss account

The cost of maintaining investment property is recognized in the "Real estate maintenance costs" item in the general profit and loss account.

The cost of maintaining own property is recognized in the revenue account of non-life insurance and to the “Administrative expenses” line item.

12.12.2. Income and cost related to debt securities

The result on remeasurement of debt securities to the adjusted purchase price is recognized as income on debt securities.

The difference between the fair value as at the balance sheet date and the value based on adjusted purchase price is recognized as follows:

- for debt securities (not included in the calculation of the reserve for capitalized value of annuity benefits and bonuses and rebates) classified as available for sale investments – under “Revaluation reserve”,
- for debt securities classified as held for trading investments – under “Unrealized investment gains” or “Unrealized investment losses”.

Gains/losses realized on the sale/redemption of debt securities are posted in the „Gains/losses on realization of investments” line item.

12.12.3. Gains and losses on shares, participation units and investment certificates in mutual funds

Unrealized gains and loss on the measurement of shares, participation units and investment certificates in mutual funds included in the held for trading investment portfolio are recognized as the difference between the fair value and the purchase price or the carrying amount at the end of the previous financial year (if they were purchased in previous years) in the “Unrealized investment gains/losses” line item.

Unrealized gains and losses on the measurement of shares, participation units and investment certificates in mutual funds included in available for sale investment portfolio and not included in the calculation of technical reserves, are recognized in the revaluation reserve.

Gains/losses on the sale of shares, participation units and investment certificates in mutual funds are recorded under “Gains/losses on realization of investments”

Impairment losses on investments for the reporting period are recognized under “Loss on revaluation of investments” while revenue from reversal of the impairment losses for the previous periods are recognized under “Gain on revaluation of investments”

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

12.12.4. Interest income on term deposits with credit institutions

Interest income on term deposits with credit institutions are recognized on an accrual basis i.e. all interest for a given reporting period is recognized notwithstanding the date of its receipt. If the deposit matures after the balance sheet date then interest is calculated according to the effective interest rate from the date following the deposit opening date up to and including the balance sheet date.

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

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

Due to the fact that the insurer’s shareholder funds are invested jointly and since these investments are not separated, the investment income to be transferred from the non-technical profit and loss account to the technical non-life insurance account in the reporting periods has been calculated as the product of the provision for capitalized value of annuities in the beginning of the month and the yield on State Treasury bonds held to maturity as recorded in that month, taking into account the pertinent investment activity expenses.

12.12.6. Investment activity expenses

Investment activity expenses are the internal and external expenses arising from the investment activity, including costs of managing investments, commissions charged by banks, commissions charged by brokerage houses and property depreciation

and maintenance costs, with the exception of depreciation and maintenance costs of own property classified as administrative expenses.

12.13 Costs of claims and benefits

The costs of the reporting period include all the costs of claims and benefits paid out for any and all losses and accidents occurring in the reporting period and in previous periods, including direct and indirect claim handling costs and the movement in the balance of provision for outstanding claims, less all subrogation, salvage and subsidies and the movement in the balance of estimated subrogation, salvage and subsidies.

Reinsurers' share in claims and benefits has been determined for those insurance groups, for which there is reinsurance coverage, to the extent to which the reinsurers participate in claims and benefits according to the terms and conditions of the pertinent reinsurance contracts in effect in a given period.

The claims handling expenses include direct and indirect costs associated with the performance of activities necessary to examine and close the reported claims or which support the activities necessary to examine and close reported claims.

12.14 Insurance activity expenses

Insurance activity expenses are recognized on an accrual basis proportionally to the revenues.

12.14.1. Acquisition expenses

Acquisition expenses include expenses related to the conclusion and extension of insurance agreements and inward reinsurance treaties. Direct acquisition expenses include, among others, cost of commission for insurance intermediaries, employee remuneration costs associated with the conclusion of insurance agreements, cost of attestations, expert opinions and studies associated with the assumed risk, cost of including a reinsurance treaty in the reinsurance portfolio as well as commissions and shares of cedents in profits. Indirect acquisition expenses include costs of advertising and promoting insurance products and costs associated with the examination of applications and issuing policies.

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

Acquisition expenses are deferred in line with the principles applicable to the determination of the provision for unearned premiums by recognizing an appropriate portion of expenses in "Capitalized acquisition expenses" and then amortizing them through the revenue account over the indemnity period. Movement in capitalized acquisition expenses adjusts the acquisition expenses item.

The deferred acquisition expenses are tested for impairment by the fact that they are included in the calculation of the provision for unexpired risk.

12.14.2. Administrative expenses

Administrative expenses include insurance activity expenses not classified as acquisition expenses, claims and benefits or investment activity expenses, associated with the collection of premiums, managing the insurance agreement portfolio, reinsurance contracts and overall management of the insurance company.

12.14.3. Reinsurance commissions and profit participation

Insurance activity expenses are adjusted by the amounts of reinsurance commissions and share in the profits of reinsurers and retrocessionaires, received or receivable from brokers and reinsurers (under outward reinsurance and retrocession activity). The value of reinsurance commissions received or receivable is adjusted by the amount of deferred reinsurance commissions in the part concerning future reporting periods.

12.15 Transactions in foreign currencies

Assets and liabilities denominated in foreign currencies are translated as at the balance sheet date using the average NBP exchange rate in effect on that date.

Business transactions denominated in foreign currencies are recognized in accounting ledgers as at their conclusion date at the average exchange rate determined for the currency by NBP on the date directly preceding the transaction, unless another rate has been stated in a customs application or another document binding on PZU.

12.16 Income tax

Income tax shown in the profit and loss account includes current and the deferred parts.

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

The deferred part posted in the profit and loss account is the difference between the balance of deferred tax liabilities and assets at the end and at the beginning of the reporting period with a reservation that the deferred tax liabilities and assets related to operations charged to equity are also charged to equity.

The level of deferred tax liabilities and assets is determined using the balance sheet method using the corporate income tax rates which are expected to be in effect when the asset or liability is realized, in accordance with the provisions of tax law issued in Poland by the balance sheet date.

As a company subject to Polish tax law, PZU can effectively set off tax receivables and tax liabilities by paying a net corporate income tax amount. This is why deferred tax liabilities and assets are presented in the financial statements after such a set off.

13. Significant differences between PAS and IFRS – identification, explanation and quantification

Since PZU prepared its first consolidated financial statements of PZU Group according to IFRS for the year ended 31 December 2005 and in those statements it presented comparable data for the previous year, 1 January 2004 is assumed to be the date of first-time adoption of IFRS by the PZU Group. Based on item 17 of Appendix D to IFRS 1, indication, explanation and quantification of material differences between PAS and IFRS are presented upon the assumption that PZU transitioned to IFRS for separate financial statements purposes as at 1 January 2004 (in order to calculate the differences between Polish GAAP and IFRS as presented below) even though PZU does not prepare standalone financial statements in accordance with IFRS.

Description of significant accounting differences between PAS and IFRS that would materially impact financial result or equity in PZU's standalone financial statements prepared in accordance with IFRS are presented below.

13.1 Measurement of subordinated entities

In standalone financial statements prepared in accordance with PAS, shares in related parties are measured using the equity method described in detail in section 12.2.2 of the Introduction to financial statements.

According to IAS 27, in IFRS standalone financial statements shares in subordinated entities would be measured at purchase price less any impairment losses.

13.2 Measurement of properties

Under the Regulation on accounting principles for insurers, all properties (both own and investment) are measured at purchase prices or production costs less accumulated depreciation and any impairment losses.

As at the date of first adoption of IFRS (i.e. 1 January 2004), production cost of own properties was determined, while the difference was recognized in retained earnings. In subsequent periods this led to a difference between the net carrying amount of accumulated depreciation and the depreciation charges for such properties.

According to IFRS, investment property is measured at the fair value determined as at the balance sheet date and any changes in the fair value during the reporting period are recognized in the profit and loss account for the period.

If own property is reclassified as investment property measured at fair value, depreciation continues until the reclassification date and the difference between the carrying amount and the fair value determined as at that date is charged to other comprehensive income.

13.3 Revaluation reserve for property, plant and equipment

According to the Accounting Act and pursuant to separate regulations concerning revaluation of property, plant and equipment in 1995, property, plant and equipment was revalued in Polish accounting records and the effects of this revaluation exercise were charged to revaluation reserve. This revaluation does not satisfy the requirements set forth in IAS 29.

13.4 Equalization provision in non-life insurance

The Regulation on accounting principles for insurers regulates the principles of creating and using the equalization provision. The provision does not refer to any specific liabilities arising from outstanding insurance policies. In accordance with PAS, movement in the provision amount constitutes an expense of the current period, while in accordance with IFRS it constitutes an allocation of net profit.

13.5 Prevention fund

According to the Insurance Activity Act, PZU may contribute to the Prevention Fund and expense such contributions in the current reporting period. According to the Regulation on accounting principles for insurers, this fund is recognized as special-purpose funds in liabilities.

According to IAS 37, these funds cannot be expensed in the current reporting period and are recognized as an allocation of net profit, while prevention activity expenses are recognized when incurred.

13.6 Company Social Benefit Fund

If the Shareholder Meeting of PZU decides to allocate a portion of net profit for the previous year to the Company Social Benefit Fund maintained by PZU the fact is recognized, in accordance with PAS, this is shown as allocation of previous year's net profit, which does not affect the financial result of the year in which such net financial result is allocated.

The above transaction meets the definition of a cost included in IFRS and, pursuant to the provisions of IAS 1, it is expensed in the profit and loss account of the financial year in which a portion of previous year's net profit is allocated to the Company Social Benefit Fund.

13.7 Actuarial gains and losses on employee provisions

In accordance with PAS, the calculation of provisions for retirement severance pay and post-mortem benefits includes actuarial gains and losses resulting from changes in demographic and financial assumptions. According to PAS, these gains and losses affect the financial result for the period.

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

13.8 Estimated salvage and subrogation

In accordance with PAS, as insurance companies calculate the ultimate amount of future payments of claims and benefit, they estimate the amount of expected future reimbursements of the company's costs resulting from the assumption of claims against third parties (subrogation), ownership rights to insured property (salvage) and subsidies. When estimating the value of future reimbursements of costs on account of salvage and subrogation, if operations in a given insurance class is conducted for more than 3 years then the percentage of the sum total of salvage and subrogation received and estimated to the cost of claims during the year the loss occurred may not be greater than the mean percentage of salvage and subrogation received in the cost of claims in three successive years of the loss directly preceding the year for which the determination is made.

According to IFRS, salvage and subrogation is recognized in the balance sheet and in the profit and loss account at the estimated value if the revenue on this account is virtually certain. Therefore the limitations in estimation do not apply.

13.9 Reclassification of mutual funds

In the standalone financial statements prepared according to PAS, participation units and investment certificates in mutual funds, to the extent that they cannot be classified as held for trading, are classified in the category of financial assets available for sale and the difference between their fair value and purchase price is recognized in the revaluation reserve. In accordance

with IFRS 9, the measurement of participation units and investment certificates in mutual funds is posted through the profit and loss account.

13.10 Deferred tax differences

Given the differences between PAS and IFRS, as described above, the impact of deferred tax differences associated with them has also been calculated and then included in the calculation of all the adjustments presented above, insofar as it was justified.

13.11 Reconciliation of equity and net financial result between PAS and IFRS

Description	Item	Net profit 1 January – 31 December 2019	Equity 31 December 2019	Net profit 1 January – 31 December 2018	Equity 31 December 2018
Standalone financial statements according to PAS		2,651,012	14,956,862	2,711,879	13,924,661
Measurement of subordinated entities ¹⁾	13.1	(18,542)	(4,489,157)	(11,451)	(4,207,099)
Measurement of properties	13.2, 13.3	(8,170)	59,956	(27,607)	62,548
Equalization provision in non-life insurance	13.4	(4,662)	611,222	34,321	615,885
Prevention fund	13.5	(3,757)	18,478	(5,527)	22,235
Company Social Benefit Fund	13.6	(7,323)	-	(6,714)	-
Actuarial gains and losses on employee provisions	13.7	(1,005)	-	3,226	-
Estimated salvage and subrogation	13.8	(3,316)	35,628	(4,199)	38,944
Reclassification of mutual funds	13.9	287,666	-	114,844	-
Other		11,442	(2,215)	(5,479)	(12,930)
Total adjustments		252,333	(3,766,088)	91,414	(3,480,417)
IFRS financial statements		2,903,345	11,190,774	2,803,293	10,444,244

¹⁾ PZU has never prepared and does not prepare standalone financial statements in accordance with IFRS. For the purposes of this note, it has been assumed in accordance with IAS 27 Separate Financial Statements that investments in subordinated entities under IFRS are measured at purchase cost less impairment losses.

Balance sheet and off-balance items

Assets	Note	31 December 2019	31 December 2018
I. Intangible assets, including:	1	316,213	334,945
- goodwill		-	-
II. Investments	2	36,659,625	37,570,748
1. Real property	2.3	332,768	347,027
2. Investments in related parties, including:	2.4	16,480,547	16,056,769
- investments in subordinated entities measured by the equity method		15,966,388	15,671,129
3. Other financial investments	2.5	19,846,310	21,166,952
4. Deposits with ceding enterprises		-	-
III. Net assets for life insurance where the policyholder bears the investment risk		-	-
IV. Receivables	3	2,084,819	2,343,246
1. Receivables on direct insurance	3.1	1,740,713	1,775,294
1.1. From related parties		2,581	1,777
1.2. From other entities		1,738,132	1,773,517
2. Reinsurance receivables	3.2	114,501	264,170
2.1. From related parties		84,424	176,656
2.2. From other entities		30,077	87,514
3. Other receivables	3.3	229,605	303,782
3.1. Receivables from the state budget		2,001	3,274
3.2. Other receivables		227,604	300,508
a) from subordinated entities		101,075	46,943
b) from other entities		126,529	253,565
V. Other assets	4	251,987	1,344,267
1. Property, plant and equipment	4.1	125,846	122,732
2. Cash	4.2	126,141	1,221,535
3. Other assets		-	-
VI. Prepayments and accruals	5	2,283,770	1,973,322
1. Deferred tax assets	5.1	-	-
2. Deferred acquisition costs		1,344,569	1,326,590
3. Accrued interest and rents		-	-
4. Other prepayments and accruals	5.2	939,201	646,732
VII. Unpaid share capital		-	-
VIII. Treasury shares		-	-
Total assets		41,596,414	43,566,528

Equity and liabilities	Note	31 December 2019	31 December 2018
I. Equity	7	14,956,862	13,924,661
1. Share capital	7.1	86,352	86,352
2. Supplementary capital	7.3	5,814,241	5,507,572
3. Revaluation reserve	7.4	6,405,257	5,599,176
4. Other reserve capital		-	-
5. Retained earnings (losses)		-	19,682
6. Net profit (loss)		2,651,012	2,711,879
7. Charges to net profit during the financial year (negative figure)		-	-
II. Subordinated liabilities	8	2,279,173	2,278,509
III. Technical provisions	9	23,114,021	22,443,470
IV. Reinsurers' share in technical provisions (negative figure)	9	(1,541,000)	(1,339,666)
V. Estimated salvage and subrogation (negative figure)	10	(107,764)	(105,532)
1. Gross estimated salvage and subrogation		(110,822)	(107,466)
2. Reinsurers' share in estimated salvage and subrogation		3,058	1,934
VI. Other provisions	0	562,642	443,726
1. Provisions for pension benefits and other compulsory employee benefits	11.1	45,681	42,039
2. Deferred tax liability	11.2	439,661	319,333
3. Other provisions	11.3	77,300	82,354
VII. Liabilities for reinsurers' deposits		-	-
VIII. Other liabilities and special-purpose funds	12	1,028,124	4,963,058
1. Liabilities on direct insurance	12.1	420,799	382,261
1.1. To related parties		13,937	3,808
1.2. To other entities		406,862	378,453
2. Reinsurance liabilities	12.2	78,341	248,600
2.1. To related parties		10,724	25,837
2.2. To other entities		67,617	222,763
3. Liabilities on the issue of own debt securities and drawn loans	12.3	-	3,677,344
4. Liabilities to credit institutions	12.4	12	125,349
5. Other liabilities	12.5	429,031	421,064
5.1. Liabilities to the state budget		74,570	85,770
5.2. Other liabilities		354,461	335,294
a) to subordinated entities		122,608	35,265
b) to other entities		231,853	300,029
6. Special-purpose funds	12.7	99,941	108,440
IX. Prepayments and accruals	13	1,304,356	958,302
1. Accrued expenses		1,241,848	909,084
2. Negative goodwill		-	-
3. Deferred income		62,508	49,218
Total equity and liabilities		41,596,414	43,566,528

Book value	14,956,862	13,924,661
Number of shares	863,523,000	863,523,000
Book value per share (PLN)	17.32	16.13
Diluted number of shares	863,523,000	863,523,000
Diluted book value per share (PLN)	17.32	16.13



Off-balance sheet items	Note	31 December 2019	31 December 2018
1. Contingent receivables, including:	15.1	4,256,977	4,489,902
1.1. Guarantees and sureties received		2,957	3,042
1.2. Other		4,254,020	4,486,860
2. Contingent liabilities, including:	15.2	1,149,099	4,620,124
2.1. Guarantees and sureties given		6,052	3,685,634
2.2. Accepted and endorsed bills of exchange		-	-
2.3. Assets subject to the obligation of resale		-	-
2.4. Other liabilities secured on assets or income		-	-
3. Reinsurance collateral instituted in favor of the insurance undertaking		-	-
4. Reinsurance collateral instituted by the insurance undertaking in favor of ceding companies		-	-
5. Third party assets not recognized in assets		122,054	109,782
6. Other off-balance sheet line items		-	-
Total off-balance sheet line items		5,528,130	9,219,808

Revenue account of non-life insurance

Revenue account of non-life insurance	Note	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)		12,303,091	12,085,601
1. Gross written premium	16	13,039,385	13,002,864
2. Reinsurers' share in gross written premium		752,517	619,830
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross		159,690	377,799
4. Reinsurers' share in the movement in provision for unearned premiums		175,913	80,366
II. Net investment income (including costs) transferred from the general profit and loss account		257,946	249,833
III. Other net technical income		153,920	160,352
IV. Claims and benefits (1+2)		7,760,354	7,519,948
1. Net claims and benefits paid		7,270,800	6,829,491
1.1. Gross claims and benefits paid	19	7,534,158	7,076,375
1.2. Reinsurers' share in claims and benefits paid		263,358	246,884
2. Movement in provision for outstanding claims and benefits, net of reinsurance		489,554	690,457
2.1. Movement in provision for outstanding claims and benefits, gross		513,712	795,812
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits		24,158	105,355
V. Movement in other technical provisions, net of reinsurance		-	-
1. Movement in other technical provisions, gross		-	-
2. Reinsurers' share in the movement in other technical provisions		-	-
VI. Net bonuses and discounts including movement in provisions		345	(495)
VII. Insurance activity expenses	22	3,146,349	2,993,116
1. Acquisition expenses, including:	22.1	2,489,125	2,371,050
- movement in deferred acquisition costs		(17,980)	(40,752)
2. Administrative expenses	22.2	703,514	654,807
3. Reinsurance commissions and profit participation		46,290	32,741
VIII. Net other technical charges		408,231	402,080
IX. Movement in equalization provision		(5,756)	42,371
X. Technical result of non-life insurance		1,405,434	1,538,766

General profit and loss account

General profit and loss account	Note	1 January – 31 December 2019	1 January – 31 December 2018
I. Technical result of non-life insurance or life insurance		1,405,434	1,538,766
II. Investment income		2,463,364	2,592,388
1. Investment income on real estate		5,820	5,606
2. Investment income from related parties		1,772,277	1,734,278
2.1. on ownership interests or shares		1,759,274	1,725,346
2.2. on borrowings and debt securities		11,491	8,847
2.3. on other investments		1,512	85
3. Other financial investment income		447,870	485,677
3.1. on ownership interests, shares, other variable income securities, participation units and investment certificates in mutual funds		11,310	11,184
3.2. on debt securities and other fixed income securities		404,826	416,886
3.3. on term deposits with credit institutions		(14,685)	(2,506)
3.4. on other investments		46,419	60,113
4. Gain on revaluation of investments		2,307	14,041
5. Gain on realization of investments		235,090	352,786
III. Unrealized investment gains		51,263	143,771
IV. Net investment income after including costs transferred from the technical life insurance account		-	-
V. Investment activity expenses		272,192	511,306
1. Real estate maintenance expenses		3,714	5,833
2. Other investment activity expenses		41,142	38,166
3. Loss on revaluation of investments		14	30,651
4. Loss on realization of investments		227,322	436,656
VI. Unrealized investment losses		38,194	84,540
VII. Net investment income after including costs transferred to the revenue account of non-life insurance		257,946	249,833
VIII. Other operating income	23	273,418	227,324
IX. Other operating expenses	24	660,314	674,281
X. Operating profit (loss)		2,964,833	2,982,289
XI. Extraordinary gains		-	-
XII. Extraordinary losses		-	-
XIII. Share of the profit (loss) of related parties measured by the equity method	27	18,543	11,451
XIV. Profit (loss) before tax		2,983,376	2,993,740
XV. Income tax	0	332,364	281,861
a) current part		338,602	327,859
b) deferred part		(6,238)	(45,998)
XVI. Other compulsory reductions in profit (increases in losses)		-	-
XVII. Net profit (loss)		2,651,012	2,711,879



Net profit (loss) (annualized)	2,651,012	2,711,879
Weighted average number of common shares	863,523,000	863,523,000
Profit (loss) per common share (PLN)	3.07	3.14
Weighted average diluted number of common shares	863,523,000	863,523,000
Diluted earnings (losses) per common share (PLN)	3.07	3.14

Statement of changes in equity

Statement of changes in equity	1 January – 31 December 2019	1 January – 31 December 2018
I. Equity at the beginning of the period (Opening Balance)	13,924,661	13,583,288
a) changes in the accepted accounting policies	-	-
b) corrections of errors - result of adjustments to comparative data made by Alior Bank	-	(22,811)
c) result of the final settlement of the acquisition of Bank Pekao	-	(116)
I.a. Equity at the beginning of the period (Opening Balance), after adjustments to ensure comparability	13,924,661	13,560,361
1. Share capital at the beginning of the period	86,352	86,352
1.1. Change in share capital	-	-
a) increases	-	-
b) decreases	-	-
1.2. Share capital at the end of the period	86,352	86,352
2. Supplementary capital at the beginning of the period	5,507,572	5,258,449
2.1. Change in supplementary capital	306,669	249,123
a) additions (by virtue of):	306,669	249,123
- distribution of profit (above the statutory minimum)	306,374	248,671
- from revaluation reserve – by disposals of fixed assets	295	452
b) decreases	-	-
2.2. Supplementary capital at the end of the period	5,814,241	5,507,572
3. Revaluation reserve at the beginning of the period	5,599,176	5,824,295
a) changes in the accepted accounting policies	-	-
b) corrections of errors – result of adjustments to comparative data made by Alior Bank	-	(42,493)
c) result of the final settlement of the acquisition of Bank Pekao	-	(116)
3.a. Revaluation reserve at the beginning of the period, after adjustments to ensure comparability	5,599,176	5,781,686
3.1. Change in the revaluation reserve	806,081	(182,510)
a) additions (by virtue of):	968,880	397,654
- valuation of financial investments	940,809	392,436
- transfer of impairment losses for available for sale investments	-	4,517
- additions by virtue of disposal of available for sale instruments	3,486	-
- additions by virtue of hedge accounting	24,585	-
- other, including reversals of impairment losses for real estate	-	701
b) reductions (by virtue of)	162,799	580,164
- valuation of financial investments	101,479	578,474
- reductions by virtue of the disposal of instruments available for sale	32,311	1,238
- sale of fixed assets	295	452
- reductions by virtue of hedge accounting	28,714	-
- other	-	-
3.2. Revaluation reserve at the end of the period	6,405,257	5,599,176
4. Other reserve capital at the beginning of the period	-	-
4.1. Change in other reserve capital	-	-
a) increases	-	-
b) decreases	-	-
4.2. Other reserve capital at the end of the period	-	-
5. Retained earnings (losses) at the beginning of the period	2,731,561	2,433,874
5.1. Retained earnings at the beginning of the period	2,731,561	2,433,874
a) changes in the accepted accounting policies	-	-
b) corrections of errors - result of adjustments to comparative data made by Alior Bank	-	5,473
c) result of the final purchase price allocation of the acquisition of the organized	-	19,682

Statement of changes in equity	1 January – 31 December 2019	1 January – 31 December 2018
part of Bank BPH SA by Alior Bank SA		
5.2. Retained earnings at the beginning of the period, after adjustments to ensure comparability	2,731,561	2,459,029
a) increases	-	-
b) decreases	2,731,561	2,433,874
- transfers to supplementary capital	306,374	248,671
- disbursement of dividends	2,417,864	2,158,807
- coverage of retained losses resulting from the final settlement of the acquisition of the organized part of the business of Bank BPH by Alior Bank	-	19,682
- transfers/charges to the Company Social Benefit Fund	7,323	6,714
5.3. Retained earnings at the end of the period	-	25,155
5.4. Retained losses at the beginning of the period	-	25,155
a) changes in the accepted accounting policies	-	-
b) corrections of errors	-	-
5.5. Retained losses at the beginning of the period, after adjustments to ensure comparability	-	25,155
a) increases	-	-
b) decreases	-	19,682
5.6. Retained losses at the end of the period	-	5,473
5.7. Retained earnings (losses) at the end of the period	-	19,682
6. Net result	2,651,012	2,711,879
a) net profit	2,651,012	2,711,879
b) net loss	-	-
c) charges to profit	-	-
II. Equity at the end of the period (Closing Balance)	14,956,862	13,924,661
III. Equity after taking into account the proposed distribution of profits (coverage of losses)	14,956,862	13,924,661

Cash flow statement

Cash flow statement	Note	1 January – 31 December 2019	1 January – 31 December 2018
A. Cash flows from operating activities			
I. Proceeds		14,438,482	14,614,281
1. Proceeds on direct activity and inward reinsurance		13,233,994	13,375,604
1.1. Proceeds on gross premiums		13,070,733	13,217,838
1.2. Proceeds on subrogation, salvage and claim refunds		136,701	133,370
1.3. Other proceeds on direct activity		26,560	24,396
2. Proceeds from outward reinsurance		382,164	373,382
2.1. Payments received from reinsurers for their share of claims paid		282,277	267,134
2.2. Proceeds on reinsurance commissions and profit participation		83,247	102,197
2.3. Other proceeds from outward reinsurance		16,640	4,051
3. Other proceeds from operating activity		822,324	865,295
3.1. Proceeds for acting as an emergency adjuster		360,547	287,012
3.2. Sale of intangible assets and non-investment property, plant and equipment		7,425	1,971
3.3. Other proceeds	28	454,352	576,312
II. Expenditures		13,317,836	12,703,438
1. Expenditures on direct activity and inward reinsurance		11,141,626	10,511,228
1.1. Gross premium refunds		272,824	319,061
1.2. Gross claims and benefits paid		6,971,858	6,398,673
1.3. Acquisition expenditures		1,705,833	1,632,359
1.4. Administrative expenditures		1,450,393	1,394,992
1.5. Expenditures for claims handling and pursuit of subrogation		322,824	317,272
1.6. Commissions paid and profit-sharing on inward reinsurance		272,868	303,887
1.7. Other expenditures on direct activity and inward reinsurance		145,026	144,984
2. Expenditures on outward reinsurance		576,286	510,675
2.1. Premiums paid for reinsurance		576,003	510,405
2.2. Other expenditures on outward reinsurance		283	270
3. Expenditures on other operating activity		1,599,924	1,681,535
3.1. Expenditures for acting as an emergency adjuster		175,692	209,452
3.2. Purchase of intangible assets and non-investment property, plant and equipment		107,156	101,232
3.3. Other operating expenditures	28	1,317,076	1,370,851
III. Net cash flows from operating activities (I-II)		1,120,646	1,910,843
B. Cash flows from investing activities			
I. Proceeds		213,107,377	148,405,819
1. Sale of real estate		16,806	22,531
2. Sale of ownership interests and shares in related parties		7,739	-
3. Sale of ownership interests and shares in other entities and participation units and investment certificates in mutual funds		239,999	33,714
4. Realization of debt securities issued by related parties and amortization of the loans granted to these parties		10,000	-
5. Realization of debt securities issued by other entities		8,661,781	11,602,126
6. Liquidation of term deposits with credit institutions		144,819,006	47,212,285
7. Realization of other investments		57,088,308	87,246,107
8. Proceeds from real estate		7,025	7,280
9. Interest received		484,673	538,995
10. Dividends received		1,759,995	1,725,346
11. Other investment proceeds		12,045	17,435
II. Expenditures		209,011,004	147,944,100
1. Purchase of real estate		3,079	3,922

Cash flow statement	Note	1 January – 31 December 2019	1 January – 31 December 2018
2. Purchase of ownership interests and shares in related parties		1,046	5,368
3. Purchase of ownership interests and shares in other entities, participation units and investment certificates in mutual funds		126,089	493,714
4. Purchase of debt securities issued by related parties and extension of loans to these parties		109,018	23,385
5. Purchase of debt securities issued by other entities		8,141,405	12,511,549
6. Purchase of term deposits with credit institutions		144,084,939	47,453,136
7. Purchase of other investments		56,460,378	87,374,494
8. Expenditures to maintain real estate		54,837	51,308
9. Other expenditures for investments		30,213	27,224
III. Net cash flows from investing activities (I-II)		4,096,373	461,719
C. Cash flows from financing activities			
I. Proceeds		24,964,616	58,419,387
1. Net proceeds from issuing shares and additional capital contributions		-	-
2. Loans, borrowings and issues of debt securities		24,964,616	58,419,387
3. Other financial proceeds		-	-
II. Expenditures		31,261,040	60,596,260
1. Dividends		2,417,864	2,158,807
2. Other expenditures for distribution of profits besides disbursement of dividends		-	-
3. Purchase of treasury shares		-	-
4. Amortization of loans and borrowings and redemption of own debt securities		28,710,674	58,297,524
5. Interest on loans and borrowings and issued debt securities		132,502	139,929
6. Other financial expenditures		-	-
III. Net cash flows from financing activities (I-II)		(6,296,424)	(2,176,873)
D. Total net cash flows (A.III+/-B.III+/-C.III)		(1,079,405)	195,689
E. Balance sheet change in cash, including:		(1,095,394)	239,383
- movement in cash due to foreign exchange differences		(15,989)	43,694
F. Cash at the beginning of the period		1,221,535	982,152
G. Cash at the end of the period (F+/-E), including:		126,141	1,221,535
- restricted cash	28.1	28,512	43,155

Revenue accounts – direct insurance

Revenue account – direct insurance – overall

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	11,393,298	11,187,636
1. Gross written premium	11,700,776	11,797,599
2. Reinsurers' share in gross written premium	285,778	259,513
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	38,007	346,839
4. Reinsurers' share in the movement in provision for unearned premiums	16,307	(3,611)
II. Net investment income (including costs) transferred from the general profit and loss account	257,946	249,833
III. Other net technical income	146,967	126,919
IV. Claims and benefits (1+2)	7,131,378	6,863,417
1. Net claims and benefits paid	6,789,626	6,405,854
1.1. Gross claims and benefits paid	6,852,362	6,532,611
1.2. Reinsurers' share in claims and benefits paid	62,736	126,757
2. Movement in provision for outstanding claims and benefits, net of reinsurance	341,752	457,563
2.1. Movement in provision for outstanding claims and benefits, gross	401,798	411,980
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	60,046	(45,583)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	62	90
VII. Insurance activity expenses	2,881,886	2,722,910
1. Acquisition expenses, including:	2,224,446	2,099,841
- movement in deferred acquisition costs	(70,455)	(95,535)
2. Administrative expenses	679,408	636,052
3. Reinsurance commissions and profit participation	21,968	12,983
VIII. Net other technical charges	397,854	402,488
IX. Movement in equalization provision	(5,512)	37,511
X. Technical result of non-life insurance	1,392,543	1,537,972

Revenue account – direct insurance

STATUTORY GROUP 1 Accident insurance, including industrial injury and occupational diseases

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	390,001	389,268
1. Gross written premium	436,093	398,828
2. Reinsurers' share in gross written premium	21,567	109
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	43,027	17,468
4. Reinsurers' share in the movement in provision for unearned premiums	18,502	8,017
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	3,807	1,731
IV. Claims and benefits (1+2)	110,124	110,185
1. Net claims and benefits paid	103,166	109,744
1.1. Gross claims and benefits paid	103,166	109,744
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	6,958	441
2.1. Movement in provision for outstanding claims and benefits, gross	6,960	441
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	2	-
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	133,876	128,733
1. Acquisition expenses, including:	94,818	87,754
- movement in deferred acquisition costs	(30,272)	(5,498)
2. Administrative expenses	41,188	41,518
3. Reinsurance commissions and profit participation	2,130	539
VIII. Net other technical charges	4,664	3,950
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	145,144	148,131

Revenue account – direct insurance

STATUTORY GROUP 2 Sickness insurance

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	6,014	6,378
1. Gross written premium	6,028	6,280
2. Reinsurers' share in gross written premium	3	(2)
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	13	(97)
4. Reinsurers' share in the movement in provision for unearned premiums	2	(1)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	32	12
IV. Claims and benefits (1+2)	3,161	2,983
1. Net claims and benefits paid	3,003	3,105
1.1. Gross claims and benefits paid	3,003	3,105
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	158	(122)
2.1. Movement in provision for outstanding claims and benefits, gross	158	(122)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	2,332	2,413
1. Acquisition expenses, including:	1,496	1,549
- movement in deferred acquisition costs	(2)	28
2. Administrative expenses	836	864
3. Reinsurance commissions and profit participation	-	-
VIII. Net other technical charges	84	45
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	469	949

Revenue account – direct insurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	3,225,486	3,093,624
1. Gross written premium	3,219,818	3,230,445
2. Reinsurers' share in gross written premium	8,084	8,496
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(13,956)	128,278
4. Reinsurers' share in the movement in provision for unearned premiums	(204)	(47)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	30,613	22,317
IV. Claims and benefits (1+2)	2,201,658	1,991,832
1. Net claims and benefits paid	2,113,203	1,954,678
1.1. Gross claims and benefits paid	2,113,225	1,954,904
1.2. Reinsurers' share in claims and benefits paid	22	226
2. Movement in provision for outstanding claims and benefits, net of reinsurance	88,455	37,154
2.1. Movement in provision for outstanding claims and benefits, gross	88,408	37,138
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(47)	(16)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	(14)
VII. Insurance activity expenses	748,410	704,428
1. Acquisition expenses, including:	622,331	587,165
- movement in deferred acquisition costs	1,279	(21,981)
2. Administrative expenses	124,727	113,292
3. Reinsurance commissions and profit participation	(1,352)	(3,971)
VIII. Net other technical charges	52,329	46,822
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	253,702	372,873

Revenue account – direct insurance

STATUTORY GROUP 4 Casco insurance of railway rolling stock

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	5,799	5,513
1. Gross written premium	4,041	9,246
2. Reinsurers' share in gross written premium	974	2,822
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(3,406)	2,292
4. Reinsurers' share in the movement in provision for unearned premiums	(674)	1,381
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	192	5
IV. Claims and benefits (1+2)	3,549	3,195
1. Net claims and benefits paid	2,909	3,342
1.1. Gross claims and benefits paid	3,409	4,519
1.2. Reinsurers' share in claims and benefits paid	500	1,177
2. Movement in provision for outstanding claims and benefits, net of reinsurance	640	(147)
2.1. Movement in provision for outstanding claims and benefits, gross	301	275
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(339)	422
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	(14)	(35)
VII. Insurance activity expenses	1,479	1,414
1. Acquisition expenses, including:	1,511	1,427
- movement in deferred acquisition costs	659	(435)
2. Administrative expenses	206	230
3. Reinsurance commissions and profit participation	238	243
VIII. Net other technical charges	112	274
IX. Movement in equalization provision	290	276
X. Technical result of non-life insurance	575	394

Revenue account – direct insurance

STATUTORY GROUP 5 Casco insurance of aircraft

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	6,016	6,642
1. Gross written premium	7,427	7,643
2. Reinsurers' share in gross written premium	1,376	429
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	79	613
4. Reinsurers' share in the movement in provision for unearned premiums	44	41
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	225	45
IV. Claims and benefits (1+2)	2,733	1,786
1. Net claims and benefits paid	4,036	3,260
1.1. Gross claims and benefits paid	4,036	3,260
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(1,303)	(1,474)
2.1. Movement in provision for outstanding claims and benefits, gross	(1,331)	(1,582)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(28)	(108)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	(1)	(2)
VII. Insurance activity expenses	1,574	1,465
1. Acquisition expenses, including:	1,399	1,301
- movement in deferred acquisition costs	(45)	(143)
2. Administrative expenses	200	181
3. Reinsurance commissions and profit participation	25	17
VIII. Net other technical charges	169	161
IX. Movement in equalization provision	(27)	332
X. Technical result of non-life insurance	1,793	2,945

Revenue account – direct insurance

STATUTORY GROUP 6 Insurance of maritime and inland waterway vessels

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	16,685	19,050
1. Gross written premium	21,000	21,825
2. Reinsurers' share in gross written premium	4,261	1,126
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(332)	2,789
4. Reinsurers' share in the movement in provision for unearned premiums	(386)	1,140
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	442	3,070
IV. Claims and benefits (1+2)	14,368	12,179
1. Net claims and benefits paid	10,926	13,173
1.1. Gross claims and benefits paid	12,458	14,213
1.2. Reinsurers' share in claims and benefits paid	1,532	1,040
2. Movement in provision for outstanding claims and benefits, net of reinsurance	3,442	(994)
2.1. Movement in provision for outstanding claims and benefits, gross	3,326	(993)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(116)	1
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	4,181	4,205
1. Acquisition expenses, including:	3,801	3,685
- movement in deferred acquisition costs	148	(376)
2. Administrative expenses	525	599
3. Reinsurance commissions and profit participation	145	79
VIII. Net other technical charges	434	516
IX. Movement in equalization provision	(75)	952
X. Technical result of non-life insurance	(1,781)	4,268

Revenue account – direct insurance

STATUTORY GROUP 7 Insurance of goods in transit

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	8,347	7,983
1. Gross written premium	11,060	10,912
2. Reinsurers' share in gross written premium	2,246	1,628
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	587	(101)
4. Reinsurers' share in the movement in provision for unearned premiums	120	(1,402)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	223	69
IV. Claims and benefits (1+2)	4,331	1,088
1. Net claims and benefits paid	2,112	2,059
1.1. Gross claims and benefits paid	2,112	2,125
1.2. Reinsurers' share in claims and benefits paid	-	66
2. Movement in provision for outstanding claims and benefits, net of reinsurance	2,219	(971)
2.1. Movement in provision for outstanding claims and benefits, gross	2,199	(973)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(20)	(2)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	1
VII. Insurance activity expenses	4,550	3,944
1. Acquisition expenses, including:	3,029	3,104
- movement in deferred acquisition costs	(113)	(300)
2. Administrative expenses	1,585	948
3. Reinsurance commissions and profit participation	64	108
VIII. Net other technical charges	239	380
IX. Movement in equalization provision	(69)	69
X. Technical result of non-life insurance	(481)	2,570

Revenue account – direct insurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	1,143,190	1,121,431
1. Gross written premium	1,282,126	1,236,539
2. Reinsurers' share in gross written premium	76,981	72,409
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	59,614	41,719
4. Reinsurers' share in the movement in provision for unearned premiums	(2,341)	(980)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	6,987	4,523
IV. Claims and benefits (1+2)	559,554	410,708
1. Net claims and benefits paid	518,934	442,700
1.1. Gross claims and benefits paid	522,849	453,294
1.2. Reinsurers' share in claims and benefits paid	3,915	10,594
2. Movement in provision for outstanding claims and benefits, net of reinsurance	40,620	(31,992)
2.1. Movement in provision for outstanding claims and benefits, gross	45,787	(34,335)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	5,167	(2,343)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	5	42
VII. Insurance activity expenses	388,589	346,925
1. Acquisition expenses, including:	288,766	259,657
- movement in deferred acquisition costs	(20,439)	(18,991)
2. Administrative expenses	102,858	89,848
3. Reinsurance commissions and profit participation	3,035	2,580
VIII. Net other technical charges	41,630	43,185
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	160,399	325,094

Revenue account – direct insurance

STATUTORY GROUP 9 Insurance of other all to or loss of property (other than property included in groups 3, 4, 5, 6 or 7) due to hail or frost and any event (such as theft), other than those mentioned under 8

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	864,664	873,952
1. Gross written premium	964,484	952,598
2. Reinsurers' share in gross written premium	70,182	77,732
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	27,531	(2,519)
4. Reinsurers' share in the movement in provision for unearned premiums	(2,107)	(3,433)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	5,099	5,914
IV. Claims and benefits (1+2)	445,572	384,237
1. Net claims and benefits paid	424,817	376,880
1.1. Gross claims and benefits paid	429,002	434,384
1.2. Reinsurers' share in claims and benefits paid	4,185	57,504
2. Movement in provision for outstanding claims and benefits, net of reinsurance	20,755	7,357
2.1. Movement in provision for outstanding claims and benefits, gross	35,194	(42,633)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	14,439	(49,990)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	(3)	19
VII. Insurance activity expenses	269,708	269,689
1. Acquisition expenses, including:	218,610	211,211
- movement in deferred acquisition costs	261	(10,398)
2. Administrative expenses	54,370	61,547
3. Reinsurance commissions and profit participation	3,272	3,069
VIII. Net other technical charges	10,058	9,810
IX. Movement in equalization provision	14,495	40,611
X. Technical result of non-life insurance	129,933	175,500

Revenue account – direct insurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	4,533,144	4,550,144
1. Gross written premium	4,441,049	4,671,733
2. Reinsurers' share in gross written premium	20,067	25,480
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(111,961)	94,739
4. Reinsurers' share in the movement in provision for unearned premiums	201	(1,370)
II. Net investment income (including costs) transferred from the general profit and loss account	238,511	232,437
III. Other net technical income	83,158	71,787
IV. Claims and benefits (1+2)	3,245,579	3,375,193
1. Net claims and benefits paid	3,064,711	2,996,579
1.1. Gross claims and benefits paid	3,086,083	3,015,544
1.2. Reinsurers' share in claims and benefits paid	21,372	18,965
2. Movement in provision for outstanding claims and benefits, net of reinsurance	180,868	378,614
2.1. Movement in provision for outstanding claims and benefits, gross	208,468	360,104
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	27,600	(18,510)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	(24)
VII. Insurance activity expenses	940,712	900,250
1. Acquisition expenses, including:	700,366	670,020
- movement in deferred acquisition costs	7,253	(21,694)
2. Administrative expenses	239,024	225,149
3. Reinsurance commissions and profit participation	(1,322)	(5,081)
VIII. Net other technical charges	266,388	271,813
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	402,134	307,136

Revenue account – direct insurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	5,012	4,963
1. Gross written premium	7,178	5,993
2. Reinsurers' share in gross written premium	1,867	(612)
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	566	796
4. Reinsurers' share in the movement in provision for unearned premiums	267	(846)
II. Net investment income (including costs) transferred from the general profit and loss account	39	47
III. Other net technical income	132	68
IV. Claims and benefits (1+2)	(2,473)	(1,445)
1. Net claims and benefits paid	752	802
1.1. Gross claims and benefits paid	919	802
1.2. Reinsurers' share in claims and benefits paid	167	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(3,225)	(2,247)
2.1. Movement in provision for outstanding claims and benefits, gross	(823)	(2,435)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	2,402	(188)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	2,466	2,330
1. Acquisition expenses, including:	1,988	1,870
- movement in deferred acquisition costs	(135)	27
2. Administrative expenses	517	494
3. Reinsurance commissions and profit participation	39	34
VIII. Net other technical charges	299	171
IX. Movement in equalization provision	(15)	241
X. Technical result of non-life insurance	4,906	3,781

Revenue account – direct insurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	1,674	1,580
1. Gross written premium	3,000	3,023
2. Reinsurers' share in gross written premium	1,244	692
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	18	425
4. Reinsurers' share in the movement in provision for unearned premiums	(64)	(326)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	64	808
IV. Claims and benefits (1+2)	782	500
1. Net claims and benefits paid	431	591
1.1. Gross claims and benefits paid	476	591
1.2. Reinsurers' share in claims and benefits paid	45	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	351	(91)
2.1. Movement in provision for outstanding claims and benefits, gross	340	(212)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(11)	(121)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	778	934
1. Acquisition expenses, including:	617	713
- movement in deferred acquisition costs	60	1
2. Administrative expenses	177	226
3. Reinsurance commissions and profit participation	16	5
VIII. Net other technical charges	48	66
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	130	888

Revenue account – direct insurance

STATUTORY GROUP 13 General liability – third party liability not included in groups 10-12

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	665,737	652,255
1. Gross written premium	703,090	682,821
2. Reinsurers' share in gross written premium	24,377	22,457
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	12,705	9,082
4. Reinsurers' share in the movement in provision for unearned premiums	(271)	973
II. Net investment income (including costs) transferred from the general profit and loss account	19,396	17,349
III. Other net technical income	12,355	7,998
IV. Claims and benefits (1+2)	311,649	370,525
1. Net claims and benefits paid	328,108	297,715
1.1. Gross claims and benefits paid	335,204	303,918
1.2. Reinsurers' share in claims and benefits paid	7,096	6,203
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(16,459)	72,810
2.1. Movement in provision for outstanding claims and benefits, gross	(10,665)	114,910
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	5,794	42,100
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	(4)	(34)
VII. Insurance activity expenses	207,165	194,494
1. Acquisition expenses, including:	166,753	159,528
- movement in deferred acquisition costs	(4,457)	(5,045)
2. Administrative expenses	42,608	37,731
3. Reinsurance commissions and profit participation	2,196	2,765
VIII. Net other technical charges	17,122	16,518
IX. Movement in equalization provision	(20,971)	-
X. Technical result of non-life insurance	182,527	96,099

Revenue account – direct insurance

STATUTORY GROUP 14 Credit insurance

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	12,798	15,888
1. Gross written premium	16,482	16,927
2. Reinsurers' share in gross written premium	3,149	1,395
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	841	(611)
4. Reinsurers' share in the movement in provision for unearned premiums	306	(255)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	116	181
IV. Claims and benefits (1+2)	9,362	2,867
1. Net claims and benefits paid	2,891	2,693
1.1. Gross claims and benefits paid	4,567	4,305
1.2. Reinsurers' share in claims and benefits paid	1,676	1,612
2. Movement in provision for outstanding claims and benefits, net of reinsurance	6,471	174
2.1. Movement in provision for outstanding claims and benefits, gross	12,443	252
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	5,972	78
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	135	238
VII. Insurance activity expenses	4,257	4,077
1. Acquisition expenses, including:	1,916	2,208
- movement in deferred acquisition costs	(189)	(113)
2. Administrative expenses	3,110	2,220
3. Reinsurance commissions and profit participation	769	351
VIII. Net other technical charges	38	60
IX. Movement in equalization provision	-	1,864
X. Technical result of non-life insurance	(878)	6,963

Revenue account – direct insurance

STATUTORY GROUP 15 Insurance bond

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	34,051	8,162
1. Gross written premium	47,218	55,342
2. Reinsurers' share in gross written premium	29,923	29,872
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(11,755)	21,412
4. Reinsurers' share in the movement in provision for unearned premiums	5,001	4,104
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	510	3,188
IV. Claims and benefits (1+2)	13,061	18,187
1. Net claims and benefits paid	12,475	16,387
1.1. Gross claims and benefits paid	33,214	30,033
1.2. Reinsurers' share in claims and benefits paid	20,739	13,646
2. Movement in provision for outstanding claims and benefits, net of reinsurance	586	1,800
2.1. Movement in provision for outstanding claims and benefits, gross	909	2,505
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	323	705
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	12,831	9,069
1. Acquisition expenses, including:	11,216	12,705
- movement in deferred acquisition costs	(4,482)	(1,053)
2. Administrative expenses	9,803	8,027
3. Reinsurance commissions and profit participation	8,188	11,663
VIII. Net other technical charges	130	2,886
IX. Movement in equalization provision	1,702	(5,192)
X. Technical result of non-life insurance	6,837	(13,600)

Revenue account – direct insurance

STATUTORY GROUP 16 Insurance of various financial risks

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	66,497	61,709
1. Gross written premium	109,129	91,390
2. Reinsurers' share in gross written premium	19,686	14,763
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	21,414	12,355
4. Reinsurers' share in the movement in provision for unearned premiums	(1,532)	(2,563)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	1,990	4,410
IV. Claims and benefits (1+2)	13,773	4,665
1. Net claims and benefits paid	11,202	4,487
1.1. Gross claims and benefits paid	12,689	20,211
1.2. Reinsurers' share in claims and benefits paid	1,487	15,724
2. Movement in provision for outstanding claims and benefits, net of reinsurance	2,571	178
2.1. Movement in provision for outstanding claims and benefits, gross	1,479	(17,433)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(1,092)	(17,611)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	(56)	(101)
VII. Insurance activity expenses	46,042	42,491
1. Acquisition expenses, including:	23,411	16,353
- movement in deferred acquisition costs	(17,546)	(10,360)
2. Administrative expenses	27,158	26,714
3. Reinsurance commissions and profit participation	4,527	576
VIII. Net other technical charges	958	2,789
IX. Movement in equalization provision	(1,346)	(1,600)
X. Technical result of non-life insurance	9,116	17,875

Revenue account – direct insurance

STATUTORY GROUP 17 Legal expenses insurance

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	10,077	9,580
1. Gross written premium	10,601	9,822
2. Reinsurers' share in gross written premium	-	-
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	524	242
4. Reinsurers' share in the movement in provision for unearned premiums	-	-
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	8	8
IV. Claims and benefits (1+2)	3,119	5,239
1. Net claims and benefits paid	2,344	1,942
1.1. Gross claims and benefits paid	2,344	1,942
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	775	3,297
2.1. Movement in provision for outstanding claims and benefits, gross	775	3,297
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	3,999	3,890
1. Acquisition expenses, including:	3,103	3,118
- movement in deferred acquisition costs	(70)	119
2. Administrative expenses	896	772
3. Reinsurance commissions and profit participation	-	-
VIII. Net other technical charges	53	62
IX. Movement in equalization provision	504	(42)
X. Technical result of non-life insurance	2,410	439

Revenue account – direct insurance

STATUTORY GROUP 18 Assistance insurance for persons who get into difficulties while traveling or while away from their permanent residence

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	398,106	359,514
1. Gross written premium	410,952	386,232
2. Reinsurers' share in gross written premium	(209)	717
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	12,498	17,957
4. Reinsurers' share in the movement in provision for unearned premiums	(557)	(8,044)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	1,014	785
IV. Claims and benefits (1+2)	191,476	169,493
1. Net claims and benefits paid	183,606	175,717
1.1. Gross claims and benefits paid	183,606	175,717
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	7,870	(6,224)
2.1. Movement in provision for outstanding claims and benefits, gross	7,870	(6,224)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	108,937	102,159
1. Acquisition expenses, including:	79,315	76,473
- movement in deferred acquisition costs	(2,365)	677
2. Administrative expenses	29,620	25,692
3. Reinsurance commissions and profit participation	(2)	6
VIII. Net other technical charges	3,099	2,980
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	95,608	85,667

Revenue accounts – inward reinsurance

Revenue account – direct insurance – inward reinsurance overall

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	909,793	897,965
1. Gross written premium	1,338,609	1,205,265
2. Reinsurers' share in gross written premium	466,739	360,317
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	121,683	30,960
4. Reinsurers' share in the movement in provision for unearned premiums	159,606	83,977
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	6,953	33,433
IV. Claims and benefits (1+2)	628,976	656,531
1. Net claims and benefits paid	481,174	423,637
1.1. Gross claims and benefits paid	681,796	543,764
1.2. Reinsurers' share in claims and benefits paid	200,622	120,127
2. Movement in provision for outstanding claims and benefits, net of reinsurance	147,802	232,894
2.1. Movement in provision for outstanding claims and benefits, gross	111,914	383,832
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(35,888)	150,938
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	283	(585)
VII. Insurance activity expenses	264,463	270,206
1. Acquisition expenses, including:	264,679	271,209
- movement in deferred acquisition costs	52,475	54,783
2. Administrative expenses	24,106	18,755
3. Reinsurance commissions and profit participation	24,322	19,758
VIII. Net other technical charges	10,377	(408)
IX. Movement in equalization provision	(244)	4,860
X. Technical result of non-life insurance	12,891	794

In 2019 and 2018, PZU conducted inward reinsurance operations in all the accounting classes except for class 9.

Revenue account – inward reinsurance

ACCOUNTING CLASS 1 Accident and sickness insurance (groups 1 and 2)

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	10,791	4,810
1. Gross written premium	19,160	11,088
2. Reinsurers' share in gross written premium	191	158
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	8,192	6,195
4. Reinsurers' share in the movement in provision for unearned premiums	14	75
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	933	3,618
IV. Claims and benefits (1+2)	5,703	7,145
1. Net claims and benefits paid	5,838	6,428
1.1. Gross claims and benefits paid	5,842	6,450
1.2. Reinsurers' share in claims and benefits paid	4	22
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(135)	717
2.1. Movement in provision for outstanding claims and benefits, gross	(189)	793
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(54)	76
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	3,258	4,034
1. Acquisition expenses, including:	2,501	3,501
- movement in deferred acquisition costs	(462)	(866)
2. Administrative expenses	766	538
3. Reinsurance commissions and profit participation	9	5
VIII. Net other technical charges	802	930
IX. Movement in equalization provision	539	(650)
X. Technical result of non-life insurance	1,422	(3,031)

Revenue account – inward reinsurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	677,296	688,498
1. Gross written premium	676,236	720,585
2. Reinsurers' share in gross written premium	20,407	21,828
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(20,893)	10,806
4. Reinsurers' share in the movement in provision for unearned premiums	574	547
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	2,014	6,073
IV. Claims and benefits (1+2)	500,365	499,269
1. Net claims and benefits paid	351,080	366,442
1.1. Gross claims and benefits paid	351,080	366,442
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	149,285	132,827
2.1. Movement in provision for outstanding claims and benefits, gross	163,796	156,648
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	14,511	23,821
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	207	157
VII. Insurance activity expenses	206,237	211,456
1. Acquisition expenses, including:	195,119	202,837
- movement in deferred acquisition costs	10,684	(8,356)
2. Administrative expenses	11,370	8,733
3. Reinsurance commissions and profit participation	252	114
VIII. Net other technical charges	1,359	987
IX. Movement in equalization provision	-	5,852
X. Technical result of non-life insurance	(28,858)	(23,150)

Revenue account – inward reinsurance

ACCOUNTING CLASS 3 Other motor insurance (group 3)

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	20,676	18,838
1. Gross written premium	6,680	14,156
2. Reinsurers' share in gross written premium	490	454
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(14,398)	(4,895)
4. Reinsurers' share in the movement in provision for unearned premiums	88	241
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	711	3,304
IV. Claims and benefits (1+2)	14,093	14,006
1. Net claims and benefits paid	15,080	13,656
1.1. Gross claims and benefits paid	15,294	13,656
1.2. Reinsurers' share in claims and benefits paid	214	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(987)	350
2.1. Movement in provision for outstanding claims and benefits, gross	(987)	350
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	14,019	7,729
1. Acquisition expenses, including:	8,681	3,658
- movement in deferred acquisition costs	5,235	4,475
2. Administrative expenses	5,339	4,073
3. Reinsurance commissions and profit participation	1	2
VIII. Net other technical charges	19	1,186
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	(6,744)	(779)

Revenue account – inward reinsurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	10,754	6,347
1. Gross written premium	18,081	10,978
2. Reinsurers' share in gross written premium	7,264	2,920
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	4,741	3,470
4. Reinsurers' share in the movement in provision for unearned premiums	4,678	1,759
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	38	319
IV. Claims and benefits (1+2)	2,011	2,536
1. Net claims and benefits paid	983	6,038
1.1. Gross claims and benefits paid	983	6,038
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	1,028	(3,502)
2.1. Movement in provision for outstanding claims and benefits, gross	1,684	(3,503)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	656	(1)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	1,610	1,148
1. Acquisition expenses, including:	1,652	1,179
- movement in deferred acquisition costs	(410)	(295)
2. Administrative expenses	132	63
3. Reinsurance commissions and profit participation	174	94
VIII. Net other technical charges	254	(92)
IX. Movement in equalization provision	(23)	317
X. Technical result of non-life insurance	6,940	2,757

Revenue account – inward reinsurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	104,936	93,840
1. Gross written premium	446,209	375,043
2. Reinsurers' share in gross written premium	317,816	287,376
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	107,166	57,519
4. Reinsurers' share in the movement in provision for unearned premiums	83,709	63,692
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	2,997	16,286
IV. Claims and benefits (1+2)	77,620	92,410
1. Net claims and benefits paid	86,958	18,765
1.1. Gross claims and benefits paid	274,519	97,392
1.2. Reinsurers' share in claims and benefits paid	187,561	78,627
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(9,338)	73,645
2.1. Movement in provision for outstanding claims and benefits, gross	(56,612)	203,988
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(47,274)	130,343
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	84	(750)
VII. Insurance activity expenses	8,250	4,659
1. Acquisition expenses, including:	23,059	17,865
- movement in deferred acquisition costs	(757)	(1,865)
2. Administrative expenses	3,953	3,377
3. Reinsurance commissions and profit participation	18,762	16,583
VIII. Net other technical charges	3,295	(3,051)
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	18,684	16,858

Revenue account – inward reinsurance

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

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	43,226	46,966
1. Gross written premium	55,286	68,129
2. Reinsurers' share in gross written premium	8,212	10,558
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	2,716	10,357
4. Reinsurers' share in the movement in provision for unearned premiums	(1,132)	(248)
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	39	138
IV. Claims and benefits (1+2)	25,917	23,678
1. Net claims and benefits paid	17,605	6,682
1.1. Gross claims and benefits paid	22,277	8,388
1.2. Reinsurers' share in claims and benefits paid	4,672	1,706
2. Movement in provision for outstanding claims and benefits, net of reinsurance	8,312	16,996
2.1. Movement in provision for outstanding claims and benefits, gross	8,263	21,272
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(49)	4,276
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	(8)	8
VII. Insurance activity expenses	13,323	18,104
1. Acquisition expenses, including:	13,056	18,093
- movement in deferred acquisition costs	4,512	(4,670)
2. Administrative expenses	985	760
3. Reinsurance commissions and profit participation	718	749
VIII. Net other technical charges	16	141
IX. Movement in equalization provision	(177)	694
X. Technical result of non-life insurance	4,194	4,479

Revenue account – inward reinsurance

ACCOUNTING CLASS 7 Credit and suretyship (groups 14, 15)

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	584	(46)
1. Gross written premium	9,097	6,218
2. Reinsurers' share in gross written premium	7,720	6,309
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	2,862	2,404
4. Reinsurers' share in the movement in provision for unearned premiums	2,069	2,449
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	47	275
IV. Claims and benefits (1+2)	33	71
1. Net claims and benefits paid	9	296
1.1. Gross claims and benefits paid	424	2,264
1.2. Reinsurers' share in claims and benefits paid	415	1,968
2. Movement in provision for outstanding claims and benefits, net of reinsurance	24	(225)
2.1. Movement in provision for outstanding claims and benefits, gross	505	(277)
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	481	(52)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	293	329
1. Acquisition expenses, including:	2,290	1,159
- movement in deferred acquisition costs	(939)	(765)
2. Administrative expenses	398	261
3. Reinsurance commissions and profit participation	2,395	1,091
VIII. Net other technical charges	75	95
IX. Movement in equalization provision	3	(1)
X. Technical result of non-life insurance	227	(265)

Revenue account – inward reinsurance

ACCOUNTING CLASS 8 Assistance (group 18)

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	3,590	4,706
1. Gross written premium	105	672
2. Reinsurers' share in gross written premium	286	229
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(3,714)	(4,232)
4. Reinsurers' share in the movement in provision for unearned premiums	57	31
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	6	10
IV. Claims and benefits (1+2)	1,673	1,433
1. Net claims and benefits paid	1,639	1,392
1.1. Gross claims and benefits paid	1,639	1,392
1.2. Reinsurers' share in claims and benefits paid	-	-
2. Movement in provision for outstanding claims and benefits, net of reinsurance	34	41
2.1. Movement in provision for outstanding claims and benefits, gross	34	41
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	-	-
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	1,981	1,669
1. Acquisition expenses, including:	921	830
- movement in deferred acquisition costs	867	761
2. Administrative expenses	1,066	841
3. Reinsurance commissions and profit participation	6	2
VIII. Net other technical charges	1	-
IX. Movement in equalization provision	-	-
X. Technical result of non-life insurance	(59)	1,614

Revenue account – inward reinsurance

ACCOUNTING CLASS 10 Miscellaneous (group 16)

Item	1 January – 31 December 2019	1 January – 31 December 2018
I. Premium income (1-2-3+4)	37,940	34,006
1. Gross written premium	107,755	(1,604)
2. Reinsurers' share in gross written premium	104,353	30,485
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	35,011	(50,664)
4. Reinsurers' share in the movement in provision for unearned premiums	69,549	15,431
II. Net investment income (including costs) transferred from the general profit and loss account	-	-
III. Other net technical income	168	3,410
IV. Claims and benefits (1+2)	1,561	15,983
1. Net claims and benefits paid	1,982	3,938
1.1. Gross claims and benefits paid	9,738	41,742
1.2. Reinsurers' share in claims and benefits paid	7,756	37,804
2. Movement in provision for outstanding claims and benefits, net of reinsurance	(421)	12,045
2.1. Movement in provision for outstanding claims and benefits, gross	(4,580)	4,520
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(4,159)	(7,525)
V. Movement in other technical provisions, net of reinsurance	-	-
1. Movement in other technical provisions, gross	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-
VI. Net bonuses and discounts including movement in provisions	-	-
VII. Insurance activity expenses	15,492	21,078
1. Acquisition expenses, including:	17,400	22,087
- movement in deferred acquisition costs	33,745	66,364
2. Administrative expenses	97	109
3. Reinsurance commissions and profit participation	2,005	1,118
VIII. Net other technical charges	4,556	(604)
IX. Movement in equalization provision	(586)	(1,352)
X. Technical result of non-life insurance	17,085	2,311

Notes and explanations

1. Intangible assets

Intangible assets	31 December 2019	31 December 2018
a) costs of completed development works	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar values, including:	268,790	286,711
- computer software	267,159	284,917
d) other intangible assets	52	-
e) advance payments for intangible assets	47,371	48,234
Total intangible assets	316,213	334,945

Total changes in intangible assets	31 December 2019	31 December 2018
a) gross value of intangible assets – at the beginning of the period	827,390	822,069
b) additions (by virtue of)	123,620	109,904
- purchase	63,222	58,662
- transfers	60,398	46,562
- other (including estimations)	-	4,680
c) reductions (by virtue of)	68,797	104,583
- sale	-	-
- liquidation	4,712	58,021
- transfers	60,398	46,562
- other (including estimations)	3,687	-
d) gross value of intangible assets – at the end of the period	882,213	827,390
e) accumulated depreciation – at the beginning of the period	490,834	474,909
f) depreciation for the period (due to)	73,957	15,925
- current year charges	78,097	72,777
- sale	-	-
- liquidation	(4,140)	(57,089)
- other	-	237
g) accumulated depreciation – at the end of the period	564,791	490,834
h) impairment losses – at the beginning of the period	1,611	1,723
- additions	-	-
- reductions	402	112
i) impairment losses – at the end of the period	1,209	1,611
j) net value of intangible assets – at the end of the period	316,213	334,945

Intangible assets – ownership structure	31 December 2019	31 December 2018
a) owned	316,213	334,945
b) used based on lease, rental or other agreement	-	-
Total intangible assets	316,213	334,945

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

Movement in intangible assets for the year ended 31 December 2018 (by groups)	a) costs of completed development works	b) goodwill	c) acquired concessions, patents, licenses and similar values	- including computer software	d) other intangible assets	e) advance payments and intangible assets under construction	Total intangible assets
a) gross value of intangible assets – at the beginning of the period	-	-	788,892	777,526	13	33,164	822,069
b) additions (by virtue of)	-	-	46,661	45,817	-	63,243	109,904
- purchase	-	-	31	31	-	58,631	58,662
- transfers	-	-	46,562	45,767	-	-	46,562
- other (including estimations)	-	-	68	19	-	4,612	4,680
c) reductions (by virtue of)	-	-	58,021	57,232	-	46,562	104,583
- sale	-	-	-	-	-	-	-
- liquidation	-	-	58,021	57,232	-	-	58,021
- transfers	-	-	-	-	-	46,562	46,562
d) gross value of intangible assets – at the end of the period	-	-	777,532	766,111	13	49,845	827,390
e) accumulated depreciation – at the beginning of the period	-	-	474,896	465,699	13	-	474,909
f) depreciation for the period (due to)	-	-	15,925	15,495	-	-	15,925
- current year charges	-	-	72,777	71,609	-	-	72,777
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(57,089)	(56,302)	-	-	(57,089)
- other	-	-	237	188	-	-	237
g) accumulated depreciation – at the end of the period	-	-	490,821	481,194	13	-	490,834
h) impairment losses – at the beginning of the period	-	-	-	-	-	1,723	1,723
- additions	-	-	-	-	-	-	-
- reductions	-	-	-	-	-	112	112
i) impairment losses – at the end of the period	-	-	-	-	-	1,611	1,611
j) net value of intangible assets – at the end of the period	-	-	286,711	284,917	-	48,234	334,945

2. Investments

2.1 Geographic structure of investments

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

¹⁾ The presented fair value of real properties results from valuations performed in 2018 and 2019, which were based mostly on the income method.

²⁾ For companies measured by the equity method, the presented fair value of investments in related parties was recognized at the amount net assets of such entities attributable to PZU as at the balance sheet date, plus non-amortized portion of goodwill as at the balance sheet date and including impairment losses (excluding Alior Bank and Bank Pekao, for which stock exchange valuation was presented and excluding insurance companies subject so Solvency II for which a surplus of assets over liabilities under the Solvency II system was adopted). The possible regular estimations of the fair value of investments in subordinated entities that would be carried out solely for the purposes of PZU's financial reporting are not conducted mainly due to potential significant and recurring costs of such activities and a broad margin of discretion and error that would affect the results.

Investment structure as at 31 December 2019	Domestic – Net carrying amount	Foreign – EU countries – Net carrying amount	Foreign – other countries – Net carrying amount	Total
I. Real property	332,768	-	-	332,768
II. Investments in subordinated entities	15,209,683	1,195,018	75,846	16,480,547
- with unlimited transferability, listed on exchanges	8,886,009	-	-	8,886,009
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	6,323,674	1,195,018	75,846	7,594,538
- with limited transferability	-	-	-	-
III. Other financial investments	15,795,532	2,431,993	1,618,785	19,846,310
1. Shares and other variable income securities	379	-	-	379
- with unlimited transferability, listed on exchanges	364	-	-	364
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	15	-	-	15
- with limited transferability	-	-	-	-
2. Participation units and investment certificates in mutual funds	7,040,545	81,217	58,292	7,180,054
- with unlimited transferability, listed on exchanges	-	-	-	-
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	7,040,545	81,217	58,292	7,180,054
- with limited transferability	-	-	-	-
3. Debt securities and other fixed income securities	7,895,624	2,147,064	1,560,493	11,603,181
- with unlimited transferability, listed on exchanges	7,768,288	2,147,064	1,560,493	11,475,845
- with unlimited transferability, quoted on OTC markets	127,336	-	-	127,336
- with unlimited transferability, not quoted on a regulated market	-	-	-	-
- with limited transferability	-	-	-	-
4. Participation in investments pools	-	-	-	-
- with unlimited transferability, listed on exchanges	-	-	-	-
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	-	-	-	-
- with limited transferability	-	-	-	-
5. Mortgage-backed loans	-	-	-	-
6. Other loans	760,286	163,404	-	923,690
7. Term deposits with credit institutions	89,598	-	-	89,598
8. Other investments	9,100	40,308	-	49,408
- with unlimited transferability, listed on exchanges	-	-	-	-
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	9,100	40,308	-	49,408
- with limited transferability	-	-	-	-
IV. Deposits with ceding enterprises	-	-	-	-
Total	31,337,983	3,627,011	1,694,631	36,659,625

Geographic structure of investments as at 31 December 2018	Domestic				Foreign – EU countries				Foreign – other countries				Total			
	Purchase price	Fair value	Net carrying amount	Impairment loss	Purchase price	Fair value	Net carrying amount	Impairment loss	Purchase price	Fair value	Net carrying amount	Impairment loss	Purchase price	Fair value	Net carrying amount	Impairment loss
I. Real property ¹⁾	730,664	492,004	347,027	136,944	-	-	-	-	-	-	-	-	730,664	492,004	347,027	136,944
II. Investments in subordinated entities ²⁾	10,664,931	22,206,297	14,884,355	7,821	1,072,058	674,861	1,124,243	-	176,250	48,171	48,171	-	11,913,239	22,929,329	16,056,769	7,821
III. Other financial investments	17,461,341	19,719,447	18,951,757	16,687	1,065,987	1,124,204	1,124,147	-	1,117,569	1,091,048	1,091,048	-	19,644,897	21,934,699	21,166,952	16,687
1. Shares and other variable income securities	18,818	2,197	2,197	12,500	-	-	-	-	-	-	-	-	18,818	2,197	2,197	12,500
- measured at fair value	6,303	2,182	2,182	-	-	-	-	-	-	-	-	-	6,303	2,182	2,182	-
- measured at cost	12,515	15	15	12,500	-	-	-	-	-	-	-	-	12,515	15	15	12,500
2. Participation units and investment certificates in mutual funds	5,437,678	6,840,438	6,840,438	4,187	40,985	47,701	47,701	-	22,821	28,325	28,325	-	5,501,484	6,916,464	6,916,464	4,187
3. Debt securities and other fixed income securities	9,730,312	10,593,888	9,832,236	-	941,560	926,488	926,291	-	1,094,218	1,056,190	1,056,190	-	11,766,090	12,576,566	11,814,717	-
- measured at fair value	4,764,409	4,827,713	4,827,713	-	918,306	901,872	901,872	-	1,094,218	1,056,190	1,056,190	-	6,776,933	6,785,775	6,785,775	-
- measured at adjusted purchase price or cost	4,965,903	5,766,175	5,004,523	-	23,254	24,616	24,419	-	-	-	-	-	4,989,157	5,790,791	5,028,942	-
4. Participation in investments pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgage-backed loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other loans	1,403,692	1,412,609	1,406,571	-	83,442	83,441	83,581	-	-	-	-	-	1,487,134	1,496,050	1,490,152	-
7. Term deposits with credit institutions	870,841	869,488	869,488	-	-	-	-	-	-	-	-	-	870,841	869,488	869,488	-
8. Other investments	-	827	827	-	-	66,574	66,574	-	530	6,533	6,533	-	530	73,934	73,934	-
IV. Deposits with ceding enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	28,856,936	42,417,748	34,183,139	161,452	2,138,045	1,799,065	2,248,390	-	1,293,819	1,139,219	1,139,219	-	32,288,800	45,356,032	37,570,748	161,452

¹⁾ The presented fair value of real properties results from valuations performed in 2018, which were based mostly on the income method.

²⁾ For companies measured by the equity method, the presented fair value of investments in related parties was recognized at the amount net assets of such entities attributable to PZU as at the balance sheet date, plus non-amortized portion of goodwill as at the balance sheet date and including impairment losses (excluding Alior Bank and Bank Pekao, for which stock exchange valuation was presented and excluding insurance companies subject so Solvency II for which a surplus of assets over liabilities under the Solvency II system was adopted). The possible regular estimations of the fair value of investments in subordinated entities that would be carried out solely for the purposes of PZU's financial reporting are not conducted mainly due to potential significant and recurring costs of such activities and a broad margin of discretion and error that would affect the results.

Investment structure as at 31 December 2018	Domestic – Net carrying amount	Foreign – EU countries – Net carrying amount	Foreign – other countries – Net carrying amount	Total
I. Real property	347,027	-	-	347,027
II. Investments in subordinated entities	14,884,355	1,124,243	48,171	16,056,769
- with unlimited transferability, listed on exchanges	8,795,874	-	-	8,795,874
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	6,088,481	1,124,243	48,171	7,260,895
- with limited transferability	-	-	-	-
III. Other financial investments	18,951,757	1,124,147	1,091,048	21,166,952
1. Shares and other variable income securities	2,197	-	-	2,197
- with unlimited transferability, listed on exchanges	2,182	-	-	2,182
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	15	-	-	15
- with limited transferability	-	-	-	-
2. Participation units and investment certificates in mutual funds	6,840,438	47,701	28,325	6,916,464
- with unlimited transferability, listed on exchanges	-	-	-	-
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	6,840,438	47,701	28,325	6,916,464
- with limited transferability	-	-	-	-
3. Debt securities and other fixed income securities	9,832,236	926,291	1,056,190	11,814,717
- with unlimited transferability, listed on exchanges	9,694,893	901,872	1,056,190	11,652,955
- with unlimited transferability, quoted on OTC markets	137,343	-	-	137,343
- with unlimited transferability, not quoted on a regulated market	-	24,419	-	24,419
- with limited transferability	-	-	-	-
4. Participation in investments pools	-	-	-	-
- with unlimited transferability, listed on exchanges	-	-	-	-
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	-	-	-	-
- with limited transferability	-	-	-	-
5. Mortgage-backed loans	-	-	-	-
6. Other loans	1,406,571	83,581	-	1,490,152
7. Term deposits with credit institutions	869,488	-	-	869,488
8. Other investments	827	66,574	6,533	73,934
- with unlimited transferability, listed on exchanges	-	215	5,070	5,285
- with unlimited transferability, quoted on OTC markets	-	-	-	-
- with unlimited transferability, not quoted on a regulated market	827	66,359	1,463	68,649
- with limited transferability	-	-	-	-
IV. Deposits with ceding enterprises	-	-	-	-
Total	34,183,139	2,248,390	1,139,219	37,570,748

2.2 Movement in financial instruments, by portfolio

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

Movement in financial instruments, by portfolio for the year ended 31 December 2018	Beginning of the period	Additions, including:		Reductions, including:		End of the period
		Acquisition	Increase in value	Sale or redemption	Decrease in value	
a) financial assets held for trading, including:	6,230,840	10,846,706	163,240	11,430,672	44,645	5,765,469
Shares and other variable income securities, participation units and investment certificates in mutual funds	-	-	-	-	-	-
Debt securities and other fixed income securities	6,039,863	10,843,245	156,364	11,308,260	39,677	5,691,535
Other investments	190,977	3,461	6,876	122,412	4,968	73,934
b) financial liabilities held for trading	161,630	346,972	51,009	408,989	70,638	79,984
c) loans granted and own receivables, including:	1,827,024	123,279,351	21,628	122,637,094	3,933	2,486,976
Debt securities and other fixed income securities	127,345	-	1,440	1,449	-	127,336
Mortgage-backed loans	954,033	-	-	954,033	-	-
Other loans	559,885	77,609,659	19,994	76,697,025	2,361	1,490,152
Term deposits with credit institutions	185,761	45,669,692	194	44,984,587	1,572	869,488
d) financial assets held to maturity, including:	5,036,892	87,596	120,170	333,313	9,740	4,901,605
Debt securities and other fixed income securities	5,036,892	87,596	120,170	333,313	9,740	4,901,605
e) financial assets available for sale, including:	6,318,320	1,619,216	236,489	73,409	87,714	8,012,902
Shares and other variable income securities, participation units and investment certificates in mutual funds	6,318,320	497,009	218,509	38,251	76,926	6,918,661
Debt securities and other fixed income securities	-	1,122,207	17,980	35,158	10,788	1,094,241
Total assets in other entities	19,413,076	135,832,869	541,527	134,474,488	146,032	21,166,952
Investments in related parties	15,957,526	5,368	357,671	-	649,436	15,671,129
Loans granted to subordinated entities	335,540	23,385	6,100	171	1,213	363,641
Other investments in subordinated entities	477,213	1,783,444	-	2,238,658	-	21,999
Total investments in subordinated entities	16,770,279	1,812,197	363,771	2,238,829	650,649	16,056,769
Total liabilities	161,630	346,972	51,009	408,989	70,638	79,984

2.3 Investments in real property

Investments in real property (by group)	31 December 2019	31 December 2018
a) own land	17,936	18,613
- at purchase price	23,261	25,228
- at current value	52,648	51,286
b) perpetual usufruct right to land	55	385
c) buildings and structures	310,832	323,638
- at purchase price	663,629	673,200
- at current value	331,961	340,427
d) cooperative ownership right to a unit	3,390	3,574
e) construction investments	555	817
f) advance payments for construction investments	-	-
Total investments in real property (by group)	332,768	347,027

Movement in investments in real property	31 December 2019	31 December 2018
a) gross value – at the beginning of the period	730,664	741,635
b) additions (by virtue of)	7,359	8,435
- investments	3,016	4,502
- direct purchase	3,268	3,933
- other	1,075	-
c) reductions (by virtue of)	20,899	19,406
- liquidation	10	42
- sale	17,621	15,430
- donations	-	-
- other	3,268	3,934
d) gross value – at the end of the period	717,124	730,664
e) accumulated depreciation – at the beginning of the period	246,693	245,945
f) depreciation for the period (due to)	5,628	748
- depreciation charges for the current year	13,224	14,728
- accumulated depreciation of fixed assets liquidated	-	-
- accumulated depreciation of fixed assets sold	(6,509)	(9,962)
- accumulated depreciation of fixed assets donated	-	-
- other	(1,087)	(4,018)
g) accumulated depreciation – at the end of the period	252,321	246,693
h) impairment losses – at the beginning of the period	136,944	125,988
- additions	20,957	24,157
- reductions	25,866	13,201
i) impairment losses – at the end of the period	132,035	136,944
j) net value – at the end of the period	332,768	347,027

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

Movement in real property value for the year ended 31 December 2018 (by group)	Land and perpetual usufruct right	Buildings and structures, facilities	Rights to residential and commercial space	Construction investments	Advance payments for construction investments	Total real property
a) gross value – at the beginning of the period	54,562	677,218	9,564	291	-	741,635
b) additions (by virtue of)	-	3,933	-	4,502	-	8,435
- investments	-	-	-	4,502	-	4,502
- direct purchase	-	3,933	-	-	-	3,933
- other	-	-	-	-	-	-
c) reductions (by virtue of)	5,387	7,951	2,092	3,976	-	19,406
- liquidation	-	-	-	42	-	42
- sale	5,387	7,951	2,092	-	-	15,430
- donations	-	-	-	-	-	-
- other	-	-	-	3,934	-	3,934
d) gross value – at the end of the period	49,175	673,200	7,472	817	-	730,664
e) accumulated depreciation – at the beginning of the period	31,756	209,567	4,622	-	-	245,945
f) depreciation for the period (due to)	(8,194)	9,666	(724)	-	-	748
- depreciation charges for the current year	1,169	13,364	195	-	-	14,728
- accumulated depreciation of property liquidated	-	-	-	-	-	-
- accumulated depreciation of property sold	(5,345)	(3,698)	(919)	-	-	(9,962)
- accumulated depreciation of property donated	-	-	-	-	-	-
- other	(4,018)	-	-	-	-	(4,018)
g) accumulated depreciation – at the end of the period	23,562	219,233	3,898	-	-	246,693
h) impairment losses – at the beginning of the period	4,790	121,198	-	-	-	125,988
- additions	2,900	21,257	-	-	-	24,157
- reductions	1,075	12,126	-	-	-	13,201
i) impairment losses – at the end of the period	6,615	130,329	-	-	-	136,944
j) net value – at the end of the period	18,998	323,638	3,574	817	-	347,027

Real property (by purpose)	31 December 2019	31 December 2018
a) real property used for own purposes	312,912	326,828
b) other property	19,856	20,199
Total real property (by purpose)	332,768	347,027

Investments in real property	31 December 2019	31 December 2018
a) short-term	14,985	15,170
b) long-term	317,783	331,857
Total investments in real property	332,768	347,027

Investments in real property (by currency)	31 December 2019	31 December 2018
a) in PLN	332,768	347,027
b) foreign currencies (by currency and translated to PLN)	-	-
Total investments in real property	332,768	347,027

Investments in real property	31 December 2019	31 December 2018
Value of land in perpetual usufruct not used for own purposes	55	63
Total value of land in perpetual usufruct not used for own purposes	55	63

2.4 Investments in subordinated entities

Investments in subordinated entities (carrying amount)	31 December 2019	31 December 2018
a) shares in subsidiaries, of which:	15,965,517	15,671,129
- long-term investments	15,965,517	15,671,129
b) shares in co-subsiaries, of which	-	-
- long-term investments	-	-
c) shares in associates, of which:	871	-
- long-term investments	871	-
d) loans granted to subsidiaries, of which:	462,088	363,641
- long-term investments	453,205	326,917
e) loans granted to co-subsiaries, of which:	-	-
- long-term investments	-	-
f) loans granted to associates, of which:	-	-
- long-term investments	-	-
g) debt securities of subsidiaries, of which:	-	-
- long-term investments	-	-
g) debt securities of co-subsiaries, of which:	-	-
- long-term investments	-	-
i) debt securities of associates, of which:	-	-
- long-term investments	-	-
j) other investments (by type), of which:	52,071	21,999
- long-term investments	-	-
Investments in subordinated entities, total	16,480,547	16,056,769

Investments in subordinated entities measured by the equity method	31 December 2019	31 December 2018
a) shares, of which:	15,966,388	15,671,129
- in subsidiaries	15,965,517	15,671,129
- in co-subsidiaries	-	-
- in associates	871	-
b) loans granted, of which:	462,088	363,641
- to subsidiaries	462,088	363,641
- to co-subsidiaries	-	-
- to associates	-	-
c) debt securities, of which:	-	-
- subsidiaries	-	-
- co-subsidiaries	-	-
- associates	-	-
j) other (by type), of which:	52,071	21,999
d1) term deposits, of which:	51,386	21,999
- in subsidiaries	51,386	21,999
- in co-subsidiaries	-	-
- in associates	-	-
d2) derivatives, of which:	685	-
- in subsidiaries	685	-
- in co-subsidiaries	-	-
- in associates	-	-
Total investments in subordinated entities measured by the equity method	16,480,547	16,056,769

Investments in subordinated entities measured by the equity method, including:	31 December 2019	31 December 2018
a) goodwill of subordinated entities	2,811,265	3,032,680
- subsidiaries	2,811,265	3,032,680
- co-subsidiaries	-	-
- associates	-	-
b) negative goodwill of subordinated entities	-	-
- subsidiaries	-	-
- co-subsidiaries	-	-
- associates	-	-

Movement in goodwill – subsidiaries	31 December 2019	31 December 2018
a) gross goodwill at the beginning of the period, including:	3,586,945	3,586,004
- UAB PZU Lietuva Gyvybes Draudimas	81	81
- PrJSC IC PZU Ukraine	4,361	4,361
- PrJSC IC PZU Ukraine Life Insurance	1,595	1,595
- Lietuvos Draudimas AB	436,809	436,809
- Link4 SA	221,377	221,377
- Pekao	1,757,491	1,757,491
- AAS Balta	89,559	89,559
- Alior Bank	1,075,672	1,074,731
b) additions (by virtue of)	-	941
- Alior Bank	-	941
- Pekao	-	-
c) reductions (by virtue of)	-	-
d) gross goodwill at the end of the period	3,586,945	3,586,945
- UAB PZU Lietuva Gyvybes Draudimas	81	81
- PrJSC IC PZU Ukraine	4,361	4,361
- PrJSC IC PZU Ukraine Life Insurance	1,595	1,595
- Lietuvos Draudimas AB	436,809	436,809

Movement in goodwill – subsidiaries	31 December 2019	31 December 2018
- Link4 SA	221,377	221,377
- Pekao	1,757,491	1,757,491
- AAS Balta	89,559	89,559
- Alior Bank	1,075,672	1,075,672
e) charges to goodwill at the beginning of the period	554,265	354,911
- 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	117,744	98,762
- Link4 SA	63,953	49,195
- Pekao	139,134	51,260
- AAS Balta	23,470	19,347
- Alior Bank	203,927	130,310
f) charges to goodwill for the period	221,415	199,354
- Lietuvos Draudimas AB	32,244	18,982
- Link4 SA	14,758	14,758
- Pekao	87,874	87,874
- AAS Balta	6,871	4,123
- Alior Bank	79,668	73,617
g) charges to goodwill at the end of the period	775,680	554,265
- 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	149,988	117,744
- Link4 SA	78,711	63,953
- Pekao	227,008	139,134
- AAS Balta	30,341	23,470
- Alior Bank	283,595	203,927
h) net goodwill at the end of the period	2,811,265	3,032,680
- Lietuvos Draudimas AB	286,821	319,065
- Link4 SA	142,666	157,424
- Pekao	1,530,483	1,618,357
- AAS Balta	59,218	66,089
- Alior Bank	792,077	871,745

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

Movement in investments in subordinated entities (by type)	31 December 2019	31 December 2018
a) at the beginning of the period	16,056,769	16,770,279
- shares in subordinated entities	15,671,129	15,957,526
- loans granted	363,641	335,540
- other	21,999	477,213
b) additions (by virtue of)	550,744	2,175,968
- acquisition	179,988	1,812,197
- revaluation adjustments	370,756	363,771
- other	-	-
c) reductions (by virtue of)	126,966	2,889,478
- sale or buyout	66,996	2,238,829
- revaluation adjustments	59,970	650,649
- other	-	-
d) at the end of the period	16,480,547	16,056,769
- shares in subordinated entities	15,966,388	15,671,129
- loans granted	462,088	363,641
- other	52,071	21,999

Shares and securities in subordinated entities	31 December 2019	31 December 2018
a) admitted to trading on a regulated market	8,886,009	8,795,874
b) not admitted to trading on a regulated market	7,080,379	6,875,255
Total shares and securities in subordinated entities	15,966,388	15,671,129

Shares and other financial instruments in related parties (long-term investments), by transferability	31 December 2019	31 December 2018
A. With unlimited transferability, quoted on exchanges (carrying amount)	8,886,009	8,795,874
a) shares (carrying amount):	8,886,009	8,795,874
- revaluation adjustments (for the period)	90,135	(265,142)
- value at the beginning of the period	8,795,874	9,061,016
- value at purchase price	8,752,305	8,752,305
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
B. With unlimited transferability, quoted on OTC markets (carrying amount)	-	-
a) shares (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
C. With unlimited transferability, not quoted on a regulated market (carrying amount)	7,533,584	7,238,896
a) shares (carrying amount):	6,809,084	6,604,839
- revaluation adjustments (for the period)	204,245	(22,921)
- value at the beginning of the period	6,604,839	6,627,760
- value at purchase price	2,505,381	2,515,890
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	724,500	634,057
shares in subordinated entities (carrying amount)	271,295	270,416
- revaluation adjustments (for the period)	879	1,666
- value at the beginning of the period	270,416	268,750
- value at purchase price	261,605	265,542
loans granted (carrying amount)	453,205	363,641
- revaluation adjustments (for the period)	89,564	28,101
- value at the beginning of the period	363,641	335,540
- value at purchase price	444,171	353,644
other investments (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-

Shares and other financial instruments in related parties (long-term investments), by transferability	31 December 2019	31 December 2018
D. With limited transferability (carrying amount)	-	-
a) shares (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
Total value at purchase price	11,963,462	11,887,381
Total value at the beginning of the period	16,034,770	16,293,066
Total revaluation adjustments (for the period)	384,823	(258,296)
Total carrying amount	16,419,593	16,034,770

Shares and other financial instruments in related parties (short-term investments), by transferability	31 December 2019	31 December 2018
A. With unlimited transferability, quoted on exchanges (carrying amount)	-	-
a) shares (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
B. With unlimited transferability, quoted on OTC markets (carrying amount)	-	-
a) shares (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
C. With unlimited transferability, not quoted on a regulated market (carrying amount)	-	-
a) shares (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-

Shares and other financial instruments in related parties (short-term investments), by transferability	31 December 2019	31 December 2018
- market value	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
D. With limited transferability (carrying amount)	60,954	21,999
a) shares (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
c) other – other investments (carrying amount):	60,954	21,999
c1) loans granted (carrying amount):	8,883	-
- fair value	9,010	-
- market value	9,010	-
- value at purchase price	8,491	-
c2) term deposits (carrying amount):	51,386	21,999
- fair value	51,386	21,999
- market value	51,386	21,999
- value at purchase price	51,386	21,999
c3) derivatives (carrying amount):	685	-
- fair value	685	-
- market value	685	-
- value at purchase price	-	-
Total value at purchase price	59,877	21,999
Total value at the beginning of the period	21,999	477,213
Total revaluation adjustments (for the period)	38,955	(455,214)
Total carrying amount	60,954	21,999

2.4.1. Loans granted to subsidiaries

Loan granted to PZU Zdrowie SA

On 23 March 2015, a loan agreement was entered into between PZU and PZU Zdrowie SA for the amount of up to PLN 200,000 thousand. The first installment in the amount of PLN 90,000 thousand was paid out on 26 March 2015, the second installment of PLN 40,000 thousand on 29 September 2015 and the third installment of PLN 70,000 thousand on 4 July 2016. The loan should be repaid in 120 equal installments, no later than on 31 December 2030. On 23 April 2018, Annex 1 to the Loan Agreement was signed, providing for the interest rate equal to WIBOR 6M without a margin. By Annex 2 of 1 August 2018, the available loan amount was increased to PLN 295,000 thousand. The fourth tranche of the loan in the amount of PLN 20,000 thousand was paid out on 31 December 2018 and the fifth tranche of PLN 75,000 thousand was paid out on 28 May 2019.

On 1 July 2019, another loan agreement was entered into by and between PZU and PZU Zdrowie SA for the maximum amount of PLN 95,000 thousand. Tranches of this loan may be disbursed until 31 December 2023. All accrued interest and loan tranches will be repaid in a single transaction on 30 May 2024. The loan bears interest calculated as WIBOR 12M plus a margin. The first tranche of the loan in the amount of PLN 30,000 thousand was disbursed on 6 December 2019.

The carrying amount of the loans with accrued interest as at 31 December 2019 was PLN 332,195 thousand (PLN 222,326 thousand as at 31 December 2018).



Loan granted to TUW PZUW

On 9 November 2016, PZU and Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych ("TUW PZUW") concluded an agreement to grant a subordinated loan of PLN 80,000 thousand maturing on 4 January 2027, with interest rate determined on an arm's length basis (6M WIBOR plus a margin). As at 31 December 2019, the loan value was PLN 80,005 thousand (as at 31 December 2018: PLN 80,006 thousand).

Shares in subordinated entities (long-term investments) as at 31 December 2019, including financial data

a) Name and legal form	b) Registered office	c) Line of business	d) Type of relationship	e) Consolidation method/measurement by the equity method or indication that the entity is not consolidated/measured by the equity method	f) Date of obtaining control/joint control/significant influence	g) Value of shares at purchase price	h) Valuation adjustments (total) ¹⁾	i) Carrying amount of shares	j) Percentage of share capital directly or indirectly held by PZU	k) Percentage of total votes held at the Shareholder Meeting	l) Source of control/joint control/significant influence if other than in j) and k)
1. Bank Pekao SA	Warsaw	Banking business	subsidiary	full consolidation	07.06.2017	6,001,761	105,789	6,107,550	20.00%	20.00%	n/a
2. PZU Życie	Warsaw	Life insurance business	subsidiary	full consolidation	18.12.1991	295,088	4,228,473	4,523,561	100.00%	100.00%	n/a
3. Alior Bank	Warsaw	Banking business	subsidiary	full consolidation	18.12.2015	2,750,544	27,915	2,778,459	31.91%	31.91%	n/a
4. Lietuvos Draudimas AB	Vilnius, Lithuania	Non-life insurance business	subsidiary	full consolidation	31.10.2014	807,166	38,086	845,252	100.00%	100.00%	n/a
5. Link4 Towarzystwo Ubezpieczeń SA ("Link4")	Warsaw	Non-life insurance business	subsidiary	full consolidation	15.09.2014	518,482	(119,646)	398,836	100.00%	100.00%	n/a
6. TUW PZUW	Warsaw	Non-life insurance business	subsidiary	full consolidation	20.11.2015	325,850	35,570	361,420	100.00%	100.00%	n/a
7. Apdrošināšanas Akciju Sabiedrība Balta ("AAS Balta")	Riga, Latvia	Non-life insurance business	subsidiary	full consolidation	30.06.2014	200,776	85,053	285,829	99.99%	99.99%	n/a
8. Towarzystwo Funduszy Inwestycyjnych PZU SA ("TFI PZU")	Warsaw	Creation, representing and management of mutual funds	subsidiary	full consolidation	27.09.2011	38,403	156,274	194,677	100.00%	100.00%	n/a
9. Ogródowa - Inwestycje Sp. z o.o. ("Ogródowa Inwestycje")	Warsaw	Business and management consultancy activities, business of a holding company	subsidiary	full consolidation	15.09.2004	142,255	(422)	141,833	100.00%	100.00%	n/a
10. Tower-Inwestycje Sp. z o.o. ("PZU Tower")	Warsaw	Development activity, operation and lease of properties	indirect subsidiary	full consolidation	17.08.1999	112,900	2,539	115,439	27.47%	27.47%	n/a
11. PZU Pomoc SA	Warsaw	Provision of assistance services	subsidiary	full consolidation	18.03.2009	18,566	28,241	46,807	100.00%	100.00%	n/a
12. PrJSC IC PZU Ukraine	Kiev, Ukraine	Non-life insurance business	subsidiary	full consolidation	01.07.2005	143,666	(84,188)	59,478	83.23%	83.23%	n/a

a) Name and legal form	b) Registered office	c) Line of business	d) Type of relationship	e) Consolidation method/measurement by the equity method or indication that the entity is not consolidated/measured by the equity method	f) Date of obtaining control/joint control/significant influence	g) Value of shares at purchase price	h) Valuation adjustments (total) ¹⁾	i) Carrying amount of shares	j) Percentage of share capital directly or indirectly held by PZU	k) Percentage of total votes held at the Shareholder Meeting	l) Source of control/joint control/significant influence if other than in j) and k)
13. PZU Centrum Operacji SA ("PZU CO")	Warsaw	Activities auxiliary to insurance and pension funding	subsidiary	full consolidation	27.09.2011	40,645	(97)	40,548	100.00%	100.00%	n/a
14. UAB PZU Lietuva Gyvybes Draudimas	Vilnius, Lithuania	Life insurance business	subsidiary	full consolidation	08.04.2004	40,235	(9,180)	31,055	99.34%	99.34%	n/a
15. Pekao Financial Services Sp. z o.o. ("PFS")	Warsaw	Other financial service activities, except insurance and pension funding	subsidiary	full consolidation	4.06.2018	2,267	8,257	10,524	33.50%	33.50%	n/a
16. PrJSC IC PZU Ukraine Life Insurance	Kiev, Ukraine	Life insurance business	subsidiary	full consolidation	01.07.2005	32,584	(16,216)	16,368	53.47%	53.47%	n/a
17. PZU Zdrowie SA ("PZU Zdrowie")	Warsaw	Provision of medical services	subsidiary	full consolidation	02.09.2011	40,664	(40,664)	-	100.00%	100.00%	n/a
18. PZU Finance AB	Stockholm, Sweden	Financial services	subsidiary	full consolidation	02.06.2014	236	3,005	3,241	100.00%	100.00%	n/a
19. PZU Finanse Sp. z o.o.	Warsaw	Other financial service activities, except insurance and pension funding	subsidiary	full consolidation	30.10.2013	4,050	(602)	3,448	100.00%	100.00%	n/a
20. PZU LAB SA	Warsaw	No business conducted	subsidiary	full consolidation	13.09.2011	1,700	(725)	975	100.00%	100.00%	n/a
21. Omicron BIS SA	Warsaw	No business conducted	subsidiary	full consolidation	21.08.2014	150	(48)	102	100.00%	100.00%	n/a
22. PZU Cash SA (formerly Battersby Investments SA)	Warsaw	Other monetary intermediation	subsidiary	full consolidation	15.09.2017	115	(52)	63	100.00%	100.00%	n/a
23. Sigma BIS SA	Warsaw	Advertising activity	associate	consolidated using the equity method	19.08.2015	1,054	(183)	871	34.00%	34.00%	n/a
24. Tulare Investments Sp. z o.o.	Warsaw	No business conducted	subsidiary	full consolidation	15.09.2017	56	(30)	26	100.00%	100.00%	n/a
25. Ipsilon sp. z o.o.	Warsaw	Provision of assistance services and medical services	subsidiary	full consolidation	02.04.2009	77	(52)	25	100.00%	100.00%	n/a
26. PZU Corporate Member Limited	London, UK	Investment activity	subsidiary	full consolidation	28.09.2017	1	-	1	100.00%	100.00%	n/a
Total						11,519,291	4,447,097	15,966,388			

¹⁾ "Total valuation adjustment" shows change in value resulting from measurement using the equity method, including amortization and impairment of goodwill.

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Information from the financial statements for the year ended 31 December 2019
(in thousands of PLN)

a) Name and legal form	m) Equity, including:						n) Liabilities and provisions for liabilities, including:		o) Receivables:		p) Total assets	r) Sales revenues	s) Amount of shares not paid up by the issuer	t) Dividend for the last financial year received or receivable from the entity
	- share capital	- unpaid share capital (negative value)	- supplementary capital	- other equity, including:			- non-current liabilities	- current liabilities	- non-current	- current				
				- other equity	- retained earnings (losses)	- net profit (loss)								
1. Bank Pekao SA ^{1) 2)}	262,470	-	9,492,733	11,172,697	293,340	2,165,047	12,223,193	166,856,416	106,248,588	36,999,483	203,322,919	9,605,366	-	346,460
2. PZU Życie ²⁾	295,000	-	3,076,728	(182,294)	-	1,334,127	-	521,036	776	133,354	28,067,727	8,586,119	-	1,331,807
3. Alior Bank ^{1) 2)}	1,305,540	-	5,393,358	243,254	(436,524)	252,832	5,278,482	64,319,753	38,218,276	17,865,916	76,735,834	5,071,337	-	-
4. Lietuvos Draudimas AB ¹⁾	48,537	-	9,884	38,993	473,982	88,170	6,051	139,781	8,036	240,801	1,860,321	1,148,804	-	36,493
5. Link4 ²⁾	111,356	-	278,626	2,856	(167,319)	16,363	36,796	281,225	75	105,098	1,016,458	1,024,154	-	-
6. TUW PZUW ²⁾	324,900	-	2,062	12,391	-	22,067	148,579	582,894	104,527	490,415	1,218,398	691,064	-	-
7. AAS Balta ¹⁾	34,182	-	5,488	25,249	137,761	54,130	22,958	48,585	341	88,543	757,366	491,825	-	-
8. TFI PZU	13,000	-	105,127	-	(253)	76,394	3,157	55,951	-	35,328	255,140	230,622	-	41,977
9. Ogródowa Inwestycje	142,255	-	-	-	(2,253)	1,830	684	3,059	-	1,388	146,034	21,498	-	-
10. PZU Tower	411,000	-	805	3,166	-	5,272	221	868	11	3,326	421,702	-	-	1,321
11. PZU Pomoc SA	4,886	-	38,984	-	5	2,965	-	7,991	11	10,970	54,572	59,761	-	-
12. PrJSC IC PZU Ukraine ¹⁾	7,430	-	1,982	181,469	(132,769)	13,351	111	94,395	-	93,204	426,817	256,720	-	-
13. PZU CO	500	-	33,127	(90)	1,267	5,687	4,064	45,293	382	19,120	87,610	343,825	-	-
14. UAB PZU Lietuva Gyvybes Draudimas ¹⁾	29,309	-	1,162	1,063	(1,598)	1,325	2,602	3,390	64	298	258,968	72,408	-	-
15. PFS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16. PrJSC IC PZU Ukraine Life Insurance ¹⁾	7,153	-	808	26,262	(11,697)	8,083	1,150	9,422	-	1,837	166,780	78,679	-	-
17. PZU Zdrowie	10,650	-	29,945	9	(38,808)	(21,998)	562,105	58,224	-	30,374	598,805	248,738	-	-
18. PZU Finance AB ¹⁾	219	-	-	(7)	3,877	(847)	-	115	200	128	3,360	-	-	-
19. PZU Finanse Sp. z o.o.	50	-	-	4,000	(1,085)	483	108	506	-	526	4,200	3,483	-	-
20. PZU LAB SA	260	-	1,440	-	(728)	8	-	1,909	-	671	2,931	1,393	-	-
21. Omicron BIS SA	150	-	-	-	(37)	(11)	-	4	-	2	105	-	-	-
22. PZU Cash SA (formerly Battersby Investments SA)	100	-	-	-	(18)	(19)	-	15	-	3	77	-	-	-
23. Sigma BIS SA	100	-	-	-	-	-	-	-	-	-	-	-	-	-
24. Tulare Investments Sp. z o.o.	5	-	-	45	(14)	(9)	-	4	-	2	31	-	-	-
25. Ipsilon sp. z o.o.	50	-	-	-	(40)	(9)	-	4	-	2	29	-	-	-
26. PZU Corporate Member Limited ¹⁾	-	-	-	-	(14)	(349)	20,453	-	-	-	20,085	-	-	-

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

¹⁾ IFRS figures

²⁾ For insurance companies, the "sales revenues" item presents gross written premium and other technical revenues; for Alior Bank and Bank Pekao SA, it shows interest income and fee and commission income.

Shares in subordinated entities (long-term investments) as at 31 December 2018, including financial data

a) Name and legal form	b) Registered office	c) Line of business	d) Type of relationship	e) Consolidation method/measurement by the equity method or indication that the entity is not consolidated/measured by the equity method	f) Date of obtaining control/joint control/significant influence	g) Value of shares at purchase price	h) Valuation adjustments (total) ¹⁾	i) Carrying amount of shares	j) Percentage of share capital directly or indirectly held by PZU	k) Percentage of total votes held at the Shareholder Meeting	l) Source of control/joint control/significant influence if other than in j) and k)
1. Bank Pekao SA	Warsaw	Banking business	subsidiary	full consolidation	07.06.2017	6,001,761	63,033	6,064,794	20.00%	20.00%	n/a
2. PZU Życie	Warsaw	Life insurance business	subsidiary	full consolidation	18.12.1991	295,088	4,155,923	4,451,011	100.00%	100.00%	n/a
3. Alior Bank	Warsaw	Banking business	subsidiary	full consolidation	18.12.2015	2,750,544	(19,464)	2,731,080	31.91%	31.91%	n/a
4. Lietuvos Draudimas AB	Vilnius, Lithuania	Non-life insurance business	subsidiary	full consolidation	31.10.2014	807,166	24,545	831,711	100.00%	100.00%	n/a
5. Link4 Towarzystwo Ubezpieczeń SA ("Link4")	Warsaw	Non-life insurance business	subsidiary	full consolidation	15.09.2014	518,482	(109,158)	409,324	100.00%	100.00%	n/a
6. TUW PZUW	Warsaw	Non-life insurance business	subsidiary	full consolidation	20.11.2015	325,850	16,297	342,147	100.00%	100.00%	n/a
7. Apdrošināšanas Akciju Sabiedrība Balta ("AAS Balta")	Riga, Latvia	Non-life insurance business	subsidiary	full consolidation	30.06.2014	200,776	33,008	233,784	99.99%	99.99%	n/a
8. Towarzystwo Funduszy Inwestycyjnych PZU SA ("TFI PZU")	Warsaw	Creation, representing and management of mutual funds	subsidiary	full consolidation	27.09.2011	38,403	121,450	159,853	100.00%	100.00%	n/a
9. Ogródowa - Inwestycje Sp. z o.o. ("Ogródowa Inwestycje")	Warsaw	Business and management consultancy activities, business of a holding company	subsidiary	full consolidation	15.09.2004	142,255	(2,254)	140,001	100.00%	100.00%	n/a
10. Tower-Inwestycje Sp. z o.o. ("PZU Tower")	Warsaw	Development activity, operation and lease of properties	indirect subsidiary	full consolidation	17.08.1999	112,900	3,013	115,913	27.47%	27.47%	n/a
11. PZU Pomoc SA	Warsaw	Provision of assistance services	subsidiary	full consolidation	18.03.2009	18,566	25,310	43,876	100.00%	100.00%	n/a
12. PrJSC IC PZU Ukraine	Kiev, Ukraine	Non-life insurance business	subsidiary	full consolidation	01.07.2005	143,666	(105,104)	38,562	83.23%	83.23%	n/a

a) Name and legal form	b) Registered office	c) Line of business	d) Type of relationship	e) Consolidation method/measurement by the equity method or indication that the entity is not consolidated/measured by the equity method	f) Date of obtaining control/joint control/significant influence	g) Value of shares at purchase price	h) Valuation adjustments (total) ¹⁾	i) Carrying amount of shares	j) Percentage of share capital directly or indirectly held by PZU	k) Percentage of total votes held at the Shareholder Meeting	l) Source of control/joint control/significant influence if other than in j) and k)
13. PZU Centrum Operacji SA ("PZU CO")	Warsaw	Activities auxiliary to insurance and pension funding	subsidiary	full consolidation	27.09.2011	40,645	(5,841)	34,804	100.00%	100.00%	n/a
14. UAB PZU Lietuva Gyvybes Draudimas	Vilnius, Lithuania	Life insurance business	subsidiary	full consolidation	08.04.2004	40,235	(10,193)	30,042	99.34%	99.34%	n/a
15. Pekao Financial Services Sp. z o.o. ("PFS")	Warsaw	Other financial service activities, except insurance and pension funding	subsidiary	full consolidation	4.06.2018	2,267	9,224	11,491	33.50%	33.50%	n/a
16. PrJSC IC PZU Ukraine Life Insurance	Kiev, Ukraine	Life insurance business	subsidiary	full consolidation	01.07.2005	32,584	(22,975)	9,609	53.47%	53.47%	n/a
17. Ardea Alba SA in liquidation ("Ardea Alba")	Warsaw	Provision of managed account services	subsidiary	full consolidation	12.07.2001	11,463	(3,854)	7,609	100.00%	100.00%	n/a
18. PZU Zdrowie SA ("PZU Zdrowie")	Warsaw	Provision of medical services	subsidiary	full consolidation	02.09.2011	40,664	(33,511)	7,153	100.00%	100.00%	n/a
19. PZU Finance AB	Stockholm, Sweden	Financial services	subsidiary	full consolidation	02.06.2014	236	3,884	4,120	100.00%	100.00%	n/a
20. PZU Finanse Sp. z o.o.	Warsaw	Other financial service activities, except insurance and pension funding	subsidiary	full consolidation	30.10.2013	4,050	(1,085)	2,965	100.00%	100.00%	n/a
21. PZU LAB SA	Warsaw	No business conducted	subsidiary	full consolidation	13.09.2011	1,700	(728)	972	100.00%	100.00%	n/a
22. Omicron BIS SA	Warsaw	No business conducted	subsidiary	full consolidation	21.08.2014	150	(37)	113	100.00%	100.00%	n/a
23. PZU Cash SA (formerly Battersby Investments SA)	Warsaw	No business conducted	subsidiary	full consolidation	15.09.2017	115	(34)	81	100.00%	100.00%	n/a
24. Sigma BIS SA	Warsaw	No business conducted	subsidiary	full consolidation	19.08.2015	100	(33)	67	100.00%	100.00%	n/a
25. Tulare Investments Sp. z o.o.	Warsaw	No business conducted	subsidiary	full consolidation	15.09.2017	56	(20)	36	100.00%	100.00%	n/a
26. Ipsilon sp. z o.o.	Warsaw	Provision of assistance services and medical services	subsidiary	full consolidation	02.04.2009	52	(42)	10	100.00%	100.00%	n/a
27. PZU Corporate Member Limited	London, UK	Investment activity	subsidiary	full consolidation	28.09.2017	1	-	1	100.00%	100.00%	n/a
28. Syta Development Sp. z o.o. in liquidation ("Syta Development")	Warsaw	Buying and selling real estate, intermediacy in buying and selling, administration of real estate	subsidiary	unconsolidated	29.04.1996	3,962	(3,962)	-	100.00%	100.00%	n/a
Total						11,533,737	4,137,392	15,671,129			

¹⁾ "Total valuation adjustment" shows change in value resulting from measurement using the equity method, including amortization and impairment of goodwill.

a) Name and legal form	m) Equity, including:						n) Liabilities and provisions for liabilities, including:		o) Receivables:		p) Total assets	r) Sales revenues	s) Amount of shares not paid up by the issuer	t) Dividend for the last financial year received or receivable from the entity
	- share capital	- unpaid share capital (negative value)	- supplementary capital	- other equity, including:			- non-current liabilities	- current liabilities	- non-current	- current				
				- other equity	- retained earnings (losses)	- net profit (loss)								
1. Bank Pekao SA ^{1) 2)}	262,470	-	9,500,933	11,364,984	(618,820)	2,287,160	9,369,866	158,175,019	95,588,152	36,446,702	191,089,805	8,966,455	-	414,703
2. PZU Życie ²⁾	295,000	-	3,076,676	(255,551)	-	1,334,885	14,260	547,320	460	173,112	27,555,871	8,278,961	-	1,257,483
3. Alior Bank ^{1) 2)}	1,305,540	-	5,386,828	223,793	(1,143,409)	713,373	6,320,047	60,445,187	35,986,177	18,887,322	73,419,887	4,904,925	-	-
4. Lietuvos Draudimas AB ¹⁾	48,537	-	9,707	37,779	441,491	68,928	241	133,743	6,472	227,375	1,683,970	1,080,029	-	27,400
5. Link4 ²⁾	111,356	-	278,626	6,108	(197,661)	30,342	42	332,718	234	108,511	1,023,053	1,028,482	-	-
6. TUW PZUW ²⁾	324,900	-	2,348	4,362	325	10,212	109,149	445,038	46,778	391,265	971,459	551,975	-	-
7. AAS Balta ¹⁾	34,182	-	5,488	23,362	110,994	26,766	16,753	47,730	387	82,616	810,911	446,838	-	-
8. TFI PZU	13,000	-	63,150	-	(468)	84,169	311	41,914	-	33,448	197,934	234,278	-	15,628
9. Ogrodowa Inwestycje	142,255	-	-	-	3	(2,256)	938	2,196	-	1,142	143,286	21,305	-	2,773
10. PZU Tower	411,000	-	805	5,350	7	4,809	50	1,288	11	2,900	423,572	-	-	7,359
11. PZU Pomoc SA	4,886	-	27,150	-	-	11,839	-	7,264	11	11,250	50,890	56,637	-	-
12. PrJSC IC PZU Ukraine ¹⁾	7,430	-	1,647	169,690	(140,275)	7,842	-	75,894	-	67,821	295,836	201,754	-	-
13. PZU CO	500	-	30,858	(90)	656	2,880	-	43,665	264	15,098	75,116	336,148	-	-
14. UAB PZU Lietuva Gyvybes Draudimas ¹⁾	29,309	-	1,162	1,369	(2,033)	435	387	2,382	65	99	208,812	64,669	-	-
15. PFS	6,767	-	-	23,609	-	3,926	169	6,641	-	6,652	42,780	53,897	-	-
16. PrJSC IC PZU Ukraine Life Insurance ¹⁾	7,153	-	595	21,707	(15,231)	3,747	625	6,119	-	1,322	111,208	54,935	-	-
17. Ardea Alba	5,000	-	2,684	-	5	(79)	-	159	-	2	7,828	-	-	-
18. PZU Zdrowie	10,650	-	29,945	36	(23,134)	(10,344)	222,425	36,193	113	32,109	264,847	185,176	-	-
19. PZU Finance AB ¹⁾	219	-	-	24	2,780	1,097	-	3,676,036	297	288	3,680,151	-	-	-
20. PZU Finanse Sp. z o.o.	50	-	-	4,000	(1,365)	280	-	222	-	409	3,336	2,663	-	-
21. PZU LAB SA	260	-	1,440	-	(247)	(481)	-	82	-	243	1,077	468	-	-
22. Omicron BIS SA	150	-	-	-	(29)	(8)	-	4	-	2	116	-	-	-
23. PZU Cash SA (formerly Battersby Investments SA)	100	-	-	-	(7)	(11)	-	4	-	2	85	-	-	-
24. Sigma BIS SA	100	-	-	-	(14)	(14)	-	3	-	-	70	-	-	-
25. Tulare Investments Sp. z o.o.	5	-	-	45	(2)	(9)	-	4	-	1	39	-	-	-
26. Ipsilon sp. z o.o.	50	-	-	-	(34)	(6)	-	4	-	1	11	-	-	-
27. PZU Corporate Member Limited ¹⁾	-	-	-	-	-	(14)	15,326	-	-	-	15,312	-	-	-
28. Syta Development	831	-	9,908	(285)	(10,598)	-	-	151	-	-	8	-	-	-

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

¹⁾ IFRS figures

²⁾ For insurance companies, the "sales revenues" item presents gross written premium and other technical revenues; for Alior Bank and Bank Pekao SA, it shows interest income and fee and commission income.

Investments in subordinated entities (by currency)	31 December 2019	31 December 2018
a) in PLN	15,209,683	15,122,259
b) foreign currencies (by currency and translated to PLN)	1,270,864	934,510
b1. UAH 000s	473,446	354,982
PLN 000s	75,846	48,171
b2. EUR 000s	275,745	202,494
PLN 000s	1,174,261	870,723
b3. GBP 000s	4,154	3,260
PLN 000s	20,757	15,616
Investments in subordinated entities, total	16,480,547	16,056,769

2.5 Other financial investments

Other financial investments	31 December 2019	31 December 2018
a) shares and other variable income securities	379	2,197
b) participation units and investment certificates in mutual funds	7,180,054	6,916,464
c) debt securities and other fixed income securities	11,603,181	11,814,717
d) participation in investments pools	-	-
e) mortgage-backed loans, including:	-	-
- additionally backed with policies	-	-
f) other loans, including:	923,690	1,490,152
- for insureds for whom a policy is the main collateral	-	-
- for insureds who do not hold policies as collateral	-	-
g) term deposits with credit institutions	89,598	869,488
h) other investments (by type)	49,408	73,934
- derivatives	49,408	73,934
Other financial investments, total	19,846,310	21,166,952

Movement in other financial investments (by type)	31 December 2019	31 December 2018
a) at the beginning of the period	21,166,952	19,413,076
Shares and other variable income securities, participation units and investment certificates in mutual funds	6,918,661	6,318,320
Debt securities and other fixed income securities	11,814,717	11,204,100
Other investments	2,433,574	1,890,656
b) additions (by virtue of)	223,418,727	136,374,396
- acquisition	222,505,182	135,832,869
- revaluation adjustments	913,545	541,527
- other	-	-
c) reductions (by virtue of)	224,739,369	134,620,520
- sale or buyout	224,666,746	134,474,488
- revaluation adjustments	72,623	146,032
- other	-	-
d) at the end of the period	19,846,310	21,166,952
Shares and other variable income securities, participation units and investment certificates in mutual funds	7,180,433	6,918,661
Debt securities and other fixed income securities	11,603,181	11,814,717
Other investments	1,062,696	2,433,574

Other financial investments	31 December 2019	31 December 2018
a) long-term	18,812,009	16,940,385
a) short-term	1,034,301	4,226,567
Other financial investments, total	19,846,310	21,166,952

Other financial investments (by currency)	31 December 2019	31 December 2018
a) in PLN	15,571,969	17,951,721
b) foreign currencies (by currency and translated to PLN)	4,274,341	3,215,231
b1. EUR 000s	393,681	425,152
PLN 000s	1,676,492	1,828,154
b2. USD 000s	496,146	353,353
PLN 000s	1,884,213	1,328,502
b3. HUF 000s	-	1,844,781
PLN 000s	-	24,709
b4. GBP 000s	142,810	-
PLN 000s	713,636	-
b4. other currencies PLN 000s	-	33,866
Other financial investments, total	19,846,310	21,166,952

Other financial investments by portfolio classification	31 December 2019	31 December 2018
a) financial assets held for trading	341,897	5,765,469
b) loans granted and own receivables	1,140,624	2,486,976
c) financial assets held to maturity	4,505,650	4,901,605
d) financial assets available for sale	13,858,139	8,012,902
Other financial investments, total	19,846,310	21,166,952

Other financial investments in financial instruments	31 December 2019	31 December 2018
a) issued by the State Treasury or international organizations in which the Republic of Poland is a member	8,078,223	10,833,419
- long-term investments	8,075,803	9,626,884
- short-term investments	2,420	1,206,535
b) guaranteed by the State Treasury or international organizations in which the Republic of Poland is a member	657,940	763,143
c) issued by NBP	-	-
d) guaranteed by NBP	-	-
e) issued by a local government or an association of such local governments or the capital city of Warsaw	10,519	10,520
e) guaranteed by a local government or an association of such local governments or the capital city of Warsaw	-	-
g) other	11,099,628	9,559,870
Other financial investments in financial instruments, total	19,846,310	21,166,952

Securities (other financial investments)	31 December 2019	31 December 2018
a) admitted to trading on a regulated market	11,476,209	11,655,137
b) not admitted to trading on a regulated market	6,014,364	6,048,790
Total securities (other financial investments)	17,490,573	17,703,927

Shares and other variable income securities (carrying amount)	31 December 2019	31 December 2018
a) shares, of which:	379	2,197
- long-term investments	379	2,197
b) debt securities, of which:	-	-
- long-term investments	-	-
c) other (by type)	-	-
Total shares and other variable income securities	379	2,197

Movement in investments in shares and other variable income securities (by type)	31 December 2019	31 December 2018
a) at the beginning of the period	2,197	3,894
Shares and other variable income securities	2,197	3,894
b) additions (by virtue of)	-	-
- acquisition	-	-
- valuation adjustment	-	-
- other	-	-
c) reductions (by virtue of)	1,818	1,697
- disposal	-	-
- valuation adjustment	1,818	1,697
- other	-	-
d) at the end of the period	379	2,197
Shares and other variable income securities	379	2,197

The table above does not include the participation units and investment certificates in mutual funds that are presented in item II.3 of balance sheet assets.

Shares and other variable income financial instruments (long-term investments) - by transferability	31 December 2019	31 December 2018
A. With unlimited transferability, quoted on exchanges (carrying amount)	-	-
a) shares (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other - by group (carrying amount):	-	-
covered bonds (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
participation units in open-end mutual funds (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
B. With unlimited transferability, quoted on OTC markets (carrying amount)	-	-
a) shares (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other - by group (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
C. With unlimited transferability, not quoted on a regulated market (carrying amount)	7,180,433	6,918,661
a) shares (carrying amount):	379	2,197
- revaluation adjustments (for the period)	(1,818)	(1,697)
- value at the beginning of the period	2,197	3,894
- value at purchase price	18,818	18,818
b) bonds (carrying amount):	-	-

Shares and other variable income financial instruments (long-term investments) – by transferability	31 December 2019	31 December 2018
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	7,180,054	6,916,464
participation units and investment certificates in mutual funds (carrying amount)	7,180,054	6,916,464
- revaluation adjustments (for the period)	263,590	602,038
- value at the beginning of the period	6,916,464	6,314,426
- value at purchase price	5,405,830	5,501,484
loans (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
D. With limited transferability (carrying amount)	-	-
a) shares (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
c) other – by group (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
Total value at purchase price	5,424,648	5,520,302
Total value at the beginning of the period	6,918,661	6,318,320
Total revaluation adjustments (for the period)	261,772	600,341
Total carrying amount	7,180,433	6,918,661

In 2019 and in 2018 there were no shares and other variable income financial instruments that would also be short-term investments.

2.5.1. Other loans

Other loans	31 December 2019		31 December 2018	
	Carrying amount	Collateral type	Carrying amount	Collateral type
Buy-sell-back transactions	529,982	Debt securities	1,111,090	Debt securities
Non-mortgage asset-backed loans	393,708	Mainly pledges on shares, accounts receivable portfolios and on bank accounts, other loans or otherwise	379,062	Mainly pledges on shares, accounts receivable portfolios and on bank accounts, other loans or otherwise
Total other loans	923,690		1,490,152	

2.5.2. Debt securities issued by corporations and local government units

Debt securities by issuer	31 December 2019	31 December 2018
Foreign banks	1,052,777	49,524
Energy and fuel	409,099	115,040
Financial and insurance activities	399,754	-
Transportation and storage	245,846	-
Real estate management	200,893	3,673
Manufacturing	199,748	15,034
Companies from the WIG-Banks Index	127,336	127,336
Telecommunications	125,655	-
Mining and quarrying (including companies included in the WIG-Mining index)	56,230	34,700
Public utility services	41,637	-
Domestic local governments	10,519	10,520
Other	51,048	21,353
Total	2,920,542	377,180

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

Country	31 December 2019	31 December 2018
Indonesia	79,960	67,055
Columbia	77,064	36,609
Brazil	74,638	52,940
Panama	68,618	32,471
Russia	67,459	64,033
Philippines	54,667	36,960
Dominican Republic	51,505	38,602
Oman	50,495	37,541
South Africa	47,060	30,982
Uruguay	45,687	37,753
Peru	42,101	31,595
Qatar	37,113	-
Kazakhstan	35,584	26,429
Hungary	31,723	63,746
Croatia	24,662	59,371
Saudi Arabia	23,443	-
Romania	20,806	60,003
Paraguay	20,348	5,904
Mexico	16,874	17,175
Azerbaijan	12,035	3,184
Morocco	11,784	7,562
Trinidad and Tobago	6,606	5,670
Guatemala	5,929	5,228
Honduras	4,318	4,041
Vietnam	4,183	7,806
Uzbekistan	4,107	-
Namibia	3,987	3,768
Chile	2,114	1,758
Portugal	-	225,640
Ireland	-	225,076
Spain	-	215,421
Turkey	-	50,131
Germany	-	44,530
Egypt	-	37,750
Argentina	-	35,639

Sri Lanka	-	25,540
Serbia	-	25,480
Nigeria	-	20,754
Jamaica	-	15,347
Costa Rica	-	12,082
Côte d'Ivoire	-	11,082
Kenya	-	10,775
Ghana	-	9,383
Mongolia	-	9,087
Lithuania	-	8,085
Belarus	-	7,877
Jordan	-	7,285
Senegal	-	6,754
Ethiopia	-	3,627
Bolivia	-	3,275
Armenia	-	2,422
Cameroon	-	1,937
Total	924,870	1,753,165

2.5.4. Term deposits with credit institutions

Term deposits with credit institutions (by maturity) - remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months	89,598	439,488
b) from 3 months to 1 year	-	430,000
c) from 1 to 5 years	-	-
d) over 5 years	-	-
Total term deposits with credit institutions	89,598	869,488

Term deposits with credit institutions (by currency)	31 December 2019	31 December 2018
a) in PLN	88,093	166,841
b) in foreign currencies with domestic banks (by currency and translated to PLN)	1,505	702,647
b1. EUR 000s	161	162,254
PLN 000s	684	697,691
b2. USD 000s	216	240
PLN 000s	821	904
b3. CZK 000s	-	-
PLN 000s	-	-
b4. other	-	4,052
c) in foreign currencies with foreign banks (by currency and translated to PLN)	-	-
Total term deposits with credit institutions	89,598	869,488

2.5.5. Derivatives

In its investing activities, PZU uses derivatives as a tool to mitigate risk (with hedge accounting) and to facilitate efficient portfolio management. For the purposes of its investing activity, PZU sets investment limits and a catalog of permitted instruments in specified investment portfolios. For derivatives, this catalog includes: FRAs, futures for treasury bonds, short interest rate futures, stock index futures, share futures, interest rate swaps, standard commodity futures and standard derivatives.

The use of derivatives for effective portfolio management does not materially affect the PZU's risk profile and does not cause additional risk exposure, because derivatives and their underlying instruments are subject to aggregate investment limits. The Company does not conclude transactions on derivatives, for which the underlying instruments are not covered by the risk management system.

The main type of risk associated with derivatives at PZU is market risk, which includes interest rate risk and the risk of changes in prices of various instruments.

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

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

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

Risk hedged	Purpose of purchase/issue	Scope and nature of instrument	Currency	Date of pricing, maturity, expiry or realization	Early settlement option – period or day, if any	Option to replace with or exchange for other asset or equity and liability	Additional collateral accepted or provided for the instrument	Par value as at 31 December 2019 in the currency 000s	Par value as at 31 December 2019 translated to PLN in PLN 000s	Quantity as at 31 December 2019	Position as at 31 December 2019 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2019 in PLN 000s	Gains/losses not realized in 2019 in PLN 000s
Interest rate risk	hedges cash flow hedges	CIRS	USD	2025-05-08	Yes	None	None	8,000	30,433	1	n/a	-	493	(28)	(89)
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2025-01-15	Yes	None	None	5,000	23,846	1	n/a	-	1,258	(98)	(1,283)
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2023-11-15	Yes	None	None	3,000	14,548	1	n/a	-	471	(2)	(521)
Interest rate risk	hedges cash flow hedges	CIRS	USD	2025-03-16	Yes	None	None	20,000	75,145	1	n/a	-	2,962	(427)	(1,225)
Interest rate risk	hedges cash flow hedges	CIRS	GBP	2026-02-23	Yes	None	None	5,000	24,574	1	n/a	-	241	121	(509)
Interest rate risk	commercial	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(9,437)	-
Interest rate risk	commercial	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9,173	-
Interest rate risk	commercial	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,461	-
Interest rate risk	commercial	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(495)	-
Interest rate risk	commercial	IRS	EUR	2020-01-02	Yes	None	None	700	2,981	1	n/a	-	8	(5)	(8)
Interest rate risk	commercial	IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,559	-
Interest rate risk	commercial	IRS	EUR	2020-03-06	Yes	None	None	1,500	6,388	1	n/a	45	-	3	45
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1,063)	-
Interest rate risk	commercial	FX Swap	USD	2020-01-02	Yes	None	None	4,200	15,950	1	n/a	-	64	61	(63)
Interest rate risk	commercial	FX Swap	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43,964	-
Interest rate risk	commercial	FX Swap	USD	2020-02-20	Yes	None	None	23,000	87,347	1	n/a	1,867	-	32	1,867
Interest rate risk	commercial	FX Swap	USD	2020-03-03	Yes	None	None	4,500	17,090	1	n/a	788	-	13	788
Interest rate risk	commercial	FX Swap	USD	2020-06-04	Yes	None	None	54,511	207,015	1	n/a	1,027	-	752	1,027
Interest rate risk	commercial	FX Swap	USD	2020-03-10	Yes	None	None	256,450	973,920	1	n/a	14,866	-	(3,681)	14,865
Interest rate risk	commercial	FX Swap	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(131)	-
Interest rate risk	commercial	FX Swap	CHF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	164	-
Interest rate risk	commercial	FX Swap	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(387)	-
Interest rate risk	commercial	FX Swap	RON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(237)	-
Interest rate risk	commercial	Option	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	120	-
TOTAL												50,093	10,352	54,519	17,881

As at 31 December 2018, PZU held the following derivatives and achieved the following results on transactions with such instruments in 2018:

Risk hedged	Purpose of purchase/issue	Scope and nature of instrument	Currency	Date of pricing, maturity, expiry or realization	Early settlement option – period or day, if any	Option to replace with or exchange for other asset or equity and liability	Additional collateral accepted or provided for the instrument	Par value as at 31 December 2018 in the currency 000s	Par value as at 31 December 2018 converted to PLN in PLN 000s	Quantity as at 31 December 2018	Position as at 31 December 2018 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2018 in PLN 000s	Gains/losses not realized in 2018 in PLN 000s
FX risk	commercial	Forward	CZK	2019-01-23	Yes	None	None	87,000	14,555	1	n/a	-	47	-	(47)
FX risk	commercial	Forward	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(4,281)	-
FX risk	commercial	Forward	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	660	-
FX risk	commercial	Forward	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(50,015)	-
FX risk	commercial	Forward	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	409	-
Interest rate risk	commercial	Interest rate forward	EUR	2019-03-07	Yes	None	None	689	2,963	1	Short	215	401	(230)	(186)
Interest rate risk	commercial	Interest rate forward	EUR	2020-12-14	Yes	None	None	20,950	90,083	1	Short	-	266	13	(266)
Interest rate risk	commercial	Interest rate forward	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(12,329)	-
Interest rate risk	commercial	Interest rate forward	USD	2019-12-18	Yes	None	None	27,385	102,960	1	Short	3,807	1,499	1,503	2,126
Interest rate risk	commercial	Interest rate forward	USD	2019-03-20	Yes	None	None	1,080	4,059	1	Long	336	114	503	223
Interest rate risk	commercial	Interest rate forward	USD	2019-03-29	Yes	None	None	4,183	15,728	1	Short	-	226	-	(226)
Interest rate risk	commercial	Interest rate forward	USD	2018-12-31	Yes	None	None	-	-	1	n/a	-	-	20	-
Interest rate risk	commercial	Interest rate forward	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2,090)	-
Interest rate risk	commercial	Option	USD	2019-03-15	Yes	None	None	-	-	1	n/a	926	-	(282)	396
Interest rate risk	commercial	Option	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(366)	-
Interest rate risk	commercial	IRS	BRL	2019-01-02	Yes	None	None	-	-	1	n/a	-	-	(672)	-
Interest rate risk	commercial	IRS	BRL	2020-01-02	Yes	None	None	591,629	573,111	1	n/a	6,316	10,409	-	(4,093)
Interest rate risk	commercial	IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(878)	-
Interest rate risk	commercial	IRS	EUR	2021-05-26	Yes	None	None	1,000	4,300	1	n/a	-	18	(19)	(18)
Interest rate risk	commercial	IRS	HUF	2019-11-24	Yes	None	None	-	-	1	n/a	-	-	425	-
Interest rate risk	commercial	IRS	HUF	2020-04-30	Yes	None	None	2,000,000	26,788	1	n/a	3,131	-	(3,212)	3,131
Interest rate risk	commercial	IRS	HUF	2020-05-11	Yes	None	None	2,000,000	26,788	1	n/a	-	3,304	3,393	(3,304)
Interest rate risk	commercial	IRS	HUF	2022-11-24	Yes	None	None	-	-	1	n/a	-	-	(4,091)	-
Interest rate risk	commercial	IRS	HUF	2023-12-19	Yes	None	None	7,050,000	94,428	1	n/a	306	-	1,735	306
Interest rate risk	commercial	IRS	HUF	2024-02-24	Yes	None	None	6,826,000	91,427	1	n/a	2,214	11,792	12,929	(9,579)
Interest rate risk	commercial	IRS	HUF	2024-04-08	Yes	None	None	7,000,000	93,758	1	n/a	19,059	-	(21,455)	19,059
Interest rate risk	commercial	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(3,036)	-
Interest rate risk	commercial	IRS	ILS	2021-11-23	Yes	None	None	121,000	121,097	1	n/a	160	-	-	160
Interest rate risk	commercial	IRS	ILS	2021-11-22	Yes	None	None	-	-	1	n/a	-	-	(146)	-
Interest rate risk	commercial	IRS	MXN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,434	-
Interest rate risk	commercial	IRS	PLN	2023-06-20	Yes	None	None	130,000	130,000	1	n/a	-	14,242	10,340	(14,242)
Interest rate risk	commercial	IRS	PLN	2023-09-09	Yes	None	None	130,000	130,000	1	n/a	18,351	-	-	4,174

Risk hedged	Purpose of purchase/issue	Scope and nature of instrument	Currency	Date of pricing, maturity, expiry or realization	Early settlement option – period or day, if any	Option to replace with or exchange for other asset or equity and liability	Additional collateral accepted or provided for the instrument	Par value as at 31 December 2018 in the currency 000s	Par value as at 31 December 2018 converted to PLN in PLN 000s	Quantity as at 31 December 2018	Position as at 31 December 2018 (short/long)	Assets – carrying amount in PLN 000s	Liabilities – carrying amount in PLN 000s	Gains/losses realized in 2018 in PLN 000s	Gains/losses not realized in 2018 in PLN 000s
Interest rate risk	commercial	IRS	PLN	2023-11-20	Yes	None	None	22,100	22,100	1	n/a	-	424	-	(424)
Interest rate risk	commercial	IRS	PLN	2023-11-26	Yes	None	None	18,000	18,000	1	n/a	-	285	-	(285)
Interest rate risk	commercial	IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	46	-
Interest rate risk	commercial	IRS	USD	2023-01-08	Yes	None	None	44,500	167,307	1	n/a	-	5,502	6,793	(5,502)
Interest rate risk	commercial	IRS	USD	2023-01-30	Yes	None	None	25,000	93,993	1	n/a	-	3,224	3,950	(3,224)
Interest rate risk	commercial	IRS	USD	2023-03-12	Yes	None	None	69,500	261,299	1	n/a	10,562	-	(12,572)	10,562
Interest rate risk	commercial	IRS	USD	2023-05-14	Yes	None	None	111,000	417,327	1	n/a	-	12,414	15,662	(12,414)
Interest rate risk	commercial	IRS	USD	2023-05-21	Yes	None	None	114,000	428,606	1	n/a	-	3,373	(1,466)	(3,373)
Interest rate risk	commercial	IRS	ZAR	2022-09-20	Yes	None	None	637,500	166,643	1	n/a	2,363	-	(4,623)	2,363
Interest rate risk	commercial	IRS	ZAR	2022-10-01	Yes	None	None	637,500	166,643	1	n/a	-	3,027	5,172	(3,027)
Interest rate risk	commercial	IRS	ZAR	2025-08-25	Yes	None	None	1,150,000	300,610	1	n/a	3,668	-	-	(2,624)
Interest rate risk	commercial	IRS	ZAR	2025-09-11	Yes	None	None	1,150,000	300,610	1	n/a	-	7,003	-	2,495
Interest rate risk	commercial	IRS	ZAR	2019-01-07	Yes	None	None	40,900	10,691	1	n/a	230	-	-	230
Interest rate risk	commercial	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,232	-
FX risk	commercial	FX Swap	EUR	2019-02-27	Yes	None	None	6,000	25,800	1	n/a	70	-	(28)	70
FX risk	commercial	FX Swap	EUR	2019-02-21	Yes	None	None	911	3,918	1	n/a	-	27	1	(27)
FX risk	commercial	FX Swap	EUR	2019-02-28	Yes	None	None	4,018	17,277	1	n/a	-	159	(18)	(159)
FX risk	commercial	FX Swap	EUR	2019-01-10	Yes	None	None	10,000	43,000	1	n/a	-	1,500	97	(1,500)
FX risk	commercial	FX Swap	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(8,479)	-
FX risk	commercial	FX Swap	HUF	2019-01-29	Yes	None	None	419,040	5,613	1	n/a	-	57	4	(57)
FX risk	commercial	FX Swap	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	580	-
FX risk	commercial	FX Swap	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(34)	-
FX risk	commercial	FX Swap	RON	2019-01-04	Yes	None	None	13,919	12,846	1	n/a	-	54	1	(54)
FX risk	commercial	FX Swap	RON	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(172)	-
FX risk	commercial	FX Swap	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,447	-
FX risk	commercial	FX Swap	USD	2019-02-19	Yes	None	None	2,900	10,903	1	n/a	96	-	(36)	96
FX risk	commercial	FX Swap	USD	2019-03-04	Yes	None	None	63,000	236,861	1	n/a	840	102	(867)	738
FX risk	commercial	FX Swap	USD	2019-06-10	Yes	None	None	256,450	964,175	1	n/a	882	340	932	542
FX risk	commercial	FX Swap	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(55,579)	-
FX risk	commercial	FX Swap	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	759	-
FX risk	commercial	FX Swap	JPY	2019-01-10	Yes	None	None	292,375	9,977	1	n/a	-	175	(16)	(175)
FX risk	commercial	FX Swap	JPY	2019-01-09	Yes	None	None	621,136	21,196	1	n/a	402	-	(102)	402
FX risk	commercial	FX Swap	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1,977	-
TOTAL												73,934	79,984	(115,077)	(17,733)

2.5.6. Hedge accounting

In 2018, PZU did not apply hedge accounting and had no derivatives to hedge the value of technical provisions.

In 2019, PZU applied hedge accounting to cover its cash flows. Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable planned transaction and could affect profit or loss.

PZU hedges foreign currency cash flows generated by the portfolios of fixed-rate bonds denominated in EUR, USD or GBP using cross-currency interest rate swaps (CIRS).

	Currency	31 December 2019 Maturity					31 December 2018 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Par value	EUR/PLN	-	-	288,331	965,359	1,253,690	-	-	-	-	-
Par value	USD /PLN	-	-	65,034	379,937	444,971	-	-	-	-	-
Par value	GBP /PLN	-	-	14,548	594,418	608,966	-	-	-	-	-

Impact of the hedge relationship on the balance sheet and the financial result	31 December 2019	31 December 2018
Hedging instruments		
Par value	2,307,627	-
Carrying amount – assets (fair value)	31,500	-
Carrying amount – liabilities (fair value)	10,280	-
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	21,220	-
Hedge inefficiency amount recognized in the profit and loss account	(10,023)	-
Impairments increasing and decreasing the revaluation reserve, including:	13,557	-
Impairments increasing the revaluation reserve	19,103	-
Impairments decreasing the revaluation reserve	5,546	-
Impairments charged to the revaluation reserve and classified as financial income or financial costs, including:	17,686	-
Impairments charged to the revaluation reserve and classified as financial income	23,168	-
Impairments charged to the revaluation reserve and classified as financial costs	5,482	-
Hedged items		
Amount equal to the change in the fair value of a hypothetical derivative representing the hedged item, which forms the basis for estimating hedge inefficiency in the period	(31,192)	-
Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period	13,557	-

2.6 Risk exposure of investments

The objective of risk management is to ensure that PZU pursues its business goals, monitors and manages its portfolios in a safe manner and adequately to the level of incurred risks.

The main elements of PZU's risk management strategy include:

- risk management organizational structure, in which the key roles are played by the Supervisory Board, Management Board, the Risk Committee, the Asset-Liability Management Committee, the Investment Risk Committee, the Investment Committee (“Committees”), the Investment Division and the Risk Department;
- processes involving the identification, measurement and assessment, monitoring and controlling, reporting and management measures pertaining to various risks;
- system of limits and restrictions on the acceptable risk levels defined by the Supervisory Board, the Management Board and the relevant Committees;

Based on the Company’s internal regulations, the Supervisory Board, Management Board and the Committees supervise the process of implementing the key risk management policy objective, which is to increase the effectiveness of the task performance and goal achievement by applying appropriate control mechanisms and obtaining the information about the risks to the achievement of the goals and performance of the tasks set. The risk appetite and the accompanying system of limits incorporate all material factors related to investment risk. The key investment risk management tools used by the Company include, among others:

- VaR limits – where Value at Risk is a risk measure quantifying the potential economic loss, which will not be exceeded over a period of one year with a 99.5% probability under normal market circumstances, with the use of a standard formula or an economic capital model for market risk;
- bpv limits – where basis point value denotes changes in the value of financial instruments and portfolio if interest rate curves move up 1 bp;
- equity exposure limits, including exposure of derivatives to equity risk;
- maximum position limit for each foreign currency;
- global position limit for each foreign currency;
- position limits for individual foreign currencies;
- exposure limits;
- net maturity-weighted credit exposure limits.

Investment risk reports are prepared on a daily basis for operating purposes and periodically (monthly, quarterly) for management purposes. The periodic reports are addressed mainly to the Supervisory Board, Management Board and the Committees.

Information on key investment risks affecting PZU is presented in the following sections. The following tables take into consideration the initial risk resulting from the look through approach in respect to the funds where PZU and PZU Życie are the sole owners (SFIO Universum, FIZ Aktywów Niepublicznych BIS1, FIZ Aktywów Niepublicznych BIS2, FIZ Sektora Nieruchomości, FIZ Sektora Nieruchomości 2, FIZ Dynamiczny).

2.6.1. Interest rate risk

Interest rate risk is defined as the possibility of a loss incurred as a result of a change in the value of financial instruments or other assets and a change in the present value of the forecast liability flows as a consequence of changes in the interest rate term structure or fluctuations in the volatility of risk-free market interest rates. The table below presents financial instruments exposed to interest rate risk.

Interest rate risk	31 December 2019 (PLN million)	31 December 2019 (% of investments)	31 December 2018 (PLN million)	31 December 2018 (% of investments)
Financial instruments in the held-for-trading portfolio and the available-for-sale portfolio	8,496.4	23.4%	10,136.7	27.4%
Financial instruments in the held-to-maturity portfolio	4,505.6	12.4%	4,901.6	13.2%
Debt securities in the loans portfolio	127.3	0.4%	219.5	0.6%
Debt and cash mutual funds	282.3	0.8%	10.1	0.0%

For the above financial instruments measured at fair value, a decline in value caused by a 100 bps increase in interest rates is PLN 387 million (PLN 176 million as at 31 December 2018). An increase in value caused by a 100 bps decrease in interest rates is PLN 422 million (PLN 189 million as at 31 December 2018).

2.6.2. Equity risk

Equity risk is defined as a possibility of a loss incurred as a result of a change in the value of assets, liabilities and financial instruments as a consequence of changes in market share prices or fluctuations in the volatility of market share prices.

Equity risk	31 December 2019 (PLN million)	31 December 2019 (% of investments)	31 December 2018 (PLN million)	31 December 2018 (% of investments)
Financial instruments exposed to equity risk, including	17,123.7	47.1%	17,048.1	45.8%
- unquoted shares	8,103.5	22.3%	7,967.4	21.4%
- quoted shares	8,816.1	24.3%	9,055.6	24.3%
- other investments	-	-	-	-
- equity funds	204.2	0.6%	25.1	0.1%

2.6.3. Property price risk

Property price risk is defined as a possibility of a loss incurred as a result of a change in the value of assets, liabilities and financial instruments as a consequence of changes in market property prices or fluctuations in the volatility of market property prices.

Property price risk	31 December 2019 (PLN million)	31 December 2019 (% of investments)	31 December 2018 (PLN million)	31 December 2018 (% of investments)
Value of investments exposed to property price risk, including:	332.8	0.9%	347.0	0.9%
- real property	332.8	0.9%	347.0	0.9%

2.6.4. Credit risk

Credit risk is defined as the risk of loss or adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors, which materializes in the form of counterparty's default on a liability or an increase in credit spread.

The tables below present the value of assets exposed to credit risk, broken down by rating grades, as at 31 December 2019 and 31 December 2018. The following assumptions have been made:

- the credit risk exposure arising from repo transactions is presented as an exposure to the issuer of the underlying securities;
- investment-grade ratings are based on Fitch ratings (if there is no Fitch rating then a Standard&Poor's or EuroRating's rating is used instead).

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

Credit risk assets as at 31 December 2018 (PLN million)	AAA	AA	A	BBB	BB	below BB or unrated	Total
Debt securities	45	-	10,651	1,458	747	2,355	15,256
- held to maturity	-	-	4,867	-	-	34	4,901
- available for sale	-	-	132	450	303	209	1,094
- measured at fair value	45	-	5,652	881	444	2,020	9,042
- loans	-	-	-	127	-	92	219
Bank deposits and repo transactions on treasury securities	-	-	57	2,410	-	201	2,668
Mortgage loans	-	-	-	-	-	1,163	1,163
Other loans	-	-	-	-	-	743	743
Derivatives	-	32	37	6	-	6	81
Reinsurers' share in net claims provisions	-	-	-	-	-	-	-
Deposits with ceding enterprises	-	-	-	-	-	-	-
Reinsurance receivables	-	-	-	-	-	-	-
Total credit risk assets	45	32	10,745	3,874	747	4,468	19,911

As at 31 December 2019, PZU's maximum potential credit loss was PLN 1,291.6 million (PLN 1,493.3 million as at 31 December 2018). The amount was calculated based on the average accumulated probability ratios regarding insolvency within a 10-year horizon for a given rating grade, published by Standard&Poor's and presented in the table below:

Credit risk assets	AAA	AA	A	BBB	BB	below BB or unrated
Calculation ratios as at 31 December 2019 (%)	0.70	0.73	1.28	3.44	12.22	24.21
Calculation ratios as at 31 December 2018 (%)	0.71	0.76	1.34	3.58	12.77	24.95

2.6.5. Concentration risk

Concentration risk	31 December 2019 (PLN million)	31 December 2019 (% of investments)	31 December 2018 (PLN million)	31 December 2018 (% of investments)
Treasury securities issued by the Treasury of the Republic of Poland and repo transactions on such securities	9,713.6	26.7%	11,800.8	31.9%

2.6.6. Foreign exchange risk

Foreign exchange risk is defined as a possibility of a loss incurred as a result of a change in the value of assets, liabilities and financial instruments as a consequence of changes in exchange rates or fluctuations in the volatility of exchange rates.

PZU is exposed to foreign exchange risk arising from currency mismatch in technical provisions the value of which depends on exchange rates and assets denominated in foreign currencies, in particular: securities, investments in financial institutions, participation units in mutual funds and derivatives, i.e. fx forward, fx swap, interest/currency swap where exchange rates are underlying instruments.

Foreign exchange risk	31 December 2019 (PLN million)	31 December 2018 (PLN million)
Value of assets denominated in foreign currencies	5,633.1	5,953.1
Currency position on derivatives	3,955.4	-
Amount of net technical provisions denominated in foreign currencies	831.9	960.1
Liabilities for borrowings from PZU Finance AB (publ.) funded by receipts under debt securities issued by PZU Finance AB (publ.)	-	3,677.1
Currency mismatch	845.8	1,315.7

3. Receivables

Geographic structure of receivables	31 December 2019				31 December 2018			
	Domestic	Foreign – EU countries	Foreign – other countries	Total	Domestic	Foreign – EU countries	Foreign – other countries	Total
I. Receivables on direct insurance	1,688,635	18,330	33,748	1,740,713	1,730,837	17,789	26,668	1,775,294
1. Receivables from policyholders	1,571,309	17,060	33,734	1,622,103	1,612,469	16,394	26,668	1,655,531
2. Receivables from intermediaries	95,547	-	14	95,561	99,230	48	-	99,278
3. Other receivables	21,779	1,270	-	23,049	19,138	1,347	-	20,485
II. Reinsurance receivables	100,021	9,287	5,193	114,501	207,035	45,125	12,010	264,170
III. Other receivables	216,064	12,774	767	229,605	183,325	119,629	828	303,782
1. Receivables from the state budget	2,001	-	-	2,001	3,274	-	-	3,274
2. Other receivables	214,063	12,774	767	227,604	180,051	119,629	828	300,508
Total receivables	2,004,720	40,391	39,708	2,084,819	2,121,197	182,543	39,506	2,343,246

3.1 Receivables on direct insurance

Receivables on direct insurance	31 December 2019	31 December 2018
a) receivables from policyholders, including:	1,622,103	1,655,531
- from subordinated entities	2,581	1,762
- domestic	2,581	1,762
- foreign	-	-
- from other entities	1,619,522	1,653,769
- domestic	1,568,728	1,610,707
- foreign	50,794	43,062
b) receivables from insurance intermediaries, including:	95,561	99,278
- from subordinated entities	-	15
- domestic	-	15
- foreign	-	-
- from other entities	95,561	99,263
- domestic	95,547	99,215
- foreign	14	48
c) other receivables, including:	23,049	20,485
- from subordinated entities	-	-
- domestic	-	-
- foreign	-	-
- from other entities	23,049	20,485
- domestic	21,779	19,138
- foreign	1,270	1,347
Receivables on direct insurance (net), total	1,740,713	1,775,294
d) impairment losses	647,941	620,660
Receivables on direct insurance (gross), total	2,388,654	2,395,954

Receivables on direct insurance, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months ¹⁾	1,136,127	1,176,692
b) from 3 months to 1 year	565,199	551,189
c) from 1 to 5 years	39,353	47,376
d) over 5 years	34	37
Receivables on direct insurance, total	1,740,713	1,775,294

¹⁾ As at 31 December 2019, the net amount of overdue receivables on direct insurance was PLN 470,013 thousand (PLN 476,929 thousand as at 31 December 2018).

Receivables on direct insurance (net)	31 December 2019	31 December 2018
a) from subsidiaries	2,581	1,777
b) from co-subsidiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsidiary	-	-
f) from the parent company	-	-
g) other	1,738,132	1,773,517
Receivables on direct insurance, total	1,740,713	1,775,294

Receivables on direct insurance (by currency)	31 December 2019	31 December 2018
a) in PLN	1,724,105	1,767,090
b) foreign currencies (by currency and translated to PLN)	16,608	8,204
b1. EUR 000s	601	1,500
PLN 000s	2,558	6,448
b2. USD 000s	3,700	461
PLN 000s	14,050	1,734
b3. other	-	22
Receivables on direct insurance, total	1,740,713	1,775,294

Balance of co-insurance settlements	31 December 2019	31 December 2018
Balance of co-insurance settlements	83,297	70,404

3.2 Reinsurance receivables

Reinsurance receivables	31 December 2019	31 December 2018
a) current receivables in inward reinsurance, including:	86,948	181,235
- from domestic cedents	84,502	173,366
- from international cedents	2,446	7,869
b) current receivables in outward reinsurance, including	11,960	50,301
- from domestic reinsurers	2,885	5,460
- from international reinsurers	9,075	44,841
c) current receivables from retrocessionaires, including:	15,593	32,634
- domestic	12,634	28,209
- foreign	2,959	4,425
d) receivables by virtue of the reinsurance commission spread over time	-	-
e) receivables for reinsurers' share in paid claims	-	-
Reinsurance receivables (net), total	114,501	264,170
f) impairment losses	2,389	5,450
Reinsurance receivables (gross), total	116,890	269,620

Reinsurance receivables	31 December 2019	31 December 2018
a) from subsidiaries	84,424	176,656
b) from co-subsiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsiary	-	-
f) from the parent company	-	-
g) other	30,077	87,514
Reinsurance receivables, total	114,501	264,170

Reinsurance receivables	31 December 2019	31 December 2018
a) current receivables in inward reinsurance, including:	86,948	181,235
- from cedents who are subsidiaries	84,424	176,656
- from cedents who are co-subsiaries	-	-
- from cedents who are associates	-	-
- from a cedent who is a major investor	-	-
- from a cedent who is a shareholder in co-subsiary	-	-
- from a cedent who is the parent company	-	-
b) current receivables in outward reinsurance, including	11,960	50,301
- from reinsurers who are subsidiaries	-	-
- from cedents who are co-subsiaries	-	-
- from reinsurers who are associates	-	-
- from a reinsurer who is a major investor	-	-
- from a reinsurer who is a shareholder in co-subsiary	-	-
- from a reinsurer who is the parent company	-	-
c) current receivables from retrocessionaires, including:	15,593	32,634
- from subsidiaries	-	-
- from cedents who are co-subsiaries	-	-
- from associates	-	-
- from a major investor	-	-
- from a shareholder in co-subsiary	-	-
- from the parent company	-	-
d) other	-	-
Reinsurance receivables, total	114,501	264,170

Reinsurance receivables (net), by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months	64,224	129,317
b) from 3 months to 1 year	36,891	124,562
c) from 1 to 5 years	13,386	10,291
d) over 5 years	-	-
Reinsurance receivables (net), total	114,501	264,170

Reinsurance receivables (by currency)	31 December 2019	31 December 2018
a) in PLN	107,073	252,038
b) foreign currencies (by currency and translated to PLN)	7,428	12,132
b1. EUR 000s	258	17
PLN 000s	1,097	75
b2. USD 000s	1,216	1,895
PLN 000s	4,617	7,123
b3. UAH 000s	10,256	33,331
PLN 000s	1,643	4,523
b4. other currencies	71	411
Reinsurance receivables, total	114,501	264,170

3.3 Other receivables

Other receivables	31 December 2019	31 December 2018
a) receivables from the state budget	2,001	3,274
b) settlements for guarantees and letters of credit	-	-
c) other receivables, including:	227,604	300,508
receivables from unsettled investment transactions and security deposits	7,506	141,349
settlements of the Company Social Benefit Fund	58,017	54,275
receivables from direct claims handling on behalf of other insurance undertakings	26,816	34,361
settlements of prevention activities	15,229	12,585
receivables for acting as an emergency adjuster	95,675	14,114
receivables on account of settlements within the Tax Group	10,926	30,853
bailiff seizures	3,464	4,400
security deposits withheld	1,916	2,127
receivables due to shortages and damages	3,019	2,821
prepayments for suppliers	2,001	868
Other receivables (net), total	229,605	303,782
d) impairment losses	15,501	16,933
Other receivables (gross), total	245,106	320,715

Other receivables	31 December 2019	31 December 2018
a) from subsidiaries	101,075	46,943
b) from co-subsidiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsidiary	-	-
f) from the parent company	-	-
g) other	128,530	256,839
Other receivables, total	229,605	303,782

Other receivables, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months	169,237	244,396
b) from 3 months to 1 year	1,554	2,073
c) from 1 to 5 years	22,149	23,408
d) over 5 years	36,665	33,905
Other receivables, total	229,605	303,782

Other receivables (by currency)	31 December 2019	31 December 2018
a) in PLN	229,092	161,414
b) foreign currencies (by currency and translated to PLN)	513	142,368
b1. EUR 000s	107	17,539
PLN 000s	456	75,418
b2. USD 000s	9	17,795
PLN 000s	36	66,902
b3. CHF 000s	5	-
PLN 000s	21	-
b4. GBP 000s	-	10
PLN 000s	-	48
b5. other currencies	-	-
Other receivables, total	229,605	303,782

3.4 Other information on receivables

3.4.1. Movement in impairment losses on receivables, by type of receivable

Movement in impairment losses on receivables, by type of receivable	31 December 2019	31 December 2018
a) at the beginning of the period (by type of receivable)	643,043	562,742
impairment losses on receivables on direct insurance	620,660	544,759
impairment losses on reinsurance receivables	5,450	6,994
impairment losses on other receivables	16,933	10,989
b) additions (by virtue of)	113,441	145,958
impairment losses on receivables on direct insurance	108,762	139,113
impairment losses on reinsurance receivables	276	785
impairment losses on other receivables	4,403	6,060
c) reductions (by virtue of)	90,653	65,657
- utilized impairment losses	3,535	1,445
impairment losses on receivables on direct insurance	839	1,445
impairment losses on reinsurance receivables	1,902	-
impairment losses on other receivables	794	-
- reversal of impairment losses due to repayment and other	87,118	64,212
impairment losses on receivables on direct insurance	80,642	61,767
impairment losses on reinsurance receivables	1,435	2,329
impairment losses on other receivables	5,041	116
d) at the end of the period (by type of receivable)	665,831	643,043
impairment losses on receivables on direct insurance	647,941	620,660
impairment losses on reinsurance receivables	2,389	5,450
impairment losses on other receivables	15,501	16,933

3.4.2. Information on past due receivables (by type)

Past due receivables (by type)	31 December 2019	31 December 2018
a) up to 3 months	293,993	295,751
- receivables on direct insurance	279,691	262,451
- reinsurance receivables	7,215	27,706
- other receivables	7,087	5,594
b) over 3 months	208,771	216,198
- receivables on direct insurance	190,322	191,621
- reinsurance receivables	3,005	9,240
- other receivables	15,444	15,337
Total past due receivables (by type), of which:	502,764	511,949
a) up to 3 months	293,993	295,751
b) over 3 months	208,771	216,198

As at 31 December 2019, the value of receivables more than 1 year past due was PLN 86,587 thousand (PLN 86,099 thousand as at 31 December 2018).

4. Other assets

4.1 Property, plant and equipment

Property, plant and equipment	31 December 2019	31 December 2018
a) plant and machinery	43,117	49,700
b) means of transport	63,520	49,466
c) other fixed assets	10,385	14,469
d) fixed assets under construction	8,403	8,898
e) advances for fixed assets under construction	-	-
f) inventories	-	-
g) salvage after damages	421	199
Total property, plant and equipment	125,846	122,732

Property, plant and equipment – ownership structure	31 December 2019	31 December 2018
a) owned	125,846	122,732
b) third party	-	-
Total property, plant and equipment	125,846	122,732

Fixed assets (on balance sheet) – ownership structure	31 December 2019	31 December 2018
a) owned	125,846	122,732
b) used based on lease, rental or other agreement	-	-
Total fixed assets (on balance sheet)	125,846	122,732

Fixed assets (off balance sheet)	31 December 2019	31 December 2018
a) used based on lease, rental or other agreement, including:	122,054	109,782
lease	122,054	109,782
Total fixed assets (off balance sheet)	122,054	109,782

In 2019 and in 2018, PZU did not incur production costs of fixed assets under construction and fixed assets for internal purposes.

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

Movement in fixed assets (by types) for the year ended 31 December 2018	Plant and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets under construction	Inventories	Salvage after damages	Total property, plant and equipment
a) gross value of fixed assets – at the beginning of the period	212,143	79,849	64,747	10,119	-	-	406	367,264
b) additions (by virtue of)	18,027	21,577	3,728	35,070	-	-	1,641	80,043
- investments	-	-	-	-	-	-	-	-
- direct purchase	2,875	-	1,907	34,374	-	-	-	39,156
- transfers	15,136	19,140	1,777	-	-	-	-	36,053
- other (including estimates)	16	2,437	44	696	-	-	1,641	4,834
c) reductions (by virtue of)	35,471	11,183	1,936	36,291	-	-	1,848	86,729
- liquidation	33,773	-	1,601	238	-	-	-	35,612
- sale	1,490	11,183	106	-	-	-	1,848	14,627
- transfers	-	-	-	36,053	-	-	-	36,053
- other	208	-	229	-	-	-	-	437
d) gross value of fixed assets – at the end of the period	194,699	90,243	66,539	8,898	-	-	199	360,578
e) accumulated depreciation – at the beginning of the period	161,721	39,488	48,117	-	-	-	-	249,326
f) depreciation for the period (due to)	(16,722)	1,289	3,953	-	-	-	-	(11,480)
- depreciation charges for the current year	18,652	7,066	5,753	-	-	-	-	31,471
- accumulated depreciation of fixed assets liquidated	(33,697)	-	(1,527)	-	-	-	-	(35,224)
- accumulated depreciation of fixed assets sold	(1,485)	(7,541)	(106)	-	-	-	-	(9,132)
- other	(192)	1,764	(167)	-	-	-	-	1,405
g) accumulated depreciation – at the end of the period	144,999	40,777	52,070	-	-	-	-	237,846
h) impairment losses – at the beginning of the period	-	-	-	-	-	-	-	-
- additions	-	-	-	-	-	-	-	-
- reductions	-	-	-	-	-	-	-	-
i) impairment losses – at the end of the period	-	-	-	-	-	-	-	-
j) net value of fixed assets – at the end of the period	49,700	49,466	14,469	8,898	-	-	199	122,732

4.2 Cash

Cash	31 December 2019	31 December 2018
a) cash on hand and on bank accounts	126,141	1,221,535
b) other cash	-	-
Total cash	126,141	1,221,535

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

The high balance of cash as at 31 December 2018 resulted from a trading liquidity strategy for the portfolio denominated in EUR for which it was decided to leave cash on a current bank account, since it was unprofitable to make term deposits at negative interest rates.

Cash, by currency	31 December 2019	31 December 2018
a) in PLN	62,788	68,390
b) foreign currencies (by currency and translated to PLN)	63,353	1,153,145
b1. EUR 000s	14,593	255,804
PLN 000s	62,143	1,099,956
b2. USD 000s	251	13,411
PLN 000s	952	50,421
b3. HUF 000s	388	168,658
PLN 000s	5	2,259
b4. GBP 000s	5	6
PLN 000s	26	30
b6. other	227	479
Total cash	126,141	1,221,535

5. Prepayments and accruals

5.1 Deferred tax assets

Movement in deferred tax assets	31 December 2019	31 December 2018
1. Deferred tax assets – at the beginning of the period, including:	482,759	459,896
a) recognized in the financial result¹⁾	464,716	458,480
b) recognized in equity²⁾	18,043	1,416
c) recognized in goodwill or negative goodwill	-	-
2. Additions	82,092	39,559
a) recognized in the financial result of the period in connection with deductible temporary differences (by virtue of)	71,385	22,932
- occurrence of temporary differences, including:	71,385	22,932
accrued expenses	66,869	9,962
financial instruments	-	-
impairment losses on real property	-	1,767
other provisions	4,516	11,203
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
b) recognized in the financial result of the period in connection with tax loss (by virtue of)	-	-
c) recognized in equity in connection with deductible temporary differences (by virtue of)	10,707	16,627
- occurrence of temporary differences, including:	10,707	16,627
financial instruments	10,707	16,627
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
d) recognized in equity in connection with tax loss (by virtue of)	-	-
e) recognized in goodwill or negative goodwill in connection with deductible temporary differences (by virtue of)	-	-
3. Reductions	30,359	16,696

a) recognized in the financial result of the period in connection with deductible temporary differences (by virtue of)	30,359	16,696
- reversed temporary differences, including:	30,359	16,696
insurance receivables	58	145
financial instruments	16,562	8,970
other provisions	84	2,749
accrued expenses	11,577	4,188
other temporary differences	2,078	644
- changes in tax rates	-	-
- impairment losses on deferred tax assets	-	-
b) recognized in the financial result of the period in connection with tax loss (by virtue of)	-	-
c) recognized in equity in connection with negative temporary differences (by virtue of)	-	-
- reversed temporary differences, including:	-	-
financial instruments	-	-
- changes in tax rates	-	-
- impairment losses on deferred tax assets	-	-
d) recognized in equity in connection with tax loss (by virtue of)	-	-
e) recognized in goodwill or negative goodwill in connection with deductible temporary differences (by virtue of)	-	-
4. Total deferred tax assets – at the end of the period, including:	534,492	482,759
a) recognized in the financial result³⁾	505,742	464,716
b) recognized in equity²⁾	28,750	18,043
c) recognized in goodwill or negative goodwill	-	-

¹⁾ Refers to accumulated changes in deferred tax assets recognized in the financial result of 2018 and previous years.

²⁾ Refers to revaluation reserve.

³⁾ Refers to accumulated impact of changes in deferred tax assets recognized in the financial result of 2019 and previous years.

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

Additional information regarding deductible temporary differences	31 December 2019	31 December 2018
a) deductible temporary differences – at the beginning of the period, including:	2,540,839	2,420,507
financial instruments	855,145	814,846
accrued expenses	1,050,725	1,020,338
insurance receivables	444,554	393,270
other temporary differences	10,303	8,282
impairment losses on real property	130,984	121,682
other provisions	49,128	62,089
b) deductible temporary differences – at the end of the period, including:	2,813,118	2,540,839
financial instruments	824,340	855,145
accrued expenses	1,341,725	1,050,725
insurance receivables	461,205	444,554
other temporary differences	5,794	10,303
impairment losses on real property	126,899	130,984
other provisions	53,155	49,128
deductible temporary differences expiring within 1 year	2,177,827	1,915,647
deductible temporary differences expiring in more than 1 year	635,291	625,192

5.2 Other prepaid expenses and accrued income

Other prepayments and accruals	31 December 2019	31 December 2018
a) reinsurance accruals ¹⁾	836,877	548,907
b) expenses related to direct claims handling expenses	56,158	55,635
c) IT expenses	32,273	29,589
d) other	13,893	12,601
Other prepayments and accruals, total	939,201	646,732



³⁾ "Reinsurance accruals" include mainly gross accrued premium on inward reinsurance in the amount of PLN 776,545 thousand (PLN 511,073 thousand as at 31 December 2018).

6. Movements in impairment losses

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

Item	Impairment losses as at 1 January 2019, including:		Recognized, of which:		Reversed, of which:		Utilized, of which:		Impairment losses as at 31 December 2019, including:	
	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity
I. Intangible assets	1,611	-	-	-	-	-	(402)	-	1,209	-
II. Investments	159,103	2,349	20,957	-	(33,863)	-	-	-	146,197	2,349
1. Real property	134,595	2,349	20,957	-	(25,866)	-	-	-	129,686	2,349
2. Investments in subordinated entities	7,821	-	-	-	(3,859)	-	-	-	3,962	-
3. Other financial investments	16,687	-	-	-	(4,138)	-	-	-	12,549	-
a) shares and other variable income securities	12,500	-	-	-	-	-	-	-	12,500	-
b) participation units and investment certificates in mutual funds	4,187	-	-	-	(4,138)	-	-	-	49	-
c) debt securities and other fixed income securities	-	-	-	-	-	-	-	-	-	-
d) participation in investments pools	-	-	-	-	-	-	-	-	-	-
e) mortgage-backed loans	-	-	-	-	-	-	-	-	-	-
f) other loans	-	-	-	-	-	-	-	-	-	-
g) term deposits with credit institutions	-	-	-	-	-	-	-	-	-	-
h) other investments (by type)	-	-	-	-	-	-	-	-	-	-
4. Deposits with ceding enterprises	-	-	-	-	-	-	-	-	-	-
III. Net assets for life insurance where the policyholder bears the investment risk	-	-	-	-	-	-	-	-	-	-
IV. Receivables	643,043	-	113,441	-	(87,118)	-	(3,535)	-	665,831	-
1. Receivables on direct insurance	620,660	-	108,762	-	(80,642)	-	(839)	-	647,941	-
2. Reinsurance receivables	5,450	-	276	-	(1,435)	-	(1,902)	-	2,389	-
3. Other receivables	16,933	-	4,403	-	(5,041)	-	(794)	-	15,501	-
3.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	16,933	-	4,403	-	(5,041)	-	(794)	-	15,501	-
V. Other assets, including:	-	-	-	-	-	-	-	-	-	-
1. Property, plant and equipment	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
VI. Prepayments and accruals	316	-	-	-	(199)	-	-	-	117	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rents	-	-	-	-	-	-	-	-	-	-
4. Other prepayments and accruals	316	-	-	-	(199)	-	-	-	117	-

Movement in impairment losses for financial assets in the year ended 31 December 2018.

Item	Impairment losses as at 1 January 2018, including:		Recognized, of which:		Reversed, of which:		Utilized, of which:		Impairment losses as at 31 December 2018, including:	
	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity	recognized in the financial result	recognized in equity
I. Intangible assets	1,723	-	-	-	-	-	(112)	-	1,611	-
II. Investments	145,325	3,051	30,651	209	(14,041)	(911)	(2,832)	-	159,103	2,349
1. Real property	122,937	3,051	25,380	209	(13,287)	(911)	(435)	-	134,595	2,349
2. Investments in subordinated entities	7,821	-	-	-	-	-	-	-	7,821	-
3. Other financial investments	14,567	-	5,271	-	(754)	-	(2,397)	-	16,687	-
a) shares and other variable income securities	12,500	-	-	-	-	-	-	-	12,500	-
b) participation units and investment certificates in mutual funds	2,067	-	5,271	-	(754)	-	(2,397)	-	4,187	-
c) debt securities and other fixed income securities	-	-	-	-	-	-	-	-	-	-
d) participation in investments pools	-	-	-	-	-	-	-	-	-	-
e) mortgage-backed loans	-	-	-	-	-	-	-	-	-	-
f) other loans	-	-	-	-	-	-	-	-	-	-
g) term deposits with credit institutions	-	-	-	-	-	-	-	-	-	-
h) other investments (by type)	-	-	-	-	-	-	-	-	-	-
4. Deposits with ceding enterprises	-	-	-	-	-	-	-	-	-	-
III. Net assets for life insurance where the policyholder bears the investment risk	-	-	-	-	-	-	-	-	-	-
IV. Receivables	562,742	-	145,958	-	(64,212)	-	(1,445)	-	643,043	-
1. Receivables on direct insurance	544,759	-	139,113	-	(61,767)	-	(1,445)	-	620,660	-
2. Reinsurance receivables	6,994	-	785	-	(2,329)	-	-	-	5,450	-
3. Other receivables	10,989	-	6,060	-	(116)	-	-	-	16,933	-
3.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	10,989	-	6,060	-	(116)	-	-	-	16,933	-
V. Other assets, including:	-	-	-	-	-	-	-	-	-	-
1. Property, plant and equipment	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-
VI. Prepayments and accruals	1,067	-	-	-	(751)	-	-	-	316	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
3. Accrued interest and rents	-	-	-	-	-	-	-	-	-	-
4. Other prepayments and accruals	1,067	-	-	-	(751)	-	-	-	316	-

6.1 Carrying amount of interest accrued on impaired assets

As at 31 December 2019 and 31 December 2018, no interest has accrued on impaired assets.

7. Equity

7.1 Share capital

Share capital structure as at 31 December 2019

Series/ issue	Par value per share	Type of shares	Type of preference attached to shares	Type of limitation on rights to shares	Number of shares	Par value of the series/issue (PLN)	Capital coverage	Date of registration	Right to dividends (from)
A	PLN 0.1	bearer	none	none	604,463,200	60,446,320	cash	23.01.1997	27.12.1991
B	PLN 0.1	bearer	none	none	259,059,800	25,905,980	in-kind contribution	31.03.1999	01.01.1999
Total					863,523,000	86,352,300			

Share capital structure as at 31 December 2018

Series/ issue	Par value per share	Type of shares	Type of preference attached to shares	Type of limitation on rights to shares	Number of shares	Par value of the series/issue (PLN)	Capital coverage	Date of registration	Right to dividends (from)
A	PLN 0.1	bearer	none	none	604,463,200	60,446,320	cash	23.01.1997	27.12.1991
B	PLN 0.1	bearer	none	none	259,059,800	25,905,980	in-kind contribution	31.03.1999	01.01.1999
Total					863,523,000	86,352,300			

Shareholder structure as at 31 December 2019

No.	Shareholder's name	Number of shares and votes	Percentage held in the share capital and in the total number of votes at the Shareholder Meeting
1.	State Treasury ¹⁾	295,217,300	34.1875%
2.	Other shareholders	568,305,700	65.8125%
	Total	863,523,000	100.0000%

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

Shareholder structure as at 31 December 2018

No.	Shareholder's name	Number of shares and votes	Percentage held in the share capital and in the total number of votes at the Shareholder Meeting
1.	State Treasury ¹⁾	295,217,300	34.1875%
2.	Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale Nederlanden Dobrowolny Fundusz Emerytalny	43,825,000	5.0751%
3.	Other shareholders	524,480,700	60.7374%
	Total	863,523,000	100.0000%

¹⁾ According to Current Report No. 21/2018 on the list of shareholders holding at least 5% of votes at the PZU Ordinary Shareholder Meeting of 28 June 2018.

7.2 Dividends

7.2.1. Dividend paid from the 2018 profit

On 16 April 2019 the PZU Management Board decided to submit a motion to PZU's Ordinary Shareholder Meeting to distribute PZU's net profit for the year ended 31 December 2018 in the amount of PLN 2,711,879 thousand as follows:

- designate PLN 2,417,864 thousand, i.e. PLN 2.80 per share, for a dividend payment;
- designate PLN 286,692 thousand for supplementary capital;
- designate PLN 7,323 thousand for the Company Social Benefit Fund.

Moreover, the PZU Management Board decided to submit a motion to transfer PLN 19,682 thousand to supplementary capital from retained earnings.

On 24 May 2019, the Ordinary Shareholder Meeting of PZU adopted a resolution on distribution of net profit for the year ended 31 December 2018, in accordance with the motion submitted by the PZU Management Board.

The record date was set at 14 August 2019 and the dividend was paid out on 5 September 2019.

7.2.2. Proposed distribution of the 2019 profit

As at the date of signing these standalone financial statements, the PZU Management Board has not adopted a resolution in the matter of the proposed distribution of the 2019 profit.

7.3 Supplementary capital

Supplementary capital	31 December 2019	31 December 2018
a) share premium account	538,139	538,139
b) statutory	28,784	28,784
c) created under articles of association or contractually above the (minimum) amount required by law	5,240,185	4,933,811
d) from shareholder contributions	-	-
e) other	7,133	6,838
Total supplementary capital	5,814,241	5,507,572

7.4 Revaluation reserve

Revaluation reserve	31 December 2019	31 December 2018
a) revaluation of fixed assets	9,871	10,166
b) deferred tax	(396,702)	(270,136)
c) exchange differences from translation of foreign branches	-	-
d) other (by type):	6,792,088	5,859,146
- due to remeasurement of financial investments measured by the equity method	4,699,517	4,436,005
- due to remeasurement of financial investments held for hedge accounting purposes	13,557	-
- due to remeasurement of financial investments classified in the portfolio of available-for-sale financial assets	2,079,014	1,423,141
Total revaluation reserve	6,405,257	5,599,176

Revaluation reserve on financial instruments (gross)	1 January – 31 December 2019	1 January – 31 December 2018
1. Opening balance	5,859,146	6,014,181
2. Additions due to:	1,010,054	786,226
a) effects of revaluation of available-for-sale financial assets, including:	985,469	786,226
- remeasurement gains	981,165	778,256
- amounts deducted as at the derecognition data (e.g. sale)	4,304	2,393
- impairment losses posted to the profit and loss account if impairment is determined	-	5,577
- valuation gains determined as at the date assets are reclassified to available for sale (from held to maturity)	-	-
- amounts settled when assets are reclassified to held to maturity (reclassified to HTM for the second time after the elapse of the period referred to in par. 8.4 of the regulation on financial instruments)	-	-
b) arising from the application of hedge accounting:	24,585	-
- amounts settled when fair value of an interest-bearing financial instrument is hedged	-	-
- periodic measurement of hedged items and hedging instruments related to cash flow hedges	24,585	-
- periodic measurement of hedged items and hedging instruments related to hedges of net assets of foreign entities	-	-
c) other	-	-
d) calculation, revaluation and charging to financial result of the provision and deferred tax assets	-	-
3. Reductions due to:	77,112	941,261
a) effects of revaluation of available-for-sale financial assets, including:	48,398	941,261
- remeasurement losses	8,508	939,733
- amounts deducted as at the derecognition data (e.g. sale)	39,890	1,528
- valuation losses determined as at the date assets are reclassified to available for sale (from held to maturity)	-	-
- amounts settled when assets are reclassified to held to maturity (reclassified to HTM for the second time after the elapse of the period referred to in par. 8.4 of the regulation on financial instruments)	-	-
b) arising from the application of hedge accounting:	28,714	-
- amounts settled when fair value of an interest-bearing financial instrument is hedged	-	-
- periodic measurement of hedged items and hedging instruments related to cash flow hedges	28,714	-
- periodic measurement of hedged items and hedging instruments related to hedges of net assets of foreign entities	-	-
c) other	-	-
d) calculation, revaluation and charging to financial result of the provision and deferred tax assets	-	-
4. Closing balance	6,792,088	5,859,146

8. Subordinated liabilities

On 30 June 2017, PZU issued subordinated bonds with a total nominal value of PLN 2,250,000 thousand. The final maturity of the bonds is 29 July 2027 with an early redemption option on 29 July 2022.

Parameters of outstanding bonds:

Parameter	Value
Total nominal value of the bonds	PLN 2,250,000 thousand
Nominal value and issue price of one bond	PLN 100,000
Bond final maturity date	29 July 2027
Interest rate	WIBOR 6M + 1.80% margin
Interest payment days	29 January and 29 July each year, from 29 January 2018 until 29 July 2027
Possibility of redeeming bonds before final maturity	29 July 2022
Security	None

The bonds are not in the form of documents and are registered in the securities depository maintained by Krajowy Depozyt Papierów Wartościowych SA [National Depository for Securities] and quoted in alternative trading systems run by BondSpot SA and the Warsaw Stock Exchange. The carrying amount of subordinated bonds at 31 December 2019 was PLN 2,279,173 thousand, while their fair value was PLN 2,361,546 thousand (as at 31 December 2018, the carrying amount was PLN 2,278,509 thousand and the fair value was PLN 2,277,374 thousand).

9. Technical provisions

Technical provisions	31 December 2019	31 December 2018
a) provision for unearned premiums:	6,934,492	6,950,715
- gross provisions	7,610,300	7,450,610
- reinsurers' share	675,808	499,895
b) provision for unexpired risk:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
c) life insurance provision:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
d) provision for outstanding claims and benefits:	13,882,070	13,390,284
- gross provisions	14,747,115	14,230,047
- reinsurers' share	865,045	839,763
e) provisions for bonuses and discounts for insureds:	1,863	2,453
- gross provisions	2,010	2,461
- reinsurers' share	147	8
f) equalization provision	754,596	760,352
g) provisions for reimbursement of premiums to members	-	-
h) other technical provisions specified in the articles of association	-	-
- gross provisions	-	-
- reinsurers' share	-	-
i) life insurance provisions for where the policyholder bears the investment risk	-	-
- gross provisions	-	-
- reinsurers' share	-	-
Total technical provisions	21,573,021	21,103,804
Technical provisions – gross (by currency)	31 December 2019	31 December 2018
a) provision for unearned premiums:	7,610,300	7,450,610
- in PLN	7,610,300	7,450,610
- in foreign currencies (by currency and translated to PLN)	-	-
b) provision for unexpired risk:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
c) life insurance provision:	-	-

Technical provisions – gross (by currency)	31 December 2019	31 December 2018
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
d) provision for outstanding claims and benefits:	14,747,115	14,230,047
- in PLN	13,468,633	13,046,761
- in foreign currencies (by currency and translated to PLN)	1,278,482	1,183,286
d1. EUR 000s	240,562	223,289
PLN 000s	1,024,435	960,143
d2. GBP 000s	41,895	38,255
PLN 000s	209,352	183,222
d3. CZK 000s	266,677	238,619
PLN 000s	44,695	39,921
d4. USD 000s	-	-
PLN 000s	-	-
e) provisions for bonuses and discounts for insureds:	2,010	2,461
- in PLN	2,010	2,461
- in foreign currencies (by currency and translated to PLN)	-	-
f) equalization provision:	754,596	760,352
- in PLN	754,596	760,352
- in foreign currencies (by currency and translated to PLN)	-	-
g) provisions for reimbursement of premiums to members:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
h) other technical provisions specified in the articles of association:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
i) provisions for life insurance where the investment risk is borne by the policyholder:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
Total technical provisions	23,114,021	22,443,470
Reinsurers' share in technical provisions (by currency)	31 December 2019	31 December 2018
a) reinsurers' share in the provision for unearned premiums:	675,808	499,895
- in PLN	675,808	499,895
- in foreign currencies (by currency and translated to PLN)	-	-
b) reinsurers' share in the provision for unexpired risk:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
c) reinsurers' share in the life insurance provision:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
d) reinsurers' share in the provision for outstanding claims and benefits:	865,045	839,763
- in PLN	651,536	562,630
- in foreign currencies (by currency and translated to PLN)	213,509	277,133
d1. EUR 000s	44,062	56,036
PLN 000s	187,636	240,953
d2. USD 000s	2,635	5,644
PLN 000s	10,008	21,220
d3. UAH 000s	99,032	99,941
PLN 000s	15,865	13,562
d4. other	-	1,398
e) reinsurers' share in the provision for bonuses and discounts for insureds:	147	8
- in PLN	147	8
- in foreign currencies (by currency and translated to PLN)	-	-
f) reinsurers' share in other technical provisions defined in the articles of association:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-

Reinsurers' share in technical provisions (by currency)	31 December 2019	31 December 2018
g) reinsurers' share in the life insurance provision where the policyholder bears the investment risk:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
Reinsurers' share in technical provisions, total	1,541,000	1,339,666

9.1 Provision for unearned premiums and provision for unexpired risk

Provision for unearned premiums and provision for unexpired risk	31 December 2019	31 December 2018
a) provision for unearned premiums:	6,934,492	6,950,715
- gross provisions	7,610,300	7,450,610
- reinsurers' share	675,808	499,895
b) provision for unexpired risk:	-	-
- gross provisions	-	-
- reinsurers' share	-	-
Total provision for unearned premiums and provision for unexpired risk	6,934,492	6,950,715

9.2 Provision for outstanding claims and benefits

9.2.1. Gross provision for outstanding claims and benefits

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

Gross provision for outstanding claims and benefits	Provisions as at 31 December 2018	Provisions for claims relating to the reporting period
Accident and sickness insurance (class 1, 2)	114,880	65,658
Motor TPL (class 10)	10,575,134	2,022,650
Other TPL (class 3)	624,111	415,107
Marine, aviation and transport (class 4, 5, 6, 7)	46,439	17,989
Fire and other damage to property (class 8, 9)	865,218	508,289
TPL insurance (classes 11, 12, 13)	1,827,709	322,510
Credit and suretyship (class 14, 15)	21,868	7,519
Assistance (class 18)	48,556	34,582
Legal expenses insurance (class 17)	8,809	3,723
Other (class 16)	97,323	43,973
Total gross provision for outstanding claims and benefits	14,230,047	3,442,000

9.2.2. Reinsurers' share in the provision for outstanding claims and benefits

Reinsurers' share in the provision for outstanding claims and benefits	Provisions as at 31 December 2019	Provisions for claims relating to the reporting period
Accident and sickness insurance (class 1, 2)	30	12

Motor TPL (class 10)	344,283	12,191
Other TPL (class 3)	12	-
Marine, aviation and transport (class 4, 5, 6, 7)	2,558	1,370
Fire and other damage to property (class 8, 9)	320,606	139,012
TPL insurance (classes 11, 12, 13)	126,867	12,276
Credit and suretyship (class 14, 15)	17,675	10,196
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	53,014	3,236
Total reinsurers' share	865,045	178,293

Reinsurers' share in the provision for outstanding claims and benefits	Provisions as at 31 December 2018	Provisions for claims relating to the reporting period
Accident and sickness insurance (class 1, 2)	82	82
Motor TPL (class 10)	302,140	9,360
Other TPL (class 3)	60	-
Marine, aviation and transport (class 4, 5, 6, 7)	2,407	1,495
Fire and other damage to property (class 8, 9)	348,305	229,010
TPL insurance (classes 11, 12, 13)	118,732	12,173
Credit and suretyship (class 14, 15)	9,773	3,317
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	58,264	23,638
Total reinsurers' share	839,763	279,075

9.3 Provision for the capitalized value of annuities

On 28 September 2019, the Act of 19 July 2019 on Special Rights of Injured Persons with an Exhausted Indemnity Determined on the basis of Applicable Regulations for Damage Suffered before 1 January 2006 came into force. The Act defines the special rights granted to injured persons in the event of damage arising in the territory of the Republic of Poland in situations where the indemnity has been exhausted. The injured person will be entitled to a claim for the payment of an annuity from the IIF, limited to the indemnity amount set as at the date of submission of the claim in a situation where the insurance undertaking was not required to pay an annuity on the basis of a court ruling setting a different amount of indemnity than that specified in the insurance contract. The claim for the payment of an annuity will apply to periods following the date of the Act's entry into force.

After the establishment, between the insurance companies and the IIF, of the terms and conditions for the transfer of annuities covered by the Act to the IIF and the development of pertinent internal procedures for this process, it will be possible to determine what changes need to be made, if any, in the method of calculation of technical provisions.

9.3.1. Provision for the capitalized value of annuities before discounts and impairment losses (gross)

Provision for the capitalized value of annuities before discounts and impairment losses (gross)	Provisions as at 31 December 2019	Reinsurers' share
Accident and sickness insurance (class 1, 2)	-	-
Motor TPL (class 10)	8,953,838	289,274
Other TPL (class 3)	-	-
Marine, aviation and transport (class 4, 5, 6, 7)	-	-
Fire and other damage to property (class 8, 9)	-	-
TPL insurance (classes 11, 12, 13)	733,011	4,331
Credit and suretyship (class 14, 15)	-	-
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	-	-
Total gross provisions	9,686,849	293,605

Provision for the capitalized value of annuities before discounts and impairment	Provisions as at 31	Reinsurers' share
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losses (gross)	December 2018	
Accident and sickness insurance (class 1, 2)	-	-
Motor TPL (class 10)	9,220,255	284,618
Other TPL (class 3)	-	-
Marine, aviation and transport (class 4, 5, 6, 7)	-	-
Fire and other damage to property (class 8, 9)	-	-
TPL insurance (classes 11, 12, 13)	751,703	4,568
Credit and suretyship (class 14, 15)	-	-
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	-	-
Total gross provisions	9,971,958	289,186

10. Estimated subrogation, salvage and subsidies

10.1 Gross estimated subrogation, salvage and subsidies

Gross estimated subrogation, salvage and subsidies	31 December 2019	31 December 2018
Accident and sickness insurance (class 1, 2)	-	-
Motor TPL (class 10)	50,586	54,638
Other TPL (class 3)	41,368	36,105
Marine, aviation and transport (class 4, 5, 6, 7)	-	-
Fire and other damage to property (class 8, 9)	12,753	12,862
TPL insurance (classes 11, 12, 13)	-	-
Credit and suretyship (class 14, 15)	6,115	3,861
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	-	-
Total gross estimated subrogation, salvage and subsidies	110,822	107,466

10.2 Reinsurers' share in estimated subrogation, salvage and subsidies

Reinsurers' share in estimated subrogation, salvage and subsidies	31 December 2019	31 December 2018
Accident and sickness insurance (class 1, 2)	-	-
Motor TPL (class 10)	101	70
Other TPL (class 3)	2	4
Marine, aviation and transport (class 4, 5, 6, 7)	-	-
Fire and other damage to property (class 8, 9)	16	47
TPL insurance (classes 11, 12, 13)	-	-
Credit and suretyship (class 14, 15)	2,939	1,813
Assistance (class 18)	-	-
Legal expenses insurance (class 17)	-	-
Other (class 16)	-	-
Total reinsurers' share	3,058	1,934

11. Other provisions

11.1 Provisions for pension benefits and other compulsory employee benefits

Provisions for pension benefits and other compulsory employee benefits	31 December 2019	31 December 2018
a) provisions for pension benefits	11,586	10,310
b) other compulsory employee benefits (by type):	34,095	31,729
provisions for holidays	23,248	22,111
provisions for post-mortem benefits	10,847	9,618
Provisions for pension benefits and other compulsory employee benefits, total	45,681	42,039

Movement in provisions for pension benefits and other compulsory employee benefits	31 December 2019	31 December 2018
a) provisions at the beginning of the period (by type)	42,039	42,336
provisions for pension benefits	10,310	12,055
provisions for holidays	22,111	20,603
provisions for post-mortem benefits	9,618	9,678
b) additions (by virtue of)	6,022	2,802
provisions for pension benefits	2,570	-
provisions for holidays	2,167	2,802
provisions for post-mortem benefits	1,285	-
c) utilization (by type)	1,702	1,825
provisions for pension benefits	645	531
provisions for holidays	1,030	1,294
provisions for post-mortem benefits	27	-
d) reversal (by type)	678	1,274
provisions for pension benefits	649	1,214
provisions for holidays	-	-
provisions for post-mortem benefits	29	60
e) provisions at the end of the period (by type)	45,681	42,039
provisions for pension benefits	11,586	10,310
provisions for holidays	23,248	22,111
provisions for post-mortem benefits	10,847	9,618

Provisions for pension benefits and other compulsory employee benefits (by currency)	31 December 2019	31 December 2018
a) in PLN	45,681	42,039
b) foreign currencies (by currency and translated to PLN)	-	-
Provisions for pension benefits and other compulsory employee benefits, total	45,681	42,039

11.2 Deferred tax liability

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

Movement in the deferred tax liability	31 December 2019	31 December 2018
1. Deferred tax liability – at the beginning of the period, including:	802,092	797,502
a) recognized in the financial result ¹⁾	513,913	553,674
b) recognized in equity ²⁾	288,179	243,828
c) recognized in goodwill or negative goodwill	-	-
2. Additions	196,413	52,896
a) recognized in the financial result of the period in connection with taxable temporary differences (by virtue of)	59,140	8,545
- occurrence of temporary differences, including:	59,140	8,545
prepayments and accruals	59,140	7,743
other temporary differences	-	802

Movement in the deferred tax liability	31 December 2019	31 December 2018
financial instruments		
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
b) recognized in equity in connection with taxable temporary differences (by virtue of)	137,273	44,351
- occurrence of temporary differences, including:	137,273	44,351
financial instruments	137,273	44,351
- changes in tax rates	-	-
- unrecognized temporary difference from the previous period	-	-
c) recognized in goodwill or negative goodwill in connection with taxable temporary differences (by virtue of)	-	-
3. Reductions	24,352	48,306
a) recognized in the financial result of the period in connection with taxable temporary differences (by virtue of)	24,352	48,306
- reversed temporary differences (utilization of the deferred tax liability), including:	24,352	48,306
financial instruments	24,352	48,306
- changes in tax rates	-	-
- reversal of the provision due to the impossibility to utilize it	-	-
b) recognized in equity in connection with taxable temporary differences (by virtue of)	-	-
- reversed temporary differences (utilization of the deferred tax liability)	-	-
financial instruments	-	-
- changes in tax rates	-	-
- reversal of the provision due to the impossibility to utilize it	-	-
c) recognized in goodwill or negative goodwill in connection with taxable temporary differences (by virtue of)	-	-
4. Total deferred tax liability – at the end of the period	974,153	802,092
a) recognized in the financial result³⁾	548,701	513,913
b) recognized in equity²⁾	425,452	288,179
c) recognized in goodwill or negative goodwill	-	-

¹⁾ Refers to accumulated changes in deferred tax liability recognized in the financial result of 2018 and previous years.

²⁾ Refers to revaluation reserve.

³⁾ Refers to accumulated impact of changes in deferred tax liability recognized in the financial result of 2019 and previous years.

Additional information regarding taxable temporary differences	31 December 2019	31 December 2018
a) taxable temporary differences – at the beginning of the period	4,221,539	4,197,381
financial instruments	1,964,754	1,845,452
prepayments and accruals	2,000,112	2,099,479
other temporary differences	256,673	252,450
b) taxable temporary differences – at the end of the period, including:	5,127,127	4,221,539
financial instruments	2,596,515	1,964,754
prepayments and accruals	2,299,919	2,000,112
other temporary differences	230,693	256,673
taxable temporary differences expiring within 1 year	4,896,434	3,964,866
taxable temporary differences expiring in more than 1 year	230,693	256,673

Deferred tax liability (by currency)¹⁾	31 December 2019	31 December 2018
a) in PLN	439,661	319,333
b) foreign currencies (by currency and translated to PLN)	-	-
Total deferred tax liability	439,661	319,333

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

11.3 Other provisions

Other provisions	31 December 2019	31 December 2018
a) provision for the cash penalty imposed by the Office of Competition and Consumer Protection	56,605	56,605
b) provisions for reinsurance settlements	7,009	7,822
c) provision for disputed claims and potential liabilities on account of concluded insurance contracts	795	767
d) provision for restructuring expenses	6,272	6,715
e) provision for other administrative proceedings	420	4,904
f) other provisions	6,199	5,541
Total other provisions	77,300	82,354

The disputable matter concerning the penalty imposed by the Office of Competition and Consumer Protection is described in item 30.2 of Notes and explanations.

The “Provisions for reinsurance settlements” line item includes only provisions for reinsurers’ share in technical provisions pertaining only to the insurers who are in arrears with payments to PZU or for whom there is a reasonable suspicion that may have problems with payment of their liabilities in the future.

The activities of an insurance undertaking may be subject to administrative proceedings conducted by supervisory bodies, which have the power to impose administrative fines. As a result, the value of provisions recognized by PZU and presented as “provisions for other administrative proceedings” may change in the future.

Movement in other provisions	31 December 2019	31 December 2018
a) balance at the beginning of the period (by type)	82,354	96,264
provision for restructuring expenses	6,715	18,936
provisions for reinsurance settlements	7,822	12,191
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	56,605	56,605
other provisions	11,212	8,532
b) additions (by virtue of)	13,507	12,706
provision for restructuring expenses	-	-
provisions for reinsurance settlements	9,923	7,134
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	-	-
other provisions	3,584	5,572
c) utilization (by type)	6,728	13,729
provision for restructuring expenses	443	12,221
provisions for reinsurance settlements	-	-
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	-	-
other provisions	6,285	1,508
d) reversal (by type)	11,833	12,887
provision for restructuring expenses	-	-
provisions for reinsurance settlements	10,736	11,503
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	-	-
other provisions	1,097	1,384
e) balance at the end of the period (by type)	77,300	82,354
provision for restructuring expenses	6,272	6,715



Movement in other provisions	31 December 2019	31 December 2018
provisions for reinsurance settlements	7,009	7,822
provision for the cash penalty imposed by the Office of Competition and Consumer Protection	56,605	56,605
other provisions	7,414	11,212

Other provisions (by currency)	31 December 2019	31 December 2018
a) in PLN	77,300	82,354
b) foreign currencies (by currency and translated to PLN)	-	-
Total other provisions	77,300	82,354

12. Other liabilities and special-purpose funds

Geographic structure of liabilities	31 December 2019				31 December 2018			
	Domestic	Foreign – EU countries	Foreign – other countries	Total	Domestic	Foreign – EU countries	Foreign – other countries	Total
I. Liabilities for reinsurers' deposits	-	-	-	-	-	-	-	-
II. Liabilities on direct insurance	396,097	24,127	575	420,799	336,835	43,970	1,456	382,261
1. Liabilities to policyholders	75,677	155	352	76,184	76,615	129	196	76,940
2. Liabilities to insurance intermediaries	177,612	1,748	-	179,360	156,445	698	-	157,143
3. Other insurance liabilities	142,808	22,224	223	165,255	103,775	43,143	1,260	148,178
III. Reinsurance liabilities	71,009	3,861	3,471	78,341	190,985	43,306	14,309	248,600
IV. Liabilities on the issue of own debt securities and drawn loans	-	-	-	-	-	3,677,344	-	3,677,344
V. Liabilities to credit institutions	12	-	-	12	125,349	-	-	125,349
VI. Other liabilities	397,824	28,098	3,109	429,031	294,081	114,911	12,072	421,064
1. Liabilities to the state budget	74,570	-	-	74,570	85,770	-	-	85,770
2. Other liabilities	323,254	28,098	3,109	354,461	208,311	114,911	12,072	335,294
Total liabilities	864,942	56,086	7,155	928,183	947,250	3,879,531	27,837	4,854,618

12.1 Liabilities on direct insurance

Liabilities on direct insurance	31 December 2019	31 December 2018
a) liabilities to policyholders, including:	76,184	76,940
- to subordinated entities	80	83
- domestic	80	83
- foreign	-	-
- to other entities	76,104	76,857
- domestic	75,597	76,532
- foreign	507	325
b) liabilities to insurance intermediaries, including:	179,360	157,143
- to subordinated entities	8,888	2,345
- domestic	8,888	2,345
- foreign	-	-
- to other entities	170,472	154,798
- domestic	168,724	154,100
- foreign	1,748	698
c) other insurance liabilities, including:	165,255	148,178
- to subordinated entities	4,968	2,327
- domestic	4,376	1,277
- foreign	592	1,050
- to other entities	160,287	145,851
- domestic	138,432	102,498
- foreign	21,855	43,353
Liabilities on direct insurance, total	420,799	382,261

Liabilities on direct insurance	31 December 2019	31 December 2018
a) subsidiaries	13,936	4,755
b) co-subsidiaries	-	-
c) associates	-	-
d) a major investor	-	-
e) a shareholder in a co-subsidiary	-	-
f) the parent company	-	-
g) other	406,863	377,506
Liabilities on direct insurance, total	420,799	382,261

Liabilities on direct insurance, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months	420,799	382,261
b) from 3 months to 1 year	-	-
c) from 1 to 5 years	-	-
d) over 5 years	-	-
Liabilities on direct insurance, total	420,799	382,261

Liabilities on direct insurance (by currency)	31 December 2019	31 December 2018
a) in PLN	392,932	336,735
b) foreign currencies (by currency and translated to PLN)	27,867	45,526
b1. EUR 000s	5,828	8,362
PLN 000s	24,819	35,958
b2. USD 000s	760	140
PLN 000s	2,885	525
b3. GBP 000s	33	1,294
PLN 000s	163	6,200
b4. CHF 000s	-	148
PLN 000s	-	566
b5. other currencies in PLN 000s	-	2,277
Liabilities on direct insurance, total	420,799	382,261

12.2 Reinsurance liabilities

Reinsurance liabilities, total	31 December 2019	31 December 2018
a) current accounts in inward reinsurance, including:	10,957	26,265
- domestic cedents	8,416	21,210
- international cedents	2,541	5,055
b) current accounts in outward reinsurance, including:	19,551	58,810
- domestic reinsurers	14,919	10,572
- international reinsurers	4,632	48,238
c) retrocession liabilities, including:	47,833	163,525
- domestic retrocessionaires	47,674	159,203
- international retrocessionaires	159	4,322
d) liabilities for reinsurance premiums spread over time	-	-
Reinsurance liabilities, total	78,341	248,600

Reinsurance liabilities	31 December 2019	31 December 2018
a) current liabilities in inward reinsurance, including:	10,957	26,265
- cedents who are subsidiaries	10,724	25,837
- cedents who are co-subsiaries	-	-
- cedents who are associates	-	-
- a cedent who is a major investor	-	-
- a cedent who is a shareholder in co-subsiary	-	-
- a cedent who is the parent company	-	-
b) current liabilities in outward reinsurance, including:	19,551	58,810
- reinsurers who are subsidiaries	-	-
- reinsurers who are co-subsiaries	-	-
- reinsurers who are associates	-	-
- a reinsurer who is a major investor	-	-
- a reinsurer who is a shareholder in co-subsiary	-	-
- a reinsurer who is the parent company	-	-
c) current liabilities to retrocessionaires, including to:	47,833	163,525
- retrocessionaires who are subsidiaries	-	-
- retrocessionaires who are co-subsiaries	-	-
- retrocessionaires who are associates	-	-
- a retrocessionaire who is a major investor	-	-
- a retrocessionaire who is a shareholder in co-subsiary	-	-
- a retrocessionaire who is the parent company	-	-
d) other	-	-
Reinsurance liabilities, total	78,341	248,600

Reinsurance liabilities, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months	26,675	111,285
b) from 3 months to 1 year	39,594	123,464
c) from 1 to 5 years	12,072	13,851
d) over 5 years	-	-
Reinsurance liabilities, total	78,341	248,600

Reinsurance liabilities (by currency)	31 December 2019	31 December 2018
a) in PLN	75,242	223,762
b) foreign currencies (by currency and translated to PLN)	3,099	24,838
b1. EUR 000s	68	98
PLN 000s	288	423
b2. USD 000s	71	5,175
PLN 000s	271	19,458
b3. UAH 000s	15,799	36,050
PLN 000s	2,531	4,892
b4. other currencies	9	65
Reinsurance liabilities, total	78,341	248,600

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

Liabilities on the issue of own debt securities and drawn loans	31 December 2019	31 December 2018
a) liabilities convertible into shares of the insurance undertaking	-	-
b) other (by type):	-	3,677,344
- loans from PZU Finance AB (publ.) funded by receipts under debt securities issued by PZU Finance AB (publ.)	-	3,677,344
Liabilities on the issue of own debt securities and drawn loans, total	-	3,677,344

Liabilities on the issue of own debt securities and drawn loans, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months	-	-
b) from 3 months to 1 year	-	3,677,344
c) from 1 to 5 years	-	-
d) over 5 years	-	-
Liabilities on the issue of own debt securities and drawn loans, total	-	3,677,344

Liabilities on the issue of own debt securities and drawn loans (by currency)	31 December 2019	31 December 2018
a) in PLN	-	-
b) foreign currencies (by currency and translated to PLN)	-	3,677,344
b1. EUR 000s	-	855,196
PLN 000s	-	3,677,344
Liabilities on the issue of own debt securities and drawn loans, total	-	3,677,344

12.3.1. Loans from PZU Finance AB (publ.)

On 7 July 2014 and 16 October 2015, PZU took out loans from PZU Finance AB (publ.) in Stockholm with par values of EUR 500,000 thousand and EUR 350,000 thousand, respectively. The repayment date of the loans was set at 28 June 2019 and on this date they were repaid.

On 3 July 2014, PZU granted a guarantee in connection with the issue of unsubordinated bonds by PZU Finance AB (publ.) which covered all issue-related liabilities of the issuer (including the obligation to pay the par value of the bonds and interest on the bonds). The par value of the bonds was EUR 850,000 thousand and their maturity date was 3 July 2019. The guarantee expired along with the expiration of the bondholders' claims towards PZU Finance AB (publ), which occurred on 3 July 2019 due to the repayment by PZU Finance AB (publ) of the whole debt under these bonds.

12.4 Liabilities to credit institutions

Liabilities to credit institutions, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) up to 3 months	12	125,349
b) from 3 months to 1 year	-	-
c) from 1 to 5 years	-	-
d) over 5 years	-	-
Liabilities to credit institutions, total	12	125,349

Liabilities to credit institutions, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
a) in PLN	12	125,349
b) in foreign currencies (by currency and translated to PLN)	-	-
Liabilities to credit institutions, total	12	125,349

12.5 Other liabilities

Other liabilities	31 December 2019	31 December 2018
a) liabilities to the state budget	74,570	85,770
corporate income tax	44,095	55,929
liabilities for the tax referred to in the Act of 15 January 2016 on the tax on some financial institutions (consolidated text: Journal of Laws of 2019, Item 1836, "Tax on some financial institutions")	14,933	15,694
personal income tax	11,055	9,749
VAT	4,454	4,162
other	33	236
b) other liabilities	354,461	335,294
costs of co-funding a subsidiary	78,944	-
estimated non-insurance liabilities	60,632	69,996
liabilities for outstanding investment transactions and security deposits	51,362	36,042
security deposits withheld	35,408	26,132
settlements for direct claims handling	29,306	29,848
liabilities on account of donations	23,225	25,967
liability to the Insurance Indemnity Fund	14,615	15,493
ZUS contributions and benefits	14,084	12,896
measurement of derivatives - liabilities held for trading	10,352	79,984
liabilities for the Tax Group's settlements	7,070	3,865
liabilities for building the Central Records of Vehicles and Drivers (CEPiK)	3,500	3,544
dividend-related settlements with shareholders	2,667	2,667
liabilities on account of trial-related representation	2,021	2,374
other	21,275	26,486
Other liabilities, total	429,031	421,064

Other liabilities	31 December 2019	31 December 2018
a) subsidiaries	122,608	35,265
b) co-subsidiaries	-	-
c) associates	-	-
d) a major investor	-	-
e) a shareholder in a co-subsidiary	-	-
f) the parent company	-	-
g) other	306,423	385,799
Other liabilities, total	429,031	421,064

Other liabilities, by remaining time to maturity from the balance sheet date	31 December 2019	31 December 2018
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a) up to 3 months	429,031	421,064
b) from 3 months to 1 year	-	-
c) from 1 to 5 years	-	-
d) over 5 years	-	-
Other liabilities, total	429,031	421,064

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

Other liabilities (by currency)	31 December 2019	31 December 2018
a) in PLN	323,589	388,826
b) foreign currencies (by currency and translated to PLN)	105,442	32,238
b2. USD 000s	552	4,385
PLN 000s	2,098	16,487
b3. EUR 000s	24,267	3,662
PLN 000s	103,341	15,746
b9. other currencies PLN 000s	3	5
Other liabilities, total	429,031	421,064

12.6 Other information on liabilities

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

As at 31 December 2019 and 31 December 2018, there were no liabilities secured on the issuer’s assets.

12.6.2. Information on past due liabilities

As at 31 December 2019 and 31 December 2018, there were no past due liabilities.

12.6.3. Liabilities to the state budget or local government units related to the acquisition of ownership titles to buildings and structures

As at 31 December 2019 and 31 December 2018, there were no liabilities to the state budget or local government units related to the acquisition of ownership titles to buildings and structures.

12.7 Special-purpose funds

Special-purpose funds	31 December 2019	31 December 2018
a) Prevention Fund	22,812	27,450
b) Company Social Benefit Fund	77,129	80,990
Special-purpose funds, total	99,941	108,440

13. Prepayments and accruals

Prepayments and accruals	31 December 2019	31 December 2018
a) accrued expenses, including:	1,241,848	909,084
- long-term	23,203	18,159
- short-term (by title):	1,218,645	890,925
- accrued reinsurance income and expenses	727,684	439,440
- accrued expenses of direct insurance commissions	322,700	297,412
- accrued payroll expenses	103,467	92,377
- accrued employee bonuses	46,778	39,726
- other postings	18,016	21,970
b) negative goodwill	-	-
c) deferred income, including:	62,508	49,218
- deferred reinsurance commissions	61,758	46,625

Prepayments and accruals	31 December 2019	31 December 2018
- investment income	391	1,804
- perpetual usufruct right to land obtained gratuitously	-	320
- other	359	469
Total accruals and deferred income	1,304,356	958,302

Movement in accrued expenses and deferred income	31 December 2019	31 December 2018
At the beginning of the period (by type)	958,302	929,435
accrued expenses	909,084	882,458
deferred income	49,218	46,977
a) additions (by virtue of):	4,126,364	3,673,670
accrued expenses	3,458,872	3,146,136
deferred income	667,492	527,534
b) reductions (by virtue of)	3,780,310	3,644,803
accrued expenses	3,126,108	3,119,510
deferred income	654,202	525,293
At the end of the period (by type)	1,304,356	958,302
accrued expenses	1,241,848	909,084
deferred income	62,508	49,218

14. Solvency of the insurance company

Pursuant to art. 284 section 1 and art. 488 section 3 item 1 of the Insurance Activity Act, PZU is obligated to prepare and publish an annual solvency and financial condition report prepared in accordance with the principles of Solvency II. For the 2019 report, the publication deadline is no later than 14 weeks after the yearend, that is 7 April 2020. Pursuant to art. 290 section 1 of the Insurance Activity Act, a solvency and financial condition report of an insurance company is audited by an audit firm.

15. Off-balance sheet items

15.1 Contingent receivables

Contingent receivables	31 December 2019	31 December 2018
a) guarantees and sureties received, of which:	2,956	3,042
- from subsidiaries	-	-
- other (by type):	4,254,010	4,486,851
- promissory notes related to extended insurance guarantees ²⁾	n/a	n/a
- other promissory notes, of which:	-	45,712
- from subsidiaries	-	-
- other contingent receivables ¹⁾	4,254,010	4,441,139
Total contingent receivables	4,256,966	4,489,893

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

2) Only a quantitative record of promissory notes is kept.

Contingent receivables (by currency)	31 December 2019	31 December 2018
a) guarantees and sureties received:	2,956	3,042
- in PLN	2,956	3,042
- in foreign currencies (by currency and translated to PLN)	-	-
- other (by type):	4,254,021	4,486,860
- in PLN	3,709,798	3,940,186
- in foreign currencies (by currency and translated to PLN)	544,223	546,674
b1. EUR 000s	127,797	127,133
PLN 000s	544,223	546,674
Total contingent receivables	4,256,977	4,489,902

15.1.1. Guarantees received

The table below presents tender guarantees and good contract performance guarantees (required mainly in tender procedures for insurance services) received under guarantee facilities.

Bank	Date of the guarantee facility agreement	Amount of guarantee facility	Facility renewable	Amount of active guarantees as at 31 December 2019	Amount of active guarantees as at 31 December 2018
Bank Millennium SA	7 September 2013	15,000	Yes	6,673	7,072
Alior Bank	12 February 2016	15,000	Yes	-	116
Bank Pekao SA	28 September 2018	15,000	Yes	1,034	61
Total				7,707	7,249

15.2 Contingent liabilities

Contingent liabilities arising from	31 December 2019	31 December 2018
a) guarantees and sureties extended, of which:	6,052	3,685,634
- from subsidiaries	1,034	177
b) accepted and endorsed promissory notes	-	-
c) assets subject to the obligation of resale	-	-
d) other liabilities secured on assets or income	-	-
e) other (by type):	1,143,047	934,490
- disputed claims not accepted by the insurer and pursued by creditors through litigation	934,421	761,862
- contingent liabilities arising from securities placing agreements	-	-
- other contingent liabilities ¹⁾	208,626	172,628
Total contingent liabilities	1,149,099	4,620,124

¹⁾ As at 31 December 2019, the "other contingent liabilities" item included primarily liabilities arising from undrawn loan tranches in the total amount of PLN 176,605 thousand (PLN 121,467 thousand on 31 December 2018).

Contingent liabilities (by currency)	31 December 2019	31 December 2018
a) guarantees and sureties granted:	6,052	3,685,634 ¹⁾
- in PLN	6,052	5,712
- in foreign currencies (by currency and translated to PLN)	-	3,679,922
a1. EUR 000s	-	855,796
PLN 000s	-	3,679,922
b) accepted and endorsed promissory notes	-	-
c) assets subject to the obligation of resale	-	-
d) other liabilities secured on assets or income (by type)	-	-
e) other (by type):	1,143,047	934,490
disputed claims not accepted by the insurer and pursued by creditors through litigation	934,421	761,862
- in PLN	-	761,862
- in foreign currencies (by currency and translated to PLN)	-	-
other contingent liabilities:	208,626	172,628
- in PLN	208,626	172,628
- in foreign currencies (by currency and translated to PLN)	-	-
Total contingent liabilities	1,149,099	4,620,124

¹⁾ The "guarantees and sureties extended" item included, among others, a guarantee extended to PZU Finance AB (publ.), described in section 12.3.1 of Notes and explanations.

15.3 Other off-balance sheet line items

Other off-balance sheet line items arising from	31 December 2019	31 December 2018
Other off-balance sheet line items (by type):	122,054	109,782
third party assets not recognized in assets, including:	122,054	109,782
- to subsidiaries	24,002	13,187
Total other off-balance sheet line items	122,054	109,782

Other off-balance sheet line items (by currency)	31 December 2019	31 December 2018
a) in PLN	122,054	109,782
b) foreign currencies (by currency and translated to PLN)	-	-
Total other off-balance sheet line items	122,054	109,782

16. Premiums in non-life insurance

Gross written premiums in non-life insurance	1 January - 31 December 2019	1 January - 31 December 2018
a) in direct insurance, including:	11,700,776	11,797,599
- from contracts concluded outside the Republic of Poland, including:	40,661	44,610
- from contracts concluded in EU member states	16,205	16,333
b) in indirect insurance	1,338,609	1,205,265
Total gross written premiums	13,039,385	13,002,864

16.1 Gross written premium in direct insurance

Gross written premium in direct non-life insurance (by accounting class)	1 January - 31 December 2019	1 January - 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	442,121	405,108
b) motor third party liability insurance (group 10)	4,441,049	4,671,733
c) other motor insurance (group 3)	3,219,818	3,230,445
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	43,528	49,626
e) fire and other property damage insurance (groups 8 and 9)	2,246,610	2,189,137
f) TPL insurance (groups 11, 12, 13)	713,268	691,837
g) credit and suretyship (groups 14, 15)	63,700	72,269
h) assistance (group 18)	410,952	386,232
i) legal protection (group 17)	10,601	9,822

Gross written premium in direct non-life insurance (by accounting class)	1 January – 31 December 2019	1 January – 31 December 2018
j) other (group 16)	109,129	91,390
Total gross written premiums in direct insurance (by accounting class)	11,700,776	11,797,599
Gross written premium received in direct non-life insurance from mandatory TPL insurance, by insurance group	1 January – 31 December 2019	1 January – 31 December 2018
Group 10	4,336,152	4,567,907
Group 11	2,032	1,481
Group 13	220,342	216,429
Total gross written premium received in direct non-life insurance from mandatory TPL insurance, by insurance group	4,558,526	4,785,817

16.2 Gross written premium in indirect insurance

Gross written premium in indirect non-life insurance	1 January – 31 December 2019	1 January – 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	19,160	11,088
b) motor third party liability insurance (group 10)	676,236	720,585
c) other motor insurance (group 3)	6,680	14,156
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	18,081	10,978
e) fire and other property damage insurance (groups 8 and 9)	446,209	375,043
f) TPL insurance (groups 11, 12, 13)	55,286	68,129
g) credit and suretyship (groups 14, 15)	9,097	6,218
h) assistance (group 18)	105	672
i) legal protection (group 17)	-	-
j) other (group 16)	107,755	(1,604)
Total gross written premiums in indirect insurance (by accounting class)	1,338,609	1,205,265

Gross written premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group	1 January – 31 December 2019	1 January – 31 December 2018
Group 10	674,135	716,836
Group 11	131	-
Group 13	19,588	30,143
Total gross written premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group	693,854	746,979

17. Gross earned premium

17.1 Gross earned premium in direct insurance

Gross earned premium in direct non-life insurance (by accounting class)	1 January – 31 December 2019	1 January – 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	399,081	387,737
b) motor third party liability insurance (group 10)	4,553,010	4,576,994
c) other motor insurance (group 3)	3,233,774	3,102,167
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	46,600	44,033
e) fire and other property damage insurance (groups 8 and 9)	2,159,465	2,149,937
f) TPL insurance (groups 11, 12, 13)	699,979	681,534
g) credit and suretyship (groups 14, 15)	74,614	51,468
h) assistance (group 18)	398,454	368,275
i) legal protection (group 17)	10,077	9,580
j) other (group 16)	87,715	79,035
Total gross earned premium in direct non-life insurance	11,662,769	11,450,760

Gross earned premium received in direct non-life insurance from mandatory TPL insurance, by insurance group	1 January – 31 December 2019	1 January – 31 December 2018
Group 10	4,448,514	4,477,867

Group 11	1,830	1,551
Group 13	222,461	227,120
Total gross earned premium received in direct non-life insurance	4,672,805	4,706,538

17.2 Gross earned premium in indirect insurance

Gross earned premium in indirect non-life insurance (by accounting class)	1 January - 31 December 2019	1 January - 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	10,968	4,893
b) motor third party liability insurance (group 10)	697,129	709,779
c) other motor insurance (group 3)	21,078	19,051
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	13,340	7,508
e) fire and other property damage insurance (groups 8 and 9)	339,043	317,524
f) TPL insurance (groups 11, 12, 13)	52,570	57,772
g) credit and suretyship (groups 14, 15)	6,235	3,814
h) assistance (group 18)	3,819	4,904
i) legal protection (group 17)	-	-
j) other (group 16)	72,744	49,060
Total gross earned premium in indirect non-life insurance	1,216,926	1,174,305

Gross earned premium received in indirect non-life insurance from mandatory TPL insurance, by insurance group	1 January - 31 December 2019	1 January - 31 December 2018
Group 10	695,291	707,463
Group 11	194	(56)
Group 13	16,060	36,740
Total gross earned premium received in indirect non-life insurance	711,545	744,147

18. Reinsurance settlements

Reinsurance settlements	1 January - 31 December 2019	1 January - 31 December 2018
a) insurance premiums received from abroad	144,411	141,012
b) reinsurance premiums transferred abroad	366,356	293,847
c) balance of settlements in outward reinsurance	(427,591)	(335,912)
d) balance of settlements on inward reinsurance	438,863	439,215
e) receivables and liabilities arising from outward reinsurance, including:	(39,831)	(139,400)
- receivables from reinsurers secured by guarantees from financial institutions	-	-
f) receivables and liabilities arising from inward reinsurance, including:	75,991	154,970
- value of liabilities to cedents secured by insurance undertaking's guarantees	-	-
- value of liabilities to retroceding insurance undertakings secured by insurance undertaking's guarantees	-	-

19. Gross claims and benefits paid

Gross claims and benefits paid	1 January – 31 December 2019	1 January – 31 December 2018
a) on direct insurance, including:	6,852,362	6,532,611
- claims handling expenses	715,449	693,155
b) on indirect insurance, including:	681,796	543,764
- claims handling expenses	27,357	25,897
Total gross claims and benefits paid	7,534,158	7,076,375

19.1 Gross claims and benefits paid

Gross claims and benefits paid in direct non-life insurance (by accounting class)	1 January – 31 December 2019	1 January – 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	106,169	112,849
b) motor third party liability insurance (group 10)	3,086,083	3,015,544
c) other motor insurance (group 3)	2,113,225	1,954,904
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	22,015	24,117
e) fire and other property damage insurance (groups 8 and 9)	951,851	887,678
f) TPL insurance (groups 11, 12, 13)	336,599	305,311
g) credit and suretyship (groups 14, 15)	37,781	34,338
h) assistance (group 18)	183,606	175,717
i) legal protection (group 17)	2,344	1,942
j) other (group 16)	12,689	20,211
Gross written gross claims and benefits paid in direct insurance (by accounting classes), total	6,852,362	6,532,611

Gross claims and benefits paid in indirect non-life insurance (by accounting class)	1 January – 31 December 2019	1 January – 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	5,842	6,450
b) motor third party liability insurance (group 10)	351,080	366,442
c) other motor insurance (group 3)	15,294	13,656
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	983	6,038
e) fire and other property damage insurance (groups 8 and 9)	274,519	97,392
f) TPL insurance (groups 11, 12, 13)	22,277	8,388
g) credit and suretyship (groups 14, 15)	424	2,264
h) assistance (group 18)	1,639	1,392
i) legal protection (group 17)	-	-
j) other (group 16)	9,738	41,742
Gross written gross claims and benefits paid in indirect insurance (by accounting classes), total	681,796	543,764

19.2 Claims handling expenses

Claims handling expenses in direct non-life insurance (by accounting class)	1 January – 31 December 2019	1 January – 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	20,531	20,000
b) motor third party liability insurance (group 10)	383,511	380,378
c) other motor insurance (group 3)	127,284	118,860
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	882	1,381
e) fire and other property damage insurance (groups 8 and 9)	87,630	84,526
f) TPL insurance (groups 11, 12, 13)	62,153	59,532
g) credit and suretyship (groups 14, 15)	5,980	3,475
h) assistance (group 18)	25,351	23,534
i) legal protection (group 17)	1,247	1,111
j) other (group 16)	880	358
Claims handling expenses in direct insurance (by accounting classes), total	715,449	693,155

Claims handling expenses in indirect non-life insurance (by accounting class)	1 January – 31 December 2019	1 January – 31 December 2018
a) accident and sickness insurance (groups 1 and 2)	347	402
b) motor third party liability insurance (group 10)	22,285	22,548
c) other motor insurance (group 3)	780	407
d) marine, aviation and transport insurance (groups 4, 5, 6, 7)	46	67
e) fire and other property damage insurance (groups 8 and 9)	1,166	727
f) TPL insurance (groups 11, 12, 13)	2,289	1,284
g) credit and suretyship (groups 14, 15)	-	-
h) assistance (group 18)	381	395
i) legal protection (group 17)	-	-
j) other (group 16)	63	67
Total claims handling expenses in indirect insurance (by accounting classes)	27,357	25,897

20. Supplementary data to the revenue account

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

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

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

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

20.2 Supplementary data to the revenue account for the year ended 31 December 2018

Total direct and indirect insurance for the year ended 31 December 2018	Gross written premium	Gross earned premium	Gross claims and benefits (paid)	Claims handling expenses	Subrogation, salvage and subsidies	Net reinsurance settlements	Acquisition and administrative expenses
Accident and sickness insurance (class 1, 2)	416,196	392,630	99,041	20,402	144	90	135,724
Motor TPL (class 10)	5,392,318	5,286,773	3,011,048	402,926	31,988	103,328	1,106,739
Other TPL (class 3)	3,244,601	3,121,218	1,893,271	119,267	43,978	(11,914)	708,188
Marine, aviation and transport (class 4, 5, 6, 7)	60,604	51,541	28,819	1,448	112	(2,442)	12,717
Fire and other damage to property (class 8, 9)	2,564,180	2,467,461	921,152	85,253	21,335	(3,733)	643,505
TPL insurance (classes 11, 12, 13)	759,966	739,306	253,770	60,816	887	15,421	219,415
Credit and suretyship (class 14, 15)	78,487	55,282	41,028	3,475	7,901	(6,155)	26,580
Assistance (class 18)	386,904	373,179	153,793	23,929	613	(1,723)	103,836
Legal expenses insurance (class 17)	9,822	9,580	832	1,111	1	-	3,890
Other (class 16)	89,786	128,095	61,572	425	44	10,431	65,263
Total direct and indirect insurance	13,002,864	12,625,065	6,464,326	719,052	107,003	103,303	3,025,857

Direct insurance in the year ended 31 December 2018	Gross written premium	Gross earned premium	Gross claims and benefits (paid)	Claims handling expenses	Subrogation, salvage and subsidies	Net reinsurance settlements	Acquisition and administrative expenses
Accident and sickness insurance (class 1, 2)	405,108	387,737	92,993	20,000	144	(198)	131,685
Motor TPL (class 10)	4,671,733	4,576,994	2,667,154	380,378	31,988	(33,310)	895,169
Other TPL (class 3)	3,230,445	3,102,167	1,880,022	118,860	43,978	(12,693)	700,457
Marine, aviation and transport (class 4, 5, 6, 7)	49,626	44,033	22,848	1,381	112	(5,914)	11,475
Fire and other damage to property (class 8, 9)	2,189,137	2,149,937	824,487	84,526	21,335	(262,282)	622,263
TPL insurance (classes 11, 12, 13)	691,837	681,534	246,666	59,532	887	(21,767)	200,562
Credit and suretyship (class 14, 15)	72,269	51,468	38,764	3,475	7,901	(8,214)	25,160
Assistance (class 18)	386,232	368,275	152,796	23,534	613	(937)	102,165
Legal expenses insurance (class 17)	9,822	9,580	832	1,111	1	-	3,890
Other (class 16)	91,390	79,035	19,897	358	44	9,403	43,067
Total direct insurance	11,797,599	11,450,760	5,946,459	693,155	107,003	(335,912)	2,735,893

Indirect insurance in the year ended 31 December 2018	Gross written premium	Gross earned premium	Gross claims and benefits (paid)	Claims handling expenses	Subrogation, salvage and subsidies	Net reinsurance settlements	Acquisition and administrative expenses
Accident and sickness insurance (class 1, 2)	11,088	4,893	6,048	402	-	288	4,039
Motor TPL (class 10)	720,585	709,779	343,894	22,548	-	136,638	211,570
Other TPL (class 3)	14,156	19,051	13,249	407	-	779	7,731
Marine, aviation and transport (class 4, 5, 6, 7)	10,978	7,508	5,971	67	-	3,472	1,242
Fire and other damage to property (class 8, 9)	375,043	317,524	96,665	727	-	258,549	21,242
TPL insurance (classes 11, 12, 13)	68,129	57,772	7,104	1,284	-	37,188	18,853
Credit and suretyship (class 14, 15)	6,218	3,814	2,264	-	-	2,059	1,420
Assistance (class 18)	672	4,904	997	395	-	(786)	1,671
Legal expenses insurance (class 17)	-	-	-	-	-	-	-
Other (class 16)	(1,604)	49,060	41,675	67	-	1,028	22,196
Total indirect insurance	1,205,265	1,174,305	517,867	25,897	-	439,215	289,964

21. Information on the course of claims handling processes.

Information on the course of claims handling processes for the year ended 31 December 2019 (data for direct insurance)	Average claims handling period in days	Losses occurring in the reporting period on account of insurance agreements concluded in that period, including:	
		Claims and benefits paid on account of such losses	Provision recognized at the end of the financial year for outstanding claims and benefits
Accident and sickness insurance (class 1, 2)	9.50	19,231	29,895
Motor TPL (class 10)	21.37	633,412	689,041
Other TPL (class 3)	12.85	745,883	254,318
Marine, aviation and transport (class 4, 5, 6, 7)	67.19	7,774	11,063
Fire and other damage to property (class 8, 9)	8.54	446,102	148,021
TPL insurance (classes 11, 12, 13)	19.53	52,765	131,200
Credit and suretyship (class 14, 15)	44.13	16,315	16,426
Assistance (class 18)	30.54	75,390	23,689
Legal expenses insurance (class 17)	16.16	107	957
Other (class 16)	12.67	1,184	4,316
Total (average)	14.71	1,998,163	1,308,926

Information on the course of claims handling processes for the year ended 31 December 2018 (data for direct insurance)	Average claims handling period in days	Losses occurring in the reporting period on account of insurance agreements concluded in that period, including:	
		Claims and benefits paid on account of such losses	Provision recognized at the end of the financial year for outstanding claims and benefits
Accident and sickness insurance (class 1, 2)	12.87	21,798	30,954
Motor TPL (class 10)	21.97	594,566	687,482
Other TPL (class 3)	15.88	667,585	245,986
Marine, aviation and transport (class 4, 5, 6, 7)	61.45	8,432	10,691
Fire and other damage to property (class 8, 9)	13.40	316,643	109,032
TPL insurance (classes 11, 12, 13)	23.21	45,085	135,029
Credit and suretyship (class 14, 15)	60.99	2,783	3,218
Assistance (class 18)	30.47	69,013	23,511
Legal expenses insurance (class 17)	19.36	99	1,072
Other (class 16)	23.33	592	3,225
Total (average)	17.70	1,726,596	1,250,200

22. Insurance activity expenses

Insurance activity expenses, net of reinsurance	1 January - 31 December 2019	1 January - 31 December 2018
a) in direct insurance	2,881,886	2,722,910
b) in indirect insurance	264,463	270,206
Total insurance activity expenses, net of reinsurance	3,146,349	2,993,116

Insurance activity expenses (by type)	1 January – 31 December 2019	1 January – 31 December 2018
I. Administrative expenses	703,514	654,807
1. internal:	472,885	425,701
a) consumption of materials and energy	18,048	17,544
b) salaries and insurance and other benefits	399,095	363,376
c) amortization and depreciation	52,805	42,307
d) other administrative expenses	2,937	2,474
2. external:	230,629	229,106
a) third party services	123,631	114,776
b) commission for premium collection	56,684	58,975
c) advertising	37,738	38,236
d) other expenses	12,576	17,119
II. Acquisition expenses	2,489,125	2,371,050
1. internal:	389,506	372,315
a) consumption of materials and energy	17,256	16,485
b) salaries and insurance and other benefits classified as acquisition expenses	328,047	308,349
c) commissions on direct activity	-	-
d) amortization and depreciation	44,203	47,481
e) other acquisition expenses	-	-
2. external:	2,117,599	2,039,487
a) salaries and insurance and other benefits classified as acquisition expenses	-	-
b) commission on direct activity, including:	1,801,864	1,710,159
- acquisition commissions	837,973	761,060
- policy extension commissions	906,251	874,250
- commissions for servicing insurance and reinsurance agreements	57,640	74,849
c) commissions on indirect activity	210,101	215,150
d) third party services	71,369	74,988
e) advertising	19,587	25,253
f) other expenses	14,678	13,937
3. movement in deferred acquisition costs	(17,980)	(40,752)
III. Claims handling and subrogation collection expenses	742,806	719,052
1. internal:	357,700	340,527
a) consumption of materials and energy	2,777	3,270
b) salary of experts, adjusters and other salary associated with claims handling and pursuit of subrogation claims	322,869	303,860
c) amortization and depreciation	32,054	33,397
2. external:	385,106	378,525
a) third party services	204,282	199,976
b) other costs	180,824	178,549
IV. Investment activity expenses	272,192	511,306
1. internal:	8,686	8,457
a) consumption of materials and energy	954	950
b) salary and insurance and other benefits to employees	6,621	6,173
c) amortization and depreciation	1,111	1,334
2. external:	263,506	502,849
a) third party services	35,062	31,271
b) other costs ¹⁾	228,444	471,578

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

22.1 Acquisition expenses

Acquisition expenses	1 January – 31 December 2019	1 January – 31 December 2018
a) incurred in the financial period, of which:	2,507,105	2,411,802
- acquisition commission on direct insurance	1,801,864	1,710,159
b) deferred to future reporting periods	1,344,569	1,326,590

22.2 Administrative expenses

Administrative expenses	1 January – 31 December 2019	1 January – 31 December 2018
a) consumption of materials and energy	18,048	17,544
b) third party services	123,631	114,776
c) taxes and charges	12,230	11,843
d) salaries	312,626	285,198
e) insurance and other benefits	86,469	78,178
f) depreciation and amortization	52,805	42,307
g) other, including:	97,705	104,961
premium collection commission	56,684	58,975
advertising	37,738	38,236
business trips	2,937	2,474
insurance of property	1,046	869
Total administrative expenses	703,514	654,807

23. Other operating income

Other operating income	1 January – 31 December 2019	1 January – 31 December 2018
a) financial income ¹⁾	40,256	3,635
b) income for acting as an emergency adjuster	14,037	12,079
b) income for direct claims handling	195,851	191,038
d) other operating income, including:	23,274	20,572
positive foreign exchange differences	5,426	8,906
indemnities received	3,255	1,949
re invoiced expenses	2,743	2,633
income on reversal of a provision for impairment losses and provisions for future costs	5,493	417
other	6,357	6,667
Total	273,418	227,324

¹⁾ "Financial income" includes revenue from foreign exchange differences on loans received from PZU Finance AB (publ.) in the amount of PLN 37,950 thousand (in 2018: PLN 1,121 thousand).

24. Other operating expenses

Other operating expenses	1 January – 31 December 2019	1 January – 31 December 2018
a) financial costs ¹⁾	125,133	163,117
b) expenses for acting as an emergency adjuster	773	569
c) expenses of direct claims handling	208,747	206,904
d) tax on some financial institutions	186,093	190,042
e) other operating expenses, including:	139,568	113,649
costs of co-funding a subsidiary	78,944	-
negative foreign exchange differences	26,069	80,322
donations	11,686	12,304
employment restructuring costs	162	137
other	22,707	20,886
Total	660,314	674,281

¹⁾ "Financial costs" item contains costs of interest on loans received from PZU Finance AB (publ.) in the amount of PLN 29,744 thousand (PLN 62,705 thousand in 2018).

25. Interest income and expenses

The two notes that follow present interest determined for the reporting period based on the principle of accruals accounting.

25.1 Interest income calculated using contractual interest rates

Interest income calculated using contractual interest rates in 2019	Interest accrued and realized in 2019	Interest accrued but not realized in 2019 (by maturity from the balance sheet date)		
		up to 3 months	3 to 12 months	over 12 months
a) Investments in related parties	6,694	-	6,309	-
b) Other financial investments, including:	247,568	26,201	138,899	-
- debt securities and other fixed income securities	240,142	25,785	138,899	-
- participation in investments pools	-	-	-	-
- mortgage-backed loans	-	-	-	-
- other loans	22,112	415	-	-
- term deposits with credit institutions	(14,686)	1	-	-
- other investments	-	-	-	-
c) Receivables	-	-	-	-
Total interest income	254,262	26,201	145,208	-

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

Interest income calculated using contractual interest rates in 2018	Interest accrued and realized in 2018	Interest accrued but not realized in 2018 (by maturity from the balance sheet date)		
		up to 3 months	3 to 12 months	over 12 months
a) Investments in related parties	4,045	-	4,887	-
b) Other financial investments, including:	321,044	13,706	139,742	-
- debt securities and other fixed income securities	274,086	3,058	139,742	-
- participation in investments pools	-	-	-	-
- mortgage-backed loans	31,446	-	-	-
- other loans	16,640	12,026	-	-
- term deposits with credit institutions	(1,128)	(1,378)	-	-
- other investments	-	-	-	-
c) Receivables	-	-	-	-
Total interest income	325,089	13,706	144,629	-

In the table above, negative figures are a result of unrealized and realized negative foreign exchange differences relating to revenues. For term deposits, negative foreign exchange differences were PLN 9,467 thousand.

25.2 Interest expenses calculated using contractual interest rates

Interest expenses calculated using contractual interest rates in 2019	Interest accrued and realized in 2019	Interest accrued but not realized in 2019 (by maturity from the balance sheet date)		
		up to 3 months	3 to 12 months	over 12 months
a) Liabilities for reinsurers' deposits	-	-	-	-
b) Other liabilities, including:	87,854	-	34,650	-
- liabilities on direct insurance	-	-	-	-
- reinsurance liabilities	-	-	-	-
- liabilities on the issue of own debt securities and drawn loans	84,820	-	34,650	-
- liabilities to credit institutions	3,034	-	-	-
- other liabilities	-	-	-	-
Total interest expenses in 2019, including:	87,854	-	34,650	-
- liabilities held for trading	-	-	-	-
- current liabilities	3,034	-	-	-
- non-current liabilities	84,820	-	34,650	-

Interest expenses calculated using contractual interest rates in 2018	Interest accrued and realized in 2018	Interest accrued but not realized in 2018 (by maturity from the balance sheet date)		
		up to 3 months	3 to 12 months	over 12 months
a) Liabilities for reinsurers' deposits	-	-	-	-
b) Other liabilities, including:	76,589	-	181,590	-
- liabilities on direct insurance	-	-	-	-
- reinsurance liabilities	-	-	-	-
- liabilities on the issue of own debt securities and drawn loans	73,083	-	181,590	-
- liabilities to credit institutions	3,506	-	-	-
- other liabilities	-	-	-	-
Total interest expenses in 2018, including:	76,589	-	181,590	-
- liabilities held for trading	-	-	-	-
- current liabilities	3,506	-	-	-
- non-current liabilities	73,083	-	181,590	-

In the table above, interest accrued and unrealized of PLN 110,457 thousand results from unrealized negative foreign exchange differences.

26. Income tax

26.1 Tax Group

On 20 September 2017, a new Tax Group agreement was signed between 13 PZU Group companies: PZU, PZU Życie, Link4, PZU CO, PZU Pomoc SA, Ogrodowa-Inwestycje, PZU Zdrowie, Tulare Investments Sp. z o.o., PZU Cash SA, Ipsilon Sp. z o.o., PZU Finanse Sp. z o.o., PZU LAB SA, Omicron Bis SA. The Tax Group was established for a period of 3 years – from 1 January 2018 to 31 December 2020 – and the Head of the First Mazowiecki Tax Office issued a registration decision on 21 November 2017.

Under the tax group agreement, PZU is the parent company representing the tax group. Pursuant to art. 25 section 1 of the CIT Act, the Tax Group performs settlements with the Tax Office on a monthly basis. PZU pays advances for corporate income tax that are due from all the companies to the Tax Office, while the companies transfer the CIT advances related to their business activities to PZU.

26.2 Current income tax

Current income tax	1 January – 31 December 2019	1 January – 31 December 2018
1. Profit (loss) before tax	2,983,376	2,993,740
2. Differences between profit (loss) before tax and the income tax base (by type)	(1,166,447)	(1,300,369)
2a) Costs and losses not permitted by tax law to be treated as tax deductible expenses	1,179,078	898,639
Accrued outward reinsurance expenses	295,369	(20,025)
Accrued investment losses	154,375	198,501
Accrued bonuses, allowances for bonuses and provisions for employee benefits	23,426	4,368
Accrued and deferred acquisition expenses	167,749	224,285
Impairment losses on insurance, reinsurance and recourse claims	124,297	150,650
Donations	11,686	12,304
Provision for probable losses	54,326	35,520
Asset levy	186,093	190,042
Impairment loss on real property	-	25,380
Other	161,757	77,614
2b) Revenue not included in the tax base	2,499,699	2,283,546
Accrued investment gains	341,493	400,395
Dividends	1,722,781	1,697,946
Other technical revenues – reversal of impairment losses and other	116,937	100,917
Accrued revenues on outward reinsurance	238,813	(112,532)
Accrued revenues on direct claims handling	564	(3,997)
Revenues on premiums under contracts related to previous years	79,111	200,817
2c) Other changes in the tax base	154,174	84,538

Realization of accrued investment gains from previous years	156,609	222,428
Payments due to natural persons under mandate contracts and bonuses accrued in the previous year	(1,995)	(3,855)
Accrued acquisition expenses allocated to the current year	-	(64,319)
Increases/decreases in tax revenues due to unexplained payments	15,245	(57,233)
Realization of other costs/revenues	(1,335)	1,882
Free income	(14,350)	(14,365)
3. Income tax base	1,816,929	1,693,371
4. Income tax at the rate of 19%	345,217	321,740
5. Tax increases, abandonments, exemptions, deductions and reductions	(6,615)	6,119
6. Current income tax included in tax returns for the period, including:	338,602	327,859
- posted in the profit and loss account	338,602	327,859
- relating to items that are charged or credited to equity	-	-
- relating to items that are charged or credited to goodwill or negative goodwill	-	-

Income tax, by type of activity	1 January – 31 December 2019	1 January – 31 December 2018
Differences between profit (loss) before tax and the income tax base	(1,166,447)	(1,300,369)
- arising from technical activities	167,235	48,153
- arising from extraordinary profits and losses	-	-
- other	(1,333,682)	(1,348,522)
Income tax base	1,816,929	1,693,371

Regulations governing corporate income tax, personal income tax, value added tax and contributions to social security undergo frequent changes. The current regulations contain confusing provisions, which result in differences of opinion concerning their legal interpretation, both between various state authorities as well as between these authorities and enterprises. Tax and other settlements (e.g. regarding customs or foreign currencies) may be inspected by authorities, which may levy high fines and any additional liabilities assessed during the inspection bear interest. These facts create tax risks in Poland that are higher than those typically found in countries with more developed tax systems. Tax returns may be audited over a period of five years. As a result, the amounts presented in the financial statements may change at a later date, after the final amounts are determined by tax authorities.

26.3 Deferred tax

Deferred tax recognized in the profit and loss account	1 January – 31 December 2019	1 January – 31 December 2018
- reduction (increase) relating to the origination and reversal of temporary differences	(6,238)	(45,998)
- reduction (increase) relating to changes in tax rates	-	-
- reduction (increase) relating to previously unrecognized tax loss, tax credit or temporary difference of a prior period	-	-
- reduction (increase) relating to impairment losses on deferred tax assets or inability to use deferred tax liability	-	-
- other deferred tax items	-	-
Total deferred tax	(6,238)	(45,998)

In 2019 and 2018, there was no income tax relating to discontinued operations or extraordinary transactions.

Deferred tax recognized outside the profit and loss account	1 January – 31 December 2019	1 January – 31 December 2018
Total deferred tax amount:	396,702	270,136
- recognized in equity	396,702	270,136
- recognized in goodwill or negative goodwill	-	-

27. Share of the net profit (loss) of related parties measured by the equity method

Share of the net profit (loss) of related parties measured by the equity method	1 January – 31 December 2019	1 January – 31 December 2018
Share of the net profit (loss) of related parties measured by the equity method, including:	18,543	11,451
- impairment recognized on goodwill of related parties	(221,415)	(199,354)
- impairment recognized on negative goodwill of related parties	-	-
- impairment loss on net asset measurement	239,958	210,805

28. Notes to the cash flow statement

The item “Other proceeds from operating activity” includes:

Other proceeds from operating activity – highlights	1 January – 31 December 2019	1 January – 31 December 2018
Refund of CIT advances – participation in the Tax Group	266,555	364,770
Proceeds to the Company Social Benefit Fund and the Labor Fund	5,027	4,478
Refunded overpaid tax on assets	6,587	24,248
Other proceeds	176,183	182,816
Total other proceeds from operating activity	454,352	576,312

The item “Other operating expenditures” includes:

Other operating expenditures – highlights	1 January – 31 December 2019	1 January – 31 December 2018
Corporate income tax	337,513	432,322
Expenditures for CIT advances – participation in the Tax Group	269,612	311,828
Tax on certain financial institutions	186,854	189,621
Expenditures from the Company Social Benefit Fund and the Labor Fund	65,404	57,380
Donations	14,350	10,865
Expenditures on account of VAT	25,404	20,477
Other expenditures	417,939	348,358
Total other operating expenditures	1,317,076	1,370,851

28.1 Restricted cash

The cash flow statement includes restricted cash items related to the resources of the Prevention Fund, the Company Social Benefit Fund and cash in the split-payment account. The restriction results from the fact that according to the Polish law and PZU’s internal regulations, which are based on that law, these resources may be expended only for specific purposes, such as prevention or social activity or public law settlements.

29. Other notes and explanations

29.1 Capital expenditures incurred and planned for the 12 months following the balance sheet date

Capital expenditures incurred in the financial year	2019	2018
Capital expenditures incurred, of which:	106,141	107,394
- expenditures for non-financial non-current assets	57,840	44,008

Capital expenditures planned for the 12 months following the balance sheet date ¹⁾	31 December 2019	31 December 2018
Capital expenditures planned for the 12 months following the balance sheet date, including:	130,482	122,744
- expenditures for non-financial non-current assets	73,236	47,208

¹⁾ Data not audited by a statutory auditor.

30. Disputes

PZU participates in numerous court and arbitration disputes and administrative proceedings. Typical litigation involving PZU includes disputes pertaining to concluded insurance contracts, disputes concerning employment relationships and disputes relating to contractual obligations. Typical administrative proceedings involving PZU include proceedings related to the possession of property. Such proceedings and litigation are of a typical and repetitive nature and usually no particular case is of material importance to PZU.

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

Estimates of the provision amounts for individual cases take into account all information available on the date of preparation of the standalone financial statements, however their value may change in the future. Disputed claims are taken into account in the process of establishing technical provisions for known losses, considering the probability of an unfavorable outcome of the dispute and estimating the probable awarded amount.

In 2019 and by the date of signing the standalone financial statements, PZU was not involved in any material proceedings conducted before a court, an arbitration body or a public administration authority concerning any PZU liabilities.

As at 31 December 2019, the aggregate value of the subject matter of litigation in all 200,676 cases (146,551 cases as at 31 December 2018) pending before courts, arbitration bodies or public administration authorities in which PZU takes part, was PLN 3,541,931 thousand (PLN 3,482,359 thousand as at 31 December 2018). Out of this amount, PLN 3,018,788 thousand pertained to PZU's liabilities (PLN 3,059,677 thousand as at 31 December 2018) and PLN 523,143 thousand (PLN 422,682 thousand as at 31 December 2018) pertained to PZU's receivables.

30.1 Resolutions of the Ordinary Shareholder Meeting of PZU to distribute the profit earned in the financial year 2006

On 30 July 2007, an action was brought by Manchester Securities Corporation ("MSC") with its registered office in New York against PZU to repeal Resolution No. 8/2007 adopted by the Company's Ordinary Shareholder Meeting on 30 June 2007 to distribute PZU's profit for the financial year 2006 as contradicting good practices and aimed at harming the plaintiff as a shareholder of PZU.

The challenged resolution of the Ordinary Shareholder Meeting of PZU distributed the 2006 net profit of PLN 3,280,883 thousand as follows:

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

In its judgment of 22 January 2010, the Regional Court in Warsaw repealed the aforementioned resolution adopted by PZU's Ordinary Shareholder Meeting in its entirety. PZU has used all the available appeal measures, including a cassation appeal to the Supreme Court which, on 27 March 2013, dismissed the cassation appeal. The judgment is final and not subject to further appeal.

According to PZU, repealing the aforementioned resolution adopted by PZU's Ordinary Shareholder Meeting will not cause the shareholders to obtain a claim for PZU to pay a dividend.

As the judgment repealing resolution no. 8/2007 became final, on 30 May 2012, Ordinary Shareholder Meeting of PZU adopted a resolution to distribute the profit for the financial year 2006 in a manner that reflects the distribution of profit in the repealed resolution no. 8/2007. MSC filed an objection against the resolution of 30 May 2012 and the objection was recorded in the minutes.

On 20 August 2012, a copy of a statement of claim filed by MSC with the Regional Court in Warsaw was delivered to PZU. In the statement of claim, the Manchester Securities Corporation demanded that the resolution on the distribution of profit for the financial year 2006 adopted on 30 May 2012 by the PZU Ordinary Shareholder Meeting be repealed. According to the plaintiff, the value of the litigation is PLN 5,054 thousand. PZU then submitted a statement of defense requesting to dismiss the statement of claim in its entirety.

On 17 December 2013, the Regional Court passed a judgment in which it accepted the claim in its entirety and awarded the costs of proceedings from PZU to MSC. On 4 March 2014, PZU filed an appeal against the above judgment, contesting it in its entirety. On 11 February 2015, the Appellate Court in Warsaw handed down a judgment that changed the judgment of the Regional Court of 17 December 2013 in its entirety, dismissed MSC's claim and charged MSC with the court expenses. The Appellate Court's judgment is final and non-appealable. MSC challenged the Appellate Court's judgment in its entirety in a cassation appeal of 9 June 2015. PZU filed its reply to the cassation appeal.

By decision of 19 April 2016, the Supreme Court refused to review MSC's cassation appeal. According to the provisions of the Code of Civil Procedure, the Supreme Court's ruling is final non-appealable and ends the proceedings in the case.

In the meantime on 16 December 2014, MSC summoned PZU in a letter to pay PLN 264,865 thousand as a compensation for repealing resolution no. 8/2007 adopted by the Ordinary Shareholder Meeting of PZU on 30 June 2007 to distribute PZU's profit for the financial year 2006. PZU refused to effect the performance, indicating the lack of grounds.

On 23 September 2015, a copy of the statement of claim with enclosures was delivered to PZU in the case launched by MSC against PZU for payment of PLN 169,328 thousand with statutory interest from 2 January 2015 to the date of payment. The statement of claim includes a demand to pay compensation for depriving MSC and J.P. Morgan (MSC acquired the claim from J.P. Morgan) as minority shareholders of PZU of their share in profits for the financial year 2006 in connection with the adoption of resolution no. 8/2007 on 30 June 2007 by the PZU Ordinary Shareholder Meeting. The case is pending before the Regional Court in Warsaw. On 18 December 2015, PZU's attorney replied to the statement of claim, requesting to dismiss it in its entirety. On 1 April 2016, MSC filed a pleading in which it responded to PZU's assertions, allegations and petitions and raised new arguments in the case. On 30 June 2016, PZU filed a response to MSC's most recent pleading along with requests for evidence. In its decision of 21 July 2016, the Court referred the case to a mediation procedure, to which PZU did not agree. In subsequent court sessions, evidentiary hearings have taken place.

The Management Board of PZU believes that MSC's claims are groundless. As a result, as at 31 December 2019, no changes were made to the presentation of PZU's equity that could potentially stem from the repeal of resolution no. 8/2007 adopted by the PZU Ordinary Shareholder Meeting on the distribution of profit for the financial year 2006, including the line items "Supplementary capital" and "Retained earnings (losses)", and the funds in the Company Social Benefit Fund were not adjusted.

30.1.1. Other demands for payment pertaining to the distribution of PZU's profit for the 2006 financial year

On 13 November 2018 the Regional Court in Warsaw served a copy of the statement of claim lodged by Wspólna Reprezentacja SA in restructuring, which pertained to a claim against PZU for payment of PLN 34,117 thousand with statutory interest from 1 October 2015 to the payment date with court expenses. The claim comprises a claim for payment of damages for depriving the shareholders of their share of profits for the 2006 financial year. The plaintiff claims that the claims for damages were transferred by the shareholders to the plaintiff based on mandate agreements together with a fiduciary transfer of receivables and the claim pursued by the statement of claim is the total damage caused to the shareholders. PZU does not accept the claims as unjustified and replied to the statement of claim, requesting to dismiss it in its entirety. PZU did not consent to mediation. The date of the next session was set at 8 April 2020.

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

On 30 December 2011, the President of the Office of Competition and Consumer Protection ("UOKiK") issued a decision to impose a fine of PLN 56,605 thousand on PZU for its use of a practice restricting competition and violating the prohibition

prescribed in Article 6 Section 1 Item 3 of the Act on Competition and Consumer Protection by the execution, by PZU and Maximus Broker Sp. z o.o. with its registered office in Toruń (“Maximus Broker”), of an agreement restricting competition in the domestic market for sales of group accident insurance for children, youths and staff of educational institutions consisting of dividing the sales market by entity and transferring PZU’s clients from the Kujawsko-Pomorskie voivodship to Maximus Broker for the provision of services in exchange for their recommending PZU as the insurer of choice and at the same time prohibited PZU from the use of this alleged practice.

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

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

- no agreement (other than a brokerage agreement) was entered into between PZU and Maximus Broker;
- the President of the Office of Competition and Consumer Protection misunderstands the principles of execution of insurance agreements involving a broker;
- the majority of insurance agreements involving Maximus Broker were entered into with insurance companies other than PZU;
- PZU and Maximus Broker cannot and could not in the past conduct competitive activity in the markets in which they operate.

On 27 March 2015, the Regional Court in Warsaw issued a judgment in which it repealed the decision of the UOKiK President of 30 December 2011. By judgment of 6 December 2016, following an appeal of the UOKiK President, the Appellate Court in Warsaw repealed the judgment issued by the Regional Court in Warsaw and referred the case for re-examination. On 31 July 2017, the Regional Court issued a judgment in which it repealed the decision of the UOKiK President of 30 December 2011. On 4 October 2017, the UOKiK President filed an appeal with the Appellate Court in Warsaw. The Appellate Court in Warsaw, by its judgment of 23 January 2019, dismissed the appeal put forward by the UOKiK President. The judgment is final non-appealable. The UOKiK President has filed a cassation appeal with the Supreme Court against the final judgment, to which PZU has given its reply. The Supreme Court accepted the cassation appeal filed by the President of UOKiK for examination.

PZU held a provision for this fine, in the amount of PLN 56,605 thousand as at 31 December 2019 and 31 December 2018.

30.3 Notification of PZU’s claim to the bankruptcy estate of companies of the PBG Group

PZU is a creditor of PBG SA (“PBG”) and Hydrobudowa Polska SA (“Hydrobudowa”), both companies with registered offices in Wysogotowo near Poznań, on account of insurance guarantees (contractual guarantees) issued and paid out.

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

PBG and Hydrobudowa belong to the same group in which PBG is the parent company. The two companies provided sureties for each other’s liabilities. As a consequence, all claims submitted against the bankruptcy estate of Hydrobudowa in the amount of PLN 100,996 thousand were concurrently submitted against the bankruptcy estate of PBG.

On 8 October 2015, the Bankruptcy Court announced a decision in which it approved the composition with PBG’s creditors and on 20 July 2016 it issued a decision to close the bankruptcy proceedings. The decision is final.

Following the execution of the composition and reduction of claims to 20.93% of the reported figures, PZU received 206,139 PBG’s bonds with the nominal value of PLN 20,614 thousand and 24,241,560 PBG shares with the nominal value of PLN 24,242 thousand. The carrying amount of PBG’s shares as at 31 December 2019 was PLN 364 thousand (PLN 2,182 thousand as at 31 December 2018). Bonds – on 31 December 2019 and 31 December 2018, they were recognized in off-balance sheet records only and the carrying amount of bonds was zero.

The first list of claims presented by Hydrobudowa’s receiver to the judge commissioner contained PZU SA’s claim for PLN 16,198 thousand. The fourth supplementary list of claims contained a claim for PLN 15,944 thousand. In respect of PZU’s claims for the amount of PLN 66,699 thousand, on 24 October 2018 PZU filed an objection to the judge commissioner against the refusal to accept the submitted claim. With the decision of 23 January 2020 the Court accepted PZU’s objection and increased PZU’s claim on the fourth supplementary list of claims to PLN 82,643 thousand. The final list of claims submitted against the bankruptcy estate of Hydrobudowa has not been determined yet. Bankruptcy proceedings against Hydrobudowa are pending and the



determination of the final list of claims is merely an initial step in these proceedings that precedes the drafting of the distribution plan (after the liquidation of the bankruptcy estate).

31. Headcount

Average headcount, by employee group	1 January - 31 December 2019		1 January - 31 December 2018	
	Average headcount (FTEs)	Average number of employees (persons)	Average headcount (FTEs)	Average number of employees (persons)
a) Supervisory Board	-	10	-	9
b) Management Board	-	7	-	5
c) Total headcount, including:	7,293	9,422	7,224	9,203
– management	333	544	335	546
– advisors	3	5	1	3
– actuaries	4	5	2	2
– other employees	6,954	8,868	6,886	8652
– including agents on employment contracts	-	-	-	-
d) Number of agents without employment contracts (persons)	n/a	8,666	n/a	8,621

32. Agreements to audit and review financial statements

32.1 Audit fee payable to the audit firm auditing the financial statements

Audit fee payable to the audit firm auditing the financial statements	1 January – 31 December 2019	1 January – 31 December 2018
a) statutory audit of annual standalone/consolidated financial statements	828	609
b) other assurance services, including review of standalone/consolidated financial statements	878	759
c) tax advisory services	-	-
d) other services	-	-
Total	1,706	1,368

The table above presents the amounts due to the audit firms for the audit of PZU's financial statements, paid or payable for the period, plus VAT, determined according to the accrual principle.

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

On 18 February 2014, the PZU Supervisory Board selected KPMG Audyty Spółka z ograniczoną odpowiedzialnością Sp.k. with its registered office in Warsaw, ul. Inflancka 4A, 00-189 Warsaw, entered by the National Chamber of Statutory Auditors in the list of audit firms under no. 3546 as an entity auditing financial statements for the years 2014-2016, and on 27 April 2017, the PZU Supervisory Board exercised the option of extending this cooperation to include the years 2017-2018. On 23 May 2019, after the Polish Financial Supervision Authority gave a permit to PZU to extend for another two years the maximum period for the engagement for KPMG Audyty to audit PZU's standalone and consolidated financial statements, the PZU Supervisory Board made the decision to select KPMG Audyty again as the audit firm to audit the 2019-2020 financial statements.

33. Related party transactions

33.1 Transactions with members of the PZU Management Board and the PZU Supervisory Board

In 2019 and in 2018, there were no transactions between PZU and the PZU Management Board Members, PZU Supervisory Board Members and persons who are in cohabitation with them, their spouses, relatives by blood or by marriage up to the second degree, persons related to them by adoption, guardianship or custody or other persons personally related to the PZU Management Board or Supervisory Board Members, other than following from executed non-life insurance agreements entered into on an arm's length principle.

In 2019 and in 2018, there were no material transactions between PZU and the entities, in which PZU Management Board Members, PZU Supervisory Board Members and persons who are in cohabitation with them, their spouses, relatives by blood or by marriage up to the second degree, persons related to them by adoption, guardianship or custody hold directly or indirectly at

least 20% votes at the shareholder meeting, other than those following from executed non-life insurance agreements entered into on an arm's length principle.

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

In 2019 and 2018, there were no outstanding advances, loans, guarantees, sureties or other agreements with performance obligations pertaining to PZU Management Board Members or PZU Supervisory Board Members. There were also no obligations arising from old-age benefits or similar benefits in favor of former members of management boards, supervisory boards or administration bodies, or obligations incurred in connection with those old-age benefits.

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

Compensation of PZU's key management (Management Board members, senior managers and Supervisory Board members who discharged their functions for at least one day in 2019 or 2018). The figures are presented in thousands of PLN.

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2019 (000s PLN)		1 January – 31 December 2018 (000s PLN)	
		including part of variable compensation for 2017 and 2018		including bonuses and special awards:
Management Board, of which:	10,664	4,412	3,857	-
Paweł Surówka	1,799	915	793	-
Aleksandra Agatowska	611	423	n/a	n/a
Adam Brzozowski	532	-	n/a	n/a
Marcin Eckert	672	-	n/a	n/a
Elżbieta Häuser-Schöneich	532	-	n/a	n/a
Tomasz Kulik	1,482	627	766	-
Maciej Rapkiewicz	1,733	879	766	-
Małgorzata Sadurska	1,543	689	766	-
Roger Hodgkiss	1,760 ¹⁾	879	766	-
High-level managers (PZU Group Directors), including:	3,530	2,034	1,451	11
Aleksandra Agatowska	239	-	203	-
Tomasz Karusewicz	793 ²⁾	565	307	-
Bartłomiej Litwińczuk	821	482	307	-
Dorota Macieja	754	415	317	11 ³⁾
Roman Pałac	923	572	317	-

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2019 (000s PLN)		1 January – 31 December 2018 (000s PLN)	
Supervisory Board, of which:	1,761	-	1,420	-
Maciej Łopiński	184	-	169	-
Paweł Górecki	182	-	170	-
Alojzy Nowak	182	-	170	-
Marcin Chludziński	167	-	156	-
Agata Górnicka	167	-	156	-
Robert Jastrzębski	176	-	127	-
Tomasz Kuczur	101	-	n/a	n/a
Elżbieta Mączyńska-Ziemacka	101	-	n/a	n/a
Krzysztof Opolski	101	-	n/a	n/a
Robert Śnitko	167	-	156	-
Maciej Zaborowski	167	-	156	-
Katarzyna Lewandowska	66	-	157	-
Aneta Fałek	n/a	n/a	3	-

¹⁾ Including non-competition fee of PLN 383 thousand and severance pay of PLN 192 thousand.

²⁾ Including non-competition fee of PLN 49 thousand and severance pay of PLN 77 thousand.

³⁾ Bonus for the Sponsoring Director function discharged from 1 January to 14 March 2017.

In 2019, PZU Management Board members were paid part of the benefits for 2017 under the variable compensation system. The payout of the remaining part of the bonus for 2017 and 2019 may be made in subsequent periods. A provision has been recognized for these benefits with the total amount of PLN 11,791 thousand as at 31 December 2019 (including the employer's burdens; PLN 9,054 thousand as at 31 December 2018).

Compensation and other short-term employee benefits paid by other PZU Group entities	1 January – 31 December 2019 (000s PLN)		1 January – 31 December 2018 (000s PLN)	
		including part of variable compensation for 2017 and 2018		including bonuses and special awards:
Management Board, of which:	1,471	1,012	90	-
Paweł Surówka	67	67	90 ¹⁾	-
Aleksandra Agatowska	788	377	n/a	n/a
Marcin Eckert	48	-	n/a	n/a
Tomasz Kulik	298	298	-	-
Maciej Rapkiewicz	135	135	-	-
Roger Hodgkiss	135	135	-	-
High-level managers (PZU Group Directors), including:	3,831	1,946	2,206	6
Aleksandra Agatowska	n/a	n/a	344	-
Tomasz Karusewicz	857 ²⁾	515	460	-
Bartłomiej Litwińczuk	979	471	460	-
Dorota Macieja	943	434	466	6 ³⁾
Roman Pałac	1,052	526	476	-

¹⁾ Remuneration for the function of Pekao Supervisory Board Member discharged from 1 January to 20 June 2018.

²⁾ Including non-competition fee of PLN 74 thousand and severance pay of PLN 115 thousand.

³⁾ Bonus for the Sponsoring Director function discharged from 1 January to 14 March 2017.

Total estimated value of non-cash benefits granted by PZU and PZU's subsidiaries	1 January – 31 December 2019 (000s PLN)	1 January – 31 December 2018 (000s PLN)
Management Board, of which:	2,242	515
Paweł Surówka	331	149
Aleksandra Agatowska	207	n/a
Adam Brzozowski	148	n/a
Marcin Eckert	200	n/a
Elżbieta Häuser-Schöneich	119	n/a
Tomasz Kulik	649 ¹⁾	77

Maciej Rapkiewicz	227	64
Małgorzata Sadurska	259	110
Roger Hodgkiss	102	115
High-level managers (PZU Group Directors), including:	768	525
Aleksandra Agatowska	n/a	111
Tomasz Karusewicz	143	89
Bartłomiej Litwińczuk	200	118
Dorota Macieja	197	78
Roman Pałac	228	129

¹⁾ Including PLN 473 thousand for the Advanced Management Program at Harvard Business School.

Compensation of PZU Management Board Members, PZU Group Directors and PZU Supervisory Board Members paid, payable or potentially payable	1 January – 31 December 2019	1 January – 31 December 2018
a) Charged to costs	24,267	10,064
b) Arising from the issuer's share-based incentive or bonus schemes	-	-

33.2 Transactions with subsidiaries

Transactions with subsidiaries	1 January – 31 December 2019	1 January – 31 December 2018
1. Gross written premium on direct and inward reinsurance, including:	1,139,950	1,186,627
- from Link4	649,298	674,332
- from TUW PZUW	381,505	406,586
- from PrJSC IC PZU Ukraine	44,240	48,229
- from Lietuvos Draudimas AB	32,628	30,019
- from Alior Bank	5,222	3,492
- from AAS Balta	16,203	15,651
- from PZU Zdrowie	2	4
- from Bank Pekao	5,026	3,318
2. Dividend revenue, including:	1,758,059	1,725,346
- from PZU Życie	1,331,807	1,257,483
- from Bank Pekao	346,460	414,703
- from TFI PZU	41,977	15,628
- from Lietuvos Draudimas AB	36,493	27,400
- from PZU Tower	1,321	7,359
- from Ogrodowa Inwestycje	-	2,773
3. Other income, including:	74,072	31,963
- foreign exchange differences on loans from PZU Finance AB	37,950	1,121
- refund of part of the management fee for financial assets from TFI PZU	10,608	10,106
- rents in buildings leased to PZU Group companies	1,759	1,670
- foreign exchange differences on loans extended to PZU Group entities	652	461
- re-invoicing of costs from subsidiaries	2,024	1,938
- income for acting as an emergency adjuster	7,175	6,090
4. Gross claims and benefits paid, including:	603,021	465,142
- to Link4	323,146	337,662
- to PZU Pomoc SA	50	130
- to PrJSC IC PZU Ukraine	23,903	27,167
- to AAS Balta	161,592	2,250
- to Lietuvos Draudimas AB	1,058	12,910
- to TUW PZUW	92,357	84,175
5. Other expenses, including:	333,058	470,141
- foreign exchange differences on loans from PZU Finance AB	381	111,408
- reinsurance commissions for Link4	171,786	175,727
- interest expenses on loans from PZU Finance AB	29,744	62,706
- IT services rendered by PZU CO	43,532	37,140

Transactions with subsidiaries	1 January – 31 December 2019	1 January – 31 December 2018
- reinsurance commissions to PrJSC IC PZU Ukraine	8,042	10,888
- lease of space from Ogrodowa Inwestycje	4,511	4,101
- mass printing services provided by PZU CO	2,330	2,326
- profit sharing for Link4	16,292	25,616
- profit sharing for T UW PZUW	5,899	2,084
- profit sharing for PrJSC IC PZU Ukraine	2,373	2,498
- reinsurance commissions for T UW PZUW	36,780	25,809

Transactions with subsidiaries	31 December 2019	31 December 2018
1. Receivables, including:	188,080	225,376
- CIT receivable – Tax Group	10,926	30,853
- receivables on inward reinsurance - premium from T UW PZUW	82,778	172,121
- other receivables from T UW PZUW	82,119	10,126
- other receivables from Link4	5,405	5,101
- insurance premium receivables from Alior Bank	343	253
- receivables on inward reinsurance - premium from PZU Ukraine	1,226	4,356
- insurance premium receivables from Bank Pekao	1,208	505
2. Liabilities, including:	68,324	3,742,254
- liabilities from a loan from PZU Finance AB (publ)	-	3,677,344
- other insurance liabilities to Alior Bank	-	30
- other liabilities to PZU Zdrowie	19,810	-
- CIT liability – Tax Group	7,070	3,865
- inward reinsurance liabilities - to T UW PZUW	8,193	20,925
- inward reinsurance liabilities - to PZU Ukraine	2,531	4,892
- other liabilities to PZU CO	9,641	6,927
- liabilities to Bank Pekao	8,643	1,234
- other liabilities to TFI PZU	4,532	5,031
- other liabilities to PZU Pomoc	2,612	2,149
3. Contingent (off-balance sheet) receivables arising from a guarantee extended to Alior Bank	100,000	100,000
4. Contingent liability (off-balance sheet) for the extended guarantee to Alior Bank	-	116

33.2.1. Loans from PZU Życie

On 7 August 2013, a framework agreement was concluded by and between PZU and PZU Życie concerning the execution of transactions involving cash loans. The cash loans will be granted in PLN for a specified term of up to 12 months. The value of the loans granted by each of the parties may not exceed PLN 1 billion. Loans granted are recognized under “Investments in related parties” in the Company’s assets, while loans received under “liabilities on the issue of own debt securities and drawn loans” in the Company’s liabilities.

In 2019 and 2018, PZU did not grant any loans to PZU Życie and did not receive any loans from PZU Życie.

33.2.2. Granting of sureties or guarantees for loans or borrowings by PZU or its subsidiaries

In 2019 neither PZU nor its subsidiaries granted any sureties for a loan or borrowing or guarantees to any single entity or any subsidiary of such an entity where the total amount of outstanding sureties or guarantees would be significant.

33.2.3. Loans granted to related parties

Loans granted to related parties are described in section 2.4.1.

33.3 Transactions with associates

In 2018, PZU had no associates. In 2019, PZU did not enter into any transactions with its associate, namely Sigma BIS SA, which became an associate during the year.

34. Other information

34.1 Lease agreement for the building of PZU's new Head Office

On 4 February 2020, the PZU Management Board adopted a resolution to select an offer in the proceeding to lease premises for the PZU head office and sign a letter of intent with Bitra Enterprise 1 sp. z o.o., a member of the Skanska Group. According to the resolution in question, the PZU Management Board accepted a scenario on how to proceed in the selection of headquarters for the PZU Head Office involving the conclusion of a lease agreement for office and storage space and parking spaces with Bitra Enterprise 1 sp. z o.o., with its registered office at Al. Solidarności 173, 00-877 Warsaw ("Lessor") and approved the selection of building "Y"; it is under construction in the Generation Park complex situated at Rondo Daszyńskiego 4 in Warsaw ("Building") as the new headquarters of the PZU Head Office. PZU and PZU Życie signed a letter of intent with the Lessor on 4 February 2020 to specify the preliminary terms and conditions of the agreement to lease office space, office and commercial space, storage space and parking spaces. The letter of intent contemplates that the future lease agreement will contain contractual penalties regarding the Lessor's liability for delays in handing over the leased facility, hindrances and impediments to usage of the leased area and violations of the non-compete clause and right of first refusal to purchase the Building. The letter of intent contains a declaration on how to proceed and sign the lease agreement by 29 May 2020 provided that the parties reach an agreement on all of the other terms and conditions of lease and agree upon the wording of the lease agreement.

The total estimated gross value of the prospective agreement to lease the Building over the 10 years of its duration is approximately PLN 805 million, while the gross incremental costs related to relocation are approximately PLN 86 million. These amounts may vary as a result of specific arrangements concerning the final arrangement, amount of space leased, the final scope of adaptation work, the commencement date of the lease agreement and the date of translating some of the costs and financial incentives between EUR and PLN.

The selection of this Building and the signing of the letter of intent do not imply that this transaction will be executed.

Signatures of the PZU Management Board Members:

Name	Position	
Paweł Surówka	President of the PZU Management Board	signed by qualified electronic signature
Tomasz Kulik	Member of the PZU Management Board	signed by qualified electronic signature
Adam Brzozowski	Member of the PZU Management Board	signed by qualified electronic signature
Marcin Eckert	Member of the PZU Management Board	signed by qualified electronic signature
Elżbieta Häuser-Schöneich	Member of the PZU Management Board	signed by qualified electronic signature
Maciej Rapkiewicz	Member of the PZU Management Board	signed by qualified electronic signature
Małgorzata Sadurska	Member of the PZU Management Board	signed by qualified electronic signature

Person responsible for keeping the accounting ledgers

Katarzyna Łubkowska	Director of the Accounting Department	signed by qualified electronic signature
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Actuary supervising the actuarial division

Paweł Chadysz	Director of Insurance Risk	signed by qualified electronic signature
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Warsaw, 11 March 2020