

# CEO Letter to Shareholders



Ladies and Gentlemen,

2015 was surely not an easy year for PZU. The financial result is the lowest since PZU's IPO – the net result has dropped by 14.7% year-on-year to reach PLN 2,248.5 million. The ROE amounted to 18.2% and was 3.2 p.p. lower than the year before. Thus, last year was another witness to higher costs and lower profits. This tendency requires a strong reaction from us.

The weaker performance of PZU in recent times does not, however, undermine the foundations of PZU's strong and stable standing. In the insurance sector, PZU continues to be the leader in non-life (31.2%) and – operating via its subsidiary, PZU Życie – life insurance (43.9%, regular premium policies). Conducting activity via its subsidiaries, PZU continues to be a leader in Lithuania and Latvia, where its share of the domestic, non-life insurance market amounts to 31.1% and 25.1% respectively. We continue to consolidate and use the effects of synergy with Link4, which can be a relevant source of innovation and growth for the Group, in a similar way to the companies acquired in the Baltic states. At this point, it is also worth remembering that the Group acquired a 25% share package in Alior Bank.

To sum up: PZU's situation is first and foremost a stimulus for change, and as such it constitutes an incentive for growth. It forces us to recalibrate our focus, to concentrate on the area that has been the cornerstone of the PZU identity for over 200 years – the insurance business. We should put all our efforts into offering our clients the best and most innovative insurance products that will protect their future, health, and property. That is why we will concentrate on ensuring that our core business is highly profitable, stable, and future-oriented in everything we do.

I am sure that when we join together in a common effort and use the strong foundations of PZU Group, best practice, and innovative solutions offered by the global market; we will reverse the negative trends. We will transform PZU into a strong leader who actively conquers new markets, new clients, and new areas of business. I am sure that our shareholders share my optimism and I would like to thank them for their trust, which motivates both the Management Board and myself to further work.

Best regards,

Michał Krupiński

Chairman of the Management Board