

**POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012
WITH AUDITOR'S OPINION**



The attached separate financial statements together with notes are a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

TABLE OF CONTENT

I. INTRODUCTION TO THE FINANCIAL STATEMENTS.....	4
1. INTRODUCTION.....	4
2. SELECTED FINANCIAL DATA OF PZU.....	5
3. PLN/EUR EXCHANGE RATES.....	5
4. CHANGES IN THE ACCOUNTING PRINCIPLES (POLICY) DURING THE FINANCIAL YEAR	5
5. CHANGES IN THE METHOD OF PREPARATION OF THE FINANCIAL STATEMENTS	6
6. ADJUSTMENTS OF PREVIOUS YEAR ERRORS.....	6
7. INFORMATION OF SIGNIFICANT POST-BALANCE SHEET EVENTS NOT DISCLOSED IN THE FINANCIAL STATEMENTS	6
8. SIGNIFICANT EVENTS PERTAINING TO PREVIOUS YEARS AND DISCLOSED IN THE FINANCIAL STATEMENTS FOR THE CURRENT REPORTING PERIOD	6
9. SIGNIFICANT EVENTS PERTAINING TO THE REPORTING PERIOD AND SIGNIFICANTLY CHANGING THE STRUCTURE OF BALANCE SHEET ITEMS AND THE FINANCIAL RESULT	6
10. MANAGING AND SUPERVISORY BODIES OF PZU	6
11. RENUMERATION OF THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS.....	8
12. ACCOUNTING PRINCIPLES (POLICY).....	8
13. SIGNIFICANT DIFFERENCES BETWEEN IFRS AND POLISH GAAP – INDICATION, EXPLANATION AND QUALIFICATIONS	19
II. BALANCE SHEET AND OFF-BALANCE SHEET ITEMS.....	22
III. TECHNICAL INSURANCE ACCOUNT – PROPERTY AND PERSONAL INSURANCE.....	25
IV. GENERAL PROFIT AND LOSS ACCOUNT	26
V. STATEMENT OF CHANGES IN EQUITY.....	27
VI. CASH FLOW STATEMENT	29
VII. TECHNICAL ACCOUNTS – TOTAL DIRECT ACTIVITIES.....	31
VIII. TECHNICAL INSURANCE ACCOUNT – TOTAL INWARD REINSURANCE	50
IX. ACTUARY’S OPINION	59
X. NOTES.....	60
1. INTANGIBLE ASSETS	60
2. INVESTMENTS	63
3. RECEIVABLES	98
4. OTHER ASSETS.....	103
5. PREPAYMENTS AND ACCRUALS	106
6. CHANGES IN IMPAIRMENT LOSSES.....	108
7. EQUITY.....	110
8. TECHNICAL PROVISIONS.....	113
9. EXPECTED RECOVERIES, RECOURSES AND SUBSIDIES	117
10. OTHER PROVISIONS	117
11. OTHER LIABILITIES AND SPECIAL FUNDS.....	121
12. ACCRUALS AND DEFERRED INCOME.....	125
13. REQUIRED SOLVENCY MARGIN.....	126
14. OFF-BALANCE SHEET ITEMS	128
15. GROSS WRITTEN PREMIUMS.....	130
16. GROSS EARNED PREMIUMS.....	131

17.	REINSURANCE SETTLEMENTS	132
18.	CLAIMS.....	132
19.	SUPPLEMENTARY DATA TO THE TECHNICAL ACCOUNT	134
20.	INFORMATION REGARDING CLAIM HANDLING PROCESS	138
21.	COSTS OF INSURANCE ACTIVITY.....	138
22.	OTHER OPERATING REVENUE	140
23.	OTHER OPERATING COSTS	140
24.	INTEREST INCOME AND EXPENSE.....	141
25.	INCOME TAX.....	142
26.	SHARE IN NET PROFIT (LOSSES) OF CONTROLLED ENTITIES MEASURED USING THE EQUITY METHOD	144
27.	ADDITIONAL INFORMATION TO THE CASH FLOW STATEMENT	144
28.	OTHER INFORMATION AND EXPLANATIONS	145
29.	DISPUTES	147
30.	EMPLOYMENT.....	151
31.	AGREEMENTS ON AUDIT AND REVIEW OF FINANCIAL STATEMENTS	151
32.	RELATED PARTY TRANSACTIONS.....	152

I. INTRODUCTION TO THE FINANCIAL STATEMENTS

1. Introduction

1.1. Basic information about the Company

Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU", "Company") with its registered office at Al. Jana Pawła II 24, was established via transformation of Państwowy Zakład Ubezpieczeń into a state-owned joint-stock company, pursuant to Article 97 of the Act of 28 July 1990 on insurance activity (consolidated text, Dz.U. No. 11 of 1996, item 62 as amended).

PZU is recorded in the Register of Entrepreneurs of the National Court Register at the District Court for the capital city of Warsaw, XII Business Division of the National Court Register, under KRS number 0000009831.

According to Polish NACE (PKD), the core business of the Company includes other personal and property insurance (PKD 65.12) and according to NACE, non-life insurance (EKD 6603).

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

1.2. Period covered by the financial statements

The separate financial statements have been prepared for the period of 12 months from 1 January to 31 December 2012.

1.3. Going concern

The separate financial statements have been prepared based on the assumption that the Company will operate as a going concern in the foreseeable future, i.e. during at least 12 months after the balance sheet date.

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

1.4. Presentation unit

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

1.5. Profit/loss on discontinued operations

In 2012 PZU did not discontinue any activities.

2. Selected financial data of PZU

Balance sheet data	PLN '000 31 December 2012	PLN '000 31 December 2011	EUR'000 31 December 2012	EUR'000 31 December 2011
Assets	29 913 216	27 397 857	7 316 965	6 203 101
Share capital	86 352	86 352	21 122	19 551
Total equity	13 452 581	11 745 410	3 290 588	2 659 258
Weighted average basic and diluted number of ordinary shares (items)	86 352 300	86 352 300	86 352 300	86 352 300
Book value per ordinary share (in PLN/EUR)	155,79	136,02	38,11	30,80

Data from technical account of property and personal insurance and general profit and loss account	PLN '000 1 January – 31 December 2012	PLN '000 1 January – 31 December 2011	EUR'000 1 January – 31 December 2012	EUR'000 1 January – 31 December 2011
Gross written premiums	8 453 498	8 247 241	2 025 469	1 992 039
Technical result on property and personal insurance	640 118	332 297	153 373	80 263
Net profit/loss on investing activities*	2 472 660	2 843 963	592 453	686 931
Net profit (loss)	2 580 720	2 582 303	618 344	623 730
Weighted average basic and diluted number of ordinary shares (items)	86 352 300	86 352 300	86 352 300	86 352 300
Basic and diluted earnings (loss) per ordinary share (in PLN/EUR)	29,89	29,90	7,16	7,22

* Including "Share in net profits (losses) of controlled entities measured using the equity method".

Data from cash flow statement	PLN '000 1 January – 31 December 2012	PLN '000 1 January – 31 December 2011	EUR'000 1 January – 31 December 2012	EUR'000 1 January – 31 December 2011
Net cash generated by operating activities	1 091 181	726 927	261 448	175 582
Net cash flows from investing activities	886 569	1 247 548	212 423	301 333
Net cash used in financing activities	(2 044 120)	(2 033 598)	(489 774)	(491 195)
Total net cash flows	(66 370)	(59 123)	(15 902)	(14 281)

3. PLN/EUR exchange rates

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

EUR / PLN	1 January – 31 December 2012	31 December 2012	1 January – 31 December 2011	31 December 2011
Average rate	4,1736	4,0882	4,1401	4,4168
Highest rate of the period	4,5135	n. d.	4,5642	n. d.
Lowest rate of the period	4,0465	n. d.	3,8403	n. d.

The rates are:

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

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

In 2012 no changes to the Accounting Policy were introduced.

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

In 2012 no changes were introduced to the manner of preparing the separate financial statements compared to the ones prepared by the PZU S.A. for 2011.

6. Adjustments of previous year errors

In 2012, no previous year errors were adjusted.

7. Information of significant post-balance sheet events not disclosed in the financial statements

7.1. Transfer to funds

On 25 February 2013 PZU subscribed for investment certificates of PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, paid in transferred debt securities valued PLN 1,244,056 thousand and cash amount of PLN 500,000 thousand. On 5 March 2012, TFI PZU awarded investment certificates to PZU with a value of PLN 1,744,056 thousand.

8. Significant events pertaining to previous years and disclosed in the financial statements for the current reporting period

By the date of these financial statements, there were no significant events pertaining to previous years that would not be included in these financial statements.

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

9.1. Dividend of Powszechny Zakład Ubezpieczeń na Życie SA

On 22 May 2012 Annual General Shareholders' Meeting of PZU Życie passed a resolution to distribute the net profit of PZU Życie for the financial year ended 31 December 2011 according to which PLN 1,583,302 thousand, in the following way:

- amount of PLN 1,177,476 thousand was designated for the dividend to the sole shareholder – PZU
- amount of PLN 395,826 thousand was designated for the supplementary capital
- amount of PLN 10,000 thousand was designated to the Social Benefit Fund.

PZU gained the right to the dividend on 22 May 2012. The payment was made on 13 September 2012.

9.2. Transfer of portion of financial investments to funds

The issue has been described in point Błąd! Nie można odnaleźć źródła odwołania. of Notes

9.3. Comparability of financial data for the prior period with the financial statements for the period ended 31 December 2011

The financial statements of PZU for the year 2012 contains financial data presented in line with Attachment No. 3 to Ordinance of Minister of Finance of 18 October 2005 on the scope of information disclosed in separate and consolidated financial statements as required in prospectuses of listed issuers with registered office on the territory of the Republic of Poland applying Polish accounting principles (Dz.U. No. 209 of 2005, item 1743 as amended "Ordinance on financial statements presented in prospectuses"), ensuring at the same time comparability of the financial data for the presented periods.

10. Managing and supervisory bodies of PZU

10.1. Management Board of PZU

As of 31 December 2011, composition of the Management Board of PZU was as follows:

- Andrzej Klesyk - Chairman of the Board;
- Witold Jaworski - Member of the Board;

- Przemysław Dąbrowski - Member of the Board;
- Tomasz Tarkowski - Member of the Board;
- Bogusław Skuza - Member of the Board;
- Ryszard Trepczyński - Member of the Board;

On 27 September 2012, Witold Jaworski resigned from the position of a Member of the Management Board of PZU SA, and his mandate expired on that date.

By the date signing these financial statements, no other changes in the composition of PZU Management Board occurred.

10.2. Supervisory Board of PZU

Composition of the Supervisory Board as at 31 December 2011 was as follows:

- Marzena Piszczek - Chairman;
- Zbigniew Ćwiąkowski - Vice-Chairman;
- Krzysztof Dresler - Secretary of the Board;
- Waldemar Maj - Member;
- Dariusz Filar - Member;
- Zbigniew Derdziuk – Member;
- Dariusz Daniluk – Member.

On 30 May 2012 Krzysztof Dresler resigned from the position of a Member of PZU Supervisory Board.

On 30 May 2012, General Shareholders Meeting of PZU passed a resolution regarding the number of Supervisory Board Members stating that the Supervisory Board consisted of nine people. The Shareholders Meeting dismissed Marzena Piszczek from the Supervisory Board, and at the same time appointed the following people as its members: Tomasz Zganiacz, Maciej Piotrowski, Włodzimierz Kiciński and Alojzy Nowak.

On 28 June 2012 the Supervisory Board of PZU SA was constituted. Waldemar Maj took the position of the Chairman, while Tomasz Zganiacz was appointed the Secretary.

From 28 June 2012 until the date of signing these separate financial statements, the composition of PZU Supervisory Board was as follows:

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

10.3. Directors in the Group

Directors at the PZU Group as at 31 December 2011:

- Dariusz Krzewina;
- Rafał Grodzicki.

On 7 February 2012, the Management Board appointed Przemysław Henschke Director of the PZU Group effective from 1 February 2012.

On 16 March 2012 the Management Board appointed Sławomir Niemierka Director of the PZU Group effective from 19 March 2012.

On 5 February 2013, the Management Board appointed Barbara Smalska Director of the PZU Group.

In the period from 5 February 2013 until the date of signing these separate financial statements, the following individuals were Directors in PZU Group:

- Dariusz Krzewina;
- Rafał Grodzicki;
- Przemysław Henschke;
- Sławomir Niemierka;
- Barbara Smalska.

All the present Directors at the PZU Group are also members of PZU Życie Management Board.

11. Remuneration of the entity authorized to audit financial statements

In line with provisions of point 12a.b of "B. Additional explanatory notes" of Appendix 3 to the Ordinance on financial statements presented in prospectuses, information regarding remuneration of the entity authorized to audit financial statements is presented in point 31.1. of Additional explanatory notes.

12. Accounting principles (policy)

Pursuant to Article 45.1a of the Accounting Act (Journal of Laws. 152 of 2009, item 1223, as , the "Accounting Act"), financial statements of issuers of securities admitted to trading in a regulated market within the European Economic Area may be prepared in compliance with IFRS and the related Interpretations published in the form of regulations of the European Commission (henceforth: IFRS).

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

- Ordinance of the Minister of Finance of 28 December 2009 on special accounting principles for insurance and reinsurance companies (Journal of Laws No. 226 of 2009, item 1825);
- Ordinance of the Minister of Finance of 12 December 2001 on detailed principles of recognition, measurement, disclosure and presentation of financial instruments (Journal of Laws No. 149 of 2001, item 1674, as amended);).

Other major legal acts applicable to the financial statements include:

- Ordinance of the Minister of Finance of 28 November 2003 on calculation of the solvency margin and minimum capital and reserves required for insurance sections and groups (Dz. U. No. 211 of 2003 item 2060, as amended.);
- The Insurance Activity Act of 22 May 2003 (Journal of Laws No 11 of 2010 item, 66 as amended, "The Insurance Activity Act").

All matters not specified in the Accounting Act and the regulations issued on the basis thereof are governed by the Polish Accounting Standards and/or International Financial Reporting Standards (IFRS).

12.1. Intangible assets

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

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

Intangible assets are measured at acquisition price increased by costs directly related to acquisition and adjustment for use, reduced by amortization charges and impairment loss.

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

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

12.2. Investments

12.2.1 Investments in real property

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

Real property investments are measured at acquisition price or manufacturing costs, including revaluation based on separate regulations (the last revaluation took place as of 1 January 1995 and its effects were charged to the revaluation reserve), reduced by depreciation accumulated as of the balance sheet date, including impairment loss.

Real property is depreciated in accordance with the straight-line method over its expected useful life and pursuant to a depreciation plan adopted by PZU and corresponding to its estimated economic useful life, with application of annual depreciation rates as presented below. Own land, construction investments and advance payments for construction investments are not depreciated.

Asset type	Rate
Land perpetual usufruct right	10%
Ownership right of cooperative residential or commercial space	2,5%
Buildings and structures	1,5 – 4,5%

12.2.2 Shares in controlled entities

Shares in controlled entities are measured in line with the equity method, and for entities with immaterial impact on the financial statements of PZU – at acquisition price.

In case of impairment, PZU reduces the value of shares in controlled entities and creates an impairment loss.

The effects of measurement of shares in controlled entities according to the equity method are recognized in the following manner:

- revaluation of shares in controlled entities to the amount exceeding the acquisition price is recognized in revaluation reserve;
- revaluation of shares in controlled entities to the amount below the acquisition price is recognized in profit or loss.

12.2.3 Financial instruments

Financial instruments are classified on the acquisition date to the following categories:

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

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

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

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

Release of financial instruments follows the FIFO (First In, First Out) principle, and for instruments purchased on the same date, the HIFO (Highest In, First Out) principle.

For each class of financial instruments, the fair value is determined based on publicly available quotations on an active market, and in their absence, using valuation models based on assumptions referring to data obtained on an active market. Shares whose fair value cannot be reliably estimated are exempted from this rule. They and measured at acquisition price reduced by impairment loss.

Financial instruments held for trading

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

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

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

Financial instruments held for trading are measured at fair value, and if it cannot be reliably measured, at acquisition price including impairment loss.

Derivatives

The fair value of derivatives, such as forwards and interest rate swaps (IRS) not quoted in an active market is determined using the discounted cash flows and the information used in the measurement of the instruments comes from the money market.

Derivatives are recognized in the balance sheet in assets as "Other investments" or in equity and liabilities as "Other liabilities".

Changes in the fair value of derivatives not classified as hedging instruments are recognized in the profit or loss for the reporting period.

Financial assets held to maturity

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

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

Financial assets held to maturity are measured at adjusted acquisition price as of the balance sheet date.

Originated loans and own receivables

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

Loans include also bonds and other debt instruments acquired in exchange for cash issued directly to the other party of a contract, if the contract clearly states that the disposing party has not lost control over the sold financial instruments (in particular, buy-sell-back transactions), as well as term deposits at credit institutions regardless of their maturity.

Originated loans, including term deposits and own receivables, are disclosed at adjusted acquisition price.

Assets available for sale

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

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

Financial assets held for trading are measured at fair value, and if it cannot be reliably determined, at acquisition price including impairment loss.

The difference between the fair value of financial assets available for sale and their adjusted acquisition price (acquisition price for equity instruments) is charged to the revaluation reserve.

The effects of revaluation of debt instruments available for sale to the adjusted acquisition price are recognized in profit or loss.

In the case of sale of instruments available for sale, the revaluation reserve regarding the instruments sold is derecognized and presented in profit or loss.

In case the instruments available for sale are impaired, revaluation losses previously recognized in the revaluation reserve are charged to profit or loss.

If the reason that necessitated recognition of an impairment loss on assets disappears, the equivalent of total or part of the previous revaluation write-down is recognized in profit or loss.

Deposits with ceding undertakings

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

Deposits with ceding undertakings are measured at the amount due, determined in accordance with the terms and conditions of a reinsurance contract, and in the case when the deposit is a financial instrument, including also measurement of the instrument and impairment loss, if occurs.

Transactions of acquiring and disposing of financial instruments whose economic content differs from legal content

According to PZU Group companies, buy-and-sell-back and sell-and-buy-back transactions do not mean transfer of rights and obligations related to the given financial instrument., The above transactions are classified as loans or liabilities, respectively.

Foreign investments

Foreign investments are located outside the territory of Poland.

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

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

12.3. Receivables

Receivables are recorded at the value determined when they occur. As of the balance sheet date, receivables are recognized at the amount due reduced by impairment loss. Write-downs on bad or doubtful receivables are

based on an analysis of the economic and financial position of the debtors, ageing analysis of receivables and history of recovery contributing to the probability of payment.

12.3.1 Receivables from direct insurance

Direct insurance receivables include receivables from policyholders for premium paid in installments and overdue premium; receivables from insurance intermediaries, i.e. brokers and agents.

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

Receivables from policyholders

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

If case-by-case approach was not applied (as a special write-down determined in accordance with the evaluation of the debtor's economic and financial position), impairment is estimated on a collective basis, as a collective assessment of impairment risk for the portfolio of receivables from policyholders based on historical data regarding cash flows on receivables from policyholders.

12.3.2 Receivables from reinsurance

Reinsurance receivables include receivables due to settlements with ceding undertakings, reinsurers and reinsurance brokers resulting from inward reinsurance, outward reinsurance and retrocession. The receivables are related mainly to the share of reinsurers in claims and benefits paid by the insurer, reinsurance commission and share in the reinsurers' profits.

Revaluation write-downs on reinsurance receivables are classified as other technical expenses.

12.3.3 Other receivables

Other receivables include, e.g. receivables from due dividend, receivables from the State Budget and receivables from loss adjusting services.

Impairment losses on other receivables are classified as other operating costs.

12.4. Tangible assets

Tangible assets include tangible fixed assets excluding real property classified as investments, with expected useful life over one year, complete, suitable for use and designated for the company's purposes.

Tangible assets are recognized at acquisition price increased by all costs directly related to the purchase and adaptation of an asset for use, less depreciation and impairment loss.

Tangible assets are amortized beginning from first day of the month following the month of commissioning in accordance with straight-line method over their projected useful life and pursuant to an amortization plan adopted by PZU and corresponding to their estimated economic useful life, with application of annual depreciation rates as presented below.

Asset type	Depreciation rate for key assets in a given type
Machines and technical equipment	10% - 40%
Vehicles	18% - 33%
IT hardware	18% - 30%
Other non-current assets	7% - 20%

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

12.5. Cash

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

Cash is disclosed at face value.

12.6. Prepayments and accruals

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

In the case of property insurance acquisition commissions are deferred.

12.6.1 Prepayments

Costs of obligatory fees (including i.a. IT costs) imposed by legal regulations are recognized over time, proportionally to revenues providing the basis for fee measurement, if their impact on the financial statements is material.

Prepayments include, among other things, future receivables from recognized revenues from rent and revenues from reinsurance resulting from business events which took place by the balance sheet date and which will be settled in accordance with the contractual terms in the future.

12.6.2 Accruals

Accruals include costs pertaining to the current reporting period incurred in the following period, which have not been recognized as liabilities or provisions, including in particular acquisition costs, obligatory fees and outward reinsurance.

Reinsurance accruals include recognized costs resulting from business events that took place by the balance sheet date and which will be settled in accordance with the contractual terms in the future.

12.6.3 Deferred income

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

12.7. Equity

12.7.1 Share capital

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

12.7.2 Supplementary capital

The supplementary capital is created and distributed in line with the provisions of the Code of Commercial Companies (Dz.U. No. 94 of 2000, item 1037 with subsequent amendments, hereinafter: CCC) and the Articles of Association of PZU.

Supplementary capital is created from previous year net profit distribution and a portion of revaluation reserve reclassified upon disposal or liquidation of previously revalued fixed assets.

12.7.3 Revaluation reserve

The item includes the effects of:

- revaluation of shares in controlled entities (above acquisition price only) in correspondence with a change in deferred tax asset/provision;
- revaluation of investments classified as available for sale (above and below the acquisition price and for debt instruments, the adjusted acquisition price), in correspondence with a change in a deferred tax asset/provision;
- revaluation of fixed assets in line with relevant regulations. The last revaluation took place as of 1 January 1995.

12.7.4 Previous year profit (loss)

The item includes previous year net profit (loss), including the net financial result resulting from a change in accounting principles that was not distributed/covered by the General Shareholders' Meeting.

12.8. Technical provision

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

12.8.1 Provision for unearned premiums

The provision for unearned premiums covers liabilities which may be incurred after the end of the reporting period and which result from the insurance contracts in which the coverage period started before the end of the reporting period.

The provision for unearned premiums is created as written premium for future reporting periods, in proportion to the period which the written premium covered. The provision for unearned premiums is determined using the individual method, accurate to one day, at the end of each reporting period.

In the case of insurance groups with uneven spread of risk over time, the provision for unearned premiums is created in the amount corresponding to the spread of the risk over time.

The share of reinsurers in the provision for unearned premiums is determined in line with the regulations of relevant reinsurance contracts, in the amount proportional to the reinsurance cover attributable to periods after the end of a given reporting period.

12.8.2 Provisions for unexpired risks

The provision for unexpired risks complements the provision for unearned premiums and covers future claims, benefits and costs relating to insurance contracts which do not expire on the last day of the reporting period.

The provision for unexpired risks is determined for all insurance groups (types) with claims ratio for the financial year exceeding 100%, as the difference between the product of provision for unearned premiums and claims ratio of a given financial year and the provision for unearned premiums - for the same insurance period.

The final amount of provision for unexpired risks is determined after a premium adequacy test.

The share of reinsurers in the provision for unexpired risks is determined in line with provisions of relevant reinsurance contracts.

12.8.3 Provisions for outstanding claims

The provision for outstanding claims includes the provision for outstanding claims incurred and reported, provision for claims incurred but not reported, provision for loss adjustment expenses and provision for capitalized annuity.

Provision for claims reported but not paid

The provision for claims reported but not paid is determined as the amount of average claim for claims which have not been assessed by the loss adjuster or as the amount determined by a loss adjusting unit. The provision includes the deductible, expected increase in the prices of goods and repair services and may not exceed the sum insured and the guaranteed sum.

The provision is revalued immediately after receiving information which impact its amount by individual assessment or estimated losses and claims.

Provision for claims incurred but not reported

The provisions for claims incurred but not reported ("IBNR") is created for losses and claims which have not been reported by the date of the provision using the loss triangle analysis: generalized Chain Ladder method, alternatively Bornhuetter-Ferguson method by each claim year.

Provision for loss adjustment expenses

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

The provision for direct loss adjustment expenses is determined by the operating units, while the provision for claims incurred but not reported is determined using the loss triangle analysis: generalized Chain Ladder method by each claim year.

The provision for indirect loss adjustment expenses is created as the percentage of the provision for claims reported but not paid and provision for claims incurred but not reported and provision for direct loss adjustment expenses.

Provision for capitalized annuity benefits

The provision for capitalized annuity benefits is calculated individually as the present value of annuity (for life or periodic), paid in advance.

As at 31 December 2011 for annuities arising from accidents included in insurance contracts concluded by 30 April 2006 the technical rate of 3.7% was applied, while for the other annuities, the maximum technical rate as published by the Financial Supervisory Authority (FSA) was applied. As at 31 December 2012 for all annuities the technical rate of 3.6% was applied. At the same time, based on forecasts of inflation and remuneration growth as at 31 December 2012 PZU established annuities growth rate of 3.9% (31 December 2011: 3.7%).

As regards life annuities, the period during which annuity claims are paid is determined based on Polish Life Expectancy Tables (PLET) for 2011, published by the Central Statistical Office (31 December 2011: PLET for 2010). Additionally, calculation of the provision for capitalized value of annuity includes the cost of their future management in the amount of 3% of the value of paid claims.

As of the end of each reporting period a provision for capitalized annuity benefits is created for claims incurred after 31 December 1990 by the balance sheet date and not disclosed as annuity (annuity IBNR).

As of the end of each reporting period the value of additional provision for liabilities resulting from increased annuity benefits from the so-called old portfolio is determined. Reassessment is carried out only for annuitants with the same provision calculated as of the end of 1997 whose claim at the end of a given period did not reach a satisfactory amount. The satisfactory amount of benefits is assumed as a determined percentage of the current average pay for the years 1960-1990. For the difference between the satisfactory and actual amount, a capitalized annuity amount is calculated in line with current principles.

Reinsurers' share in technical provisions

The share of reinsurers in provisions for outstanding claims is determined in line with provisions of relevant reinsurance contracts.

12.8.4 Equalization provision

The equalization provision is created at the amount ensuring equalization of future fluctuations in the claims ratio, net of reinsurance, in accordance with the Ordinance.

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

The provision is created for insurance contracts assuming an increase in future benefits, including profit sharing of the insured.

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

12.8.6 Expected recoveries and recourses

When estimating future claims, PZU estimates the value of expected, future refunds of expenses as a result of assumption of claims against third parties (recoveries), rights to the insured property (recourses) and subsidies to cover part of claims due to agricultural producers for losses caused by drought, payable to the Company in

accordance with the provisions of the Act on insurance of agricultural crops and livestock (Dz. U. No. 150 of 2005, item 1249, with subsequent amendments). When estimating the amount of recourse, recovery and subsidy, collection costs of recourse and recovery as well as subsidy obtaining expenses are included.

12.9. Other provisions

“Other provisions” include provisions for certain or highly probable future liabilities arising on past events, with uncertain amount or payment deadline, but reliably estimated amount. In particular, provisions are created for jubilee awards, retirement benefits, unused paid vacation, losses on business transactions in progress, guarantees and sureties granted, losses arising on pending litigations and third party claims.

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

12.9.1 Provision for retirement benefits

Pursuant to the Labor Code of 26 June 1974 (consolidated text: Dz.U. No. 21 of 1998 item 94 with subsequent amendments –“the Labor Code”), employees of PZU are entitled to retirement benefit amounting to a monthly salary at the moment of retiring.

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

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

Provisions for retirement bonuses are measured at fair value of future performances that may be assigned to the current service, adjusted for unrecognized past service costs.

12.9.2 Provision for unused paid vacation

Pursuant to the Labor Code employees of PZU are entitled to paid vacation. PZU recognizes the costs of paid vacation on an accrual basis, using the liability method.

The provision for unused paid vacation is calculated as the difference between the number of days actually used and the number of days that would have been used had vacation been used proportionally to the passage of time in the entitlement period, in line with the valid legal regulations.

12.9.3 Provision for survivor

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

Pursuant to the Act on social benefits fund of 4 March 1994 (Dz.U. no. 43 of 1994, item 163 as amended) and Internal Regulations of the Social Fund of PZU, pensioners, former employees of PZU and their families are entitled to use the performances and services financed from the fund. According to the assumptions made by PZU, appropriations to the Company’s Social Benefits Fund amount to 6,25% of the average monthly remuneration per pensioner.

Provisions for survivor and post-employment benefits are measured at fair value of future performances that may be assigned to the service to that date.

12.10. Liabilities due to reinsurers’ deposits

Liabilities due to reinsurers’ deposits are recognized at the amount due, in line with concluded reinsurance contracts.

12.11. Other liabilities

Liabilities are disclosed at the amount due.

12.12. Special funds

Special funds include:

- the balance of the Company's Social Benefits Fund, expensed in line with relevant provisions. The Company's Social Benefits Funds is also increased by appropriations of net profit pursuant to the resolutions of the General Meeting;
- the balance of the Prevention Fund, created from appropriations, in line with the Insurance Act and the articles of association of PZU.

The balance of special funds is increased by investment income generated by these funds.

12.13. Revenues from insurance services

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

The reinsurers' share in the premium has been determined for the insurance groups with reinsurance coverage, in the amount which - pursuant to relevant reinsurance contracts - corresponds to the transferred premium.

12.14. Investment income and expenses

12.14.1 Income from real property and maintenance costs

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

Costs of maintenance of property earmarked for investment purposes are recognized under "Costs of property maintenance" in profit or loss.

The costs of the maintenance of property used for own purposes are recognized in the technical account of personal and property insurance "Administrative costs" in the proportion resulting from space used by PZU.

12.14.2 Investing activities costs

Investing activities costs include internal and external costs resulting from investing activities, including , investments managing costs, bank commissions and commission of brokerage offices.

12.14.3 Income and expenses from debt securities

The result from the measurement of debt securities at the adjusted acquisition price is classified as income from debt securities.

The difference between the fair value as of the balance sheet date and the value at adjusted acquisition price is recognized as follows:

- in the case of debt securities (not recognized during calculation of the provision for capitalized annuity benefits and bonuses and rebates) classified as available-for-sale - under "Revaluation reserve";
- in the case of debt securities classified as investments held-for-trading - under "Unrealized gains" or "Unrealized losses on investments".

Gains/losses on sale/redemption of debt securities are recognized under "Gains/losses on investments".

12.14.4 Gains and losses on shares

Unrealized gains and losses on valuation of shares classified as investments held for trading are recognized at the amount of the difference between the fair value and acquisition cost or carrying amount at the end of the previous financial year (in the case when the securities were purchased in prior years) under "Unrealized gains/losses on investments".

Unrealized gains and losses on measurement of shares classified as investments available for sale, not included in calculation of the technical provisions, are recognized in the revaluation reserve.

Gains/losses on sale of shares are recognized under "Gains/losses on investments".

Impairment losses on investments created in the reporting period are recognized under "Loss on revaluation of investments" and revenue from reversal of losses created in previous years are recognized under "Gain on revaluation of investments".

Dividend income is recognized at gross amount at the date the right to dividend has been established.

12.14.5 Net investment (including costs), reclassified from profit or loss

Investment income included in calculation of the provision for capitalized annuity and provisions for bonuses and rebates are reclassified from profit or loss to the technical account of property and personal insurance.

Due to the fact that the insurer's own funds and the those from the insurance fund are invested jointly and the investments are not separated, the investment income to be transferred from the profit or loss to the technical account of property and personal insurance are calculated as the product of the provision for capitalized annuity at the beginning of the month and profitability of Treasury bonds held to maturity in a given month, including relevant investment expenses.

12.14.6 Interest income on term deposits at credit institutions

Interest income on deposits at credit institutions is recognized on an accrual basis, i.e. all interest for a given reporting period is recognized irrespective of the date when it was received. If the deposit matures after the balance sheet date, interest is calculated on an accrual basis, proportionally to the passage of time since the first day of the deposit until the balance sheet date, inclusive.

12.15. Costs of claims and benefits

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

The reinsurers' share in claims and benefits has been determined for the insurance groups with reinsurance coverage, in the amount which - pursuant to relevant reinsurance contracts valid in a given period - corresponds to the reinsurers' share in claims and benefits.

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

12.16. Costs of insurance activity

Acquisition costs include direct and indirect expenses related to conclusion and renewal of insurance contracts. Direct acquisition costs include among other things the insurance agent commission, payroll related to conclusion of insurance contracts, costs of attestation, studies and research regarding the risk insured. Indirect acquisition costs include advertisement and promotion of insurance products and general costs related to analyzing applications and issuing policies.

In order to ensure that acquisition costs and revenues are matched, the commission for gross written premium in a given year, which will be paid in future are charged to acquisition costs and incurred and recognized acquisition costs regarding future reporting periods are deferred.

The costs of commission are recognized in the period when the premium serving as the basis for the commission is due. The value of acquisition costs is adjusted by the change in the balance of deferred acquisition costs.

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

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

12.17. Foreign currency transactions

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

Business transactions denominated in foreign currencies are recognized on conclusion date at the average exchange rate determined for a given currency by the National Bank of Poland as of the day preceding the transaction, unless a different rate was defined in a customs application or any other binding document.

12.18. Income tax

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

Current CIT liabilities are calculated pursuant to the Polish tax regulations.

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

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

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

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

Since PZU prepared its first consolidated financial statements of the PZU group for the year ended 31 December 2005 and presented therein comparable date for the previous year, 2 January 2004 is assumed as the date of transition to IFRS of the PZU Group. Based on Point 17 of Appendix D to IFRS 1, indication, explanation and quantification of material differences between Polish GAAP and IFRS are presented upon the assumption that PZU transitioned to IFRS for separate financial statements purposes as at 1 January 2004 despite the fact that PZU does not prepare separate financial statements in line with IFRS.

Below please find description of significant differences between Polish GAAP and IFRS that would materially impact financial profit/loss or equity in the separate financial statements of PZU prepared in line with IFRS.

13.1. Measurement of investments in controlled entities

Under Polish GAAP, shares in controlled entities are measured in line with equity method.

In line with IAS 27, in separate financial statements prepared in line with IFRS shares in controlled entities would be measured at acquisition cost including impairment loss.

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

13.2. Measurement of property

Pursuant to the provisions of the Ordinance on accounting principles in insurance undertakings, property is measured at the acquisition or manufacturing cost, less depreciation as at the balance sheet date and impairment loss.

As at the date of transition to IFRSs (i.e. as at 1 January 2004), the manufacturing costs of owned property used for internal purposes was determined and the difference was charged to undistributed profit/uncovered loss of previous years. In later periods, this leads to a difference in depreciation and accumulated impairment losses on the real property.

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

If a real property used for own purposes becomes an investment property measured at fair value, depreciation is continued until the reclassification date, and the difference between the carrying amount and fair value is charged to revaluation reserve.

13.3. Land perpetual usufruct right

In the consolidated financial statements prepared in accordance with Polish GAAP, the land perpetual usufruct right received free of charge as a result of an administrative decision is accounted for as deferred income and settled over time.

In accordance with IFRS, assets received free of charge which do not require additional conditions to be met may be recognized as revenue when the asset is received, if there are no reasons to classify the assets to periods other than when they were received.

Perpetual usufruct of land right has been included in adjustments referred to in point 13.2.

13.4. Revaluation reserve – property, plant and equipment

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

13.5. Equalization provision – property and personal insurance

The provisions of the Ordinance on accounting principles in insurance undertakings specify the principles of creating and applying the equalization provision. The provision does not refer to specific liabilities resulting from concluded insurance policies. In accordance with Polish GAAP, the change in the provision is the current period expense; in accordance with IFRS it is allocation of net profits.

13.6. Prevention fund

Pursuant to the Act on insurance activity, PZU may charge the appropriations to the prevention fund to the current period expenses. Pursuant to the provisions of the Ordinance on accounting principles in insurance undertakings, the fund is recognized as special funds in liabilities.

Pursuant to the provisions of IAS 37, such funds may not be charged to the current period expenses and they are disclosed as allocation of net profits and the costs of prevention activities are recognized when they are incurred.

13.7. Impairment loss on equity instruments classified as available for sale

For certain equity instruments classified as available for sale, impairment loss was recognized.

Pursuant to the provisions of the Accounting Act, when the reason for the impairment loss of financial assets no longer exists, the equivalent of the entire impairment loss or its relevant part increased the value of a given assets and is classified as gain on revaluation of investments.

In accordance with IAS 39.69, impairment loss on unquoted equity instruments classified as available for sale through profit or loss cannot be reversed.

13.8. The Company's Social Benefits Found

If the General Meeting of PZU decides to assign a portion of net profit/loss for the previous year to the Social Benefit Fund maintained by PZU, in accordance to Polish GAAP the fact is recognized as distribution of previous year profit not influencing the profit/loss for the year in which the distribution took place.

The above transaction does not meet the definition of cost in IFRS and pursuant to the provisions of IAS 1 it is disclosed in the consolidated income statement for the financial year when the appropriation to the Social Benefit Fund was recognized.

13.9. Differences due to deferred tax

All the differences between Polish GAAP and IFRS include also the effect of the deferred tax differences which was included in calculation of all presented adjustments whenever it was justified.

13.10. Reconciliation of equity and net financial profit/loss prepared in line with Polish GAAP and IFRS

Description	Point	Net profit 1 January - 31 December 2012	Equity 31 December 2012	Net profit 1 January - 31 December 2011	Equity 31 December 2011
Financial statements in accordance with Polish GAAP		2 633 114	13 775 631	2 582 303	11 745 410
Measurement of investments in controlled entities (*)	13.1	1 315	(6 551 033)	(126 756)	(5 467 985)
Measurement of property	13.2, 13.4	10 387	163 490	8 295	141 380
Land perpetual usufruct right	13.3, 13.4	(1 533)	4 699	(1 392)	6 232
Equalization provision – property and personal insurance	13.5	(4 083)	472 844	43 804	476 927
Prevention Fund	13.6	3 863	16 337	(13 316)	12 474
Impairment loss on equity instruments classified as available for sale	13.7	23 077	-	37 162	-
The Company's Social Benefits Fund	13.8	(10 000)	-	-	-
Total adjustments		23 026	(5 893 663)	(52 203)	(4 830 972)
Financial statements in accordance with IFRS		2 656 140	7 881 968	2 530 100	6 914 438

(*) PZU has never prepared separate financial statements in line with IFRS and for the purposes of this note it was assumed that investments in controlled entities are measured at cost, or cost less impairment losses recognized on a one-off basis as of the date of transition of the PZU Group (i.e. PZU for the purposes of consolidated reporting) to IFRS on 1 January 2004 (deemed cost). The measurement is the same as the measurement of investments in controlled entities in the consolidated financial statements of the PZU Group as at 1 January 2004.

II. BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

Assets	Note	31 December 2012	31 December 2011
I. Intangible assets, including:			
	Błąd! Nie można odnaleźć źródła odwołania.	129 729	107 004
- goodwill		-	-
II. Investments			
	Błąd! Nie można odnaleźć źródła odwołania.	27 591 485	24 882 946
1. Real property	X.2.3	561 589	582 328
2. Investments in controlled entities	X.2.4	7 243 170	6 425 930
- investments in controlled entities measured using the equity method		7 212 032	6 393 817
3. Other financial investments	Błąd! Nie można odnaleźć źródła odwołania.	19 782 584	17 868 972
4. Deposits with ceding undertakings	0	4 142	5 716
III. Net unit-linked assets		-	-
IV. Receivables	X.3	1 473 952	1 487 399
1. Receivables from direct insurance	X.3.1	1 276 089	1 293 075
1.1. From controlled entities		368	283
1.2. From other entities		1 275 721	1 292 792
2. Receivables from reinsurance	X.3.2	14 598	32 917
2.1. From controlled entities		3	43
2.2. From other entities		14 595	32 874
3. Other receivables	X.3.3	183 265	161 407
3.1. Receivables from the State Budget		81 050	5 476
3.2. Other receivables		102 215	155 931
a) from controlled entities		4 430	38 684
b) from other entities		97 785	117 247
V. Other assets	X.4	140 580	208 545
1. Tangible assets	X.4.1	98 968	100 677
2. Cash	Błąd! Nie można odnaleźć źródła odwołania.	41 612	107 868
3. Other assets		-	-
VI. Prepayments	X.5	577 470	711 963
1. Deferred tax asset	X.5.1	16 610	125 546
2. Deferred acquisition costs		490 285	493 180
3. Recognized interest and rent		-	-
4. Other prepayments	X.5.2	70 575	93 237
Total assets		29 913 216	27 397 857

Liabilities and equity	Note	31 December 2012	31 December 2011
I. Equity	Błąd! Nie można odnaleźć źródła odwołania.	13 452 581	11 745 410
1. Share capital	Błąd! Nie można odnaleźć źródła odwołania.	86 352	86 352
2. Called up share capital (negative value)		-	-
3. Treasury shares (negative value)		-	-
4. Supplementary capital	X.7.4	3 967 599	3 331 838
5. Revaluation reserve	X.7.5	6 817 910	5 744 917
6. Other reserve capitals		-	-
7. Previous year profit (loss)		-	-
8. Net profit (loss)		2 580 720	2 582 303
9. Appropriations of net profit during the financial year (negative value)		-	-
II. Subordinated liabilities		-	-
III. Technical provisions	X.8	15 771 187	14 653 008
IV. Reinsurers' share in technical provisions (negative value)	X.8	(721 301)	(679 274)
V. Expected recoveries and recourses (negative value)	X.9	(116 776)	(78 387)
1. Expected recoveries and recourses (gross)		(119 306)	(80 980)
2. Reinsurers' share in expected recoveries and recourses		2 530	2 593
VI. Other provisions	X.10	218 355	412 906
1. Provisions for pension and other obligatory employee benefits	X.10.1	72 560	216 628
2. Provision for deferred income tax	X.10.2	-	-
3. Other provisions	X.10.3	145 795	196 278
VII. Liabilities due to reinsurers' deposits		-	-
VIII. Other liabilities and special funds	X.11	810 652	826 280
1. Liabilities due to direct insurance	X.11.2	341 828	301 954
1.1. To controlled entities		1 070	686
1.2. To other entities		340 758	301 268
2. Liabilities due to reinsurance	X.11.3	20 568	20 574
2.1. To controlled entities		-	-
2.2. To other entities		20 568	20 574
3. Liabilities arising from issue of debt securities and obtained loans		-	-
4. Liabilities to credit institutions	X.11.4	-	154 488
5. Other liabilities	X.11.5	340 837	244 530
5.1. Liabilities to the state budget		28 109	16 552
5.2. Other liabilities		312 728	227 978
a) to controlled entities		72 074	5 685
b) to other entities		240 654	222 293
6. Special funds	X.11.7	107 419	104 734
IX. Accruals	X.12	498 518	517 914
1. Accrued expenses		483 677	498 186
2. Negative goodwill		-	-
3. Deferred income		14 841	19 728
Total liabilities and equity		29 913 216	27 397 857

Item	31 December 2012	31 December 2011
Book value	13 452 581	11 745 410
Number of shares	86 352 300	86 352 300
Book value per share (in PLN)	155,79	136,02
Diluted number of shares	86 352 300	86 352 300
Diluted book value per share (in PLN)	155,79	136,02

Off-balance sheet items	Note	31 December 2012	31 December 2011
1. Contingent receivables, including:	X.14.1	8 726 276	9 367 846
1.1. Guarantees and sureties received		17 746	17 746
1.2. Other		8 708 530	9 350 100
2. Contingent liabilities, including:	X.14.2	102 107	59 347
2.1. Guarantees and sureties issued		6 789	4 873
2.2. Accepted and endorsed promissory notes		-	-
2.3. Buy-sell-back assets		-	-
2.4. Other liabilities collateralized by the Company's assets or revenue		-	-
2.5. Disputed claims not acknowledged by the insurer and brought to court by creditors		94 543	53 547
3. Reinsurance collateral for the insurance company		-	-
4. Reinsurance collateral pledged by the insurance company for cedants		-	-
5. Third-party assets not recognized in the entity's assets		217 594	222 088
6. Other non-balance sheet items (by type)		-	-
6.1. assets of the insurance company used as collateral		-	-
6.2. other off-balance sheet items		-	-
Total off-balance sheet items		9 045 977	9 649 281
Own funds	X.13	10 956 132	9 192 064
Solvency margin	X.13	1 343 831	1 338 798
Surplus (shortage) of own funds to cover the solvency margin	X.13	9 612 301	7 853 266
Technical provisions amount*		15 651 881	14 572 028
Assets to cover technical provisions		19 741 146	18 510 626
Surplus (shortage) of assets to cover technical provisions		4 089 265	3 938 598

* less gross recoveries, recourses and subsidies estimated

III. TECHNICAL INSURANCE ACCOUNT – PROPERTY AND PERSONAL INSURANCE

Technical insurance account - property and personal insurance	Note	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums		8 277 136	7 906 271
1. Gross written premiums	X.15	8 453 498	8 247 241
2. Reinsurers' share in written premium		198 596	249 008
3. Change in provisions for unearned premiums and unexpired risks (gross)		2 433	179 722
4. Reinsurers' share in change in provisions for unearned premiums		24 667	87 760
II. Net investment income, taking into account costs, reclassified from the general profit and loss account		287 299	265 986
III. Other technical revenue net of reinsurance		94 125	87 034
IV. Claims	Błąd! Nie można odnaleźć źródła odwołania.	5 473 011	5 386 563
1. Claims paid net of reinsurance		4 404 554	4 740 366
1.1. Gross claims paid		4 528 092	5 052 907
1.2. Reinsurers' share in claims paid		123 538	312 541
2. Change in provision for claims outstanding, net of reinsurance:		1 068 457	646 197
2.1. Change in provision for claims outstanding (gross)		1 085 880	450 550
2.2. Reinsurers' share in change in provisions for claims outstanding		17 423	(195 647)
V. Changes in other technical provisions, net of reinsurance		-	-
1. Change in other technical provisions (gross)		-	-
2. Reinsurers' share in change in other technical provisions		-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions		(2 647)	3 970
VII. Costs of insurance activity	X.21	2 170 992	2 118 773
1. Acquisition costs, including:	X.21.1	1 473 052	1 467 449
- change in deferred acquisition costs		2 895	(31 122)
2. Administrative costs	X.21.2	676 296	633 907
3. Reinsurers' commissions and share in reinsurers' profit		(21 644)	(17 417)
VIII. Other technical charges – net of reinsurance		382 126	363 609
IX. Changes in equalization provisions		(5 040)	54 079
X. Technical result on property and personal insurance		640 118	332 297

IV. GENERAL PROFIT AND LOSS ACCOUNT

General profit and loss account	Note	1 January - 31 December 2012	1 January - 31 December 2011
I. Technical result on property and personal insurance		640 118	332 297
II. Investment income		2 731 360	3 343 298
1. Investment income - real property		6 400	6 265
2. Investment income – controlled entities		1 206 357	1 987 286
2.1. On shares		1 206 357	1 987 286
2.2. On loans and debt securities		-	-
2.3. On other investments		-	-
3. Investment income – other financial investments		926 435	923 933
3.1. On shares, other variable income securities as well as units and investment certificates in investment funds		45 808	36 255
3.2. On debt securities and other fixed income securities		728 080	831 915
3.3. On term deposits with credit institutions		61 921	19 420
3.4. On other investments		90 626	36 343
4. Gain on revaluation of investments		33	2 282
5. Gain on realization of investments		592 135	423 532
III. Unrealized gains on investments		134 605	57 135
IV. Net investment income, taking into account costs, reclassified from the technical account for life insurance		-	-
V. Costs of investing activities		321 344	390 129
1. Costs of property maintenance		7 329	5 191
2. Other costs of investing activities		29 313	25 098
3. Loss on revaluation of investments		8 559	7 641
4. Loss on realization of investments		276 143	352 199
VI. Unrealized losses on investments		67 224	171 647
VII. Net investment income, taking into account costs, reclassified to the technical account for property and personal insurance		287 299	265 986
VIII. Other operating revenue	X.22	215 391	73 637
IX. Other operating costs	X.23	121 226	236 999
X. Operating profit (loss)		2 924 381	2 741 606
XI. Extraordinary gains		-	-
XII. Extraordinary losses		-	-
XIII. Gross profit (loss)		2 924 381	2 741 606
XIV. Income tax	X.25	338 924	164 609
a) current portion		290 888	283 043
b) deferred portion		48 036	(118 434)
XV. Other statutory reductions in profit (increases in loss)		-	-
XVI. Share in net profits (losses) of controlled entities measured using the equity method	X.26	(4 737)	5 306
XVII. Net profit (loss)		2 580 720	2 582 303

	1 January - 31 December 2012	1 January - 31 December 2011
Net profit (loss) (annualized)	2 580 720	2 582 303
Weighted average number of ordinary shares	86 352 300	86 352 300
Earnings (loss) per ordinary share (in PLN)	29,89	29,90
Weighted average diluted number of ordinary shares	86 352 300	86 352 300
Diluted earnings (loss) per ordinary share (in PLN)	29,89	29,90

V. STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity	1 January - 31 December 2012	1 January - 31 December 2011
I. Opening balance of equity	11 745 410	11 902 186
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-
I. a. Opening balance of equity after adjustments	11 745 410	11 902 186
1. Opening balance of share capital	86 352	86 352
1.1. Changes in share capital	-	-
a) increase	-	-
b) decrease	-	-
1.2. Closing balance of share capital	86 352	86 352
2. Opening balance of called up share capital	-	-
2.1. Changes in called up share capital	-	-
a) increase	-	-
b) decrease	-	-
2.2. Closing balance of called up share capital	-	-
3. Opening balance of treasury shares	-	-
3.1. Changes in treasury shares	-	-
a) increase	-	-
b) decrease	-	-
3.2. Closing balance of treasury shares	-	-
4. Opening balance of supplementary capital	3 331 838	2 060 272
4.1. Changes in supplementary capital	635 761	1 271 566
a) increase (due to)	635 761	1 271 566
- profit distribution (above the statutory minimum value)	635 421	1 271 549
- from revaluation reserve – sale and liquidation of fixed assets	340	17
b) decrease	-	-
- reclassified to reserve capital for funding of advances for dividend	-	-
4.2. Closing balance of supplementary capital	3 967 599	3 331 838
5. Opening balance of revaluation reserve	5 744 917	6 238 853
- changes in the accounting principles (policy)	-	-
5.1. Changes in revaluation reserve	1 072 993	(493 936)
a) increase (due to)	1 618 306	772 741
- measurement of financial investments	1 611 956	768 401
- reclassification of impairment loss on investments available for sale	6 350	4 340
b) decrease (due to)	545 313	1 266 677
- measurement of financial investments	544 213	1 266 660
- sale and liquidation of fixed assets	340	17
- other decrease	760	-
5.2. Closing balance of revaluation reserve	6 817 910	5 744 917
6. Opening balance of other reserve capitals	-	-
6.1. Changes in other reserve capitals	-	-
a) increase (due to)	-	-
- reclassified to reserve capital for funding of advances for dividend	-	-
b) decrease (due to)	-	-
- financing advance payments towards expected dividend	-	-
6.2. Closing balance of other reserve capitals	-	-
7. Opening balance of previous year profit (loss)	2 582 303	3 516 709
7.1. Opening balance of previous year profit	2 582 303	3 516 709
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-

Warsaw, 12 March 2012

The attached notes constitute an integral part of the financial statements

Statement of changes in equity	1 January - 31 December 2012	1 January - 31 December 2011
7.2. Opening balance of previous year profit reconciled to comparative data	2 582 303	3 516 709
a) increase	-	-
b) decrease (due to)	2 582 303	3 516 709
- reclassification to supplementary capital	635 421	1 271 549
- dividend payment	1 936 882	2 245 160
- reclassification/appropriations to the Company's Social Benefits Fund	10 000	-
7.3. Closing balance of previous year profit	-	-
7.4. Opening balance of previous year loss	-	-
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-
7.5. Opening balance of previous year loss reconciled to comparative data	-	-
7.6. Closing balance of previous year loss	-	-
7.7. Closing balance of previous year profit (loss)	-	-
8. Net result	2 580 720	2 582 303
a) net profit	2 580 720	2 582 303
b) net loss	-	-
c) appropriations of profit	-	-
II. Closing balance of equity	13 452 581	11 745 410
III. Equity, including proposed profit distribution (loss coverage)	13 452 581	11 745 410

Equity after proposed profit distribution (loss coverage)" has been calculated including the issue specified in point 7.3 of Notes.

VI. CASH FLOW STATEMENT

Cash Flow Statement	Note	1 January - 31 December 2012	1 January - 31 December 2011
A. Cash flows from operating activities			
I. Inflows		9 419 320	9 714 683
1. Inflows from direct business and outward reinsurance		8 637 340	8 407 305
1.1. Inflows from gross premiums		8 446 977	8 197 909
1.2. Inflows from recoveries, recourses and claim refunds		158 035	172 166
1.3. Other inflows from direct business		32 328	37 230
2. Inflows from reinsurance		165 755	411 549
2.1. Inflows due to reinsurers' share in claims		132 750	385 175
2.2. Inflows from reinsurance commissions and share in reinsurers' profits		13 469	20 418
2.3. Other inflows from reinsurance		19 536	5 956
3. Inflows from other operating activities		616 225	895 829
3.1. Inflows from loss adjusting services		230 235	220 906
3.2. Disposal of intangible assets and tangible fixed assets other than investments		3 201	1 269
3.3. Other inflows	X.27	382 789	673 654
II. Outflows		8 328 139	8 987 756
1. Outflows for direct business and outward reinsurance		6 857 394	7 269 288
1.1. Return of gross premiums		168 012	147 561
1.2. Gross claims paid		3 951 726	4 515 214
1.3. Acquisition costs		967 878	1 018 273
1.4. Administrative costs		1 504 881	1 343 812
1.5. Outflows due to handling claims and costs of recourses		142 104	118 751
1.6. Paid commissions and profit sharing due to outward reinsurance		2 521	4 679
1.7. Other outflows due to direct business and inward reinsurance		120 272	120 998
2. Outflows due to outward reinsurance		192 429	213 605
2.1. Premiums paid due to reinsurance		168 847	154 873
2.2. Other outflows due to outward reinsurance		23 582	58 732
3. Outflows for other operating activities		1 278 316	1 504 863
3.1. Outflows for loss adjusting services		439 757	423 401
3.2. Acquisition of intangible assets and tangible fixed assets other than investments		90 955	88 770
3.3. Other operating costs	X.27	747 604	992 692
III. Net cash flows generated by operating activities (I-II)		1 091 181	726 927
B. Cash flows from investing activities			
I. Inflows		174 889 260	122 440 185
1. Disposal of real property		6 492	-
2. Disposal of shares in controlled entities		-	76 457
3. Disposal of shares in other entities and units and investment certificates in investment funds		1 092 797	1 076 012
4. Redemption of debt securities issued by controlled entities and repayment of loans taken out by those entities		-	-
5. Redemption of debt securities issued by other entities		31 456 328	37 241 036
6. Withdrawal of term deposits with credit institutions		60 828 647	57 019 467
7. Cash from other investments		80 078 590	24 949 182
8. Inflows from real property		7 062	7 524
9. Interest received		180 580	55 876
10. Dividends received		1 238 764	2 014 631
11. Other inflows from investments		-	-
II. Outflows		174 002 691	121 192 637
1. Acquisition of real property		-	-
2. Acquisition of shares in controlled entities		8 505	84 871
3. Acquisition of shares in other entities and units and investment		6 687 167	1 122 246

Warsaw, 12 March 2012

The attached notes constitute an integral part of the financial statements

Cash Flow Statement	Note	1 January - 31 December 2012	1 January - 31 December 2011
certificates in investment funds			
4. Acquisition of debt securities issued by controlled entities and granting loans to those entities		-	-
5. Acquisition of debt securities issued by other entities		26 130 081	36 098 609
6. Term deposits made with credit institutions		61 002 005	58 536 895
7. Acquisition of other investments		80 156 134	25 327 650
8. Outflows for maintenance of property		11 359	9 410
9. Other outflows for investments		7 440	12 956
III. Net cash flows from investing activities (I-II)		886 569	1 247 548
C. Cash flows from financing activities			
I. Inflows		28 677 698	19 813 174
1. Net inflows from issue of shares and capital contributions		-	
2. Credit facilities, loans and issue of debt securities		28 677 698	19 813 174
3. Other inflows from financing activities			
II. Outflows		30 721 818	21 846 772
1. Dividends		1 873 391	2 163 206
2. Profit distribution payments other than dividend		-	-
3. Acquisition of treasury shares		-	-
4. Repayment of credit facilities and loans and redemption of debt securities		28 848 427	19 683 566
5. Interest on credit facilities, loans and issued debt securities		-	-
6. Other outflows for financing activities		-	-
III. Net cash flows from financing activities (I-II)		(2 044 120)	(2 033 598)
D. Total net cash flows (A.III+/-B.III+/-C.III)		(66 370)	(59 123)
E. Balance sheet change in cash, including:		(66 256)	(58 421)
- change in cash due to exchange differences		(114)	(702)
F. Opening balance of cash		107 868	166 289
G. Cash at the end of the financial year (F+/-D), including:		41 612	107 868
- restricted cash	X.27.1	37 189	34 973

VII. TECHNICAL ACCOUNTS – TOTAL DIRECT ACTIVITIES

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	8 237 810	7 877 211
1. Gross written premiums	8 406 449	8 207 654
2. Reinsurers' share in written premium	186 691	244 820
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(3 699)	175 461
4. Reinsurers' share in change in provisions for unearned premiums	14 353	89 838
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	287 299	265 986
III. Other technical revenue net of reinsurance	93 572	85 573
IV. Claims	5 464 503	5 360 833
1. Claims paid net of reinsurance	4 392 161	4 715 744
1.1. Gross claims paid	4 515 280	5 028 285
1.2. Reinsurers' share in claims paid	123 119	312 541
2. Change in provision for claims outstanding, net of reinsurance:	1 072 342	645 089
2.1. Change in provisions for claims outstanding (gross)	1 089 865	446 242
2.2. Reinsurers' share in change in provisions for claims outstanding	17 523	(198 847)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	(2 647)	3 970
VII. Costs of insurance activity	2 163 466	2 112 385
1. Acquisition costs	1 468 539	1 462 988
1.1. including change in the balance of deferred acquisition costs	2 895	(31 122)
2. Administrative costs	673 283	631 980
3. Reinsurers' commissions and share in reinsurers' profit	(21 644)	(17 417)
VIII. Other technical charges – net of reinsurance	381 014	362 854
IX. Changes in equalization provisions	(5 018)	54 485
X. Technical result on property and personal insurance	617 363	334 243

Technical insurance account – direct

GROUP 1 Accident insurance, including industrial injury and occupational disease

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	501 583	454 880
1. Gross written premiums	492 821	450 588
2. Reinsurers' share in written premium	239	168
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(8 963)	(4 396)
4. Reinsurers' share in change in provisions for unearned premiums	38	64
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1 443	1 087
IV. Claims	201 320	161 897
1. Claims paid net of reinsurance	164 160	157 150
1.1. Gross claims paid	164 160	157 150
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	37 160	4 747
2.1. Change in provisions for claims outstanding (gross)	37 159	4 751
2.2. Reinsurers' share in change in provisions for claims outstanding	(1)	4
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	168 047	165 678
1. Acquisition costs	108 595	112 471
1.1. including change in the balance of deferred acquisition costs	1 480	621
2. Administrative costs	59 298	53 311
3. Reinsurers' commissions and share in reinsurers' profit	(154)	104
VIII. Other technical charges – net of reinsurance	12 811	1 779
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	120 848	126 613

Technical insurance account – direct insurance

GROUP 2 – Sickness insurance

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	11 187	13 757
1. Gross written premiums	11 101	12 918
2. Reinsurers' share in written premium	5	4
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(91)	(841)
4. Reinsurers' share in change in provisions for unearned premiums	-	2
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	64	9
IV. Claims	5 922	8 612
1. Claims paid net of reinsurance	6 495	9 339
1.1. Gross claims paid	6 495	9 339
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(573)	(727)
2.1. Change in provisions for claims outstanding (gross)	(576)	(741)
2.2. Reinsurers' share in change in provisions for claims outstanding	(3)	(14)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	3 708	4 161
1. Acquisition costs	2 081	2 396
1.1. including change in the balance of deferred acquisition costs	7	128
2. Administrative costs	1 627	1 765
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	90	47
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	1 531	946

Technical insurance account – direct insurance

GROUP 3 – „Casco” insurance of land vehicles other than railway rolling stock

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	2 217 057	2 276 702
1. Gross written premiums	2 141 959	2 284 048
2. Reinsurers' share in written premium	26 262	47 565
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(99 010)	(17 247)
4. Reinsurers' share in change in provisions for unearned premiums	2 350	22 972
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	8 790	8 740
IV. Claims	1 273 682	1 493 006
1. Claims paid net of reinsurance	1 272 901	1 482 288
1.1. Gross claims paid	1 272 952	1 483 113
1.2. Reinsurers' share in claims paid	51	825
2. Change in provision for claims outstanding, net of reinsurance:	781	10 718
2.1. Change in provisions for claims outstanding (gross)	704	8 351
2.2. Reinsurers' share in change in provisions for claims outstanding	(77)	(2 367)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	2	-
VII. Costs of insurance activity	499 228	524 792
1. Acquisition costs	375 971	410 855
1.1. including change in the balance of deferred acquisition costs	15 711	7 910
2. Administrative costs	117 284	114 184
3. Reinsurers' commissions and share in reinsurers' profit	(5 973)	247
VIII. Other technical charges – net of reinsurance	45 719	19 522
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	407 216	248 122

Technical insurance account – direct insurance

GROUP 4 – „Casco” insurance of railway rolling stock

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	8 527	5 815
1. Gross written premiums	14 171	8 826
2. Reinsurers' share in written premium	4 168	2 273
3. Changes in provisions for unearned premiums and unexpired risks (gross)	2 187	2 009
4. Reinsurers' share in change in provisions for unearned premiums	711	1 271
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	12	2
IV. Claims	4 627	1 234
1. Claims paid net of reinsurance	5 235	3 157
1.1. Gross claims paid	6 904	3 525
1.2. Reinsurers' share in claims paid	1 669	368
2. Change in provision for claims outstanding, net of reinsurance:	(608)	(1 923)
2.1. Change in provisions for claims outstanding (gross)	799	(1 943)
2.2. Reinsurers' share in change in provisions for claims outstanding	1 407	(20)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	1 750	1 376
1. Acquisition costs	2 064	1 291
1.1. including change in the balance of deferred acquisition costs	(312)	(324)
2. Administrative costs	273	314
3. Reinsurers' commissions and share in reinsurers' profit	587	229
VIII. Other technical charges – net of reinsurance	600	48
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	1 562	3 159

Technical insurance account – direct insurance

GROUP 5 – „Casco” insurance of aircraft

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	8 991	12 048
1. Gross written premiums	13 046	14 719
2. Reinsurers' share in written premium	4 715	5 160
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(629)	(3)
4. Reinsurers' share in change in provisions for unearned premiums	31	2 486
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	8	249
IV. Claims	4 412	1 099
1. Claims paid net of reinsurance	2 923	3 766
1.1. Gross claims paid	3 415	7 519
1.2. Reinsurers' share in claims paid	492	3 753
2. Change in provision for claims outstanding, net of reinsurance:	1 489	(2 667)
2.1. Change in provisions for claims outstanding (gross)	1 090	(5 942)
2.2. Reinsurers' share in change in provisions for claims outstanding	(399)	(3 275)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	2 023	1 980
1. Acquisition costs	1 914	2 014
1.1. including change in the balance of deferred acquisition costs	75	(69)
2. Administrative costs	245	322
3. Reinsurers' commissions and share in reinsurers' profit	136	356
VIII. Other technical charges – net of reinsurance	631	158
IX. Changes in equalization provisions	(558)	602
X. Technical result on property and personal insurance	2 491	8 458

Technical insurance account – direct insurance

GROUP 6 – Insurance of vessels in sea and inland navigation

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	10 667	11 952
1. Gross written premiums	14 366	12 355
2. Reinsurers' share in written premium	3 426	3 984
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(186)	(1 365)
4. Reinsurers' share in change in provisions for unearned premiums	(459)	2 216
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	152	228
IV. Claims	17 748	9 984
1. Claims paid net of reinsurance	8 596	18 203
1.1. Gross claims paid	8 610	49 576
1.2. Reinsurers' share in claims paid	14	31 373
2. Change in provision for claims outstanding, net of reinsurance:	9 152	(8 219)
2.1. Change in provisions for claims outstanding (gross)	7 438	(26 810)
2.2. Reinsurers' share in change in provisions for claims outstanding	(1 714)	(18 591)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	2 843	2 162
1. Acquisition costs	2 244	2 047
1.1. including change in the balance of deferred acquisition costs	17	261
2. Administrative costs	597	497
3. Reinsurers' commissions and share in reinsurers' profit	(2)	382
VIII. Other technical charges – net of reinsurance	898	368
IX. Changes in equalization provisions	(662)	598
X. Technical result on property and personal insurance	(10 008)	(932)

Technical insurance account – direct insurance

GROUP 7 – Goods-in-transit insurance

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	8 039	9 319
1. Gross written premiums	10 483	8 966
2. Reinsurers' share in written premium	2 278	1 861
3. Changes in provisions for unearned premiums and unexpired risks (gross)	133	(812)
4. Reinsurers' share in change in provisions for unearned premiums	(33)	1 402
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	207	377
IV. Claims	3 032	8 488
1. Claims paid net of reinsurance	1 454	4 869
1.1. Gross claims paid	1 454	4 869
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	1 578	3 619
2.1. Change in provisions for claims outstanding (gross)	1 649	3 549
2.2. Reinsurers' share in change in provisions for claims outstanding	71	(70)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	(18)	6
VII. Costs of insurance activity	4 276	3 906
1. Acquisition costs	3 222	2 956
1.1. including change in the balance of deferred acquisition costs	(258)	91
2. Administrative costs	1 055	954
3. Reinsurers' commissions and share in reinsurers' profit	1	4
VIII. Other technical charges – net of reinsurance	426	411
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	530	(3 115)

Technical insurance account – direct insurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	976 187	943 144
1. Gross written premiums	1 036 061	1 042 365
2. Reinsurers' share in written premium	60 837	75 918
3. Changes in provisions for unearned premiums and unexpired risks (gross)	8 206	47 663
4. Reinsurers' share in change in provisions for unearned premiums	9 169	24 360
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	2 474	2 725
IV. Claims	374 027	371 965
1. Claims paid net of reinsurance	330 228	394 685
1.1. Gross claims paid	360 721	493 510
1.2. Reinsurers' share in claims paid	30 493	98 825
2. Change in provision for claims outstanding, net of reinsurance:	43 799	(22 720)
2.1. Change in provisions for claims outstanding (gross)	24 902	(73 981)
2.2. Reinsurers' share in change in provisions for claims outstanding	(18 897)	(51 261)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	(2 605)	3 041
VII. Costs of insurance activity	303 399	290 021
1. Acquisition costs	228 457	220 615
1.1. including change in the balance of deferred acquisition costs	(133)	(8 873)
2. Administrative costs	75 885	70 548
3. Reinsurers' commissions and share in reinsurers' profit	943	1 142
VIII. Other technical charges – net of reinsurance	55 721	40 900
IX. Changes in equalization provisions	-	47 156
X. Technical result on property and personal insurance	248 119	192 786

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	648 506	627 231
1. Gross written premiums	730 312	652 037
2. Reinsurers' share in written premium	20 451	41 666
3. Changes in provisions for unearned premiums and unexpired risks (gross)	54 865	603
4. Reinsurers' share in change in provisions for unearned premiums	(6 490)	17 463
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	7 262	1 370
IV. Claims	428 102	431 853
1. Claims paid net of reinsurance	437 311	433 341
1.1. Gross claims paid	442 195	442 126
1.2. Reinsurers' share in claims paid	4 884	8 785
2. Change in provision for claims outstanding, net of reinsurance:	(9 209)	(1 488)
2.1. Change in provisions for claims outstanding (gross)	(16 498)	(993)
2.2. Reinsurers' share in change in provisions for claims outstanding	(7 289)	495
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	64	899
VII. Costs of insurance activity	257 732	241 509
1. Acquisition costs	175 654	166 679
1.1. including change in the balance of deferred acquisition costs	(10 513)	(6 295)
2. Administrative costs	82 055	76 541
3. Reinsurers' commissions and share in reinsurers' profit	(23)	1 711
VIII. Other technical charges – net of reinsurance	19 571	6 464
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(49 701)	(52 124)

Technical insurance account - direct insurance

GROUP 10 – Motor vehicle liability - All liability arising out of the possession and use of self-propelled land vehicles, including carrier’s liability

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	2 956 359	2 718 703
1. Gross written premiums	2 960 541	2 889 866
2. Reinsurers’ share in written premium	6 381	14 686
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(2 057)	163 878
4. Reinsurers’ share in change in provisions for unearned premiums	142	7 401
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	262 839	243 700
III. Other technical revenue net of reinsurance	65 717	63 472
IV. Claims	2 497 139	2 334 793
1. Claims paid net of reinsurance	1 781 743	1 789 978
1.1. Gross claims paid	1 825 706	1 945 687
1.2. Reinsurers’ share in claims paid	43 963	155 709
2. Change in provision for claims outstanding, net of reinsurance:	715 396	544 815
2.1. Change in provisions for claims outstanding (gross)	696 545	425 012
2.2. Reinsurers’ share in change in provisions for claims outstanding	(18 851)	(119 803)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers’ share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	(63)	14
VII. Costs of insurance activity	582 548	574 779
1. Acquisition costs	329 888	318 967
1.1. including change in the balance of deferred acquisition costs	(5 461)	(32 849)
2. Administrative costs	242 445	225 510
3. Reinsurers’ commissions and share in reinsurers’ profit	(10 215)	(30 302)
VIII. Other technical charges – net of reinsurance	209 093	283 125
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(3 802)	(166 836)

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	4 532	4 751
1. Gross written premiums	6 347	5 819
2. Reinsurers’ share in written premium	1 661	1 702
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(56)	193
4. Reinsurers’ share in change in provisions for unearned premiums	(210)	827
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	77	25
III. Other technical revenue net of reinsurance	76	92
IV. Claims	5 306	5 382
1. Claims paid net of reinsurance	6 247	1 275
1.1. Gross claims paid	6 855	1 275
1.2. Reinsurers’ share in claims paid	608	-
2. Change in provision for claims outstanding, net of reinsurance:	(941)	4 107
2.1. Change in provisions for claims outstanding (gross)	2 372	4 195
2.2. Reinsurers’ share in change in provisions for claims outstanding	3 313	88
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers’ share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	1 781	2 011
1. Acquisition costs	1 385	1 541
1.1. including change in the balance of deferred acquisition costs	43	(53)
2. Administrative costs	419	527
3. Reinsurers’ commissions and share in reinsurers’ profit	23	57
VIII. Other technical charges – net of reinsurance	331	58
IX. Changes in equalization provisions	-	(234)
X. Technical result on property and personal insurance	(2 733)	(2 349)

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	449	487
1. Gross written premiums	483	525
2. Reinsurers’ share in written premium	76	75
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(9)	(21)
4. Reinsurers’ share in change in provisions for unearned premiums	33	16
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	2	10
IV. Claims	170	399
1. Claims paid net of reinsurance	184	480
1.1. Gross claims paid	184	480
1.2. Reinsurers’ share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(14)	(81)
2.1. Change in provisions for claims outstanding (gross)	(19)	(81)
2.2. Reinsurers’ share in change in provisions for claims outstanding	(5)	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers’ share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	243	263
1. Acquisition costs	159	160
1.1. including change in the balance of deferred acquisition costs	1	3
2. Administrative costs	84	103
3. Reinsurers’ commissions and share in reinsurers’ profit	-	-
VIII. Other technical charges – net of reinsurance	4	5
IX. Changes in equalization provisions	22	-
X. Technical result on property and personal insurance	12	(170)

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	595 338	493 620
1. Gross written premiums	655 059	507 352
2. Reinsurers' share in written premium	17 607	14 044
3. Changes in provisions for unearned premiums and unexpired risks (gross)	46 642	3 939
4. Reinsurers' share in change in provisions for unearned premiums	4 528	4 251
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	24 383	22 261
III. Other technical revenue net of reinsurance	2 550	1 818
IV. Claims	452 538	373 085
1. Claims paid net of reinsurance	219 287	246 212
1.1. Gross claims paid	220 409	246 360
1.2. Reinsurers' share in claims paid	1 122	148
2. Change in provision for claims outstanding, net of reinsurance:	233 251	126 873
2.1. Change in provisions for claims outstanding (gross)	256 038	132 402
2.2. Reinsurers' share in change in provisions for claims outstanding	22 787	5 529
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	(23)	(7)
VII. Costs of insurance activity	171 362	151 318
1. Acquisition costs	128 255	109 932
1.1. including change in the balance of deferred acquisition costs	(7 290)	(3 158)
2. Administrative costs	43 935	41 864
3. Reinsurers' commissions and share in reinsurers' profit	828	478
VIII. Other technical charges – net of reinsurance	27 865	4 648
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(29 471)	(11 345)

Technical insurance account - direct insurance

GROUP 14 – Credit insurance

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	12 121	12 611
1. Gross written premiums	17 053	12 888
2. Reinsurers' share in written premium	2 038	1 274
3. Changes in provisions for unearned premiums and unexpired risks (gross)	3 152	(1 375)
4. Reinsurers' share in change in provisions for unearned premiums	258	(378)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	994	554
IV. Claims	1 785	58
1. Claims paid net of reinsurance	2 214	349
1.1. Gross claims paid	4 645	700
1.2. Reinsurers' share in claims paid	2 431	351
2. Change in provision for claims outstanding, net of reinsurance:	(429)	(291)
2.1. Change in provisions for claims outstanding (gross)	(878)	20
2.2. Reinsurers' share in change in provisions for claims outstanding	(449)	311
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	(9)	101
VII. Costs of insurance activity	5 819	5 181
1. Acquisition costs	3 334	2 206
1.1. including change in the balance of deferred acquisition costs	(8)	(3 320)
2. Administrative costs	3 389	3 620
3. Reinsurers' commissions and share in reinsurers' profit	904	645
VIII. Other technical charges – net of reinsurance	387	544
IX. Changes in equalization provisions	1 802	1 394
X. Technical result on property and personal insurance	3 331	5 887

Technical insurance account - direct insurance

GROUP 15 – Suretyship

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	15 191	26 541
1. Gross written premiums	28 473	42 642
2. Reinsurers' share in written premium	13 402	18 381
3. Changes in provisions for unearned premiums and unexpired risks (gross)	2 412	2 950
4. Reinsurers' share in change in provisions for unearned premiums	2 532	5 230
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	48	386
IV. Claims	77 706	1 641
1. Claims paid net of reinsurance	32 413	3 120
1.1. Gross claims paid	58 293	4 546
1.2. Reinsurers' share in claims paid	25 880	1 426
2. Change in provision for claims outstanding, net of reinsurance:	45 293	(1 479)
2.1. Change in provisions for claims outstanding (gross)	118 404	(3 142)
2.2. Reinsurers' share in change in provisions for claims outstanding	73 111	(1 663)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	30 524	12 050
1. Acquisition costs	11 418	9 758
1.1. including change in the balance of deferred acquisition costs	1 181	(833)
2. Administrative costs	10 055	9 403
3. Reinsurers' commissions and share in reinsurers' profit	(9 051)	7 111
VIII. Other technical charges – net of reinsurance	335	107
IX. Changes in equalization provisions	(1 578)	925
X. Technical result on property and personal insurance	(91 748)	12 204

Technical insurance account - direct insurance

GROUP 16 – Insurance of various financial risks

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	67 415	80 874
1. Gross written premiums	76 857	70 307
2. Reinsurers' share in written premium	22 635	15 234
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(11 543)	(25 929)
4. Reinsurers' share in change in provisions for unearned premiums	1 650	(128)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	3 455	4 181
IV. Claims	21 170	12 122
1. Claims paid net of reinsurance	12 401	40 866
1.1. Gross claims paid	23 913	51 844
1.2. Reinsurers' share in claims paid	11 512	10 978
2. Change in provision for claims outstanding, net of reinsurance:	8 769	(28 744)
2.1. Change in provisions for claims outstanding (gross)	(26 131)	(37 531)
2.2. Reinsurers' share in change in provisions for claims outstanding	(34 900)	(8 787)
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	5	(84)
VII. Costs of insurance activity	49 685	54 180
1. Acquisition costs	46 651	50 929
1.1. including change in the balance of deferred acquisition costs	8 920	16 737
2. Administrative costs	3 386	3 670
3. Reinsurers' commissions and share in reinsurers' profit	352	419
VIII. Other technical charges – net of reinsurance	4 449	3 891
IX. Changes in equalization provisions	(4 044)	4 044
X. Technical result on property and personal insurance	(395)	10 902

Technical insurance account - direct insurance

GROUP 17 - Insurance of legal protection

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	856	814
1. Gross written premiums	800	822
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(56)	8
4. Reinsurers' share in change in provisions for unearned premiums	-	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	2	15
IV. Claims	554	847
1. Claims paid net of reinsurance	570	716
1.1. Gross claims paid	570	716
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(16)	131
2.1. Change in provisions for claims outstanding (gross)	(16)	131
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	763	737
1. Acquisition costs	503	469
1.1. including change in the balance of deferred acquisition costs	2	1
2. Administrative costs	260	268
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	48	1
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(507)	(756)

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	194 805	183 962
1. Gross written premiums	196 516	190 611
2. Reinsurers' share in written premium	510	825
3. Changes in provisions for unearned premiums and unexpired risks (gross)	1 304	6 207
4. Reinsurers' share in change in provisions for unearned premiums	103	383
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	316	258
IV. Claims	95 263	144 368
1. Claims paid net of reinsurance	107 799	125 950
1.1. Gross claims paid	107 799	125 950
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(12 536)	18 418
2.1. Change in provisions for claims outstanding (gross)	(13 117)	18 995
2.2. Reinsurers' share in change in provisions for claims outstanding	(581)	577
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	77 735	76 281
1. Acquisition costs	46 744	47 702
1.1. including change in the balance of deferred acquisition costs	(567)	(1 100)
2. Administrative costs	30 991	28 579
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	2 035	778
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	20 088	(37 207)

VIII. TECHNICAL INSURANCE ACCOUNT – TOTAL INWARD REINSURANCE

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	39 326	29 060
1. Gross written premiums	47 049	39 587
2. Reinsurers' share in written premium	11 905	4 188
3. Changes in provisions for unearned premiums and unexpired risks (gross)	6 132	4 261
4. Reinsurers' share in change in provisions for unearned premiums	10 314	(2 078)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	553	1 461
IV. Claims	8 508	25 730
1. Claims paid net of reinsurance	12 393	24 622
1.1. Gross claims paid	12 812	24 622
1.2. Reinsurers' share in claims paid	419	-
2. Change in provision for claims outstanding, net of reinsurance:	(3 885)	1 108
2.1. Change in provisions for claims outstanding (gross)	(3 985)	4 308
2.2. Reinsurers' share in change in provisions for claims outstanding	(100)	3 200
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	7 526	6 388
1. Acquisition costs	4 513	4 461
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	3 013	1 927
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	1 112	755
IX. Changes in equalization provisions	(22)	(406)
X. Technical result on property and personal insurance	22 755	(1 946)

In 2011-2012 PZU carried out inward reinsurance activities in all accounting classes, except for classes 8 and 9.

Technical insurance account –inward reinsurance

ACCOUNTING CLASS 1 - Accidents and sickness (groups 1 and 2)

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	(1)	245
1. Gross written premiums	(28)	337
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(27)	92
4. Reinsurers' share in change in provisions for unearned premiums	-	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	4	22
IV. Claims	(27)	(2)
1. Claims paid net of reinsurance	5	-
1.1. Gross claims paid	5	-
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(32)	(2)
2.1. Change in provisions for claims outstanding (gross)	(32)	(2)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	(47)	40
1. Acquisition costs	-	-
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	(47)	40
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	8	4
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	69	225

Technical insurance account – inward reinsurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	788	594
1. Gross written premiums	350	1 051
2. Reinsurers' share in written premium	235	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(438)	457
4. Reinsurers' share in change in provisions for unearned premiums	235	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	86	679
IV. Claims	(507)	497
1. Claims paid net of reinsurance	1 183	2 380
1.1. Gross claims paid	1 183	2 380
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(1 690)	(1 883)
2.1. Change in provisions for claims outstanding (gross)	(1 690)	(1 883)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	99	(18)
1. Acquisition costs	68	(114)
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	31	96
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	168	19
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	1 114	775

Technical insurance account – inward reinsurance
ACCOUNTING CLASS 3 - Motor, other groups (group 3)

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	1 058	82
1. Gross written premiums	134	1 166
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(924)	1 084
4. Reinsurers' share in change in provisions for unearned premiums	-	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	12	86
IV. Claims	(42)	(1)
1. Claims paid net of reinsurance	168	(4)
1.1. Gross claims paid	168	(4)
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(210)	3
2.1. Change in provisions for claims outstanding (gross)	(210)	3
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	(59)	(31)
1. Acquisition costs	(68)	(89)
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	9	58
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	135	-
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	1 036	200

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	1 772	1 815
1. Gross written premiums	2 417	2 170
2. Reinsurers' share in written premium	694	239
3. Changes in provisions for unearned premiums and unexpired risks (gross)	593	116
4. Reinsurers' share in change in provisions for unearned premiums	642	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	4	95
IV. Claims	(183)	(33)
1. Claims paid net of reinsurance	38	34
1.1. Gross claims paid	38	34
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(221)	(67)
2.1. Change in provisions for claims outstanding (gross)	(221)	(67)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	408	448
1. Acquisition costs	348	376
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	60	72
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	88	13
IX. Changes in equalization provisions	(10)	(94)
X. Technical result on property and personal insurance	1 473	1 576

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	31 197	21 346
1. Gross written premiums	38 169	29 269
2. Reinsurers' share in written premium	9 369	3 757
3. Changes in provisions for unearned premiums and unexpired risks (gross)	5 640	2 093
4. Reinsurers' share in change in provisions for unearned premiums	8 037	(2 073)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	317	477
IV. Claims	5 022	19 456
1. Claims paid net of reinsurance	6 992	19 103
1.1. Gross claims paid	7 455	19 103
1.2. Reinsurers' share in claims paid	463	-
2. Change in provision for claims outstanding, net of reinsurance:	(1 970)	353
2.1. Change in provisions for claims outstanding (gross)	(2 070)	3 553
2.2. Reinsurers' share in change in provisions for claims outstanding	(100)	3 200
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	6 386	4 073
1. Acquisition costs	3 692	2 678
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	2 694	1 395
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	623	559
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	19 483	(2 265)

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	984	4 159
1. Gross written premiums	794	4 562
2. Reinsurers' share in written premium	15	24
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(202)	379
4. Reinsurers' share in change in provisions for unearned premiums	3	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	2	78
IV. Claims	4 132	6 802
1. Claims paid net of reinsurance	3 793	3 044
1.1. Gross claims paid	3 793	3 044
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	339	3 758
2.1. Change in provisions for claims outstanding (gross)	339	3 758
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	128	1 574
1. Acquisition costs	89	1 392
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	39	182
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	-	6
IX. Changes in equalization provisions	-	(324)
X. Technical result on property and personal insurance	(3 274)	(3 821)

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	280	233
1. Gross written premiums	329	300
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	49	67
4. Reinsurers' share in change in provisions for unearned premiums	-	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	-	12
IV. Claims	268	42
1. Claims paid net of reinsurance	32	27
1.1. Gross claims paid	32	27
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	236	15
2.1. Change in provisions for claims outstanding (gross)	236	15
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	151	173
1. Acquisition costs	34	107
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	117	66
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	9	4
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(148)	26

Technical insurance account –inward reinsurance
ACCOUNTING CLASS 10 - Miscellaneous (group 16)

Item	1 January - 31 December 2012	1 January - 31 December 2011
I. Premiums	3 248	586
1. Gross written premiums	4 884	732
2. Reinsurers' share in written premium	1 592	168
3. Changes in provisions for unearned premiums and unexpired risks (gross)	1 441	(27)
4. Reinsurers' share in change in provisions for unearned premiums	1 397	(5)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	128	12
IV. Claims	(155)	(1 031)
1. Claims paid net of reinsurance	182	38
1.1. Gross claims paid	138	38
1.2. Reinsurers' share in claims paid	(44)	-
2. Change in provision for claims outstanding, net of reinsurance:	(337)	(1 069)
2.1. Change in provisions for claims outstanding (gross)	(337)	(1 069)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
V. Changes in other technical provisions, net of reinsurance	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions	-	-
VII. Costs of insurance activity	460	129
1. Acquisition costs	350	111
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	110	18
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	81	150
IX. Changes in equalization provisions	(12)	12
X. Technical result on property and personal insurance	3 002	1 338

IX. ACTUARY'S OPINION

I state hereby that as at 31 December 2012, technical provisions recognized in Powszechny Zakład Ubezpieczeń Spółka Akcyjna based on insurance mathematics method are correct.

Paweł Chadysz
Chief Actuary at PZU

X. NOTES

1. Intangible assets

Intangible assets	31 December 2012	31 December 2011
a) R&D expenses	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar items, including:	69 961	30 093
- computer software	68 024	28 194
d) other intangible assets	-	-
e) advance payments for intangible assets	59 768	76 911
Total intangible assets	129 729	107 004

Change in intangible assets, total	31 December 2012	31 December 2011
a) gross value of intangible assets – opening balance	284 559	221 341
b) increases (due to)	150 069	89 607
- purchase	61 194	64 050
- reclassification	80 246	25 557
- donation	-	-
- other	8 629	-
c) decreases (due to)	104 313	26 389
- sale	-	-
- liquidation	24 067	832
- donation	-	-
- reclassification	80 246	25 557
d) gross value of intangible assets – closing balance	330 315	284 559
e) accumulated amortization – opening balance	171 255	151 515
f) amortization for the period (due to)	16 335	19 740
- current year charges	39 408	20 572
- sale	-	-
- liquidation	(23 073)	(832)
- donation	-	-
- other	-	-
g) accumulated amortization – closing balance	187 590	171 255
h) impairment losses – opening balance	6 300	6 300
- increases	6 696	-
- decreases	-	-
i) impairment losses – closing balance	12 996	6 300
j) net value of intangible assets – closing balance	129 729	107 004

Intangible assets – ownership structure	31 December 2012	31 December 2011
a) own	129 729	107 004
b) used based on lease, rental or other agreement	-	-
Total intangible assets	129 729	107 004

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Change in intangible assets in the year ended 31 December 2012	a) R&D expenses	b) goodwill	c) acquired concessions, patents, licenses and similar items	- including software	d) other intangible assets	e) advances for intangible assets under construction	Total intangible assets
a) gross value of intangible assets – opening balance	-	-	201 335	193 605	13	83 211	284 559
b) increases (due to)	-	-	80 270	78 857	-	69 799	150 069
- purchase	-	-	24	24	-	61 170	61 194
- reclassification	-	-	80 246	72 644	-	-	80 246
- donation	-	-	-	-	-	-	-
- other	-	-	-	6 189	-	8 629	8 629
c) decreases (due to)	-	-	24 067	22 241	-	80 246	104 313
- sale	-	-	-	-	-	-	-
- liquidation	-	-	24 067	22 241	-	-	24 067
- donation	-	-	-	-	-	-	-
- reclassification	-	-	-	-	-	80 246	80 246
d) gross value of intangible assets – closing balance	-	-	257 538	250 221	13	72 764	330 315
e) accumulated amortization – opening balance	-	-	171 242	165 411	13	-	171 255
f) depreciation for the period	-	-	16 335	16 786	-	-	16 335
- current year charges	-	-	39 408	34 813	-	-	39 408
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(23 073)	(21 247)	-	-	(23 073)
- donation	-	-	-	-	-	-	-
- other	-	-	-	3 220	-	-	-
g) accumulated amortization – closing balance	-	-	187 577	182 197	13	-	187 590
h) impairment losses – opening balance	-	-	-	-	-	6 300	6 300
- increases	-	-	-	-	-	6 696	6 696
- decreases	-	-	-	-	-	-	-
i) impairment losses – closing balance	-	-	-	-	-	12 996	12 996
j) net value of intangible assets – closing balance	-	-	69 961	68 024	-	59 768	129 729

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Change in intangible assets in the year ended 31 December 2011	a) R&D expenses	b) goodwill	c) acquired concessions, patents, licenses and similar items	- including software	d) other intangible assets	e) advances for intangible assets under construction	Total intangible assets
a) gross value of intangible assets – opening balance	-	-	173 447	165 630	13	47 881	221 341
b) increases (due to)	-	-	28 720	28 014	-	60 887	89 607
- purchase	-	-	3 163	2 849	-	60 887	64 050
- reclassification	-	-	25 557	25 165	-	-	25 557
- donation	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
c) decreases (due to)	-	-	832	39	-	25 557	26 389
- sale	-	-	-	-	-	-	-
- liquidation	-	-	832	39	-	-	832
- donation	-	-	-	-	-	-	-
- reclassification	-	-	-	-	-	25 557	25 557
d) gross value of intangible assets – closing balance	-	-	201 335	193 605	13	83 211	284 559
e) accumulated amortization – opening balance	-	-	151 502	146 351	13	-	151 515
f) depreciation for the period	-	-	19 740	19 060	-	-	19 740
- current year charges	-	-	20 572	19 099	-	-	20 572
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(832)	(39)	-	-	(832)
- donation	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
g) accumulated amortization – closing balance	-	-	171 242	165 411	13	-	171 255
h) impairment losses – opening balance	-	-	-	-	-	6 300	6 300
- increases	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-
i) impairment losses – closing balance	-	-	-	-	-	6 300	6 300
j) net value of intangible assets – closing balance	-	-	30 093	28 194	-	76 911	107 004

2. Investments

2.1. Geographical structure of investments

Geographical structure of investments as of 31 December 2012	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*	840 431	1 001 110	561 589	73 486	-	-	-	-	-	-	-	-	840 431	1 001 110	561 589	73 486
II. Investments in controlled entities**	665 245	7 144 225	7 144 225	4 816	210 843	83 652	83 652	-	176 250	15 293	15 293	-	1 052 338	7 243 170	7 243 170	4 816
III. Other financial investments	18 371 082	19 480 708	18 991 829	12 719	607 890	677 007	677 007	-	110 290	113 748	113 748	-	19 089 262	20 271 463	19 782 584	12 719
1. Shares and other variable income securities	293 732	353 295	353 295	12 719	-	-	-	-	-	-	-	-	293 732	353 295	353 295	12 719
- measured at fair value	280 944	353 226	353 226	-	-	-	-	-	-	-	-	-	280 944	353 226	353 226	-
- measured at acquisition cost	12 788	69	69	12 719	-	-	-	-	-	-	-	-	12 788	69	69	12 719
2. Units and investment certificates in investment funds	6 562 471	6 860 257	6 860 257	-	-	-	-	-	-	-	-	-	6 562 471	6 860 257	6 860 257	-
3. Debt securities and other fixed income securities	9 419 017	10 153 399	9 664 520	-	607 890	611 336	611 336	-	110 290	113 748	113 748	-	10 137 197	10 878 483	10 389 604	-
- measured at fair value	1 507 628	1 537 726	1 537 726	-	538 268	541 909	541 909	-	110 290	113 748	113 748	-	2 156 186	2 193 383	2 193 383	-
- measured at adjusted acquisition price or acquisition cost.	7 911 389	8 615 673	8 126 794	-	69 622	69 427	69 427	-	-	-	-	-	7 981 011	8 685 100	8 196 221	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgage loans	26 838	26 847	26 847	-	-	-	-	-	-	-	-	-	26 838	26 847	26 847	-
6. Other loans	1 039 903	1 040 923	1 040 923	-	-	-	-	-	-	-	-	-	1 039 903	1 040 923	1 040 923	-
7. Term deposits with credit institutions	1 029 121	1 033 591	1 033 591	-	-	-	-	-	-	-	-	-	1 029 121	1 033 591	1 033 591	-
8. Other investments	-	12 396	12 396	-	-	65 671	65 671	-	-	-	-	-	-	78 067	78 067	-
IV. Deposits with ceding undertakings	-	-	-	-	4 142	4 142	4 142	-	-	-	-	-	4 142	4 142	4 142	-
Total	19 876 758	27 626 043	26 697 643	91 021	822 875	764 801	764 801	-	286 540	129 041	129 041	-	20 986 173	28 519 885	27 591 485	91 021

* The fair value of real property results from valuations carried out mainly between 2008-2012, based primarily on the income method

** In the case of companies measured using the equity method, the presented fair value of investments in controlled entities (which cannot be precisely specified and estimations would be charged with a significant error margin) was adopted at the level of net assets of those companies assigned to PZU as of the balance sheet date, increased by non-amortized goodwill as of the balance sheet date including impairment losses.

Investment structure as at 31 December 2012	Domestic - net carrying amount	Foreign – EU countries – net carrying amount	Foreign – other countries – net carrying amount	Total
I. Real property	561 589	-	-	561 589
II. Investments in controlled entities	7 144 225	83 652	15 293	7 243 170
- unrestricted, quoted on a regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	7 144 225	83 652	15 293	7 243 170
- restricted	-	-	-	-
III. Other financial investments	18 991 829	677 007	113 748	19 782 584
1. Shares and other variable income securities	353 295	-	-	353 295
- unrestricted, quoted on regulated market	353 226	-	-	353 226
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	69	-	-	69
- restricted	-	-	-	-
2. Units and investment certificates in investment funds	6 860 257	-	-	6 860 257
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	6 860 257	-	-	6 860 257
- restricted	-	-	-	-
3. Debt securities and other fixed income securities	9 664 520	611 336	113 748	10 389 604
- unrestricted, quoted on regulated market	8 366 208	541 909	113 748	9 021 865
- unrestricted, quoted on OTC market	48 618	-	-	48 618
- unrestricted, not quoted on a regulated market	1 249 694	69 427	-	1 319 121
- restricted	-	-	-	-
4. Shares in joint investments	-	-	-	-
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	-	-	-	-
- restricted	-	-	-	-
5. Mortgage loans	26 847	-	-	26 847
6. Other loans	1 040 923	-	-	1 040 923
7. Term deposits with credit institutions	1 033 591	-	-	1 033 591
8. Other investments	12 396	65 671	-	78 067
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	12 396	65 671	-	78 067
- restricted	-	-	-	-
IV. Deposits with ceding undertakings	-	4 142	-	4 142
Total	26 697 643	764 801	129 041	27 591 485

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Geographical structure of investments as of 31 December 2011	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*	842 103	1 019 409	582 328	77 275	-	-	-	-	-	-	-	-	842 103	1 019 409	582 328	77 275
II. Investments in controlled entities**	665 368	6 322 029	6 322 029	5 792	202 358	79 524	79 524	-	176 250	24 377	24 377	-	1 043 976	6 425 930	6 425 930	5 792
III. Other financial investments	17 067 623	17 282 550	17 228 304	25 353	572 097	600 174	600 174	-	36 291	40 494	40 494	-	17 676 011	17 923 218	17 868 972	25 353
1. Shares and other variable income securities	900 091	785 118	785 118	25 353	23 725	20 696	20 696	-	12 507	11 946	11 946	-	936 323	817 760	817 760	25 353
- measured at fair value	887 303	785 049	785 049	12 634	23 725	20 696	20 696	-	12 507	11 946	11 946	-	923 535	817 691	817 691	12 634
- measured at acquisition cost	12 788	69	69	12 719	-	-	-	-	-	-	-	-	12 788	69	69	12 719
2. Units and investment certificates in investment funds	427 546	466 365	466 365	-	-	-	-	-	-	-	-	-	427 546	466 365	466 365	-
3. Debt securities and other fixed income securities	13 830 308	14 101 564	14 047 318	-	548 372	554 726	554 726	-	23 784	25 022	25 022	-	14 402 464	14 681 312	14 627 066	-
- measured at fair value	6 354 504	6 385 957	6 385 957	-	478 750	479 713	479 713	-	23 784	25 022	25 022	-	6 857 038	6 890 692	6 890 692	-
- measured at adjusted acquisition price or acquisition cost.	7 475 804	7 715 607	7 661 361	-	69 622	75 013	75 013	-	-	-	-	-	7 545 426	7 790 620	7 736 374	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgage loans	32 264	32 264	32 264	-	-	-	-	-	-	-	-	-	32 264	32 264	32 264	-
6. Other loans	857 065	863 273	863 273	-	-	-	-	-	-	-	-	-	857 065	863 273	863 273	-
7. Term deposits with credit institutions	1 020 349	1 022 963	1 022 963	-	-	-	-	-	-	-	-	-	1 020 349	1 022 963	1 022 963	-
8. Other investments	-	11 003	11 003	-	-	24 752	24 752	-	-	3 526	3 526	-	-	39 281	39 281	-
IV. Deposits with ceding undertakings	-	-	-	-	5 716	5 716	5 716	-	-	-	-	-	5 716	5 716	5 716	-
Total	18 575 094	24 623 988	24 132 661	108 420	780 171	685 414	685 414	-	212 541	64 871	64 871	-	19 567 806	25 374 273	24 882 946	108 420

* The fair value of real property results from valuations carried out mainly between 2008-2012, based primarily on the income method

** In the case of companies measured using the equity method, the presented fair value of investments in controlled entities (which cannot be precisely specified and estimations would be charged with a significant error margin) was adopted at the level of net assets of those companies assigned to PZU as of the balance sheet date, increased by non-amortized goodwill as of the balance sheet date including impairment losses.

Investment structure as at 31 December 2011	Domestic - net carrying amount	Foreign – EU countries – net carrying amount	Foreign – other countries – net carrying amount	Total
I. Real property	582 328	-	-	582 328
II. Investments in controlled entities	6 322 029	79 524	24 377	6 425 930
- unrestricted, quoted on a regulated market	52	-	-	52
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	6 321 977	79 524	24 377	6 425 878
- restricted	-	-	-	-
III. Other financial investments	17 228 304	600 174	40 494	17 868 972
1. Shares and other variable income securities	785 118	20 696	11 946	817 760
- unrestricted, quoted on regulated market	785 049	20 696	11 946	817 691
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	69	-	-	69
- restricted	-	-	-	-
2. Units and investment certificates in investment funds	466 365	-	-	466 365
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	466 365	-	-	466 365
- restricted	-	-	-	-
3. Debt securities and other fixed income securities	14 047 318	554 726	25 022	14 627 066
- unrestricted, quoted on regulated market	13 993 417	479 713	25 022	14 498 152
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	53 901	75 013	-	128 914
- restricted	-	-	-	-
4. Shares in joint investments	-	-	-	-
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	-	-	-	-
- restricted	-	-	-	-
5. Mortgage loans	32 264	-	-	32 264
6. Other loans	863 273	-	-	863 273
7. Term deposits with credit institutions	1 022 963	-	-	1 022 963
8. Other investments	11 003	24 752	3 526	39 281
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	11 003	24 752	3 526	39 281
- restricted	-	-	-	-
IV. Deposits with ceding undertakings	-	5 716	-	5 716
Total	24 132 661	685 414	64 871	24 882 946

2.2. Change in financial instruments divided by portfolio

Change in financial instruments by portfolio in the year ended 31 December 2012	Opening balance	Increases, including:		Decreases, including:		Closing balance
		Acquisition	Value increase	Sale or redemption	Value reduction	
a) financial assets held for trading, including:	1 609 689	1 242 489	144 509	2 000 222	67 374	929 091
Investments in controlled entities	52		-	52	-	-
Shares, stock and other variable income securities, participation units and certificates of investment funds	755 048	823 044	27 463	1 407 424		198 131
Debt securities and other fixed income securities	815 308	360 956	38 979	562 162	188	652 893
Other investments	39 281	58 489	78 067	30 584	67 186	78 067
b) financial liabilities held for trading	-	-	-	-	-	-
c) originated loans and own receivables including:	1 972 477	141 779 299	21 460	140 618 386	88	3 154 762
Debt securities and other fixed income securities	53 977	1 107 500	12 493	120 481	88	1 053 401
Mortgage loans	32 264	-	10	5 427	-	26 847
Other loans	863 273	80 703 385	1 020	80 526 755	-	1 040 923
Term deposits with credit institutions	1 022 963	59 968 414	7 937	59 965 723	-	1 033 591
d) financial assets held to maturity, including:	7 682 395	513 862	172 625	1 226 062	-	7 142 820
Debt securities and other fixed income securities	7 682 395	513 862	172 625	1 226 062	-	7 142 820
e) financial assets available for sale, including:	13 030 341	30 166 671	1 187 253	28 523 590	61 594	15 799 081
Investments in controlled entities	6 425 878	8 523	831 018	-	22 249	7 243 170
Shares, stock and other variable income securities, participation units and certificates of investment funds	529 077	6 417 370	300 106	199 988	31 144	7 015 421
Debt securities and other fixed income securities	6 075 386	23 740 778	56 129	28 323 602	8 201	1 540 490
Total	24 294 902	173 702 321	1 525 847	172 368 260	129 056	27 025 754

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Change in financial instruments by portfolio in the year ended 31 December 2011	Opening balance	Increases, including:		Decreases, including:		Closing balance
		Acquisition	Value increase	Sale or redemption	Value reduction	
a) financial assets held for trading, including:	921 829	2 041 284	71 888	1 301 347	123 965	1 609 689
Investments in controlled entities	115	-	-	-	63	52
Shares, stock and other variable income securities, participation units and certificates of investment funds	712 613	1 040 151	13 698	888 319	123 095	755 048
Debt securities and other fixed income securities	164 776	1 001 133	25 171	375 634	138	815 308
Other investments	44 325	-	33 019	37 394	669	39 281
b) financial liabilities held for trading	-	-	-	-	-	-
c) originated loans and own receivables including:	690 158	84 002 107	9 302	82 729 084	6	1 972 477
Investments in related entities	-	53 500	477	-	-	53 977
Mortgage loans	17 032	35 000	-	19 768	-	32 264
Other loans	498 460	25 398 590	6 208	25 039 985	-	863 273
Term deposits with credit institutions	174 666	58 515 017	2 617	57 669 331	6	1 022 963
d) financial assets held to maturity, including:	7 471 053	946 636	213 339	948 605	28	7 682 395
Debt securities and other fixed income securities	7 471 053	946 636	213 339	948 605	28	7 682 395
e) financial assets available for sale, including:	14 141 043	34 277 392	281 090	34 984 446	684 738	13 030 341
Investments in controlled entities	6 860 294	84 871	183 675	96 632	606 330	6 425 878
Shares, stock and other variable income securities, participation units and certificates of investment funds	596 470	146 893	34 285	173 650	74 921	529 077
Debt securities and other fixed income securities	6 684 279	34 045 628	63 130	34 714 164	3 487	6 075 386
Total	23 224 083	121 267 419	575 619	119 963 482	808 737	24 294 902

2.3. Investments in real property

Investments in real property (by group)	31 December 2012	31 December 2011
a) own land	31 339	31 947
- by purchase price	36 985	37 595
- by current value	83 701	86 762
b) land perpetual usufruct right	13 594	16 982
c) buildings and structures	506 482	524 298
- by purchase price	730 439	732 731
- by current value	756 596	765 306
d) cooperative ownership of premises	6 969	6 847
e) construction investments	3 205	2 254
f) advances for construction investments	-	-
Investments in real property (by group), total	561 589	582 328

Change in investments in real property	31 December 2012	31 December 2011
a) gross value – opening balance	842 103	837 511
b) increases (due to)	3 396	4 727
- investments	3 337	4 727
- donations	-	-
- direct purchase	-	-
- other	59	-
c) decreases (due to)	5 068	135
- liquidation	3	135
- sale	5 065	-
- donations	-	-
- other	-	-
d) gross value – closing balance	840 431	842 103
e) accumulated amortization – opening balance	182 500	159 755
f) depreciation for the period (due to)	22 856	22 745
- current year charges	20 340	22 791
- accumulated depreciation of fixed assets liquidated	-	(46)
- accumulated depreciation of fixed assets sold	(1 890)	-
- accumulated depreciation of fixed assets donated	-	-
- accumulated depreciation of fixed assets lost by accident	-	-
- other	4 406	-
g) accumulated depreciation – closing balance	205 356	182 500
h) impairment losses – opening balance	77 275	78 205
- increases	618	1 022
- decreases	4 407	1 952
i) impairment losses – closing balance	73 486	77 275
j) net value – closing balance	561 589	582 328

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Change in intangible assets in the year ended 31 December 2012	Land and perpetual usufruct right of land	Buildings and structures, premises	Titles to apartments and premises	Construction investments	Advances for construction investments	Total real property
a) gross value of real property – opening balance	80 923	732 731	10 483	13 220	4 746	842 103
b) increases (due to)	59	1 938	403	3 337	-	5 737
- investments	-	-	-	3 337	-	3 337
- donations	-	-	-	-	-	-
- direct purchase	-	-	-	-	-	-
- reclassification	-	1 938	403	-	-	2 341
- other	59	-	-	-	-	59
c) decreases (due to)	821	4 230	17	2 341	-	7 409
- liquidation	3	-	-	-	-	3
- sale	818	4 230	17	-	-	5 065
- donations	-	-	-	-	-	-
- reclassification	-	-	-	2 341	-	2 341
- other	-	-	-	-	-	-
d) gross value of real property – closing balance	80 161	730 439	10 869	14 216	4 746	840 431
e) accumulated amortization – opening balance	23 233	155 631	3 636	-	-	182 500
f) depreciation for the period (due to)	4 711	17 881	264	-	-	22 856
- current year charges	3 351	16 526	463	-	-	20 340
- accumulated depreciation of real property liquidated	-	-	-	-	-	-
- accumulated depreciation of real property sold	(116)	(1 575)	(199)	-	-	(1 890)
- accumulated depreciation of real property donated	-	-	-	-	-	-
- accumulated depreciation of real property lost by accident	-	-	-	-	-	-
- other	1 476	2 930	-	-	-	4 406
g) accumulated depreciation – closing balance	27 944	173 512	3 900	-	-	205 356
h) impairment losses – opening balance	8 761	52 802	-	10 966	4 746	77 275
- increases	-	573	-	45	-	618
- decreases	1 477	2 930	-	-	-	4 407
i) impairment losses – closing balance	7 284	50 445	-	11 011	4 746	73 486
j) net value of real property – closing balance	44 933	506 482	6 969	3 205	-	561 589

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Change in intangible assets in the year ended 31 December 2011	Land and perpetual usufruct right of land	Buildings and structures, premises	Titles to apartments and premises	Construction investments	Advances for construction investments	Total real property
a) gross value of real property – opening balance	80 923	725 289	9 781	16 772	4 746	837 511
b) increases (due to)	-	7 442	837	4 727	-	13 006
- investments	-	-	-	4 727	-	4 727
- donations	-	-	-	-	-	-
- direct purchase	-	-	-	-	-	-
- reclassification	-	7 442	837	-	-	8 279
- other	-	-	-	-	-	-
c) decreases (due to)	-	-	135	8 279	-	8 414
- liquidation	-	-	135	-	-	135
- sale	-	-	-	-	-	-
- donations	-	-	-	-	-	-
- reclassification	-	-	-	8 279	-	8 279
- other	-	-	-	-	-	-
d) gross value of real property – closing balance	80 923	732 731	10 483	13 220	4 746	842 103
e) accumulated amortization – opening balance	19 186	137 434	3 135	-	-	159 755
f) depreciation for the period (due to)	4 047	18 197	501	-	-	22 745
- current year charges	4 047	18 197	547	-	-	22 791
- accumulated depreciation of real property liquidated	-	-	(46)	-	-	(46)
- accumulated depreciation of real property sold	-	-	-	-	-	-
- accumulated depreciation of real property donated	-	-	-	-	-	-
- accumulated depreciation of real property lost by accident	-	-	-	-	-	-
- other	-	-	-	-	-	-
g) accumulated depreciation – closing balance	23 233	155 631	3 636	-	-	182 500
h) impairment losses – opening balance	9 050	54 465	-	9 944	4 746	78 205
- increases	-	-	-	1 022	-	1 022
- decreases	289	1 663	-	-	-	1 952
i) impairment losses – closing balance	8 761	52 802	-	10 966	4 746	77 275
j) net value of real property – closing balance	48 929	524 298	6 847	2 254	-	582 328

Real property (by use)	31 December 2012	31 December 2011
a) used for own purposes	481 097	513 656
b) other	80 492	68 672
Real property (by use) total	561 589	582 328

Investments in real property	31 December 2012	31 December 2011
a) short-term	-	-
b) long-term	561 589	582 328
Total investments in real property	561 589	582 328

Investments in real property (by currency)	31 December 2012	31 December 2011
a) in PLN	561 589	582 328
b) in foreign currencies (by currency and translated to PLN)	-	-
Total investments in real property	561 589	582 328

Investments in real property	31 December 2012	31 December 2011
Value of land in perpetual usufruct not used for own purposes	2 243	4 707
Total value of land in perpetual usufruct not used for own purposes	2 243	4 707

2.4. Investments in controlled entities

Investments in controlled entities	31 December 2012	31 December 2011
a) shares in subsidiaries including:	7 243 170	6 425 930
- long-term investments	7 243 170	6 425 930
b) shares in co-subsidiaries including:	-	-
- long-term investments	-	-
c) shares in associates including:	-	-
- long-term investments	-	-
d) loans granted to subsidiaries including:	-	-
- long-term investments	-	-
e) loans granted to co-subsidiaries including:	-	-
- long-term investments	-	-
f) loans granted to associates including:	-	-
- long-term investments	-	-
g) debt securities of subsidiaries including:	-	-
- long-term investments	-	-
f) debt securities of co-subsidiaries including:	-	-
- long-term investments	-	-
i) debt securities of associates including:	-	-
- long-term investments	-	-
j) other investments (by type), including:	-	-
- long-term investments	-	-
Total investments in controlled entities	7 243 170	6 425 930

As of 31 December 2012 and 31 December 2011, PZU did not have any securities in controlled entities, guaranteed by the State Treasury or international organizations which Poland has joined or local authorities.

Investments in controlled entities measured using the equity method	31 December 2012	31 December 2011
a) shares or stock including:	7 212 032	6 393 817
- in subsidiaries	7 212 032	6 393 817
- in co-subsidiaries	-	-
- in associates	-	-
f) loans originated, including:	-	-
- to subsidiaries	-	-
- to co-subsidiaries	-	-
- to associates	-	-

Investments in controlled entities measured using the equity method	31 December 2012	31 December 2011
c) debt instruments, including:	-	-
- subsidiaries	-	-
- co-subsidiaries	-	-
- associates	-	-
d) other (by basis), including:	-	-
- in subsidiaries	-	-
- in co-subsidiaries	-	-
- in associates	-	-
Investments in controlled entities measured with equity method total / Investments in controlled entities measured with equity method, total	7 212 032	6 393 817

Investments in controlled entities measured using the equity method	31 December 2012	31 December 2011
a) goodwill of controlled entities	-	-
- subsidiaries	-	-
- co-subsidiaries	-	-
- associates	-	-
b) negative goodwill of controlled entities	-	-
- subsidiaries	-	-
- co-subsidiaries	-	-
- associates	-	-

Changes in goodwill - controlled entities	31 December 2012	31 December 2011
a) gross value of goodwill – opening balance including:	-	-
b) increases (due to)	-	-
c) decreases (due to)	-	-
d) gross value of goodwill – closing balance	-	-
e) impairment of goodwill – opening balance	-	-
f) impairment of goodwill for the period (due to)	-	-
e) impairment of goodwill – closing balance	-	-
h) net value of goodwill – closing balance	-	-

Change in investments in controlled entities (by type)	31 December 2012	31 December 2011
a) opening balance	6 425 930	6 860 409
- shares and stock in controlled entities	6 425 930	6 860 409
- originated loans	-	-
- contribution to share capital	-	-
b) increases (due to)	839 541	268 546
- acquisition	8 523	84 871
- revaluation adjustments	831 018	183 675
- other	-	-
c) decreases (due to)	22 301	703 025
- disposal or redemption	52	96 632
- revaluation adjustments	22 249	606 393
- other	-	-
d) closing balance	7 243 170	6 425 930
- shares and stock in controlled entities	7 243 170	6 425 930
- originated loans	-	-
- contribution to share capital	-	-

Shares and securities in controlled entities	31 December 2012	31 December 2011
a) listed on a regulated market	-	52
b) not listed on a regulated market	7 243 170	6 425 878
Shares and securities in controlled entities total	7 243 170	6 425 930

Shares, stock and other financial instruments in controlled entities (long-term investments) by disposability	31 December 2012	31 December 2011
A. Unrestricted, quoted on regulated market (carrying amount)	-	52
a) stock (carrying amount)	-	52
- revaluation adjustments (for the period)	(52)	(63)
- opening balance	52	115
- at purchase price	-	123
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
B. Unrestricted, quoted on OTC market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
C. Unrestricted, not quoted on a regulated market (carrying amount)	7 243 170	6 425 878
a) stock (carrying amount):	6 991 258	6 180 995
- revaluation adjustments (for the period)	810 263	(444 475)
- opening balance	6 180 995	6 625 470
- at purchase price	793 250	784 765
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value):	251 912	244 883
shares in controlled entities	251 912	244 883
- revaluation adjustments (for the period)	7 029	10 059
- opening balance	244 883	234 824
- at purchase price	255 229	255 229
D. Restricted (carrying amount)	-	-
a) shares or stock (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- by purchase price	-	-
c) other – by group (carrying value)	-	-

Shares, stock and other financial instruments in controlled entities (long-term investments) by disposability	31 December 2012	31 December 2011
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
By purchase price, total	1 048 479	1 040 117
Opening balance total	6 425 930	6 860 409
Revaluation adjustments (for the period) total	817 240	(434 479)
Total carrying amount	7 243 170	6 425 930

Shares, stock and other financial instruments in controlled entities (short-term investments) by disposability	31 December 2012	31 December 2011
A. Unrestricted, quoted on regulated market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
B. Unrestricted, quoted on OTC market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
c) other – by group (carrying value):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
C. Unrestricted, not quoted on a regulated market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
c) other – by group (carrying value):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
D. Restricted (carrying amount)	-	-
a) shares or stock (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-

Shares, stock and other financial instruments in controlled entities (short-term investments) by disposability	31 December 2012	31 December 2011
- at purchase price	-	-
c) other – by group (carrying value):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
At purchase price, total	-	-
Opening balance total	-	-
Revaluation adjustments (for the period) total	-	-
Total carrying amount	-	-

Controlled entities as at 31 December 2012 with financial data

	a) Entity's name and legal form	b) Registered office	c) Core business	d) Capital relationship	e) Consolidation method applied / measurement with equity method or statement that the entity is excluded from consolidation/ measurement with equity method	f) Control assuming date marking commencement of significant influence	g) Value of shares/ stock (at purchase cost)	h) Revaluation adjustments total*	i) Carrying amount of stock/ shares	j) Percent of share capital held directly by PZU	k) Share in the total number of votes at general shareholders meeting	l) basis of control/ joint control/ significant influence other than defined in point j) or k)
1.	PZU ŻYCIE SA („PZU Życie”)	Warsaw	Life insurance	subsidiary	full method consolidation	18.12.1991	295 088	6 452 973	6 748 061	100,00%	100,00%	n/a
2.	UAB DK PZU Lietuva	Vilnius	Property insurance	subsidiary	full method consolidation	26.04.2002	170 607	(114 035)	56 572	99,76%	99,76%	n/a
3.	Tower-Inwestycje Sp. z o.o. (formerly PZU Tower Sp. z o.o.) („PZU Tower”)	Warsaw	Acquisition and disposal of real property, agency in real property trade, real property management	indirect subsidiary	full method consolidation	17.08.1999	112 900	(6 824)	106 076	27,47%	27,47%	n/a
4.	PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of securities portfolios for the account of third parties	indirect subsidiary	not consolidated	12.07.2001	11 463	-	11 463	100,00%	100,00%	n/a
5.	Syta Development Sp. z o.o. w likwidacji („Syta Development”)	Warsaw	Acquisition and disposal of real property, agency in real property trade, real property management	subsidiary	not consolidated	29.04.1996	22	(22)	-	100,00%	100,00%	n/a
6.	Ogrodowa - Inwestycje Sp. z o.o. ("Ogrodowa Inwestycje")	Warsaw	Business and management consulting services, holding activities	subsidiary	full method consolidation	15.09.2004	142 255	3 543	145 798	100,00%	100,00%	n/a
7.	UAB PZU Lietuva Gyvybes Draudimas	Vilnius	Life insurance	subsidiary	not consolidated	08.04.2004	40 236	(13 156)	27 080	99,34%	99,34%	n/a
8.	Międzyzakładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	Warsaw	Developing and managing of employee pension plan	subsidiary	not consolidated	13.08.2004	500	-	500	100,00%	100,00%	n/a
9.	PrJSC IC PZU Ukraine	Kiev	Property insurance	subsidiary	full method consolidation	01.07.2005	143 666	(131 990)	11 676	89,97%	89,97%	n/a
10.	PrJSC IC PZU Ukraine Life Insurance	Kiev	Life insurance	subsidiary	not consolidated	01.07.2005	32 584	(28 967)	3 617	53,47%	53,47%	n/a
11.	ICH Center S.A. w likwidacji („ICH Center”)	Warsaw	Loss handling services - green card	subsidiary	not consolidated	31.01.1996	1 292	(907)	385	90,00%	90,00%	n/a
12.	Ipsilon Sp. z o.o.	Warsaw	Assistance and medical services	subsidiary	not consolidated	02.04.2009	52	(14)	38	100,00%	100,00%	n/a
13.	PZU Pomoc SA	Warsaw	Assistance services	subsidiary	not consolidated	18.03.2009	18 566	-	18 566	100,00%	100,00%	n/a
14.	Towarzystwo Funduszy Inwestycyjnych PZU SA („TFI PZU”)	Warsaw	Creation, representing and management of investment funds	subsidiary	not consolidated	27.09.2011	38 403	6 538	44 941	100,00%	100,00%	n/a
15.	PZU Centrum Operacji SA („PZU CO”)	Warsaw	Auxiliary activity related to insurance and pension funds	subsidiary	full method consolidation	27.09.2011	40 645	27 566	68 211	100,00%	100,00%	n/a
16.	Ipsilon Bis SA	Warsaw	Entity does not carry out business activity	subsidiary	not consolidated	02.09.2011	100	(14)	86	100,00%	100,00%	n/a
17.	Omicron SA	Warsaw	Entity does not carry out business activity	subsidiary	not consolidated	13.09.2011	100	-	100	100,00%	100,00%	n/a
	Total						1 048 479	6 194 691	7 243 170			

* Total revaluation adjustments' include revaluation resulting from the measurement using the equity method, goodwill amortization and an impairment loss on goodwill.

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

a) Entity's name and legal form	m) Equity, including:						n) Liabilities and provisions for liabilities including:		o) Receivables:		p) Total assets	r) Sales revenue	s) Value of stock/shares not paid by the issuer	t) Dividends paid by the entity or due for the last financial year
	- share capital	- Called up share capital (negative value)	- supplementary capital	- Other equity, including:			- long-term liabilities	- short-term liabilities	- long-term	- short-term				
				- other equity	- previous year profit (loss)	- net profit (loss)								
1. PZU ŻYCIE SA („PZU Życie”)	295 000	-	4 368 091	232 096	-	1 852 875	3 200	542 227	1 139	296 139	30 084 111	9 345 213	-	1 177 476
2. UAB DK PZU Lietuva 1/3	107 042	-	-	(27)	(51 586)	1 276	324	22 710	-	26 955	284 912	195 721	-	-
3. Tower-Inwestycje Sp. z o.o. (formerly PZU Tower Sp. z o.o.) („PZU Tower”)	411 000	-	-	166 712	(56 010)	23 457	-	30	-	26	545 226	19	-	-
4. PZU Asset Management S.A. („PZU AM”)	5 000	-	2 913	1 475	-	467	-	775	89	2 412	12 458	18 308	-	3 188
5. Syta Development Sp. z o.o. w likwidacji („Syta Development”)	792	-	6 008	(285)	(11 774)	2 210	-	3 589	-	2	5 370	2 748	-	-
6. Ogrodowa - Inwestycje Sp. z o.o. ("Ogrodowa Inwestycje")	142 255	-	2 863	48	-	632	1 865	1 967	-	1 583	150 538	22 192	-	2 355
7. UAB PZU Lietuva Gyvybes Draudimas 2/3	29 309	-	-	1 383	(3 977)	545	-	1 641	-	203	79 942	25 495	-	-
8. Międzyzakładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	500	-	167	-	-	685	-	184	-	77	1 578	1 891	-	-
9. PrJSC IC PZU Ukraine1/3	6 867	-	211	157 067	(150 932)	(235)	-	39 393	-	19 748	156 607	142 228	-	-
10. PrJSC IC PZU Ukraine Life Insurance 2/3	7 153	-	-	32 283	(29 355)	1 989	-	3 815	-	438	86 201	38 583	-	-
11. ICH Center S.A. w likwidacji („ICH Center”)	593	-	-	-	-	(214)	-	20	-	-	399	-	-	3 545
12. Ipsilon Sp. z o.o.	50	-	-	-	(10)	(3)	-	-	-	-	38	-	-	-
13. PZU Pomoc SA	4 886	-	13 653	-	(2 244)	304	-	1 265	-	3 891	19 412	17 200	-	-
14. Towarzystwo Funduszy Inwestycyjnych PZU SA („TFI PZU”)	13 000	-	14 131	4 635	-	13 174	251	15 686	-	-	63 628	74 233	-	13 581
15. PZU Centrum Operacji SA („PZU CO”)	500	-	35 509	-	-	32 202	369	10 422	1 469	13 203	92 103	133 872	-	6 204
16. Ipsilon Bis SA	100	-	-	-	(4)	(12)	-	-	-	-	87	-	-	-
17. Omicron SA	100	-	-	-	-	(3)	-	-	-	-	100	-	-	-

The above data are based on unaudited financial statements of the companies except from MPTE, Ipsilon Bis SA i Omicron SA.

1/ Data according to IFRS

2/ Data according to local GAAP

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

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Controlled entities as at 31 December 2011 with financial data

	a) Entity's name and legal form	b) Registered office	c) Core business	d) Capital relationship	e) Consolidation method applied / measurement with equity method or statement that the entity is excluded from consolidation/ measurement with equity method	f) Control assuming date marking commencement of significant influence	g) Value of shares/ stock (at purchase cost)	h) Revaluation adjustments total*	i) Carrying amount of stock/ shares	j) Percent of share capital held directly by PZU	k) Share in the total number of votes at general shareholders meeting	l) basis of control/ joint control/ significant influence other than defined in point j) or k)
1.	PZU ŻYCIE SA („PZU Życie”)	Warsaw	Life insurance	subsidiary	full method consolidation	18.12.1991	295 088	5 664 913	5 960 001	100,00%	100,00%	n/a
2.	UAB DK PZU Lietuva	Vilnius	Property insurance	subsidiary	full method consolidation	26.04.2002	162 122	(111 281)	50 841	99,76%	99,76%	n/a
3.	Tower-Inwestycje Sp. z o.o. (formerly PZU Tower Sp. z o.o.) („PZU Tower”)	Warsaw	Acquisition and disposal of real property, agency in real property trade, real property management	indirect subsidiary	full method consolidation	17.08.1999	112 900	(15 529)	97 371	27,47%	27,47%	n/a
4.	PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of securities portfolios for the account of third parties	indirect subsidiary	not consolidated	12.07.2001	11 463	-	11 463	100,00%	100,00%	n/a
5.	Syta Development Sp. z o.o. w likwidacji („Syta Development”)	Warsaw	Acquisition and disposal of real property, agency in real property trade, real property management	subsidiary	not consolidated	29.04.1996	22	(22)	-	100,00%	100,00%	n/a
6.	Ogrodowa - Inwestycje Sp. z o.o. („Ogrodowa Inwestycje”)	Warsaw	Business and management consulting services, holding activities	subsidiary	full method consolidation	15.09.2004	142 255	5 217	147 472	100,00%	100,00%	n/a
7.	UAB PZU Lietuva Gyvybes Draudimas	Vilnius	Life insurance	subsidiary	not consolidated	08.04.2004	40 236	(11 553)	28 683	99,34%	99,34%	n/a
8.	Międzypokładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	Warsaw	Developing and managing of employee pension plan	subsidiary	not consolidated	13.08.2004	500	-	500	100,00%	100,00%	n/a
9.	PrJSC IC PZU Ukraine **	Kiev	Property insurance	subsidiary	full method consolidation	01.07.2005	143 666	(130 453)	13 213	89,97%	89,97%	n/a
10.	PrJSC IC PZU Ukraine Life Insurance **	Kiev	Life insurance	subsidiary	not consolidated	01.07.2005	32 584	(21 420)	11 164	53,47%	53,47%	n/a
11.	ICH Center S.A. („ICH Center”)**	Warsaw	Loss handling services - green card	subsidiary	not consolidated	31.01.1996	1 292	-	1 292	90,00%	90,00%	n/a
12.	Ipsilon Sp. z o.o.	Warsaw	Assistance and medical services	subsidiary	not consolidated	02.04.2009	52	(12)	40	100,00%	100,00%	n/a
13.	PZU Pomoc SA	Warsaw	Assistance services	subsidiary	not consolidated	18.03.2009	18 566	-	18 566	100,00%	100,00%	n/a
14.	Towarzystwo Funduszy Inwestycyjnych PZU SA („TFI PZU”)	Warsaw	Creation, representing and management of investment funds	subsidiary	not consolidated	27.09.2011	38 403	4 373	42 776	100,00%	100,00%	n/a
15.	PZU Centrum Operacji SA („PZU CO”)	Warsaw	Auxiliary activity related to insurance and pension funds	subsidiary	full method consolidation	27.09.2011	40 645	1 651	42 296	100,00%	100,00%	n/a
16.	Ipsilon Bis SA	Warsaw	Entity does not carry out business activity	subsidiary	not consolidated	02.09.2011	100	-	100	100,00%	100,00%	n/a
17.	Omicron SA	Warsaw	Entity does not carry out business activity	subsidiary	not consolidated	13.09.2011	100	-	100	100,00%	100,00%	n/a
18.	Armatura Kraków SA	Cracow	Manufacturing of bathroom and kitchen mixer taps	indirect subsidiary	full method consolidation	27.08.2010	123	(71)	52	0,05%	0,05%	n/a
	Total						1 040 117	5 385 813	6 425 930			

*Total revaluation adjustments' include revaluation resulting from the measurement using the equity method, goodwill amortization and an impairment loss on goodwill.

** Pursuant to the decision of the Extraordinary Shareholders' Meeting of 8 March 2012 the liquidation process commencement was set at 16 March 2012.

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

a) Entity's name and legal form	m) Equity, including:						n) Liabilities and provisions for liabilities including:		o) Receivables:		p) Total assets	r) Sales revenue	s) Value of stock/shares not paid by the issuer	t) Dividends paid by the entity or due for the last financial year
	- Share capital	- Called up share capital (negative value)	- Supplementary capital	- Other equity, including:			- Long-term liabilities	- Short-term liabilities	- long-term	- short-term				
				- Other equity	- Previous year profit (loss)	- Net profit (loss)								
1. PZU ŻYCIE SA („PZU Życie”)	295 000	-	3 972 324	109 376	-	1 583 302	3 820	972 629	2 238	267 548	29 407 202	9 842 270	-	1 987 282
2. UAB DK PZU Lietuva 1/3/ Tower-Inwestycje Sp. z o.o. (formerly PZU Tower Sp. z o.o.) („PZU Tower”)	115 649	-	-	(548)	(55 905)	(8 235)	-	25 377	58	26 291	279 246	164 354	-	-
3. Tower-Inwestycje Sp. z o.o. (formerly PZU Tower Sp. z o.o.) („PZU Tower”)	411 000	-	-	158 478	(84 344)	28 334	-	206	-	27	513 751	53	-	-
4. PZU Asset Management S.A. („PZU AM”)	5 000	-	2 913	1 475	-	3 188	-	1 316	89	3 618	16 614	23 532	-	-
5. Syta Development Sp. z o.o. w likwidacji („Syta Development”)	792	-	5 660	63	(11 577)	(189)	-	6 968	-	77	6 463	-	-	-
6. Ogrodowa - Inwestycje Sp. z o.o. ("Ogrodowa Inwestycje")	142 255	-	2 863	-	-	2 355	1 629	1 968	-	1 384	151 617	24 978	-	-
7. UAB PZU Lietuva Gyvybes Draudimas 2/3	31 665	-	-	1 518	(4 345)	36	-	1 414	-	361	77 647	22 846	-	-
8. Międzyzakładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	500	-	167	-	-	532	-	158	-	78	1 387	1 712	-	-
9. PrJSC IC PZU Ukraine 1/3	7 639	-	234	173 435	(157 736)	(8 886)	-	36 225	-	18 418	145 986	121 022	-	-
10. PrJSC IC PZU Ukraine Life Insurance 2/3	7 957	-	-	36 722	(28 389)	4 588	-	3 612	-	531	80 607	34 116	-	-
11. ICH Center S.A. („ICH Center”)	510	-	4 547	727	-	(1 191)	-	37	-	-	5 053	-	-	-
12. Ipsilon Sp. z o.o.	50	-	-	-	(8)	(3)	-	-	-	-	41	-	-	-
13. PZU Pomoc SA	4 886	-	13 653	-	(1 059)	(1 037)	-	1 529	-	3 893	19 871	5 960	-	-
14. Towarzystwo Funduszy Inwestycyjnych PZU SA	13 000	-	14 131	2 064	-	13 581	-	8 821	100	7 158	54 115	48 777	-	-
15. PZU Centrum Operacji SA	500	-	35 509	-	-	6 204	492	8 202	1 543	11 711	59 371	81 459	-	-
16. Ipsilon Bis SA	100	-	-	-	-	(4)	-	-	-	-	99	-	-	-
17. Omicron SA	100	-	-	-	-	(1)	-	-	-	-	99	-	-	-
18. Armatura Kraków SA 1/	81 000	-	14 163	-	88 133	1 509	1 263	188 346	-	100 227	374 414	262 548	-	4

The above data are based on unaudited financial statements of the companies except from MPTE, ICH Center and Ipsilon Bis SA.

1/ Data according to IFRS

2/ Data according to local GAAP

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

Investments in controlled entities (currency structure)	31 December 2012	31 December 2011
a) in PLN	7 144 225	6 322 029
b) in foreign currencies (by currency and translated to PLN)	98 945	103 901
b1. LTL'000	70 652	62 167
PLN'000	83 652	79 524
b2. UAH'000	39 982	57 290
PLN'000	15 293	24 377
Total investments in controlled entities	7 243 170	6 425 930

2.4.1 Coverage of losses incurred by PZU Lietuva

On 11 April 2012, the Management Board of PZU passed a resolution regarding coverage of certain previous year losses incurred by PZU Lietuva with a non-refundable contribution of LTL 7,000 thousand in order for PZU Lietuva to meet the regulatory requirement regarding the minimum equity level (according to Lithuanian law, equity cannot be lower than half of share capital).

At the end of 2011, the requirement was not met since PZU Lietuva incurred a net loss for 2011 of LTL 6,854 thousand.

On 27 April 2012, General Shareholders Meeting of PZU Lietuva passed a resolution regarding the contribution of LTL 7,000 thousand. Following the contribution payment by PZU on 10 May 2012, PZU Lietuva has fulfilled the above regulatory requirements.

2.5. Other financial investments

Other financial investments	31 December 2012	31 December 2011
a) shares and other variable income securities	353 295	817 760
b) units and investment certificates in investment funds	6 860 257	466 365
c) debt securities and other fixed income securities	10 389 604	14 627 066
d) interests in joint ventures (investments)	-	-
e) mortgage loans, including:	26 847	32 264
- additionally collateralized with policies	-	-
f) other loans, including:	1 040 923	863 273
- for the insured, with policies as the basic collateral	-	-
- for the insured, not collateralized with policies	-	-
g) term deposits with credit institutions	1 033 591	1 022 963
h) other investments (by type)	78 067	39 281
Total other financial investments	19 782 584	17 868 972

Change in other investments (by type)	31 December 2012	31 December 2011
a) opening balance	17 868 972	16 363 674
Shares, stock and other variable income securities, participation units and certificates of investment funds	1 284 125	1 309 083
Debt securities and other fixed income securities	14 627 066	14 320 108
Other investments	1 957 781	734 483
b) increases (due to)	174 388 627	121 574 492
- acquisition	173 693 798	121 182 548
- revaluation adjustments	694 829	391 944
- other	-	-
c) decreases (due to)	172 475 015	120 069 194
- sale or redemption	172 368 208	119 866 850
- revaluation adjustments	106 807	202 344
- other	-	-
d) closing balance	19 782 584	17 868 972
- Stock, shares, other variable income securities, participation units and investment certificates of investment funds	7 213 552	1 284 125
- Debt securities and other fixed income securities	10 389 604	14 627 066
- Other investments	2 179 428	1 957 781

Other financial investments	31 December 2012	31 December 2011
a) long-term	14 936 530	13 676 711
b) short-term	4 846 054	4 192 261
Total other financial investments	19 782 584	17 868 972

Other financial investments (currency structure)	31 December 2012	31 December 2011
a) in PLN	18 713 700	16 955 483
b) in foreign currencies (by currency and translated to PLN)	1 068 884	913 489
b1. EUR'000	185 132	184 416
PLN'000	756 855	814 527
b2. USD'000	51 099	24 517
PLN'000	158 388	83 784
b3. other currencies PLN'000	153 641	15 178
Total other financial investments	19 782 584	17 868 972

Investments by portfolio qualification	31 December 2012	31 December 2011
a) financial assets held for trading	929 091	1 609 637
b) originated loans and own receivables	3 154 762	1 972 477
c) financial assets held to maturity	7 142 820	7 682 395
d) financial assets available for sale	8 555 911	6 604 463
Total investments	19 782 584	17 868 972

Other financial investments – in financial instruments	31 December 2012	31 December 2011
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	7 662 709	13 131 094
- long-term investments	4 849 740	11 289 296
- short-term investments	2 812 969	1 841 798
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	703 499	744 289
c) issued by the National Bank of Poland	-	-
d) guaranteed by the National Bank of Poland	-	-
e) issued by local government units or their associations, or by the capital city of Warsaw	52 759	49 997
f) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-
g) other	11 363 617	3 943 592
Total other financial investments – in financial instruments	19 782 584	17 868 972

Securities (other financial investments)	31 December 2012	31 December 2011
a) listed on a regulated market	9 375 091	15 315 843
b) not listed on a regulated market	1 367 808	128 983
Total securities (other financial investments)	10 742 899	15 444 826

Shares and other variable income securities (carrying amount)	31 December 2012	31 December 2011
a) shares and stock including:	353 295	817 760
- long-term investments	285 140	194 101
b) debt securities, including:	-	-
- long-term investments	-	-
c) other (by type)	6 860 257	466 365
units and investment certificates in investment funds	6 860 257	466 365
- including: long-term investments	6 730 281	334 974
Shares and other variable income securities total	7 213 552	1 284 125

Change in the balance of investments in shares and other variable income securities (by type)	31 December 2012	31 December 2011
a) opening balance	1 284 125	1 309 083
- Shares and other variable income securities	817 760	1 100 425
- Units and investment certificates in investment funds	466 365	208 658
b) increases (due to)	7 567 983	1 235 027
- purchase	7 240 414	1 187 044
- value adjustment	327 569	47 983
- other	-	-
c) decreases (due to)	1 638 556	1 259 985
-disposal	1 607 412	1 061 969
- value adjustment	31 144	198 016
- other	-	-
d) closing balance	7 213 552	1 284 125
Shares and other variable income securities	353 295	817 760
Units and investment certificates in investment funds	6 860 257	466 365

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2012	31 December 2011
A. Unrestricted, quoted on regulated market (carrying amount)	285 072	194 034
a) stock (carrying amount)	285 072	194 034
- revaluation adjustments (for the period)	91 038	(197 684)
- opening balance	194 034	391 718
- at purchase price	232 740	182 462
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	-
mortgage bonds (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
open investment fund units (carrying value)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
B. Unrestricted, quoted on OTC market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
C. Unrestricted, not quoted on a regulated market (carrying amount)	6 730 349	335 042
a) stock (carrying amount)	68	68
- revaluation adjustments (for the period)	-	(163)
- opening balance	68	231
- at purchase price	12 788	12 788
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2012	31 December 2011
c) other – by group (carrying value)	6 730 281	334 974
closed investment fund units (carrying value)	6 730 281	334 974
- revaluation adjustments (for the period)	6 395 307	130 455
- opening balance	334 974	204 519
- at purchase price	6 441 466	300 501
loans (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
D. Restricted (carrying amount)	-	-
a) shares or stock (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
At purchase price, total	6 686 994	495 751
Opening balance total	529 076	596 468
Revaluation adjustments (for the period) total	6 486 345	(67 392)
Total carrying amount	7 015 421	529 076

Shares, stock and other variable income financial instruments (short-term investments) by disposability	31 December 2012	31 December 2011
A. Unrestricted, quoted on regulated market (carrying amount)	68 154	623 658
a) stock (carrying amount)	68 154	623 658
- fair value	68 154	623 658
- market value	68 154	623 658
- at purchase price	48 204	741 073
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	-
units and investment certificates (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
B. Unrestricted, quoted on OTC market (carrying amount)	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	-
treasury bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-

Shares, stock and other variable income financial instruments (short-term investments) by disposability	31 December 2012	31 December 2011
C. Unrestricted, not quoted on a regulated market (carrying amount)	129 977	131 391
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value)	129 977	131 391
term deposits with financial institutions (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
derivatives (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
units and investment certificates (carrying amount)	129 977	131 391
- fair value	129 977	131 391
- market value	129 977	131 391
- at purchase price	121 004	127 045
loans (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
D. Restricted (carrying amount)	-	-
a) shares or stock (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
At purchase price, total	169 208	868 118
Opening balance total	755 049	712 615
Revaluation adjustments (for the period) total	(556 918)	42 434
Total carrying amount	198 131	755 049

Both as at 31 December 2011 and 31 December 2010, PZU held no shares providing 5% or more interest in share capital and total number of votes at the General Shareholders Meeting or at the shareholders meetings of the entities other than entities presented as controlled entities.

2.5.1 Transfer of a portion of financial investments to funds

In 2012, PZU commenced the process of transferring financial investments to funds.

The objective of the transfer was to improve the effectiveness of the management of financial investments, among others by tax optimization (CIT on capital gains and VAT paid to other companies in the PZU Group for the management of the portfolio of securities, not deductible by PZU).

Debt instruments

In the period from 4 October to 17 December 2012, PZU purchased for cash participation units in Specjalistyczny Fundusz Inwestycyjny Otwarty Dłużny totaling to PLN 5,000,000 thousand.

Equity instruments

On 24 July 2012 PZU subscribed for B series investment certificates of PZU Fundusz Inwestycyjny Zamknięty Akcji, paid in cash the amount of PLN 79,000 thousand and transferred shares valued PLN 361,712 thousand, qualified to portfolio held for trading.

On 25 July TFI PZU allocated investment certificates of PLN 437,500 thousand to PZU. The difference between the subscription value and the issue value of certificates was refunded to PZU bank account.

On 24 October 2012 PZU subscribed for B series investment certificates of PZU Fundusz Inwestycyjny Zamknięty Dynamiczny, paid in cash the amount of PLN 178,286 thousand and transferred shares valued PLN 196,734 thousand, qualified to portfolio held for trading.

On 31 October TFI PZU allocated investment certificates of PLN 375,000 thousand to PZU. The difference between the subscription value and the issue value of certificates was refunded to PZU bank account.

2.5.2 Other loans

Other loans	31 December 2012		31 December 2011	
	Carrying amount	Type of collateral	Carrying amount	Type of collateral
Buy-sell-back transactions	584 708	Securities	442 128	Securities
Collateralized with assets loans, other than mortgage	456 215	Pledges on shares, liability portfolios as well as bank accounts, other loans or other forms of collateral	421 145	Pledges on shares, liability portfolios as well as bank accounts, other loans or other forms of collateral
Other loans, total	1 040 923		863 273	

2.5.3 Debt securities issued by companies and local government authorities

Debt securities by issuer as at 31 December 2012	Classification	Purchase price	Carrying amount	Adjusted acquisition price	Fair value	Impairment loss
Companies from WIG – Banki	Available for sale	93 065	94 124	93 693	94 124	-
	Held to maturity	25 000	25 296	25 296	n/a	-
WIG-Paliwa	Originated loans and own receivables	545 000	555 830	555 830	n/a	-
	Available for sale	119 390	127 289	122 040	127 289	-
Domestic banks not listed	Originated loans and own receivables	450 000	450 793	450 793	n/a	-
	Originated loans and own receivables	22 500	23 234	23 234	n/a	-
Foreign banks	Held to maturity	69 622	69 426	69 426	n/a	-
Local authorities	Available for sale	22 816	26 505	23 084	26 505	-
	Held to maturity	25 000	26 255	26 255	27 199	-
Other	Originated loans and own receivables	23 500	23 543	23 543	n/a	-
Total		1 395 893	1 422 295	1 413 194	n/a	-

Debt securities by issuer as at 31 December 2011	Classification	Purchase price	Carrying amount	Adjusted acquisition price	Fair value	Impairment loss
Companies from WIG – Banki	Available for sale	43 588	42 656	43 819	42 656	-
	Held to maturity	25 000	25 305	25 305	n/a	-
Foreign banks	Originated loans and own receivables	25 000	25 381	25 381	n/a	-
	Held to maturity	69 622	75 013	75 013	n/a	-
Local authorities	Available for sale	22 816	23 745	23 059	23 745	-
	Held to maturity	25 000	26 251	26 251	26 858	-
Other	Originated loans and own receivables	28 500	28 596	28 596	n/a	-
Total		239 526	246 947	247 424	n/a	-

2.5.4 Debt securities issued by treasuries other than Polish

As at 31 December 2012:

Issuer	Currency	Classification	Purchase price	Carrying amount	Fair value	Adjusted acquisition price	Impairment loss
Iceland	USD	Held for trading	110 290	113 748	113 748	102 280	-
Germany	EUR	Available for sale	62 787	59 448	59 448	57 636	-
Romania	EUR	Held for trading	170 142	172 021	172 021	167 970	-
Slovenia	EUR	Held for trading	54 995	57 788	57 788	55 388	-
Slovenia	USD	Held for trading	38 552	40 867	40 867	38 550	-
Hungary	CHF	Held for trading	4 342	4 306	4 306	4 345	-
Hungary	EUR	Held for trading	18 660	20 578	20 578	18 143	-
Hungary	HUF	Held for trading	135 342	132 345	132 345	132 287	-
Total			595 110	601 101	601 101	576 599	-

As at 31 December 2011:

Issuer	Currency	Classification	Purchase price	Carrying amount	Fair value	Adjusted acquisition price	Impairment loss
Iceland	USD	Available for sale	23 784	25 022	25 022	24 727	-
Germany	EUR	Held for trading	478 751	479 713	479 713	476 773	-
Total			502 535	504 735	504 735	501 500	-

2.5.5 Term deposits with credit institutions

Term deposits with credit institutions by maturity period after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	400 784	1 022 963
b) over 3 months and up to 1 year	632 807	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Term deposits in credit institutions, total	1 033 591	1 022 963

Term deposits with credit institutions (currency structure)	31 December 2012	31 December 2011
a) in PLN	786 938	966 253
b) in foreign currencies with domestic banks (by currency and translated into PLN)	246 653	56 710
b1. EUR'000	59 422	12 840
PLN'000	242 930	56 710
b2. USD'000	1 201	-
PLN'000	3 723	-
c) in foreign currencies with foreign banks (by currency and translated into PLN)	-	-
Term deposits in credit institutions, total	1 033 591	1 022 963

2.5.6 Derivatives

In 2012 and 2011, PZU did not apply hedge accounting and had no derivatives to hedge the value of technical provisions.

PZU in its investing activities uses various types of derivatives to manage various types of investment risk. The instruments decrease or increase exposure to specific types of risk. In 2012 and 2011 the Company used swap transactions, interest rate forwards and exchange rates, as well as, stock index futures and bond prices.

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

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

As of 31 December 2012, PZU held the following derivatives and achieved in 2012 the following results:

Risk hedged	Acquisition / issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as of 31 December 2012	Nominal value as of 31 December 2012 translated into PLN	Number as of 31 December 2012	Position as at 31 December 2012 (short/ long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2012	Unrealized gain/loss in 2012
Forex risk	trade	Forward contracts for raw materials	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(27)	-
Forex risk	trade	Forward contracts for indices	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2 723)	-
Forex risk	trade	Forward contracts for indices	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1 001	-
Forex risk	trade	Forward contracts WIG20	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(11 520)	-
Interest rate risk	trade	FRA	CHF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	876	-
Interest rate risk	trade	FRA	CZK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	953	-
Interest rate risk	trade	FRA	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1	-
Interest rate risk	trade	FRA	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5 802)	-
Interest rate risk	trade	FRA	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1 217	-
Interest rate risk	trade	FRA	EUR	2014-12-17	Yes	None	None	500 000	2 044 100	1	n/a	5 982	-	-	5 982
Interest rate risk	trade	FRA	EUR	2015-03-17	Yes	None	None	500 000	2 044 100	1	n/a	4 939	-	-	4 939
Interest rate risk	trade	FRA	PLN	2013-04-05	Yes	None	None	500 000	500 000	1	n/a	-	412	-	(412)
Interest rate risk	trade	FRA	PLN	2013-03-07	Yes	None	None	500 000	500 000	1	n/a	209	-	-	209
Forex risk	trade	Futures	AUD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	925	-
Forex risk	trade	Futures	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(260)	-
Forex risk	trade	Futures	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	315	-
Forex risk	trade	Futures	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1 740	-
Forex risk	trade	Futures	USD	2013-01-22	Yes	None	None	15 000	46 494	1	n/a	-	852	-	(852)
Forex risk	trade	Futures	USD	2013-01-22	Yes	None	None	15 000	46 494	1	n/a	49	-	-	49
Forex risk	trade	Futures	RON	2013-03-28	Yes	None	None	75 000	68 978	1	n/a	-	424	-	(424)
Forex risk	trade	FX SWAP	AUD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	136	-
Forex risk	trade	FX SWAP	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	11 603	-
Forex risk	trade	FX SWAP	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(489)	-
Forex risk	trade	FX SWAP	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1 774)	-
Forex risk	trade	FX SWAP	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1 182	-
Forex risk	trade	FX SWAP	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	26 768	-
Forex risk	trade	FX SWAP	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	923	-
Forex risk	trade	FX SWAP	CHF	2013-05-21	Yes	None	None	1 275	4 318	1	n/a	189	-	-	189
Forex risk	trade	FX SWAP	HUF	2013-02-13	Yes	None	None	3 446 853	48 177	1	n/a	2 136	-	-	2 136
Forex risk	trade	FX SWAP	TRY	2013-01-21	Yes	None	None	10 000	17 357	1	n/a	-	199	-	(199)
Forex risk	trade	FX SWAP	EUR	2013-01-22	Yes	None	None	5 000	20 441	1	n/a	-	16	-	(16)
Forex risk	trade	FX SWAP	EUR	2013-01-22	Yes	None	None	42 000	171 704	1	n/a	-	135	-	(135)
Forex risk	trade	FX SWAP	EUR	2013-01-22	Yes	None	None	13 900	56 826	1	n/a	-	45	-	(45)
Forex risk	trade	FX SWAP	USD	2013-01-22	Yes	None	None	12 750	39 520	1	n/a	-	341	-	(341)
Forex risk	trade	FX SWAP	USD	2013-01-22	Yes	None	None	36 600	113 445	1	n/a	-	978	-	(978)
Forex risk	trade	FX SWAP	EUR	2013-01-21	Yes	None	None	5 000	20 441	1	n/a	-	253	-	(253)
Forex risk	trade	FX SWAP	HUF	2013-01-09	Yes	None	None	5 904 036	82 521	1	n/a	2 162	-	-	2 162
Interest rate risk	trade	IRS	AUD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	2 509	-
Interest rate risk	trade	IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	15	-
Interest rate risk	trade	IRS	CHF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	52	-
Interest rate risk	trade	IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(3 305)	-

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Risk hedged	Acquisition / issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as of 31 December 2012	Nominal value as of 31 December 2012 translated into PLN	Number as of 31 December 2012	Position as at 31 December 2012 (short/ long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2012	Unrealized gain/loss in 2012
Interest rate risk	trade	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	13	-
Interest rate risk	trade	IRS	JPY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	-	-
Interest rate risk	trade	IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	4 152	-
Interest rate risk	trade	IRS	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	121	-
Interest rate risk	trade	IRS	THB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(484)	-
Interest rate risk	trade	IRS	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	3 783	-
Interest rate risk	trade	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	130	-
Interest rate risk	trade	IRS	HUF	2020-04-30	Yes	None	None	2 000 000	27 954	1	n/a	2 428	-	956	2 428
Interest rate risk	trade	IRS	HUF	2020-05-11	Yes	None	None	1 000 000	13 977	1	n/a	-	1 569	(188)	(1 569)
Interest rate risk	trade	IRS	HUF	2020-05-11	Yes	None	None	1 000 000	13 977	1	n/a	-	1 560	(197)	(1 560)
Interest rate risk	trade	IRS	PLN	2013-01-14	Yes	None	None	250 000	250 000	1	n/a	-	6 326	6 841	(6 326)
Interest rate risk	trade	IRS	PLN	2013-01-18	Yes	None	None	125 000	125 000	1	n/a	-	3 172	3 415	(3 172)
Interest rate risk	trade	IRS	RUB	2013-01-21	Yes	None	None	1 550 000	157 635	1	n/a	6 731	-	(6 344)	6 731
Interest rate risk	trade	IRS	RUB	2013-01-21	Yes	None	None	200 000	20 340	1	n/a	658	-	1 155	658
Interest rate risk	trade	IRS	RUB	2013-01-28	Yes	None	None	1 550 000	157 635	1	n/a	-	7 174	6 863	(7 174)
Interest rate risk	trade	IRS	PLN	2013-01-28	Yes	None	None	250 000	250 000	1	n/a	10 664	-	(10 825)	10 664
Interest rate risk	trade	IRS	PLN	2013-01-30	Yes	None	None	250 000	250 000	1	n/a	10 619	-	(10 780)	10 619
Interest rate risk	trade	IRS	RUB	2013-04-15	Yes	None	None	750 000	76 275	1	n/a	1 296	-	(1 208)	1 296
Interest rate risk	trade	IRS	RUB	2013-04-15	Yes	None	None	75 000	7 628	1	n/a	1 318	-	(1 229)	1 318
Interest rate risk	trade	IRS	RUB	2016-04-13	Yes	None	None	325 000	33 053	1	n/a	-	287	33	(287)
Interest rate risk	trade	IRS	RUB	2016-04-13	Yes	None	None	325 000	33 053	1	n/a	-	351	94	(351)
Interest rate risk	trade	IRS	PLN	2013-04-18	Yes	None	None	250 000	250 000	1	n/a	-	8 911	8 774	(8 911)
Interest rate risk	trade	IRS	PLN	2013-04-18	Yes	None	None	125 000	125 000	1	n/a	-	3 707	3 762	(3 707)
Interest rate risk	trade	IRS	PLN	2014-05-10	Yes	None	None	50 000	50 000	1	n/a	2 560	-	(1 872)	2 560
Interest rate risk	trade	IRS	PLN	2014-04-14	Yes	None	None	100 000	100 000	1	n/a	4 805	-	(2 356)	4 805
Interest rate risk	trade	IRS	PLN	2014-04-14	Yes	None	None	100 000	100 000	1	n/a	-	4 801	2 356	(4 801)
Interest rate risk	trade	IRS	PLN	2018-07-12	Yes	None	None	112 500	112 500	1	n/a	5 948	-	-	5 948
Interest rate risk	trade	IRS	PLN	2015-07-13	Yes	None	None	275 000	275 000	1	n/a	-	6 345	(287)	(6 345)
Interest rate risk	trade	IRS	PLN	2015-07-31	Yes	None	None	275 000	275 000	1	n/a	5 033	-	-	5 033
Interest rate risk	trade	IRS	PLN	2018-07-31	Yes	None	None	125 000	125 000	1	n/a	-	5 351	-	(5 351)
Interest rate risk	trade	IRS	ZAR	2014-09-22	Yes	None	None	2 250 000	821 475	1	n/a	-	481	-	(481)
Interest rate risk	trade	IRS	ZAR	2022-09-20	Yes	None	None	637 500	232 751	1	n/a	72	-	-	72
Interest rate risk	trade	IRS	PLN	2014-09-29	Yes	None	None	132 500	132 500	1	n/a	1 584	-	-	1 584
Interest rate risk	trade	IRS	PLN	2017-09-28	Yes	None	None	50 000	50 000	1	n/a	-	1 782	-	(1 782)
Interest rate risk	trade	IRS	PLN	2017-10-02	Yes	None	None	25 000	25 000	1	n/a	-	889	-	(889)
Interest rate risk	trade	IRS	PLN	2014-10-01	Yes	None	None	66 000	66 000	1	n/a	754	-	-	754
Interest rate risk	trade	IRS	ZAR	2014-10-01	Yes	None	None	2 250 000	821 475	1	n/a	-	133	-	(133)
Interest rate risk	trade	IRS	ZAR	2022-10-03	Yes	None	None	637 500	232 751	1	n/a	-	383	-	(383)
Interest rate risk	trade	IRS	PLN	2014-10-06	Yes	None	None	265 000	265 000	1	n/a	2 812	-	-	2 812
Interest rate risk	trade	IRS	PLN	2017-10-04	Yes	None	None	112 500	112 500	1	n/a	-	3 773	-	(3 773)
Interest rate risk	trade	IRS	PLN	2014-10-08	Yes	None	None	66 000	66 000	1	n/a	766	-	-	766
Interest rate risk	trade	IRS	PLN	2017-10-09	Yes	None	None	25 000	25 000	1	n/a	-	894	-	(894)
Interest rate risk	trade	IRS	PLN	2017-10-11	Yes	None	None	25 000	25 000	1	n/a	-	871	-	(871)
Interest rate risk	trade	IRS	PLN	2014-10-13	Yes	None	None	59 000	59 000	1	n/a	675	-	-	675
Interest rate risk	trade	IRS	PLN	2017-10-16	Yes	None	None	50 000	50 000	1	n/d	-	1 594	-	(1 594)
Interest rate risk	trade	IRS	PLN	2014-10-16	Yes	None	None	120 000	120 000	1	n/d	1 289	-	-	1 289
Interest rate risk	trade	IRS	PLN	2017-10-19	Yes	None	None	50 000	50 000	1	n/d	-	3 144	-	(3 144)
Interest rate risk	trade	IRS	PLN	2014-10-20	Yes	None	None	118 250	118 250	1	n/d	2 348	-	-	2 348

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Risk hedged	Acquisition / issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as of 31 December 2012	Nominal value as of 31 December 2012 translated into PLN	Number as of 31 December 2012	Position as at 31 December 2012 (short/long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2012	Unrealized gain/loss in 2012
Interest rate risk	trade	IRS	PLN	2014-12-23	Yes	None	None	165 000	165 000	1	n/d	-	33	-	(33)
Interest rate risk	trade	IRS	PLN	2016-12-23	Yes	None	None	165 000	165 000	1	n/d	41	-	-	41
TOTAL												78 067	67 186	30 994	10 881

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

As of 31 December 2011, PZU held the following derivatives and achieved in 2011 the following results:

Risk hedged	Acquisition / issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as of 31 December 2011	Nominal value as of 31 December 2011 translated into PLN	Number as of 31 December 2011	Position as at 31 December 2011 (short/long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2011	Unrealized gain/loss in 2011
Forex risk	trade	Forward contracts for foreign T-bonds	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5 406)	-
Forex risk	trade	Forward contracts for foreign T-bonds	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1 901)	-
Forex risk	trade	Forward contracts WIG20	PLN	2012-03-16	Tak	Brak	Brak	n/a	n/a	225	short	-	13	6 879	(13)
Forex risk	trade	Forward contracts WIG20	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2 890)	-
Forex risk	trade	FX SWAP	USD	2012-01-11	Yes	None	None	12 730	43 504	1	n/a	-	1 304	-	(1 304)
Forex risk	trade	FX SWAP	USD	2012-01-04	Yes	None	None	2 775	9 483	1	n/a	-	276	-	(276)
Forex risk	trade	FX SWAP	ZAR	2012-02-06	Yes	None	None	43 700	18 424	1	n/a	-	626	-	(626)
Forex risk	trade	FX SWAP	USD	2012-01-05	Yes	None	None	2 110	7 211	1	n/a	-	190	-	(190)
Forex risk	trade	FX SWAP	USD	2012-01-09	Yes	None	None	2 435	8 321	1	n/a	-	136	-	(136)
Forex risk	trade	FX SWAP	RUB	2012-03-20	Yes	None	None	2 086 500	221 378	1	n/a	-	115	-	(115)
Forex risk	trade	FX SWAP	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(998)	-
Forex risk	trade	FX SWAP	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1 235)	-
Forex risk	trade	FX SWAP	EUR	2012-01-11	Yes	None	None	15 381	67 935	1	n/a	577	-	-	577
Forex risk	trade	FX SWAP	EUR	2012-01-11	Yes	None	None	13 000	57 418	1	n/a	630	-	-	630
Forex risk	trade	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/a	450	-	-	450
Forex risk	trade	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/a	418	-	-	418
Forex risk	trade	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/a	166	-	-	166
Forex risk	trade	Futures	USD	2012-01-18	Yes	None	None	7 500	25 631	1	n/a	-	3 743	-	(3 743)
Forex risk	trade	Futures	USD	2012-03-30	Yes	None	None	13 800	47 160	1	n/a	-	1 437	-	(1 437)
Forex risk	trade	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/a	-	692	-	(692)
Forex risk	trade	Futures	EUR	2012-01-11	Yes	None	None	10 000	44 168	1	n/a	-	672	-	(672)
Forex risk	trade	Futures	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	194	-
Forex risk	trade	Futures	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	151	-
Forex risk	trade	Futures	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(691)	-
Interest rate risk	trade	FRA	RUB	2012-06-15	Yes	None	None	6 000 000	636 600	1	n/a	2 741	-	-	2 741
Interest rate risk	trade	FRA	HUF	2012-04-02	Yes	None	None	86 000 000	1 220 856	1	n/a	2 056	-	-	2 056
Interest rate risk	trade	FRA	CHF	2012-09-06	Yes	None	None	500 000	1 816 650	1	n/a	716	-	-	716
Interest rate risk	trade	FRA	RUB	2012-05-11	Yes	None	None	6 000 000	636 600	1	n/a	-	3 643	-	(3 643)
Interest rate risk	trade	FRA	RUB	2012-02-20	Yes	None	None	6 000 000	636 600	1	n/a	-	2 717	-	(2 717)
Interest rate risk	trade	FRA	HUF	2012-04-02	Yes	None	None	86 000 000	1 220 856	1	n/a	-	1 784	-	(1 784)
Interest rate risk	trade	FRA	PLN	2012-06-04	Yes	None	None	1 250 000	1 250 000	1	n/a	-	229	-	(229)
Interest rate risk	trade	FRA	PLN	2012-06-04	Yes	None	None	500 000	500 000	1	n/a	-	94	-	(94)
Interest rate risk	trade	FRA	PLN	2012-05-02	Yes	None	None	500 000	500 000	1	n/a	-	63	-	(63)
Interest rate risk	trade	FRA	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	15 468	-
Interest rate risk	trade	FRA	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1 296	-
Interest rate risk	trade	FRA	AUD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	239	-
Interest rate risk	trade	FRA	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	55	-
Interest rate risk	trade	FRA	ILS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(233)	-
Interest rate risk	trade	FRA	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(3 625)	-
Interest rate risk	trade	FRA	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(5 557)	-
Interest rate risk	trade	IRS	PLN	2014-11-08	Yes	None	None	242 000	242 000	1	n/a	209	-	-	209
Interest rate risk	trade	IRS	PLN	2017-11-08	Yes	None	None	110 000	110 000	1	n/a	31	-	-	31
Interest rate risk	trade	IRS	PLN	2014-05-10	Yes	None	None	50 000	50 000	1	n/a	2 064	-	(1 137)	2 064
Interest rate risk	trade	IRS	PLN	2013-08-18	Yes	None	None	250 000	250 000	1	n/a	1 347	-	-	1 347

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Risk hedged	Acquisition / issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as of 31 December 2011	Nominal value as of 31 December 2011 translated into PLN	Number as of 31 December 2011	Position as of 31 December 2011 (short/long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2011	Unrealized gain/loss in 2011
Interest rate risk	trade	IRS	PLN	2013-08-22	Yes	None	None	232 500	232 500	1	n/a	1 299	-	-	1 299
Interest rate risk	trade	IRS	PLN	2014-12-09	Yes	None	None	30 000	30 000	1	n/a	-	28	-	(28)
Interest rate risk	trade	IRS	PLN	2014-12-12	Yes	None	None	30 000	30 000	1	n/a	-	21	-	(21)
Interest rate risk	trade	IRS	PLN	2016-08-18	Yes	None	None	87 500	87 500	1	n/a	-	121	-	(121)
Interest rate risk	trade	IRS	PLN	2016-08-22	Yes	None	None	87 500	87 500	1	n/a	-	544	-	(544)
Interest rate risk	trade	IRS	BRL	2012-01-02	Yes	None	None	71 478	130 905	1	n/a	120	-	-	750
Interest rate risk	trade	IRS	PLN	2012-03-05	Yes	None	None	150 000	150 000	1	n/a	6 154	-	(6 075)	6 154
Interest rate risk	trade	IRS	CHF	2013-09-06	Yes	None	None	125 000	454 163	1	n/a	954	-	-	954
Interest rate risk	trade	IRS	PLN	2017-11-07	Yes	None	None	90 000	90 000	1	n/a	252	-	-	252
Interest rate risk	trade	IRS	HUF	2020-05-11	Yes	None	None	1 000 000	14 196	1	n/a	236	-	(211)	236
Interest rate risk	trade	IRS	HUF	2020-05-11	Yes	None	None	1 000 000	14 196	1	n/a	246	-	(221)	246
Interest rate risk	trade	IRS	RUB	2016-04-13	Yes	None	None	325 000	34 483	1	n/a	34	-	348	34
Interest rate risk	trade	IRS	RUB	2013-04-15	Yes	None	None	750 000	79 575	1	n/a	109	-	(1 217)	109
Interest rate risk	trade	IRS	RUB	2013-04-15	Yes	None	None	75 000	7 958	1	n/a	155	-	(1 217)	155
Interest rate risk	trade	IRS	PLN	2013-08-18	Yes	None	None	250 000	250 000	1	n/a	1 347	-	-	1 347
Interest rate risk	trade	IRS	THB	2013-08-19	Yes	None	None	2 000 000	216 800	1	n/a	2 572	-	-	2 572
Interest rate risk	trade	IRS	RUB	2013-01-21	Yes	None	None	1 550 000	164 455	1	n/a	5 239	-	(4 673)	5 239
Interest rate risk	trade	IRS	PLN	2013-08-22	Yes	None	None	232 500	232 500	1	n/a	1 410	-	-	1 410
Interest rate risk	trade	IRS	PLN	2012-06-25	Yes	None	None	125 000	125 000	1	n/a	2 590	-	(2 597)	2 590
Interest rate risk	trade	IRS	PLN	2013-01-28	Yes	None	None	250 000	250 000	1	n/a	1 345	-	-	1 345
Interest rate risk	trade	IRS	PLN	2012-05-28	Yes	None	None	125 000	125 000	1	n/a	2 476	-	(2 470)	2 476
Interest rate risk	trade	IRS	PLN	2013-01-30	Yes	None	None	250 000	250 000	1	n/a	1 338	-	-	1 338
Interest rate risk	trade	IRS	BRL	2012-01-02	Yes	None	None	74 253	135 987	1	n/a	-	862	-	(862)
Interest rate risk	trade	IRS	JPY	2016-12-05	Yes	None	None	2 000	88	1	n/a	-	219	-	(219)
Interest rate risk	trade	IRS	PLN	2014-11-07	Yes	None	None	210 000	210 000	1	n/a	-	46	-	(46)
Interest rate risk	trade	IRS	PLN	2012-08-10	Yes	None	None	50 000	50 000	1	n/a	-	119	-	(119)
Interest rate risk	trade	IRS	RUB	2016-04-13	Yes	None	None	325 000	34 483	1	n/a	-	47	348	(47)
Interest rate risk	trade	IRS	PLN	2013-01-14	Yes	None	None	250 000	250 000	1	n/a	-	7 458	5 220	(7 458)
Interest rate risk	trade	IRS	PLN	2013-01-18	Yes	None	None	125 000	125 000	1	n/a	-	3 705	2 617	(3 705)
Interest rate risk	trade	IRS	PLN	2013-04-18	Yes	None	None	250 000	250 000	1	n/a	-	2 450	-	(2 450)
Interest rate risk	trade	IRS	PLN	2013-04-18	Yes	None	None	125 000	125 000	1	n/a	-	4 371	2 820	(4 371)
Interest rate risk	trade	IRS	EUR	2013-01-21	Yes	None	None	4 804	21 220	1	n/a	-	270	-	(270)
Interest rate risk	trade	IRS	THB	2016-08-18	Yes	None	None	807 196	87 500	1	n/a	-	1 562	-	(1 562)
Interest rate risk	trade	IRS	PLN	2016-08-18	Yes	None	None	87 500	87 500	1	n/a	-	121	-	(121)
Interest rate risk	trade	IRS	PLN	2012-10-18	Yes	None	None	100 000	100 000	1	n/a	-	242	452	(242)
Interest rate risk	trade	IRS	PLN	2016-08-22	Yes	None	None	87 500	87 500	1	n/a	-	544	-	(544)
Interest rate risk	trade	IRS	PLN	2012-10-22	Yes	None	None	50 000	50 000	1	n/a	-	88	198	(88)
Interest rate risk	trade	IRS	PLN	2012-10-22	Yes	None	None	50 000	50 000	1	n/a	-	90	199	(90)
Interest rate risk	trade	IRS	RUB	2013-01-28	Yes	None	None	1 550 000	164 455	1	n/a	-	5 949	4 661	(5 949)
Interest rate risk	trade	IRS	HUF	2020-04-30	Yes	None	None	2 000 000	28 392	1	n/a	-	1 168	1 075	(1 168)
Interest rate risk	trade	IRS	MXN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	2 863	-
Interest rate risk	trade	IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(7 520)	-
Interest rate risk	trade	IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	6 466	-
Interest rate risk	trade	IRS	MYR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	279	-
Interest rate risk	trade	IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1 200	-
Interest rate risk	trade	IRS	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	330	-
Interest rate risk	trade	IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(820)	-

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Risk hedged	Acquisition / issue purpose	Scope and nature of instrument	Currency	Pricing, maturity, expiry or realization date	Early settlement opportunity – period or day if available	Exchange ability to another asset or liability	Additional collateral related to the instrument, accepted or submitted	Nominal value as of 31 December 2011	Nominal value as of 31 December 2011 translated into PLN	Number as of 31 December 2011	Position as at 31 December 2011 (short/long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2011	Unrealized gain/loss in 2011
Interest rate risk	trade	IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	157	-
Interest rate risk	trade	IRS	THB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	773	-
Interest rate risk	trade	IRS	ILS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1 005)	-
Interest rate risk	trade	IRS	CZK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(819)	-
TOTAL												39 281	47 759	1 811	(7 848)

2.6. Investment risks

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

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

Based on internal regulations of the Company, the Supervisory Board, Management Board and Committees supervise the process of achieving the key risk management objective, i.e. mitigating risk through its active monitoring and management.

Risk appetite has been defined based on a system of limits to include all material factors related to investment risk. Key risk management tools used by the Company include:

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

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

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

2.6.1 Interest rate risk

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

The Company is exposed to interest rate risk arising from investments, in particular in debt securities, bank deposits, loans, investment fund participation units and derivatives, such as interest rate swaps, FRA, currency forwards and currency swaps.

As at 31 December 2012, the value of financial instruments exposed to interest rate risk in the held for trading and available for sale portfolio amounted to PLN 2,271.4 million (PLN 6,929.98 million as at 31 December 2011). The decrease in assets was related to the process of transferring financial instruments to investment funds.

As at 31 December 2012, the value of instruments in the held to maturity portfolio was PLN 7,142.8 million (as at 31 December 2011: PLN 7,682.4 million).

As at 31 December 2012, the value of debt securities held in the loan portfolio was PLN 1,053.4 million (as at 31 December 2011: PLN 54.00 million). The increase in the portfolio value resulted from the investment strategy adopted by PZU for the years 2012-2014 and involving an increase in exposure to non-treasury debt securities.

2.6.2 Share price risk

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

PZU is exposed to the share price risk arising from its investments, in particular in quoted and non-quoted shares, rights issue, rights to shares, investment fund participation units, derivatives with shares or stock exchange indexes as the underlying instrument.

As at 31 December 2012, the value of financial instruments exposed to share price risk amounted to PLN 8,444.5 million and included quoted shares of PLN 353.2 million, unquoted shares of PLN 7,517.4 million and share fund participation units of PLN 574.9 million (as at 31 December 2011: PLN 7,337.2 million including quoted shares of PLN 817.7 million, unquoted shares of PLN 6,420.9 million and share fund participation units of PLN 98.5 million).

2.6.3 Credit risk

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

Credit risk exposure in PZU arises from investing in financial instruments exposed to this risk, in particular in: debt securities, cash and term deposits in credit institutions, loans and receivables arising from future payments on derivatives, reinsurance shares in technical provisions, receivables from reinsurers and deposits from cedents.

Presented below are assets exposed to credit risk as at 31 December 2012 and as at 31 December 2011. The following assumptions were made for presentation purposes:

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

Assets with a credit risk - balance as of 31 December 2012 (PLN million)	AAA	AA	A	BBB	BB	Lower than BB or not rated	Total
Debt securities and other fixed income securities	59	-	9 069	937	280	44	10 390
Mortgage loans	-	-	-	-	-	27	27
Other loans	-	-	585	-	-	456	1 041
Term deposits with credit institutions	-	-	347	611	76	-	1 034
Other investments	-	5	56	17	-	-	78
Deposits with ceding undertakings	-	-	-	-	-	4	4
Reinsurers' share in net claim provisions	-	155	313	21	-	50	539
Receivables from reinsurance	-	5	5	1	-	4	15
Total assets exposed to credit risk	59	165	10 375	1 587	356	586	13 128

Assets with a credit risk - balance as of 31 December 2011 (PLN million)	AAA	AA	A	BBB	BB	Lower than BB or not rated	Total
Debt securities and other fixed income securities	480	-	14 000	93	25	29	14 627
Mortgage loans	-	-	-	-	-	32	32
Other loans	-	-	442	-	-	421	863
Term deposits with credit institutions	-	-	981	42	-	-	1 023
Other investments	-	18	21	-	-	-	39
Deposits with ceding undertakings	-	-	-	-	-	6	6
Reinsurers' share in net claim provisions	2	331	121	15	10	43	522
Receivables from reinsurance	-	19	6	3	2	3	33
Total assets exposed to credit risk	482	368	15 571	153	37	534	17 145

As at 31 December 2012, the maximum potential credit loss for PZU was PLN 479.2 million (as at 31 December 2011: PLN 458.3 million). The amount has been based on average accumulated probability ratios regarding insolvency for a ten-year horizon in a given rating group as published by Standard&Poor's and presented below:

Rating	AAA	AA	A	BBB	BB	Niższy niż BB lub brak ratingu*
Współczynniki dla przeliczenia na dzień 31 December 2012 roku (%)	0,78	0,86	1,77	4,88	15,59	28,70
Współczynniki dla przeliczenia na dzień 31 December 2011 roku (%)	0,79	0,82	1,84	5,22	16,54	29,94

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

2.6.4 Risk concentration

As at 31 December 2012, the Company held securities issued by the Polish Ministry of Finance with contingent transactions relating to those securities of PLN 8,247.4 million (31 December 2011: PLN 13,573.2 million), which was 29.6% of the value of investments (31 December 2011: 54.5%).

As at 31 December 2012, the Company's exposure to controlled entities (including TFI PZU investment fund units and bonds issued by these funds) was PLN 14,401.2 million (PLN 6,915.8 million as at 31 December 2011), which accounted for 51.7% of investments (27.8% as at 31 December 2011).

2.6.5 Real property risk

Real property risk is defined as a possibility to incur a loss following changes in the value of assets, liabilities and financial instruments as a result of changes in market prices of real property.

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

As at 31 December 2012, the value of investments exposed to real property risk was PLN 1,097.3 million, including PLN 535.7 million in investment certificates of the real property sector funds. As at 31 December 2011, the value of these investments was PLN 860.8 million (including PLN 278.5 million in investment certificates of the real property sector funds.)

2.6.6 Currency risk

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

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

As at 31 December 2012, the mismatch was plus PLN 569,3 million (the value of assets denominated in foreign currencies was PLN 1,185.5 million and the value of technical provisions denominated in foreign currencies net of reinsurance was PLN 616.2 million). For comparison, at the end of 2011, the currency mismatch was PLN 340.1 million (value of assets denominated in foreign currencies was PLN 1,051.1 million and the value of technical provisions denominated in foreign currencies was PLN 731.6 million).

2.7. Deposits with ceding undertakings

Deposits with ceding undertakings (currency structure)	31 December 2012	31 December 2011
a) deposits denominated in PLN including with:	-	-
b) deposits denominated in foreign currencies including with:	4 142	5 716
- subsidiaries, including:	3 813	5 309
b1. EUR'000	933	1 202
PLN'000	3 813	5 309
- other, including:	329	407
b1. EUR'000	57	67
PLN'000	231	297
b2. USD'000	31	32
PLN'000	98	110
c) impairment loss	-	-
Deposits with ceding undertakings (gross)	4 142	5 716

Both in 2012 and 2011, no impairment losses on deposits with ceding undertakings occurred.

Deposits with ceding undertakings by maturity period after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	4 142	5 716
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Deposits with ceding undertakings total	4 142	5 716

3. Receivables

Struktura geograficzna należności	31 December 2012				31 December 2011			
	Domestic	Foreign – EU countries	Domestic	Foreign – EU countries	Domestic	Foreign – EU countries	Domestic	Razem
I. Receivables from direct insurance	1 274 041	2 026	22	1 276 089	1 291 686	1 352	37	1 293 075
1. Receivables from policyholders	1 102 659	753	22	1 103 434	1 185 548	561	37	1 186 146
2. Receivables from insurance intermediaries	136 225	-	-	136 225	81 707	-	-	81 707
3. Other receivables	35 157	1 273	-	36 430	24 431	791	-	25 222
II. Receivables from reinsurance	2 766	7 903	3 929	14 598	7 460	14 541	10 916	32 917
III. Other receivables	169 446	7 025	6 794	183 265	132 651	15 971	12 785	161 407
1. Receivables from the State Budget	81 050	-	-	81 050	5 476	-	-	5 476
2. Other receivables	88 396	7 025	6 794	102 215	127 175	15 971	12 785	155 931
Total receivables	1 446 253	16 954	10 745	1 473 952	1 431 797	31 864	23 738	1 487 399

3.1. Receivables from direct insurance

Receivables from direct insurance	31 December 2012	31 December 2011
a) receivables from policyholders including:	1 103 434	1 186 146
- from controlled entities	368	283
- domestic	368	283
- foreign	-	-
- from other entities	1 103 066	1 185 863
- domestic	1 102 291	1 185 266
- foreign	775	597
b) receivables from intermediaries, including:	136 225	81 707
- from controlled entities	-	-
- domestic	-	-
- foreign	-	-
- from other entities	136 225	81 707
- domestic	136 225	81 707
- foreign	-	-
c) other receivables, including:	36 430	25 222
- from controlled entities	-	-
- domestic	-	-
- foreign	-	-
- from other entities	36 430	25 222
- domestic	35 157	24 431
- foreign	1 273	791
Receivables from direct insurance (net)	1 276 089	1 293 075
d) impairment losses	532 148	478 957
Receivables from direct insurance (gross)	1 808 237	1 772 032

Receivables from direct insurance with maturity periods after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	840 974	831 543
b) over 3 months and up to 1 year	415 538	440 766
c) over 1 year and up to 5 years	19 573	20 713
d) over 5 years	4	53
Receivables from direct insurance total	1 276 089	1 293 075

Receivables from direct insurance (net)	31 December 2012	31 December 2011
a) from subsidiaries	236	283
b) from co-subsidiaries	-	-
c) from associates	132	-
d) from a major investor	-	-
e) from a shareholder in a co-subsidiary	-	-
f) from holding company	-	-
g) other	1 275 721	1 292 792
Receivables from direct insurance total	1 276 089	1 293 075

Receivables from direct insurance (currency structure)	31 December 2012	31 December 2011
a) in PLN	1 276 089	1 293 075
b) in foreign currencies (by currency and translated to PLN)	-	-
b1. EUR'000	-	-
PLN'000	-	-
b2. USD'000	-	-
PLN'000	-	-
Receivables from direct insurance total	1 276 089	1 293 075

Balance of co-insurance settlements	31 December 2012	31 December 2011
Balance of co-insurance settlements	125 374	133 067

3.2. Receivables from reinsurance

Receivables from reinsurance	31 December 2012	31 December 2011
a) current receivables from inward reinsurance	1 517	3 571
- from domestic ceding undertakings	1 307	2 176
- from foreign ceding undertakings	210	1 395
b) current receivables from outward reinsurance including:	13 081	29 346
- from domestic reinsurers	1 459	5 284
- from foreign reinsurers	11 622	24 062
c) current receivables from retrocession including:	-	-
- domestic	-	-
- foreign	-	-
d) receivables from reinsurance commission brought forward	-	-
e) receivables from reinsurers' share in claims paid	-	-
Receivables from reinsurance (net) total	14 598	32 917
f) impairment losses	3 959	4 848
Receivables from reinsurance (gross) total	18 557	37 765

Receivables from reinsurance	31 December 2012	31 December 2011
a) from subsidiaries	3	43
b) from co-subsiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsiary	-	-
f) from holding company	-	-
g) other	14 595	32 874
Receivables from reinsurance total	14 598	32 917

Receivables from reinsurance	31 December 2012	31 December 2011
a) current receivables from inward reinsurance including:	1 517	3 571
- from ceding undertakings being subsidiaries	3	43
- from ceding undertakings being co-subsiaries	-	-
- from ceding undertakings being associates	-	-
- from a ceding undertaking being a major investor	-	-
- from a ceding undertaking being a shareholder in a co-subsiary	-	-
- from a ceding undertaking being the holding company	-	-
b) current receivables from outward reinsurance including:	13 081	29 346
- from ceding undertakings being subsidiaries	-	-
- from ceding undertakings being co-subsiaries	-	-
- from ceding undertakings being associates	-	-
- from a ceding undertaking being a major investor	-	-
- from a ceding undertaking being a shareholder in a co-subsiary	-	-
- from a ceding undertaking being the holding company	-	-
c) current receivables from retrocession including:	-	-
- from subsidiaries	-	-
- from co-subsiaries	-	-
- from associates	-	-
- from a major investor	-	-
- from a shareholder in a co-subsiary	-	-
- from the holding company	-	-
d) other	-	-
Receivables from reinsurance total	14 598	32 917

Receivables from reinsurance (net) with maturity periods after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	12 268	27 686
b) over 3 months and up to 1 year	1 231	3 981
c) over 1 year and up to 5 years	232	377
d) over 5 years	867	873
Receivables from reinsurance (net) total	14 598	32 917

Receivables from reinsurance (currency structure)	31 December 2012	31 December 2011
a) in PLN	12 909	18 396
b) in foreign currencies (by currency and translated to PLN)	1 689	14 521
b1. EUR'000	200	1 079
PLN'000	816	4 764
b2. USD'000	282	2 779
PLN'000	873	9 496
b3. SEK'000	-	467
PLN'000	-	231
b4. UAH'000	-	71
PLN'000	-	30
Receivables from reinsurance total	14 598	32 917

3.3. Other receivables

Other receivables	31 December 2012	31 December 2011
a) receivables from the state budget	81 050	5 476
b) receivables from guarantees and letters of credit	-	-
c) other receivables, including:	102 215	155 931
- Receivables from the Company's Social Benefits Fund	58 999	60 488
- Receivables from prevention activities	11 839	10 414
- Receivables from collateral deposits	8 778	250
- Receivables from loss adjusting services	5 354	6 260
- Receivables from shortages and damage	4 266	2 152
- Retained guarantee deposits	4 006	3 850
- Receivables arising from settlements of Tax Capital Group	2 325	22 807
- Advance payments for suppliers	800	1 092
- Receivables from PTE PZU arising from commission for acquisition activities on behalf of OPF	98	14 486
- Receivables from disposal of securities	-	29 590
Total other receivables (net)	183 265	161 407
d) impairment losses	15 634	41 855
Other receivables (gross) total	198 899	203 262

Other receivables	31 December 2012	31 December 2011
a) from subsidiaries	4 430	38 684
b) from co-subsiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsiary	-	-
f) from holding company	-	-
g) other	178 835	122 723
Total other receivables	183 265	161 407

Other receivables by maturity period after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	173 225	135 009
b) over 3 months and up to 1 year	1 715	14 244
c) over 1 year and up to 5 years	7 926	11 425
d) over 5 years	399	729
Total other receivables	183 265	161 407

Other receivables (currency structure)	31 December 2012	31 December 2011
a) in PLN	182 255	160 220
b) in foreign currencies (by currency and translated to PLN)	1 010	1 187
b1. EUR'000	246	246
PLN'000	1 007	1 088
b2. USD'000	1	-
PLN'000	3	-
b3. CHF'000	-	23
PLN'000	-	84
b4. GBP'000	-	3
PLN'000	-	15
Total other receivables	183 265	161 407

3.4. Other information on receivables

3.4.1 Change in impairment loss on receivables by type

Change in impairment loss on receivables by type	31 December 2012	31 December 2011
a) opening balance (by type of receivable)	525 660	454 482
impairment losses on receivables from direct insurance	478 957	393 399
impairment losses on receivables from reinsurance	4 848	18 543
impairment losses on other receivables	41 855	42 540
b) increases (due to)	90 448	96 161
impairment losses on receivables from direct insurance	90 151	89 996
impairment losses on receivables from reinsurance	89	6 165
impairment losses on other receivables	208	-
c) decreases (due to)	64 367	24 983
-assigned	25 285	958
impairment losses on receivables from direct insurance	595	839
impairment losses on receivables from reinsurance	116	-
impairment losses on other receivables	24 574	119
-impairment losses reversed following repayment and other bases	39 082	24 025
impairment losses on receivables from direct insurance	36 365	3 599
impairment losses on receivables from reinsurance	862	19 860
impairment losses on other receivables	1 855	566
d) closing balance (by type of receivable)	551 741	525 660
impairment losses on receivables from direct insurance	532 148	478 957
impairment losses on receivables from reinsurance	3 959	4 848
impairment losses on other receivables	15 634	41 855

3.4.2 Overdue receivables

Overdue receivables	31 December 2012	31 December 2011
a) up to 3 months	79 088	71 173
- receivables from direct insurance	75 349	62 613
- receivables from reinsurance	-	-
- other receivables	3 739	8 560
b) over 3 months	230 862	110 080
- receivables from direct insurance	209 335	103 388
- receivables from reinsurance	-	-
- other receivables	21 527	6 692
Total overdue liabilities including:	309 950	181 253
a) up to 3 months	79 088	71 173
b) over 3 months	230 862	110 080

4. Other assets

4.1. Tangible assets

Tangible assets	31 December 2012	31 December 2011
a) technical equipment and machines	26 666	35 321
b) vehicles	37 960	28 744
c) other fixed assets	20 980	22 629
d) fixed assets under construction	11 101	10 274
e) advance payments for fixed assets under construction	-	-
f) inventory	1 874	2 954
g) claim recoveries	387	755
Total tangible assets	98 968	100 677

Tangible assets – ownership structure	31 December 2012	31 December 2011
a) own	98 968	100 677
b) leased	-	-
Total tangible assets	98 968	100 677

Fixed assets (balance sheet) – ownership structure	31 December 2012	31 December 2011
a) own	98 968	100 677
b) used based on lease, rental or other agreement	-	-
Fixed assets (balance sheet) total	98 968	100 677

Fixed assets (off-balance sheet)	31 December 2012	31 December 2011
- used based on lease, rental or other agreement including:	217 594	222 088
- lease	217 594	222 088
Fixed assets (off-balance sheet) total	217 594	222 088

In 2012 and 2011, PZU did not incur costs of manufacturing fixed assets under construction and for internal purposes.

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Changes in tangible assets in the year ended 31 December 2012	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets under construction	Advance payments for fixed assets under construction	Inventories	Claim recoveries	Total tangible assets
a) gross value of fixed assets – opening balance	362 436	72 059	103 173	10 440	-	2 954	755	551 817
b) increases (due to)	10 118	20 316	6 314	34 129	-	236	2 714	73 827
- investments	-	-	-	-	-	-	-	-
- donations	-	-	-	-	-	-	-	-
- direct purchase	619	-	1 384	34 129	-	-	-	36 132
- reclassification	9 429	19 725	4 153	-	-	-	-	33 307
- other	70	591	777	-	-	236	2 714	4 388
c) decreases (due to)	49 971	15 908	42 917	33 307	-	1 316	3 082	146 501
- liquidation	45 989	-	41 072	-	-	-	-	87 061
- sale	229	15 908	301	-	-	-	-	16 438
- donations	3 753	-	1 544	-	-	-	-	5 297
- reclassification	-	-	-	33 307	-	-	-	33 307
- other	-	-	-	-	-	1 316	3 082	4 398
d) gross value of fixed assets – closing balance	322 583	76 467	66 570	11 262	-	1 874	387	479 143
e) accumulated depreciation – opening balance	327 115	43 315	80 544	-	-	-	-	450 974
f) depreciation for the period (due to)	(31 198)	(4 808)	(34 954)	-	-	-	-	(70 960)
- current year charges	18 453	9 758	5 847	-	-	-	-	34 058
- accumulated depreciation of liquidated fixed assets	(45 807)	-	(39 661)	-	-	-	-	(85 468)
- accumulated depreciation of fixed assets sold	(215)	(15 103)	(301)	-	-	-	-	(15 619)
- accumulated depreciation of fixed assets donated	(3 753)	-	(1 542)	-	-	-	-	(5 295)
- accumulated depreciation of fixed assets lost	-	-	-	-	-	-	-	-
- other	124	537	703	-	-	-	-	1 364
g) accumulated depreciation – closing balance	295 917	38 507	45 590	-	-	-	-	380 014
h) impairment losses – opening balance	-	-	-	166	-	-	-	166
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	5	-	-	-	5
i) impairment losses – closing balance	-	-	-	161	-	-	-	161
j) net value of fixed assets – closing balance	26 666	37 960	20 980	11 101	-	1 874	387	98 968

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Changes in tangible assets in the year ended 31 December 2011	Technical equipment and machines	Vehicles	Other fixed assets	Fixed assets under construction	Advance payments for fixed assets under construction	Inventories	Claim recoveries	Total tangible assets
a) gross value of fixed assets – opening balance	397 885	70 502	109 120	10 930	-	3 588	329	592 354
b) increases (due to)	16 346	8 953	3 569	26 602	-	1 206	426	57 102
- investments	-	-	-	-	-	-	-	-
- donations	-	-	-	-	-	-	-	-
- direct purchase	1 059	152	565	26 427	-	-	-	28 203
- reclassification	15 287	8 801	3 004	-	-	-	-	27 092
- other	-	-	-	175	-	1 206	426	1 807
c) decreases (due to)	51 795	7 396	9 516	27 092	-	1 840	-	97 639
- liquidation	45 684	39	7 589	-	-	-	-	53 312
- sale	-	7 357	568	-	-	-	-	7 925
- donations	6 111	-	1 359	-	-	-	-	7 470
- reclassification	-	-	-	27 092	-	-	-	27 092
- other	-	-	-	-	-	1 840	-	1 840
d) gross value of fixed assets – closing balance	362 436	72 059	103 173	10 440	-	2 954	755	551 817
e) accumulated depreciation – opening balance	355 135	40 009	83 077	-	-	-	-	478 221
f) depreciation for the period (due to)	(28 020)	3 306	(2 533)	-	-	-	-	(27 247)
- current year charges	23 683	10 230	6 621	-	-	-	-	40 534
- accumulated depreciation of liquidated fixed assets	(45 592)	(39)	(7 256)	-	-	-	-	(52 887)
- accumulated depreciation of fixed assets sold	-	(6 885)	(539)	-	-	-	-	(7 424)
- accumulated depreciation of fixed assets donated	(6 111)	-	(1 359)	-	-	-	-	(7 470)
- accumulated depreciation of fixed assets lost	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
g) accumulated depreciation – closing balance	327 115	43 315	80 544	-	-	-	-	450 974
h) impairment losses – opening balance	-	-	-	-	-	-	-	-
- increases	-	-	-	166	-	-	-	166
- decreases	-	-	-	-	-	-	-	-
i) impairment losses – closing balance	-	-	-	166	-	-	-	166
j) net value of fixed assets – closing balance	35 321	28 744	22 629	10 274	-	2 954	755	100 677

4.2. Cash

Cash	31 December 2012	31 December 2011
a) cash in hand and at bank	39 196	105 988
b) other cash	2 416	1 880
Total cash	41 612	107 868

Cash of limited disposability has been described in point 27.1 of the Notes.

Cash – currency structure	31 December 2012	31 December 2011
a) in PLN	41 059	104 153
b) in foreign currencies (by currency and translated to PLN)	553	3 715
b1. EUR'000	106	196
PLN'000	432	865
b2. USD'000	39	658
PLN'000	121	2 249
b3. CZK'000	-	3 510
PLN'000	-	601
Total cash	41 612	107 868

5. Prepayments and accruals

5.1. Deferred tax assets

Change in deferred tax assets	31 December 2012	31 December 2011
1. Deferred tax assets opening balance including:		
1. Deferred tax assets opening balance including:	125 546	-
a) charged to financial profit/loss	137 317	-
b) charged to equity	(11 771)	-
c) charged to goodwill or negative goodwill	-	-
2. Increases	-	137 317
a) charged to the financial profit/loss for the period in relation to taxable negative differences (due to)	-	137 317
- occurrence of temporary differences	-	137 317
- changes in tax rates	-	-
- not recognized temporary difference from previous period	-	-
b) charged to the financial profit/loss for the period in relation to tax loss (due to)	-	-
c) charged to equity in relation to taxable negative differences (due to)	-	-
- occurrence of temporary differences	-	-
- changes in tax rates	-	-
- not recognized temporary difference from previous period	-	-
d) charged to equity in relation to tax loss (due to)	-	-
e) charged to goodwill or negative goodwill period in relation to taxable negative differences (due to)	-	-
3. Decreases	108 936	11 771
a) charged to the financial profit/loss for the period in relation to taxable negative differences (due to)	48 036	-
- reversed temporary differences (application of deferred tax provision)	48 036	-
- changes in tax rates	-	-
- write-off of deferred tax assets	-	-
b) charged to the financial profit/loss for the period in relation to tax loss (due to)	-	-
c) charged to equity in relation to taxable negative differences (due to)	60 900	11 771
- reversed temporary differences (application of deferred tax provision)	60 900	11 771
- changes in tax rates	-	-
- write-off of deferred tax assets	-	-
d) charged to equity in relation to tax loss (due to)	-	-
e) charged to goodwill or negative goodwill period in relation to taxable negative differences (due to)	-	-

Change in deferred tax assets	31 December 2012	31 December 2011
4. Total deferred tax assets closing balance	16 610	125 546
a) charged to financial profit/loss	89 281	137 317
b) charged to equity	(72 671)	(11 771)
c) charged to goodwill or negative goodwill	-	-

Deferred tax assets and liabilities are recognized after offsetting relevant taxable and deductible differences.

Additional information on temporary taxable negative differences	31 December 2012	31 December 2011
a) opening balance of temporary taxable negative differences	125 546	-
b) closing balance of temporary taxable negative differences including:	16 610	125 546
negative forex gains expiring within one year	43 746	34 202
negative forex gains expiring within more than one year	(27 136)	91 344

5.2. Other prepayments

Other prepayments	31 December 2012	31 December 2011
a) prepayments relating to reinsurance	54 861	84 853
b) IT expenses	8 505	4 061
c) other expenses	7 209	4 323
Other prepayments, total	70 575	93 237

6. Changes in impairment losses

Changes in impairment losses in the year ended 31 December 2012

Item	Impairment losses as of 1 January 2012, including:		Recognized, including:		Reversed, including:		Derecognition of assets from the balance sheet, including:		Other changes, including:		Impairment losses as of 31 December 2012, including:	
	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity
I. Intangible assets	6 300	-	6 696	-	-	-	-	-	-	-	12 996	-
II. Investments	107 602	818	8 458	-	(19 536)	-	(1 900)	-	(4 406)	-	90 203	818
1. Real property	76 457	818	618	-	(1)	-	-	-	(4 406)	-	72 668	818
2. Investments in controlled entities	5 792	-	924	-	-	-	(1 900)	-	-	-	4 816	-
3. Other financial investments	25 353	-	6 916	-	(19 550)	-	-	-	-	-	12 719	-
a) shares and other variable income securities	25 353	-	6 916	-	(19 550)	-	-	-	-	-	12 719	-
b) units and investment certificates in investment funds	-	-	-	-	-	-	-	-	-	-	-	-
c) debt securities and other fixed income securities	-	-	-	-	-	-	-	-	-	-	-	-
d) interests in joint ventures (investments)	-	-	-	-	-	-	-	-	-	-	-	-
e) mortgage loans	-	-	-	-	-	-	-	-	-	-	-	-
f) other loans	-	-	-	-	-	-	-	-	-	-	-	-
g) term deposits with credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
h) other investments (by type)	-	-	-	-	-	-	-	-	-	-	-	-
4. Deposits with ceding undertakings	-	-	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets	-	-	-	-	-	-	-	-	-	-	-	-
IV. Receivables	525 660	-	90 448	-	(39 082)	-	(25 285)	-	-	-	551 741	-
1. Receivables from direct insurance	478 957	-	90 151	-	(36 365)	-	(595)	-	-	-	532 148	-
2. Receivables from reinsurance	4 848	-	89	-	(862)	-	(116)	-	-	-	3 959	-
3. Other receivables	41 855	-	208	-	(1 855)	-	(24 574)	-	-	-	15 634	-
1.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other receivables	41 855	-	208	-	(1 855)	-	(24 574)	-	-	-	15 634	-
VI. Other assets, including:	166	-	-	-	(5)	-	-	-	-	-	161	-
1. Tangible assets	166	-	-	-	(5)	-	-	-	-	-	161	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
VII. Prepayments	157	-	-	-	(109)	-	-	-	-	-	48	-
1. Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Recognized interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	157	-	-	-	(109)	-	-	-	-	-	48	-

Changes in impairment losses in the year ended 31 December 2011

Item	Impairment losses as of 1 January 2011, including:		Recognized, including:		Reversed, including:		Derecognition of assets from the balance sheet, including:		Other changes, including:		Impairment losses as of 31 December 2011, including:	
	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity	charged to financial profit/loss	charged to equity
I. Intangible assets	6 300	-	-	-	-	-	-	-	-	-	6 300	-
II. Investments	105 685	818	6 380	-	(4 463)	-	-	-	-	-	107 602	818
1. Real property	77 387	818	1 022	-	(1 952)	-	-	-	-	-	76 457	818
2. Investments in controlled entities	5 787	-	5	-	-	-	-	-	-	-	5 792	-
3. Other financial investments	22 511	-	5 353	-	(2 511)	-	-	-	-	-	25 353	-
a) shares and other variable income securities	21 889	-	5 353	-	(1 889)	-	-	-	-	-	25 353	-
b) units and investment certificates in investment funds	622	-	-	-	(622)	-	-	-	-	-	-	-
c) debt securities and other fixed income securities	-	-	-	-	-	-	-	-	-	-	-	-
d) interests in joint ventures (investments)	-	-	-	-	-	-	-	-	-	-	-	-
e) mortgage loans	-	-	-	-	-	-	-	-	-	-	-	-
f) other loans	-	-	-	-	-	-	-	-	-	-	-	-
g) term deposits with credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
h) other investments (by type)	-	-	-	-	-	-	-	-	-	-	-	-
4. Deposits with ceding undertakings	-	-	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets	-	-	-	-	-	-	-	-	-	-	-	-
IV. Receivables	454 482	-	96 161	-	(24 025)	-	-	-	(958)	-	525 660	-
1. Receivables from direct insurance	393 399	-	89 996	-	(3 599)	-	-	-	(839)	-	478 957	-
2. Receivables from reinsurance	18 543	-	6 165	-	(19 860)	-	-	-	-	-	4 848	-
3. Other receivables	42 540	-	-	-	(566)	-	-	-	(119)	-	41 855	-
1.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other receivables	42 540	-	-	-	(566)	-	-	-	(119)	-	41 855	-
VI. Other assets, including:	-	-	166	-	-	-	-	-	-	-	166	-
1. Tangible assets	-	-	166	-	-	-	-	-	-	-	166	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
VII. Prepayments	1 259	-	-	-	(1 102)	-	-	-	-	-	157	-
1. Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Recognized interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	1 259	-	-	-	(1 102)	-	-	-	-	-	157	-

6.1. Carrying amount of interest accrued on assets with impairment loss assigned

As at 31 December 2012, no interest accrued on impaired assets occurred, while as at 31 December 2011 there was full impairment of interest accrued on a loan originated to Syta Development in gross amount of PLN 1,900 thousand.

7. Equity

7.1. Share capital

Share capital structure as of 31 December 2012

Face value per share	Series/issue	Share type	Preference	Limited rights to shares	Number of shares	Face value of series/issue in PLN	Capital coverage	Registration date	Cum dividend (as of)
PLN 1	A	Registered	None	None	7 602	7 602	Cash	23.01.1997	27.12.1991
PLN 1	A	Bearer shares	None	None	60 438 718	60 438 718	Cash	23.01.1997	27.12.1991
PLN 1	B	Bearer shares	None	None	25 905 980	25 905 980	Contribution in kind	31.03.1999	01.01.1999
Total					86 352 300	86 352 300			

Share capital structure as of 31 December 2011

Face value per share	Series/issue	Share type	Preference	Limited rights to shares	Number of shares	Face value of series/issue in PLN	Capital coverage	Registration date	Cum dividend (as of)
PLN 1	A	Registered	None	None	7 602	7 602	Cash	23.01.1997	27.12.1991
PLN 1	A	Bearer shares	None	None	60 438 718	60 438 718	Cash	23.01.1997	27.12.1991
PLN 1	B	Bearer shares	None	None	25 905 980	25 905 980	Contribution in kind	31.03.1999	01.01.1999
Total					86 352 300	86 352 300			

Shareholding structure as of 31 December 2012

No.	Shareholder's name	Number of shares and votes	Percentage shares in the share capital and total number of votes at GSM
1.	State Treasury	30 385 253	35,1875%
2.	Other shareholders	55 967 047	64,8125%
	Total	86 352 300	100,0000%

Shareholding structure as of 31 December 2011

No.	Shareholder's name	Number of shares and votes	Percentage shares in the share capital and total number of votes at GSM
1.	State Treasury	30 385 253	35,1875 %
2.	ING Otwarty Fundusz Emerytalny	4 339 308	5,0251 %
3.	Other shareholders	51 627 739	59,7874 %
	Total	86 352 300	100,0000%

Transactions on significant interests in PZU share capital are described in point 28.1.1 of the Notes.

7.2. Dividend – distribution of profit for 2011

On 12 April 2012, PZU Management Board passed a resolution regarding distribution of profit for 2011 financial year, recommending payment of dividend of PLN 1,752,952 thousand, i.e. PLN 20.30 per share. On 8 May 2012, the recommendation was approved by PZU Supervisory Board and presented to General Shareholders Meeting for consideration.

On 30 May 2012, General Shareholders Meeting distributed the 2011 net profit of PLN 2,582,303 thousand in the following manner:

- PLN 1,936,882 thousand for dividend paid to shareholders, i.e. PLN 22.43 per share (more than originally recommended by the Management Board);
- PLN 635,421 thousand for supplementary capital;

- PLN 10,000 thousand to the Company's Social Benefits Fund.

The cum dividend date was determined at 30 August 2012, and the dividend payment date at 20 September 2012.

Further, following court's cancellation of a resolution of the General Shareholders Meeting regarding distribution of profit for 2006 in the amount of PLN 3,280,883 thousand, GSM decided to distribute the 2006 profit in a manner corresponding to the distribution based on the cancelled resolution, i.e.:

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

The issue has been described in details in point **Błąd! Nie można odnaleźć źródła odwołania.** of Notes.

Appropriations on net profit during the financial year	31 December 2012	31 December 2011
Appropriations of net profit in the financial year	-	-
Appropriations on net profit in the financial year total	-	-

7.3. Proposed distribution of profit for 2012

By the date of signing these financial statements, the Management Board of the Company had not adopted a resolution on the proposed distribution of the net profit for the year ended 31 December 2012.

7.4. Supplementary capital

Supplementary capital	31 December 2012	31 December 2011
a) share premium	538 139	538 139
b) statutory	28 784	28 784
c) arising from by-laws or articles of association above the statutory amount	3 398 184	2 762 763
d) shareholder contributions	-	-
c) other	2 492	2 152
Total supplementary capital	3 967 599	3 331 838

7.5. Revaluation reserve

Revaluation reserve	31 December 2012	31 December 2011
a) revaluation of fixed assets	16 150	17 250
b) deferred income tax	(72 671)	(11 771)
c) exchange differences from translation of foreign branches	-	-
c) other (by type)	6 874 431	5 739 438
- due to revaluation of financial investments (gross)	6 874 431	5 739 438
Total revaluation reserve	6 817 910	5 744 917

Revaluation reserve on financial instruments (gross)	1 January - 31 December 2012	1 January - 31 December 2011
1. Opening balance	5 739 438	6 244 527
2. Increases due to:	1 679 206	761 571
a) effects of re-measurement of AFS financial assets including:	1 679 206	761 571
- gains on periodic measurement	1 161 705	707 343
- amounts deducted as at the de-recognition date (e.g. sales)	509 661	48 870
- impairment losses charged to the general profit and loss account in case impairment is detected	7 840	5 358
- gains on measurement as at the date of reclassifying assets to available for sale (AFS) from held to maturity (HTM)	-	-
- amounts settled upon reclassification of assets to HTM (re-reclassified to HTM after the period referred to in clause 8.4 of the Ordinance on financial instruments).	-	-
b) arising from hedge accounting:	-	-
- amounts settled upon hedging of fair value of an interest-bearing financial instrument	-	-
- periodic measurement of hedged items and hedging instruments related to hedging of changes in cash flows	-	-
- periodic measurement of hedged items and hedging instruments related to hedging of shares in net assets of foreign undertakings	-	-
c) other	-	-
d) deferred tax asset and provision determined, revalued and charged to financial profit/loss	-	-
3. Decreases due to:	544 213	1 266 660
a) effects of re-measurement of AFS financial assets including:	544 213	1 266 660
- losses on periodic measurement	120 219	1 182 916
- amounts deducted as at the de-recognition date (e.g. sales)	423 994	83 744
- losses on measurement as at the date of reclassifying assets to available for sale (AFS) from held to maturity (HTM)	-	-
- amounts settled upon reclassification of assets to HTM (re-reclassified to HTM after the period referred to in clause 8.4 of the Ordinance on financial instruments).	-	-
b) arising from hedge accounting:	-	-
- amounts settled upon hedging of fair value of an interest-bearing financial instrument	-	-
- periodic measurement of hedged items and hedging instruments related to hedging of changes in cash flows	-	-
- periodic measurement of hedged items and hedging instruments related to hedging of shares in net assets of foreign undertakings	-	-
c) other	-	-
d) deferred tax asset and provision determined, revalued and charged to financial profit/loss	-	-
4. Closing balance	6 874 431	5 739 438

8. Technical provisions

Technical provisions	31 December 2012	31 December 2011
a) provision for unearned premiums:	4 112 808	4 134 225
- gross value	4 294 942	4 291 692
- reinsurers' share	182 134	157 467
b) provision for unexpired risks:	-	817
- gross value	-	817
- reinsurers' share	-	-
c) life assurance provision:	-	-
- gross value	-	-
- reinsurers' share	-	-
d) provisions for claims outstanding:	10 350 507	9 243 661
- gross value	10 889 674	9 765 468
- reinsurers' share	539 167	521 807
e) provisions for bonuses and rebates for the insured:	2 812	6 232
- gross value	2 812	6 232
- reinsurers' share	-	-
f) equalization provisions	583 759	588 799
g) provisions for premium repayment to undertaking members	-	-
- gross value	-	-
- reinsurers' share	-	-
h) other technical provisions specified in the Articles of Association	-	-
- gross value	-	-
- reinsurers' share	-	-
i) unit-linked reserves	-	-
- gross value	-	-
- reinsurers' share	-	-
Total technical provisions	15 049 886	13 973 734

Technical provisions (currency structure)	31 December 2012	31 December 2011
a) provision for unearned premiums:	4 294 942	4 291 692
- in PLN	4 294 942	4 291 692
- in foreign currencies (by currency and translated to PLN)	-	-
b) provision for unexpired risks:	-	817
- in PLN	-	817
- in foreign currencies (by currency and translated to PLN)	-	-
c) life assurance provision:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
d) provisions for claims outstanding:	10 889 674	9 765 468
- in PLN	10 273 468	9 033 877
- in foreign currencies (by currency and translated to PLN)	616 206	731 591
d1. EUR'000	150 710	165 472
PLN'000	616 131	730 857
d2. USD'000	24	215
PLN'000	75	734
e) provisions for bonuses and rebates for the insured:	2 812	6 232
- in PLN	2 812	6 232
- in foreign currencies (by currency and translated to PLN)	-	-
f) equalization provisions:	583 759	588 799
- in PLN	583 759	588 799
- in foreign currencies (by currency and translated to PLN)	-	-
g) provisions for premium repayment to undertaking members:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
h) other technical provisions specified in the Articles of Association:	-	-
- in PLN	-	-

Technical provisions (currency structure)	31 December 2012	31 December 2011
- in foreign currencies (by currency and translated to PLN)	-	-
i) unit linked reserve (life insurance)	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
Total technical provisions	15 771 187	14 653 008

Reinsurers' share in technical provisions (currency structure)	31 December 2012	31 December 2011
a) reinsurers' share in change in provisions for unearned premiums:	182 134	157 467
- in PLN	182 134	157 467
- in foreign currencies (by currency and translated to PLN)	-	-
b) reinsurers' share in provision for unexpired risks:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
c) reinsurers' share in life assurance provision:	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
d) reinsurers' share in provision for claims outstanding:	539 167	521 807
- in PLN	400 806	370 113
- in foreign currencies (by currency and translated to PLN)	138 361	151 694
d1. EUR'000	33 844	34 344
PLN'000	138 361	151 691
d2. USD'000	-	1
PLN'000	-	3
e) reinsurers' share in provision for bonuses and rebates for the insured	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
f) reinsurers' share in other technical provisions specified in the Articles of Association	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
g) reinsurers' share in unit linked reserve	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
Reinsurers' share in technical provisions, total	721 301	679 274

8.1. Provision for unearned premiums and for unexpired risk

Provision for unearned premiums and for unexpired risk	31 December 2012	31 December 2011
a) provision for unearned premiums:	4 112 808	4 134 225
- gross provisions	4 294 942	4 291 692
- reinsurers' share	182 134	157 467
b) provision for unexpired risks:	-	817
- gross provisions	-	817
- reinsurers' share	-	-
Total provision for unearned premiums and for unexpired risks	4 112 808	4 135 042

8.2. Provisions for outstanding claims

8.2.1 Gross provision for claims outstanding

Gross provision for claims outstanding	Balance as of 31 December 2012	Provision for claims occurring in the reporting period
Accident and sickness insurance (groups 1 and 2)	122 626	91 582
TPL motor insurance (group 10)	8 194 786	1 144 518
Auto casco insurance (group 3)	436 596	322 741
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	56 322	20 874
Insurance against fire and other damage to property (groups 8, 9)	382 954	175 825
TPL insurance (groups 11, 12, 13)	1 463 013	341 914
Credit insurance and suretyship (groups 14, 15)	130 817	123 654
Assistance (group 18)	35 177	25 380
Insurance of legal protection (group 17)	1 973	554
Other insurance (group 16)	65 410	11 486
Provisions for claims outstanding, total	10 889 674	2 258 528

Gross provision for claims outstanding	Balance as of 31 December 2011	Provision for claims occurring in the reporting period
Accident and sickness insurance (groups 1 and 2)	86 074	63 386
TPL motor insurance (group 10)	7 504 725	1 191 993
Auto casco insurance (group 3)	403 871	323 660
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	45 567	12 562
Insurance against fire and other damage to property (groups 8, 9)	367 691	185 375
TPL insurance (groups 11, 12, 13)	1 204 222	270 450
Credit insurance and suretyship (groups 14, 15)	11 155	3 769
Assistance (group 18)	48 294	29 613
Insurance of legal protection (group 17)	1 989	580
Other insurance (group 16)	91 880	14 458
Provisions for claims outstanding, total	9 765 468	2 095 846

8.2.2 Reinsurers' share in provision for claims outstanding

Reinsurers' share in provision for claims outstanding	Balance as of 31 December 2012	Provision for claims occurring in the reporting period
Accident and sickness insurance (groups 1 and 2)	7	5
TPL motor insurance (group 10)	364 774	1 587
Auto casco insurance (group 3)	37	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	3 946	2 035
Insurance against fire and other damage to property (groups 8, 9)	38 343	3 240
TPL insurance (groups 11, 12, 13)	32 595	25 930
Credit insurance and suretyship (groups 14, 15)	76 151	73 587
Assistance (group 18)	64	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	23 250	352
Reinsurers' share in provision for claims outstanding, total	539 167	106 736

Reinsurers' share in provision for claims outstanding	Balance as of 31 December 2011	Provision for claims occurring in the reporting period
Accident and sickness insurance (groups 1 and 2)	11	2
TPL motor insurance (group 10)	384 548	1 815
Auto casco insurance (group 3)	113	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	4 580	963
Insurance against fire and other damage to property (groups 8, 9)	64 633	9 613
TPL insurance (groups 11, 12, 13)	6 499	3 843
Credit insurance and suretyship (groups 14, 15)	2 628	1 332
Assistance (group 18)	645	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	58 150	654
Reinsurers' share in provision for claims outstanding, total	521 807	18 222

8.3. Provisions for capitalized value of annuity claims

8.3.1 Provisions for capitalized value of annuity claims before discounts and gross write-downs

Provisions for capitalized value of annuity claims before discounts and gross write-downs	Balance as of 31 December 2012	Reinsurers' share
Accident and sickness insurance (groups 1 and 2)	-	-
TPL motor insurance (group 10)	8 061 082	400 570
Auto casco insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	-	-
TPL insurance (groups 11, 12, 13)	718 069	-
Credit insurance and suretyship (groups 14, 15)	-	-
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Total provisions	8 779 151	400 570

Provisions for capitalized value of annuity claims before discounts and gross write-downs	Balance as of 31 December 2011	Reinsurers' share
Accident and sickness insurance (groups 1 and 2)	-	-
TPL motor insurance (group 10)	7 174 182	403 450
Auto casco insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	-	-
TPL insurance (groups 11, 12, 13)	636 323	76
Credit insurance and suretyship (groups 14, 15)	-	-
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Total provisions	7 810 505	403 526

9. Expected recoveries, recourses and subsidies

9.1. Estimated recoveries, recourses and subsidies (gross)

Estimated recoveries, recourses and subsidies (gross)	31 December 2012	31 December 2011
Accident and sickness insurance (groups 1 and 2)	-	-
TPL motor insurance (group 10)	27 972	32 766
Auto casco insurance (group 3)	63 468	31 238
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	22 935	14 005
TPL insurance (groups 11, 12, 13)	86	25
Credit insurance and suretyship (groups 14, 15)	4 845	2 946
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Total estimated recoveries, recourses and subsidies (gross)	119 306	80 980

9.2. Reinsurers' share in estimated recourses, recoveries and subsidies

Reinsurers' share in estimated recourses, recoveries and subsidies	31 December 2012	31 December 2011
Accident and sickness insurance (groups 1 and 2)	-	-
TPL motor insurance (group 10)	419	1 338
Auto casco insurance (group 3)	-	-
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (groups 8, 9)	12	16
TPL insurance (groups 11, 12, 13)	-	-
Credit insurance and suretyship (groups 14, 15)	2 099	1 239
Assistance (group 18)	-	-
Insurance of legal protection (group 17)	-	-
Other insurance (group 16)	-	-
Total estimated recoveries, recourses and subsidies (gross)	2 530	2 593

10. Other provisions

10.1. Provisions for pension and other obligatory employee benefits

Provisions for pension and other obligatory employee benefits	31 December 2012	31 December 2011
a) provisions for pension benefits	8 162	68 992
b) other obligatory employee benefits (by basis):	64 398	147 636
provisions for jubilee bonuses	-	87 819
provisions for unused paid vacation	29 894	26 316
provisions for death benefits	12 244	11 393
provisions for post-employment benefits	22 260	22 108
Total provisions for pension and other obligatory employee benefits	72 560	216 628

Following termination of Collective Labor Agreements in PZU and PZU Życie on 28 February 2012, as described in details in point 28.2 of Notes:

- retirement benefits have been limited to one-month salary, i.e. the level determined in the Labor Code. Former internal regulations of PZU extended the aforementioned entitlements for employees whose length of service at the PZU Group companies exceeded 10 years (up to 6 times an employee's monthly pay, depending on the overall length of service);
- jubilee benefits have been liquidated.

Change in provisions for pension and other obligatory employee benefits	31 December 2012	31 December 2011
a) opening balance (by basis)	216 628	214 018
provisions for pension benefits	68 992	68 253
provisions for jubilee bonuses	87 819	89 123
provisions for unused paid vacation	26 316	25 173
provisions for death benefits	11 393	11 318
provisions for post-employment benefits	22 108	20 151
b) increases (due to)	17 308	16 913
provisions for pension benefits	4 644	6 059
provisions for jubilee bonuses	2 014	1 889
provisions for unused paid vacation	6 279	4 971
provisions for death benefits	1 055	785
provisions for post-employment benefits	3 316	3 209
c) applied (due to)	17 038	14 303
provisions for pension benefits	9 454	5 320
provisions for jubilee bonuses	3 342	3 193
provisions for unused paid vacation	2 701	3 828
provisions for death benefits	204	710
provisions for post-employment benefits	1 337	1 252
d) reversed (due to)	144 338	-
provisions for pension benefits	56 020	-
provisions for jubilee bonuses	86 491	-
provisions for unused paid vacation	-	-
provisions for death benefits	-	-
provisions for post-employment benefits	1 827	-
e) closing balance (by basis)	72 560	216 628
provisions for pension benefits	8 162	68 992
provisions for jubilee bonuses	-	87 819
provisions for unused paid vacation	29 894	26 316
provisions for death benefits	12 244	11 393
provisions for post-employment benefits	22 260	22 108

Provisions for pension and other obligatory employee benefits (currency structure)	31 December 2012	31 December 2011
a) in PLN	72 560	216 628
b) in foreign currencies (by currency and translated to PLN)	-	-
Total provisions for pension and other obligatory employee benefits	72 560	216 628

10.2. Provision for deferred income tax

Change in provision for deferred income tax	31 December 2012	31 December 2011
1. Deferred income tax provision opening balance including:	-	4 057
a) charged to financial profit/loss	-	(18 883)
b) charged to equity	-	22 940
c) charged to goodwill or negative goodwill	-	-
2. Increases	-	18 883
a) charged to the financial profit/loss for the period in relation to taxable differences (due to)	-	18 883
- occurrence of temporary differences	-	18 883
b) charged to equity in relation to taxable differences (due to)	-	-
- positive measurement of financial instruments through revaluation reserve	-	-
3. Decreases	-	22 940
a) charged to the financial profit/loss for the period in relation to taxable differences (due to)	-	-
- reversed temporary differences (application of deferred tax provision)	-	-
b) charged to equity in relation to taxable differences (due to)	-	22 940
- negative measurement of financial instruments through revaluation reserve	-	22 940
4. Total deferred income tax provision closing balance	-	-
a) charged to financial profit/loss	-	-
b) charged to equity	-	-
c) charged to goodwill or negative goodwill	-	-

Deferred tax assets and liabilities are recognized after offsetting relevant taxable and deductible differences.

Additional information on temporary taxable differences	31 December 2012	31 December 2011
a) opening balance of temporary taxable differences	-	4 057
b) closing balance of temporary taxable differences including:	-	-
forex gains expiring within one year	-	-
forex gains expiring within more than one year	-	-
c) total amount of temporary differences related to investments in controlled entities, branches and joint ventures not included into deferred tax provision	-	-

Provision for deferred income tax (currency structure)	31 December 2012	31 December 2011
a) in PLN	-	-
b) in foreign currencies (by currency and translated to PLN)	-	-
Total provision for deferred income tax	-	-

10.3. Other provisions

Other provisions	31 December 2012	31 December 2011
provision for restructuring expenses	47 914	86 877
provisions for reinsurance settlements	8 037	18 613
provision for disputed claims and potential liabilities under insurance contracts	2 687	4 019
provision for penalties imposed by the Office of Competition and Consumer Protection	82 684	82 684
provisions for potential liabilities relating to CLSIOR investments	916	916
other provisions	3 557	3 169
Total other provisions	145 795	196 278

As at 31 December 2012 the provision for restructuring costs included the restructuring provision pertaining to 2013 of PLN 38,171 thousand, with the remaining portion pertaining to benefits payable to individuals included in the restructuring program in 2012.

The restructuring process has been presented in detail in point 28.3. of the Notes.

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

Change in other provisions	31 December 2012	31 December 2011
a) opening balance (by basis)	196 278	110 651
provision for restructuring expenses	86 877	52 591
provisions for reinsurance settlements	18 613	36 372
provision for penalties imposed by the Office of Competition and Consumer Protection	82 684	14 792
other provisions	8 104	6 896
b) increases (due to)	53 432	154 218
provision for restructuring expenses	38 171	73 249
provisions for reinsurance settlements	12 063	7 378
provision for penalties imposed by the Office of Competition and Consumer Protection	-	67 892
other provisions	3 198	5 699
c) applied (due to)	73 911	64 268
provision for restructuring expenses	51 272	38 963
provisions for reinsurance settlements	22 639	25 137
provision for penalties imposed by the Office of Competition and Consumer Protection	-	-
other provisions	-	168
d) reversed (due to)	30 004	4 323
provision for restructuring expenses	25 862	-
provisions for reinsurance settlements	-	-
provision for penalties imposed by the Office of Competition and Consumer Protection	-	-
other provisions	4 142	4 323
e) closing balance (by basis)	145 795	196 278
provision for restructuring expenses	47 914	86 877

Change in other provisions	31 December 2012	31 December 2011
provisions for reinsurance settlements	8 037	18 613
provision for penalties imposed by the Office of Competition and Consumer Protection	82 684	82 684
other provisions	7 160	8 104

Other provisions (currency structure)	31 December 2012	31 December 2011
a) in PLN	145 795	196 278
b) in foreign currencies (by currency and translated to PLN)	-	-
Total other provisions	145 795	196 278

11. Other liabilities and special funds

Geographical structure of liabilities	31 December 2012				31 December 2011			
	Domestic	Foreign – EU countries	Foreign - other countries	Total	Domestic	Foreign – EU countries	Foreign - other countries	Total
I. Liabilities due to reinsurers' deposits	-	-	-	-	-	-	-	-
II. Liabilities due to direct insurance	324 126	17 025	677	341 828	278 704	21 595	1 655	301 954
1. Liabilities to policyholders	116 175	-	6	116 181	102 842	-	3	102 845
2. Liabilities to insurance intermediaries	125 493	-	-	125 493	82 642	-	-	82 642
3. Other insurance liabilities	82 458	17 025	671	100 154	93 220	21 595	1 652	116 467
III. Liabilities due to reinsurance	11 552	8 948	68	20 568	8 442	10 127	2 005	20 574
IV. Liabilities arising from issue of debt securities and obtained loans	-	-	-	-	-	-	-	-
V. Liabilities to credit institutions	-	-	-	-	154 488	-	-	154 488
VI. Other liabilities	258 005	72 468	10 364	340 837	192 425	52 096	9	244 530
1. Liabilities to the state budget	28 109	-	-	28 109	16 552	-	-	16 552
2. Other liabilities	229 896	72 468	10 364	312 728	175 873	52 096	9	227 978
Total liabilities	593 683	98 441	11 109	703 233	634 059	83 818	3 669	721 546

11.1. Liabilities to credit institutions

The major element of liabilities towards credit institutions are liabilities due to contingent sell-buy-back transactions, The remaining part made-up of bank account overdrafts.

No liabilities to credit institutions occurred as at 31 December 2012. Key information on sell-buy-back transactions as at 31 December 2011 has been presented in the table below.

Maturity day	Carrying amount	Transaction currency	Carrying amount of hedge assets	Hedging financial instrument	Quantity
05/01/2012	14 028	PLN	13 989	DS1017	14 000
05/01/2012	66 765	PLN	66 745	OK0113	70 000
02/01/2012	23 265	PLN	23 267	OK0713	25 000
05/01/2012	50 408	PLN	50 288	WS0922	50 000
Total	154 466		154 289		

11.2. Liabilities due to direct insurance

Liabilities due to direct insurance	31 December 2012	31 December 2011
a) liabilities to policyholders including:	116 181	102 845
- to controlled entities	5	7
- domestic	5	7
- foreign	-	-
- to other entities	116 176	102 838
- domestic	116 170	102 835
- foreign	6	3
b) liabilities to insurance intermediaries including:	125 493	82 642
- to controlled entities	4	4
- domestic	4	4
- foreign	-	-
- to other entities	125 489	82 638
- domestic	125 489	82 638
- foreign	-	-
c) other insurance liabilities including:	100 154	116 467
- to controlled entities	1 061	675
- domestic	906	640
- foreign	155	35
- to other entities	99 093	115 792
- domestic	81 552	92 580
- foreign	17 541	23 212
Total liabilities due to direct insurance	341 828	301 954

Liabilities due to direct insurance	31 December 2012	31 December 2011
a) subsidiaries	1 070	686
b) co-subsidiaries	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a co-subsidiary	-	-
f) holding company	-	-
g) other	340 758	301 268
Total liabilities due to direct insurance	341 828	301 954

Liabilities arising from direct insurance with maturity periods after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	341 828	301 954
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Total liabilities due to direct insurance	341 828	301 954

Liabilities due to direct insurance (currency structure)	31 December 2012	31 December 2011
a) in PLN	324 132	279 616
b) in foreign currencies (by currency and translated to PLN)	17 696	22 338
b1. EUR'000	3 628	4 290
PLN'000	14 830	18 947
b2. USD'000	9	8
PLN'000	27	27
b3. GBP'000	386	373
PLN'000	1 933	1 967
b4. CHF'000	27	265
PLN'000	91	1 397
b5. other in PLN'000	815	-
Total liabilities due to direct insurance	341 828	301 954

11.3. Liabilities due to reinsurance

Liabilities due to reinsurance	31 December 2012	31 December 2011
a) current liabilities due to inward reinsurance including:	458	1 896
- domestic ceding undertakings	407	1 228
- foreign ceding undertakings	51	668
b) current liabilities due to outward reinsurance including:	20 110	18 678
- domestic reinsurers	11 145	7 214
- foreign reinsurers	8 965	11 464
c) liabilities due to retrocession including:	-	-
- domestic retrocessionaries	-	-
- foreign retrocessionaries	-	-
d) liabilities due to reinsurance premiums settled over time	-	-
Total liabilities due to reinsurance	20 568	20 574

Liabilities due to reinsurance	31 December 2012	31 December 2011
a) current receivables from inward reinsurance including to:	458	1 896
- ceding undertakings being subsidiaries	-	-
- ceding undertakings being co-subsiaries	-	-
- ceding undertakings being associates	-	-
- a ceding undertaking being a major investor	-	-
- a ceding undertaking being a shareholder in a co-subsiary	-	-
- a ceding undertaking being the holding company	-	-
a) current receivables from outward reinsurance including to:	20 110	18 678
- reinsurers being subsidiaries	-	-
- reinsurers being subsidiaries	-	-
- reinsurers being associates	-	-
- a reinsurer being a major investor	-	-
- a reinsurer being a shareholder in a co-subsiary	-	-
- a reinsurer being the holding company	-	-
c) current liabilities to retrocessionaries including to:	-	-
- retrocessionaries being subsidiaries	-	-
- retrocessionaries being co-subsiaries	-	-
- retrocessionaries being associates	-	-
- a retrocessionary being a major investor	-	-
- a retrocessionary being a shareholder in a co-subsiary	-	-
- a retrocessionary being the holding company	-	-
d) other	-	-
Total liabilities due to reinsurance	20 568	20 574

Liabilities arising from reinsurance with maturity periods after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	12 181	13 871
b) over 3 months and up to 1 year	5 003	4 860
c) over 1 year and up to 5 years	2 417	869
d) over 5 years	967	974
Total liabilities due to reinsurance	20 568	20 574

Liabilities due to reinsurance (currency structure)	31 December 2012	31 December 2011
a) in PLN	14 092	16 470
b) in foreign currencies (by currency and translated to PLN)	6 476	4 104
b1. EUR'000	1 358	216
PLN'000	5 553	952
b2. USD'000	298	916
PLN'000	923	3 129
b3. SEK'000	-	46
PLN'000	-	23
Total liabilities due to reinsurance	20 568	20 574

11.4. Liabilities to credit institutions

Liabilities to credit institutions by maturity period after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	-	154 488
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Liabilities to credit institutions total	-	154 488

Liabilities to credit institutions (currency structure)	31 December 2012	31 December 2011
a) in PLN	-	154 488
b) in foreign currencies (by currency and translated to PLN)	-	-
Liabilities to credit institutions total	-	154 488

11.5. Other liabilities

Other liabilities	31 December 2012	31 December 2011
a) Liabilities to the State Budget including:	28 109	16 552
- corporate income tax	17 848	5 347
- personal income tax	8 497	10 050
- value added tax	1 325	925
- other	439	230
b) other liabilities, including:	312 728	227 978
- estimated non-insurance liabilities	77 252	53 770
- measurement of derivatives	67 186	47 759
- liabilities arising from settlements of Tax Capital Group	66 660	1 679
- collateral deposits	28 345	15 838
- social security premiums and benefits	11 826	13 572
- liability to the Guarantee Fund	7 249	7 461
- liabilities arising from construction of Central Vehicle and Driver Register	3 792	3 679
- dividend settlements with shareholders	3 453	3 650
- retained guarantee deposits	705	503
- liabilities to employees	154	34
- liabilities due to unsettled investment transactions	-	54 576
- other	46 106	25 457
Total other liabilities	340 837	244 530

Other liabilities	31 December 2012	31 December 2011
a) subsidiaries	72 074	5 685
b) co-subsidiaries	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a co-subsidiary	-	-
f) holding company	-	-
g) other	268 763	238 845
Total other liabilities	340 837	244 530

Other liabilities by maturity period after the balance sheet date	31 December 2012	31 December 2011
a) up to 3 months	340 837	244 530
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Total other liabilities	340 837	244 530

Other liabilities (currency structure)	31 December 2012	31 December 2011
a) in PLN	325 561	217 110
b) in foreign currencies (by currency and translated to PLN)	15 276	27 420
b1. EUR'000	133	215
PLN'000	544	950
b2. USD'000	700	2 276
PLN'000	2 171	7 778
b3. RUB'000	76 814	117 540
PLN'000	7 812	12 471
b4. other in PLN'000	4 749	6 221
Total other liabilities	340 837	244 530

11.6. Other information regarding liabilities

11.6.1 Liabilities secured on the assets of the issuer and its related parties

As at 31 December 2011 and 31 December 2010, PZU did not have any liabilities secured on its assets except from the issue described in point 11 of the Notes.

11.6.2 Overdue liabilities

As at 31 December 2012 and 31 December 2011 no overdue liabilities occurred.

11.6.3 Liabilities to the State Treasury or local self-government due to acquisition of an ownership title to buildings and structures

As of 31 December 2011 and 31 December 2010, the Company had no liabilities to the State Budget or local self-government due to acquisition of an ownership title to buildings and structures.

11.7. Special funds

Special funds	31 December 2012	31 December 2011
a) Prevention Fund	20 169	15 400
b) Company's Social Benefits Fund	87 250	89 334
c) Company's Bonus Fund	-	-
Total special funds	107 419	104 734

12. Accruals and deferred income

Accruals and deferred income	31 December 2012	31 December 2011
a) accruals, including:	483 677	498 186
- long-term (by basis):	-	-
- short-term (by basis):	483 677	498 186
- accrued costs of commissions on direct insurance	153 822	153 056
- deferred income and accrued expenses relating to reinsurance	171 472	153 196
- accrued payroll costs	76 359	68 975
- accrued employee bonuses	68 350	106 978
- other accruals	13 674	15 981
b) negative goodwill	-	-
c) deferred income, including:	14 841	19 728
- land perpetual usufruct right received free of charge	4 699	6 232
- deferred reinsurance commissions	10 142	9 417
- other	-	4 079
Total accruals	498 518	517 914

As at 31 December 2012, "accrued employee bonuses" include accrued performance bonus for 2012 of PLN 66,900 thousand (as at 31 december 2011: PLN 69,814 thousand for 2011 performance).

Change in accruals and deferred income	31 December 2012	31 December 2011
Opening balance (by basis)	517 914	342 747
accrued expenses	498 186	327 663
deferred income	19 728	15 084
a) increases (due to)	606 961	550 026
accrued expenses	573 420	541 563
deferred income	33 541	8 463
b) decreases (due to)	626 357	374 859
accrued expenses	587 929	371 040
deferred income	38 428	3 819
Closing balance (by basis)	498 518	517 914
accrued expenses	483 677	498 186
deferred income	14 841	19 728

13. Required solvency margin

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

Solvency statement	31 December 2012	31 December 2011
1. Assets of the insurance company	29 913 216	27 397 857
2. Assets allocated to settle all expected liabilities	16 460 635	15 652 447
a) subordinated liabilities	-	-
b) technical provisions	14 933 110	13 895 347
c) technical provisions for life insurance products for unit linked products		
d) other provisions	218 355	412 906
e) liabilities arising from reinsurers' investments	-	-
f) other liabilities and special funds	810 652	826 280
g) accruals and deferred income	498 518	517 914
h) any other liabilities of the insurance company not included in items a-g	-	-
3. Intangible assets	129 729	107 004
4. Shares and other deductible assets pursuant to Article 148.2, 2a, 2b of the act including Article 148.2c and 2d of the act	6 847 006	6 063 902
a) Shares and other assets used to finance equity of insurance companies in the same insurance capital group, pursuant to Article 148.2 of the act	6 847 006	6 063 902
b) Shares or assets used to finance equity of other insurance companies, credit and financial institutions as understood by the banking law and investment companies firm which are members of a financial conglomerate pursuant to Article 148.2a of the Act (unless included in item 4a))	-	-
c) held by the insurance company with respect to other insurance companies, credit and financial institutions as understood by the banking law and investment companies pursuant to Article 148.2b of the Act	-	-
i) subordinated loans granted by the insurance company which meet the conditions specified in Article 148.4.2 of the act	-	-
ii) accumulated unpaid dividends due to preference shares	-	-
d) Total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2c of the act	-	-
d) Total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2d of the act (unless included in item 4d))	-	-
5. Impact of participation of the national insurance company in the insurance capital group on the value of equity of the insurance company	4 789 418	3 980 944
6. Deferred tax asset	309 132	363 384
7. In the case of mutual insurance companies, the value of liabilities to the members of the company, provided that the conditions specified in Article 148.3.2 of the act have been met	-	-
8. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.1 of the act, authorized to be classified as equity	-	-
9. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.2 of the act, authorized to be classified as equity	-	-
10. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.3 of the act, authorized to be classified as equity	-	-
11. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.5 of the act, authorized to be classified as equity	-	-
12. Value of deposit referred to in Article 113 of the act	-	-
13. Value of equity	10 956 132	9 192 064
14. Equity to cover guarantee fund pursuant to Article 148a of the act	10 956 132	9 192 064
a) Total values resulting from Article 148.3.1-6 and clause 4.1 and 4.2 of the act including the elements indicated in Article 148.1 2-4 and clause 2a and 2b of the act	10 956 132	9 192 064
15. Required solvency margin	1 343 831	1 338 798

Solvency statement	31 December 2012	31 December 2011
16. Minimum amount of the guarantee fund	15 624	13 868
17. 1/3 of the amount of the required solvency margin	447 944	446 266
18. Surplus/shortage of equity to cover solvency margin	9 612 301	7 853 266
19. Guarantee fund	447 944	446 266
20. Surplus/shortage of equity to cover capital and reserves	10 508 188	8 745 798
a) Difference between the amount indicated in 14a and the guarantee capital	10 508 188	8 745 798

13.2. Numeric data used to calculate the solvency margin for property and personal insurance

Required solvency margin	31 December 2012	31 December 2011
1. Premium amount (G) (the higher of (1a-1b+50%*1c) and (1d-1e+50%*1f))	8 784 443	8 504 089
a) Premium written during the last 12 months from direct insurance and inward reinsurance including reversals, not reduced by reinsurers and retrocessionaries' share	8 453 498	8 247 241
b) Tax included in the premium under 1a	-	-
c) Premium from groups 11, 12 and 13 included in 1a after tax deduction	661 889	513 697
d) Premium written during the last 12 months reduced by change in the provision for unearned premiums from direct insurance and inward reinsurance including reversals, not reduced by reinsurers and retrocessionaries' share	8 451 065	7 727 705
e) Tax included in the premium under 1d	-	-
f) Premium from groups 11, 12 and 13 included in 1d after tax deduction	615 312	467 647
2. PLN equivalent of T1 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P1)	256 680	227 827
3. Sickness insurance premium amount	-	-
a) up to P1 amount	-	-
a) over P1 amount	-	-
4. Other insurance premium amount	8 784 443	8 504 089
a) up to P1 amount	256 680	227 827
a) over P1 amount	8 527 763	8 276 262
5. Reinsurance rate in percent (H) (5b/5a, not less than 50%)	95,2636%	95,8348%
a) Gross claims paid during last 36 months net of returns, recourses and recoveries including the change in the provision for gross unpaid claims for the period	17 218 215	17 123 064
b) Gross claims net of reinsurance paid during last 36 months net of returns, recourses and recoveries including the change in the provision for gross unpaid claims net of reinsurance for the period	16 402 687	16 409 846
6. Solvency margin calculated on the basis of premiums ((3a*6%+3b*16%/three+4a*18%+4b*16%)*5)	1 343 831	1 308 347
7. Comparative period (last 36 or 84 months)	36	36
a) Premium written during the last 12 months from direct insurance and inward reinsurance including reversals, not reduced by reinsurers and retrocessionaries' share	8 453 498	8 247 241
b) Premium written during the last 12 months from insurance from storm, hail, frost or credit, not reduced by reinsurers and retrocessionaries' share	1 783 426	1 707 290
c) Share ratio of insurance from storm, hail, frost or credit (7b/7a)	21,0969%	20,7013%
8. Average annual claims amount (J) ((8a - 8b + 8c - 8d + 1/2*(8e - 8f + 8g - 8h))/7)*twelve	5 916 108	5 850 048
a) Claims paid from direct insurance and inward reinsurance in the reporting period, not reduced by reinsurers and retrocessionaries' share	15 415 431	16 019 844
b) Returns, recourses and recoveries of the reporting period	440 175	395 583
c) Provisions for unpaid claims as at the last day of the comparative period, not reduced by reinsurers and retrocessionaries' share	10 770 367	9 684 487
d) Provisions for unpaid claims as at the first day of the comparative period, not reduced by reinsurers and retrocessionaries' share	8 527 408	8 185 685
e) Claims paid in groups 11, 12 and 13 included in 8a	670 671	688 719
f) Returns, recoveries and recourses in groups 11, 12 and 13 included in 8b	1 491	1 290
g) Provisions for unpaid claims paid in groups 11, 12 and 13 included in 8c	1 452 618	1 194 227
h) Provisions for unpaid claims paid in groups 11, 12 and 13 included in 8d	1 061 579	1 027 493
9. PLN equivalent of T2 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P2)	179 899	159 677
10. Average annual amount of sickness insurance claims	-	-
a) up to P2 amount	-	-
a) over P2 amount	-	-
11. Average annual amount of other insurance claims	5 916 108	5 850 048
a) up to P2 amount	179 899	159 677
a) over P2 amount	5 736 209	5 690 371
12. Solvency margin calculated on the basis of average annual amount of claims ((10a*26%/trzy+10b*23%/three+11a*26%+11b*23%)*5)	1 301 398	1 294 059
13. Solvency margin calculated on the basis of premiums and average annual amount of claims (the higher of the amounts in items 6 and 12)	1 343 831	1 308 347
14. Solvency margin as at the same day of the previous year	1 338 798	1 338 798

Required solvency margin	31 December 2012	31 December 2011
15. Adjustment ratio (15a/15b, not higher than 1)	100,0000%	100,0000%
a) Change in provision for claims outstanding, net of reinsurance as at the reporting date	10 233 731	9 165 273
b) Change in provision for claims outstanding, net of reinsurance as at the date following the same day of the previous year	9 165 273	8 519 075
16. Solvency margin after adjustment (14 * 15)	1 338 798	1 338 798
17. Solvency margin for section II (the higher of the amounts in items 13 and 16)	1 343 831	1 338 798

14. Off-balance sheet items

14.1. Contingent receivables

Contingent receivables	31 December 2012	31 December 2011
a) guarantees and sureties received	17 746	17 746
b) other (by type)	8 708 530	9 350 100
promissory notes related to suretyship granted	7 958 329	7 774 429
other promissory notes	42 499	865 143
- including: from subsidiaries	2 275	2 275
other contingent receivables	707 702	710 528
Contingent receivables total	8 726 276	9 367 846

As of 31 December 2012, PZU had PLN 2,275 thousand of contingent receivables due from Syta Development as collateral of a loan granted by PZU (31 December 2011: PLN 2,275 thousand).

Contingent receivables (currency structure)	31 December 2012	31 December 2011
a) guarantees and sureties received	17 746	17 746
- in PLN	17 746	17 746
- in foreign currencies (by currency and translated to PLN)	-	-
h) other (by type)	8 708 530	9 350 100
- in PLN	8 435 879	9 086 230
- in foreign currencies (by currency and translated to PLN)	272 651	263 870
b1. EUR'000	66 577	59 423
PLN'000	272 179	262 460
b2. USD'000	152	152
PLN'000	472	519
b3. DKK'000	-	1 500
PLN'000	-	891
Contingent liabilities total	8 726 276	9 367 846

14.1.1 Guarantees received

Under the guarantee line agreement of 26 September 2008 between PZU and Bank Millennium SA, the bank extended bank guarantees (bid bonds and performance bonds) to PZU in procurement proceedings for insurance services.

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

As at 31 December 2012, under the facility valid for the period from 28 September 2012 to 27 September 2013, 53 guarantees for the total amount of PLN 6,471 thousand were granted.

14.2. Contingent liabilities

Contingent liabilities due to:	31 December 2012	31 December 2011
a) guarantees and sureties granted	6 789	4 873
b) accepted and endorsed promissory notes	-	-
c) assets with resale obligation (by type)	-	-
d) other liabilities secured on assets or revenue (by type)	-	-
e) other (by type)	95 318	54 474
disputed claims not acknowledged by the insurer and brought to court by creditors	94 543	53 547
contingency liabilities arising from sub-issue contracts	-	-
other contingent liabilities	775	927
Contingent liabilities total	102 107	59 347

Contingent liabilities (currency structure)	31 December 2012	31 December 2011
a) guarantees and sureties granted	6 789	4 873
- in PLN	6 789	4 873
- in foreign currencies (by currency and translated to PLN)	-	-
b) accepted and endorsed promissory notes	-	-
c) assets with resale obligation (by type)	-	-
d) other liabilities secured on assets or revenue (by type)	-	-
e) other (by type)	95 318	54 474
disputed claims not acknowledged by the insurer and brought to court by creditors	94 543	53 547
- in PLN	94 543	53 547
- in foreign currencies (by currency and translated to PLN)	-	-
other contingent liabilities	775	927
- in PLN	775	927
- in foreign currencies (by currency and translated to PLN)	-	-
Contingent liabilities total	102 107	59 347

14.3. Other non-balance sheet items

Other non-balance sheet items due to	31 December 2012	31 December 2011
Other non-balance sheet items (by type):	217 594	222 088
third-party assets not recognized in the entity's assets	217 594	222 088
- including: to subsidiaries	3 665	3 665
Other non-balance sheet items total	217 594	222 088

Other non-balance sheet items (currency structure)	31 December 2012	31 December 2011
a) in PLN	217 594	222 088
b) in foreign currencies (by currency and translated to PLN)	-	-
Other non-balance sheet items total	217 594	222 088

15. Gross written premiums

Gross written premiums	1 January - 31 December 2012	1 January - 31 December 2011
a) in direct insurance including:	8 406 449	8 207 654
- from contracts concluded outside Poland including:	1 175	2 109
- from contracts concluded in EU member states	784	1 015
b) in indirect insurance	47 049	39 587
Total gross written premiums	8 453 498	8 247 241

15.1. Gross written premiums – direct insurance

Gross written premium in direct property and personal insurance (by accounting class)	1 January - 31 December 2012	1 January - 31 December 2011
a) accident and sickness insurance (groups 1 and 2)	503 922	463 506
b) TPL motor insurance (group 10)	2 960 541	2 889 866
c) auto casco insurance (group 3)	2 141 959	2 284 048
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	52 066	44 866
e) insurance against fire and other damage to property (groups 8, 9)	1 766 373	1 694 402
f) TPL insurance (groups 11, 12, 13)	661 889	513 696
g) credit insurance and suretyship (groups 14, 15)	45 526	55 530
h) assistance (group 18)	196 516	190 611
i) legal protection (group 17)	800	822
j) other (group 16)	76 857	70 307
Total gross premiums - direct insurance (by accounting class)	8 406 449	8 207 654

Total gross earned premiums – direct property and personal insurance arising from obligatory TPL insurance by groups	1 January - 31 December 2012	1 January - 31 December 2011
Group 10	2 921 682	2 855 211
Group 11	6 176	5 525
Group 13	306 009	191 614
Total gross earned premiums – direct property and personal insurance arising from obligatory TPL insurance by groups total	3 233 867	3 052 350

15.2. Gross written premiums – indirect insurance

Gross written premium in indirect property and personal insurance (by accounting class)	1 January - 31 December 2012	1 January - 31 December 2011
a) accident and sickness insurance (groups 1 and 2)	(28)	337
b) TPL motor insurance (group 10)	350	1 051
c) auto casco insurance (group 3)	134	1 166
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	2 417	2 170
e) insurance against fire and other damage to property (groups 8, 9)	38 169	29 269
f) TPL insurance (groups 11, 12, 13)	794	4 562
g) credit insurance and suretyship (groups 14, 15)	329	300
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	4 884	732
Total gross premiums - indirect insurance (by accounting class)	47 049	39 587

Total gross earned premiums – indirect property and personal insurance arising from obligatory TPL insurance by group	1 January - 31 December 2012	1 January - 31 December 2011
Group 10	320	797
Group 11	34	84
Group 13	2	3 354
Total gross earned premiums – indirect property and personal insurance arising from obligatory TPL insurance by group total	356	4 235

16. Gross earned premiums

16.1. Gross earned premiums – direct insurance

Gross earned premium in direct property and personal insurance (by accounting class)	1 January - 31 December 2012	1 January - 31 December 2011
a) accident and sickness insurance (groups 1 and 2)	512 975	468 742
b) TPL motor insurance (group 10)	2 962 602	2 725 992
c) auto casco insurance (group 3)	2 240 968	2 301 295
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	50 560	45 036
e) insurance against fire and other damage to property (groups 8, 9)	1 703 302	1 646 136
f) TPL insurance (groups 11, 12, 13)	615 312	509 585
g) credit insurance and suretyship (groups 14, 15)	39 962	53 955
h) assistance (group 18)	195 211	184 404
i) legal protection (group 17)	856	814
j) other (group 16)	88 400	96 234
Total gross earned premiums – direct property and personal insurance	8 410 148	8 032 193

Total gross earned premiums – direct property and personal insurance arising from obligatory TPL insurance by groups	1 January - 31 December 2012	1 January - 31 December 2011
Group 10	2 925 628	2 692 104
Group 11	6 153	5 437
Group 13	263 281	182 720
Total gross earned premiums – direct property and personal insurance	3 195 062	2 880 261

16.2. Gross earned premiums – indirect insurance

Gross earned premium in indirect property and personal insurance (by accounting class)	1 January - 31 December 2012	1 January - 31 December 2011
a) accident and sickness insurance (groups 1 and 2)	-	245
b) TPL motor insurance (group 10)	788	594
c) auto casco insurance (group 3)	1 058	81
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	1 824	2 054
e) insurance against fire and other damage to property (groups 8, 9)	32 529	27 176
f) TPL insurance (groups 11, 12, 13)	995	4 183
g) credit insurance and suretyship (groups 14, 15)	280	232
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	3 443	761
Total gross earned premiums – indirect property and personal insurance	40 917	35 326

Total gross earned premiums – indirect property and personal insurance arising from obligatory TPL insurance by groups	1 January - 31 December 2012	1 January - 31 December 2011
Group 10	701	416
Group 11	86	138
Group 13	257	3 136
Total gross earned premiums – indirect property and personal insurance	1 044	3 690

17. Reinsurance settlements

Reinsurance settlements	1 January - 31 December 2012	1 January - 31 December 2011
a) insurance premiums received from abroad	20 245	9 311
b) reinsurance premiums transferred abroad	137 434	135 481
c) outward reinsurance balance	(3 146)	15 517
d) inward reinsurance balance	1 135	1 674
e) receivables and liabilities arising from outward reinsurance including: - receivables from reinsurers collateralized with guarantees of financial institutions	33 191 -	48 024 -
f) receivables and liabilities arising from inward reinsurance including: - liabilities to ceding undertakings collateralized with insurer's guarantees - liabilities to retroceding undertakings collateralized with insurer's guarantees	1 975 - -	5 467 - -

18. Claims

Gross claims paid	1 January - 31 December 2012	1 January - 31 December 2011
a) from direct insurance, including: - claims handling costs	4 515 280 490 271	5 028 285 498 972
b) from indirect insurance, including: - claims handling costs	12 812 -	24 622 -
Total gross claims paid	4 528 092	5 052 907

18.1. Gross claims paid

Total gross claims paid - direct property and personal insurance (by accounting class)	1 January - 31 December 2012	1 January - 31 December 2011
a) accident and sickness insurance (groups 1 and 2)	170 655	166 488
b) TPL motor insurance (group 10)	1 825 706	1 945 688
c) auto casco insurance (group 3)	1 272 952	1 483 112
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	20 383	65 488
e) insurance against fire and other damage to property (groups 8, 9)	802 916	935 636
f) TPL insurance (groups 11, 12, 13)	227 448	248 117
g) credit insurance and suretyship (groups 14, 15)	62 938	5 246
h) assistance (group 18)	107 799	125 950
i) legal protection (group 17)	570	716
j) other (group 16)	23 913	51 844
Total gross claims paid - direct insurance (by accounting class)	4 515 280	5 028 285

Total gross claims paid - indirect property and personal insurance (by accounting class)	1 January - 31 December 2012	1 January - 31 December 2011
a) accident and sickness insurance (groups 1 and 2)	5	-
b) TPL motor insurance (group 10)	1 183	2 380
c) auto casco insurance (group 3)	168	(4)
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	38	34
e) insurance against fire and other damage to property (groups 8, 9)	7 455	19 103
f) TPL insurance (groups 11, 12, 13)	3 793	3 044
g) credit insurance and suretyship (groups 14, 15)	32	27
h) assistance (group 18)	-	-
i) legal protection (group 17)	-	-
j) other (group 16)	138	38
Total gross claims paid - indirect insurance (by accounting class)	12 812	24 622

18.2. Claim handling costs

Total claims handling costs – direct property and personal insurance (by accounting class)	1 January - 31 December 2012	1 January - 31 December 2011
a) accident and sickness insurance (groups 1 and 2)	57 353	46 257
b) TPL motor insurance (group 10)	194 343	185 424
c) auto casco insurance (group 3)	96 814	94 134
d) sea, aircraft and transport insurance (groups 4, 5, 6, 7)	840	3 121
e) insurance against fire and other damage to property (groups 8, 9)	86 796	102 529
f) TPL insurance (groups 11, 12, 13)	36 779	50 421
g) credit insurance and suretyship (groups 14, 15)	2 098	1 511
h) assistance (group 18)	13 761	13 186
i) legal protection (group 17)	40	126
j) other (group 16)	1 447	2 263
Total claims handling costs – direct insurance (by accounting class)	490 271	498 972

In 2012-2011, no claims handling costs in indirect property and personal insurance occurred.

19. Supplementary data to the technical account

19.1. Supplementary data to the technical account for the year ended 31 December 2012 roku

Total direct and indirect insurance for the year ended 31 December 2012	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Recourses, recoveries and subsidies	Net balance of reinsurance	Operating costs (acquisition and administrative costs)
Accident and sickness insurance (groups 1 and 2)	503 894	512 975	113 329	57 353	22	(40)	171 554
TPL motor insurance (group 10)	2 960 891	2 963 390	1 655 149	194 343	22 603	3 081	572 432
Auto casco insurance (group 3)	2 142 093	2 242 026	1 266 911	96 814	90 605	(85)	493 196
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	54 483	52 384	20 457	840	876	(1 487)	12 022
Insurance against fire and other damage to property (groups 8, 9)	1 804 542	1 735 831	756 421	86 796	32 846	(7 092)	568 437
TPL insurance (groups 11, 12, 13)	662 683	616 307	194 781	36 779	319	(5 863)	174 365
Credit insurance and suretyship (groups 14, 15)	45 855	40 242	67 073	2 098	6 201	10 574	28 347
Assistance (group 18)	196 516	195 211	94 042	13 761	4	-	77 735
Insurance of legal protection (group 17)	800	856	553	40	23	-	763
Other insurance (group 16)	81 741	91 843	22 639	1 447	35	(1 099)	50 497
Total direct and indirect insurance	8 453 498	8 451 065	4 191 355	490 271	153 534	(2 011)	2 149 348

Direct insurance for the year ended 31 December 2012	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Recourses, recoveries and subsidies	Net balance of reinsurance	Operating costs (acquisition and administrative costs)
Accident and sickness insurance (groups 1 and 2)	503 922	512 975	113 324	57 353	22	(40)	171 601
TPL motor insurance (group 10)	2 960 541	2 962 602	1 653 966	194 343	22 603	3 081	572 333
Auto casco insurance (group 3)	2 141 959	2 240 968	1 266 743	96 814	90 605	(85)	493 255
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	52 066	50 560	20 419	840	876	(1 531)	11 614
Insurance against fire and other damage to property (groups 8, 9)	1 766 373	1 703 302	748 966	86 796	32 846	(8 055)	562 051
TPL insurance (groups 11, 12, 13)	661 889	615 312	190 988	36 779	319	(5 873)	174 237
Credit insurance and suretyship (groups 14, 15)	45 526	39 962	67 041	2 098	6 201	10 574	28 196
Assistance (group 18)	196 516	195 211	94 042	13 761	4	-	77 735
Insurance of legal protection (group 17)	800	856	553	40	23	-	763
Other insurance (group 16)	76 857	88 400	22 501	1 447	35	(1 217)	50 037
Total direct insurance	8 406 449	8 410 148	4 178 543	490 271	153 534	(3 146)	2 141 822

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Indirect insurance for the year ended 31 December 2012	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Recourses, recoveries and subsidies	Net balance of reinsurance	Operating costs (acquisition and administrative costs)
Accident and sickness insurance (groups 1 and 2)	(28)	-	5	-	-	-	(47)
TPL motor insurance (group 10)	350	788	1 183	-	-	-	99
Auto casco insurance (group 3)	134	1 058	168	-	-	-	(59)
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	2 417	1 824	38	-	-	44	408
Insurance against fire and other damage to property (groups 8, 9)	38 169	32 529	7 455	-	-	963	6 386
TPL insurance (groups 11, 12, 13)	794	995	3 793	-	-	10	128
Credit insurance and suretyship (groups 14, 15)	329	280	32	-	-	-	151
Assistance (group 18)	-	-	-	-	-	-	-
Insurance of legal protection (group 17)	-	-	-	-	-	-	-
Other insurance (group 16)	4 884	3 443	138	-	-	118	460
Total indirect insurance	47 049	40 917	12 812	-	-	1 135	7 526

19.2. Supplementary data to the technical account for the year ended 31 December 2011 roku

Total direct and indirect insurance for the year ended 31 December 2011	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Recourses, recoveries and subsidies	Net balance of reinsurance	Operating costs (acquisition and administrative costs)
Accident and sickness insurance (groups 1 and 2)	463 843	468 987	120 272	46 257	40	47	169 983
TPL motor insurance (group 10)	2 890 917	2 726 586	1 784 313	185 424	21 670	13 782	544 459
Auto casco insurance (group 3)	2 285 214	2 301 376	1 512 407	94 134	123 432	521	525 008
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	47 036	47 090	62 895	3 121	493	(742)	10 843
Insurance against fire and other damage to property (groups 8, 9)	1 723 671	1 673 312	876 044	102 529	23 834	8 657	538 456
TPL insurance (groups 11, 12, 13)	518 258	513 768	201 078	50 421	340	(3 017)	155 701
Credit insurance and suretyship (groups 14, 15)	55 830	54 187	10 196	1 511	6 434	(1 805)	25 160
Assistance (group 18)	190 611	184 404	112 777	13 186	13	(1)	76 281
Insurance of legal protection (group 17)	822	814	619	126	29	-	737
Other insurance (group 16)	71 039	96 995	49 655	2 263	36	(251)	54 728
Total direct and indirect insurance	8 247 241	8 067 519	4 730 256	498 972	176 321	17 191	2 101 356

Direct insurance for the year ended 31 December 2011	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Recourses, recoveries and subsidies	Net balance of reinsurance	Operating costs (acquisition and administrative costs)
Accident and sickness insurance (groups 1 and 2)	463 506	468 742	120 272	46 257	40	37	169 943
TPL motor insurance (group 10)	2 889 866	2 725 992	1 781 933	185 424	21 670	13 782	544 477
Auto casco insurance (group 3)	2 284 048	2 301 295	1 512 411	94 134	123 432	521	525 039
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	44 866	45 036	62 861	3 121	493	(1 254)	10 395
Insurance against fire and other damage to property (groups 8, 9)	1 694 402	1 646 136	856 941	102 529	23 834	7 408	534 383
TPL insurance (groups 11, 12, 13)	513 696	509 585	198 034	50 421	340	(2 505)	154 127
Credit insurance and suretyship (groups 14, 15)	55 530	53 955	10 169	1 511	6 434	(1 805)	24 987
Assistance (group 18)	190 611	184 404	112 777	13 186	13	(1)	76 281
Insurance of legal protection (group 17)	822	814	619	126	29	-	737
Other insurance (group 16)	70 307	96 234	49 617	2 263	36	(666)	54 599
Total direct insurance	8 207 654	8 032 193	4 705 634	498 972	176 321	15 517	2 094 968

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

Indirect insurance for the year ended 31 December 2011	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Recourses, recoveries and subsidies	Net balance of reinsurance	Operating costs (acquisition and administrative costs)
Accident and sickness insurance (groups 1 and 2)	337	245	-	-	-	10	40
TPL motor insurance (group 10)	1 051	594	2 380	-	-	-	(18)
Auto casco insurance (group 3)	1 166	81	(4)	-	-	-	(31)
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	2 170	2 054	34	-	-	512	448
Insurance against fire and other damage to property (groups 8, 9)	29 269	27 176	19 103	-	-	1 249	4 073
TPL insurance (groups 11, 12, 13)	4 562	4 183	3 044	-	-	(512)	1 574
Credit insurance and suretyship (groups 14, 15)	300	232	27	-	-	-	173
Assistance (group 18)	-	-	-	-	-	-	-
Insurance of legal protection (group 17)	-	-	-	-	-	-	-
Other insurance (group 16)	732	761	38	-	-	415	129
Total indirect insurance	39 587	35 326	24 622	-	-	1 674	6 388

20. Information regarding claim handling process

Loss adjustment process in the year ended 31 December 2012 (data for direct insurance)	Average claim handling time in days	Amount of claims occurred in the financial period under contracts concluded in the same period including:	
		Claims paid	Provision for claims outstanding recognized at year end
Accident and sickness insurance (groups 1 and 2)	8,17	25 912	45 112
TPL motor insurance (group 10)	18,78	391 444	448 602
Auto casco insurance (group 3)	15,34	476 072	191 707
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	47,19	3 857	13 987
Insurance against fire and other damage to property (groups 8, 9)	17,54	238 180	94 238
TPL insurance (groups 11, 12, 13)	27,85	34 170	142 063
Credit insurance and suretyship (groups 14, 15)	25,26	1 051	51 578
Assistance (group 18)	30,78	41 576	19 113
Insurance of legal protection (group 17)	18,61	60	330
Other insurance (group 16)	26,41	1 267	9 319
Total	15,65	1 213 590	1 016 050

Loss adjustment process in the year ended 31 December 2011 (data for direct insurance)	Average claim handling time in days	Amount of claims occurred in the financial period under contracts concluded in the same period including:	
		Claims paid	Provision for claims outstanding recognized at year end
Accident and sickness insurance (groups 1 and 2)	11,30	25 770	31 455
TPL motor insurance (group 10)	23,01	446 828	496 337
Auto casco insurance (group 3)	19,87	526 600	190 673
Sea, aircraft and transport insurance (groups 4, 5, 6, 7)	37,45	5 798	8 972
Insurance against fire and other damage to property (groups 8, 9)	23,87	261 471	105 015
TPL insurance (groups 11, 12, 13)	29,65	34 561	128 842
Credit insurance and suretyship (groups 14, 15)	32,45	997	523
Assistance (group 18)	32,42	46 969	22 958
Insurance of legal protection (group 17)	21,07	42	351
Other insurance (group 16)	31,97	1 524	6 687
Total	20,16	1 350 559	991 813

21. Costs of insurance activity

Costs of insurance activity net of reinsurance	1 January - 31 December 2012	1 January - 31 December 2011
a) direct insurance	2 163 466	2 112 385
b) indirect insurance	7 526	6 388
Total costs of insurance activity net of reinsurance	2 170 992	2 118 773

Costs of insurance activities (by type)	1 January - 31 December 2012	1 January - 31 December 2011
I. Administrative costs	676 296	633 907
1. internal:	463 116	456 063
a) consumption of materials and energy	24 744	16 446
b) payroll, insurance and other benefits	387 244	393 340
c) amortization	46 703	42 921
d) other administrative costs	4 425	3 356
2. external:	213 180	177 844
a) external services	137 002	118 853
b) commissions for premium collection	5 726	6 821
c) advertisement	57 408	42 142
d) other expenses	13 044	10 028
II. Acquisition costs	1 473 052	1 467 449
1. internal	332 773	361 836
a) consumption of materials and energy	16 242	17 915
b) payroll, insurance and other benefits classified as acquisition costs	291 618	325 361
c) commissions on direct business	-	-
d) amortization	24 913	18 560
e) other acquisition costs	-	-
2. external:	1 137 384	1 136 735
b) payroll, insurance and other benefits classified as acquisition costs	-	-
c) commissions on direct business, including:	1 003 109	995 757
- acquisition commissions	457 060	434 879
- policy renewal commissions	525 582	542 898
- insurance and reinsurance contract administration commissions	20 467	17 980
c) commissions on indirect business	4 512	4 462
d) external services	86 492	94 792
e) advertising	26 272	26 043
f) other expenses	16 999	15 681
3. change in deferred acquisition costs	2 895	(31 122)
III. Claims handling and recourse collection costs	490 271	498 972
1. internal	274 455	288 303
a) consumption of materials and energy	11 927	11 419
b) remuneration of appraisers relating to claims handling and recourse collection	243 001	259 587
c) amortization	19 527	17 297
2. external:	215 816	210 669
a) external services	139 813	154 679
b) other expenses	76 003	55 990
IV. Costs of investing activities	321 344	390 129
1. internal	17 537	11 541
a) consumption of materials and energy	2 751	1 255
b) payroll, insurance and other employee benefits	11 779	7 523
c) amortization	3 007	2 763
2. external:	303 807	378 588
a) external services	15 505	17 458
b) other expenses*	288 302	361 130

* "Other expenses" includes, among other things, loss on realization and revaluation of investments.

21.1. Acquisition costs

Acquisition costs	1 January - 31 December 2012	1 January - 31 December 2011
a) incurred in the reporting period including:	1 470 157	1 498 571
- acquisition commissions on direct insurance	1 003 109	995 757
b) carried forward to future reporting periods	(2 895)	31 122

21.2. Administrative costs

Administrative costs	1 January - 31 December 2012	1 January - 31 December 2011
a) consumption of materials and energy	24 744	16 446
b) external services	137 002	118 853
c) taxes and charges	8 003	6 025
d) payroll	307 687	303 379
e) social security and other benefits	79 557	89 961
f) amortization	46 703	42 921
g) other, including:	72 600	56 322
advertising	57 408	42 142
commissions for premium collection	5 726	6 814
business trips	4 425	3 356
property insurance	803	952
Total administrative costs	676 296	633 907

22. Other operating revenue

Other operating revenue	1 January - 31 December 2012	1 January - 31 December 2011
a) financial revenue	970	1 074
b) commission on loss adjusting services	8 147	7 707
c) revenue from acquisition activities carried out for open pension funds	1 968	32 578
d) other operating income including:	204 306	32 278
release of provisions for jubilee bonuses	86 491	-
release of provisions for retirement severance pay	56 020	-
release of restructuring provision	25 862	-
exchange gains	10 500	11 048
recharged expenses	6 218	6 011
revenue from reversed impairment losses and provisions for future liabilities	5 997	3070
penalties, damages and fines paid	3 163	7 650
gain on disposal of fixed assets and investments in progress	2 621	1 081
release of provisions for post-employment benefits	1 827	-
other	5 607	3 418
Total	215 391	73 637

Following the acquisition ban regarding open pension funds effective from the beginning of 2012, PZU has ceased acquisition activities for OFE PZU.

Employment restructuring has been described in point 28.4 in Notes.

23. Other operating costs

Other operating costs	1 January - 31 December 2012	1 January - 31 December 2011
a) financial expenses	386	109
b) costs relating to loss adjusting services	179	356
c) costs relating to acquisition activities carried out for open pension funds	1 849	32 338
d) other operating costs, including:	118 812	177 158
employment restructuring	38 171	73 249
Donations	25 620	5 630
sell-buy-back transactions	15 922	27 038

Other operating costs	1 January - 31 December 2012	1 January - 31 December 2011
exchange losses	14 768	13 270
rechargeable expenses	6 368	6 085
costs of provisions created for probable losses	3 198	3 821
loss on disposal of fixed assets and investments in progress	1 801	490
costs of disposal of pre-numbered forms	1 703	1 779
receivables written off	1 352	18
penalties, damages and fines paid	767	1 015
default interest on tax liabilities	75	391
recognized revaluation write-downs on receivables	-	1 191
costs of provision recognized for a fine imposed by the Office of Competition and Consumer Protection	-	67 892
Other	9 067	2 327
Total	121 226	236 999

The item "Donations" includes a donation of PLN 25,000 thousand transferred in 2012 to Fundacja PZU (PLN 5,000 thousand in 2011).

The provisions for Office of Competition and Consumer Protection have been described in point 29.2.2 of the Notes.

24. Interest income and expense

Both below tables present interest for the reporting period determined on accrual basis.

24.1. Interest income calculated with contractual interest rates

Interest income calculated with contractual interest rates in 2012	Interest accrued and realized in 2012	Interest accrued and unrealized in 2012 (by maturity after the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Investments in controlled entities	-	-	-	-
b) other financial investments, including:	601 219	29 941	171 388	-
- debt securities and other fixed income securities	458 455	20 158	171 388	-
- shares in joint investments	-	-	-	-
- mortgage loans	2 760	10	-	-
- other loans and borrowings	86 020	1 836	-	-
- term deposits with credit institutions	53 984	7 937	-	-
- other investments	-	-	-	-
c) Deposits with ceding undertakings	-	-	-	-
d) Receivables	-	-	-	-
- receivables from direct insurance	-	-	-	-
- receivables from reinsurance	-	-	-	-
- other receivables	-	-	-	-
Interest income, total	601 219	29 941	171 388	-

Interest income calculated with contractual interest rates in 2011	Interest accrued and realized in 2011	Interest accrued and unrealized in 2011 (by maturity after the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Investments in controlled entities	-	-	-	-
b) other financial investments, including:	486 236	15 287	195 603	-
- debt securities and other fixed income securities	446 248	6 496	195 603	-
- shares in joint investments	-	-	-	-
- mortgage loans	2 545	-	-	-
- other loans and borrowings	27 518	6 208	-	-
- term deposits with credit institutions	9 925	2 583	-	-
- other investments	-	-	-	-
c) Deposits with ceding undertakings	-	-	-	-
d) Receivables	-	-	-	-
- receivables from direct insurance	-	-	-	-
- receivables from reinsurance	-	-	-	-
- other receivables	-	-	-	-
Interest income, total	486 236	15 287	195 603	-

24.2. Interest expense calculated with contractual interest rates

Interest expenses calculated with contractual interest rates in 2012	Interest accrued and realized in 2012	Interest accrued and unrealized in 2012 (by maturity after the balance sheet date))		
		up to 3 months	from 3 to 12 months	over 12 months
a) Liabilities due to reinsurers' deposits	-	-	-	-
b) Other liabilities, including:	50 632	-	-	-
- Liabilities due to direct insurance	-	-	-	-
- Liabilities due to reinsurance	-	-	-	-
- Liabilities arising from issue of debt securities and obtained loans	-	-	-	-
- Liabilities to credit institutions	50 632	-	-	-
- Other liabilities	-	-	-	-
Total interest expenses in 2012 including:	50 632	-	-	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	50 632	-	-	-
- long-term liabilities	-	-	-	-

Interest expenses calculated with contractual interest rates in 2011	Interest accrued and realized in 2011	Interest accrued and unrealized in 2011 (by maturity after the balance sheet date))		
		up to 3 months	from 3 to 12 months	over 12 months
a) Liabilities due to reinsurers' deposits	-	-	-	-
b) Other liabilities, including:	27 038	97	-	-
- Liabilities due to direct insurance	-	-	-	-
- Liabilities due to reinsurance	-	-	-	-
- Liabilities arising from issue of debt securities and obtained loans	-	-	-	-
- Liabilities to credit institutions	27 038	97	-	-
- Other liabilities	-	-	-	-
Total interest expenses in 2011 including:	27 038	97	-	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	27 038	97	-	-
- long-term liabilities	-	-	-	-

25. Income tax

25.1. Tax Capital Group

On 5 September 2008, the Management Board of PZU and PZU Życie adopted a resolution concerning establishment of a capital tax group (PGK) pursuant to Article 25.1 of the Corporate Income Tax Act of 15 February 1992 (Journal of Laws No. 54 of 1992 item 654 "the Corporate Income Tax Act"). The Group comprises PZU and PZU Życie. PZU is the holding company and represents the Group. PGK was established for the period of three years from 1 January 2009 to 31 December 2011.

On 27 September 2011, a new Tax Group agreement was signed between the PZU Group companies, comprising 9 companies: PZU, PZU Życie, TFI PZU, PZU AM, PZU CO, PZU Pomoc SA, Ipsilon BIS SA, Ogrodowa-Inwestycje Sp. z o.o., Ipsilon Sp. z o.o. The PGK was established for the period of three years from 1 January 2012 to 31 December 2014.

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

25.2. Current income tax

Current income tax	1 January - 31 December 2012	1 January - 31 December 2011
1. Gross profit (loss)*	2 919 644	2 746 912
2. Difference between the gross profit (loss) and the tax base (by title)	(1 413 043)	(1 278 560)
2a) Expenses and losses not classified by tax regulations as tax-deductible costs	541 669	856 785
Accrued outward reinsurance expenses	16 871	76 816
Accrued investment losses	114 907	230 333
Accrued bonuses, appropriations to the Company's Bonus Fund and employee benefits	108 300	221 828
Accrued and deferred acquisition costs	78 979	(1 252)
Impairment losses on insurance, reinsurance and recourse receivables	101 050	197 720
Enforcement costs and contractual penalties	5 051	2 969
Appropriations to PFRON	6 720	7 352
Donations	25 620	5 629
Accrued costs of external services	22 882	17 567
Provision for probable losses	39 829	93 777
Other	21 460	4 046
2b) Revenue not included in the tax base	1 847 451	2 531 807
Accrued investment income	380 587	372 803
Dividends	1 245 764	2 022 765
Other technical income – reversed impairment losses etc.	69 911	80 624
Release of provision for jubilee bonuses and post-employment benefits	142 511	-
Release of restructuring provision	25 862	-
Accrued revenue from reinsurance	(17 350)	28 818
Other	166	26 797
2c) Other changes in the tax base	(107 261)	396 462
Realized accrued previous year investment income	101 777	498 954
Amounts payable to natural persons under personal service contracts and bonuses, accrued in the previous year	(145 786)	(95 865)
Realized accrued previous years' acquisition costs	(7 406)	(7 269)
Other costs/income realized	(30 444)	6 042
Tax-exempt income	(25 402)	(5 400)
3. Income tax base	1 506 601	1 468 352
4. Income tax at 19% rate	286 254	278 987
5. Tax increase, cancellation, exemption, deduction and reduction	4 634	4 056
6. Current income tax recognized in tax returns for the period, including:	290 888	283 043
- cost disclosed in the profit and loss account	290 888	283 043
- regarding items increasing or reducing equity	-	-
- regarding items increasing or reducing goodwill or negative goodwill	-	-

* Gross profit/(loss) includes "Share in net profit/(loss) of controlled entities measured with the equity method" included in the general profit and loss account.

Income tax by type of activity	1 January - 31 December 2012	1 January - 31 December 2011
Differences between the gross profit (loss) and the tax base	(1 413 043)	(1 278 560)
- due to technical activities	136 933	156 573
- due to extraordinary gains and losses	-	-
- other	(1 549 976)	(1 435 133)
Tax base	1 506 601	1 468 352

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

25.3. Deferred income tax

Deferred income tax disclosed in the profit and loss account	1 January - 31 December 2012	1 January - 31 December 2011
- decrease (increase) due to recognizing and reversing of temporary differences	48 036	(118 434)
- decrease (increase) due to change in tax rates	-	-
- decrease (increase) due to previously unrecognized tax loss, allowance or temporary difference from the previous period	-	-
- decrease (increase) due to deduction of deferred tax assets or inability to use deferred tax provision	-	-
- other deferred tax items (by basis)	-	-
Total deferred income tax	48 036	(118 434)

In 2012 and 2011, no income tax on discontinued operations or extraordinary transactions occurred.

Deferred income tax disclosed beyond the profit and loss account	1 January - 31 December 2012	1 January - 31 December 2011
The total deferred tax amount:	72 671	11 771
- recognized in equity	72 671	11 771
- recognized in goodwill or negative goodwill	-	-

26. Share in net profit (losses) of controlled entities measured using the equity method

Share in net profits (losses) of controlled entities measured using the equity method	1 January - 31 December 2012	1 January - 31 December 2011
Share in net profits (losses) of controlled entities measured using the equity method including:	(4 737)	5 306
- impairment of negative goodwill of controlled entities	-	-
- impairment of negative goodwill of controlled entities	-	-
- impairment loss on net asset measurement	(4 737)	5 306

27. Additional information to the cash flow statement

"Other inflows from operating activities" include:

Other inflows from operating activities – selected data	1 January - 31 December 2012	1 January - 31 December 2011
Proceeds from PZU Życie - refund of CIT advances - participation in PGK	320 530	455 956
Inflows to social benefits fund account and employee account	10 818	7 984
Proceeds from forex differences	3 629	16 667
Other inflows	47 812	193 047
Other inflows from operating activities total	382 789	673 654

“Other outflows for operating activities” include:

Other outflows for operating activities – selected data	1 January - 31 December 2012	1 January - 31 December 2011
Expenditure for advance CIT payments received from PZU Życie – participation in PGK	320 530	455 956
Corporate income tax	338 982	442 998
Expenditure from social benefits fund account and employee account	42 355	46 987
Expenditure due to exchange differences	8 093	18 962
Other expenses	37 644	27 789
Other operating costs total	747 604	992 692

27.1. Restricted cash

The cash flow statement includes restricted cash item concerning:

- the cash of the Prevention Fund and the Company’s Social Benefits Fund. Based on the provisions of the Polish law and related internal regulations of PZU, the funds may be spent only for specific purposes - for prevention or social activities, and close control should be exercised over the funds,
- frozen cash due to the “Autowypłata” service provided by Bank Pekao SA. The service consists in freezing cash on a PZU bank account up to the amount of claim to be paid out, previously registered in the e-banking system.

28. Other information and explanations

28.1. Transactions involving significant packages of PZU shares

Following disposal of shares in transactions settled on 24 July 2012, ING OFE reduced its interest in PZU below 5% of votes at the general shareholders meeting. Prior to the disposal, ING OFE had held 4,323,801 shares in PZU accounting for 5.01% of its share capital and the total number of votes. After the change, INGO FE held 4,266,518 shares in PZU accounting for 4.94% of its share capital and the total number of votes.

Following acquisition of shares in transactions settled on 1 February 2013, ING OFE has increased its holding to 4,356,139 shares in PZU, accounting for 5.04% of its share capital and the total number of votes

28.2. Termination of the Collective Labor Agreement

On 28 February 2012, Management Boards of PZU and PZU Życie terminated Collective Labor Agreements (CLA) concluded in these companies in 2003 and 2006, respectively, mainly because they needed a new remuneration system, better adjusted to market conditions and providing better incentives. The proposed principles included:

- New bonus rules to be introduced in Q4 2012: the monthly bonus up to 25% of the base pay to be replaced with a quarterly bonus up to 30% of the base pay (directly linked to performance);
- Maintaining other employee benefits (retirement benefit and jubilee bonus) only to the extent determined in the Labor Code (the issue has been discussed in detail in point 10.1 of the Notes).

Negotiations with labor unions regarding remuneration lasted from 28 February to 26 April 2012 and ended with a negative opinion regarding the proposed system presented by the unions. PZU and PZU Życie announced their intention to perform group layoffs related to potential cases of employment termination if acceptance of the new remuneration terms were refused by employees. The related negotiations with the labor unions took until 27 April 2012 and ended with no agreement. Therefore, on 7 May 2012, the Management Boards of PZU and PZU Życie determined the group layoff terms and conditions, as well as terms of remuneration to be proposed to employees until a new remuneration system is developed in cooperation with the labor unions.

The process of modifying all employment contracts in PZU and PZU Życie commenced on 9 May 2012 and ended on 6 July 2012.

The effects of change in the remuneration system did not materially impact costs of payroll and other employee benefits in 2012, except from release of provisions for employee benefits (retirement and jubilee benefits) whose outcome of PLN 144,505 thousand was charged to other operating revenue in Q4 2012.

28.3. Employment restructuring in PZU

On 29 December 2009 the Management Board of PZU and PZU Życie announced an implementation plan of the restructuring program for 2010-2012.

In Q1 and Q2 2012, employment termination in PZU resulted from termination agreements submitted in 2011, or termination statements, or following employee's refusal to accept the new terms of employment or remuneration regardless of the employer's intention.

The process of collective layoffs performed in Q2 2012 following the termination of CLA, organization changes were introduced in the sales function involving a new management model and transition from the existing "multi-channel" management to "single-channel" management, as well as establishing separate positions dedicated to each sales channel.

Following aligning of employment to new structures and additional recruitment for vacated position, 51 individuals (approx.. 4% of employees in this unit) did not accept the proposed terms of employment.

On 10 July 2012, the Management Boards of PZU and PZU Życie decided to continue the employment restructuring process and requested the respective labor unions to commence work on agreements regarding collective layoffs, in accordance to the Act on special principles of employment termination for reasons not related to employees (Dz.U. No. 90 of 2003, item 844 as amended) and provided the competent County Labor Office with information about the commencement of the collective layoff procedure.

On 24 July 2012, PZU and PZU Życie and the respective labor unions concluded an agreement regarding terms of employment restructuring. The final version of the document was based on experience gained and solutions developed during similar negotiations in previous years.

The plan assumed that the above stage of employment restructuring in PZU and PZU Życie would take place from 13 August to 11 October 2012 and include up to 887 individuals in PZU (the planned restructuring was to include up to 369 employees and change in terms of employment in the form of an agreement or amending notice for 518 people).

The above stage of employment restructuring resulted from a number of projects that involved simplified procedures, automation and optimization of workflow and centralization of operations. The restructuring focused mostly on operations, finance and claims adjustment.

Finally, the above stage of restructuring included 698 people in PZU (160 had their employment terms modified, 538 were laid off, out of which 396 terminated their contracts refusing to accept new employment terms).

In all restructuring stages (i.e. in 2010-2012), individuals who were laid off or refused to accept the proposed change of employment terms were offered more favourable terms of leaving the company than projected by relevant legal regulations (Act on special principles of employment termination for reasons not related to employees). The amount of additional redundancy pay depended on the salary of each employee and their time of employment at the PZU Group.

On 27 December 2012, the Management Boards of PZU and PZU Życie announced assumptions of the restructuring plan for 2013 to include mainly claim adjustment and finance areas, as well as auxiliary functions, but to much lower extent. On 13 February 2013, the Management Board of PZU and PZU Życie announced their intention to carry out group redundancies. Employment restructuring is planned in the period 18 March to 15 June 2013. The restructuring is to cover up to 2,901 people in PZU, including an estimated reduction of employment up to 583 PZU employees.

The total 2012 restructuring costs charged to the provision amounted to PLN 51,272 thousand (in 2011: PLN 38,963 thousand).

As at 31 December 2012, the restructuring provision totaled PLN 47,914 thousand (as at 31 December 2011: PLN 86,877 thousand) which meant a decrease in the provision in 2012 by PLN 38,963 thousand (an increase by PLN 34,286 thousand in the entire 2011).

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

Investment outlays incurred for the current year	2012	2011
Investment outlays incurred including:	91 446	96 980
- outlays for non-financial non-current assets	30 252	32 930

Investment outlays planned for the 12 months following the balance sheet date including:	2012	2011
Investment outlays planned for the 12 months following the balance sheet date including:	225 839	42 000
- outlays for non-financial non-current assets	225 839	42 000

29. Disputes

PZU is a party to a number of court and arbitration disputes and administrative proceedings. The typical court disputes are those related to insurance contracts, employment contracts and contractual obligations. The typical administrative proceedings are related to own real property. The proceedings and disputes are typical and repetitive and, usually, individually they are not significant for PZU.

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

PZU includes disputed claims in the process of recording technical reserves for known claims taking into account the probability of unfavourable resolution of the dispute and estimating the value of the probable adjudication.

In 2012 and by the date of submission of the financial statements, PZU did not take part in any proceedings before court, body competent to hear arbitration proceedings or public authority body concerning liabilities or receivables of PZU or its direct or indirect subsidiary of the value or the total value of at least 10% of the equity of PZU

As of 31 December 2012 the total value of all 38,214 cases heard by courts, bodies competent to hear arbitration proceedings or public authority bodies involving PZU was PLN 1,861,375 thousand. The amount includes PLN 1,506,433 thousand of liabilities and PLN 354,942 thousand of receivables of PZU, which constituted 11.2% and 2.64% of PZU equity calculated in line with Polish GAAP, respectively.

29.1. Resolution of General Shareholders meeting of PZU regarding 2006 profit distribution

A petition of 30 July 2007 initiated an action of Manchester Securities Corporation against PZU regarding cancellation of GSM Resolution no. 8/2007 of 30 June 2007 regarding distribution of PZU profit for 2006 as non-compliant with good practices and acting to the detriment of the claimant, a shareholder of PZU.

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

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

In its decision of 22 January 2010, the District Court in Warsaw cancelled the above resolution. On 17 February 2010, PZU appealed against the decision of the District Court in Warsaw.

In a decision of 6 December 2011, the Appellate Court in Warsaw dismissed the complaint of PZU against the decision of the District Court in Warsaw of 22 January 2010. As of the date of decision by the Appellate Court, the decision issued by the District Court on 22 January 2010 that cancelled the above resolution of the General Shareholders Meeting became legally binding.

On 7 December 2011, PZU motioned for a written rationale for the decision of the Appellate Court in Warsaw of 6 December 2011. On 2 April 2012, the decision with rationale was delivered to PZU. On 29 May 2012, PZU lodged a cassation appeal regarding the entire decision of the Appellate Court of 6 December 2011. On 7 February 2013, the Supreme Court decided to accept the appeal for examination.

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

Regardless of the above, following the decision cancelling the above resolution becoming effective, the agenda of GSM of 30 May 2012 included a point regarding distribution of profit for 2006.

The Management Board recommended distributing the 2006 profit in a manner corresponding to the resolution cancelled with the above decisions, since after its passing, PZU paid dividend for 2009 using funds retained based on that resolution.

On 30 May 2012 GSM decided to distribute the profit for 2006 in a manner corresponding to the cancelled resolution. Manchester Securities Corporation objected against the resolution of 30 May 2012, which was recorded in the minutes.

On 20 August 2012, PZU received a copy of complaint lodged by Manchester Securities Corporation in the District Court in Warsaw, in which the plaintiff requested cancellation of the resolution of 30 May 2012 regarding distribution of 2006 profit with the value of the disputable object determined at PLN 5,054 thousand. The first hearing was planned for 12 March 2013, which finally was postponed to 5 April 2013. PZU responded to the complaint requesting its complete dismissal. Should argumentation of PZU be ignored, a decision may be issued cancelling the resolution objected against.

As at the balance sheet date of 31 December 2012, no changes in presentation of PZU capitals were made that may result from cancellation of the resolution, including "Supplementary capital" and "Previous year profit (loss)". The funds appropriated to the Company's Social Benefit Fund were not adjusted or provisions recognized against any potential additional claims resulting from cancellation of the above resolution.

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

29.2.1 Fine imposed in 2009 for standard agreements

On 30 December 2009, the President of the Office of Competition and Consumer Protection issued decision No. RWR 41/2009 and fined PZU for PLN 14,792 thousand for practices which breach the collective consumer interest, consisting in:

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

PZU does not agree with the decision and its statement of reasons. On 18 January 2010 PZU appealed to the Court of Competition and Consumer Protection against the decision (this way the decision did not become valid). In a ruling of 14 November 2011 the Court of Competition and Consumer Protection dismissed the appeal of PZU. On 14 December 2011 PZU appealed to the Court of Appeals in Warsaw.

In a decision of 5 July 2012 the Appellate Court dismissed the decision of Court of Competition and Consumer Protection of 14 November 2011 and returned it for rehearing. On 18 January 2013, Court of Competition and Consumer Protection cancelled the decision of President of Office of Competition and Consumer Protection of 30 December 2009. On 6 March 2013 President of Office of Competition and Consumer Protection appealed to Court of Competition and Consumer Protection.

Regardless of the appeal measures, PZU recognized a provision for the fine totalling – as at 31 December 2011 and 31 December 2010 – PLN 14,792 thousand.

29.2.2 Fine imposed in 2011

Reimbursement of the costs of rental a replacement car

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

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

and demanded that the practices be discontinued.

The Management Board of PZU does not agree with the decision and its legal and factual statement of reasons.

On 5 December 2011 PZU appealed against the decision (thus the decision did not become valid) citing a number of objections.

Regardless of the appeal measures, PZU recognized a provision for the fine totaling – as at 31 December 2011 – PLN 11,287 thousand.

Sale of a group accident insurance

In a decision of 30 December 2011 the President of the Office of Competition and Consumer Protection imposed a fine on PZU of PLN 56,605 thousand for the use of practices that limit competition and infringe the prohibition specified in Article 6.1.3 of the Act on competition and consumer protection following an agreement concluded by PZU and Maximus Broker Sp. z o.o. with its registered office in Toruń ("Maximus Broker") that limited the competition in the domestic group accident insurance for children, youth and staff of educational institutions by dividing the market between the entities – the clients of PZU in the kujawsko-pomorskie region were serviced by Maximus Broker in exchange for recommendation of PZU insurance to those clients. The Office demanded that the practices be discontinued.

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

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

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

On 22 October 2012, PZU received a response of President of Office of Competition and Consumer Protection to its appeal. PZU replied to this response on 5 November 2012.

Regardless of the initiated appellation procedures, PZU recognized a provision for the above fine, whose amount both as at 31 December 2012 and 31 December 2011 was PLN 56,605 thousand.

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

PZU, PBG SA with the registered office in Wysogotowo near Poznań (at present: PBG SA in arrangement bankruptcy, henceforth: PBG) and Hydrobudowa Polska SA (at present: Hydrobudowa Polska SA in arrangement bankruptcy, henceforth: Hydrobudowa) with the registered office in Wysogotowo near Poznań concluded contracts of mandate regarding periodic insurance guarantees (contractual guarantees). Based on these contracts PZU issued insurance guarantees. Should PZU perform on these guarantees, its clients: PBG and Hydrobudowa, were obliged to refund amounts paid.

In 2012 bankruptcy proceedings (with possibility of arrangement) were initiated before District Court in Poznań against PBG and Hydrobudowa.

On 21 September 2012 PZU joined the above proceedings submitting its claims to the bankruptcy estate of both companies (including amounts payable in future). The amounts payable in future mean potential liabilities of PZU related to performance of the insurance guarantees not performed yet (arising from the existing payment reminders issued by beneficiaries of the insurance guarantees or from the guarantees themselves, if the deadline for their beneficiaries to submit a reminder has not passed yet).

On 21 September 2012 PZU joined the above proceedings submitting its claims to the bankruptcy estate of both companies (including amounts payable in future). The amounts payable in future mean potential liabilities of PZU related to performance of the insurance guarantees not performed yet (arising from the existing payment reminders issued by beneficiaries of the insurance guarantees or from the guarantees themselves, if the deadline for their beneficiaries to submit a reminder has not passed yet).

PZU submitted the following claims:

- In relation to the bankruptcy estate of PBG: the total of PLN 105,428 thousand , out of which PLN 90,745 thousand of future liabilities;
- In relation to the bankruptcy estate of Hydrobudowa: the total of PLN 100,996 thousand , out of which PLN 86,443 thousand of future liabilities.

Later, following payments made in relation to subsequent guarantee contracts granted to Hydrobudowa, PZU submitted additional claims. The total amount of claims to the bankruptcy estate of both companies did not change, though, since subsequent claims only modified the amount of debt classified by PZU as future liabilities in initial claims. As at the date of signing the separate financial statements by PZU, the claims amounted to:

- In relation to the bankruptcy estate of PBG: the total of PLN 105,428 thousand , out of which PLN 73,461 thousand of future liabilities;
- In relation to the bankruptcy estate of Hydrobudowa: the total of PLN 100,996 thousand , out of which PLN 69,159 thousand of future liabilities.

PBG and Hydrobudowa belong to the same capital group with PBG as the parent. They granted sureties to each other.

All claims submitted to the bankruptcy estate of Hydrobudowa in the amount of PLN 100,996 thousand have been therefore submitted in relation to the bankruptcy estate of PBG as well. Out of the above claims:

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

29.4. Dispute with PBG regarding claims of PGNiG arising from contract guarantees

On 4 February 2013 a complaint was lodged against PZU to District Court in Poznań, with the disputed amount of PLN 66,699 thousand. The complaint regards determination, not payment, and its authors: PBG, Tecnimont S.p.A. with registered office in Milan, Societe Francaise d'Etudes de Realisations d'Equipments Gaziers "SOFREGAZ" with registered office in Neuilly-sur-Seine, Plynostav Pardubice Holding A.S. with registered office in Pardubice and Plynostav Regulace Plynu A.S. with registered office in Pardubice request determining that PZU is not obliged to pay PGNiG SA funds from performance bond insurance no. GKo/925/08-081 of 14 November 2008, amended with an annex of 9 March 2011, in the amount of PLN 66,699 thousand. PZU to responded to this complaint on 5 March 2013.

Should the Court recognize the related claim, it will decide that PZU is not obliged to pay PGNiG SA funds from the above performance bond insurance of PLN 66,699 thousand. Should the case be dismissed, the cited basis for PZU to deny the payment to PGNiG SA will not apply.

PZU and PBG concluded a contract of mandate regarding periodic insurance guarantees (contractual guarantees). Based on these contracts PZU issued the above insurance guarantee. Should PZU perform on this guarantee PBG was obliged to refund the amount paid.

The amount arising from the above guarantee has been already submitted as a future liability under the claims submitted by PZU with regard to the bankruptcy estate of the two PBG Capital Group companies: PBG and Hydrobudowa. The issue has been described in point **Błąd! Nie można odnaleźć źródła odwołania.** of Notes.

29.5. Dispute with Comarch SA

On 12 November 2012, PZU received a copy of payment order issued on 26 October 2012 by the District Court in Warsaw under the writ of payment proceedings, along with a copy of complaint and appendices regarding the action of Comarch SA against PZU. Based on the above order, PZU was levied with the amount of PLN 19,758 thousand with interest and PLN 32 thousand as refund of costs of proceedings. The claim made by Comarch SA

includes costs calculated by the company in relation to work and tasks performed following a commission of PZU in the project regarding an IT system to maintain financial insurance policies.

On 26 November 2012 PZU submitted an objection against the payment order, challenged it and requested dismissal of the entire case. The case was referred to the mediation.

On 25 October 2012 PZU motioned to the District Court for Kraków Śródmieście to call for settlement with Comarch SA. The settlement would involve paying to PZU an amount not lower than PLN 21,161 thousand for undue performance of the contract regarding the IT system to maintain financial insurance policies. Since no settlement was reached, the settlement call related proceedings were closed.

29.6. Dispute with Przedsiębiorstwo Wielobranżowe Pieprzyk Sp. z o.o.

On 6 February 2013, PZU received a call for settlement from the District Court for Warszawa-Śródmieście, upon a motion of Przedsiębiorstwo Wielobranżowe Pieprzyk Sp. z o.o. with registered office in Rawicz. The call included amounts of PLN 10,700 thousand, EUR 1,440 thousand and SDR 3,750 thousand.

The claim regards PZU refusal to pay claims for an Eurocopter make helicopter covered with a comprehensive aviation policy and destroyed in an accident on 11 January 2010. The hearing will take place on 26 April 2013.

30. Employment

Average employment, broken down by employee group	1 January - 31 December 2012		1 January - 31 December 2011	
	Average annual employment (FTE)	Average annual headcount (persons)	Average annual FTE	Average annual headcount (persons)
a) Supervisory Board	8	8	7	7
b) Management Board	6	6	5	5
c) Total employment, including:	8 369	10 286	8 891	10 733
- management	375	629	364	604
- advisors	1	2	1	1
- actuaries	2	2	3	3
- other employees	7 991	9 653	8 523	10 125
- including agents on employment contracts	126	133	134	145
d) Number of agents without employment contracts (persons)		8 157		8 138*

* The annual financial statements of PZU for 2011 disclose a number of 17,426, including individuals not being agents, but providing agency services (OFWCA).

31. Agreements on audit and review of financial statements

31.1. Remuneration of the entity authorized to audit financial statements

Remuneration of the entity authorized to audit financial statements	1 January - 31 December 2012	1 January - 31 December 2011
a) statutory audit of annual separate/consolidated financial statements	633	609
b) other attestation services including review of separate/consolidated financial statements	519	486
c) tax advisory services	377	115
d) other services	34	32
Total	1 563	1 242

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

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

An agreement to audit condensed interim consolidated financial statements of the PZU Group and condensed separate financial statements of PZU for the period of six months ended 30 June 2012 and 30 June 2013 and to

audit separate financial statements of PZU and consolidated financial statements of the PZU Group for the years ended 31 December 2012 and 31 December 2013 was concluded on 16 July 2012.

32. Related party transactions

In 2012, PZU did not conclude related party transactions, which individually or jointly would constitute a significant amount, on non-arm's length terms.

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

In 2012 and in 2011, there were no transactions between PZU and Members of the Management Board of PZU, Members of the Supervisory Board of PZU or persons who are their joint householders, spouses, persons related by blood or affinity up to the second degree, adoptees and adopters and persons under their care or guardianship or other persons personally related to Members of the Management Board of PZU or Supervisory Board of PZU, other than those resulting from concluded property and personal insurance contracts, concluded on an arm's length basis.

In 2012 and 2011, there were no material transactions between PZU and entities in which Members of the Management Board of PZU or the Supervisory Board of PZU, persons who are their joint householders, spouses, persons related by blood or affinity up to the second degree, adoptees and adopters and persons under their care or guardianship would hold directly or indirectly at least 20% of votes at the general (shareholders') meeting, other than those resulting from concluded property and personal insurance contracts, concluded on an arm's length basis.

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

In 2012 and 2011, no unpaid advances, credit facilities, loans, guarantees, sureties or other contracts with performance obligation regarding members of PZU Management Board or Supervisory Board occurred.

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

Remuneration and other short-term employee benefits paid by PZU	1 January – 31 December 2012		1 January – 31 December 2011	
		bonuses:		bonuses:
Management Board, out of which:	7 012	1 600	5 367	544
Andrzej Klesyk	1 691	480	1 512	312
Przemysław Dąbrowski	1 092	252	840	-
Witold Jaworski	1 176	336	1 072	232
Bogusław Skuza	1 008	168	415	-
Tomasz Tarkowski	1 100	259	578	-
Ryszard Trepczyński	945	105	420	-
Marcin Halbersztadt	-	-	530	-
High level managers (PZU Group Directors), out of which:	2 283	337	3 151	192
Dariusz Krzewina	616	86	570	-
Przemysław Dąbrowski	-	-	200*	200*
Rafał Grodzicki	709	179	510	-
Przemysław Henschke	435	-	-	-
Sławomir Niemierka	523	72	-	-
Tomasz Tarkowski	-	-	141	2
Mariusz J. Sarnowski	-	-	920	130
Krzysztof Dominik Branny	-	-	810	60
Supervisory Board, out of which:	1 126	-	984	-
Waldemar Maj	162	-	120	-
Zbigniew Cwiąkański	168	-	168	-
Tomasz Zganiacz	85	-	-	-
Dariusz Daniluk	120	-	60	-
Zbigniew Derdziuk	120	-	60	-
Dariusz Filar	120	-	120	-

Remuneration and other short-term employee benefits paid by PZU	1 January – 31 December 2012		1 January – 31 December 2011	
Włodzimierz Kiciński	71	-	-	-
Alojzy Nowak	71	-	-	-
Maciej Piotrowski	71	-	-	-
Marzena Piszczek	79	-	192	-
Krzysztof Dresler	59	-	132	-
Piotr Kamiński	-	-	60	-
Grażyna Piotrowska-Oliwa	-	-	72	-

Remuneration and other short-term employee benefits paid by other PZU Group entities	1 January – 31 December 2012		1 January – 31 December 2011	
		bonuses:		bonuses:
Management Board, out of which:	2 106	255	1 868	141
Andrzej Klesyk	386	-	389	-
Przemysław Dąbrowski	425	101	489	41
Witold Jaworski	392	-	451	-
Bogusław Skuza	237	-	-	-
Tomasz Tarkowski	257	77	245	100**
Ryszard Trepczyński	409	77	178	-
Marcin Halbersztadt	-	-	116	-
High level managers (PZU Group Directors), out of which:	2 486	569	2 127	123
Dariusz Krzewina	992	278	877	41
Rafał Grodzicki	704	252	596	41
Przemysław Henschke	381	-	-	-
Sławomir Niemierka	409	39	-	-
Tomasz Tarkowski	-	-	-	-
Mariusz J. Sarnowski	-	-	346	41
Krzysztof Dominik Branny	-	-	308	-

Total estimated amount of non-cash benefits granted by the Company and its subsidiaries	1 January – 31 December 2012		1 January – 31 December 2011	
Management Board, out of which:	1 150		1 029	
Andrzej Klesyk	214		247	
Przemysław Dąbrowski	148		198	
Witold Jaworski	181		216	
Bogusław Skuza	90		75	
Tomasz Tarkowski	273		149***	
Ryszard Trepczyński	244		39	
Marcin Halbersztadt	-		105	
High level managers (PZU Group Directors), out of which:	617		455	
Dariusz Krzewina	201		172	
Rafał Grodzicki	192		160	
Przemysław Henschke	72		-	
Sławomir Niemierka	152		-	
Mariusz J. Sarnowski	-		21	
Krzysztof Dominik Branny	-		102	
Supervisory Board, out of which:	1		-	
Alojzy Nowak	1		-	

* The sums paid to Przemysław Dąbrowski for 2011 are presented in the section regarding high level management, because he received a bonus for 2010 as Director of the Capital Group..

** The sum is a bonus for 2010 for acting as Member of the Management Board in PZU Ukraine.

*** The indicated amount includes the equivalent of EUR 18,600 translated into PLN at the average currency rate of 31 December 2011 as published by the National Bank of Poland (NBP).

Remuneration of Members of the Management Board of PZU, Capital Group Directors and Members of the Supervisory Board of PZU paid, due or potentially due	1 January - 31 December 2011	1 January - 31 December 2011
a) Charged to costs	16 781	14 981
b) Resulting from incentive or bonus plans based on issuer's equity	-	-

32.2. Transactions with subsidiaries

Transactions with subsidiaries	1 January - 31 December 2012	1 January - 31 December 2011
1. Gross written premium, including:	1 414	3 768
- from UAB DK PZU Lietuva	418	2 647
- from PrJSC IC PZU Ukraine	409	630
2. Dividend income, including:	1 206 357	1 987 286
- from PZU Życie	1 177 476	1 987 282
- from TFI PZU	13 581	-
- from PZU CO	6 204	-
- from ICH Center	3 545	-
- from PZU AM	3 188	-
- from Ogrodowa Inwestycje	2 355	-
- from Armatura Kraków SA	8	4
3. Other revenue, including:	17 979	41 627
- from a return of a portion of a fee for managing financial assets from TFI PZU	5 737	-
- from real property due to rents from controlled entities	5 378	5 074
- from acquisition activities carried out for OFE PZU received from PTE PZU	1 646	32 578
4. Gross claims paid, including:	4 219	9 783
- for UAB DK PZU Lietuva	2 319	3 304
- handling costs arising from services provided by PZU CO	1 490	5 780
5. Other expenses, including:	54 276	71 683
- costs acquisition activities carried out for PZU OPF for PTE PZU	-	32 338
- IT services rendered by PZU CO	38 260	23 418
- costs of investing activities due to assets management for PZU AM	7 982	8 777
- regular mass printing services provided by PZU CO	1 235	3 011

Transactions with subsidiaries	31 December 2012	31 December 2011
1. Receivables - gross value, including:	16 788	54 027
- from Syta Development due to advance payments for the CLSiOR investment	4 746	4 746
- deposits receivable due to inward reinsurance – premiums from UAB DK PZU Lietuva	3 813	5 309
- from Syta Development due to performance of agreements related to the CLSiOR investment	3 562	5 060
- Receivables due to reimbursement of CIT – Tax Group	2 325	22 807
- from PTE PZU due to commission fee for acquisition for OPF	-	14 486
2. Impairment losses on receivables and advances from Syta Development	8 306	9 806
3. Liabilities including:	73 144	6 371
- income tax liabilities – Tax Capital Group - zobowiązanie z tytułu podatku CIT - Podatkowa Grupa Kapitałowa	66 660	1 679
4. Off-balance sheet receivables - from Syta Development as collateral of interest on the originated loan	2 275	2 275

32.3. Transactions with associated entities

Transactions with associated entities	1 January - 31 December 2012	1 January - 31 December 2011
1. Gross written premium	160	206
2. Dividend income	-	-
3. Other revenue	-	-

Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Financial statements for the year ended 31 December 2012

4. Gross claims paid	-	4
5. Other costs	-	-

Transactions with associated entities	31 December 2012	31 December 2011
1. Receivables - gross value, including advance payments for construction investments	132	98
2. Liabilities	-	-

Signatures of members of the Management Board of PZU SA:

Name	Position	
Andrzej Klesyk	Chairman of the Board (signature)
Przemysław Dąbrowski	Member of the Board (signature)
Bogusław Skuza	Member of the Board (signature)
Tomasz Tarkowski	Member of the Board (signature)
Ryszard Trepczyński	Member of the Board (signature)

Person responsible for preparation of separate financial statements:

Piotr Marczyk	Director of Accounting Office (signature)
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Chief Actuary at PZU:

Paweł Chadysz	Vice-Director of the Actuarial Office (signature)
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Warsaw, 12 March 2013