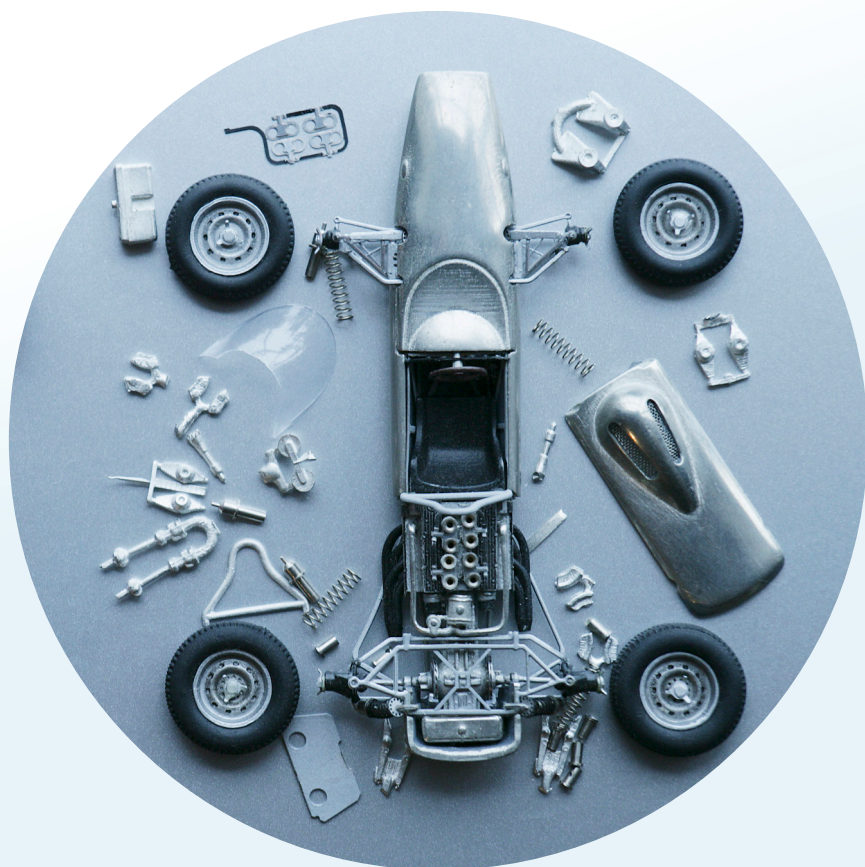


PZU (2012)

- report on the application of corporate governance



Warsaw 13 March 2013



1. Corporate governance principles

Since the date the Company's shares have been admitted to trading on a regulated market PZU has followed the corporate governance rules laid down in "Good practices of companies listed on WSE" adopted by the Council of Giełda Papierów Wartościowych w Warszawie S.A.

The wording of "Good practices of companies listed on WSE" is available on the website devoted to corporate governance of WSE-listed entities (www.corp-gov.gpw.pl) and on the Company's website (www.pzu.pl) in the section dedicated to PZU's shareholders – "Investor Relations".

Apart from the aforementioned corporate governance principles the Company applies Ethical standards and other corporate social responsibility principles presented in the following documents:

- Code of Good Insurance Practice adopted on 8 June 2009 by the General Meeting of the Polish Chamber of Insurance ("PIU"), an organization associating insurance companies operating in the Polish market. The document is the code of conduct for insurance companies specifying their relationships with customers, insurance intermediaries, supervisory body and the Insurance Ombudsman as well as the media; governing the relationships between the insurers and setting standards of operations of insurance companies which participate in public trading in securities. The document is available on the website of PIU: <http://piu.org.pl/zasady-dobrych-praktyk/project/132/pagination/1>;
- Good Practices at PZU. The document emphasizes the role of ethical standards applicable to all aspects of PZU operations, presenting sound business practices at PZU. It promotes the culture of compliance with the law, decision making based on ethical standards and responsibility for decisions taken. The document is available on the Company's website: http://www.pzu.pl/c/document_library/get_file?uuid=f430d2f3-0ffa-4b72-add8-c53f3668c66a&groupId=10172.
- The social report of PZU. This is the first report concerning sustainable development and social activity of the Company, which has been prepared based on the guidance and standards of Global Reporting Initiative (GRI) using the Sustainability Reporting Guidelines & Financial Services Sector Supplement. The report is an element of implementing of the corporate social responsibility (CSR) strategy in PZU and raises a number of issues in various areas, including: corporate governance, availability of services, product quality, data security, the effect of PZU's operations on the natural environment and PZU's active involvement in social activities. The document is available on the Company's website: <http://www.pzu.pl/grupa-pzu/dzialalnosc-spoleczna/raporty>.

Application of "Good practices of companies listed on WSE"

In 2012 PZU followed the principles defined in "Good practices of companies listed on WSE" adopted by resolution No. 20/1287/2011 of the Council of the WSE dated 19 October 2011, subject to recommendations indicated in Sections I.5, I.9 and I.12 with respect to two-way real-time communication which ensures that shareholders may express their opinions during a shareholders meeting even if they are not physically present at the session and with respect to exercising voting rights during the shareholders' meeting (whether in person or through a proxy). The announcement on non-compliance with these Recommendations was not issued in line with the waiver of the obligation to publish issuers' reports referred to in Article 29.3 of the Regulations of WSE with respect to corporate governance principles set forth in part I of "Good practices of companies listed on WSE", in accordance with the resolution of the Management Board of WSE dated 11 December 2007.

The following issues mentioned in section I of "Good practices of companies listed on WSE" defining "Recommendations concerning good practices of companies listed on WSE" should be emphasised:

- As for the recommendation included in Section 1.5 concerning the policy of remunerating members of management and supervisory bodies, remunerations of members of the Supervisory Board are determined by the General Shareholders' Meeting and those of the Management Board are set based on a resolution of the Supervisory Board.
- The policy of remunerating members of the management and supervisory bodies of PZU does not include all elements indicated in the recommendation of the European Commission of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC), supplemented by recommendation of EC of 30 April 2009 (2009/385/EC). Moreover, PZU did not present a declaration presenting remuneration policy on its corporate website. The decision concerning future compliance with the said rule will be taken by the Supervisory Board and the General Shareholders' Meeting.
- As for the recommendation specified in Section I.9 concerning gender parity principle to be followed in the Company's management and supervisory bodies, PZU has always pursued the policy of appointing competent, creative, experienced and educated people to the Company's bodies. The composition of the Management and Supervisory Board is determined based on a decision of the Supervisory Board or a General Shareholders' Meeting, respectively and other factors, such as sex, are not taken into account.
- As for the recommendation specified in Section I.12 with respect to ensuring two-way real-time communication which ensures that shareholders may express their opinions during a shareholders meeting even if they are not physically present at a session and with respect to exercising voting rights during the shareholders' meeting (whether in person or through a proxy) the Company decided to no longer provide two-way real-time communication ensuring that shareholders may express their opinions during a shareholders' meeting even if they are not physically present at a session and exercise their voting rights during the shareholders' meeting (whether in person or through a proxy), because according to the Company there are numerous technical and legal issues, which may disrupt appropriate course of a session of the Shareholders' Meeting and adequate application of the provisions of the recommendation in question. Moreover, according to the Company, principles concerning participation in shareholders' meetings applicable in PZU allow for exercising rights from shares and protect interests of all shareholders.

2. The General Meeting and shareholder rights

The General Shareholders' Meeting is the highest body of the Company. The general operational principles and the rights of the General Shareholders' Meeting have been determined by the Code of Commercial Companies and the By-laws. The By-laws are available at the PZU's corporate website (www.pzu.pl) in its section dedicated to PZU's shareholders in "Investors relations" tab: "Company".

The General Shareholders' Meeting did not issue its Regulations.

The General Shareholders' Meeting is a body authorized to take decisions concerning issues related to organization and operations of the Company. Resolutions of the General Shareholders' Meeting are adopted by an

absolute majority of votes, except for cases specified in the Code of Commercial Companies or the By-laws. In accordance with the By-laws, resolutions of the General Shareholders' Meeting concerning: changes in the By-laws, decrease in the share capital, disposal and lease of the enterprise or its organized part or establishment of a limited property right require a qualified majority of three fourths of votes. The resolutions of the General Shareholders' Meeting relating to preference shares and the Company's business combination by transferring all its assets to another company or a merger by forming a new company, dissolving the Company (also as a result of moving its seat or the head office abroad), its liquidation, transformation or reduction in share capital by redemption of a portion of shares without a similar capital increase require a 90% majority of the votes cast.

The most significant competencies of the General Shareholders' Meeting, apart from those specified in the Commercial Companies Code and the By-laws of PZU include passing resolutions concerning, in particular, the following:

- examination and approval of a management board report on the company's activities, financial statements for the previous financial year and acknowledgment of the fulfilment of duties by members of the company's authorities;
- profit distribution or loss coverage;
- taking decisions concerning claims for redressing damage inflicted upon formation of the Company or exercising management or supervision;
- disposal of the enterprise or its organized part or its lease or establishment of a limited property right;
- redemption of shares or issue of bonds;
- creating reserve capitals and taking the decision whether to use them and if so, how;
- taking the decision concerning division of the Company, its combination with a different company, its liquidation or dissemination of the Company;
- appointing and dismissing members of the Supervisory Board, subject to the right granted to the State Treasury to appoint and dismiss one member of the Supervisory Board;
- establishing the rules of remunerating members of the Supervisory Board;
- acquisition or disposal of a real property, perpetual usufruct or share in the real property or in perpetual usufruct exceeding the equivalent of a gross amount of EUR 30,000,000 (thirty million euro).

The General Shareholders' Meeting is convened in the form of the Ordinary Shareholders' Meeting, which should be held within six months after the end of each financial year of the Company and the Extraordinary Shareholders' Meeting, which is convened in cases specified in the generally applicable law and the By-laws. The General Shareholders' meeting takes place in Warsaw.

A General Shareholders' Meeting is called by placing an appropriate announcement on the Company website in accordance with the method of providing current information specified in the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies of 19 July 2005 (Journal of Laws of 2005, No. 184, item 1539 as amended "Act on public offering"), i.e. in the form of current reports. Such announcement should be made not later than 26 days before the date of the General Shareholders' Meeting. Starting from the date of convening the Shareholders' Meeting the announcement with materials presented to shareholders at the General Shareholders' Meeting are available at the PZU's corporate website (www.pzu.pl) in its section dedicated to PZU's shareholders in "Investors relations" tab: "General Shareholders' Meeting". Duly called General Shareholders' Meeting is deemed valid regardless of the number of attending shareholders or number of represented shares.

The General Shareholders' Meeting is opened by the Chairman of the Deputy Chairman of the Supervisory Board and then the Chairman of the Shareholders' Meeting is elected. If the Chairman and Deputy Chairman of the Supervisory Board are absent, the Shareholders' Meeting is opened by the Chairman of the Management Board or a person designated by the Management Board.

The General Shareholders' Meeting may adopt resolutions regardless of the number of attending shareholders or number of represented shares. Resolutions of the Shareholders' Meeting are passed in an open ballot. Secret ballot is held in the following cases: elections, voting requests for dismissal of members of the Company's bodies or liquidators, in cases of their personal responsibility towards the Company, in personal cases, excluding when

an open ballot is required by applicable law, upon request of any shareholder present or represented at the General Shareholders' Meeting.

The rights of the shareholders and the method of exercising thereof at the General Shareholders' Meeting are specified in the Code of Commercial Companies and the By-laws.

Only persons who were shareholders of the Company 16 days before the date of the General Shareholders' Meeting have the right to participate in the Meeting (date of registration of attendance at the Meeting).

The Company's shareholders may attend the General Shareholders' Meeting and exercise the right to vote personally or through a proxy. The power of attorney to participate in the General Shareholders' Meeting and to exercise the voting right may be granted in writing or in an electronic form.

One share of PZU gives the right to a single vote at the General Shareholders' Meeting, including restrictions with respect to exercising the voting rights described in the Company's By-laws. The shareholder has the right to vote in a different manner under each share held.

During the General Shareholders' Meeting each shareholder may provide resolution drafts concerning items on the agenda.

In line with the Code of Commercial Companies, detailed procedures concerning participation in the General Shareholders' Meeting and exercising the voting rights are always presented in an announcement of the General Shareholders' Meeting published on the date of convening the Shareholders' Meeting at the PZU's corporate website (www.pzu.pl) in its section dedicated to PZU's shareholders in "Investors relations" in tab: "General Shareholders' Meeting".

3. The Issuer's management and supervisory bodies and their committees

The Management Board of PZU

In accordance with PZU's Articles of Association, the Management Board is composed of three to seven members appointed for a joint term of office which covers three full consecutive financial years. The members of the Management Board, including the Chairman, are appointed and dismissed by the Supervisory Board, and additionally, the Management Board Members are appointed and dismissed by the Supervisory Board on a motion tabled by the Chairman of the Management Board. The Chairman of the Management Board for the new term of office who is appointed before the expiry of the current term of office may submit a motion to the Supervisory Board to appoint the remaining Members of the Management Board for the new term of office before the expiry of the current term of office.

In the period from 1 January 2012 to 31 December 2012, the composition of the Management Board of PZU was as follows:

At 1 January 2012, the composition of the Management Board of PZU was as follows:

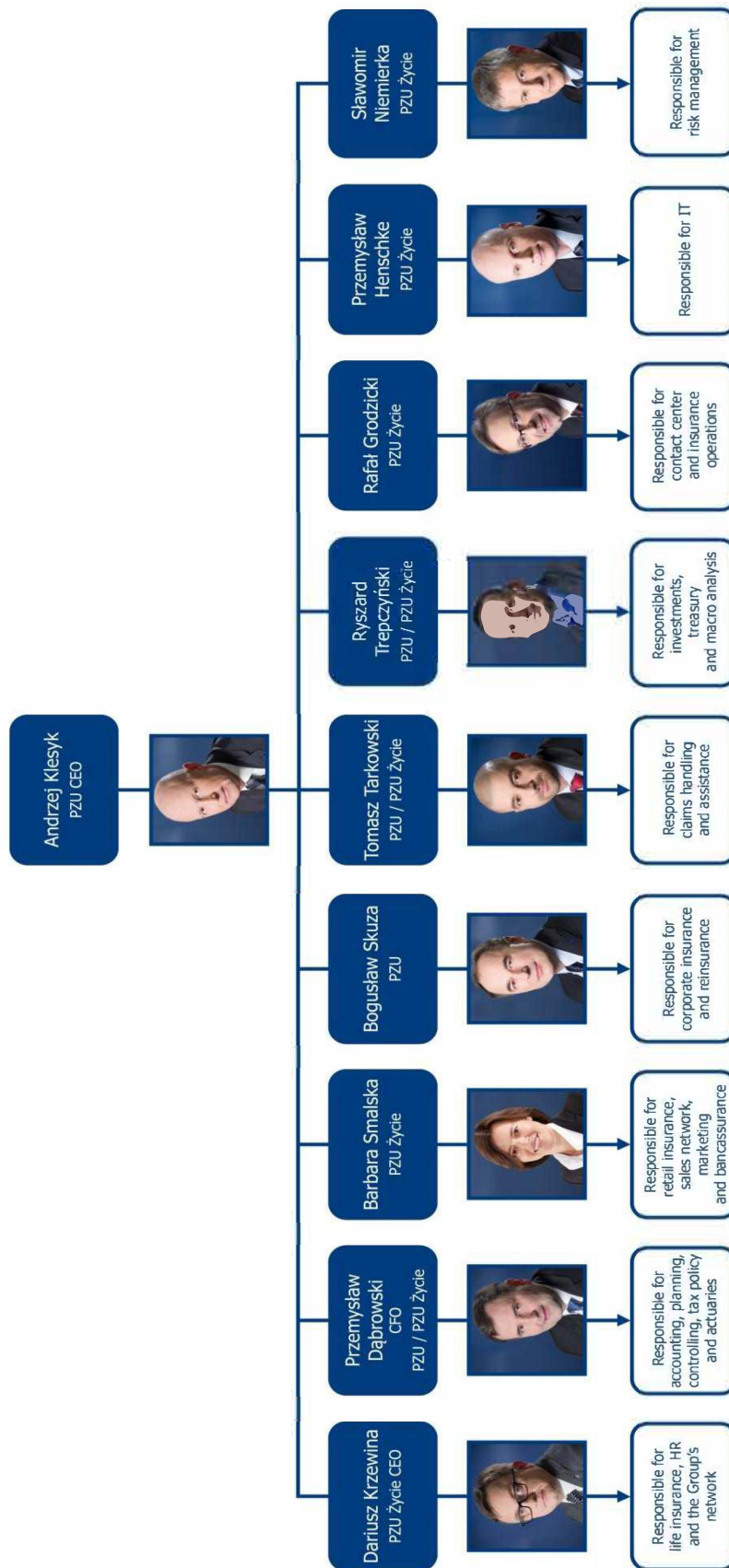
- Andrzej Klesyk - Chairman of the Management Board of PZU;
- Witold Jaworski - Board Member of PZU;
- Przemysław Dąbrowski - Board Member of PZU;
- Bogusław Skuza - Board Member of PZU;
- Tomasz Tarkowski - Board Member of PZU;
- Ryszard Trepczyński - Board Member of PZU.

On 27 September 2012, Witold Jaworski resigned from the position of a Member of the Management Board of PZU.

According to above mentioned, the composition of Management Board of PZU was as follows:

- Andrzej Klesyk - Chairman of the Management Board of PZU;
- Przemysław Dąbrowski - Board Member of PZU;
 - Bogusław Skuza - Board Member of PZU;
 - Tomasz Tarkowski – Board Member of PZU;
 - Ryszard Trepczyński - Board Member of PZU .
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Chart 9: Organizational structure of PZU Group – segregation of duties



The current term of office of the Management Board of PZU SA has started on 1 July 2011 and will last until the end of three consecutive financial years. The mandates of members of the Management Board expire not later than on the date of the General Shareholders' Meeting approving the financial statements for the last full financial year of their term.

Information about experience and competences of the Management Board of PZU and PZU Życie has been presented below:

Andrzej Klesyk - Chairman of the Board of PZU

Andrzej Klesyk has been the Chairman of the Board of PZU SA since December 2007. From 2003 to 2007 he was a Partner and Managing Director of The Boston Consulting Group in Warsaw, where he collaborated with PZU in performing insurance projects. Created and managed Inteligo, a pioneer Internet banking project. Managed a team creating Handlobank, the consumer banking division of Bank Handlowy w Warszawie SA. From 1993 to 2000 he worked in the London branch of McKinsey. In 1991 Andrzej Klesyk went to the USA, where he worked for Kidder, Peabody and Coopers & Lybrand, New York.

Andrzej Klesyk graduated from the Faculty of Economy of the Catholic University of Lublin. He was one of the first Poles to complete a two-year MBA course at Harvard Business School, the USA.

He is a member of The Geneva Association – a non-profit organisation associating 80 Board Chairmen from top world insurance companies. He represents PZU at annual meetings of the World Economic Forum in Davos and the meetings of the Institute of International Finance in Washington.

Przemysław Dąbrowski, Member of the Board of PZU

Przemysław Dąbrowski graduated from Warsaw University, Information Technology Department and a Post-Graduate Management Course. He completed MBA studies at the University of Illinois and the Warsaw-Illinois Executive MBA program. Przemysław Dąbrowski has vast experience in financial management services for the insurance sector, in managing financial investments and large financial transactions. He has knowledge and experience in accounting, tax and actuarial issues. Przemysław Dąbrowski started his professional career in 1993. From 1993 to 1998 he worked at Whirlpool Polska Sp. z o.o. as an analyst and financial controller. In 1998-2000 he was the Treasurer at AIG Poland. In the years 2000-2001 he was the Financial Director and a Member of the Management Board of Creative Team SA (the Elektrim Group). From 2001 to 2006 he was the Planning and Controlling Director at PZU SA. In 2006-2008 he worked at AT Kearney and Accenture as a Manager and a Senior Manager. From October 2008 to March 2009 he held the function of the Director – Financial Division Deputy Head in the Head office of PZU and PZU Życie. From November 2008 to February 2009 he was the Planning and Controlling Director in the Head office of PZU and PZU Życie and in March 2009 he was appointed the Information Management Director in the Head office of PZU and PZU Życie. He has been a Member of the Management Board of PZU Życie since January 2010. He has held the position of a Member of the Management Board of PZU since December 2010. Przemysław Dąbrowski is in charge of the Financial Division.

Bogusław Skuza, Member of the Board of PZU

Bogusław Skuza graduated from the University of Gdańsk, the Economy of Transport Department, International Trade Faculty. He has vast experience in the financial sector, in particular in insurance. In the years 1979-1985 he worked in the Claims Handling Department of TUIR Warta SA. From 1985 to 1991 he was the General Representative of TUIR WARTA SA for the USA and Canada. In 1991-1992 he was a Manager of the Insurance and Claim Department at Gdynia America Line Inc., while in the years 1992-1999 he worked as a Country Manager and the Deputy Chairman of the Management Board of Marsh & McLennan Polska Sp. z o.o. In the years 1998-2000 he held the position of the Deputy Chairman of the Management Board of Towarzystwo Ubezpieczeń Życiowych i Emerytalnych Petrus SA and the Chairman of the Management Board of Fiat Ubezpieczenia SA. From 2000 to 2008 he was the Chairman of the Management Board of Skandia Życie Towarzystwo Ubezpieczeń SA. From 2008 to 2010 Bogusław Skuza was a Member of the Management Board of the Group and a CEE Regional Managing Director in Intrum Justitia AB. Bogusław Skuza held the position of the Chairman of the Supervisory Board of Intrum Justitia entities in Poland, the Czech Republic, Slovakia and

Hungary. In the years 1992-1998 he held the position of the Founder Member and the Secretary General of the Association of Polish Insurance and Reinsurance Brokers and in the years 2002-2008 he held the position of a Member of the Management Board of the Polish Insurance Chamber. Since 2009 he has been a Member of Good Practices Council at the Polish Insurance Chamber. He has held the position of a Member of the Management Board of PZU since July 2011. Bogusław Skuza is in charge of the Corporate Client Division, reinsurance and bancassurance.

Tomasz Tarkowski, Member of the Board of PZU

Tomasz Tarkowski graduated from the Faculty of Automotive and Construction Machinery Engineering at the Warsaw University of Technology and from the Academy of Finance (formerly Academy of Insurance and Banking). He also completed an Advanced Management Program at IESE Business School University of Navarra and post-graduate studies in road traffic safety and business insurance. Tomasz Tarkowski has been collaborating with the PZU Group since 1996. Initially, he worked in internal control and insurance fraud departments. In the years 2002-2005 he worked in the claims handling function as the Head of the Technical Department in the Claims Handling Office. From 2006 to 2007 he was a Director of the Claims Handling Centre and a Claims Handling Director in a Regional Branch of PZU SA in Warsaw. In 2007-2011 he was a Member of the Management Board of PZU Ukraine, where he supervised the claims handling, product management and risk assessment departments. Tomasz Tarkowski was a Member of the Supervisory Board of SOS Service Ukraine, a subsidiary of PZU Ukraine, responsible for assistance services. Since February 2011 he has been a Director of the PZU Group in the Head office of PZU SA and the Proxy of the Management Board of PZU Życie in charge of Claims Handling. He has held the position of a Member of the Management Board of PZU since April 2011 and the position of a Member of the Management Board of PZU Życie - since July 2011. He is in charge of claims handling and assistance functions.

Ryszard Trepczyński, Member of the Board of PZU

Ryszard Trepczyński graduated from Warsaw School of Economics, from the Management and Marketing Department. Since the beginning of his professional career he was focused on the capital market. He has vast experience in developing and implementing investment strategies, drawing up investment policies and managing large and diverse asset portfolios. He participated in building management structures for strategic allocation of assets, liquidity and investment risk. In 1994-2006 he worked as a broker in the Capital Transactions Centre of Bank Handlowy w Warszawie SA. In the years 1996 – 2002 he was employed in the Financial Investment Office of PZU Życie – initially as an Asset Manager and subsequently as the Head of the Debt Instruments Portfolio Management Department. From December 2002 to June 2011 he worked at Pioneer Pekao Investment Management S.A., first as a Director of Debt Securities Department, Director of the Asset Management Department, and since March 2009 he held the position of the Deputy Chairman of the Management Board in charge of investments. He has held the position of a Member of the Management Board of PZU and PZU Życie since July 2011. Ryszard Trepczyński is in charge of the Investment Division.

Dariusz Krzewina – Chairman of the Board of PZU Życie, Director in the PZU Group

Dariusz Krzewina graduated from the Economy and Sociology Department of the University of Łódź and post-graduate studies in insurance at Warsaw School of Economics. He has worked in the insurance industry for many years. From September 1993 to August 1998 he was employed in PZU Życie as a Sales Department Head, Deputy Director and Director of the Insurance Office. From September 1997 to September 1998 he was a Member of the Management Board of PZU Życie. In the period from September 1998 to March 2000 he was the General Sales Director and from April 2000 to August 2001 a Member of the Management Board of STUnŻycie ERGO HESTIA SA. From April 2002 he was a Sales Director and from October 2002 to June 2004 he was the Chairman of the Management Board and the Sales Director at SAMPO Towarzystwo Ubezpieczeń na Życie SA. In August 2004 he was appointed the Director of the Group Insurance Office Director in PZU Życie and since January 2006 he was the Coordinating Director in charge of Corporate Clients. He has been in the Management Board of PZU Życie since March 2007 and since August 2007 he has held the position of the Chairman of the Management

Board. He has become a Director of the PZU Group in February 2010. He is in charge of HR and the Group Network Function.

Rafał Grodzicki – Member of the Board of PZU Życie, Director of the PZU Group

Rafał Grodzicki graduated from Warsaw School of Economics. He has extensive management experience in the banking and insurance sector gained in numerous Polish and foreign institutions. He joined the PZU Group in February 2004 holding the following positions: Director of the SME Insurance Office, Coordinating Director in charge of Agency Network Development and Managing Director in charge of Insurance Products – Head of the Mass Client Function. He has been in the Management Board of PZU Życie since 2008. He became a Director of the PZU Group in February 2010. He manages the Operational Function (Contact Centres and Operation Centres).

Przemysław Henschke – Member of the Board of PZU Życie, Director of the PZU Group

He graduated from Warsaw University of Technology. He has more than 20 years of experience in financial services for the IT industry. He worked as a technology provider (as a Project Manager and an advisor) and also represented clients (IT Architect, CIO). His first important engagement was the implementation project for handbank, which he managed as a Project Manager of the provider. He was one of the co-founders and creators of Inteligo, where he was the IT Architect and Project Manager of the implementation and then the CIO. He also acted as the CIO in Lucas Bank, where he managed the replacement of the banking system and IT reorganization in the Credit Agricole Group in Poland. The next stage in his career was the launch of Polbank EFG, where he acted as a CIO responsible for the IT structure implementation in the Polish branch and he co-designed universal IT infrastructure for the CEE as a part of the EFG Group. After the launch of Polbank in 2007 he supported Management Boards and CIOs of top banks and insurance companies from Europe and the Middle East as a strategic advisor at McKinsey. He focused on optimization of operations and IT costs, supported reorganization projects, developing IT strategies and architecture and streamlining communication and mutual understanding between the Business and the IT functions. Later, as the Group CIO in Banque Audi, one of the top banking groups operating in the Middle East and headquartered in Beirut, he developed an IT strategy and architecture for the group and started the implementation. Przemysław Henschke joined the Management Board of PZU Życie on 3 February 2012. On 7 February 2012 he was appointed a Director of the PZU Group in charge of the IT function.

Sławomir Niemierka – Member of the Board of PZU Życie, Director of the PZU Group

Sławomir Niemierka graduated from Warsaw University, Law and Administration Department and a Post-Graduate Course - Law and Economy in the European Union. He is a qualified legal counsel. He participated in Polish and international training courses in financial supervision and risk management in financial institutions. He authored and co-authored a number of publications on financial law and bank supervision. He was an academic teacher at post-graduate courses at Polish Academy of Sciences, Warsaw University and the Academy of Insurance and Finance. For many years he worked in the National Bank of Poland - the General Inspectorate of Banking Supervision, where he headed the Inspection Office responsible for inspections carried out in banks, branches of foreign banks and credit institutions in Poland, in particular inspections of internal controls and risk management systems. Member of a Steering Committee of the General Inspectorate of Banking Supervision in charge of the implementation of the second Basel Accord, supervision over risk models, operational risk and accounting standards. He was in a Team in charge of the development of the risk management system in the National Bank of Poland. As a Member of the Management Board of the Bank Guarantee Fund he supervised the operational risk management system, inspections and monitoring of banks financially supported by the Fund. Sławomir Niemierka joined the PZU Group in 2008 as a Managing Director in charge of Audit. On 19 March 2012 he was appointed a Member of the Management Board of PZU Życie. He was appointed a Director of the PZU Group in charge of security and risk management on 16 March 2012.

Barbara Smalska – Member of the Board of PZU Życie, Director of the PZU Group

Barbara Smalska studied particle physics and holds a PhD of Warsaw University, the Physics Department and the Institute of Deutsches Elektronen Synchrotron (DESY) in Hamburg. In the years 2002-2008 she worked at the Warsaw office of the The Boston Consulting Group. As a strategic advisor to top Polish banks, insurance and telecommunication companies she specialized in business strategies, operational models, distribution strategy, organization and activation of the sales network – in particular in the consumer and SME sectors. She joined the PZU Group in 2008 and worked as a Director of the Product Management Office, Managing Director in charge of Mass Client Sector and Managing Director in charge of Marketing and Individual Products. She joined the Management Board of PZU Życie on 1 February 2013. On 5 February 2013 she was appointed a Director of the PZU Group in charge of marketing and mass sales.

Witold Jaworski (Member of the Board of PZU until 27 December 2012)

Witold Jaworski graduated from Poznań University of Economics (master degree in economics), Fachhochschule fur Wirtschaft in Berlin (scholarship) and Eurekans Management Development Program. He holds a PhD in economy. From 2001 to 2010 he was an assistant professor in the Insurance Department of the Poznań University of Economics.

Witold Jaworski has vast experience in managing insurance products and sales. In the period from February 1998 to March 2001 he worked for McKinsey & Company and from May 2004 to December 2012 – for the PZU Group. From 14 December 2007 to 27 December 2012 he held the position of a Member of the Management Board of PZU. As a Board Member of PZU he was responsible for network management, mass client segment, sales, product management and marketing.

The functioning and competencies of the Management Board arising from the Statute

The Management Board exercises all the rights in the scope of managing the Company, which are not reserved by the provisions of the law or the provisions of the Statute to the General Meeting or the Supervisory Board.

The Management Board enacts its rules and regulations which are approved by the Supervisory Board. The operations of the Management Board are directed by the Chairman of the Management Board who establishes the scope of responsibilities for individual Board Members. The resolutions of the Management Board are passed only in the presence of the Chairman of the Management Board or a person appointed to direct the work of the Management Board in his absence, and if at least one half of the Management Board Members are present at the meeting. The resolutions of the Management Board are passed by an absolute majority of votes and if the number of votes is equal, the Chairman of the Board has the casting vote. The Management Board, on the approval of the Chairman of the Board, may pass resolutions by circulation, in a written or electronic form (i.e. using remote means of communication and using a qualified electronic signature). The Statute also provides for the possibility of holding Management Board meetings using means of direct communication over a distance. Two Members of the Management Board acting jointly or one Member acting jointly with a proxy are authorized to represent the Company.

The functioning and competencies of the Management Board arising from the rules and regulations of the Management Board

The rules and regulations of the Management Board were enacted by the Management Board on 23 February 2010 and approved by the Supervisory Board by a resolution dated 4 March 2010.

The rules and regulations of the Management Board regulate: (i) the scope of competencies of the Management Board and the scope of actions requiring permission or approval by the Supervisory Board; (ii) the competencies of the Chairman of the Board and of the remaining Board Members; (iii) the rules and organization of the work of the Management Board, including organization of meetings and the procedure for making decisions; and (iv) the rights and obligations of the resigning Board Members.

In accordance with the rules and regulations of the Management Board, the following issues in particular require a resolution of the Management Board:

- adopting a long-term plan for the Company's development and its functioning;
- adopting a plan for the operations and development of the PZU Group;
- adopting an annual financial plan and a report on its execution;
- adopting the financial statements for the prior financial year and the Directors' Report of the Company;
- adopting the proposition concerning appropriation of profit or covering loss;
- establishing a tariff for compulsory and voluntary insurance contributions and the general terms and conditions for voluntary insurance;
- establishing the scope and size of outward reinsurance and tasks in the scope of inward reinsurance;
- adopting the annual audit and control plan and report on its execution including conclusions;
- establishing the principles for investment, prevention and sponsorship activities;
- granting warranties and guarantees (excluding those which constitute insurance procedures) and drawing and granting loans and borrowings by the Company (excluding loans and borrowings granted from the Company Social Fund); and
- granting powers of attorney.

In accordance with the Rules and Regulations of the Management Board, the Board's meetings are held not less frequently than once every two weeks. The work of the Management Board is directed by the Chairman, whose competencies include in particular:

- establishing the scope of responsibilities for individual Board Members;
- convening the Management Board meetings;
- drawing up the agenda for Board meetings;
- applying to the Supervisory Board to appoint or dismiss members of the Management Board;
- appointing a person to direct the work of the Management Board in the absence of the Chairman of the Management Board.

The Chairman of the Management Board makes decisions in the form of directives and official orders. The remaining Board Members direct the Company's activities within the scope of responsibilities established by the Chairman of the Board.

The Statute of PZU does not specify any particular rights for the Management Board to make decisions on the issue or redemption of shares.

Supervisory Board

The Supervisory Board is composed of eleven members: The number of the Supervisory Board members is established by the General Meeting. The Supervisory Board members are appointed by the General Meeting for a joint term of office lasting for three full consecutive financial years. At least one member of the Supervisory Board must have accounting or auditing qualifications as defined in and in accordance with the provisions of the Act of 7 May 2009 on registered auditors and their self-government, entities authorized to audit financial statements and on public supervision (Journal of Laws No. 649 of 2009, item 77, "the Act on registered auditors"). Additionally, at least one member of the Supervisory Board should meet all the independence criteria specified in the Statute (the Independent Member) concerning, among others, professional relations or kinship, in particular with members of management and supervisory bodies of the Issuer and the PZU Group companies. The Independent Member is obliged to submit a written statement to the Company concerning his meeting all the independence criteria provided for in the Statute and inform PZU of ceasing to meet those criteria. Moreover, the Statute grants the State Treasury a personal right to appoint and dismiss one Supervisory Board member by virtue of a written

statement submitted to the Management Board, if the share of the State Treasury in the Company drops below 50% of all of the Issuer's shares. The right shall expire on the State Treasury ceasing to be a shareholder in PZU.

As at 1 January 2012, the following persons sat on the Supervisory Board of PZU:

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

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.

According to above mentioned, from 30 May 2012 the composition of the Supervisory Board is as follows:

- Zbigniew Cwiąkalski Deputy Chairman of the Board;
- Dariusz Daniluk Member of the Board;
- Zbigniew Derdziuk Member of the Board;
- Dariusz Filar Member of the Board;
- Włodzimierz Kiciński Member of the Board;
- Waldemar Maj Member of the Board;
- Alojzy Nowak Member of the Board;
- Maciej Piotrowski Member of the Board;
- Tomasz Zganiacz Member of the Board.

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

According to the above mentioned information, from 28 June 2012 the composition of the Supervisory Board is as follows:

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

The current term of office of the Supervisory Board of PZU started on 30 June 2011 and will end after three consecutive full financial years. The mandates of the Supervisory Board members shall expire at the latest on the date of holding the General Meeting to approve the financial statements for the last full financial year of their performing their functions, i.e. on the date of holding the Annual General Meeting in 2015.

The functioning and competencies of the Supervisory Board arising from the Articles of Association

The Supervisory Board has constant supervision over the activities of PZU in all areas of its activities.

In accordance with the Statute, the competencies of the Supervisory Board include:

- evaluating the Directors' Report and the financial statements for the prior financial year in terms of their consistency with the books and documents and with the actual state;
- evaluating the propositions of the Management Board concerning appropriation of profit or covering loss;
- submitting a written report to the General Meeting on the results of the evaluation referred to in the points above and submitting a brief annual assessment of the Company's standing, including an assessment of the internal control system and the system for managing risks significant to the Company, and an annual report on the activities of the Supervisory Board;
- concluding, terminating and amending contracts with the Management Board members and establishing the principles for their remuneration as well as the level of remuneration;
- appointing, suspending and dismissing the Chairman of the Management Board, the Management Board Members and the entire Management Board as well as making decisions on ceasing any such suspension;
- granting approval for the transfer of a whole or part of the insurance portfolio;
- accepting the Management Board's motions concerning the purchase, taking up or selling of shares in companies and concerning the Company's participation in other entities – the Supervisory Board may specify up to what amount and on what terms and in what mode the Management Board can perform the aforementioned actions without the obligation to obtain the Supervisory Board's approval;
- delegating members of the Supervisory Board to temporarily perform the duties of the Management Board members who were dismissed, resigned or are unable to perform their duties for other reasons;
- accepting instructions concerning the execution of the voting rights by the Company's representatives at the General Meetings of PZU Życie in matters relating to: increasing or reducing share capital, issuing bonds, selling and leasing out the PZU Życie enterprise and establishing the right of use thereon, demerger of PZU Życie, merger of PZU Życie with another company, liquidation or closing of PZU Życie;
- electing the entity authorized to audit the financial statements to whom the audit of the Company's annual financial statements shall be entrusted;
- establishing a consolidated text of the amended Statute;
- approving the long-term development plans of the Company and the annual financial plans prepared by the Management Board;
- approving the rules and regulations of the Management Board;
- analyzing and giving opinions on issues brought by the Management Board for the consideration of the General Meeting.

Moreover, the competencies of the Supervisory Board include granting approval to:

- buy or sell real estate, perpetual usufruct or a share in real estate or in perpetual usufruct with a value exceeding the equivalent of EUR 3 million;
- the Company to conclude a significant contract with its related entity as defined in the Decree on current and periodic information, excluding typical contracts concluded by the Company on an arm's length basis as part of its operating activities (the requirement to obtain approval in this scope will come into force on the date of the first quoting of Shares on the WSE);
- the Company to conclude a contract with a subissuer referred to in Art. 433 § 3 of the Commercial Companies Code;

- make payments of interim dividends;
- form and close regional branches and foreign branches.

The Supervisory Board enacts the rules and regulations which regulate its organization and mode of operation. In accordance with the Statute, the Supervisory Board meetings are held at least once every quarter. The Supervisory Board may delegate its members to independently perform specific supervision tasks and appoint temporary commissions for this purpose. The scope of duties of a delegated member of the Supervisory Board and of a commission is specified in a resolution of the Supervisory Board.

Resolutions of the Supervisory Board are passed by an absolute majority of the votes. If the number of votes is equal, the Chairman of the Supervisory Board has the casting vote. The Supervisory Board may pass resolutions both using remote means of direct communication and in writing by circulation. Moreover, the Statute provides for the possibility of casting a vote in writing through another Supervisory Board member. In accordance with the Statute, the resolutions of the Supervisory Board are passed in an open ballot, except for the resolutions concerning the delegation of Supervisory Board members to temporarily perform the functions of the Management Board members and concerning the appointment, suspension and dismissal of the Chairman of the Management Board, Board Members or the entire Management Board, as well as making decisions on ceasing such suspension, which are made in a secret ballot. Moreover, a secret ballot can be ordered based on a motion tabled by a Supervisory Board member.

The functioning and competencies of the Supervisory Board arising from the Rules and Regulations of the Supervisory Board

On 9 October 2012, the Supervisory Board adopted new Rules of the Supervisory Board of PZU.

The Rules and Regulations of the Supervisory Board specify the composition and the manner of appointing the Supervisory Board as well as the scope of the Supervisory Board's operations and the method for convening the Supervisory Board and conducting meetings.

The Supervisory Board elects from among its members the Chairman and Deputy Chairman of the Supervisory Board, as well as Secretary of the Supervisory Board. In accordance with the Rules and Regulations of the Supervisory Board, apart from appointing the Audit Committee and Nominations and Remuneration Committee mentioned in Articles of Association, in order to properly perform its supervisory duties the Supervisory Board may appoint other permanent advisory and consultative committees with competencies, in a composition, and with work procedures established in the rules and regulations of a given committee enacted by the Supervisory Board. The Rules and Regulations of the Supervisory Board provide for the possibility of the Supervisory Board and the committees appointed by it availing themselves of the services of experts and advisory firms. Members of the Management Board (invited by the Supervisory Board) and the Company's employees indicated by the Management Board competent in the matters discussed at the meeting may participate, among others, in the Supervisory Board's meetings without a voting right. The Supervisory Board of PZU may also invite to a joint meeting for a specific purpose members of the management and supervisory bodies of other PZU Group companies. Moreover, members of the Supervisory Board are entitled, on the approval of the Supervisory Board, to select not more than one advisor authorized to participate with an advisory vote in meetings of the Supervisory Board devoted to financial reports and financial statements, provided that such persons maintain confidentiality and sign a statement of obligation to maintain confidentiality.

Committees functioning as part of the Supervisory Board

The Audit Committee

The Statute provides for the Supervisory Board to appoint the audit committee. The committee is composed of three members, including at least one independent member with accounting or audit qualifications. The detailed tasks and principles for the appointment and operation of the audit committee are specified in the resolution of

the Supervisory Board, which when electing the audit committee members takes into account the competencies and experience of the candidates in the matters entrusted to this committee.

In accordance with the rules and regulations of the audit committee adopted by a resolution of the Supervisory Board, the audit committee is an advisory and consultative body to the Supervisory Board and is appointed in order to increase the effectiveness of the supervisory activities performed by the Supervisory Board in the scope of examining the correctness of financial reporting, the effectiveness of internal control, including the internal audit and risk management system. Moreover, the audit committee may apply to the Supervisory Board to commission the performance of specified control activities in the Company, and the controls commissioned may be performed by an internal unit or an external company.

The audit committee was appointed by a resolution of the Supervisory Board on 3 June 2008. As at 31 December 2012 the audit committee was composed of the following persons: Marzena Piszczek (Chairman of the committee), Dariusz Filar (member of the committee) and Dariusz Daniluk (member of the committee). Dariusz Filar was indicated by the Supervisory Board as an independent member having accounting / audit qualifications as defined in Art. 86 clause 4 of the Act on Registered Auditors.

On 30 May 2012 Annual General Meeting of PZU dismissed Marzena Piszczek from the position of the Member of Supervisory Board the Chairman of the Audit Committee of the Supervisory Board of PZU. Therefore, during the meeting of the Supervisory Board of PZU on 28 June 2012, the composition of the Audit Committee was supplemented by Tomasz Zganiacz and Dariusz Filar was entrusted with the position of Chairman of the Audit Committee of the Supervisory Board of PZU. As at 28 June 2012, the Audit Committee consisted of: Dariusz Filar (Committee Chairman), Tomasz Zganiacz (Committee Member) and Dariusz Daniluk (Committee Member).

From 31 December 2012, the composition of the Audit Committee has not changed.

The Nominations and Remuneration Committee

In accordance with the Statute, from the moment of introducing the Company's shares to trading on the regulated market as defined in the Act on trading in financial instruments dated 29 July 2005 (Journal of Laws 183 of 2005, item 1538 as amended), the Supervisory Board may appoint the nominations and remuneration committee. The detailed tasks and principles for the appointment and operation of the nominations and remuneration committee are specified by the Supervisory Board in a resolution. The committee should include at least one independent member. If the Supervisory Board is composed of five members as a result of voting on its composition, the nominations and salary committee shall not be formed and its tasks shall be performed by the Supervisory Board as a whole.

The nominations and remuneration committee performs an advisory and consultative function for the Supervisory Board in the scope shaping the management structure, including organizational issues, the remuneration system and salaries and selecting staff with appropriate qualifications.

The Supervisory Board decided that the nominations and remuneration committee shall be composed of four persons. On 30 June 2011, the Supervisory Board appointed a nominations and remuneration committee composed of the following persons: Zbigniew Ćwiąkowski (Chairman of the committee), Marzena Piszczek (member of the committee), Zbigniew Derdziuk (member of the committee), Dariusz Filar (member of the committee). As at 31 December 2012, the composition of the nominations and remuneration committee had not changed. Due to the dismissal of Marzena Piszczek from the position of the Member of the Supervisory Board by the General Assembly at the meeting of the Supervisory Board of PZU on 28 June 2012, it was agreed that the Committee will consist of five people, and Zbigniew Ćwiąkowski was appointed as Chairman of the Audit Committee, Dariusz Filar, Maciej Piotrowski and Tomasz Zganiacz as Members of the Committee. As at 31 January 2012, the composition of the committee has not changed.

The committee shall be dissolved on the date of appointing five members of the Supervisory Board by voting in groups, and its rights shall be taken over by the Supervisory Board as a whole.

The Strategy Committee

In order to properly perform supervisory functions at the Company, the Supervisory Board may appoint permanent committees with an advisory and consultative role. On 30 June 2011, the Supervisory Board appointed a strategy committee composed of the following persons: Waldemar Maj (Chairman of the committee), Krzysztof Dresler (member of the committee), Marzena Piszczek (member of the committee) and Zbigniew Derdziuk (member of the committee). As at 31 December 2011, the composition of the strategy committee had not changed. As at 1 January 2012, the composition of the strategy committee had not changed. As on 30 June 2012 Krzysztof Dresler resigned from the position of a Member of the Supervisory Board of PZU and the General Shareholders' Meeting changed the composition of the Supervisory Board of PZU on 30 May 2012, Alojzy Nowak and Maciej Piotrowski were appointed new members of the Strategy Committee based on a resolution of the Supervisory Board of PZU dated 28 June 2012. As at 31 January 2012 the composition of the Strategy Committee had not changed.

The objective of the strategy committee is to give opinions on all documents of a strategic nature submitted to the Supervisory Board by the Management Board (in particular, the Company's development strategy) and presenting recommendations to the Supervisory Board concerning planned investments which have a significant effect on the Company's assets.

The Group Directors

As at 1 January 2012, the following persons were PZU Group Directors:

- Dariusz Krzewina,
- Rafał Grodzicki.

Effective from 1 February 2012 and 19 March 2012, the Management Board of PZU appointed Przemysław Henschke and Sławomir Niemierka as PZU Group Directors, respectively.

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

4. Discussion of the main features of the internal control and risk management systems applied in the issuer's enterprise in respect of the process of preparation of financial statements and consolidated financial statements

The process of preparing financial statements is performed by the Finance Division of PZU (the Accounting Office and central units operating based on applicable regulations). Finance Division of PZU is supervised by a Member of the Management Board of PZU.

The elements enabling proper performance of the process are: the accounting policies adopted by the Management Board of PZU and the chart of accounts with a commentary, which set out the main principles for recording the economic events of PZU, and the dedicated reporting systems.

The preparation of data in the source systems is subject to formalized operational and acceptance procedures, which define the scope of competencies of the individual persons.

The reporting process is controlled by appropriately qualified, skilled and experienced staff.

PZU monitors changes in the external regulations concerning, for example, the accounting policies and the reporting requirements for insurance companies, and carries out appropriate adaptation processes in these areas.

The process of closing the books and preparing financial statements is regulated by detailed schedules covering the key actions and control points as well as allocating responsibilities for timely and proper execution.

The key controls in the process of preparing financial statements comprise:

- controls and regular monitoring of the quality of the input data, supported by financial systems in which data correctness rules have been defined in accordance with the internal documents of PZU regulating the principles for controlling the correctness of accounting data;
- mapping of data from the source systems to the financial statements, supporting the correct presentation of data;
- analytical review of financial statements by specialists in order to confront them with the knowledge of the business and the business transactions conducted;
- formal review of the financial statements in order to confirm compliance with the binding legal regulations and market practice in the scope of the required disclosures.

PZU internal audit periodically reviews the organization and the process of preparing the financial statements.

In accordance with the Statute of PZU, the Supervisory Board of PZU appoints an audit committee composed of three members, including at least one member with accounting or auditing qualifications as defined in and in accordance with the requirements of the Act on registered auditors. The audit committee is an advisory and consultative body to the Supervisory Board of PZU and is appointed in order to increase the effectiveness of the supervisory activities performed by the Supervisory Board of PZU within the scope of examining the correctness of the financial reporting of PZU, the effectiveness of internal controls, including the internal audit and risk management system.

A certified auditor appointed by the Supervisory Board of PZU based on the recommendation of the Audit Committee reviews interim separate and consolidated financial statements of PZU and audits annual separate and consolidated financial statements of PZU.

Consolidated financial reporting

Coordination of activities in the scope of the consolidated financial reporting processes is achieved, among other things, by the organizational structure of the Finance Division in the Head Offices of PZU and PZU Życie, which is a joint unit, i.e. it is organized based on personnel unity, and additionally it also employs part-time key persons responsible for the reporting of the majority of the companies covered by consolidation with their seats in Poland. In the case of all the consolidated subsidiaries, PZU performs control functions through the Management and Supervisory Boards of these companies.

The process of consolidated financial reporting is regulated by a number of internal documents regulating the accounting policies adopted in the PZU Group and the applied reporting standards, and by detailed schedules covering the key actions and control points as well as allocating responsibilities for timely and proper execution.

15 The list of PZU shareholders directly or indirectly holding significant packages of shares

As at 31 December 2012, PZU's shareholders holding significant packages of shares are the State Treasury that held 30,385,253 shares, which consisted of 35.2% of the Company's share capital.

The remaining shareholders hold a total 55,967,047 shares, representing 64.81% of the Company's share capital.

The share capital of the Issuer is divided into 86,352,300 ordinary shares with a nominal value of PLN 1 each, giving a right to 86,352,300 votes at the General Meeting.

Following acquisition of shares in transactions settled on the Warsaw Stock Exchange on 1 February 2013, ING Otwarty Fundusz Emerytalny ("ING Fund") managed by ING Powszechnie Towarzystwo Emerytalne S.A. has increased its holding to 4,356,139 shares in PZU, accounting for 5.0446% of the share capital of the Company and the total number of votes in the General Shareholders' Meeting. As at 31 December 2012 ING Fund held

4,281,972 shares constituting 4.9587% of the share capital of the Company and the same share in the total number of votes in the General Shareholders' Meeting.

Consequently, as at 7 February 2013 the shareholding structure of PZU, including shareholders entitled to less than 5% votes in the General Shareholders' Meeting of PZU was the following:

Table 25: Shareholding structure – as at 7 February 2013

Shareholders	Number of shares	% share in share capital	Share of votes at the General Shareholders' Meeting
State Treasury	30 385 253	35.19%	35.19%
ING Otworthy Fundusz Emerytalny	4 356 139	5.04%	5.04%
Other shareholders	51 610 908	59.77%	59.77%
Total	86 352 300	100.00%	100.00%

Table 26: Shareholding structure – as at 31 December 2012

Shareholders	Number of shares	% share in share capital	Share of votes at the General Shareholders' Meeting
State Treasury	30 385 253	35.19%	35.19%
Other shareholders	55 967 047	64.81%	64.81%
Total	86 352 300	100.00%	100.00%

Table 27: Shareholding structure – as at 31 December 2011

Shareholders	Number of shares	% share in share capital	Share of votes at the General Shareholders' Meeting
State Treasury	30 385 253	35.19%	35.19%
ING Otworthy Fundusz Emerytalny	4 339 308	5.02%	5.02%
Other shareholders	51 627 739	59.79%	59.79%
Total	86 352 300	100.00%	100.00%

The Management Board of PZU is not aware of any contracts concluded as a result of which changes might occur in the future in the proportions of shares held by the current shareholders. In 2012 and 2011 PZU did not acquire any treasury shares.

6. Holders of any securities which give special controlling rights, including a description of those rights

PZU did not issue any securities that would give special controlling rights to the shareholders.

7. Restriction on execution of voting rights

In accordance with the Statute of PZU, the shareholders' voting rights have been restricted so that, at the General Meeting, none of them can have more than 10% of the total number of votes existing at the Company on the date of holding the General Meeting, with the reservation that for the purpose of establishing the

obligations of the acquirers of significant packages of shares provided for in the Act on public offering and in the Act on insurance activities, this restriction of the voting right shall be considered non-existent.

The above restriction of the voting rights does not apply to:

1. shareholders who on the date of passing the resolution of the General Meeting introducing the restriction had rights from shares representing more than 10% of the total number of votes at the Company;
2. shareholders acting with the shareholders referred to in point 1 on the basis of concluded agreements concerning the joint execution of voting rights from shares.

For the purposes of voting rights restrictions, the votes of the shareholders being parent companies or subsidiaries will be added up in line with the principles specified in the By-laws.

In case of any interpretation doubts with respect to the voting restrictions, Article 65.2 of the Civil Code will apply.

In line with the PZU's By-laws, the voting restrictions in question will expire starting from the moment when a share of a shareholder who, at the date of adopting a resolution of the Shareholders' Meeting introducing the restriction held shares entitling him to more 10% in the total number of votes in the Company, drops below 5% of the share capital.

8. Restriction concerning transferring of ownership rights to securities

The articles of association of PZU do not introduce any restrictions concerning the transfer of ownership rights to securities issued by the Company.

9. The principles for amending the Articles of association of PZU

Amending the Statute of PZU lies within the competencies of the General Meeting and requires passing a resolution by a majority of three fourth of the votes, obtaining approval from the PFSA in the cases indicated in the Act on insurance activities and entry in the National Court Register. The Statute of PZU provides for the Supervisory Board's competence to establish a consolidated amended text of the Company's Statute.

10. Changes in the Articles of association of PZU

On 8 December 2012, the Extraordinary Shareholders' Meeting of PZU adopted a resolution no. 3/2012 introducing amendments to the By-laws of PZU, which consisted in adding point 11 to Article 18 and amending Article 25.2.12 of the By-laws.

The changes were made in provisions determining competences of the Company's bodies with respect to approving acquisition or disposal of a real property, perpetual usufruct or share in the real property or in perpetual usufruct.

In accordance with Article 393.4 of the Code of Commercial Companies acquisition or disposal of a real property, perpetual usufruct or share in the real property (perpetual usufruct) must be approved by the general shareholders' meeting, unless the By-laws determine otherwise. Before introducing the amendments in question, the By-laws of PZU included provisions assuming that the Supervisory Board was authorized to approve the acquisition or disposal of a real property, perpetual usufruct or share in the real property or in perpetual usufruct with the value not exceeding the equivalent of EUR 3.0 million (Article 25.2.12 of the By-laws). According to the previous version, the general shareholders' meeting was authorized to take decisions in this respect. This implied that any acquisition or disposal of a real property, perpetual usufruct or share in the real property (or in perpetual usufruct) required the approval of the General Shareholders' Meeting of PZU, irrespective of the transaction amount. Moreover, if the transaction value exceeded the equivalent of EUR 3.0 million the transaction had to be approved by the Supervisory Board. At the same time, the By-laws did not clearly define whether the threshold was the net or the gross value.

The amendments introduced detailed principles concerning division of competences between the Company's bodies with relation to approving disposal/acquisition of real properties. The changes were made to eliminate any

interpretation differences which might occur in case it was unclear whether the transaction value was a net or a gross amount.

On 14 March 2012 the Supervisory Board of PZU adopted resolution No. URN/11/2012 approving unified amended By-laws of PZU.

The District Court for the capital city of Warsaw registered the changes in the By-laws of PZU on 27 March 2012.

On 30 May 2012, the Shareholders' Meeting of PZU adopted a resolution No. 25/2012 on amendments to the By-laws of PZU.

Changes in the By-laws were connected with:

- The change in law related to acquisition activities for the benefit of open pension funds managed by PZU. As of 1 January 2012 provisions of law on the social insurance system which allowed for carrying out acquisition activities for the benefit of open pension funds by insurance companies were repealed. Consequently, Article 5.2.1 of PZU's By-laws had to be removed;
- Due to the IPO of shares of PZU and listing PZU shares on the Warsaw Stock Exchange registered shares dematerialized under the Act on trading in financial instruments of 29 July 2005 were transformed into bearer shares as of the dematerialization date. At present the share capital is composed of registered and bearer shares, hence certain amendments had to be introduced to Article 6.1 of the By-laws of PZU to reflect the actual share capital structure;
- At the same time editorial changes were introduced: "by circulation" was replaced by "in writing" in the entire By-laws of PZU in order to adjust the document to the Code of Commercial Companies.

On 28 June 2012 the Supervisory Board of PZU adopted resolution No. URN/40/2012 on unified By-laws of PZU.

The District Court for the capital city of Warsaw registered the changes in the By-laws of PZU on 18 July 2012.