



POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011
WITH AUDITOR'S OPINION

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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 2011.

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 2011 PZU did not discontinue any activities.

2. Selected financial data of PZU

Balance sheet data	PLN '000 31 December 2011	PLN '000 31 December 2010	EUR'000 31 December 2011	EUR'000 31 December 2010
Assets	27 397 857	26 349 819	6 203 101	6 653 491
Total equity	11 745 410	11 902 186	2 659 258	3 005 375
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)	136,02	137,83	30,80	34,80

Data from technical account of property and personal insurance and general profit and loss account	PLN '000 1 January – 31 December 2011	PLN '000 1 January – 31 December 2010	EUR'000 1 January – 31 December 2011	EUR'000 1 January – 31 December 2010
Gross written premiums	8 247 241	7 780 501	1 992 039	1 942 988
Technical result on property and personal insurance	332 297	(244 725)	72 805	(61 114)
Net profit/loss on investing activities*	2 843 963	4 234 061	740 558	1 057 352
Net profit (loss)	2 582 303	3 516 709	623 730	878 211
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)	29,90	49,03	7,79	12,78

* 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 2011	PLN '000 1 January – 31 December 2010	EUR'000 1 January – 31 December 2011	EUR'000 1 January – 31 December 2010
Net cash generated by operating activities	726 927	(142 067)	175 582	(35 478)
Net cash flows from investing activities	1 247 548	5 908 943	301 333	1 475 613
Net cash used in financing activities	(2 033 598)	(5 727 985)	(491 195)	(1 430 423)
Total net cash flows	(59 123)	38 891	(14 281)	9 712

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 2011	31 December 2011	1 January – 31 December 2010	31 December 2010
Average rate	4,1401	4,4168	4,0044	3,9603
Highest rate of the period	4,5642	n. d.	4,1770	n. d.
Lowest rate of the period	3,8403	n. d.	3,8356	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 2011 the following changes were introduced to the Accounting Policy as described in points below.

4.1. Change in the principles of recognition of the gross written premium at PZU

Since 1 January 2011, there has been a change introduced on how PZU recognizes revenue due to written premium – PZU has been recognizing revenue due to written premium on the date of the insurance contract, not on the first day of insurance cover resulting from the concluded insurance contracts (presented in liabilities as a provision for unearned premiums). In addition, the same change was introduced to the date of recognition of the costs of commissions for concluded contracts in the income statement (also without any impact on the change in profit or loss, through recognition of deferred costs in liabilities).

In comparison to the previous accounting policy, currently applied policy for premium revenue recognition is more relevant, preserving the same level of reliability of accounting policies, due to:

- providing disclosure of full and complete revenue on gross premium and corresponding assets (e.g. receivables from policyholders regarding premiums not received by the balance sheet date) and liabilities (unearned premium reserve) arising from all insurance contracts issued before the balance sheet date apart from insurance policies coverage periods;
- compliance with requirements and recommendations of Polish insurance regulator - the Polish Financial Supervision Authority (KNF) - for obligatory regulatory reporting in reference to the correct estimation of unearned premium reserve and surplus of assets to cover technical provisions;
- comparability with other insurance companies on Polish markets based on gross written premium.

The change did not have any impact on the consolidated profit/loss or consolidated net assets of the PZU Group.

4.2. Introduction of the ABC allocation model at PZU

In 2011, PZU introduced a model for allocation of indirect expenses to individual insurance products using the activity based costing model („ABC count” – “activity based costing count”).

The purpose of the cost allocation using the ABC model, introduced in 2011 is:

- a more precise determination of the actual costs of products offered by PZU;
- a more precise determination of the actual mark-ups of general expenses (and their allocation principles) charged to individual products.

The allocation of expenses using the ABC model assumes that indirect expenses are divided by products and that the following are excluded from the administrative costs: acquisition costs, loss adjustment and recourse collection expenses, investing activities expenses and other operating costs. The method is based on determination of the following:

- type and amount of allocated resources;
- activities that allow resources to be allocated;
- cost drivers that allow resources to be allocated to activities;
- cost objects to which resources are allocated;
- cost drivers that allow activities to be allocated to cost objects.

Only the following are subject to allocation: indirect acquisition costs, indirect loss adjustment expenses, indirect recourse collection expenses, part of administrative costs (described above), costs of maintenance of investment real property, other expenses related to investing activities.

The model is updated on a quarterly basis taking into account the resources and activities; the financial and accounting system (general ledger and individual modules) is the source of cost data.

4.3. Change in presentation of receivables from co-insurance

In order to assure a legible presentation of data in the financial statements for 2011, the Company changed presentation of receivables from premium attributable to co-insurers. Receivables previously presented in item "IV.3.2.b) Receivables – Other receivables – Other receivables – From other entities", were presented in this financial statements in the position „IV.1.2. Receivables – Receivables from direct insurance – From other entities”.

Additionally, the value of receivables from premium where PZU is a leading co-insurer previously presented in the notes 3 and 3.1. in the item "Receivables from direct insurance – Other receivables – From other entities" were presented in this financial statements in the position "Receivables from direct insurance – Receivables from policyholders – From other entities”.

Balance sheet items for 2010 were respectively changed.

4.4. Impact of the changes on comparative data

The impact of the above changes on comparative data was presented in the following tables.

Changes in comparative data in balance sheet items were indicated in the tables, respectively, as:

- „co-insurance” – relates to change in presentation of receivables from co-insurance,
- „premium” – relates to change in the principles of recognition of the gross written premium.

Balance sheet items	31 December 2010	Change	31 December 2010 Comparative data in the present financial statements
ASSETS			
IV.1.2. Receivables - Receivables from direct insurance from other entities, including	1 053 703	155 489	1 209 192
- premium		136 725	
- reinsurance		18 764	
IV.3.2.b) Receivables – Other receivables - Other receivables from other entities (reassurance)	216 664	(18 764)	197 900
VI.2. 13.6. Prepayments – Deferred acquisition costs (premium)	424 144	37 914	462 058
VI.4. Prepayments – Other (premium)	206 127	(37 914)	168 213
LIABILITIES			
III. Technical provisions (premium)	13 623 196	339 814	13 963 010
IX.3. Accruals – Deferred income (premium)	218 173	(203 089)	15 084

Changes in comparative data in technical insurance account – property and personal insurance and general profit and loss account were indicated in the tables, respectively, as:

- „premium” – relates to change in the principles of recognition of the gross written premium.
- „ABC” – ABC allocation model

Technical insurance account – property and personal insurance items	1 January – 31 December 2010	Change	1 January – 31 December 2010 Comparative data in present financial statements
I.1. Premiums - Gross written premiums (premium)	7 783 936	(3 435)	7 780 501
I.3. Premiums- Change in provisions for unearned premiums and unexpired risks (gross) (premium)	129 184	(3 435)	125 749
IV.1.1. Gross claims paid (ABC)	5 394 257	89 122	5 483 379
VII.1. Acquisition costs (ABC)*	1 323 041	125 333	1 448 374
VII.2. Administrative costs (ABC)	885 459	(221 744)	663 715
X. Technical result on property and personal insurance	(252 014)	7 289	(244 725)

(*) Including the change in deferred acquisition costs in 2010 amounted to minus PLN 29.182 thousand (data previously reported) and minus PLN 29,956 thousand (comparative date in present financial statements).

General profit and loss account items	1 January – 31 December 2010	Change	1 January – 31 December 2010 Comparative data in the present financial statements
I. Technical result on property and personal insurance or technical result on life insurance	(252 014)	7 289	(244 725)
V.1. Costs of investing activities - Costs of property maintenance (ABC)	729	4 064	4 793
V.2. Cost of investing activities – Other costs of investing activities (ABC)	11 835	3 225	15 060

The changes in the accounting principles of recognition of the gross written premium and ABC model allocation that impacted the comparative data for the period 1 January – 31 December 2010 (technical result on property and personal insurance) divided into statutory insurance groups and accounting classes, were presented below.

Groups and accounting classes	I.1. Premiums – Written gross premium			I.3. premiums - Change in provisions for unearned premiums and unexpired risks (gross)			IV.1.1. . Gross claims paid (ABC)			VII.1. Acquisition Cost (ABC)			VII.2. Administrative Cost (ABC)		
	1 January – 31 December 2010	Change	1 January – 31 December 2010 Comparative data in the present financial statements	1 January – 31 December 2010	Change	1 January – 31 December 2010 Comparative data in the present financial statements	1 January – 31 December 2010	Change	1 January – 31 December 2010 Comparative data in the present financial statements	1 January – 31 December 2010	Change	1 January – 31 December 2010 Comparative data in the present financial statements	1 January – 31 December 2010	Change	1 January – 31 December 2010 Comparative data in the present financial statements
Group 1	455 167	(2 142)	453 025	803	(2 142)	(1 339)	119 070	23 891	142 961	98 872	20 451	119 323	51 777	17 582	69 359
Group 2	16 145	(51)	16 094	(54)	(51)	(105)	5 719	1 266	6 985	2 736	102	2 838	1 837	(112)	1 725
Group 3	2 257 536	(9 427)	2 248 109	73 953	(9 427)	64 526	1 571 749	5 224	1 576 973	422 385	(24 077)	398 308	256 805	(140 421)	116 384
Group 4	4 427	8	4 435	332	8	340	2 012	110	2 122	1 087	(231)	856	504	(315)	189
Group 5	16 298	23	16 321	2 456	23	2 479	10 893	(544)	10 349	2 654	(670)	1 984	1 854	(1 662)	192
Group 6	13 431	511	13 942	(335)	511	176	10 739	(403)	10 336	2 510	(337)	2 173	1 528	(1 148)	380
Group 7	11 162	12	11 174	291	12	303	2 167	(40)	2 127	2 330	591	2 921	1 270	(596)	674
Group 8	979 968	(2 403)	977 565	25 369	(2 403)	22 966	1 084 671	2 153	1 086 824	211 639	(5 070)	206 569	111 476	(28 822)	82 654
Group 9	616 228	(1 184)	615 044	10 911	(1 184)	9 727	301 076	34 637	335 713	147 498	9 155	156 653	70 099	11 687	81 786
Group 10	2 590 590	4 966	2 595 556	24 853	4 966	29 819	1 957 711	(2 900)	1 954 811	211 003	106 830	317 833	294 692	(85 532)	209 160
Group 11	6 550	(28)	6 522	(173)	(28)	(201)	1 299	(54)	1 245	951	571	1 522	745	(355)	390
Group 12	564	-	564	11	-	11	178	-	178	122	46	168	64	16	80
Group 13	476 700	5 851	482 551	14 830	5 851	20 681	192 139	28 670	220 809	103 881	3 739	107 620	54 227	(6 239)	47 988
Group 14	14 422	-	14 422	(4 449)	-	(4 449)	9 795	(472)	9 323	186	3 233	3 419	1 641	1 850	3 491
Group 15	46 513	225	46 738	10 705	225	10 930	2 396	(105)	2 291	6 076	4 842	10 918	5 291	1 210	6 501
Group 16	62 130	(93)	62 037	(37 580)	(93)	(37 673)	10 306	(143)	10 163	72 558	(9 871)	62 687	7 068	(3 976)	3 092
Group 17	777	-	777	40	-	40	719	15	734	151	226	377	88	173	261
Group 18	175 504	297	175 801	14 809	297	15 106	99 558	(2 183)	97 375	30 910	15 803	46 713	19 965	17 576	37 541
indirect insurance total	39 824	-	39 824	(7 588)	-	(7 588)	12 060	-	12 060	5 492	-	5 492	4 528	(2 660)	1 868
TOTAL	7 783 936	(3 435)	7 780 501	129 184	(3 435)	125 749	5 394 257	89 122	5 483 379	1 323 041	125 333	1 448 374	885 459	(221 744)	663 715

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

In 2011 no changes were introduced to the manner of preparing the separate financial statements compared to the ones prepared by the PZU S.A. for 2010

6. Adjustment of previous year errors

In 2011, no previous year errors were adjusted.

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

7.1. Termination of Corporate Collective Labour Agreements

On 28 February 2012, the Management Boards of PZU and PZU Życie gave notice of termination of Corporate Collective Labor Agreements ("CCLA") for both companies. The CCLA was concluded in 2003 in PZU and in 2006 in PZU Życie for the purpose of introducing the new remuneration system is to further modernize the PZU Group and improve its competitiveness. Detailed solution will be negotiated with trade union. It is planned that new remuneration system will be effective from October 2012. Due to the uncertainty about the final shape of solutions adopted, the financial consequences of CCLA termination as of 31 December 2011 cannot be reliably estimate.

The financial impact of CCLA termination will be recognized in 2012 financial results .

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 30 June 2011 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 2010 according to which PLN 2,130,255 thousand, in the following way:

- amount of PLN 1,987,282 thousand was designated for the dividend to the sole shareholder – PZU
- amount of PLN 142,973 thousand was designated for the supplementary capital

Dividend was paid on 19 August 2011.

9.2. Divident payment for 2010

On 30 June 2011, the Annual General Shareholders' Meeting of PZU passed a resolution to distribute the net profit of PZU for the financial year ended 31 December 2010 according to which PLN 3,516,709 thousand, in the following way:

- amount of PLN 2,245,160 thousand was designated for the dividend,
- amount of PLN 1,271,549 thousand was designated for the supplementary capital

Record date was settled at 30 September 2011 and the day of payment at 21 October 2011. Dividend was paid.

10. Comparability of financial data for the prior period with the financial statements for the period ended 31 December 2010

The financial statements of PZU for the year 2011 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.

11. Managing and supervisory bodies of PZU

11.1. Management Board of PZU

As of 31 December 2010 ,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.

Since on 27 June 2011 the three-year office term of the Management Board shall expire, on 2 February 2011 the Supervisory Board resolved to open qualification proceedings regarding the position of the Management Board Chairman and six Members for the new office term. Selected Management Board members would be in charge of the following tasks: retail business, corporate business, investments, finance, operations and loss adjustment and IT.

On 15 March 2011, the Supervisory Board of PZU appointed Andrzej Klesyk to the new Management Board as the Chairman.

On 21 April 2011, the Supervisory Board of PZU made another decision concerning the composition of the new Management Board.

The Supervisory Board decided to appoint to the Management Board the following persons:

- Tomasz Tarkowski - as Member of the Management Board responsible for the supervision of loss adjustment (appointed also to the existing term as of 21 April 2011);
- Bogusław Skuza - as Member of the Management Board responsible for the supervision of the corporate business;
- Ryszard Trepczyński - as Member of the Management Board responsible for the supervision of the investments;
- Marcin Halbersztadt - as Member of the Management Board responsible for the supervision of IT (appointed also to the existing term as of 15 May 2011).

The Board also extended the term for two Members of the Board:

- Przemysław Dąbrowski - responsible for the supervision of finance;
- Witold Jaworski - responsible for the supervision or retail business.

Pursuant to the decision of the Supervisory Board of PZU, Bogusław Skuza and Ryszard Trepczyński were appointed to the new Management Board as of 1 July 2011.

Following a General Shareholders' Meeting of 30 June 2011 which approved the separate and consolidated financial statements of PZU for 2010, the new term of the Management Board started on the day following the Meeting, i.e. on 1 July 2011. The term is shared and lasts three consecutive full financial years. The first full financial year is 2012.

On 6 October 2011 Marcin Halbersztadt resigned from the position of the Member of the Board and in the same time his mandate expired.

In the period from 6 October 2011 to the date of submission of these financial statements, 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.

11.2. Supervisory Board of PZU

Composition of the Supervisory Board as at 31 December 2010 was as follows:

- Marzena Piszczek - Chairman;
- Zbigniew Ćwiąkalski - Vice-Chairman;
- Grażyna Piotrowska-Oliwa - Secretary of the Board
- Waldemar Maj - Member;
- Piotr Kamiński - Member;
- Krzysztof Dresler - Member;
- Dariusz Filar – Member.

In accordance with the By-laws of PZU, the number of members of the Supervisory Board is specified by a resolution of the General Shareholder's Meeting of PZU. Members of the Supervisory Board are appointed for a shared term which lasts three consecutive full financial years. The Supervisory Board appoints the Chairman and Vice-Chairman from among its members.

On 30 June 2011, the General Shareholders' Meeting of PZU adopted resolutions whereby the number of Members of the Supervisory Board of PZU was set at seven and such number of persons was appointed to the new Supervisory Board. The new Supervisory Board was formed on 30 June 2011 and comprised the following persons:

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

The first full financial year of the new Supervisory Board is 2012. By the date of submission of these financial statements, the composition of the Supervisory Board of PZU had not undergone any changes.

11.3. New Directors in the Group

Directors at the PZU Group as at 31 December 2010:

- Dariusz Krzewina;
- Rafał Grodzicki;
- Przemysław Dąbrowski;
- Mariusz Sarnowski;
- Krzysztof Branny.

On 2 January 2011 Przemysław Dąbrowski resigned from the position of the PZU Group Director, and on 24 January 2011 he was dismissed from the position by the Management Board and replaced by Tomasz Tarkowski on 1 February 2011.

Tomasz Tarkowski ceased to act as the PZU Group Director on 21 April 2011 following his appointment to the Management Board

On 7 July 2011 following resignation from the position of Vice-Chairman of the Management Board of PZU Życie filed on 20 June 2011, the Management Board of PZU dismissed Mariusz Sarnowski from the position of the PZU Group Director.

On 16 August 2011, Krzysztof Branny resigned from the positions of the Member of the Management Board of PZU Życie and Director of the PZU Group.

On 7 February 2012 Management Board of PZU appointed Przemysław Henschke a Director of the PZU Group (appointment effective from 1 February 2012).

Directors at the PZU Group from 1 February 2012 to the date of submission of these financial statements:

- Dariusz Krzewina;
- Rafał Grodzicki;
- Przemysław Henschke.

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

12. 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.

13. 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 PAS (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 classes (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).

13.1. 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.

13.2. Investments

13.2.1 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%

13.2.2 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.

13.2.3 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 are measured at acquisition price reduced by impairment loss.

13.2.3.1 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.

13.2.3.2 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.

13.2.3.3 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.

13.2.3.4 *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.

13.2.3.5 *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.

13.2.3.6 *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.

13.2.3.7 *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.

13.2.3.8 *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.

13.3. 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.

13.3.1 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.

13.3.1.1 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.

13.3.2 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.

13.3.3 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.

13.4. 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.

13.5. 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.

13.6. 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, however, in the case of acquisition commissions due to persons working based on an employment contract - together with payroll charges due to social security.

13.6.1 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.

13.6.2 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.

13.6.3 Deferred income

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

13.7. Equity

13.7.1 Share capital

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

13.7.2 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.

13.7.3 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.

13.7.4 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.

13.8. Technical provisions

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.

13.8.1 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 classes 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.

13.8.2 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 classes (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.

13.8.3 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.

13.8.3.1 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.

13.8.3.2 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.

13.8.3.3 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.

13.8.3.4 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 and 31 December 2010, 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. At the same time, based on projections of inflation and pay rise, the annuity increase rate of 3.7% was applied.

As regards life annuities, the period during which annuity claims are paid is determined based on Polish Life Expectancy Tables (PLET) for 2010, published by the Central Statistical Office (31 December 2010: PLET for 2009). 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.

13.8.3.5 Reinsurers' share in technical provisions

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

13.8.4 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.

13.8.5 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.

13.8.6 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.

13.9. 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.

13.9.1 Provision for jubilee awards and retirement benefits

In accordance with remuneration regulations of PZU, employees are entitled to jubilee awards, having reached a specific number of years in service and to retirement benefits upon retirement. The benefit amount depends on the number of years in service and average monthly salary.

The costs of jubilee awards and 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.

For jubilee awards, past service costs as defined in IAS 19 "Employee Benefits" are immediately recognized in profit or loss.

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

13.9.2 Provision for unused paid vacation

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 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.

13.9.3 Provision for survivor and post-employment benefits

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.

13.10. Liabilities due to reinsurers' deposits

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

13.11. Other liabilities

Liabilities are disclosed at the amount due.

13.12. 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.

13.13. 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 classes with reinsurance coverage, in the amount which - pursuant to relevant reinsurance contracts - corresponds to the transferred premium

13.14. Investment income and expenses

13.14.1 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.

13.14.2 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.

13.14.3 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".

13.14.4 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.

13.14.5 Net investment income (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.

13.14.6 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.

13.15. 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 classes 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.

13.16. 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.

13.17. 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.

13.18. 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 operating solely in Poland and 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.

14. Significant differences between IFRS and PAS – indication, explanation and quantification

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 PAS 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 PAS and IFRS that would materially impact financial profit/loss or equity in the separate financial statements of PZU prepared in line with IFRS.

14.1. Measurement of investments in controlled entities

Under PAS, 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.

14.2. 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.

14.3. Land perpetual usufruct right

In the consolidated financial statements prepared in accordance with PAS, 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 14.2.

14.4. 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.

14.5. 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 PAS, the change in the provision is the current period expense; in accordance with IFRS it is allocation of net profits.

14.6. 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.

14.7. 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.

14.8. The Company's Social Benefits Fund

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 PAS 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.

14.9. Differences due to deferred tax

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

14.10. Reconciliation of equity and net financial profit/loss prepared in line with PAS and IFRS

Description	Point	Net profit 1 January - 31 December 2011	Equity 31 December 2011	Net profit 1 January - 31 December 2010	Equity 31 December 2010
Financial statements in accordance with PAS		2 582 303	11 745 410	3 516 709	11 902 186
Measurement of investments in controlled entities (*)	14.1	(126 756)	(5 467 985)	44 885	(5 787 536)
Measurement of property	14.2, 14.4	8 295	141 380	(8 867)	106 576
Land perpetual usufruct right	14.3, 14.4	(1 392)	6 232	(1 259)	7 624
Equalization provision – property and personal insurance	14.5	43 804	476 927	1 702	433 123
Prevention Fund	14.6	(13 316)	12 474	5 766	25 790
Impairment loss on equity instruments classified as available for sale	14.7	37 162	-	(60 238)	-
The Company's Social Benefits Fund	14.8	-	-	(10 000)	-
Total adjustments		(52 203)	(4 830 972)	(28 011)	(5 214 423)
Financial statements in accordance with IFRS		2 530 100	6 914 438	3 488 698	6 687 763

(*) 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 2011	31 December 2010
I. Intangible assets, including:	X.1	107 004	63 526
- goodwill		-	-
II. Investments	X.2	24 882 946	23 832 035
1. Real property	X.2.3	582 328	599 551
2. Investments in controlled entities	X.2.4	6 425 930	6 860 409
- investments in controlled entities measured using the equity method		6 393 817	6 834 051
3. Other financial investments	X.2.5	17 868 972	16 363 674
4. Deposits with ceding undertakings	X.2.7	5 716	8 401
III. Net unit-linked assets		-	-
IV. Receivables	X.3	1 487 399	1 543 565
1. Receivables from direct insurance	X.3.1	1 293 075	1 209 438
1.1. From controlled entities		283	246
1.2. From other entities		1 292 792	1 209 192
2. Receivables from reinsurance	X.3.2	32 917	121 352
2.1. From controlled entities		43	100
2.2. From other entities		32 874	121 252
3. Other receivables	X.3.3	161 407	212 775
3.1. Receivables from the State Budget		5 476	9 268
3.2. Other receivables		155 931	203 507
a) from controlled entities		38 684	5 607
b) from other entities	X.3	117 247	197 900
V. Other assets	X.4	208 545	280 422
1. Tangible assets	X.4.1	100 677	114 133
2. Cash	X.4.2	107 868	166 289
3. Other assets		-	-
VI. Prepayments		711 963	630 271
1. Deferred tax asset	X.5	125 546	-
2. Deferred acquisition costs	X.5.1	493 180	462 058
3. Recognized interest and rent		-	-
4. Other prepayments		93 237	168 213
Total assets	X.5.2	27 397 857	26 349 819

Liabilities and equity	Note	31 December 2011	31 December 2010
I. Equity	X.7	11 745 410	11 902 186
1. Share capital	X.7.1	86 352	86 352
2. Called up share capital (negative value)		-	-
3. Treasury shares (negative value)		-	-
4. Supplementary capital	X.7.5	3 331 838	2 060 272
5. Revaluation reserve	X.7.6	5 744 917	6 238 853
6. Other reserve capitals		-	-
7. Previous year profit (loss)		-	-
8. Net profit (loss)		2 582 303	3 516 709
9. Appropriations of net profit during the financial year (negative value)	X.7	-	-
II. Subordinated liabilities		-	-
III. Technical provisions	X.8	14 653 008	13 963 010
IV. Reinsurers' share in technical provisions (negative value)	X.8	(679 274)	(786 825)
V. Expected recoveries and recourses (negative value)	X.9	(78 387)	(74 577)
1. Expected recoveries and recourses (gross)		(80 980)	(76 834)
2. Reinsurers' share in expected recoveries and recourses		2 593	2 257
VI. Other provisions	X.10	412 906	328 726
1. Provisions for pension and other statutory employee benefits	X.10.1	216 628	214 018
2. Provision for deferred income tax	X.10.2	-	4 057
3. Other provisions	X.10.3	196 278	110 651
VII. Liabilities due to reinsurers' deposits		-	-
VIII. Other liabilities and special funds	X.11	826 280	674 552
1. Liabilities due to direct insurance	X.11.1	301 954	259 626
1.1. To controlled entities		686	2 358
1.2. To other entities		301 268	257 268
2. Liabilities due to reinsurance	X.11.2	20 574	27 969
2.1. To controlled entities		-	2
2.2. To other entities		20 574	27 967
3. Liabilities arising from issue of debt securities and obtained loans		-	-
4. Liabilities to credit institutions	X.11.3	154 488	122
5. Other liabilities	X.11.4	244 530	245 071
5.1. Liabilities to the state budget		16 552	10 930
5.2. Other liabilities		227 978	234 141
a) to controlled entities		5 685	36 270
b) to other entities		222 293	197 871
6. Special funds	X.11.6	104 734	141 764
IX. Accruals	X.12	517 914	342 747
1. Accrued expenses		498 186	327 663
2. Negative goodwill		-	-
3. Deferred income		19 728	15 084
Total liabilities and equity	X.8	27 397 857	26 349 819

Item	31 December 2011	31 December 2010
Book value	11 745 410	11 902 186
Number of shares	86 352 300	86 352 300
Book value per share (in PLN)	136,02	137,83
Diluted number of shares	86 352 300	86 352 300
Diluted book value per share (in PLN)	136,02	137,83

Off-balance sheet items	Note	31 December 2011	31 December 2010
1. Contingent receivables, including:	X.14	9 367 846	8 155 430
1.1. Guarantees and sureties received		17 746	4 528
1.2. Other		9 350 100	8 150 902
2. Contingent liabilities, including:	X.14.2	59 347	81 229
2.1. Guarantees and sureties issued		4 873	8 543
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		53 547	71 660
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		222 088	227 978
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		9 649 281	8 464 637
Own funds	X.13	9 192 064	9 593 441
Solvency margin	X.13	1 338 798	1 338 798
Surplus (shortage) of own funds to cover the solvency margin	X.13	7 853 266	8 254 643
Technical provisions amount*		14 572 028	13 886 176
Assets to cover technical provisions		18 510 626	17 687 287
Surplus (shortage) of assets to cover technical provisions		3 938 598	3 801 111

* 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 2011	1 January - 31 December 2010
I. Premiums		7 906 271	7 490 079
1. Gross written premiums	X.15	8 247 241	7 780 501
2. Reinsurers' share in written premium		249 008	164 337
3. Change in provisions for unearned premiums and unexpired risks (gross)		179 722	125 749
4. Reinsurers' share in change in provisions for unearned premiums		87 760	(336)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account		265 986	262 630
III. Other technical revenue net of reinsurance		87 034	58 328
IV. Claims	X.18	5 386 563	5 632 235
1. Claims paid net of reinsurance		4 740 366	4 958 575
1.1. Gross claims paid		5 052 907	5 483 379
1.2. Reinsurers' share in claims paid		312 541	524 804
2. Change in provision for claims outstanding, net of reinsurance:		646 197	673 660
2.1. Change in provision for claims outstanding (gross)		450 550	706 528
2.2. Reinsurers' share in change in provisions for claims outstanding		(195 647)	32 868
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		3 970	1 909
VII. Costs of insurance activity	X.21	2 118 773	2 130 198
1. Acquisition costs, including:	X.21.1	1 467 449	1 448 374
- change in deferred acquisition costs		(31 122)	(29 956)
2. Administrative costs	X.21.2	633 907	663 715
3. Reinsurers' commissions and share in reinsurers' profit		(17 417)	(18 109)
VIII. Other technical charges – net of reinsurance		363 609	289 320
IX. Changes in equalization provisions		54 079	2 100
X. Technical result on property and personal insurance		332 297	(244 725)

IV. GENERAL PROFIT AND LOSS ACCOUNT

General profit and loss account	Note	1 January - 31 December 2011	1 January - 31 December 2010
I. Technical result on property and personal insurance		332 297	(244 725)
II. Investment income		3 343 298	4 345 007
1. Investment income - real property		6 265	6 659
2. Investment income – controlled entities		1 987 286	3 120 000
2.1. On shares		1 987 286	3 120 000
2.2. On loans and debt securities		-	-
2.3. On other investments		-	-
3. Investment income – other financial investments		923 933	857 254
3.1. On shares, other variable income securities as well as units and investment certificates in investment funds		36 255	22 138
3.2. On debt securities and other fixed income securities		831 915	814 376
3.3. On term deposits with credit institutions		19 420	10 067
3.4. On other investments		36 343	10 673
4. Gain on revaluation of investments		2 282	74 743
5. Gain on realization of investments		423 532	286 351
III. Unrealized gains on investments		57 135	131 420
IV. Net investment income, taking into account costs, reclassified from the technical account for life insurance		-	-
V. Costs of investing activities		390 129	172 094
1. Costs of property maintenance		5 191	4 793
2. Other costs of investing activities		25 098	15 060
3. Loss on revaluation of investments		7 641	6 315
4. Loss on realization of investments		352 199	145 926
VI. Unrealized losses on investments		171 647	25 394
VII. Net investment income, taking into account costs, reclassified to the technical account for property and personal insurance		265 986	262 630
VIII. Other operating revenue	X.22	73 637	70 887
IX. Other operating costs	X.23	236 999	171 723
X. Operating profit (loss)		2 741 606	3 670 748
XI. Extraordinary gains		-	-
XII. Extraordinary losses		-	-
XIII. Gross profit (loss)		2 741 606	3 670 748
XIV. Income tax	X.25	164 609	109 161
a) current portion		283 043	196 237
b) deferred portion		(118 434)	(87 076)
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	5 306	(44 878)
XVII. Net profit (loss)		2 582 303	3 516 709

	1 January - 31 December 2011	1 January - 31 December 2010
Net profit (loss) (annualized)	2 582 303	3 516 709
Weighted average number of ordinary shares	86 352 300	86 352 300
Earnings (loss) per ordinary share (in PLN)	29,90	40,73
Weighted average diluted number of ordinary shares	86 352 300	86 352 300
Diluted earnings (loss) per ordinary share (in PLN)	29,90	40,73

V. STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity	1 January - 31 December 2011	1 January - 31 December 2010
I. Opening balance of equity	11 902 186	10 411 542
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-
I. a. Opening balance of equity after adjustments	11 902 186	10 411 542
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	2 060 272	1 252 214
4.1. Changes in supplementary capital	1 271 566	808 058
a) increase (due to)	1 271 566	808 058
- profit distribution (above the statutory minimum value)	1 271 549	807 874
- from revaluation reserve – sale and liquidation of fixed assets	17	184
b) decrease	-	-
- reclassified to reserve capital for funding of advances for dividend	-	-
4.2. Closing balance of supplementary capital	3 331 838	2 060 272
5. Opening balance of revaluation reserve	6 238 853	7 312 998
- changes in the accounting principles (policy)	-	-
5.1. Changes in revaluation reserve	(493 936)	(1 074 145)
a) increase (due to)	772 741	305 314
- measurement of financial investments	768 401	300 199
- reclassification of impairment loss on investments available for sale	4 340	5 115
b) decrease (due to)	1 266 677	1 379 459
- measurement of financial investments	1 266 660	1 379 275
- sale and liquidation of fixed assets	17	184
5.2. Closing balance of revaluation reserve	5 744 917	6 238 853
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)	3 516 709	1 759 978
7.1. Opening balance of previous year profit	3 516 709	1 759 978
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-
7.2. Opening balance of previous year profit reconciled to comparative data	3 516 709	1 759 978

Statement of changes in equity	1 January - 31 December 2011	1 January - 31 December 2010
a) increase	-	-
b) decrease (due to)	3 516 709	1 759 978
- reclassification to supplementary capital	1 271 549	807 874
- dividend payment	2 245 160	942 104
- 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	2 582 303	3 516 709
a) net profit	2 582 303	3 516 709
b) net loss	-	-
c) appropriations of profit	-	-
II. Closing balance of equity	11 745 410	11 902 186
III. Equity, including proposed profit distribution (loss coverage)	11 745 410	11 902 186

"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	1 January - 31 December 2011	1 January - 31 December 2010
A. Cash flows from operating activities		
I. Inflows	9 714 683	9 123 042
1. Inflows from direct business and outward reinsurance	8 407 305	7 927 693
1.1. Inflows from gross premiums	8 197 909	7 761 844
1.2. Inflows from recoveries, recourses and claim refunds	172 166	103 774
1.3. Other inflows from direct business	37 230	62 075
2. Inflows from reinsurance	411 549	479 197
2.1. Inflows due to reinsurers' share in claims	385 175	463 291
2.2. Inflows from reinsurance commissions and share in reinsurers' profits	20 418	10 779
2.3. Other inflows from reinsurance	5 956	5 127
3. Inflows from other operating activities	895 829	716 152
3.1. Inflows from loss adjusting services	220 906	142 646
3.2. Disposal of intangible assets and tangible fixed assets other than investments	1 269	5 980
3.3. Other inflows	673 654	567 526
II. Outflows	8 987 756	9 265 109
1. Outflows for direct business and outward reinsurance	7 269 288	7 799 913
1.1. Return of gross premiums	147 561	133 248
1.2. Gross claims paid	4 515 214	4 711 020
1.3. Acquisition costs	1 018 273	965 572
1.4. Administrative costs	1 343 812	1 645 509
1.5. Outflows due to handling claims and costs of recourses	118 751	189 296
1.6. Paid commissions and profit sharing due to outward reinsurance	4 679	4 152
1.7. Other outflows due to direct business and inward reinsurance	120 998	151 116
2. Outflows due to outward reinsurance	213 605	198 306
2.1. Premiums paid due to reinsurance	154 873	126 216
2.2. Other outflows due to outward reinsurance	58 732	72 090
3. Outflows for other operating activities	1 504 863	1 266 890
3.1. Outflows for loss adjusting services	423 401	438 963
3.2. Acquisition of intangible assets and tangible fixed assets other than investments	88 770	88 136
3.3. Other operating costs	992 692	739 791
III. Net cash flows generated by operating activities (I-II)	726 927	(142 067)
B. Cash flows from investing activities		
I. Inflows	122 440 185	101 368 721
1. Disposal of real property	-	-
2. Disposal of shares in controlled entities	76 457	34
3. Disposal of shares in other entities and units and investment certificates in investment funds	1 076 012	1 113 968
4. Redemption of debt securities issued by controlled entities and repayment of loans taken out by those entities	-	375
5. Redemption of debt securities issued by other entities	37 241 036	21 797 796
6. Withdrawal of term deposits with credit institutions	57 019 467	47 165 846
7. Cash from other investments	24 949 182	28 097 237
8. Inflows from real property	7 524	6 862
9. Interest received	55 876	49 664
10. Dividends received	2 014 631	3 136 939
11. Other inflows from investments	-	-
II. Outflows	121 192 637	95 459 778
1. Acquisition of real property	-	-
2. Acquisition of shares in controlled entities	84 871	155 578
3. Acquisition of shares in other entities and units and investment certificates in investment funds	1 122 246	980 257
4. Acquisition of debt securities issued by controlled entities and granting loans to those entities	-	-

Cash Flow Statement	1 January - 31 December 2011	1 January - 31 December 2010
5. Acquisition of debt securities issued by other entities	36 098 609	18 835 440
6. Term deposits made with credit institutions	58 536 895	46 784 138
7. Acquisition of other investments	25 327 650	28 686 793
8. Outflows for maintenance of property	9 410	7 860
9. Other outflows for investments	12 956	9 712
III. Net cash flows from investing activities (I-II)	1 247 548	5 908 943
C. Cash flows from financing activities		
I. Inflows	19 813 174	578
1. Net inflows from issue of shares and capital contributions	-	-
2. Credit facilities, loans and issue of debt securities	19 813 174	578
3. Other inflows from financing activities	-	-
II. Outflows	21 846 772	5 728 563
1. Dividends	2 163 206	921 239
2. Profit distribution payments other than dividend	-	-
3. Acquisition of treasury shares	-	-
4. Repayment of credit facilities and loans and redemption of debt securities	19 683 566	4 807 324
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)	(2 033 598)	(5 727 985)
D. Total net cash flows (A.III+/-B.III+/-C.III)	(59 123)	38 891
E. Balance sheet change in cash, including:	(58 421)	38 489
- change in cash due to exchange differences	(702)	402
F. Opening balance of cash	166 289	127 800
G. Cash at the end of the financial year (F+/-D), including:	107 868	166 289
- restricted cash	34 973	69 595

VII. TECHNICAL ACCOUNTS - TOTAL DIRECT ACTIVITIES

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	7 877 211	7 452 881
1. Gross written premiums	8 207 654	7 740 677
2. Reinsurers' share in written premium	244 820	157 612
3. Changes in provisions for unearned premiums and unexpired risks (gross)	175 461	133 337
4. Reinsurers' share in change in provisions for unearned premiums	89 838	3 153
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	265 986	262 630
III. Other technical revenue net of reinsurance	85 573	57 910
IV. Claims	5 360 833	5 618 321
1. Claims paid net of reinsurance	4 715 744	4 947 163
1.1. Gross claims paid	5 028 285	5 471 319
1.2. Reinsurers' share in claims paid	312 541	524 156
2. Change in provision for claims outstanding, net of reinsurance:	645 089	671 158
2.1. Change in provisions for claims outstanding (gross)	446 242	703 211
2.2. Reinsurers' share in change in provisions for claims outstanding	(198 847)	32 053
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	3 970	1 909
VII. Costs of insurance activity	2 112 385	2 122 838
1. Acquisition costs	1 462 988	1 442 882
1.1. including change in the balance of deferred acquisition costs	(31 122)	(30 023)
2. Administrative costs	631 980	661 847
3. Reinsurers' commissions and share in reinsurers' profit	(17 417)	(18 109)
VIII. Other technical charges – net of reinsurance	362 854	288 480
IX. Changes in equalization provisions	54 485	2 596
X. Technical result on property and personal insurance	334 243	(260 723)

Technical insurance account - direct insurance

CLASS 1 – Accident insurance, including industrial injury and occupational disease

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	454 880	454 227
1. Gross written premiums	450 588	453 025
2. Reinsurers' share in written premium	168	137
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(4 396)	(1 339)
4. Reinsurers' share in change in provisions for unearned premiums	64	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1 087	663
IV. Claims	161 897	151 029
1. Claims paid net of reinsurance	157 150	142 961
1.1. Gross claims paid	157 150	142 961
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	4 747	8 068
2.1. Change in provisions for claims outstanding (gross)	4 751	8 068
2.2. Reinsurers' share in change in provisions for claims outstanding	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	-	(14)
VII. Costs of insurance activity	165 678	188 477
1. Acquisition costs	112 471	119 323
1.1. including change in the balance of deferred acquisition costs	621	(1 897)
2. Administrative costs	53 311	69 359
3. Reinsurers' commissions and share in reinsurers' profit	104	205
VIII. Other technical charges – net of reinsurance	1 779	3 104
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	126 613	112 294

Technical insurance account - direct insurance

CLASS 2 – Sickness insurance

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	13 757	16 196
1. Gross written premiums	12 918	16 094
2. Reinsurers' share in written premium	4	3
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(841)	(105)
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	9	6
IV. Claims	8 612	6 772
1. Claims paid net of reinsurance	9 339	7 000
1.1. Gross claims paid	9 339	6 985
1.2. Reinsurers' share in claims paid	-	(15)
2. Change in provision for claims outstanding, net of reinsurance:	(727)	(228)
2.1. Change in provisions for claims outstanding (gross)	(741)	(239)
2.2. Reinsurers' share in change in provisions for claims outstanding	(14)	(11)
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	4 161	4 563
1. Acquisition costs	2 396	2 838
1.1. including change in the balance of deferred acquisition costs	128	(2)
2. Administrative costs	1 765	1 725
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	47	115
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	946	4 752

Technical insurance account - direct insurance

CLASS 3 – "Casco" insurance of land vehicles other than railway rolling stock

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	2 276 702	2 153 441
1. Gross written premiums	2 284 048	2 248 109
2. Reinsurers' share in written premium	47 565	30 142
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(17 247)	64 526
4. Reinsurers' share in change in provisions for unearned premiums	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	8 740	5 472
IV. Claims	1 493 006	1 607 927
1. Claims paid net of reinsurance	1 482 288	1 573 338
1.1. Gross claims paid	1 483 113	1 576 973
1.2. Reinsurers' share in claims paid	825	3 635
2. Change in provision for claims outstanding, net of reinsurance:	10 718	34 589
2.1. Change in provisions for claims outstanding (gross)	8 351	36 686
2.2. Reinsurers' share in change in provisions for claims outstanding	(2 367)	2 097
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	524 792	514 641
1. Acquisition costs	410 855	398 308
1.1. including change in the balance of deferred acquisition costs	7 910	(17 811)
2. Administrative costs	114 184	116 384
3. Reinsurers' commissions and share in reinsurers' profit	247	51
VIII. Other technical charges – net of reinsurance	19 522	25 772
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	248 122	10 573

Technical insurance account - direct insurance

CLASS 4 - "Casco" insurance of railway rolling stock

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	5 815	3 886
1. Gross written premiums	8 826	4 435
2. Reinsurers' share in written premium	2 273	357
3. Changes in provisions for unearned premiums and unexpired risks (gross)	2 009	340
4. Reinsurers' share in change in provisions for unearned premiums	1 271	148
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	2	9
IV. Claims	1 234	4 810
1. Claims paid net of reinsurance	3 157	2 122
1.1. Gross claims paid	3 525	2 122
1.2. Reinsurers' share in claims paid	368	-
2. Change in provision for claims outstanding, net of reinsurance:	(1 923)	2 688
2.1. Change in provisions for claims outstanding (gross)	(1 943)	3 020
2.2. Reinsurers' share in change in provisions for claims outstanding	(20)	332
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	1 376	995
1. Acquisition costs	1 291	856
1.1. including change in the balance of deferred acquisition costs	(324)	(24)
2. Administrative costs	314	189
3. Reinsurers' commissions and share in reinsurers' profit	229	50
VIII. Other technical charges – net of reinsurance	48	26
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	3 159	(1 936)

Technical insurance account - direct insurance

CLASS 5 - "Casco" insurance of aircraft

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	12 048	8 836
1. Gross written premiums	14 719	16 321
2. Reinsurers' share in written premium	5 160	1 997
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(3)	2 479
4. Reinsurers' share in change in provisions for unearned premiums	2 486	(3 009)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	249	14
IV. Claims	1 099	14 365
1. Claims paid net of reinsurance	3 766	9 807
1.1. Gross claims paid	7 519	10 349
1.2. Reinsurers' share in claims paid	3 753	542
2. Change in provision for claims outstanding, net of reinsurance:	(2 667)	4 558
2.1. Change in provisions for claims outstanding (gross)	(5 942)	5 506
2.2. Reinsurers' share in change in provisions for claims outstanding	(3 275)	948
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	1 980	2 165
1. Acquisition costs	2 014	1 984
1.1. including change in the balance of deferred acquisition costs	(69)	(311)
2. Administrative costs	322	192
3. Reinsurers' commissions and share in reinsurers' profit	356	11
VIII. Other technical charges – net of reinsurance	158	421
IX. Changes in equalization provisions	602	-
X. Technical result on property and personal insurance	8 458	(8 101)

Technical insurance account - direct insurance

CLASS 6 - Insurance of vessels in sea and inland navigation

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	11 952	12 075
1. Gross written premiums	12 355	13 942
2. Reinsurers' share in written premium	3 984	1 742
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(1 365)	176
4. Reinsurers' share in change in provisions for unearned premiums	2 216	51
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	228	252
IV. Claims	9 984	13 818
1. Claims paid net of reinsurance	18 203	10 336
1.1. Gross claims paid	49 576	10 336
1.2. Reinsurers' share in claims paid	31 373	-
2. Change in provision for claims outstanding, net of reinsurance:	(8 219)	3 482
2.1. Change in provisions for claims outstanding (gross)	(26 810)	23 304
2.2. Reinsurers' share in change in provisions for claims outstanding	(18 591)	19 822
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	2 162	2 553
1. Acquisition costs	2 047	2 173
1.1. including change in the balance of deferred acquisition costs	261	(75)
2. Administrative costs	497	380
3. Reinsurers' commissions and share in reinsurers' profit	382	-
VIII. Other technical charges – net of reinsurance	368	266
IX. Changes in equalization provisions	598	-
X. Technical result on property and personal insurance	(932)	(4 310)

Technical insurance account - direct insurance

CLASS 7 - Goods-in-transit insurance

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	9 319	9 494
1. Gross written premiums	8 966	11 174
2. Reinsurers' share in written premium	1 861	1 468
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(812)	303
4. Reinsurers' share in change in provisions for unearned premiums	1 402	91
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	377	540
IV. Claims	8 488	1 935
1. Claims paid net of reinsurance	4 869	2 128
1.1. Gross claims paid	4 869	2 127
1.2. Reinsurers' share in claims paid	-	(1)
2. Change in provision for claims outstanding, net of reinsurance:	3 619	(193)
2.1. Change in provisions for claims outstanding (gross)	3 549	(128)
2.2. Reinsurers' share in change in provisions for claims outstanding	(70)	65
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	6	73
VII. Costs of insurance activity	3 906	3 588
1. Acquisition costs	2 956	2 921
1.1. including change in the balance of deferred acquisition costs	91	58
2. Administrative costs	954	674
3. Reinsurers' commissions and share in reinsurers' profit	4	7
VIII. Other technical charges – net of reinsurance	411	688
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(3 115)	3 750

Technical insurance account - direct insurance

CLASS 8 - Insurance against fire and natural forces, covering damage to property not included in classes 3-7

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	943 144	912 682
1. Gross written premiums	1 042 365	977 565
2. Reinsurers' share in written premium	75 918	51 793
3. Changes in provisions for unearned premiums and unexpired risks (gross)	47 663	22 966
4. Reinsurers' share in change in provisions for unearned premiums	24 360	9 876
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	2 725	2 154
IV. Claims	371 965	782 336
1. Claims paid net of reinsurance	394 685	754 398
1.1. Gross claims paid	493 510	1 086 824
1.2. Reinsurers' share in claims paid	98 825	332 426
2. Change in provision for claims outstanding, net of reinsurance:	(22 720)	27 938
2.1. Change in provisions for claims outstanding (gross)	(73 981)	123 887
2.2. Reinsurers' share in change in provisions for claims outstanding	(51 261)	95 949
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	3 041	769
VII. Costs of insurance activity	290 021	288 053
1. Acquisition costs	220 615	206 569
1.1. including change in the balance of deferred acquisition costs	(8 873)	(10 142)
2. Administrative costs	70 548	82 654
3. Reinsurers' commissions and share in reinsurers' profit	1 142	1 170
VIII. Other technical charges – net of reinsurance	40 900	42 327
IX. Changes in equalization provisions	47 156	-
X. Technical result on property and personal insurance	192 786	(198 649)

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	627 231	581 340
1. Gross written premiums	652 037	615 044
2. Reinsurers' share in written premium	41 666	17 926
3. Changes in provisions for unearned premiums and unexpired risks (gross)	603	9 727
4. Reinsurers' share in change in provisions for unearned premiums	17 463	(6 051)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1 370	1 457
IV. Claims	431 853	337 503
1. Claims paid net of reinsurance	433 341	320 134
1.1. Gross claims paid	442 126	335 713
1.2. Reinsurers' share in claims paid	8 785	15 579
2. Change in provision for claims outstanding, net of reinsurance:	(1 488)	17 369
2.1. Change in provisions for claims outstanding (gross)	(993)	30 549
2.2. Reinsurers' share in change in provisions for claims outstanding	495	13 180
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	899	1 436
VII. Costs of insurance activity	241 509	236 953
1. Acquisition costs	166 679	156 653
1.1. including change in the balance of deferred acquisition costs	(6 295)	(4 351)
2. Administrative costs	76 541	81 786
3. Reinsurers' commissions and share in reinsurers' profit	1 711	1 486
VIII. Other technical charges – net of reinsurance	6 464	12 976
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(52 124)	(6 071)

Technical insurance account - direct insurance

CLASS 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 2011	1 January - 31 December 2010
I. Premiums	2 718 703	2 558 633
1. Gross written premiums	2 889 866	2 595 556
2. Reinsurers' share in written premium	14 686	7 104
3. Changes in provisions for unearned premiums and unexpired risks (gross)	163 878	29 819
4. Reinsurers' share in change in provisions for unearned premiums	7 401	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	243 700	234 731
III. Other technical revenue net of reinsurance	63 472	41 668
IV. Claims	2 334 793	2 319 896
1. Claims paid net of reinsurance	1 789 978	1 788 609
1.1. Gross claims paid	1 945 687	1 954 811
1.2. Reinsurers' share in claims paid	155 709	166 202
2. Change in provision for claims outstanding, net of reinsurance:	544 815	531 287
2.1. Change in provisions for claims outstanding (gross)	425 012	365 179
2.2. Reinsurers' share in change in provisions for claims outstanding	(119 803)	(166 108)
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	14	12
VII. Costs of insurance activity	574 779	556 354
1. Acquisition costs	318 967	317 833
1.1. including change in the balance of deferred acquisition costs	(32 849)	(10 693)
2. Administrative costs	225 510	209 160
3. Reinsurers' commissions and share in reinsurers' profit	(30 302)	(29 361)
VIII. Other technical charges – net of reinsurance	283 125	188 676
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(166 836)	(229 906)

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	4 751	4 674
1. Gross written premiums	5 819	6 522
2. Reinsurers' share in written premium	1 702	1 943
3. Changes in provisions for unearned premiums and unexpired risks (gross)	193	(201)
4. Reinsurers' share in change in provisions for unearned premiums	827	(106)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	25	54
III. Other technical revenue net of reinsurance	92	11
IV. Claims	5 382	134
1. Claims paid net of reinsurance	1 275	1 245
1.1. Gross claims paid	1 275	1 245
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	4 107	(1 111)
2.1. Change in provisions for claims outstanding (gross)	4 195	(1 035)
2.2. Reinsurers' share in change in provisions for claims outstanding	88	76
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	2 011	1 861
1. Acquisition costs	1 541	1 522
1.1. including change in the balance of deferred acquisition costs	(53)	(8)
2. Administrative costs	527	390
3. Reinsurers' commissions and share in reinsurers' profit	57	51
VIII. Other technical charges – net of reinsurance	58	141
IX. Changes in equalization provisions	(234)	234
X. Technical result on property and personal insurance	(2 349)	2 369

Technical insurance account - direct insurance

CLASS 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 2011	1 January - 31 December 2010
I. Premiums	487	469
1. Gross written premiums	525	564
2. Reinsurers' share in written premium	75	84
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(21)	11
4. Reinsurers' share in change in provisions for unearned premiums	16	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	10	1
IV. Claims	399	281
1. Claims paid net of reinsurance	480	178
1.1. Gross claims paid	480	178
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(81)	103
2.1. Change in provisions for claims outstanding (gross)	(81)	105
2.2. Reinsurers' share in change in provisions for claims outstanding	-	2
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	263	248
1. Acquisition costs	160	168
1.1. including change in the balance of deferred acquisition costs	3	(5)
2. Administrative costs	103	80
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	5	14
IX. Changes in equalization provisions	-	(27)
X. Technical result on property and personal insurance	(170)	(46)

Technical insurance account - direct insurance

CLASS 13 - General liability – Liability other than those forms included in classes 10-12

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	493 620	449 236
1. Gross written premiums	507 352	482 551
2. Reinsurers' share in written premium	14 044	10 938
3. Changes in provisions for unearned premiums and unexpired risks (gross)	3 939	20 681
4. Reinsurers' share in change in provisions for unearned premiums	4 251	(1 696)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	22 261	27 845
III. Other technical revenue net of reinsurance	1 818	3 124
IV. Claims	373 085	218 341
1. Claims paid net of reinsurance	246 212	220 809
1.1. Gross claims paid	246 360	220 809
1.2. Reinsurers' share in claims paid	148	-
2. Change in provision for claims outstanding, net of reinsurance:	126 873	(2 468)
2.1. Change in provisions for claims outstanding (gross)	132 402	(2 937)
2.2. Reinsurers' share in change in provisions for claims outstanding	5 529	(469)
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	(7)	1
VII. Costs of insurance activity	151 318	155 522
1. Acquisition costs	109 932	107 620
1.1. including change in the balance of deferred acquisition costs	(3 158)	(4 488)
2. Administrative costs	41 864	47 988
3. Reinsurers' commissions and share in reinsurers' profit	478	86
VIII. Other technical charges – net of reinsurance	4 648	7 322
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(11 345)	99 019

Technical insurance account - direct insurance

CLASS 14 – Credit insurance

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	12 611	19 288
1. Gross written premiums	12 888	14 422
2. Reinsurers' share in written premium	1 274	(48)
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(1 375)	(4 449)
4. Reinsurers' share in change in provisions for unearned premiums	(378)	369
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	554	708
IV. Claims	58	5 922
1. Claims paid net of reinsurance	349	5 162
1.1. Gross claims paid	700	9 323
1.2. Reinsurers' share in claims paid	351	4 161
2. Change in provision for claims outstanding, net of reinsurance:	(291)	760
2.1. Change in provisions for claims outstanding (gross)	20	825
2.2. Reinsurers' share in change in provisions for claims outstanding	311	65
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	101	2
VII. Costs of insurance activity	5 181	7 070
1. Acquisition costs	2 206	3 419
1.1. including change in the balance of deferred acquisition costs	(3 320)	12
2. Administrative costs	3 620	3 491
3. Reinsurers' commissions and share in reinsurers' profit	645	(160)
VIII. Other technical charges – net of reinsurance	544	163
IX. Changes in equalization provisions	1 394	1 736
X. Technical result on property and personal insurance	5 887	5 103

Technical insurance account - direct insurance

Class 15 – Suretyship

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	26 541	19 616
1. Gross written premiums	42 642	46 738
2. Reinsurers' share in written premium	18 381	18 814
3. Changes in provisions for unearned premiums and unexpired risks (gross)	2 950	10 930
4. Reinsurers' share in change in provisions for unearned premiums	5 230	2 622
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	386	209
IV. Claims	1 641	3 051
1. Claims paid net of reinsurance	3 120	1 518
1.1. Gross claims paid	4 546	2 291
1.2. Reinsurers' share in claims paid	1 426	773
2. Change in provision for claims outstanding, net of reinsurance:	(1 479)	1 533
2.1. Change in provisions for claims outstanding (gross)	(3 142)	2 272
2.2. Reinsurers' share in change in provisions for claims outstanding	(1 663)	739
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	-	20
VII. Costs of insurance activity	12 050	9 521
1. Acquisition costs	9 758	10 918
1.1. including change in the balance of deferred acquisition costs	(833)	(1 646)
2. Administrative costs	9 403	6 501
3. Reinsurers' commissions and share in reinsurers' profit	7 111	7 898
VIII. Other technical charges – net of reinsurance	107	476
IX. Changes in equalization provisions	925	653
X. Technical result on property and personal insurance	12 204	6 104

Technical insurance account - direct insurance

CLASS 16 – Insurance of various financial risks

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	80 874	87 713
1. Gross written premiums	70 307	62 037
2. Reinsurers' share in written premium	15 234	12 855
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(25 929)	(37 673)
4. Reinsurers' share in change in provisions for unearned premiums	(128)	858
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	4 181	1 570
IV. Claims	12 122	40 419
1. Claims paid net of reinsurance	40 866	9 508
1.1. Gross claims paid	51 844	10 163
1.2. Reinsurers' share in claims paid	10 978	655
2. Change in provision for claims outstanding, net of reinsurance:	(28 744)	30 911
2.1. Change in provisions for claims outstanding (gross)	(37 531)	96 285
2.2. Reinsurers' share in change in provisions for claims outstanding	(8 787)	65 374
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	(84)	(390)
VII. Costs of insurance activity	54 180	65 382
1. Acquisition costs	50 929	62 687
1.1. including change in the balance of deferred acquisition costs	16 737	23 958
2. Administrative costs	3 670	3 092
3. Reinsurers' commissions and share in reinsurers' profit	419	397
VIII. Other technical charges – net of reinsurance	3 891	4 881
IX. Changes in equalization provisions	4 044	-
X. Technical result on property and personal insurance	10 902	(21 009)

Technical insurance account - direct insurance

CLASS 17 - Insurance of legal protection

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	814	737
1. Gross written premiums	822	777
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	8	40
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	15	-
IV. Claims	847	867
1. Claims paid net of reinsurance	716	734
1.1. Gross claims paid	716	734
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	131	133
2.1. Change in provisions for claims outstanding (gross)	131	133
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	737	638
1. Acquisition costs	469	377
1.1. including change in the balance of deferred acquisition costs	1	6
2. Administrative costs	268	261
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	1	7
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(756)	(775)

Technical insurance account - direct insurance

CLASS 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 2011	1 January - 31 December 2010
I. Premiums	183 962	160 338
1. Gross written premiums	190 611	175 801
2. Reinsurers' share in written premium	825	357
3. Changes in provisions for unearned premiums and unexpired risks (gross)	6 207	15 106
4. Reinsurers' share in change in provisions for unearned premiums	383	-
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	258	52
IV. Claims	144 368	108 915
1. Claims paid net of reinsurance	125 950	97 176
1.1. Gross claims paid	125 950	97 375
1.2. Reinsurers' share in claims paid	-	199
2. Change in provision for claims outstanding, net of reinsurance:	18 418	11 739
2.1. Change in provisions for claims outstanding (gross)	18 995	11 731
2.2. Reinsurers' share in change in provisions for claims outstanding	577	(8)
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	76 281	84 254
1. Acquisition costs	47 702	46 713
1.1. including change in the balance of deferred acquisition costs	(1 100)	(2 604)
2. Administrative costs	28 579	37 541
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	778	1 105
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	(37 207)	(33 884)

VIII. TECHNICAL INSURANCE ACCOUNT - TOTAL INWARD REINSURANCE

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	29 060	37 198
1. Gross written premiums	39 587	39 824
2. Reinsurers' share in written premium	4 188	6 725
3. Changes in provisions for unearned premiums and unexpired risks (gross)	4 261	(7 588)
4. Reinsurers' share in change in provisions for unearned premiums	(2 078)	(3 489)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	1 461	418
IV. Claims	25 730	13 914
1. Claims paid net of reinsurance	24 622	11 412
1.1. Gross claims paid	24 622	12 060
1.2. Reinsurers' share in claims paid	-	648
2. Change in provision for claims outstanding, net of reinsurance:	1 108	2 502
2.1. Change in provisions for claims outstanding (gross)	4 308	3 317
2.2. Reinsurers' share in change in provisions for claims outstanding	3 200	815
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	6 388	7 360
1. Acquisition costs	4 461	5 492
1.1. including change in the balance of deferred acquisition costs	-	67
2. Administrative costs	1 927	1 868
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	755	840
IX. Changes in equalization provisions	(406)	(496)
X. Technical result on property and personal insurance	(1 946)	15 998

In 2010-2011 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 (classes 1 and 2)

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	245	447
1. Gross written premiums	337	445
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	92	(2)
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	22	5
IV. Claims	(2)	45
1. Claims paid net of reinsurance	-	-
1.1. Gross claims paid	-	-
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(2)	45
2.1. Change in provisions for claims outstanding (gross)	(2)	45
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	40	53
1. Acquisition costs	-	1
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	40	52
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	4	2
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	225	352

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	594	416
1. Gross written premiums	1 051	355
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	457	(61)
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	679	177
IV. Claims	497	611
1. Claims paid net of reinsurance	2 380	5 571
1.1. Gross claims paid	2 380	5 571
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(1 883)	(4 960)
2.1. Change in provisions for claims outstanding (gross)	(1 883)	(4 960)
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	(18)	(658)
1. Acquisition costs	(114)	(695)
1.1. including change in the balance of deferred acquisition costs	-	14
2. Administrative costs	96	37
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	19	381
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	775	259

Technical insurance account –inward reinsurance

ACCOUNTING CLASS 3 - Motor, other classes (class 3)

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	82	366
1. Gross written premiums	1 166	321
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	1 084	(45)
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	86	106
IV. Claims	(1)	(985)
1. Claims paid net of reinsurance	(4)	801
1.1. Gross claims paid	(4)	801
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	3	(1 786)
2.1. Change in provisions for claims outstanding (gross)	3	(1 786)
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	(31)	813
1. Acquisition costs	(89)	796
1.1. including change in the balance of deferred acquisition costs	-	11
2. Administrative costs	58	17
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	-	36
IX. Changes in equalization provisions	-	-
X. Technical result on property and personal insurance	200	608

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	1 815	2 302
1. Gross written premiums	2 170	2 492
2. Reinsurers' share in written premium	239	35
3. Changes in provisions for unearned premiums and unexpired risks (gross)	116	155
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	95	42
IV. Claims	(33)	326
1. Claims paid net of reinsurance	34	349
1.1. Gross claims paid	34	349
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(67)	(23)
2.1. Change in provisions for claims outstanding (gross)	(67)	(23)
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	448	342
1. Acquisition costs	376	303
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	72	39
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	13	92
IX. Changes in equalization provisions	(94)	(247)
X. Technical result on property and personal insurance	1 576	1 831

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	21 346	23 907
1. Gross written premiums	29 269	29 013
2. Reinsurers' share in written premium	3 757	6 647
3. Changes in provisions for unearned premiums and unexpired risks (gross)	2 093	(4 974)
4. Reinsurers' share in change in provisions for unearned premiums	(2 073)	(3 433)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	477	76
IV. Claims	19 456	13 620
1. Claims paid net of reinsurance	19 103	1 973
1.1. Gross claims paid	19 103	2 621
1.2. Reinsurers' share in claims paid	-	648
2. Change in provision for claims outstanding, net of reinsurance:	353	11 647
2.1. Change in provisions for claims outstanding (gross)	3 553	12 675
2.2. Reinsurers' share in change in provisions for claims outstanding	3 200	1 028
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	4 073	4 381
1. Acquisition costs	2 678	3 015
1.1. including change in the balance of deferred acquisition costs	-	42
2. Administrative costs	1 395	1 366
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	559	225
IX. Changes in equalization provisions	-	(568)
X. Technical result on property and personal insurance	(2 265)	6 325

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	4 159	6 482
1. Gross written premiums	4 562	4 238
2. Reinsurers' share in written premium	24	11
3. Changes in provisions for unearned premiums and unexpired risks (gross)	379	(2 255)
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	78	9
IV. Claims	6 802	(3 337)
1. Claims paid net of reinsurance	3 044	2 677
1.1. Gross claims paid	3 044	2 677
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	3 758	(6 014)
2.1. Change in provisions for claims outstanding (gross)	3 758	(6 014)
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	1 574	1 800
1. Acquisition costs	1 392	1 580
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	182	220
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	6	3
IX. Changes in equalization provisions	(324)	324
X. Technical result on property and personal insurance	(3 821)	7 701

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	233	561
1. Gross written premiums	300	561
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	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	2
IV. Claims	42	23
1. Claims paid net of reinsurance	27	41
1.1. Gross claims paid	27	41
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	15	(18)
2.1. Change in provisions for claims outstanding (gross)	15	(18)
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	173	323
1. Acquisition costs	107	246
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	66	77
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	4	15
IX. Changes in equalization provisions	-	(5)
X. Technical result on property and personal insurance	26	207

Technical insurance account –inward reinsurance

ACCOUNTING CLASS 10 - Miscellaneous (class 16)

Item	1 January - 31 December 2011	1 January - 31 December 2010
I. Premiums	586	2 717
1. Gross written premiums	732	2 399
2. Reinsurers' share in written premium	168	32
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(27)	(406)
4. Reinsurers' share in change in provisions for unearned premiums	(5)	(56)
II. Net investment income, taking into account costs, reclassified from the general profit and loss account	-	-
III. Other technical revenue net of reinsurance	12	1
IV. Claims	(1 031)	3 611
1. Claims paid net of reinsurance	38	-
1.1. Gross claims paid	38	-
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(1 069)	3 611
2.1. Change in provisions for claims outstanding (gross)	(1 069)	3 398
2.2. Reinsurers' share in change in provisions for claims outstanding	-	(213)
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	129	306
1. Acquisition costs	111	246
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	18	60
3. Reinsurers' commissions and share in reinsurers' profit	-	-
VIII. Other technical charges – net of reinsurance	150	86
IX. Changes in equalization provisions	12	-
X. Technical result on property and personal insurance	1 338	(1 285)

IX. ACTUARY'S OPINION

I state hereby that as at 31 December 2011, 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 2011	31 December 2010
a) R&D expenses	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar items, including:	30 093	21 945
- computer software	28 194	19 279
d) other intangible assets	-	-
e) advance payments for intangible assets	76 911	41 581
Total intangible assets	107 004	63 526

Change in intangible assets, total	31 December 2011	31 December 2010
a) gross value of intangible assets – opening balance	221 341	202 232
b) increases (due to)	89 607	54 650
- purchase	64 050	34 990
- reclassification	25 557	19 660
- donation	-	-
- other	-	-
c) decreases (due to)	26 389	35 541
- sale	-	-
- liquidation	832	15 881
- donation	-	-
- reclassification	25 557	19 660
d) gross value of intangible assets – closing balance	284 559	221 341
e) accumulated amortization – opening balance	151 515	130 565
f) amortization for the period (due to)	19 740	20 950
- current year charges	20 572	21 023
- sale	-	-
- liquidation	(832)	(73)
- donation	-	-
- other	-	-
g) accumulated amortization – closing balance	171 255	151 515
h) impairment losses – opening balance	6 300	22 107
- increases	-	-
- decreases	-	15 807
i) impairment losses – closing balance	6 300	6 300
j) net value of intangible assets – closing balance	107 004	63 526

Intangible assets – ownership structure	31 December 2011	31 December 2010
a) own	107 004	63 526
b) used based on lease, rental or other agreement	-	-
Total intangible assets	107 004	63 526

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

Change in intangible assets in the year ended 31 December 2010	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	-	-	146 697	141 411	13	55 522	202 232
b) increases (due to)	-	-	26 824	24 278	-	27 826	54 650
- purchase	-	-	7 164	6 048	-	27 826	34 990
- reclassification	-	-	19 660	18 230	-	-	19 660
- donation	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
c) decreases (due to)	-	-	74	59	-	35 467	35 541
- sale	-	-	-	-	-	-	-
- liquidation	-	-	74	59	-	15 807	15 881
- donation	-	-	-	-	-	-	-
- reclassification	-	-	-	-	-	19 660	19 660
d) gross value of intangible assets – closing balance	-	-	173 447	165 630	13	47 881	221 341
e) accumulated amortization – opening balance	-	-	130 552	127 271	13	-	130 565
f) depreciation for the period	-	-	20 950	19 080	-	-	20 950
- current year charges	-	-	21 023	19 139	-	-	21 023
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(73)	(59)	-	-	(73)
- donation	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
g) accumulated amortization – closing balance	-	-	151 502	146 351	13	-	151 515
h) impairment losses – opening balance	-	-	-	-	-	22 107	22 107
- increases	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	15 807	15 807
i) impairment losses – closing balance	-	-	-	-	-	6 300	6 300
j) net value of intangible assets – closing balance	-	-	21 945	19 279	-	41 581	63 526

“Decreases in impairment losses” include reversal of the impairment on the CORPO project (Implementation of a system for management of corporate insurance) of PLN 15,807 thousand.

2. Investments

2.1. Geographical structure of investments

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*	842 102	1 019 409	582 328	77 275	-	-	-	-	-	-	-	-	842 102	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	18 575 093	24 623 988	24 132 661	108 420	780 171	685 414	685 414	-	212 541	64 871	64 871	-	19 567 805	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

Geographical structure of investments as of 31 December 2010	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*	837 511	1 004 179	599 551	78 205	-	-	-	-	-	-	-	-	837 511	1 004 179	599 551	78 205
II. Investments in controlled entities**	580 496	6 675 815	6 675 815	5 787	202 358	79 129	79 129	-	375 985	105 465	105 465	-	1 158 839	6 860 409	6 860 409	5 787
III. Other financial investments	15 332 594	16 122 406	16 017 616	22 511	300 907	327 108	330 842	-	15 056	15 216	15 216	-	15 648 557	16 464 730	16 363 674	22 511
1. Shares and other variable income securities	935 886	1 085 209	1 085 209	21 889	-	-	-	-	15 056	15 216	15 216	-	950 942	1 100 425	1 100 425	21 889
- measured at fair value	923 098	1 084 978	1 084 978	9 332	-	-	-	-	15 056	15 216	15 216	-	938 154	1 100 194	1 100 194	9 332
- measured at acquisition cost	12 788	231	231	12 557	-	-	-	-	-	-	-	-	12 788	231	231	12 557
2. Units and investment certificates in investment funds	191 090	208 658	208 658	622	-	-	-	-	-	-	-	-	191 090	208 658	208 658	622
3. Debt securities and other fixed income securities	13 515 475	14 134 395	14 029 605	-	300 907	286 769	290 503	-	-	-	-	-	13 816 382	14 421 164	14 320 108	-
- measured at fair value	6 538 296	6 625 790	6 625 790	-	231 285	223 265	223 265	-	-	-	-	-	6 769 581	6 849 055	6 849 055	-
- measured at adjusted acquisition price or acquisition cost.	6 977 179	7 508 605	7 403 815	-	69 622	63 504	67 238	-	-	-	-	-	7 046 801	7 572 109	7 471 053	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgage loans	16 900	17 032	17 032	-	-	-	-	-	-	-	-	-	16 900	17 032	17 032	-
6. Other loans	498 394	498 460	498 460	-	-	-	-	-	-	-	-	-	498 394	498 460	498 460	-
7. Term deposits with credit institutions	174 849	174 666	174 666	-	-	-	-	-	-	-	-	-	174 849	174 666	174 666	-
8. Other investments	-	3 986	3 986	-	-	40 339	40 339	-	-	-	-	-	-	44 325	44 325	-
IV. Deposits with ceding undertakings	-	-	-	-	8 401	8 401	8 401	-	-	-	-	-	8 401	8 401	8 401	-
Total	16 750 601	23 802 400	23 292 982	106 503	511 666	414 638	418 372	-	391 041	120 681	120 681	-	17 653 308	24 337 719	23 832 035	106 503

** 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 2010	Domestic - net carrying amount	Foreign – EU countries – net carrying amount	Foreign – other countries – net carrying amount	Total
I. Real property	599 551	-	-	599 551
II. Investments in controlled entities	6 675 815	79 129	105 465	6 860 409
- unrestricted, quoted on a regulated market	115	-	-	115
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	6 675 700	79 129	105 465	6 860 294
- restricted	-	-	-	-
III. Other financial investments	16 017 616	330 842	15 216	16 363 674
1. Shares and other variable income securities	1 085 209	-	15 216	1 100 425
- unrestricted, quoted on regulated market	1 084 978	-	15 216	1 100 194
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	231	-	-	231
- restricted	-	-	-	-
2. Units and investment certificates in investment funds	208 658	-	-	208 658
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	208 658	-	-	208 658
- restricted	-	-	-	-
3. Debt securities and other fixed income securities	14 029 605	290 503	-	14 320 108
- unrestricted, quoted on regulated market	13 913 060	223 265	-	14 136 325
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	116 545	67 238	-	183 783
- 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	17 032	-	-	17 032
6. Other loans	498 460	-	-	498 460
7. Term deposits with credit institutions	174 666	-	-	174 666
8. Other investments	3 986	40 339	-	44 325
- unrestricted, quoted on regulated market	124	-	-	124
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	3 862	40 339	-	44 201
- restricted	-	-	-	-
IV. Deposits with ceding undertakings	-	8 401	-	8 401
Total	23 292 982	418 372	120 681	23 832 035

2.2. Change in financial instruments divided by portfolio

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
Debt securities and other fixed income securities	-	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

Change in financial instruments by portfolio in the year ended 31 December 2010	Opening balance	Increases, including:		Decreases, including:		Closing balance
		Acquisition	Value increase	Sale or redemption	Value reduction	
a) financial assets held for trading, including:	763 715	2 117 894	133 580	2 075 314	18 046	921 829
Investments in controlled entities	110	-	5	-	-	115
Shares, stock and other variable income securities, participation units and certificates of investment funds	569 967	925 308	84 820	850 170	17 312	712 613
Debt securities and other fixed income securities	191 447	1 182 874	4 963	1 214 231	277	164 776
Other investments	2 191	9 712	43 792	10 913	457	44 325
b) financial liabilities held for trading	-	-	-	-	-	-
c) originated loans and own receivables including:	549 973	75 470 931	7 087	75 330 744	7 089	690 158
Investments in related entities	-	-	-	-	-	-
Mortgage loans	-	16 900	132	-	-	17 032
Other loans	176 748	28 669 893	67	28 348 248	-	498 460
Term deposits with credit institutions	373 225	46 784 138	6 888	46 982 496	7 089	174 666
d) financial assets held to maturity, including:	9 018 643	59 680	191 542	1 794 987	3 825	7 471 053
Debt securities and other fixed income securities	9 018 643	59 680	191 542	1 794 987	3 825	7 471 053
e) financial assets available for sale, including:	15 820 413	17 693 516	161 396	18 501 787	1 032 495	14 141 043
Investments in controlled entities	7 710 539	155 578	6 657	34	1 012 446	6 860 294
Shares, stock and other variable income securities, participation units and certificates of investment funds	679 992	29 364	76 031	187 670	1 247	596 470
Debt securities and other fixed income securities	7 429 882	17 508 574	78 708	18 314 083	18 802	6 684 279
Total	26 152 744	95 342 021	493 605	97 702 832	1 061 455	23 224 083

2.3. Investments in real property

Investments in real property (by group)	31 December 2011	31 December 2010
a) own land	31 947	31 964
- by purchase price	37 595	37 612
- by current value	86 762	90 232
b) land perpetual usufruct right	16 982	20 723
c) buildings and structures	524 298	533 390
- by purchase price	732 731	725 289
- by current value	765 306	726 898
d) cooperative ownership of premises	6 847	6 646
e) construction investments	2 254	6 828
f) advances for construction investments	-	-
Investments in real property (by group), total	582 328	599 551

Change in investments in real property	31 December 2011	31 December 2010
a) gross value – opening balance	837 511	821 535
b) increases (due to)	4 727	22 989
- investments	4 727	22 989
- donations	-	-
- direct purchase	-	-
- other	-	-
c) decreases (due to)	135	7 013
- liquidation	135	2 528
- sale	-	1 887
- donations	-	-
- other	-	2 598
d) gross value – closing balance	842 103	837 511
e) accumulated amortization – opening balance	159 755	144 539
f) depreciation for the period (due to)	22 745	15 216
- current year charges	22 791	16 250
- accumulated depreciation of fixed assets liquidated	(46)	(571)
- accumulated depreciation of fixed assets sold	-	(586)
- accumulated depreciation of fixed assets donated	-	-
- accumulated depreciation of fixed assets lost by accident	-	-
- other	-	123
g) accumulated depreciation – closing balance	182 500	159 755
h) impairment losses – opening balance	78 205	76 886
- increases	1 022	1 319
- decreases	1 952	-
i) impairment losses – closing balance	77 275	78 205
j) net value – closing balance	582 328	599 551

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

Change in intangible assets in the year ended 31 December 2010	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	81 107	700 126	11 474	24 082	4 746	821 535
b) increases (due to)	10	27 805	802	20 219	-	48 836
- investments	-	2 768	2	20 219	-	22 989
- donations	-	-	-	-	-	-
- direct purchase	-	-	-	-	-	-
- reclassification	10	25 037	800	-	-	25 847
- other	-	-	-	-	-	-
c) decreases (due to)	194	2 642	2 495	27 529	-	32 860
- liquidation	-	1 086	468	974	-	2 528
- sale	185	994	-	708	-	1 887
- donations	-	-	-	-	-	-
- reclassification	-	-	-	25 847	-	25 847
- other	9	562	2 027	-	-	2 598
d) gross value of real property – closing balance	80 923	725 289	9 781	16 772	4 746	837 511
e) accumulated amortization – opening balance	16 676	124 148	3 715	-	-	144 539
f) depreciation for the period (due to)	2 510	13 286	(580)	-	-	15 216
- current year charges	2 377	13 605	268	-	-	16 250
- accumulated depreciation of real property liquidated	-	(530)	(41)	-	-	(571)
- accumulated depreciation of real property sold	(64)	(522)	-	-	-	(586)
- accumulated depreciation of real property donated	-	-	-	-	-	-
- accumulated depreciation of real property lost by accident	-	-	-	-	-	-
- other	197	733	(807)	-	-	123
g) accumulated depreciation – closing balance	19 186	137 434	3 135	-	-	159 755
h) impairment losses – opening balance	9 050	54 465	-	8 625	4 746	76 886
- increases	-	-	-	1 319	-	1 319
- decreases	-	-	-	-	-	-
i) impairment losses – closing balance	9 050	54 465	-	9 944	4 746	78 205
j) net value of real property – closing balance	52 687	533 390	6 646	6 828	-	599 551

Real property (by use)	31 December 2011	31 December 2010
a) used for own purposes	513 656	547 296
b) other	68 672	52 255
Real property (by use) total	582 328	599 551

Investments in real property	31 December 2011	31 December 2010
a) short-term	-	-
b) long-term	582 328	599 551
Total investments in real property	582 328	599 551

Investments in real property (by currency)	31 December 2011	31 December 2010
a) in PLN	582 328	599 551
b) in foreign currencies (by currency and translated to PLN)	-	-
Total investments in real property	582 328	599 551

Investments in real property	31 December 2011	31 December 2010
Value of land in perpetual usufruct not used for own purposes	4 707	2 226
Total value of land in perpetual usufruct not used for own purposes	4 707	2 226

2.4. Investments in controlled entities

Investments in controlled entities	31 December 2011	31 December 2010
a) shares in subsidiaries including:	6 425 930	6 860 409
- long-term investments	6 425 930	6 860 409
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:	-	-
unregistered contributions to share capital of PZU Pomoc SA including:	-	-
- long-term investments	-	-
Total investments in controlled entities	6 425 930	6 860 409

As of 31 December 2011 and 31 December 2010, 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 2011	31 December 2010
a) shares or stock including:	6 393 817	6 834 051
- in subsidiaries	6 393 817	6 834 051
- in co-subsidiaries	-	-
- in associates	-	-
f) loans originated, including:	-	-
- to subsidiaries	-	-
- to co-subsidiaries	-	-
- to associates	-	-
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	6 393 817	6 834 051

Investments in controlled entities measured using the equity method	31 December 2011	31 December 2010
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 2011	31 December 2010
a) gross value of goodwill – opening balance including:	-	851
UAB DK PZU Latvia	-	-
UAB PZU Latvia Gyvybes Draudimas	-	-
PrJSC IC PZU Ukraine	-	623
PrJSC IC PZU Ukraine Life Insurance	-	228
b) increases (due to)	-	-
c) decreases (due to)	-	851
UAB DK PZU Latvia	-	-
UAB PZU Latvia Gyvybes Draudimas	-	-
PrJSC IC PZU Ukraine	-	623
PrJSC IC PZU Ukraine Life Insurance	-	228
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 2011	31 December 2010
a) opening balance	6 860 409	7 710 649
- shares and stock in controlled entities	6 860 409	7 702 725
- originated loans	-	-
- contribution to share capital	-	7 924
b) increases (due to)	268 546	162 240
- acquisition	84 871	155 578
- revaluation adjustments	183 675	6 662
- other	-	-
c) decreases (due to)	703 025	1 012 480
- disposal or redemption	96 632	34
- revaluation adjustments	606 393	1 012 446
- other	-	-
d) closing 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	-	-

Shares and securities in controlled entities	31 December 2011	31 December 2010
a) listed on a regulated market	52	115
b) not listed on a regulated market	6 425 878	6 860 294
Shares and securities in controlled entities total	6 425 930	6 860 409

Shares, stock and other financial instruments in controlled entities (long-term investments) by disposability	31 December 2011	31 December 2010
A. Unrestricted, quoted on regulated market (carrying amount)	52	115
a) stock (carrying amount)	52	115
- revaluation adjustments (for the period)	(63)	5
- opening balance	115	110
- at purchase price	123	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)	6 425 878	6 860 294
a) stock (carrying amount):	6 180 995	6 625 470
- revaluation adjustments (for the period)	(444 475)	(848 854)
- opening balance	6 625 470	7 474 324
- at purchase price	784 765	899 628
b) bonds (carrying amount):	-	-

Shares, stock and other financial instruments in controlled entities (long-term investments) by disposability	31 December 2011	31 December 2010
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value):	244 883	234 824
shares in controlled entities	244 883	234 824
- revaluation adjustments (for the period)	10 059	6 533
- opening balance	234 824	228 291
- at purchase price	255 229	255 229
unregistered contribution to share capital (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	7 924
- 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	-	-
- by purchase price	-	-
c) other – by group (carrying value)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
By purchase price, total	1 040 117	1 154 980
Opening balance total	6 860 409	7 710 649
Revaluation adjustments (for the period) total	(434 479)	(842 316)
Total carrying amount	6 425 930	6 860 409

Shares, stock and other financial instruments in controlled entities (short-term investments) by disposability	31 December 2011	31 December 2010
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	-	-

Shares, stock and other financial instruments in controlled entities (short-term investments) by disposability	31 December 2011	31 December 2010
- 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	-	-
- 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 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.d.
2. UAB DK PZU Latvia	Vilnius	Property insurance	subsidiary	full method consolidation	26.04.2002	162 122	(111 281)	50 841	99,76%	99,76%	n.d.
3. Tower-Inwestycje Sp. z o.o. (d. 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.d.
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.d.
5. Syta Development Sp. z o.o. in liquidation („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.d.
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.d.
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.d.
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.d.
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.d.
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.d.
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.d.
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.d.
13. PZU Pomoc SA	Warsaw	Assistance services	subsidiary	not consolidated	18.03.2009	18 566	-	18 566	100,00%	100,00%	n.d.
14. Towarzystwo Funduszy Inwestycyjnych PZU SA	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.d.
15. PZU Centrum Operacji SA	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.d.
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.d.
17. Omicron SA	Warsaw	Entity does not carry out business activity	subsidiary	not consolidated	13.09.2011	100	-	100	100,00%	100,00%	n.d.
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.d.
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.

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 Latvia 1/3	115 649	-	-	(548)	(55 905)	(8 235)	-	25 377	58	26 291	279 246	164 354	-	-
3.	Tower-Inwestycje Sp. z o.o. (d. 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. in liquidation („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 Latvia 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	-	-

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/ Data as at 30 September 2010

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

Controlled entities as at 31 December 2010 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	6 119 590	6 414 678	100,00%	100,00%	n.d.
2. UAB DK PZU Latvia	Vilnius	Property insurance	subsidiary	full method consolidation	26.04.2002	162 122	(108 683)	53 439	99,76%	99,76%	n.d.
3. Tower Inwestycje Sp. z o.o. („Tower Inwestycje”)	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	(23 246)	89 654	27,47%	27,47%	n.d.
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	5 840	-	5 840	50,00%	50,00%	n.d.
5. Syta Development Sp. z o.o. in liquidation („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.d.
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	2 870	145 125	100,00%	100,00%	n.d.
7. UAB PZU Latvia Gyvybes Draudimas	Vilnius	Life insurance	subsidiary	not consolidated	08.04.2004	40 235	(14 545)	25 690	99,34%	99,34%	n.d.
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.d.
9. PrJSC IC PZU Ukraine	Kiev	Property insurance	subsidiary	full method consolidation	01.07.2005	328 443	(232 055)	96 388	100,00%	100,00%	n.d.
10. PrJSC IC PZU Ukraine Life Insurance	Kiev	Life insurance	subsidiary	not consolidated	01.07.2005	47 542	(38 465)	9 077	72,72%	72,72%	n.d.
11. ICH Center S.A. („ICH Center”)	Warsaw	Loss handling services - green card	subsidiary	not consolidated	31.01.1996	1 293	-	1 293	90,00%	90,00%	n.d.
12. Ipsilon Sp. z o.o.	Warsaw	Assistance and medical services	subsidiary	not consolidated	02.04.2009	52	(7)	45	100,00%	100,00%	n.d.
13. PZU Pomoc SA	Warsaw	Assistance services	subsidiary	not consolidated	18.03.2009	18 565	-	18 565	100,00%	100,00%	n.d.
14. Armatura Kraków SA	Cracow	Manufacturing of bathroom and kitchen mixer taps	indirect subsidiary	not consolidated	27.08.2010	123	(8)	115	0,05%	0,05%	n.d.
Total						1 154 980	5 705 429	6 860 409			n.d.

* “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 2011

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				
1. PZU ŻYCIE SA („PZU Życie”)	295 000	-	3 829 189	160 233	-	2 130 255	3 545	596 181	117	258 479	29 761 380	9 332 813	-	3 120 000
2. UAB DK PZU Latvia 1/3/	103 688	-	-	8	(49 461)	(671)	54	19 380	196	16 370	228 924	144 864	-	-
3. Tower Inwestycje Sp. z o.o. („Tower Inwestycje”)	411 000	-	-	158 721	(107 876)	23 532	-	37	-	26	485 491	-	-	-
4. PZU Asset Management S.A. („PZU AM”)	5 000	-	2 913	2 158	-	214	-	1 243	89	3 930	14 244	20 413	-	-
5. Syta Development Sp. z o.o. in liquidation („Syta Development”)	792	-	6 008	(284)	(12 127)	549	-	7 468	-	18	7 177	1 650	-	-
6. Ogrodowa - Inwestycje Sp. z o.o. („Ogrodowa Inwestycje”)	142 255	-	2 683	-	-	180	1 497	2 069	-	576	149 180	24 037	-	-
7. UAB PZU Latvia Gyvybes Draudimas 2/3/	28 390	-	-	1 284	(4 632)	820	-	1 426	-	241	68 997	19 049	-	-
8. Międzyzakładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	500	-	113	-	-	357	-	146	-	71	1 170	1 483	-	-
9. PrJSC IC PZU Ukraine 1/3/	114 722	-	227	120 759	(117 384)	(21 190)	-	19 369	-	14 336	185 537	106 469	-	-
10. PrJSC IC PZU Ukraine Life Insurance 2/3/	12 283	-	-	25 125	(17 956)	(7 107)	-	2 443	-	2 106	48 992	19 540	-	-
11. ICH Center S.A. („ICH Center”)	510	-	4 103	601	-	444	-	140	-	836	6 349	3 215	-	-
12. Ipsilon Sp. z o.o.	50	-	-	-	(5)	(3)	-	-	-	-	44	-	-	-
13. PZU Pomoc SA	4 886	-	13 653	-	(413)	(646)	-	422	-	1 708	18 900	2 090	-	-
14. Armatura Kraków SA	80 000	-	105 729	-	-	3 116	204	178 489	-	133 630	371 206	316 482	-	-

The above data are based on unaudited financial statements of the companies except from Ipsilon Sp. z o.o. (the company is not a subject of the audit).

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 2011	31 December 2010
a) in PLN	6 322 029	6 675 815
b) in foreign currencies (by currency and translated to PLN)	103 901	184 594
b1. LTL'000	62 167	68 994
PLN'000	79 524	79 129
b2. UAH'000	57 290	283 356
PLN'000	24 377	105 465
Total investments in controlled entities	6 425 930	6 860 409

2.4.1 *Transfer of PZU CO, TFI PZU i PZU AM from PZU Życie to PZU*

On 27 September 2011 (after receiving on 26 September 2011 a consent from Polish Financial Supervision Authority for the transaction regarding shares of PZU AM and TFI PZU) PZU acquired all the shares which had been held by PZU Życie in the following companies:

- 25,001 registered shares of PZU Asset Management S.A. ("PZU AM") (50.002% of shares) for the total amount of PLN 5,617 thousand, constituting the equivalent of the net assets of PZU AM represented by the shares acquired, resulting from the financial statements of the company prepared for the last reported period (according to PAS).
- 13,000 registered shares of Towarzystwa Funduszy Inwestycyjnych PZU SA ("TFI PZU") (100.0% of shares) for for the total amount of PLN 38,364 thousand which reflects the value of TFI PZU shares recorded in the books of PZU Życie as at the date of signing of the agreement on the sale of shares (according to PAS);
- 50,000 registered shares of PZU Centrum Operacji SA ("PZU CO") (100.0% of shares) for for the total amount of PLN 40,605 thousand which reflects the value of PZU CO shares recorded in the books of PZU Życie as at the date of signing of the agreement on the sale of shares (according to PAS);

Currently PZU is the sole shareholder in those companies. The transaction was conducted in connection with, among other things, the expansion of the Tax Group, as described in item 25.1

2.4.2 *Capital shortage at PZU Ukraine*

Due to a reduction of the share capital of PZU Ukraine Life and then a significant increase in the EUR/UAH exchange rate, the company ceased to meet the minimum share capital requirement, which the Ukrainian insurance act sets at EUR 1,500 thousand for life insurance companies (in accordance with the EUR/UAH exchange rate as at 31 March 2011 it was UAH 16,823 thousand which meant a capital shortage by UAH 622 thousand as at that date).

On 18 April 2011, the Supervisory Board of PZU Ukraine and PZU Ukraine Life were presented a plan for mutual capital injection of approx. UAH 8,000 thousand, i.e. the shares of PZU Ukraine Life were ought to be assumed by PZU Ukraine and vice versa. Thanks to the transactions the licence requirements could be be met without additional funds of PZU.

On 30 June 2011, based on recommendations of the Supervisory Boards, the Extraordinary Shareholders' Meetings of PZU Ukraine and PZU Ukraine Life, passed resolutions to:

- increase the share capital of PZU Ukraine Life by UAH 2,500 thousand and equity by UAH 7,872 thousand through an issue of 25,000 shares with the face value of UAH 100 per share and the issue price of UAH 314.88 per share,
- increase the share capital of PZU Ukraine by UAH 1,800 thousand and equity by UAH 7,517 thousand through an issue of 180,000 shares with the face value of UAH 10 per share and the issue price of UAH 41,76 per share.

On 16 September 2011 the Ukrainian companies concluded share purchase agreements in accordance with the terms and conditions described above. The respective Memorandums of Association accounting for the capital increases were registered on 26 September 2011, and on

13 October 2011 share registration certificates were issued. The increased share capital of PZU Ukraine is UAH 17,954 thousand, and of PZU Ukraine Life - UAH 18,701 thousand

2.5. Other financial investments

Other financial investments	31 December 2011	31 December 2010
a) shares and other variable income securities	817 760	1 100 425
b) units and investment certificates in investment funds	466 365	208 658
c) debt securities and other fixed income securities	14 627 066	14 320 108
d) interests in joint ventures (investments)	-	-
e) mortgage loans, including:	32 264	17 032
- additionally collateralized with policies	-	-
f) other loans, including:	863 273	498 460
- for the insured, with policies as the basic collateral	-	-
- for the insured, not collateralized with policies	-	-
g) term deposits with credit institutions	1 022 963	174 666
h) other investments (by type)	39 281	44 325
Total other financial investments	17 868 972	16 363 674

Change in other investments (by type)	31 December 2011	31 December 2010
a) opening balance	16 363 674	18 442 095
Shares, stock and other variable income securities, participation units and certificates of investment funds	1 309 083	1 249 959
Debt securities and other fixed income securities	14 320 108	16 639 972
Other investments	734 483	552 164
b) increases (due to)	121 574 492	95 673 386
- acquisition	121 182 548	95 186 443
- revaluation adjustments	391 944	486 943
- other	-	-
c) decreases (due to)	120 069 194	97 751 807
- sale or redemption	119 866 850	97 702 798
- revaluation adjustments	202 344	49 009
- other	-	-
d) closing balance	17 868 972	16 363 674
- Stock, shares, other variable income securities, participation units and investment 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

Other financial investments	31 December 2011	31 December 2010
a) long-term	13 676 711	12 993 249
b) short-term	4 192 261	3 370 425
Total other financial investments	17 868 972	16 363 674

Other financial investments (currency structure)	31 December 2011	31 December 2010
a) in PLN	16 955 483	15 709 101
b) in foreign currencies (by currency and translated to PLN)	913 489	654 573
b1. EUR'000	184 416	152 199
PLN'000	814 527	602 754
b2. USD'000	24 517	5 294
PLN'000	83 784	15 691
b3. other currencies PLN'000	15 178	36 128
Total other financial investments	17 868 972	16 363 674

Investments by portfolio qualification	31 December 2011	31 December 2010
a) financial assets held for trading	1 609 637	921 714

b) originated loans and own receivables	1 972 477	690 158
c) financial assets held to maturity	7 682 395	7 471 053
d) financial assets available for sale	6 604 463	7 280 749
Total investments	17 868 972	16 363 674

Other financial investments – in financial instruments	31 December 2011	31 December 2010
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	13 131 094	13 653 182
- long-term investments	11 289 296	12 125 864
- short-term investments	1 841 798	1 527 318
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	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	49 997	24 346
f) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-
g) other	3 943 592	2 686 146
Total other financial investments – in financial instruments	17 868 972	16 363 674

Securities (other financial investments)	31 December 2011	31 December 2010
a) listed on a regulated market	15 315 843	15 236 519
b) not listed on a regulated market	128 983	183 783
Total securities (other financial investments)	15 444 826	15 420 302

Shares and other variable income securities (carrying amount)	31 December 2011	31 December 2010
a) shares and stock including:	817 760	1 100 425
- long-term investments	194 101	391 949
b) debt securities, including:	-	-
- long-term investments	-	-
c) other (by type)	466 365	208 658
units and investment certificates in investment funds	466 365	208 658
- including: long-term investments	334 974	204 519
Shares and other variable income securities total	1 284 125	1 309 083

Change in the balance of investments in shares and other variable income securities (by type)	31 December 2011	31 December 2010
a) opening balance	1 309 083	1 249 959
- Shares and other variable income securities	1 100 425	1 048 920
- Units and investment certificates in investment funds	208 658	201 039
b) increases (due to)	1 235 027	1 115 523
- purchase	1 187 044	954 672
- value adjustment	47 983	160 851
- other	-	-
c) decreases (due to)	1 259 985	1 056 399
- disposal	1 061 969	1 037 840
- value adjustment	198 016	18 559
- other	-	-
d) closing 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

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2011	31 December 2010
A. Unrestricted, quoted on regulated market (carrying amount)	194 034	391 718
a) stock (carrying amount)	194 034	391 718

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2011	31 December 2010
- revaluation adjustments (for the period)	(197 684)	(94 887)
- opening balance	391 718	486 605
- at purchase price	182 462	281 802
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)	335 042	204 750
a) stock (carrying amount)	68	231
- revaluation adjustments (for the period)	(163)	-
- opening balance	231	231
- at purchase price	12 788	12 788
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value)	334 974	204 519
closed investment fund units (carrying value)	334 974	204 519
- revaluation adjustments (for the period)	130 455	11 364
- opening balance	204 519	193 155
- at purchase price	300 501	182 998
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)	-	-

Shares, stock and other variable income financial instruments (long-term investments) by disposability	31 December 2011	31 December 2010
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
At purchase price, total	495 751	477 588
Opening balance total	596 468	679 991
Revaluation adjustments (for the period) total	(67 392)	(83 523)
Total carrying amount	529 076	596 468

Shares, stock and other variable income financial instruments (short-term investments) by disposability	31 December 2011	31 December 2010
A. Unrestricted, quoted on regulated market (carrying amount)	623 658	712 615
a) stock (carrying amount)	623 658	708 476
- fair value	623 658	708 476
- market value	623 658	708 476
- at purchase price	741 073	656 352
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value)	-	4 139
units and investment certificates (carrying amount)	-	4 139
- fair value	-	4 139
- market value	-	4 139
- at purchase price	-	4 046
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	-	-
C. Unrestricted, not quoted on a regulated market (carrying amount)	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)	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)	131 391	-
- fair value	131 391	-

Shares, stock and other variable income financial instruments (short-term investments) by disposability	31 December 2011	31 December 2010
- market value	131 391	-
- at purchase price	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	868 118	660 398
Opening balance total	712 615	569 968
Revaluation adjustments (for the period) total	42 434	142 647
Total carrying amount	755 049	712 615

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 Other loans

Other loans	31 December 2011		31 December 2010	
	Carrying amount	Type of collateral	Carrying amount	Type of collateral
Buy-sell-back transactions	442 128	Securities	498 460	Securities
Collateralized with assets loans, other than mortgage	421 145	Pledges on shares, liability portfolios as well as bank accounts, other loans or other forms of collateral	-	-
Other loans, total	863 273		498 460	

2.5.2 Term deposits with credit institutions

Term deposits with credit institutions by maturity period after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	1 022 963	174 666
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Term deposits in credit institutions, total	1 022 963	174 666

Term deposits with credit institutions (currency structure)	31 December 2011	31 December 2010
a) in PLN	966 253	108 509
b) in foreign currencies with domestic banks (by currency and translated into PLN)	56 710	66 157
b1. EUR'000	12 840	16 585
PLN'000	56 710	65 682
b2. USD'000	-	160
PLN'000	-	475
c) in foreign currencies with foreign banks (by currency and translated into PLN)	-	-
Term deposits in credit institutions, total	1 022 963	174 666

2.5.3 Derivatives

In 2011 and 2010, 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 2011 and 2010 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.

As of 31 December 2011, PZU held the following derivatives:

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/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(5 406)	-
Forex risk	trade.	Forward contracts for foreign T-bonds	EUR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(1 901)	-
Forex risk	trade.	Forward contracts WIG20	PLN	2012-03-16	Yes	None	None	n/d	n/d	225	short	-	13	6 879	(13)
Forex risk	trade.	Forward contracts WIG20	PLN	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(2 890)	-
Forex risk	trade.	FX SWAP	USD	2012-01-11	Yes	None	None	12 730	43 504	1	n/d	-	1 304	-	(1 304)
Forex risk	trade.	FX SWAP	USD	2012-01-04	Yes	None	None	2 775	9 483	1	n/d	-	276	-	(276)
Forex risk	trade.	FX SWAP	ZAR	2012-02-06	Yes	None	None	43 700	18 424	1	n/d	-	626	-	(626)
Forex risk	trade.	FX SWAP	RUB	2013-01-21	Yes	None	None	200 000	21 220	1	n/d	-	270	-	(270)
Forex risk	trade.	FX SWAP	USD	2012-01-05	Yes	None	None	2 110	7 211	1	n/d	-	190	-	(190)
Forex risk	trade.	FX SWAP	USD	2012-01-09	Yes	None	None	2 435	8 321	1	n/d	-	136	-	(136)
Forex risk	trade.	FX SWAP	RUB	2012-03-20	Yes	None	None	2 086 500	221 378	1	n/d	-	115	-	(115)
Forex risk	trade.	FX SWAP	USD	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(998)	-
Forex risk	trade.	FX SWAP	EUR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(1 235)	-
Forex risk	trade.	FX SWAP	EUR	2012-01-11	Yes	None	None	15 381	67 935	1	n/d	577	-	-	577
Forex risk	trade.	FX SWAP	EUR	2012-01-11	Yes	None	None	13 000	57 418	1	n/d	630	-	-	630
Forex risk	trade.	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/d	450	-	-	450
Forex risk	trade.	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/d	418	-	-	418
Forex risk	trade.	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/d	166	-	-	166
Forex risk	trade.	Futures	USD	2012-01-18	Yes	None	None	7 500	25 631	1	n/d	-	3 743	-	(3 743)
Forex risk	trade.	Futures	USD	2012-03-30	Yes	None	None	13 800	47 160	1	n/d	-	1 437	-	(1 437)
Forex risk	trade.	Futures	USD	2012-02-28	Yes	None	None	5 000	17 087	1	n/d	-	692	-	(692)
Forex risk	trade.	Futures	EUR	2012-01-11	Yes	None	None	10 000	44 168	1	n/d	-	672	-	(672)
Forex risk	trade.	Futures	USD	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	194	-
Forex risk	trade.	Futures	TRY	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	151	-
Forex risk	trade.	Futures	EUR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(691)	-
Interest rate risk	trade.	FRA	RUB	2012-06-15	Yes	None	None	6 000 000	636 600	1	n/d	2 741	-	-	2 741
Interest rate risk	trade.	FRA	HUF	2012-04-02	Yes	None	None	86 000 000	1 220 856	1	n/d	2 056	-	-	2 056
Interest rate risk	trade.	FRA	CHF	2012-09-06	Yes	None	None	500 000	1 816 650	1	n/d	716	-	-	716
Interest rate risk	trade.	FRA	RUB	2012-05-11	Yes	None	None	6 000 000	636 600	1	n/d	-	3 643	-	(3 643)
Interest rate risk	trade.	FRA	RUB	2012-02-20	Yes	None	None	6 000 000	636 600	1	n/d	-	2 717	-	(2 717)
Interest rate risk	trade.	FRA	HUF	2012-04-02	Yes	None	None	86 000 000	1 220 856	1	n/d	-	1 784	-	(1 784)
Interest rate risk	trade.	FRA	PLN	2012-06-04	Yes	None	None	1 250 000	1 250 000	1	n/d	-	229	-	(229)
Interest rate risk	trade.	FRA	PLN	2012-06-04	Yes	None	None	500 000	500 000	1	n/d	-	94	-	(94)
Interest rate risk	trade.	FRA	PLN	2012-05-02	Yes	None	None	500 000	500 000	1	n/d	-	63	-	(63)
Interest rate risk	trade.	FRA	RUB	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	15 468	-
Interest rate risk	trade.	FRA	PLN	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	1 296	-
Interest rate risk	trade.	FRA	AUD	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	239	-
Interest rate risk	trade.	FRA	ZAR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	55	-
Interest rate risk	trade.	FRA	ILS	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(233)	-
Interest rate risk	trade.	FRA	HUF	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(3 625)	-

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.	FRA	EUR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(5 557)	-
Interest rate risk	trade.	IRS	PLN	2014-11-08	Yes	None	None	242 000	242 000	1	n/d	209	-	-	209
Interest rate risk	trade.	IRS	PLN	2017-11-08	Yes	None	None	110 000	110 000	1	n/d	31	-	-	31
Interest rate risk	trade.	IRS	PLN	2014-05-10	Yes	None	None	50 000	50 000	1	n/d	2 064	-	(1 137)	2 064
Interest rate risk	trade.	IRS	PLN	2013-08-18	Yes	None	None	250 000	250 000	1	n/d	1 347	-	-	1 347
Interest rate risk	trade.	IRS	PLN	2013-08-22	Yes	None	None	232 500	232 500	1	n/d	1 299	-	-	1 299
Interest rate risk	trade.	IRS	PLN	2014-12-09	Yes	None	None	30 000	30 000	1	n/d	-	28	-	(28)
Interest rate risk	trade.	IRS	PLN	2014-12-12	Yes	None	None	30 000	30 000	1	n/d	-	21	-	(21)
Interest rate risk	trade.	IRS	PLN	2016-08-18	Yes	None	None	87 500	87 500	1	n/d	-	121	-	(121)
Interest rate risk	trade.	IRS	PLN	2016-08-22	Yes	None	None	87 500	87 500	1	n/d	-	544	-	(544)
Interest rate risk	trade.	IRS	BRL	2012-01-02	Yes	None	None	71 478	130 905	1	n/d	120	-	-	750
Interest rate risk	trade.	IRS	PLN	2012-03-05	Yes	None	None	150 000	150 000	1	n/d	6 154	-	(6 075)	6 154
Interest rate risk	trade.	IRS	CHF	2013-09-06	Yes	None	None	125 000	454 163	1	n/d	954	-	-	954
Interest rate risk	trade.	IRS	PLN	2017-11-07	Yes	None	None	90 000	90 000	1	n/d	252	-	-	252
Interest rate risk	trade.	IRS	HUF	2020-05-11	Yes	None	None	1 000 000	14 196	1	n/d	236	-	(211)	236
Interest rate risk	trade.	IRS	HUF	2020-05-11	Yes	None	None	1 000 000	14 196	1	n/d	246	-	(221)	246
Interest rate risk	trade.	IRS	RUB	2016-04-13	Yes	None	None	325 000	34 483	1	n/d	34	-	348	34
Interest rate risk	trade.	IRS	RUB	2013-04-15	Yes	None	None	750 000	79 575	1	n/d	109	-	(1 217)	109
Interest rate risk	trade.	IRS	RUB	2013-04-15	Yes	None	None	75 000	7 958	1	n/d	155	-	(1 217)	155
Interest rate risk	trade.	IRS	PLN	2013-08-18	Yes	None	None	250 000	250 000	1	n/d	1 347	-	-	1 347
Interest rate risk	trade.	IRS	THB	2013-08-19	Yes	None	None	2 000 000	216 800	1	n/d	2 572	-	-	2 572
Interest rate risk	trade.	IRS	RUB	2013-01-21	Yes	None	None	1 550 000	164 455	1	n/d	5 239	-	(4 673)	5 239
Interest rate risk	trade.	IRS	PLN	2013-08-22	Yes	None	None	232 500	232 500	1	n/d	1 410	-	-	1 410
Interest rate risk	trade.	IRS	PLN	2012-06-25	Yes	None	None	125 000	125 000	1	n/d	2 590	-	(2 597)	2 590
Interest rate risk	trade.	IRS	PLN	2013-01-28	Yes	None	None	250 000	250 000	1	n/d	1 345	-	-	1 345
Interest rate risk	trade.	IRS	PLN	2012-05-28	Yes	None	None	125 000	125 000	1	n/d	2 476	-	(2 470)	2 476
Interest rate risk	trade.	IRS	PLN	2013-01-30	Yes	None	None	250 000	250 000	1	n/d	1 338	-	-	1 338
Interest rate risk	trade.	IRS	BRL	2012-01-02	Yes	None	None	74 253	135 987	1	n/d	-	862	-	(862)
Interest rate risk	trade.	IRS	JPY	2016-12-05	Yes	None	None	2 000	88	1	n/d	-	219	-	(219)
Interest rate risk	trade.	IRS	PLN	2014-11-07	Yes	None	None	210 000	210 000	1	n/d	-	46	-	(46)
Interest rate risk	trade.	IRS	PLN	2012-08-10	Yes	None	None	50 000	50 000	1	n/d	-	119	41	(119)
Interest rate risk	trade.	IRS	RUB	2016-04-13	Yes	None	None	325 000	34 483	1	n/d	-	47	348	(47)
Interest rate risk	trade.	IRS	PLN	2013-01-14	Yes	None	None	250 000	250 000	1	n/d	-	7 458	5 220	(7 458)
Interest rate risk	trade.	IRS	PLN	2013-01-18	Yes	None	None	125 000	125 000	1	n/d	-	3 705	2 617	(3 705)
Interest rate risk	trade.	IRS	PLN	2013-04-18	Yes	None	None	250 000	250 000	1	n/d	-	2 450	-	(2 450)
Interest rate risk	trade.	IRS	PLN	2013-04-18	Yes	None	None	125 000	125 000	1	n/d	-	4 371	2 820	(4 371)
Interest rate risk	trade.	IRS	PLN	2016-08-18	Yes	None	None	87 500	87 500	1	n/d	-	1 562	-	(1 562)
Interest rate risk	trade.	IRS	PLN	2016-08-18	Yes	None	None	87 500	87 500	1	n/d	-	121	-	(121)
Interest rate risk	trade.	IRS	PLN	2012-10-18	Yes	None	None	100 000	100 000	1	n/d	-	242	452	(242)
Interest rate risk	trade.	IRS	PLN	2016-08-22	Yes	None	None	87 500	87 500	1	n/d	-	544	-	(544)
Interest rate risk	trade.	IRS	PLN	2012-10-22	Yes	None	None	50 000	50 000	1	n/d	-	88	198	(88)
Interest rate risk	trade.	IRS	PLN	2012-10-22	Yes	None	None	50 000	50 000	1	n/d	-	90	199	(90)
Interest rate risk	trade.	IRS	RUB	2013-01-28	Yes	None	None	1 550 000	164 455	1	n/d	-	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/d	-	1 168	1 075	(1 168)
Interest rate risk	trade.	IRS	MXN	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	2 863	-

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	PLN	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(7 520)	-
Interest rate risk	trade.	IRS	ZAR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	6 466	-
Interest rate risk	trade.	IRS	MYR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	279	-
Interest rate risk	trade.	IRS	USD	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	1 200	-
Interest rate risk	trade.	IRS	TRY	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	330	-
Interest rate risk	trade.	IRS	EUR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(820)	-
Interest rate risk	trade.	IRS	HUF	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	157	-
Interest rate risk	trade.	IRS	THB	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	773	-
Interest rate risk	trade.	IRS	ILS	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(1 005)	-
Interest rate risk	trade.	IRS	CZK	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(819)	-
Total												39 281	47 759	1 811	(7 848)

As of 31 December 2010, PZU held the following derivatives:

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 2010	Nominal value as of 31 December 2010 translated into PLN	Number as of 31 December 2010	Position as at 31 December 2010 (short/long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2010	Unrealized gain/loss in 2010
Forex risk	trade.	Forward contracts WIG20	PLN	2011-03-18	Yes	None	None	n/d	n/d	500	short	124	-	(3 553)	124
Forex risk	trade.	Forward contracts WIG20	PLN	n/d	Yes	None	None	n/d	n/d	n/d	long	-	-	(1 733)	-
Forex risk	trade.	Forward contracts for foreign T-bonds	EUR	2011-03-18	Yes	None	None	n/d	n/d	140	short	-	492	(15 480)	(492)
Forex risk	trade.	Forward contracts for foreign T-bonds	EUR	n/d	Yes	None	None	n/d	n/d	n/d	long	-	-	(2 898)	-
Forex risk	trade.	Forex forward contracts	USD	n/d	Yes	None	None	n/d	n/d	n/d	n/d	-	-	13	-
Forex risk	trade.	Warrant	n/d	n/d	Yes	None	None	n/d	n/d	n/d	n/d	-	-	368	-
Interest rate risk	trade.	FRA	PLN	2011-05-23	Yes	None	None	300 000	300 000	n/d	n/d	45	-	-	-
Interest rate risk	trade.	FRA	PLN	n/d	Yes	None	None	n/d	n/d	n/d	n/d	-	-	179	-
Interest rate risk	trade.	IRS	TRY	2012-04-16	Yes	None	None	100 000	192 270	n/d	n/d	15 113	-	(7 880)	15 113
Interest rate risk	trade.	IRS	TRY	2012-05-14	Yes	None	None	90 000	173 043	n/d	n/d	13 048	-	(7 312)	13 048
Interest rate risk	trade.	IRS	TRY	2012-04-20	Yes	None	None	50 000	96 135	n/d	n/d	7 575	-	(3 899)	7 575
Interest rate risk	trade.	IRS	PLN	2012-06-25	Yes	None	None	125 000	125 000	n/d	n/d	2 856	-	(2 542)	2 856
Interest rate risk	trade.	IRS	PLN	2012-05-28	Yes	None	None	125 000	125 000	n/d	n/d	2 660	-	(2 548)	2 660
Interest rate risk	trade.	IRS	PLN	2012-03-05	Yes	None	None	150 000	150 000	n/d	n/d	1 035	-	-	1 035
Interest rate risk	trade.	IRS	EUR	2015-09-21	Yes	None	None	10 000	39 603	n/d	n/d	533	-	-	533
Interest rate risk	trade.	IRS	PLN	2020-08-10	Yes	None	None	25 000	25 000	n/d	n/d	476	-	-	476
Interest rate risk	trade.	IRS	PLN	2020-08-10	Yes	None	None	152 500	152 500	n/d	n/d	371	-	-	371
Interest rate risk	trade.	IRS	MYR	2012-11-05	Yes	None	None	159 000	152 847	n/d	n/d	231	-	-	231
Interest rate risk	trade.	IRS	HUF	2020-05-11	Yes	None	None	2 000 000	28 412	n/d	n/d	161	-	764	161
Interest rate risk	trade.	IRS	PLN	2012-10-22	Yes	None	None	100 000	100 000	n/d	n/d	97	-	-	97
Interest rate risk	trade.	IRS	BRL	2012-01-02	Yes	None	None	71 478	127 666	n/d	n/d	-	630	-	(630)
Interest rate risk	trade.	IRS	EUR	2012-07-16	Yes	None	None	50 000	198 015	n/d	n/d	-	217	-	(217)
Interest rate risk	trade.	IRS	EUR	2015-07-28	Yes	None	None	25 000	99 008	n/d	n/d	-	449	-	(449)
Interest rate risk	trade.	IRS	EUR	2015-10-26	Yes	None	None	25 000	99 008	n/d	n/d	-	1 210	-	(1 210)
Interest rate risk	trade.	IRS	HUF	2012-07-19	Yes	None	None	12 000 000	170 472	n/d	n/d	-	1 020	-	(1 020)
Interest rate risk	trade.	IRS	HUF	2020-04-30	Yes	None	None	2 000 000	28 412	n/d	n/d	-	920	(758)	(920)
Interest rate risk	trade.	IRS	PLN	2012-10-18	Yes	None	None	150 000	150 000	n/d	n/d	-	25	-	(25)
Interest rate risk	trade.	IRS	PLN	2012-10-24	Yes	None	None	250 000	250 000	n/d	n/d	-	32	-	(32)
Interest rate risk	trade.	IRS	PLN	2013-12-18	Yes	None	None	10 000	10 000	n/d	n/d	-	819	1 618	(819)
Interest rate risk	trade.	IRS	PLN	2015-05-05	Yes	None	None	50 000	50 000	n/d	n/d	-	249	(243)	(249)
Interest rate risk	trade.	IRS	USD	2015-05-07	Yes	None	None	10 000	29 641	n/d	n/d	-	987	176	(987)
Interest rate risk	trade.	IRS	BRL	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(626)	-
Interest rate risk	trade.	IRS	CZK	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(787)	-
Interest rate risk	trade.	IRS	EUR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	413	-
Interest rate risk	trade.	IRS	HUF	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	1 309	-
Interest rate risk	trade.	IRS	ILS	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(690)	-
Interest rate risk	trade.	IRS	PLN	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(2 198)	-
Interest rate risk	trade.	IRS	RUB	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	267	-
Interest rate risk	trade.	IRS	TRY	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	362	-

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 2010	Nominal value as of 31 December 2010 translated into PLN	Number as of 31 December 2010	Position as at 31 December 2010 (short/long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2010	Unrealized gain/loss in 2010
Interest rate risk	trade.	IRS	USD	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(1 647)	-
Interest rate risk	trade.	IRS	ZAR	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	-	-	(2 269)	-
Total												44 325	7 050	(51 594)	37 230

2.6. Investment risks

2.6.1 Interest rate risk

The interest rate risk applies mainly to derivatives and debt securities acquired as instruments held for trading or available for sale whose value as of 31 December 2011 amounted to PLN 6,929.98 million (PLN 6,893.4 million as at 31 December 2010).

In 2011, PZU reduced the risk by:

- buying and selling derivatives;
- diversifying the portfolio by buying instruments with various maturity dates.

As of 31 December 2011, the value of instruments held to maturity was PLN 7,682.4 million (31 December 2010: PLN 7,471.1 million). As of 31 December 2011, the effective interest rate of the portfolio was 6.20% (31 December 2010: 5.75%).

Debt securities were also classified into the loans and receivables portfolio with value PLN 54,0 million as of 31 December 2011 (as of 31 December 2010 there were no such instruments).

Average yield of two-, five- and ten-year bonds sold at auctions from 1 January to 31 December 2011 was 5,00%, 5,32%, 5,98% respectively (in 2010: 4.78%, 5.20%, 5.75%).

The following tables present the average effective interest rate weighted by measurement of assets and liabilities at adjusted acquisition price.

Average effective interest rate as at 31 December 2011	PLN	USD	EUR	LTL	UAH
Financial assets	-	-	-	-	-
Debt securities and other fixed income securities	5,91%	5,90%	2,77%	-	-
Mortgage loans	9,23%	-	-	-	-
Other loans	7,07%	-	-	-	-
Term deposits with credit institutions	5,24%	-	0,43%	-	-
Liabilities	-	-	-	-	-
Liabilities to credit institutions	-	-	-	-	-

Average effective interest rate as at 31 December 2010	PLN	USD	EUR	LTL	UAH
Financial assets	-	-	-	-	-
Debt securities and other fixed income securities	5,34%	-	2,96%	-	-
Mortgage loans	9,16%	-	-	-	-
Other loans	3,01%	-	-	-	-
Term deposits with credit institutions	3,12%	0,35%	0,36%	-	-
Liabilities	-	-	-	-	-
Liabilities to credit institutions	-	-	-	-	-

2.6.2 Credit risk

In 2011, PZU conduct a restrictive credit risk investment policy. PZU's strategy include possibility to invest in corporate debt securities or loans, within the established limits. Propositions of acquisition corporate debt securities were subject to internal assessment process.

PZU also managed exposure to credit risk towards particular banks. The value of deposits in particular banks was subjected to limits set on the basis of financial results, rating and other ratios characteristic of banks.

The Company's policy as regards mortgages, provided for granting them based on a profitability analysis and market analysis for the ventures.

PZU did not limit its exposure to securities issued by the Ministry of Finance of Poland and concluded that such instruments for a domestic entity - PZU, are free from credit risk.

Assets with a credit risk - balance as of 31 December 2011 (PLN million)	AAA	AA	A	BBB	BB	No rating	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

Credit risk exposure resulting from contingent transactions was presented as exposure towards an issuer of such securities, investment ratings of the Fitch agency (in the absence of a Fitch rating, a rating of Standard&Poors or Moody's was used).

Assets with a credit risk - balance as of 31 December 2010 (PLN million)	AAA	AA	A	BBB	BB	No rating	Total
Debt securities and other fixed income securities	404	-	13 792	124	-	-	14 320
Mortgage loans	-	-	-	-	-	17	17
Other loans	-	-	498	-	-	-	498
Term deposits with credit institutions	-	-	101	74	-	-	175
Other investments	-	40	4	-	-	-	44
Deposits with ceding undertakings	-	-	1	-	-	7	8
Reinsurers' share in net claim provisions	4	339	304	19	-	51	717
Receivables from reinsurance	1	68	43	2	-	7	121
Total assets exposed to credit risk	409	447	14 743	219	-	82	15 900

Credit risk exposure resulting from contingent transactions was presented as exposure towards an issuer of such securities, investment ratings of the Fitch agency (in the absence of a Fitch rating, a rating of Standard&Poors or Moody's was used).

As of 31 December 2011, the maximum credit exposure for PZU was PLN 458.3 million (31 December 2010: PLN 329.6 million. With 2011 ratios, the amount would be PLN 309.0 million). The amount was calculated based on credit risk ratios presented in the table below:

Rating	AAA	AA	A	BBB	BB	Lower than BB or with no rating
Ratios for calculation as of 31 December 2011 (%)	0,79	0,82	1,84	5,22	16,54	29,94
Ratios for calculation as of 31 December 2010 (%)	0,87	0,74	1,97	5,60	17,45	30,82

*In the case of exposure to mortgages, the ratio of 2% was adopted with no rating.

When it is highly likely that the asset controlled by PZU will not generate the expected economic benefits in the future, in whole or in part, due to the credit risk exposure, PZU will create a revaluation write-down and thus bring the value of the asset to the net sales price, and in its absence to otherwise determined fair value.

2.6.3 FX risk

As of 31 December 2011, the matching of technical provisions and assets denominated in foreign currencies was plus PLN 340.1 million (the value of assets to cover technical provisions denominated in foreign currencies was PLN 1,071.7 million and the value of technical provisions denominated in foreign currencies was PLN 731.6 million).

As of 31 December 2010, the same matching was plus PLN 138.9 million (the value of assets to cover technical provisions denominated in foreign currencies was PLN 846.1 million and the value of technical provisions denominated in foreign currencies was PLN 707.2 million).

Assets covering technical provisions denominated in foreign currencies included an investment portfolio. As at 31 December 2011, the portfolio comprised:

- securities issued, suretied or guaranteed by the State Treasury or international organizations the Republic of Poland is a member of, amounting to PLN 245.1 million (PLN 246.0 million at the end of 2010);
- other fixed income debt securities in the amount of PLN 579.7 million (PLN 290.5 million at the end of 2010);
- term deposits with credit institutions amounting to PLN 56.7 million (PLN 66.2 million at the end of 2010);
- listed shared classified as held for trading in amount of PLN 14.5 million (at the end of 2010 PLN 15.2 million)
- term deposits with ceding undertakings amounting to PLN 5.7 million (PLN 8.4 million at the end of 2010).

Additionally, the credit risk applies to the following portfolio of foreign currency investments which do not cover technical provisions:

Type of investment	31 December 2011	31 December 2010
Controlled entities	103 901	184 594
Derivative instruments*	(9 993)	30 736

* The item includes the amount of receivables arising from derivatives reduced by liabilities.

In 2010-2011, PZU reduced the risk by:

- reducing the value of the portfolio of investments to cover technical provisions denominated in foreign currencies by minimum and maximum limits depending on the value of technical provisions denominated in foreign currencies;
- reducing the value of the portfolio of investments acquired as held for trading by limits for open positions.

2.6.4 Risk concentration

As at 31 December 2011, the Company's exposure in Polish Treasury securities issued by the Polish Ministry of Finance, with contingent transactions to these securities was PLN 13,573.2 million (31 December 2010: PLN 14,151.6 million), which was 54.5% of the value of the investments (31 December 2010: 59.4%). The Company's exposure to controlled entities (including units of TFI PZU investment funds and bonds issued by TFI PZU funds) as at 31 December 2011 was PLN 6,915.8 million (31 December 2010: PLN 6,923.7 million, excluding the exposure to TFI PZU because in 2010, PZU did not own TFI PZU), which was 27.8% of investments (31 December 2010: 28.8%).

2.7. Deposits with ceding undertakings

Deposits with ceding undertakings (currency structure)	31 December 2011	31 December 2010
a) deposits denominated in PLN including with:	-	-
b) deposits denominated in foreign currencies including with:	5 716	8 401
- other, including:	5 716	8 401
b1. EUR'000	1 269	1 860
PLN'000	5 606	7 367
b2. USD'000	32	349
PLN'000	110	1 034
c) impairment loss	-	-
Deposits with ceding undertakings (gross)	5 716	8 401

Both in 2011 and 2010, no impairment losses on deposits with ceding undertakings occurred.

Deposits with ceding undertakings by maturity period after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	5 716	7 495
b) over 3 months and up to 1 year	-	906
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
Deposits with ceding undertakings total	5 716	8 401

3. Receivables

Geographical structure of receivables	31 December 2011				31 December 2010			
	Domestic	Foreign – EU countries	Foreign - other countries	Total	Domestic	Foreign – EU countries	Foreign - other countries	Total
I. Receivables from direct insurance	1 291 686	1 352	37	1 293 075	1 208 633	765	40	1 209 438
1. Receivables from policyholders	1 185 548	561	37	1 186 146	1 136 202	765	40	1 137 007
2. Receivables from insurance intermediaries	81 707	-	-	81 707	53 615	-	-	53 615
3. Other receivables	24 431	791	-	25 222	18 816	-	-	18 816
II. Receivables from reinsurance	7 460	14 541	10 916	32 917	3 195	51 285	66 872	121 352
III. Other receivables	132 651	15 971	12 785	161 407	202 333	9 574	868	212 775
1. Receivables from the State Budget	5 476	-	-	5 476	9 268	-	-	9 268
2. Other receivables	127 175	15 971	12 785	155 931	193 065	9 574	868	203 507
Total receivables	1 431 797	31 864	23 738	1 487 399	1 414 161	61 624	67 780	1 543 565

3.1. Receivables from direct insurance

Receivables from direct insurance	31 December 2011	31 December 2010
a) receivables from policyholders including:	1 186 146	1 137 007
- from controlled entities	283	245
- domestic	283	245
- foreign	-	-
- from other entities	1 185 863	1 136 762
- domestic	1 185 266	1 135 957
- foreign	597	805
b) receivables from intermediaries, including:	81 707	53 615
- from controlled entities	-	1
- domestic	-	1
- foreign	-	-
- from other entities	81 707	53 614
- domestic	81 707	53 614
- foreign	-	-
c) other receivables, including:	25 222	18 816
- from controlled entities	-	-
- domestic	-	-
- foreign	-	-
- from other entities	25 222	18 816
- domestic	24 431	18 816
- foreign	791	-
Receivables from direct insurance (net)	1 293 075	1 209 438
d) impairment losses	478 957	393 399
Receivables from direct insurance (gross)	1 772 032	1 602 837

Receivables from direct insurance with maturity periods after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	831 543	813 390
b) over 3 months and up to 1 year	440 766	361 207
c) over 1 year and up to 5 years	20 713	32 976
d) over 5 years	53	1 865
Receivables from direct insurance total	1 293 075	1 209 438

Receivables from direct insurance (net)	31 December 2011	31 December 2010
a) from subsidiaries	283	246
b) from co-subsidiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsidiary	-	-
f) from holding company	-	-
g) other	1 292 792	1 209 192
Receivables from direct insurance total	1 293 075	1 209 438

Receivables from direct insurance (currency structure)	31 December 2011	31 December 2010
a) in PLN	1 293 075	1 209 438
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	1 293 075	1 209 438

Balance of co-insurance settlements	31 December 2011	31 December 2010
Balance of co-insurance settlements	133 067	112 290

3.2. Receivables from reinsurance

Receivables from reinsurance	31 December 2011	31 December 2010
a) current receivables from inward reinsurance	3 571	2 802
- from domestic ceding undertakings	2 176	934
- from foreign ceding undertakings	1 395	1 868
b) current receivables from outward reinsurance including:	29 346	117 851
- from domestic reinsurers	5 284	1 563
- from foreign reinsurers	24 062	116 288
c) current receivables from retrocession including:	-	699
- domestic	-	-
- foreign	-	699
d) receivables from reinsurance commission brought forward	-	-
e) receivables from reinsurers' share in claims paid	-	-
Receivables from reinsurance (net) total	32 917	121 352
f) impairment losses	4 848	18 543
Receivables from reinsurance (gross) total	37 765	139 895

Receivables from reinsurance	31 December 2011	31 December 2010
a) from subsidiaries	43	100
b) from co-subsidiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsidiary	-	-
f) from holding company	-	-
g) other	32 874	121 252
Receivables from reinsurance total	32 917	121 352

Receivables from reinsurance	31 December 2011	31 December 2010
a) current receivables from inward reinsurance including:	3 571	2 802
- from ceding undertakings being subsidiaries	43	100
- from ceding undertakings being co-subsidiaries	-	-
- from ceding undertakings being associates	-	-
- from a ceding undertaking being a major investor	-	-
- from a ceding undertaking being a shareholder in a co-subsidiary	-	-
- from a ceding undertaking being the holding company	-	-
b) current receivables from outward reinsurance including:	29 346	117 851
- from ceding undertakings being subsidiaries	-	-
- from ceding undertakings being co-subsidiaries	-	-
- from ceding undertakings being associates	-	-
- from a ceding undertaking being a major investor	-	-
- from a ceding undertaking being a shareholder in a co-subsidiary	-	-
- from a ceding undertaking being the holding company	-	-
c) current receivables from retrocession including:	-	699
- from subsidiaries	-	-
- from co-subsidiaries	-	-
- from associates	-	-
- from a major investor	-	-
- from a shareholder in a co-subsidiary	-	-
- from the holding company	-	-
d) other	-	-
Receivables from reinsurance total	32 917	121 352

Receivables from reinsurance (net) with maturity periods after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	27 686	105 382
b) over 3 months and up to 1 year	3 981	11 346
c) over 1 year and up to 5 years	377	427
d) over 5 years	873	4 197
Receivables from reinsurance (net) total	32 917	121 352

Receivables from reinsurance (currency structure)	31 December 2011	31 December 2010
a) in PLN	18 396	65 300
b) in foreign currencies (by currency and translated to PLN)	14 521	56 052
b1. EUR'000	1 079	2 350
PLN'000	4 764	9 307
b2. USD'000	2 779	15 770
PLN'000	9 496	46 745
b3. SEK'000	467	-
PLN'000	231	-
b4. UAH'000	71	-
PLN'000	30	-
Receivables from reinsurance total	32 917	121 352

3.3. Other receivables

Other receivables	31 December 2011	31 December 2010
a) receivables from the state budget	5 476	9 268
b) receivables from guarantees and letters of credit	-	-
c) other receivables, including:	155 931	203 507
- Receivables from the Company's Social Benefits Fund	60 488	61 492
- Receivables from disposal of securities	29 840	112 388
- Receivables from PZU Życie due to reimbursement of CIT	22 807	-
- Receivables from PTE PZU arising from commission for acquisition activities on behalf of OPF	14 486	4 581
- Receivables relating to prevention activities	10 414	11 844
- Receivables from loss adjusting services	6 260	4 368
- Retained guarantee deposits	3 850	3 514
- Advance payments for suppliers	1 092	1 320
Total other receivables (net)	161 407	212 775
d) impairment losses	41 855	42 540
Other receivables (gross) total	203 262	255 315

Other receivables	31 December 2011	31 December 2010
a) from subsidiaries	38 684	5 607
b) from co-subsidiaries	-	-
c) from associates	-	-
d) from a major investor	-	-
e) from a shareholder in a co-subsidiary	-	-
f) from holding company	-	-
g) other	122 723	207 168
Total other receivables	161 407	212 775

Other receivables by maturity period after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	135 009	151 573
b) over 3 months and up to 1 year	14 244	4 337
c) over 1 year and up to 5 years	11 425	56 655
d) over 5 years	729	210
Total other receivables	161 407	212 775

Other receivables (currency structure)	31 December 2011	31 December 2010
a) in PLN	160 220	211 801
b) in foreign currencies (by currency and translated to PLN)	1 187	974
b1. EUR'000	246	246
PLN'000	1 088	974
b2. USD'000	-	-
PLN'000	-	-
b3. CHF'000	23	-
PLN'000	84	-
b4. GBP'000	3	-
PLN'000	15	-
Total other receivables	161 407	212 775

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 2011	31 December 2010
a) opening balance (by type of receivable)	454 482	381 879
impairment losses on receivables from direct insurance	393 399	320 887
impairment losses on receivables from reinsurance	18 543	17 593
impairment losses on other receivables	42 540	43 399
b) increases (due to)	96 161	96 563
impairment losses on receivables from direct insurance	89 996	77 685
impairment losses on receivables from reinsurance	6 165	18 543
impairment losses on other receivables	-	335
c) decreases (due to)	24 983	23 960
assigned	958	219
impairment losses on receivables from direct insurance	839	105
impairment losses on receivables from reinsurance	-	-
impairment losses on other receivables	119	114
impairment losses reversed following repayment and other bases	24 025	23 741
impairment losses on receivables from direct insurance	3 599	5 068
impairment losses on receivables from reinsurance	19 860	17 593
impairment losses on other receivables	566	1 080
d) closing 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

3.4.2 Overdue receivables

Overdue receivables	31 December 2011	31 December 2010
a) up to 3 months	71 173	53 724
- receivables from direct insurance	62 613	50 183
- receivables from reinsurance	-	-
- other receivables	8 560	3 541
b) over 3 months	110 080	62 364
- receivables from direct insurance	103 388	59 311
- receivables from reinsurance	-	-
- other receivables	6 692	3 053
Total overdue liabilities including:	181 253	116 088
a) up to 3 months	71 173	53 724
b) over 3 months	110 080	62 364

4. Other assets

4.1. Tangible assets

Tangible assets	31 December 2011	31 December 2010
a) technical equipment and machines	35 321	42 750
b) vehicles	28 744	30 493
c) other fixed assets	22 629	26 043
d) fixed assets under construction	10 274	10 930
e) advance payments for fixed assets under construction	-	-
f) inventory	2 954	3 588
g) claim recoveries	755	329
Total tangible assets	100 677	114 133

Tangible assets – ownership structure	31 December 2011	31 December 2010
a) own	100 677	114 133
b) leased	-	-
Total tangible assets	100 677	114 133

Fixed assets (balance sheet) – ownership structure	31 December 2011	31 December 2010
a) own	100 677	114 133
b) used based on lease, rental or other agreement	-	-
Fixed assets (balance sheet) total	100 677	114 133

Fixed assets (off-balance sheet)	31 December 2011	31 December 2010
- used based on lease, rental or other agreement including:	222 088	227 978
- lease	222 088	227 978
Fixed assets (off-balance sheet) total	222 088	227 978

In 2011 and 2010, PZU did not incur costs of manufacturing fixed assets under construction and for internal purposes.

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

Changes in tangible assets in the year ended 31 December 2010	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	397 555	80 281	96 553	10 709	-	11 186	390	596 674
b) increases (due to)	21 132	4 608	19 534	39 514	-	347	-	85 135
- investments	-	-	-	-	-	-	-	-
- donations	-	-	-	-	-	-	-	-
- direct purchase	1 921	248	7	39 100	-	-	-	41 276
- reclassification	17 561	4 360	17 372	-	-	-	-	39 293
- other	1 650	-	2 155	414	-	347	-	4 566
c) decreases (due to)	20 802	14 387	6 967	39 293	-	7 945	61	89 455
- liquidation	19 477	56	5 698	-	-	-	-	25 231
- sale	50	14 331	127	-	-	-	-	14 508
- donations	924	-	531	-	-	-	-	1 455
- reclassification	-	-	-	39 293	-	-	-	39 293
- other	351	-	611	-	-	7 945	61	8 968
d) gross value of fixed assets – closing balance	397 885	70 502	109 120	10 930	-	3 588	329	592 354
e) accumulated depreciation – opening balance	352 966	41 785	84 151	-	-	-	-	478 902
f) depreciation for the period (due to)	2 169	(1 776)	(1 074)	-	-	-	-	(681)
- current year charges	22 755	12 136	5 627	-	-	-	-	40 518
- accumulated depreciation of liquidated fixed assets	(19 441)	(33)	(5 551)	-	-	-	-	(25 025)
- accumulated depreciation of fixed assets sold	(48)	(13 879)	(128)	-	-	-	-	(14 055)
- accumulated depreciation of fixed assets donated	(924)	-	(531)	-	-	-	-	(1 455)
- accumulated depreciation of fixed assets lost	(3)	-	-	-	-	-	-	(3)
- other	(170)	-	(491)	-	-	-	-	(661)
g) accumulated depreciation – closing balance	355 135	40 009	83 077	-	-	-	-	478 221
h) impairment losses – opening balance	-	-	-	-	-	-	-	-
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-	-
i) impairment losses – closing balance	-	-	-	-	-	-	-	-
j) net value of fixed assets – closing balance	42 750	30 493	26 043	10 930	-	3 588	329	114 133

4.2. Cash

Cash	31 December 2011	31 December 2010
a) cash in hand and at bank	105 988	165 173
b) other cash	1 880	1 116
Total cash	107 868	166 289

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

Cash – currency structure	31 December 2011	31 December 2010
a) in PLN	104 153	164 491
b) in foreign currencies (by currency and translated to PLN)	3 715	1 798
b1. EUR'000	196	184
PLN'000	865	729
b2. USD'000	658	361
PLN'000	2 249	1 069
b3. CZK'000	3 510	-
PLN'000	601	-
Total cash	107 868	166 289

5. Prepayments and accruals

5.1. Deferred tax assets

Change in deferred tax assets	31 December 2011	31 December 2010
1. Deferred tax assets opening balance including:	-	-
a) charged to financial profit/loss	-	-
b) charged to equity	-	-
c) charged to goodwill or negative goodwill	-	-
2. Increases	-	-
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	-	-
a) charged to the financial profit/loss for the period in relation to taxable negative differences (due to)	-	-
- reversed temporary differences (application of deferred tax provision)	-	-
- 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)	11 771	-
- reversed temporary differences (application of deferred tax provision)	11 771	-
- changes in tax rates	-	-
- write-off of deferred tax assets	-	-
d) charged to equity in relation to tax loss (due to)	-	-

Change in deferred tax assets	31 December 2011	31 December 2010
e) charged to goodwill or negative goodwill period in relation to taxable negative differences (due to)	-	-
4. Total deferred tax assets closing balance	125 546	-
a) charged to financial profit/loss	137 317	-
b) charged to equity	(11 771)	-
c) charged to goodwill or negative goodwill	-	-

Additional information on temporary taxable negative differences	31 December 2011	31 December 2010
a) opening balance of temporary taxable negative differences	-	-
b) closing balance of temporary taxable negative differences including:	125 546	-
negative forex gains expiring within one year	34 202	-
negative forex gains expiring within more than one year	91 344	-

5.2. Other prepayments

Other prepayments	31 December 2011	31 December 2010
a) prepayments relating to reinsurance	84 853	138 350
b) settlements with PTE	-	23 102
c) IT expenses	4 061	2 012
d) other expenses	4 323	4 749
Other prepayments, total	93 237	168 213

5.3. Prepayments relating to acquisition activities for PZU Open Pension Fund ('PZU OPF')

As at 31 December 2011, following the ban on acquisition activities for the benefit of OPFs as of the beginning of 2012, all capitalized costs of acquisition for the benefit of PZU OPF as at that date totaling PLN 14,486 thousand were settled by a one-off invoice. As a result, the balance of related prepayments dropped to zero and a related receivable from PTE PZU was recognized.

By 31 December 2011, based on agreements concluded with PTE PZU, PZU carried out acquisition activities for the benefit of PZU OPF in exchange for a fee paid by PTE PZU.

Considering the uncertainty regarding the amount of actual revenue that would be generated as well as the length of the period over which the fee is received from PTE PZU (the period depended, among others, on a timely transfer of premiums to pension accounts of fund participants), PZU recognized the acquisition costs using the straight line method over the period during which the fee from PTE PZU might be expected under the agreement. The ratios for the settlement period were adjusted accordingly, if the results of an annual analysis so required.

In 2011 the acquisition costs with respect to PZU OPF totaled PLN 32,338 thousand and revenue – PLN 32,578 thousand (in 2010: PLN 21,043 thousand and PLN 24,818 thousand, respectively).

6. Changes in impairment losses

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	-

Changes in impairment losses in the year ended 31 December 2010

Item	Impairment losses as of 1 January 2010, including:		Recognized, including:		Reversed, including:		Derecognition of assets from the balance sheet, including:		Other changes, including:		Impairment losses as of 31 December 2010, 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
I. Intangible assets	22 107	-	-	-	-	-	(15 807)	-	-	-	6 300	-
II. Investments	195 188	818	8 221	-	(74 743)	-	-	-	(22 981)	-	105 685	818
1. Real property	76 068	818	1 319	-	-	-	-	-	-	-	77 387	818
2. Investments in controlled entities	3 881	-	1 906	-	-	-	-	-	-	-	5 787	-
3. Other financial investments	115 239	-	4 996	-	(74 743)	-	-	-	(22 981)	-	22 511	-
a) shares and other variable income securities	104 698	-	4 996	-	(64 824)	-	-	-	(22 981)	-	21 889	-
b) units and investment certificates in investment funds	10 541	-	-	-	(9 919)	-	-	-	-	-	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	381 879	-	96 563	-	(23 741)	-	(219)	-	-	-	454 482	-
1. Receivables from direct insurance	320 887	-	77 685	-	(5 068)	-	(105)	-	-	-	393 399	-
2. Receivables from reinsurance	17 593	-	18 543	-	(17 593)	-	-	-	-	-	18 543	-
3. Other receivables	43 399	-	335	-	(1 080)	-	(114)	-	-	-	42 540	-
1.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other receivables	43 399	-	335	-	(1 080)	-	(114)	-	-	-	42 540	-
VI. Other assets, including:	-	-	-	-	-	-	-	-	-	-	-	-
1. Tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
VII. Prepayments	3 786	-	-	-	(2 527)	-	-	-	-	-	1 259	-
1. Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Recognized interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	3 786	-	-	-	(2 527)	-	-	-	-	-	1 259	-

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

As at 31 December 2011 and 31 December 2010 gross value of interest accrued on loan granted to Syta Development amounted to PLN 1.900 thousand. Interest were fully written-off due to impairment.

7. Equity

7.1. Share capital

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			

Share capital structure as of 31 December 2010

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	11 608	11 608	Cash	23.01.1997	27.12.1991
PLN 1	A	Bearer shares	None	None	60 434 712	60 434 712	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 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 Otworthy Fundusz Emerytalny	4 339 308	5,0251 %
3.	Other shareholders	51 627 739	59,7874 %
	Total	86 352 300	100,0000%

(*)Holding directly after transaction as of 22 July 2011, as described in point 28.1 of the Notes.

Shareholding structure as of 31 December 2010

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	39 020 483	45,1875%
2.	Other shareholders	47 331 817	54,8125%
	Total	86 352 300	100,0000%

Transactions on significant interests in PZU share capital are described in point 28 of the Notes.

7.2. Dividend - distribution of profit for 2010

On 11 May 2011, the Management Board of PZU adopted resolution concerning the dividend policy of PZU. The assumptions include:

- the basis for the dividend paid by PZU for a given financial year will be the consolidated profit/loss of the PZU Group in accordance with IFRS;

- dividend amount:
 - cannot be lower than 50% and higher than 100% of the consolidated net profit disclosed in the consolidated financial statements prepared in line with IFRS;
 - cannot be higher than the separate net profit of PZU disclosed in the separate financial statements prepared in line with PAS;
 - cannot lead to a reduction of the equity of PZU below the amount corresponding to 250% of the solvency margin;
 - cannot lead to a reduction in the financial strength of the PZU Group below the level corresponding to the AA rating of Standard & Poor's;
 - should consider additional capital needs of PZU in the twelve months following approval of the consolidated financial statements of the PZU Group for a given year by the Management Board of PZU.
- the equity and the solvency margin are calculated in line with the prudential standards established for the Polish insurance market.

Also on 11 March 2011, the Management Board of PZU adopted a resolution concerning the proposed distribution of net profit for 2010 of PLN 3,516,709 thousand:

- PLN 2,245,160 thousand for dividends for shareholders;
- PLN 1,271,549 thousand for supplementary capital.

On 30 June 2011 the General Shareholders' Meeting of PZU adopted a resolution concerning distribution of net profit for 2010 compliant with the above suggestion assuming payment of dividend of PLN 26.00 per share and setting the record date at 30 September 2011 and the day of payment at 21 October 2011. Dividend was paid.

Appropriations on net profit during the financial year	31 December 2011	31 December 2010
Appropriations of net profit in the financial year	-	-
Appropriations on net profit in the financial year total	-	-

7.3. Proposed distribution of profit for 2011

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 2011.

7.4. Cancellation of the resolution of the General Meeting of PZU on the distribution of the profit of PZU for the 2006 financial year

Following a statement of claim of 30 July 2007, Manchester Securities Corporation initiated proceedings against PZU to cancel resolution No. 8/2007 of the General Meeting of PZU of 30 June 2007 on the distribution of the profit of PZU for the 2006 financial year on the grounds that the resolution was in breach of good practice and its objective was to harm the petitioner, a shareholder of PZU.

The contested resolution of the General Meeting of PZU divided the net profit for 2006 of PLN 3,280,883 thousand as follows:

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

In a ruling of 22 January 2010 a Regional Court in Warsaw cancelled the entire resolution of the General Meeting of PZU. On 17 February 2010 PZU appealed against the ruling of the Regional Court in Warsaw.

On 6 December 2011 the Court of Appeals in Warsaw dismissed the appeal of PZU against the decision of the Regional Court in Warsaw of 22 January 2010. As a result of the ruling of the

Court of Appeals of 6 December 2011, the ruling of the Regional Court in Warsaw of 22 January 2010, which cancelled the resolution of the General Meeting of PZU, became valid.

At the time of signing these consolidated financial statements, the ruling of the Regional Court remained in force.

On 7 December 2011 PZU applied for a written statement of reasons for the ruling of the Court of Appeals in Warsaw of 6 December 2011. Once the Management Board of PZU receives and analyzes the statement of reasons, it will consider taking legal action in accordance with the Code of civil procedure and Code of commercial companies. By the date of signing these financial statements, PZU had not received the statement of reasons.

In a preliminary assessment of the Management Board of PZU, the cancellation of the resolution of the General Meeting of PZU will not lead to a claim for the payment of dividend by PZU.

As at 31 December 2011 there had been no changes in the presentation of equity of PZU which could result from the cancellation of the resolution of the General Meeting of PZU, including "Supplementary capital" and "Prior year profit (loss)", the resources of the Company's Social Benefits Fund had not been adjusted and there had been no provisions for any additional claims resulting from the cancellation of the resolution.

7.5. Supplementary capital

Supplementary capital	31 December 2011	31 December 2010
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	2 762 763	1 491 214
d) shareholder contributions	-	-
c) other (by type)	2 152	2 135
Total supplementary capital	3 331 838	2 060 272

7.6. Revaluation reserve

Revaluation reserve	31 December 2011	31 December 2010
a) revaluation of fixed assets	17 250	17 266
b) deferred income tax	(11 771)	(22 940)
c) exchange differences from translation of foreign branches	-	-
c) other (by type)	5 739 438	6 244 527
- due to revaluation of financial investments (gross)	5 739 438	6 244 527
Total revaluation reserve	5 744 917	6 238 853

Revaluation reserve on financial instruments (gross)	1 January - 31 December 2011	1 January - 31 December 2010
1. Opening balance	6 244 527	7 345 007
2. Increases due to:	761 571	262 814
a) effects of re-measurement of AFS financial assets including:	761 571	262 814
- gains on periodic measurement	707 343	251 546
- amounts deducted as at the de-recognition date (e.g. sales)	48 870	4 953
- impairment losses charged to the general profit and loss account in case impairment is detected	5 358	6 315
- 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:	1 266 660	1 363 294
a) effects of re-measurement of AFS financial assets including:	1 266 660	1 363 294
- losses on periodic measurement	1 182 916	1 231 601
- amounts deducted as at the de-recognition date (e.g. sales)	83 744	131 693
- 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	5 739 438	6 244 527

8. Technical provisions

Technical provisions	31 December 2011	31 December 2010
a) provision for unearned premiums:	4 134 225	4 024 407
- gross value	4 291 692	4 094 113
- reinsurers' share	157 467	69 706
b) provision for unexpired risks:	817	18 675
- gross value	817	18 675
- reinsurers' share	-	-
c) life assurance provision:	-	-
- gross value	-	-
- reinsurers' share	-	-
d) provisions for claims outstanding:	9 243 661	8 593 653
- gross value	9 765 468	9 310 772
- reinsurers' share	521 807	717 119
e) provisions for bonuses and rebates for the insured:	6 232	4 731
- gross value	6 232	4 731
- reinsurers' share	-	-
f) equalization provisions	588 799	534 719
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	13 973 734	13 176 185

Technical provisions (currency structure)	31 December 2011	31 December 2010
a) provision for unearned premiums:	4 291 692	4 094 113
- in PLN	4 291 692	4 094 113
- in foreign currencies (by currency and translated to PLN)	-	-
b) provision for unexpired risks:	817	18 675
- in PLN	817	18 675
- 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:	9 765 468	9 310 772
- in PLN	9 033 877	8 603 566
- in foreign currencies (by currency and translated to PLN)	731 591	707 206
d1. EUR'000	165 472	178 574
PLN'000	730 857	705 978
d2. USD'000	215	414
PLN'000	734	1 228
e) provisions for bonuses and rebates for the insured:	6 232	4 731
- in PLN	6 232	4 731
- in foreign currencies (by currency and translated to PLN)	-	-
f) equalization provisions:	588 799	534 719
- in PLN	588 799	534 719
- 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 2011	31 December 2010
- 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	14 653 008	13 963 010

Reinsurers' share in technical provisions (currency structure)	31 December 2011	31 December 2010
a) reinsurers' share in change in provisions for unearned premiums:	157 467	69 706
- in PLN	157 467	69 706
- 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:	521 807	717 119
- in PLN	370 113	555 213
- in foreign currencies (by currency and translated to PLN)	151 694	161 906
d1. EUR'000	34 344	40 882
PLN'000	151 691	161 889
d2. USD'000	1	6
PLN'000	3	17
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	679 274	786 825

8.1. Provision for unearned premiums and for unexpired risk

Provision for unearned premiums and for unexpired risk	31 December 2011	31 December 2010
a) provision for unearned premiums:	4 134 225	4 024 407
- gross provisions	4 291 692	4 094 113
- reinsurers' share	157 467	69 706
b) provision for unexpired risks:	817	18 675
- gross provisions	817	18 675
- reinsurers' share	-	-
Total provision for unearned premiums and for unexpired risks	4 135 042	4 043 082

8.2. Provisions for outstanding claims

8.2.1 Gross provision for claims outstanding

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

Gross provision for claims outstanding	Balance as of 31 December 2010	Provision for claims occurring in the reporting period
Accident and sickness insurance (class 1 and 2)	82 065	66 546
TPL motor insurance (class 10)	7 075 578	1 198 999
Other motor insurance (class 3)	404 854	328 155
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	76 781	47 999
Insurance against fire and other damage to property (class 8, 9)	432 688	347 762
TPL insurance (class 11, 12, 13)	1 063 976	234 880
Credit insurance and suretyship (classes 14, 15)	13 194	4 886
Assistance (class 18)	29 299	21 315
Insurance of legal protection (class 17)	1 858	511
Other insurance (class 16)	130 479	104 586
Provisions for claims outstanding, total	9 310 772	2 355 639

8.2.2 Reinsurers' share in provision for claims outstanding

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 (class 1 and 2)	11	2
TPL motor insurance (class 10)	384 548	1 815
Other motor insurance (class 3)	113	-
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	4 580	963
Insurance against fire and other damage to property (class 8, 9)	64 633	9 613
TPL insurance (class 11, 12, 13)	6 499	3 843
Credit insurance and suretyship (classes 14, 15)	2 628	1 332
Assistance (class 18)	645	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	58 150	654
Provisions for claims outstanding, total	521 807	18 222

Reinsurers' share in provision for claims outstanding	Balance as of 31 December 2010	Provision for claims occurring in the reporting period
Accident and sickness insurance (class 1 and 2)	21	3
TPL motor insurance (class 10)	504 222	1 664
Other motor insurance (class 3)	2 725	2 445
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	26 536	22 973
Insurance against fire and other damage to property (class 8, 9)	112 246	110 680
TPL insurance (class 11, 12, 13)	882	828
Credit insurance and suretyship (classes 14, 15)	3 481	1 439
Assistance (class 18)	68	12
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	66 938	64 476
Provisions for claims outstanding, total	717 119	204 520

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 2011	Reinsurers' share
Accident and sickness insurance (class 1 and 2)	-	-
TPL motor insurance (class 10)	7 174 182	403 450
Other motor insurance (class 3)	-	-
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (class 8, 9)	-	-
TPL insurance (class 11, 12, 13)	636 323	76
Credit insurance and suretyship (classes 14, 15)	-	-
Assistance (class 18)	-	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	-	-
Total provisions	7 810 505	403 526

Provisions for capitalized value of annuity claims before discounts and gross write-downs	Balance as of 31 December 2010	Reinsurers' share
Accident and sickness insurance (class 1 and 2)	-	-
TPL motor insurance (class 10)	6 882 338	582 732
Other motor insurance (class 3)	-	-
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (class 8, 9)	-	-
TPL insurance (class 11, 12, 13)	579 409	37
Credit insurance and suretyship (classes 14, 15)	-	-
Assistance (class 18)	-	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	-	-
Total provisions	7 461 747	582 769

9. Expected recoveries, recourses and subsidies

9.1. Estimated recoveries, recourses and subsidies (gross)

Estimated recoveries, recourses and subsidies (gross)	31 December 2011	31 December 2010
Accident and sickness insurance (class 1 and 2)	-	-
TPL motor insurance (class 10)	32 766	26 749
Other motor insurance (class 3)	31 238	40 573
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (class 8, 9)	14 005	7 583
TPL insurance (class 11, 12, 13)	25	51
Credit insurance and suretyship (classes 14, 15)	2 946	1 878
Assistance (class 18)	-	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	-	-
Total estimated recoveries, recourses and subsidies (gross)	80 980	76 834

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

Reinsurers' share in estimated recourses, recoveries and subsidies	31 December 2011	31 December 2010
Accident and sickness insurance (class 1 and 2)	-	-
TPL motor insurance (class 10)	1 338	1 210
Other motor insurance (class 3)	-	245
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	-	-
Insurance against fire and other damage to property (class 8, 9)	16	63
TPL insurance (class 11, 12, 13)	-	-
Credit insurance and suretyship (classes 14, 15)	1 239	739
Assistance (class 18)	-	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	-	-
Total estimated recoveries, recourses and subsidies (gross)	2 593	2 257

10. Other provisions

10.1. Provisions for pension and other statutory employee benefits

Provisions for pension and other statutory employee benefits	31 December 2011	31 December 2010
a) provisions for pension benefits	68 992	68 253
b) other statutory employee benefits (by basis):	147 636	145 765
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
Total provisions for pension and other statutory employee benefits	216 628	214 018

Change in provisions for pension and other statutory employee benefits	31 December 2011	31 December 2010
a) opening balance (by basis)	214 018	229 550
provisions for pension benefits	68 253	71 049
provisions for jubilee bonuses	89 123	94 487
provisions for unused paid vacation	25 173	24 600
provisions for death benefits	11 318	12 601
provisions for post-employment benefits	20 151	26 813
b) increases (due to)	16 913	11 247
provisions for pension benefits	6 059	2 098
provisions for jubilee bonuses	1 889	3 882
provisions for unused paid vacation	4 971	5 267
provisions for death benefits	785	-

Change in provisions for pension and other statutory employee benefits	31 December 2011	31 December 2010
provisions for post-employment benefits	3 209	-
c) applied (due to)	14 303	19 068
provisions for pension benefits	5 320	4 894
provisions for jubilee bonuses	3 193	9 246
provisions for unused paid vacation	3 828	4 694
provisions for death benefits	710	234
provisions for post-employment benefits	1 252	-
d) reversed (due to)	-	7 711
provisions for pension benefits	-	-
provisions for jubilee bonuses	-	-
provisions for unused paid vacation	-	-
provisions for death benefits	-	1 049
provisions for post-employment benefits	-	6 662
e) closing 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

Provisions for pension and other statutory employee benefits (currency structure)	31 December 2011	31 December 2010
a) in PLN	216 628	214 018
b) in foreign currencies (by currency and translated to PLN)	-	-
Total provisions for pension and other statutory employee benefits	216 628	214 018

10.2. Provision for deferred income tax

Change in provision for deferred income tax	31 December 2011	31 December 2010
1. Deferred income tax provision opening balance including:	4 057	117 652
a) charged to financial profit/loss	(18 883)	68 193
b) charged to equity	22 940	49 459
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	113 595
a) charged to the financial profit/loss for the period in relation to taxable differences (due to)	-	87 076
- reversed temporary differences (application of deferred tax provision)	-	87 076
b) charged to equity in relation to taxable differences (due to)	22 940	26 519
- negative measurement of financial instruments through revaluation reserve	22 940	26 519
4. Total deferred income tax provision closing balance	-	4 057
a) charged to financial profit/loss	-	(18 883)
b) charged to equity	-	22 940
c) charged to goodwill or negative goodwill	-	-

Additional information on temporary taxable differences	31 December 2011	31 December 2010
a) opening balance of temporary taxable differences	4 057	117 652
b) closing balance of temporary taxable differences including:	-	4 057
forex gains expiring within one year	-	(52 792)
forex gains expiring within more than one year	-	56 849
c) total amount of temporary differences related to investments in controlled entities, branches and joint ventures not included into deferred tax provision	-	-

Prior to presentation, amounts of temporary taxable differences were offset with deductible differences, similarly to deferred tax assets and provisions.

Provision for deferred income tax (currency structure)	31 December 2011	31 December 2010
a) in PLN	-	4 057
b) in foreign currencies (by currency and translated to PLN)	-	-
Total provision for deferred income tax	-	4 057

10.3. Other provisions

Other provisions	31 December 2011	31 December 2010
provision for restructuring expenses	86 877	52 591
provisions for reinsurance settlements	18 613	36 372
provision for disputed claims and potential liabilities under insurance contracts	4 019	4 461
provision for penalties imposed by the Office of Competition and Consumer Protection	82 684	14 792
provisions for potential liabilities relating to CLSiOR investments	916	916
other provisions	3 169	1 519
Total other provisions	196 278	110 651

Change in other provisions	31 December 2011	31 December 2010
a) opening balance (by basis)	110 651	195 329
provision for restructuring expenses	52 591	122 667
provisions for reinsurance settlements	36 372	30 370
provision for penalties imposed by the Office of Competition and Consumer Protection	14 792	14 792
other provisions	6 896	27 500
b) increases (due to)	154 218	72 682
provision for restructuring expenses	73 249	59 627
provisions for reinsurance settlements	7 378	12 918
provision for penalties imposed by the Office of Competition and Consumer Protection	67 892	-
other provisions	5 699	137
c) applied (due to)	64 268	132 103
provision for restructuring expenses	38 963	129 703
provisions for reinsurance settlements	25 137	-
provision for penalties imposed by the Office of Competition and Consumer Protection	-	-
other provisions	168	2 400
d) reversed (due to)	4 323	25 257
provision for restructuring expenses	-	-
provisions for reinsurance settlements	-	6 916
provision for penalties imposed by the Office of Competition and Consumer Protection	-	-
other provisions	4 323	18 341
e) closing 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

Other provisions (currency structure)	31 December 2011	31 December 2010
a) in PLN	196 278	110 651
b) in foreign currencies (by currency and translated to PLN)	-	-
Total other provisions	196 278	110 651

The restructuring process has been presented in detail in point 23.1. 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.

11. Other liabilities and special funds

Geographical structure of liabilities	31 December 2011				31 December 2010			
	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	278 704	21 595	1 655	301 954	259 467	156	3	259 626
1. Liabilities to policyholders	102 842	-	3	102 845	92 034	-	3	92 037
2. Liabilities to insurance intermediaries	82 642	-	-	82 642	88 397	-	-	88 397
3. Other insurance liabilities	93 220	21 595	1 652	116 467	79 036	156	-	79 192
III. Liabilities due to reinsurance	8 442	10 127	2 005	20 574	4 685	12 016	11 268	27 969
IV. Liabilities arising from issue of debt securities and obtained loans	-	-	-	-	-	-	-	-
V. Liabilities to credit institutions	154 488	-	-	154 488	122	-	-	122
VI. Other liabilities	192 425	52 096	9	244 530	237 981	7 089	1	245 071
1. Liabilities to the state budget	16 552	-	-	16 552	10 930	-	-	10 930
2. Other liabilities	175 873	52 096	9	227 978	227 051	7 089	1	234 141
Total liabilities	634 059	83 818	3 669	721 546	502 255	19 261	11 272	532 788

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

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		

11.1. Liabilities due to direct insurance

Liabilities due to direct insurance	31 December 2011	31 December 2010
a) liabilities to policyholders including:	102 845	92 037
- to controlled entities	7	10
- domestic	7	10
- foreign	-	-
- to other entities	102 838	92 027
- domestic	102 835	92 024
- foreign	3	3
b) liabilities to insurance intermediaries including:	82 642	88 397
- to controlled entities	4	-
- domestic	4	-
- foreign	-	-
- to other entities	82 638	88 397
- domestic	82 638	88 397
- foreign	-	-
c) other insurance liabilities including:	116 467	79 192
- to controlled entities	675	2 348
- domestic	640	2 348
- foreign	35	-
- to other entities	115 792	76 844
- domestic	92 580	76 689
- foreign	23 212	155
Total liabilities due to direct insurance	301 954	259 626

Liabilities due to direct insurance	31 December 2011	31 December 2010
a) subsidiaries	686	2 358
b) co-subsidiaries	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a co-subsidiary	-	-
f) holding company	-	-
g) other	301 268	257 268
Total liabilities due to direct insurance	301 954	259 626

Liabilities arising from direct insurance with maturity periods after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	301 954	259 626
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	301 954	259 626

Liabilities due to direct insurance (currency structure)	31 December 2011	31 December 2010
a) in PLN	279 616	259 590
b) in foreign currencies (by currency and translated to PLN)	22 338	36
b1. EUR'000	4 290	2
PLN'000	18 947	9
b2. USD'000	8	9
PLN'000	27	27
b3. GBP'000	373	-
PLN'000	1 967	-
b4. CHF'000	265	-
PLN'000	1 397	-
Total liabilities due to direct insurance	301 954	259 626

11.2. Liabilities due to reinsurance

Liabilities due to reinsurance	31 December 2011	31 December 2010
a) current liabilities due to inward reinsurance including:	1 896	1 149
- domestic ceding undertakings	1 228	190
- foreign ceding undertakings	668	959
b) current liabilities due to outward reinsurance including:	18 678	26 108
- domestic reinsurers	7 214	3 783
- foreign reinsurers	11 464	22 325
c) liabilities due to retrocession including:	-	712
- domestic retrocessionaries	-	712
- foreign retrocessionaries	-	-
d) liabilities due to reinsurance premiums settled over time	-	-
Total liabilities due to reinsurance	20 574	27 969

Liabilities due to reinsurance	31 December 2011	31 December 2010
a) current receivables from inward reinsurance including to:	1 896	1 149
- ceding undertakings being subsidiaries	-	2
- 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:	18 678	26 108
- 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:	-	712
- 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	20 574	27 969

Liabilities arising from reinsurance with maturity periods after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	13 871	16 910
b) over 3 months and up to 1 year	4 860	5 873
c) over 1 year and up to 5 years	869	925
d) over 5 years	974	4 261
Total liabilities due to reinsurance	20 574	27 969

Liabilities due to reinsurance (currency structure)	31 December 2011	31 December 2010
a) in PLN	16 470	8 911
b) in foreign currencies (by currency and translated to PLN)	4 104	19 058
b1. EUR'000	216	255
PLN'000	952	1 010
b2. USD'000	916	6 089
PLN'000	3 129	18 048
b3. SEK'000	46	-
PLN'000	23	-
Total liabilities due to reinsurance	20 574	27 969

11.3. Liabilities to credit institutions

Liabilities to credit institutions by maturity period after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	154 488	122
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	122

Liabilities to credit institutions (currency structure)	31 December 2011	31 December 2010
a) in PLN	154 488	122
b) in foreign currencies (by currency and translated to PLN)	-	-
Liabilities to credit institutions total	154 488	122

11.4. Other liabilities

Other liabilities	31 December 2011	31 December 2010
a) Liabilities to the State Budget including:	16 552	10 930
- corporate income tax	5 347	-
- personal income tax	10 050	10 286
- value added tax	925	620
- other	230	24
b) other liabilities, including:	227 978	234 141
- liabilities due to unsettled investment transactions	70 414	80 633
- estimated non-insurance liabilities	53 770	62 164
- measurement of derivatives	47 759	7 050
- social security premiums and benefits	13 572	14 856
- liability to the Guarantee Fund	7 461	6 318
- liabilities arising from construction of Central Vehicle and Driver Register	3 679	3 498
- dividend settlements with shareholders	3 650	4 002
- liabilities arising from settlements of Tax Capital Group (with PZU Życie)	1 679	30 684
- retained guarantee deposits	503	626
- liabilities to employees	34	409
- other	25 457	23 901
Total other liabilities	244 530	245 071

Other liabilities	31 December 2011	31 December 2010
a) subsidiaries	5 685	36 270
b) co-subsidiaries	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a co-subsidiary	-	-
f) holding company	-	-
g) other	238 845	208 801
Total other liabilities	244 530	245 071

Other liabilities by maturity period after the balance sheet date	31 December 2011	31 December 2010
a) up to 3 months	244 530	245 071
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	244 530	245 071

Other liabilities (currency structure)	31 December 2011	31 December 2010
a) in PLN	244 522	243 298
b) in foreign currencies (by currency and translated to PLN)	8	1 773
b1. EUR'000	2	448
PLN'000	8	1 773
Total other liabilities	244 530	245 071

11.5. Other information regarding liabilities

11.5.1 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.

11.5.2 Overdue liabilities

As at 31 December 2011 and 31 December 2010 no overdue liabilities occurred.

11.5.3 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.

11.6. Special funds

Special funds	31 December 2011	31 December 2010
a) Prevention Fund	15 400	31 839
b) Company's Social Benefits Fund	89 334	109 925
c) Company's Bonus Fund	-	-
Total special funds	104 734	141 764

12. Accruals and deferred income

Accruals and deferred income	31 December 2011	31 December 2010
a) accruals, including:	498 186	327 663
- long-term (by basis):	-	-
- short-term (by basis):	498 186	327 663
- accrued costs of commissions on direct insurance	153 056	145 824
- deferred income and accrued expenses relating to reinsurance	153 196	65 589
- accrued payroll costs	68 975	58 014
- accrued employee bonuses	106 978	54 442
- other accruals	15 981	3 794
b) negative goodwill	-	-
c) deferred income, including:	19 728	15 084
- prepaid premiums	-	-
- land perpetual usufruct right received free of charge	6 232	7 624
- deferred reinsurance commissions	9 417	7 460
- other	4 079	-
Total accruals	517 914	342 747

Change in accruals and deferred income	31 December 2011	31 December 2010
Opening balance (by basis)	342 747	316 321
accrued expenses	327 663	303 209
deferred income	15 084	13 112
a) increases (due to)	550 026	504 606
accrued expenses	541 563	385 956
deferred income	8 463	118 650
b) decreases (due to)	374 859	478 180
accrued expenses	371 040	361 502
deferred income	3 819	116 678
Closing balance (by basis)	517 914	342 747
accrued expenses	498 186	327 663
deferred income	19 728	15 084

As at 31 December „Accrued employee bonuses” item comprises of accrued bonuses for the results for 2011 in the amount PLN 69,814 thousand.

13. Required solvency margin

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

Solvency statement	31 December 2011	31 December 2010
1. Assets of the insurance company	27 397 857	26 349 819
2. Assets allocated to settle all expected liabilities	15 652 447	14 447 633
a) subordinated liabilities	-	-
b) technical provisions	13 895 347	13 101 608
c) technical provisions for life insurance products for unit linked products		
d) other provisions	412 906	328 726
e) liabilities arising from reinsurers' investments	-	-
f) other liabilities and special funds	826 280	674 552
g) accruals and deferred income	517 914	342 747
h) any other liabilities of the insurance company not included in items a-g	-	-
3. Intangible assets	107 004	63 526
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	6 063 902	6 599 272
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	6 063 902	6 599 272
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	3 980 944	4 630 089
6. Deferred tax asset	363 384	276 036
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	9 192 064	9 593 441
14. Equity to cover guarantee fund pursuant to Article 148a of the act	9 192 064	9 593 441
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	9 192 064	9 593 441

Solvency statement	31 December 2011	31 December 2010
act		
15. Required solvency margin	1 338 798	1 338 798
16. Minimum amount of the guarantee fund	13 868	14 323
17. 1/3 of the amount of the required solvency margin	446 266	446 266
18. Surplus/shortage of equity to cover solvency margin	7 853 266	8 254 643
19. Guarantee fund	446 266	446 266
20. Surplus/shortage of equity to cover capital and reserves	8 745 798	9 147 175
a) Difference between the amount indicated in 14a and the guarantee capital	8 745 798	9 147 175

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

Required solvency margin	1 January - 31 December 2011	1 January - 31 December 2010
1. Premium amount (G) (the higher of (1a-1b+50%*1c) and (1d-1e+50%*1f))	8 504 089	8 025 843
a) Premium written during the last 12 months from direct insurance and inward reinsurance including reversals, not reduced by reinsurers and retrocessionaries' share	8 247 241	7 783 936
b) Tax included in the premium under 1a	-	-
c) Premium from classes 11, 12 and 13 included in 1a after tax deduction	513 697	483 814
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	7 727 705	7 654 752
e) Tax included in the premium under 1d	-	-
f) Premium from classes 11, 12 and 13 included in 1d after tax deduction	467 647	469 145
2. PLN equivalent of T1 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P1)	227 827	235 313
3. Sickness insurance premium amount	-	-
a) up to P1 amount	-	-
a) over P1 amount	-	-
4. Other insurance premium amount	8 504 089	8 025 843
a) up to P1 amount	227 827	235 313
a) over P1 amount	8 276 263	7 790 530
5. Reinsurance rate in percent (H) (5b/5a, not less than 50%)	95,8348%	96,8295%
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	17 123 064	16 613 082
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	16 409 846	16 086 373
6. Solvency margin calculated on the basis of premiums ((3a*6%+3b*16%/three+4a*18%+4b*16%)*5)	1 308 347	1 247 978
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	8 247 241	7 783 936
b) Premium written during the last 12 months from insurance from storm, hail, frost or credit, not reduced by reinsurers and retrocessionaries' share	1 707 290	1 610 619
c) Share ratio of insurance from storm, hail, frost or credit (7b/7a)	20,7013%	20,6916%
8. Average annual claims amount (J) ((8a - 8b + 8c - 8d + 1/2*(8e - 8f + 8g - 8h))/7)*twelve	5 850 048	5 659 148
a) Claims paid from direct insurance and inward reinsurance in the reporting period, not reduced by reinsurers and retrocessionaries' share	16 019 844	15 584 743
b) Returns, recourses and recoveries of the reporting period	395 583	427 025
c) Provisions for unpaid claims as at the last day of the comparative period, not reduced by reinsurers and retrocessionaries' share	9 684 487	9 233 936
d) Provisions for unpaid claims as at the first day of the comparative period, not reduced by reinsurers and retrocessionaries' share	8 185 685	7 778 571
e) Claims paid in classes 11, 12 and 13 included in 8a	688 719	575 528
f) Returns, recoveries and recourses in classes 11, 12 and 13 included in 8b	1 290	1 322
g) Provisions for unpaid claims paid in classes 11, 12 and 13 included in 8c	1 194 227	1 057 711
h) Provisions for unpaid claims paid in classes 11, 12 and 13 included in 8d	1 027 493	903 191
9. PLN equivalent of T2 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P2)	159 677	164 924
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	5 850 048	5 659 148
a) up to P2 amount	159 677	164 924
a) over P2 amount	5 690 371	5 494 224
12. Solvency margin calculated on the basis of average annual amount of claims ((10a*26%/trzy+10b*23%/three+11a*26%+11b*23%)*5)	1 294 059	1 265 127
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)	1 308 347	1 265 127
14. Solvency margin as at the same day of the previous year	1 338 798	1 338 798
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	9 165 273	8 519 075

Required solvency margin	1 January - 31 December 2011	1 January - 31 December 2010
date		
b) Change in provision for claims outstanding, net of reinsurance as at the date following the same day of the previous year	8 519 075	7 845 415
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)	1 338 798	1 338 798

14. Off-balance sheet items

14.1. Contingent receivables

Contingent receivables	31 December 2011	31 December 2010
a) guarantees and sureties received	17 746	4 528
b) other (by type)	9 350 100	8 150 902
promissory notes related to suretyship granted	7 774 429	6 650 325
other promissory notes	865 143	817 708
- including: from subsidiaries	2 275	2 275
other contingent receivables	710 528	682 869
Contingent receivables total	9 367 846	8 155 430

As of 31 December 2011, PZU had PLN 2,275 thousand of contingent receivables due from Syta Development as collateral of a loan granted by PZU (31 December 2010: PLN 2,275 thousand).

Contingent receivables (currency structure)	31 December 2011	31 December 2010
a) guarantees and sureties received	17 746	4 528
- in PLN	17 746	4 528
- in foreign currencies (by currency and translated to PLN)	-	-
h) other (by type)	9 350 100	8 150 902
- in PLN	9 086 230	7 920 405
- in foreign currencies (by currency and translated to PLN)	263 870	230 497
b1. EUR'000	59 423	57 803
PLN'000	262 460	228 917
b2. USD'000	152	264
PLN'000	519	783
b3. DKK'000	1 500	1 500
PLN'000	891	797
Contingent liabilities total	9 367 846	8 155 430

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 2011, under the facility valid for the period from 28 September 2011 to 27 September 2012, 33 guarantees for the total amount of PLN 6,351 thousand were granted.

14.2. Contingent liabilities

Contingent liabilities due to:	31 December 2011	31 December 2010
a) guarantees and sureties granted	4 873	8 543
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)	54 474	72 686
disputed claims not acknowledged by the insurer and brought to court by creditors	53 547	71 660
contingency liabilities arising from sub-issue contracts	-	-
other contingent liabilities	927	1 026
Contingent liabilities total	59 347	81 229

Contingent liabilities (currency structure)	31 December 2011	31 December 2010
a) guarantees and sureties granted	4 873	8 543
- in PLN	4 873	8 543
- 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)	54 474	72 686
disputed claims not acknowledged by the insurer and brought to court by creditors	53 547	71 660
- in PLN	53 547	71 660
- in foreign currencies (by currency and translated to PLN)	-	-
other contingent liabilities	927	1 026
- in PLN	927	1 026
- in foreign currencies (by currency and translated to PLN)	-	-
Contingent liabilities total	59 347	81 229

14.3. Other non-balance sheet items

Other non-balance sheet items due to	31 December 2011	31 December 2010
Other non-balance sheet items (by type):	222 088	227 978
third-party assets not recognized in the entity's assets	222 088	227 978
- including: to subsidiaries	3 665	3 665
Other non-balance sheet items total	222 088	227 978

Other non-balance sheet items (currency structure)	31 December 2011	31 December 2010
a) in PLN	222 088	227 978
b) in foreign currencies (by currency and translated to PLN)	-	-
Other non-balance sheet items total	222 088	227 978

15. Gross written premiums

Gross written premiums	1 January - 31 December 2011	1 January - 31 December 2010
a) in direct insurance including:	8 207 654	7 740 677
- from contracts concluded outside Poland including:	2 109	2 631
- from contracts concluded in EU member states	1 015	2 557
b) in indirect insurance	39 587	39 824
Total gross written premiums	8 247 241	7 780 501

15.1. Gross written premiums – direct insurance

Gross written premium in direct property and personal insurance (by accounting class)	1 January - 31 December 2011	1 January - 31 December 2010
a) accident and sickness insurance (class 1 and 2)	463 506	469 119
b) TPL motor insurance (class 10)	2 889 866	2 595 556
c) other motor insurance (class 3)	2 284 048	2 248 109
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	44 866	45 872
e) insurance against fire and other damage to property (classes 8, 9)	1 694 402	1 592 609
f) TPL insurance (classes 11, 12, 13)	513 696	489 637
g) credit insurance and suretyship (classes 14, 15)	55 530	61 160
h) assistance (class 18)	190 611	175 801
i) legal protection (class 17)	822	777
j) other (class 16)	70 307	62 037
Total gross premiums - direct insurance (by accounting class)	8 207 654	7 740 677

Total gross earned premiums – direct property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2011	1 January - 31 December 2010
Class 10	2 855 211	2 562 641
Class 11	5 525	6 337
Class 13	191 614	177 219
Total gross earned premiums – direct property and personal insurance arising from statutory TPL insurance by class total	3 052 350	2 746 197

15.2. Gross written premiums – indirect insurance

Gross written premium in indirect property and personal insurance (by accounting class)	1 January - 31 December 2011	1 January - 31 December 2010
a) accident and sickness insurance (class 1 and 2)	337	445
b) TPL motor insurance (class 10)	1 051	355
c) other motor insurance (class 3)	1 166	321
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	2 170	2 492
e) insurance against fire and other damage to property (classes 8, 9)	29 269	29 013
f) TPL insurance (classes 11, 12, 13)	4 562	4 238
g) credit insurance and suretyship (classes 14, 15)	300	561
h) assistance (class 18)	-	-
i) legal protection (class 17)	-	-
j) other (class 16)	732	2 399
Total gross premiums - indirect insurance (by accounting class)	39 587	39 824

Total gross earned premiums – indirect property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2011	1 January - 31 December 2010
Class 10	797	337
Class 11	84	171
Class 13	3 354	3 944
Total gross earned premiums – indirect property and personal insurance arising from statutory TPL insurance by class total	4 235	4 452

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 2011	1 January - 31 December 2010
a) accident and sickness insurance (class 1 and 2)	468 742	470 563
b) TPL motor insurance (class 10)	2 725 992	2 565 737
c) other motor insurance (class 3)	2 301 295	2 183 583
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	45 036	42 574
e) insurance against fire and other damage to property (classes 8, 9)	1 646 136	1 559 916
f) TPL insurance (classes 11, 12, 13)	509 585	469 146
g) credit insurance and suretyship (classes 14, 15)	53 955	54 679
h) assistance (class 18)	184 404	160 695
i) legal protection (class 17)	814	737
j) other (class 16)	96 234	99 710
Total gross earned premiums – direct property and personal insurance	8 032 193	7 607 340

Total gross earned premiums – direct property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2011	1 January - 31 December 2010
Class 10	2 692 104	2 532 151
Class 11	5 437	6 531
Class 13	182 720	168 958
Total gross earned premiums – direct property and personal insurance	2 880 261	2 707 640

16.2. Gross earned premiums – indirect insurance

Gross earned premium in indirect property and personal insurance (by accounting class)	1 January - 31 December 2011	1 January - 31 December 2010
a) accident and sickness insurance (class 1 and 2)	245	447
b) TPL motor insurance (class 10)	594	416
c) other motor insurance (class 3)	81	366
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	2 054	2 337
e) insurance against fire and other damage to property (classes 8, 9)	27 176	33 987
f) TPL insurance (classes 11, 12, 13)	4 183	6 493
g) credit insurance and suretyship (classes 14, 15)	232	561
h) assistance (class 18)	-	-
i) legal protection (class 17)	-	-
j) other (class 16)	761	2 805
Total gross earned premiums – indirect property and personal insurance	35 326	47 412

Total gross earned premiums – indirect property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2011	1 January - 31 December 2010
Class 10	416	398
Class 11	138	60
Class 13	3 136	6 211
Total gross earned premiums – indirect property and personal insurance	3 690	6 669

17. Reinsurance settlements

Reinsurance settlements	1 January - 31 December 2011	1 January - 31 December 2010
a) insurance premiums received from abroad	9 311	12 230
b) reinsurance premiums transferred abroad	135 481	127 961
c) outward reinsurance balance	15 517	110 273
d) inward reinsurance balance	1 674	1 653
e) receivables and liabilities arising from outward reinsurance including:	48 024	145 370
- receivables from reinsurers collateralized with guarantees of financial institutions	-	-
f) receivables and liabilities arising from inward reinsurance including:	5 467	3 951
- liabilities to ceding undertakings collateralized with insurer's guarantees	-	-
- liabilities to retroceding undertakings collateralized with insurer's guarantees	-	-

18. Claims

Gross claims paid	1 January - 31 December 2011	1 January - 31 December 2010
a) from direct insurance, including:	5 028 285	5 471 319
- claims handling costs	498 972	529 273
b) from indirect insurance, including:	24 622	12 060
- claims handling costs	-	-
Total gross claims paid	5 052 907	5 483 379

18.1. Gross claims paid

Total gross claims paid - direct property and personal insurance (by accounting class)	1 January - 31 December 2011	1 January - 31 December 2010
a) accident and sickness insurance (class 1 and 2)	166 488	149 946
b) TPL motor insurance (class 10)	1 945 688	1 954 811
c) other motor insurance (class 3)	1 483 112	1 576 973
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	65 488	24 934
e) insurance against fire and other damage to property (classes 8, 9)	935 636	1 422 537
f) TPL insurance (classes 11, 12, 13)	248 117	222 232
g) credit insurance and suretyship (classes 14, 15)	5 246	11 614
h) assistance (class 18)	125 950	97 375
i) legal protection (class 17)	716	734
j) other (class 16)	51 844	10 163
Total gross claims paid - direct insurance (by accounting class)	5 028 285	5 471 319

Total gross claims paid - indirect property and personal insurance (by accounting class)	1 January - 31 December 2011	1 January - 31 December 2010
a) accident and sickness insurance (class 1 and 2)	-	-
b) TPL motor insurance (class 10)	2 380	5 571
c) other motor insurance (class 3)	(4)	801
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	34	349
e) insurance against fire and other damage to property (classes 8, 9)	19 103	2 621
f) TPL insurance (classes 11, 12, 13)	3 044	2 677
g) credit insurance and suretyship (classes 14, 15)	27	41
h) assistance (class 18)	-	-
i) legal protection (class 17)	-	-
j) other (class 16)	38	-
Total gross claims paid - indirect insurance (by accounting class)	24 622	12 060

18.2. Claim handling costs

Total claims handling costs – direct property and personal insurance (by accounting class)	1 January - 31 December 2011	1 January - 31 December 2010
a) accident and sickness insurance (class 1 and 2)	46 257	35 676
b) TPL motor insurance (class 10)	185 424	194 507
c) other motor insurance (class 3)	94 134	122 531
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	3 121	1 492
e) insurance against fire and other damage to property (classes 8, 9)	102 529	121 327
f) TPL insurance (classes 11, 12, 13)	50 421	46 560
g) credit insurance and suretyship (classes 14, 15)	1 511	752
h) assistance (class 18)	13 186	5 819
i) legal protection (class 17)	126	57
j) other (class 16)	2 263	552
Total claims handling costs – direct insurance (by accounting class)	498 972	529 273

In 2010-2011, 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 2011

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 (class 1 and 2)	463 843	468 987	120 272	46 257	40	47	169 983
TPL motor insurance (class 10)	2 890 917	2 726 586	1 784 313	185 424	21 670	13 782	544 459
Other motor insurance (class 3)	2 285 214	2 301 376	1 512 407	94 134	123 432	521	525 008
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	47 036	47 090	62 895	3 121	493	(742)	10 843
Insurance against fire and other damage to property (class 8, 9)	1 723 671	1 673 312	876 044	102 529	23 834	8 657	538 456
TPL insurance (classes 11, 12, 13)	518 258	513 768	201 078	50 421	340	(3 017)	155 701
Credit insurance and suretyship (class 14, 15)	55 830	54 187	10 196	1 511	6 434	(1 805)	25 160
Assistance (class 18)	190 611	184 404	112 777	13 186	13	(1)	76 281
Insurance of legal protection (class 17)	822	814	619	126	29	-	737
Other insurance (class 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 (class 1 and 2)	463 506	468 742	120 272	46 257	40	37	169 943
TPL motor insurance (class 10)	2 889 866	2 725 992	1 781 933	185 424	21 670	13 782	544 477
Other motor insurance (class 3)	2 284 048	2 301 295	1 512 411	94 134	123 432	521	525 039
Sea, aircraft and transport insurance (class 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 (class 8, 9)	1 694 402	1 646 136	856 941	102 529	23 834	7 408	534 383
TPL insurance (class 11, 12, 13)	513 696	509 585	198 034	50 421	340	(2 505)	154 127
Credit insurance and suretyship (classes 14, 15)	55 530	53 955	10 169	1 511	6 434	(1 805)	24 987
Assistance (class 18)	190 611	184 404	112 777	13 186	13	(1)	76 281
Insurance of legal protection (class 17)	822	814	619	126	29	-	737
Other insurance (class 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

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 (class 1 and 2)	337	245	-	-	-	10	40
TPL motor insurance (class 10)	1 051	594	2 380	-	-	-	(18)
Other motor insurance (class 3)	1 166	81	(4)	-	-	-	(31)
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	2 170	2 054	34	-	-	512	448
Insurance against fire and other damage to property (class 8, 9)	29 269	27 176	19 103	-	-	1 249	4 073
TPL insurance (class 11, 12, 13)	4 562	4 183	3 044	-	-	(512)	1 574
Credit insurance and suretyship (classes 14, 15)	300	232	27	-	-	-	173
Assistance (class 18)	-	-	-	-	-	-	-
Insurance of legal protection (class 17)	-	-	-	-	-	-	-
Other insurance (class 16)	732	761	38	-	-	415	129
Total indirect insurance	39 587	35 326	24 622	-	-	1 674	6 388

19.2. Supplementary data to the technical account for the year ended 31 December 2010

Total direct and indirect insurance for the year ended 31 December 2010	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 (class 1 and 2)	469 564	471 010	114 291	35 676	21	(12)	193 298
TPL motor insurance (class 10)	2 595 911	2 566 153	1 786 330	194 507	20 455	56 579	526 335
Other motor insurance (class 3)	2 248 430	2 183 949	1 522 747	122 531	67 504	(2 273)	515 505
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	48 364	44 911	24 959	1 492	1 168	156	9 711
Insurance against fire and other damage to property (class 8, 9)	1 621 622	1 593 903	1 315 916	121 327	12 085	58 704	532 043
TPL insurance (classes 11, 12, 13)	493 875	475 639	178 820	46 560	471	(1 454)	159 568
Credit insurance and suretyship (class 14, 15)	61 721	55 240	13 461	752	2 558	-	24 652
Assistance (class 18)	175 801	160 695	91 694	5 819	138	(6)	84 254
Insurance of legal protection (class 17)	777	737	696	57	19	-	638
Other insurance (class 16)	64 436	102 515	9 713	552	102	232	66 085
Total direct and indirect insurance	7 780 501	7 654 752	5 058 627	529 273	104 521	111 926	2 112 089

Direct insurance for the year ended 31 December 2010	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 (class 1 and 2)	469 119	470 563	114 291	35 676	21	(80)	193 245
TPL motor insurance (class 10)	2 595 556	2 565 737	1 780 759	194 507	20 455	56 579	526 993
Other motor insurance (class 3)	2 248 109	2 183 583	1 521 946	122 531	67 504	(2 273)	514 692
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	45 872	42 574	24 610	1 492	1 168	120	9 369
Insurance against fire and other damage to property (class 8, 9)	1 592 609	1 559 916	1 313 295	121 327	12 085	57 650	527 662
TPL insurance (class 11, 12, 13)	489 637	469 146	176 143	46 560	471	(1 454)	157 768
Credit insurance and suretyship (classes 14, 15)	61 160	54 679	13 420	752	2 558	-	24 329
Assistance (class 18)	175 801	160 695	91 694	5 819	138	(6)	84 254
Insurance of legal protection (class 17)	777	737	696	57	19	-	638
Other insurance (class 16)	62 037	99 710	9 713	552	102	(263)	65 779
Total direct insurance	7 740 677	7 607 340	5 046 567	529 273	104 521	110 273	2 104 729

Indirect insurance for the year ended 31 December 2010	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 (class 1 and 2)	445	447	-	-	-	68	53
TPL motor insurance (class 10)	355	416	5 571	-	-	-	(658)
Other motor insurance (class 3)	321	366	801	-	-	-	813
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	2 492	2 337	349	-	-	36	342
Insurance against fire and other damage to property (class 8, 9)	29 013	33 987	2 621	-	-	1 054	4 381
TPL insurance (class 11, 12, 13)	4 238	6 493	2 677	-	-	-	1 800
Credit insurance and suretyship (classes 14, 15)	561	561	41	-	-	-	323
Assistance (class 18)	-	-	-	-	-	-	-
Insurance of legal protection (class 17)	-	-	-	-	-	-	-
Other insurance (class 16)	2 399	2 805	-	-	-	495	306
Total indirect insurance	39 824	47 412	12 060	-	-	1 653	7 360

20. Information regarding claim handling process

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 (class 1 and 2)	11,30	25 770	31 455
TPL motor insurance (class 10)	23,01	446 828	496 337
Other motor insurance (class 3)	19,87	526 600	190 673
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	37,45	5 798	8 972
Insurance against fire and other damage to property (class 8, 9)	23,87	261 471	105 015
TPL insurance (class 11, 12, 13)	29,65	34 561	128 842
Credit insurance and suretyship (classes 14, 15)	32,45	997	523
Assistance (class 18)	23,97	46 969	22 958
Insurance of legal protection (class 17)	21,07	42	351
Other insurance (class 16)	31,97	1 524	6 687
Total	20,16	1 350 559	991 813

Loss adjustment process in the year ended 31 December 2010 (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 (class 1 and 2)	13,17	22 463	33 305
TPL motor insurance (class 10)	18,63	443 145	502 893
Other motor insurance (class 3)	15,61	578 301	215 918
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	45,11	5 607	41 062
Insurance against fire and other damage to property (class 8, 9)	29,19	732 117	215 397
TPL insurance (class 11, 12, 13)	30,43	41 734	113 666
Credit insurance and suretyship (classes 14, 15)	30,40	2 430	886
Assistance (class 18)	37,50	48 189	17 422
Insurance of legal protection (class 17)	16,48	17	302
Other insurance (class 16)	44,11	522	77 720
Total	20,76	1 874 526	1 218 570

21. Costs of insurance activity

Costs of insurance activity net of reinsurance	1 January - 31 December 2011	1 January - 31 December 2010
a) direct insurance	2 112 385	2 122 838
b) indirect insurance	6 388	7 360
Total costs of insurance activity net of reinsurance	2 118 773	2 130 198

Costs of insurance activities (by type)	1 January - 31 December 2011	1 January - 31 December 2010
I. Administrative costs	633 907	663 715
1. internal:	456 063	431 405
a) consumption of materials and energy	16 446	22 382
b) payroll, insurance and other benefits	393 340	357 482
c) amortization	42 921	47 879
d) other administrative costs	3 356	3 662
2. external:	177 844	232 310
a) external services	118 853	180 644
b) commissions for premium collection	6 821	7 513
c) advertisement	42 142	34 607
d) other expenses	10 028	9 546
II. Acquisition costs	1 467 449	1 448 374
1. internal	361 836	379 899
a) consumption of materials and energy	17 915	20 540
b) payroll, insurance and other benefits classified as acquisition costs	325 361	341 463
c) commissions on direct business	-	-
d) amortization	18 560	17 896
e) other acquisition costs	-	-
2. external:	1 136 735	1 098 431
b) payroll, insurance and other benefits classified as acquisition costs	-	-
c) commissions on direct business, including:	995 757	945 053
- acquisition commissions	434 879	466 035
- policy renewal commissions	542 898	463 098
- insurance and reinsurance contract administration commissions	17 980	15 920
c) commissions on indirect business	4 462	5 424
d) external services	94 792	101 681
e) advertising	26 043	37 148
f) other expenses	15 681	9 125
3. change in deferred acquisition costs	(31 122)	(29 956)
III. Claims handling and recourse collection costs	498 972	529 273
1. internal	288 303	324 466
a) consumption of materials and energy	11 419	11 841
b) remuneration of appraisers relating to claims handling and recourse collection	259 587	301 850
c) amortization	17 297	10 775
2. external:	210 669	204 807
a) external services	154 679	158 069
b) other expenses	55 990	46 738
IV. Costs of investing activities	390 129	172 094
1. internal	11 541	8 169
a) consumption of materials and energy	1 255	481
b) payroll, insurance and other employee benefits	7 523	6 055
c) amortization	2 763	1 633
2. external:	378 588	163 925
a) external services	17 458	10 745
b) other expenses*	361 130	153 180

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

21.1. Acquisition costs

Acquisition costs	1 January - 31 December 2011	1 January - 31 December 2010
a) incurred in the reporting period including:	1 498 571	1 478 330
- acquisition commissions on direct insurance	995 757	945 053
b) carried forward to future reporting periods	31 122	29 956

21.2. Administrative costs

Administrative costs	1 January - 31 December 2011	1 January - 31 December 2010
a) consumption of materials and energy	16 446	22 381
b) external services	118 853	180 644
c) taxes and charges	6 025	6 111
d) payroll	303 379	287 055
e) social security and other benefits	89 961	70 426
f) amortization	42 921	47 879
g) other, including:	56 322	49 219
advertising	42 142	34 607
commissions for premium collection	6 814	7 505
business trips	3 356	3 662
property insurance	952	1 725
Total administrative costs	633 907	663 715

22. Other operating revenue

Other operating revenue	1 January - 31 December 2011	1 January - 31 December 2010
a) financial revenue	1 074	910
b) commission on loss adjusting services	7 707	6 726
c) revenue from acquisition activities carried out for open pension funds	32 578	24 818
d) other operating income including:	32 278	38 433
exchange gains	11 048	5 757
damages received	7 650	800
recharged expenses	6 011	4 737
revenue from reversed impairment losses and provisions for future liabilities	3 070	19 929
gain on disposal of fixed assets and investments in progress	1 081	3 294
other	3 418	3 916
Total	73 637	70 887

23. Other operating costs

Other operating costs	1 January - 31 December 2011	1 January - 31 December 2010
a) financial expenses	27 147	58 671
b) costs relating to loss adjusting services	356	253
c) costs relating to acquisition activities carried out for open pension funds	32 338	21 043
d) other operating costs, including:	177 158	91 756
costs of provision recognized for a fine imposed by the Office of Competition and Consumer Protection	67 892	-
employment restructuring	73 249	59 627
exchange losses	13 270	12 385
rechargeable expenses	6 085	4 778
donations	5 630	5 538
costs of provisions created for probable losses	3 821	875
costs of disposal of pre-numbered forms	1 779	2 088
recognized revaluation write-downs on receivables	1 191	1 662
penalties, damages and fines paid	1 015	545
loss on disposal of fixed assets and investments in progress	490	1 549
default interest on tax liabilities	391	447

Other operating costs	1 January - 31 December 2011	1 January - 31 December 2010
receivables written off	18	65
other	2 327	2 197
Total	236 999	171 723

Operating costs primarily relates to concluded sell-buy-back contracts.

The provision for Office of Competition and Consumer Protection has been described in point 29.1.2. of the Notes.

23.1. 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.

The employment restructuring process in 2011 is a continuation of the process begun in 2010. The process consist, among other things, of the further integration of particular teams which carry out similar tasks in PZU and PZU Życie, implementation of IT tools and optimization of the processes enabling the achievement of higher work effectiveness norms (ratios) and further centralization of some functions in central entities. The employment restructuring processes in 2011 mainly covered the following areas: transactions, finance, administration, HR and payroll, loss adjustment and benefits, and the network, in all areas, both in local entities and central entities, including PZU and PZU Życie Head Office.

Due to the anticipated scale of the lay-offs in the subsequent months of 2011, on 11 May 2011, the Management Boards of PZU and PZU Życie announced their intention to conduct further group lay-offs.

It was estimated on that date that the change would affect up to 1,706 people, i.e. that a decrease in the number of employees would amount to 1,052 employees in 2011.

In accordance with the provisions of the Act of 13 March 2003 on special principles applicable to termination of employment contracts for reasons other than through the fault of employees (*Journal of Laws* No. 90 of 2003, item 844 as amended, the "Act on special principles applicable to termination of employment"), the level and execution of group lay-offs were consulted with the trade unions operating at PZU and PZU Życie, they concluded with an agreement regarding the wording of an arrangement setting forth the terms and conditions of the 2011 staff restructuring, reached on 26 May 2011 and signed on 30 May 2011 (the "Arrangement").

The Arrangement included information about the number of employees affected by the restructuring, criteria for redundancy selection, financial package, principles of protection of selected employee groups and the group lay-offs implementation schedule.

Pursuant to the provisions of the Arrangement:

- the group lay-offs process as part of the restructuring process began on 13 June and ended on 10 October 2011;
- staff restructuring at PZU, consisting in changes in the employment terms and conditions or – in the absence of employees' acceptance – dismissals, will affect 1,706 employees and 1,041 employees will definitely receive employment termination notices;

Termination terms and conditions offered to the dismissed employees or employees who did not accept the terms and conditions of employment offered them in the previous (2010 and Q1 2011) and current stages of the restructuring process were and are better than those provided for by the applicable laws (the "Act on special principles applicable to termination of employment"). The amount of additional redundancy pay was and is contingent on the salary of each employee and their time of employment at the PZU Group.

In 2011, 1,607 employees were covered by the layoff procedures, of which termination of contracts was initiated with 1,042 employees as a result of a termination agreement or handing them declarations about terminating the contracts or as a result of the employees not accepting the new terms and conditions of employment, not due to the fault of the employer.

Moreover, in the period from 1 January to 12 June 2011 and from 11 October to 31 December 2011, employment contracts with 72 employees were terminated under individual layoff procedures, for reasons not relating to the employees, and the costs of the layoffs were also charged to the restructuring provision.

The total 2011 restructuring costs amounted to PLN 38,963 thousand in 2011 (in 2010: PLN 129,703thousand).

As at 31 December 2011, the provision for restructuring costs (presented in point 10.3 of "Notrs" amounted to PLN 86,877 thousand (as at 31 December 2010: decrease of PLN 70,076 thousand), which implied a change in the provision of PLN 34.286 thousand in 2011.

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 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	-

Interest income calculated with contractual interest rates in 2010	Interest accrued and realized in 2010	Interest accrued and unrealized in 2010 (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:	441 951	9 507	171 067	-
- debt securities and other fixed income securities	424 599	9 309	171 067	-
- shares in joint investments	-	-	-	-
- mortgage loans	1 194	131	-	-
- other loans and borrowings	9 239	67	-	-
- term deposits with credit institutions	6 919	-	-	-
- other investments	-	-	-	-
c) Deposits with ceding undertakings	-	-	-	-
d) Receivables	-	-	-	-
- receivables from direct insurance	-	-	-	-
- receivables from reinsurance	-	-	-	-
- other receivables	-	-	-	-
Interest income, total	441 951	9 507	171 7	-

24.2. Interest expenses calculated with contractual interest rates in 2011

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:	-	-	-	-
- 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 2010 including:	-	-	-	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	-	-	-	-
- long-term liabilities	-	-	-	-

Interest expenses calculated with contractual interest rates in 2010	Interest accrued and realized in 2010	Interest accrued and unrealized in 2010 (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:	-	-	-	-
- Liabilities due to direct insurance	-	-	-	-
- Liabilities due to reinsurance	-	-	-	-
- Liabilities arising from issue of debt securities and obtained loans	-	-	-	-
- Liabilities to credit institutions	58 654	-	-	-
- Other liabilities	-	-	-	-
Total interest expenses in 2010 including:	-	-	-	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	-	-	-	-
- 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.

24.2. Current income tax

Current income tax	1 January - 31 December 2011	1 January - 31 December 2010
1. Gross profit (loss)*	2 746 912	3 625 870
2. Difference between the gross profit (loss) and the tax base (by title)	(1 278 560)	(2 615 363)
2a) Expenses and losses not classified by tax regulations as tax-deductible costs	856 785	484 487
Accrued outward reinsurance expenses	76 816	12 525
Accrued investment losses	230 333	155 607
Accrued bonuses, appropriations to the Company's Bonus Fund and employee benefits	221 828	130 238
Accrued and deferred acquisition costs	(1 252)	30 416
Impairment losses on insurance, reinsurance and recourse receivables	197 720	109 127
Enforcement costs and contractual penalties	2 969	5 009
Appropriations to PFRON	7 352	6 676
Donations	5 629	5 538
Accrued costs of external services	17 567	14 177
Provision for probable losses	93 777	13 496
Other	4 046	1 678
2b) Revenue not included in the tax base	2 531 807	3 851 815
Accrued investment income	372 803	533 318
Dividends	2 022 765	3 140 945
Other technical income – reversed impairment losses etc.	79 825	176 844
Reversed impairment losses on receivables	799	1 234
Accrued revenue from reinsurance	28 818	(3 826)
Other	26 797	3 300
2c) Other changes in the tax base	396 462	751 965
Realized accrued previous year investment income	498 954	854 631
Amounts payable to natural persons under personal service contracts and bonuses, accrued in the previous year	(95 865)	(72 819)
Realized accrued previous years' acquisition costs	(7 269)	(3 158)
Other costs/income realized	6 042	(21 289)
Tax-exempt income	(5 400)	(5 400)
3. Income tax base	1 468 352	1 010 507
4. Income tax at 19% rate	278 987	191 996
5. Tax increase, cancellation, exemption, deduction and reduction	4 056	4 241
6. Current income tax recognized in tax returns for the period, including:	283 043	196 237
- cost disclosed in the profit and loss account	283 043	196 237
- 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 2011	1 January - 31 December 2010
Differences between the gross profit (loss) and the tax base	(1 278 560)	(2 615 363)
- due to technical activities	156 573	(25 342)
- due to extraordinary gains and losses	-	-
- other	(1 435 133)	(2 590 021)
Tax base	1 468 352	1 010 507

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.

25.2. Deferred income tax

Deferred income tax disclosed in the profit and loss account	1 January - 31 December 2011	1 January - 31 December 2010
- decrease (increase) due to recognizing and reversing of temporary differences	(118 434)	(87 076)
- 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	(118 434)	(87 076)

In 2011 and 2010, no income tax on discontinued operations or extraordinary transactions occurred.

Deferred income tax disclosed beyond the profit and loss account	1 January - 31 December 2011	1 January - 31 December 2010
The total deferred tax amount:	11 771	22 940
- recognized in equity	11 771	22 940
- recognized in goodwill or negative goodwill	-	-

26. Share in net profits (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 2011	1 January - 31 December 2010
Share in net profits (losses) of controlled entities measured using the equity method including:	5 306	(44 878)
- impairment of negative goodwill of controlled entities	-	(851)
- impairment of negative goodwill of controlled entities	-	-
- impairment loss on net asset measurement	5 306	(44 027)

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 2011	1 January - 31 December 2010
Proceeds from PZU Życie - refund of CIT advances - participation in PGK	455 956	443 033
Proceeds from forex differences	16 667	22 327
Inflows to social benefits fund account and employee account	7 984	8 138
Other inflows	193 047	94 028
Other inflows from operating activities total	673 654	567 526

"Other outflows for operating activities" include:

Other outflows for operating activities – selected data	1 January - 31 December 2011	1 January - 31 December 2010
Expenditure for advance CIT payments received from PZU Życie – participation in PGK	455 956	443 033
Corporate income tax	442 998	106 109
Expenditure from social benefits fund account and employee account	46 987	48 042
Expenditure due to exchange differences	18 962	23 342
Other expenses	27 789	119 265
Other operating costs total	992 692	739 791

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

In the period from 1 January 2011 to the date of these financial statements, the following changes in the ownership structure of significant share packages of PZU have occurred:

- on 10 June 2011 the State Treasury sold in a block trade 8,635,230 shares of PZU accounting for 10.0000% of the interest in the share capital and the same interest in the total number of votes. Before the change, the State Treasury held 39,020,483 shares accounting for 45.1875% interest in the share capital and the same interest in the total number of votes;
- ING Open Pension Fund ("ING OPF"), managed by ING Powszechnie Towarzystwo Emerytalne SA, acquired shares in transactions settled on WSE on 22 July 2011. As a result of the transaction the five-percent vote threshold at the General Meeting of PZU was exceeded. Before the acquisition of PZU shares, ING OPF held 4,309,423 shares accounting for 4.9905% of the share capital of PZU and the same interest in the total number of votes. After the change, the stake of ING OPF totalled 4,339,308 PZU shares, accounting for 5.0251% of interest in the share capital of PZU and the total number of votes.

28.2. Control of the Polish Financial Supervision Authority

On 12 January 2011 the Polish Financial Supervision Authority launched control of PZU which lasted until 22 February 2011. The scope of control covered organization and management and accounting. On 30 March 2011 PZU received a report of the control and on 13 April 2011 submitted to the Authority objections and explanations to the report. On 30 June 2011 PZU received a recommendation to be implemented by 30 September 2011. On 1 July 2011 PZU informed the Polish Financial Supervision Authority that the recommendation had been

On 8 April 2011 PZU received 7 post-control recommendations following the control carried out by the Polish Financial Supervision Authority between June and August 2009 concerning technical provisions and loss adjustment. The Authority set the deadline for the implementation of the recommendations at 30 September 2011. In a letter of 30 September 2011 PZU submitted to the Authority information about the way in which the recommendations would be followed.

28.3. Investment outlays incurred and planned for the 12 months following the balance sheet date

Investment outlays incurred and planned for the 12 months following the balance sheet date	1 January - 31 December 2011	1 January - 31 December 2010
Investment outlays incurred including:	96 980	100 271
- outlays for non-financial non-current assets	32 930	62 511
Investment outlays planned for the 12 months following the balance sheet date including:	42 000	nie dotyczy
- outlays for non-financial non-current assets	42 000	nie dotyczy
Total	138 980	100 271

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 and proceedings before the Financial Supervision Authority.

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 2011 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 2011 the total value of all 20,139 cases heard by courts, bodies competent to hear arbitration proceedings or public authority bodies involving PZU was PLN 1,224,699 thousand. The amount includes PLN 1,067,588 thousand of liabilities and PLN 157,111 thousand of receivables of PZU, which constituted 9.09 % and 1.34 % of PZU equity calculated in line with PAS, respectively.

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

29.1.1 *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.

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.

29.1.2 *Fines imposed in 2011*

29.1.2.1 *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.

29.1.2.2 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.

Regardless of the appeal measures, PZU recognized a provision for the fine totaling – as at 31 December 2011 – PLN 56,605 thousand.

30. Employment

Average employment, broken down by employee group	1 January - 31 December 2011		1 January - 31 December 2010	
	Average annual employment (FTE)	Average annual headcount (persons)	Average annual FTE	Average annual headcount (persons)
a) Supervisory Board	7	7	7	7
b) Management Board	5	5	3	3
c) Total employment, including:	8 891	10 733	10 066	10 779
- management	364	604	390	477
- advisors	1	1	4	5
- actuaries	3	3	5	5
- other employees	8 523	10 125	9 667	10 292
- including agents on employment contracts	134	145	141	158
d) Number of agents without employment contracts (persons)		17 426		16 864

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 2011	1 January - 31 December 2010
a) statutory audit of annual separate/consolidated financial statements	609	800
b) other attestation services including review of separate/consolidated financial statements	486	927
c) tax advisory services	115	-
d) other services	32	37
Total	1 242	1 764

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

The agreement on the review of condensed interim consolidated financial statements of the PZU Group and condensed separate financial statements of PZU for the period of 6 months ended 30 June 2011 and on the audit of separate financial statements of PZU and consolidated financial statements of the PZU Group for the financial year ended 31 December 2011 was concluded on 30 June 2011.

32. Related party transactions

In 2011, PZU did not conclude related party transactions, which individually or jointly would constitute a significant amount, on non-arms length terms.

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

As of 31 December 2011, there were no advance payments that would not be settled or loans taken out by Members of the Management Board of PZU or Supervisory Board of PZU.

In 2011 and in 2010, 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 2011 and 2010, 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 2011 and 2010, no unpaid advances, credit facilities, loans, guarantees, sureties or other contracts with performance obligation 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 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 2010
Remuneration and other short-term employee benefits paid by PZU		
Management Board, out of which:	5 367	2 462
Andrzej Klesyk	1 512	1 090
Witold Jaworski	1 072	789
Przemysław Dąbrowski**	840	-
Tomasz Tarkowski	578	-
Bogusław Skuza	415	-
Ryszard Trepczyński	420	-
Marcin Halbersztadt	530	-
Dariusz Filar	-	188
Magdalena Nawłoka	-	24
Rafał Stankiewicz	-	371
High level managers (PZU Group Directors), out of which:	3 151	3 411
Dariusz Krzewina	570	760
Rafał Grodzicki	510	850
Przemysław Dąbrowski **	200	951
Tomasz Tarkowski	141	-
Mariusz J. Sarnowski	920	602
Krzysztof Dominik Branny	810	248
Supervisory Board, out of which:	984	677
Marzena Piszczek	192	128
Zbigniew Cwiakalski	168	94
Krzysztof Dresler	132	68
Waldemar Maj	120	86
Dariusz Filar	120	41
Zbigniew Derdziuk	60	-
Dariusz Daniluk	60	-
Piotr Kamiński	60	85
Grażyna Piotrowska-Oliwa	72	99
Alferd Bieć	-	4
Tomasz Gruszecki	-	22
Marcin Majeranowski	-	21
Tomasz Przesławski	-	4
Gerard Van Olphen	-	3
Jurgen Stegmann	-	17
Marco Vet	-	5
Remuneration and other short-term employee benefits paid by other PZU Group entities		
Management Board, out of which:	1 868	964
Andrzej Klesyk	389	302
Witold Jaworski	451	387
Przemysław Dąbrowski **	489	-
Rafał Stankiewicz	-	275*
Tomasz Tarkowski	245	-

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 2010
Bogusław Skuza	-	-
Ryszard Trepczyński	178	-
Marcin Halbersztadt	116	-
High level managers (PZU Group Directors), out of which:	2 127	2 027
Dariusz Krzewina	877	755
Rafał Grodzicki	596	550
Przemysław Dąbrowski **	-	404
Tomasz Tarkowski	-	-
Mariusz J. Sarnowski	346	263
Krzysztof Dominik Branny	308	55
Supervisory Board total	-	-
Total estimated amount of non-cash benefits granted by the Company and its subsidiaries		
Management Board, out of which:	1 029	370
Andrzej Klesyk	247	119
Witold Jaworski	216	147
Przemysław Dąbrowski **	198	-
Tomasz Tarkowski	149***	-
Bogusław Skuza	75	-
Ryszard Trepczyński	39	-
Marcin Halbersztadt	105	-
Magdalena Nawłoka	-	25
Rafał Stankiewicz	-	79
High level managers (PZU Group Directors)***, out of which:	455	525
Dariusz Krzewina	172	153
Rafał Grodzicki	160	177
Przemysław Dąbrowski **	-	149
Tomasz Tarkowski	-	-
Mariusz J. Sarnowski	21	40
Krzysztof Dominik Branny	102	6
Supervisory Board, out of which:	-	42
Tomasz Gruszecki	-	42

* The indicated amount includes the equivalent of USD 40,000 translated into PLN at the average currency rate of 31 December 2010 as published by the National Bank of Poland (NBP).

**Amounts paid to Przemysław Dąbrowski are presented in the section regarding high level management since he joined the Management Board on 21 December 2010.

***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

Item	1 January - 31 December 2011	1 January - 31 December 2010
a) Charged to costs	14 981	10 478
b) Resulting from incentive or bonus plans based on issuer's equity	-	-

32.2. Transactions with subsidiaries

Transactions with subsidiaries	1 January - 31 December 2011	1 January - 31 December 2010
1. Gross written premium, including:	3 768	3 754
- from UAB DK PZU Lietuva	2 647	2 507
- from PrJSC IC PZU Ukraine	630	527
2. Dividend income, including:	1 987 286	3 120 000
- from PZU Życie	1 987 282	3 120 000
- Krakowska Fabryka Armatur SA	4	-
3. Other revenue, including:	41 627	33 702
- from acquisition activities carried out for PZU OPF received from PTE PZU	32 578	24 818
- from real property due to rents from controlled entities	5 074	3 852
4. Gross claims paid, including:	9 783	22 245
- for UAB DK PZU Lietuva	3 304	7 287
- handling costs arising from services provided by PZU CO	5 780	10 851
5. Other expenses, including:	71 683	49 978
- costs acquisition activities carried out for PZU OPF for PTE PZU	32 338	21 042
- IT services rendered by PZU CO	23 418	13 333
- costs of investing activities due to assets management for PZU AM	8 777	6 821
- regular mass printing services provided by PZU CO	3 011	4 000

Transactions with subsidiaries	31 December 2011	31 December 2010
1. Receivables - gross value, including:	54 027	16 259
- Receivables from PZU Życie due to reimbursement of CIT – Tax Group	22 807	-
- from Syta Development due to performance of agreements related to the CLSiOR investment	5 060	5 563
- from Syta Development due to advance payments for the CLSiOR investment	4 746	4 746
- from PTE PZU due to commission fee for acquisition for OPF	14 486	4 581
2. Impairment losses on receivables and advances from Syta Development	9 806	10 306
3. Liabilities including:	6 371	38 630
- income tax liabilities to PZU Życie – Tax Capital Group	1 679	30 684
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 2011	1 January - 31 December 2010
1. Gross written premium	206	12
2. Dividend income	-	-
3. Other revenue	-	-
4. Gross claims paid	4	32
5. Other costs	-	-

Transactions with associated entities	31 December 2011	31 December 2010
1. Receivables - gross value, including advance payments for construction investments	98	-
2. Liabilities, including prepaid premiums	-	-

Signatures of members of the Management Board of PZU SA:

Andrzej Klesyk	Chairman of the Board (signature)
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Przemysław Dąbrowski	Member of the Board (signature)
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Witold Jaworski	Member of the Board (signature)
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Bogusław Skuza	Member of the Board (signature)
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Tomasz Tarkowski	Member of the Board (signature)
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Ryszard Trepczyński	Member of the Board (signature)
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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, 15 March 2012.

The above 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.