

**POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2010  
WITH AUDITOR'S OPINION**

*The attached consolidated 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.*

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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).

The terms and procedures of transformation and assumption of liabilities of the former Państwowy Zakład Ubezpieczeń are governed by the Ordinance of the Minister of Finance of 18 December 1991 (Dz.U. No. 119 of 1991, item 522). Formal and actual transformation of Państwowy Zakład Ubezpieczeń into a joint-stock company wholly owned by the State Treasury took place on 23 December 1991 pursuant to a notarized deed (Rep. A-III-21516/91).

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). Warsaw Stock Exchange (WSE) classifies the Company in the insurance sector.

Insurance activity concerns other personal and property insurance (Section II of the Appendix to the Act of 22 May 2003 on insurance activity – Dz. U. No. 11 of 2010, item 66 as amended, the "Insurance Act").

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 financial statements cover the 12 months from 1 January to 31 December 2010 and contains comparative data for the 12 months from 1 January to 31 December 2009.

#### **1.3. Going concern**

The 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, i.e. after 31 December 2010.

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 is presented in PLN thousand.

#### **1.5. Profit/loss on discontinued operations**

In 2010 PZU did not discontinue any activities.

## 2. Selected financial data of PZU

Balance sheet data	PLN '000 31 December 2010	PLN '000 31 December 2009	EUR'000 31 December 2010	EUR'000 31 December 2009
Assets	26 213 094	28 936 978	6 618 967	7 043 712
Total equity	11 902 186	10 411 542	3 005 375	2 534 332
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)	137.83	120.57	34.80	29.35

Data from technical account of property and personal insurance and general profit and loss account	PLN '000 1 January – 31 December 2010	PLN '000 1 January – 31 December 2009	EUR'000 1 January – 31 December 2010	EUR'000 1 January – 31 December 2009
Gross written premiums	7 783 936	7 791 169	1 943 846	1 794 952
Technical result on property and personal insurance	(252 014)	166 308	(62 934)	38 315
Net profit/loss on investing activities*	4 241 350	2 837 383	1 059 172	653 685
Net profit (loss)	3 516 709	2 510 379	878 211	578 348
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)	40,73	29,07	10,17	6,70

\* 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 2010	PLN '000 1 January – 31 December 2009	EUR'000 1 January – 31 December 2010	EUR'000 1 January – 31 December 2009
Net cash generated by operating activities	(142 067)	(52 640)	(35 478)	(12 127)
Net cash flows from investing activities	5 908 943	7 954 992	1 475 613	1 832 694
Net cash used in financing activities	(5 727 985)	(8 029 975)	(1 430 423)	(1 849 969)
Total net cash flows	38 891	(127 623)	9 712	(29 402)

## 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 2010	31 December 2010	1 January – 31 December 2009	31 December 2009
Average rate	4.0044	3.9603	4.3406	4.1082
Highest rate of the period	4.1770	n/a	4.8999	n/a
Lowest rate of the period	3.8356	n/a	3.9170	n/a

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 2010, there were no changes in the accounting principles (policy).

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

In 2010 a change was introduced to presentation of financial statements as described in point 10 of Introduction to the financial statements.

## **6. Adjustment of previous year errors**

In 2010, no previous year errors were adjusted.

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

### **7.1. Capital restructuring of insurance companies in the PZU Group in Ukraine**

On 18 January 2011 PZU concluded transactions involving sales of treasury shares for redemption with the following subsidiaries: PrJSC IC PZU Ukraine („PZU Ukraine”) and PrJSC IC PZU Ukraine Life Insurance („PZU Ukraine Life”). The amount of the sales transactions totals to PLN 76,457 thousand. The sales of treasury shares of the above companies and their redemption is a part of the ongoing restructuring program regarding PZU investments in Ukraine described in details in Note 2.4.2.

Redemption of treasury shares and registering of share capital decrease of the above subsidiaries is planned at turn of Q1-Q2 2011. The total effect of the treasury shares sales transactions of the above subsidiaries and their redemption will not significantly impact the financial profit/loss or net assets of PZU in 2011.

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

Until the date of preparation 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 13 April 2010 a General Shareholders' Meeting of Powszechny Zakład Ubezpieczeń na Życie SA („PZU Życie”) was held, which adopted a resolution on payment of the dividend in the amount of PLN 3,120,000 thousand in total constituting revenue of PZU.

The dividend was received on 15 April 2010.

### **9.2. Repayment of liabilities related to financing of the advance payment towards dividend for 2009**

On 22 April 2010, which was the maturity date, PZU repaid liabilities of PLN 4,806,821 related to financing of the advance payment towards 2009 dividend. The issue has been presented in detail in point 11 of the Notes.

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

Pursuant to Article 2.1.36 of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information submitted by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No. 33 of 2009, item 259; “Ordinance on current and periodic information”) the financial statements are defined – if prepared in line with Polish Accounting Standards (PAS) – the ones prepared in accordance with the current accounting standards and disclosing data in compliance with the requirements of the 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”).

The structure of financial statements defined in Attachment 3 to the Ordinance on financial statements presented in the prospectus – “Scope of information disclosed in financial statements

and consolidated financial statements as well as comparable data for issuers of securities being insurance companies” differs from the one defined in Attachment 3 to the Accounting Act – “Scope of information disclosed in financial statements referred to in Article 45 of the Accounting Act for insurance and reinsurance companies”.

The separate financial statements of PZU for 2009 include financial data presented using the structure defined in Attachment 3 to the Accounting Act.

These separate financial statements for 2010 include financial data presented using the structure defined in Attachment 3 to the 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**

In the period from 1 January to 27 September 2010, composition of the Management Board of PZU was as follows:

- Andrzej Klesyk - Chairman of the Board;
- Witold Jaworski - Member of the Board;
- Rafał Stankiewicz – Member of the Board

On 27 September 2010, Rafał Stankiewicz resigned from the position having accepted a job offer made by another enterprise.

According to the by-laws, Management Board of PZU counts from three to seven members, including the Chairman.

Therefore, on 30 September 2010, Supervisory Board of PZU, pursuant to Article 383.1 of the Code of Commercial Companies (Dz.U. No. 94 of 2000, item 1037 as amended), delegated its member, Dariusz Filar, to act as a member of the Management Board for the period from 1 October 2010 until appointing of a new member, no longer, though, than until 31 December 2010.

At the same time, the Supervisory Board, in liaison with the Management Board Chairman decided that the new member of the Management Board in charge of finance shall be appointed by 31 December 2010 in an open contest.

On 21 December 2010, Supervisory Board of PZU appointed Przemysław Dąbrowski a member of the Management Board. At the same time, Dariusz Filar ceased to act as the Management Board Member.

In the period from 21 December 2010 to the date of these financial statements, the composition of the Management Board 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 shall be in charge of the following tasks: retail client, corporate client, investment, finance, transactions and loss adjustment, IT.

The Supervisory Board appointed Spencer Stuart Poland Sp. z o.o. to provide HR services in the process of candidate selection and be in charge of organizing the contest, carrying out the qualification proceedings, selecting and introducing the candidates to the Supervisory Board.

On 11 February 2011, nationwide dailies – Rzeczpospolita, Gazeta Wyborcza and Parkiet published announcements regarding the contest.

### **11.2. Supervisory Board of PZU**

Composition of the Supervisory Board as of 31 December 2009:

- Tomasz Gruszecki Chairman;
- Marcin Majeranowski Vice-Chairman;
- Alfred Bieć Member;
- Tomasz Przesławski Member;
- Marzena Piszczek Member;
- Marco Vet Member;
- Waldemar Maj Member.

On 5 January 2010, the Ministry of Treasury dismissed Alfred Bieć and Tomasz Przesławski from the Supervisory Board and appointed Piotr Kamiński and Grażyna Piotrowska-Oliwa as Members of the Supervisory Board.

On 12 January 2010, the consortium comprising Eureka B.V. and Bank Millennium SA dismissed Marco Vet from the Supervisory Board and appointed Jurgen B. J. Stegmann.

On 9 June 2010 Marcin Majeranowski resigned from the position of Vice-Chairman and member of the Supervisory Board and Jurgen Stegmann resigned from the position of member of the Supervisory Board.

On 10 June 2010, the General Shareholders' Meeting of PZU dismissed Tomasz Gruszecki from the Supervisory Board and appointed Zbigniew Ćwiąkowski, Krzysztof Dresler and Dariusz Filar as members of the Supervisory Board.

Since 10 June 2010 and until the date of submission of these financial statements, the composition of the Supervisory Board of PZU was as follows:

- Marzena Piszczek Chairperson of the Board (from 16 June 2010);
- Zbigniew Ćwiąkowski Vice-Chairperson of the Board (from 16 June 2010);
- Grażyna Piotrowska-Oliwa Secretary of the Board (from 16 June 2010);
- Waldemar Maj Member;
- Piotr Kamiński Member;
- Krzysztof Dresler Member;
- Dariusz Filar Member (in the period from 1 October to 21 December 2010 delegated to the Management Board of PZU).

### 11.3. New Directors in the Group

In January 2010, as part of implementation of the new management model of the PZU Group the following positions have been established:

- Director in the PZU Group for Management of the Group Branches in PZU Head Office (appointment of Dariusz Krzewina on 1 February 2010);
- Director in the PZU Group for Development of the Group Offices in PZU Head Office (appointment of Rafał Grodzicki on 1 February 2010);
- Director in the PZU Group for Finance in PZU Head Office (appointment of Przemysław Dąbrowski on 30 January);
- Director in the PZU Group for Operations in PZU Head Office (appointment of Mariusz J. Sarnowski on 30 January).

On 12 August 2010 the position of Director in the PZU Group for HR Management in Head Office was established and Krzysztof Branny appointed to the position on the same date (effective from 1 September 2010).

On 6 October 2010, names of the positions were altered from "Director in the PZU Group for" to "PZU Group Director".

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.

Except from Tomasz Tarkowski, all the individuals referred to above are members of PZU Życie Management Board.

## **12. Remuneration of the entity authorized to audit financial statements.**

In line with provisions of point 12.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 30.1. of Additional explanatory notes.

## **13. Accounting principles (policy)**

Pursuant to Article 45.1a of 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 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);
- Act on insurance activities.

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*

Fair value of derivatives - such as forwards and *interest rate swaps* (IRS) is determined in line with the *cost-to-close* method.

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.

### **13.3. 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 expenses.

#### **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, costs of acquisition, 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 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. Other prepayments include in particular costs of commission paid to sales representatives for their services provided to Open Pension Fund "Złota Jesień" (OFE PZU), which are recognized over time in proportion to the commission received from Powszechny Towarzystwo Emerytalne PZU (PTE PZU).

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 costs of acquisition, 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 and the amount of premium paid for policies with an insurance period starting after the balance sheet date.

### 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, Cape Cod method and 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 created both for the claims already reported (individual method) and claims not reported (lump-sum method as the share in the IBNR provision).

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 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 2009, published by the Central Statistical Office (31 December 2009: PLET for 2008). 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 expenses or administrative expenses, 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 form insurance services**

Revenues from gross written premium are recognized starting from the date of inception of insurance coverage resulting from the concluded insurance contract. The amounts of premium related to the contracts with insurance coverage starting after the balance sheet date are recognized as deferred income.

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 expenses" in the proportion resulting from space used by PZU.

#### **13.14.2 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".

#### **13.14.3 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.

#### **13.14.4 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

#### **13.14.5 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**

Costs of acquisition 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 expenses and incurred and recognized acquisition expenses 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 expenses is adjusted by the change in the balance of deferred acquisition expenses.

Administrative expenses include the costs of insurance activity, not classified as acquisition expenses, costs of claims and benefits and investment expenses related to collected premium, managed portfolio of insurance contracts, reinsurance contracts and general and administrative expenses 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 2010	Equity 31 December 2010	Net profit 1 January - 31 December 2009	Equity 31 December 2009
<b>Financial statements in accordance with PAS</b>		<b>3 516 709</b>	<b>11 902 186</b>	<b>2 510 379</b>	<b>10 411 542</b>
Measurement of investments in controlled entities	14.1	44 885	(5 784 017)	35 274	(6 789 807)
Measurement of property	14.2, 14.4	(8 867)	106 576	(8 216)	80 163
Land perpetual usufruct right	14.3, 14.4	(1 259)	7 624	(1 307)	8 883
Equalization provision – property and personal insurance	14.5	1 702	433 123	18 488	431 421
Prevention Fund	14.6	5 766	25 790	(21 680)	20 024
Impairment loss on equity instruments classified as available for sale	14.7	(60 238)	(3 519)	(294)	(3 519)
The Company's Social Benefits Fund	14.8	(10 000)	-	-	-
<b>Total adjustments</b>		<b>(28 011)</b>	<b>(5 214 423)</b>	<b>22 265</b>	<b>(6 252 835)</b>
<b>Financial statements in accordance with IFRS</b>		<b>3 488 698</b>	<b>6 687 763</b>	<b>2 532 644</b>	<b>4 158 707</b>

## II. BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

Assets	Note	31 December 2010	31 December 2009
<b>I. Intangible assets, including:</b>	Error! Reference source not found.	<b>63 526</b>	<b>49 560</b>
- goodwill		-	-
<b>II. Investments</b>	Error! Reference source not found.	<b>23 832 035</b>	<b>26 765 773</b>
1. Real property	Error! Reference source not found.	599 551	600 110
2. Investments in controlled entities	Error! Reference source not found.	6 860 409	7 710 649
- investments in controlled entities measured using the equity method		6 834 051	7 691 903
3. Other financial investments	Error! Reference source not found.	16 363 674	18 442 095
4. Deposits with ceding undertakings	Error! Reference source not found.	8 401	12 919
<b>III. Net unit-linked assets</b>		-	-
<b>IV. Receivables</b>	Error! Reference source not found.	<b>1 406 840</b>	<b>1 244 102</b>
1. Receivables from direct insurance	0	1 053 949	972 050
1.1. From controlled entities		246	322
1.2. From other entities		1 053 703	971 728
2. Receivables from reinsurance	Error! Reference source not found.	121 352	26 174
2.1. From controlled entities		100	-
2.2. From other entities		121 252	26 174
3. Other receivables	Error! Reference source not found.	231 539	245 878
3.1. Receivables from the State Budget		9 268	81 704
3.2. Other receivables		222 271	164 174
a) from controlled entities		5 607	2 923
b) from other entities		216 664	161 251
<b>V. Other assets</b>	Error! Reference source not found.	<b>280 422</b>	<b>245 572</b>
1. Tangible assets		114 133	117 772
2. Cash		166 289	127 800
3. Other assets		-	-
<b>VI. Prepayments</b>	Error! Reference source not found.	<b>630 271</b>	<b>631 971</b>
1. Deferred tax asset		-	-
2. Deferred acquisition costs		424 144	394 962
3. Recognized interest and rent		-	-
4. Other prepayments		206 127	237 009
<b>Total assets</b>		<b>26 213 094</b>	<b>28 936 978</b>

Liabilities and equity	Note	31 December 2010	31 December 2009
<b>I. Equity</b>		<b>11 902 186</b>	<b>10 411 542</b>
1. Share capital	Error! Reference source not found.	86 352	86 352
2. Called up share capital (negative value)	<b>Error! Reference source not found.</b>	-	-
3. Treasury shares (negative value)		-	-
4. Supplementary capital		2 060 272	1 252 214
5. Revaluation reserve	<b>Error! Reference source not found.</b>	6 238 853	7 312 998
6. Other reserve capitals	<b>Error! Reference source not found.</b>	-	-
7. Previous year profit (loss)		-	-
8. Net profit (loss)		3 516 709	2 510 379
9. Appropriations of net profit during the financial year (negative value)		-	(750 401)
<b>II. Subordinated liabilities</b>		-	-
<b>III. Technical provisions</b>		<b>13 623 196</b>	<b>12 789 415</b>
<b>IV. Reinsurers' share in technical provisions (negative value)</b>	<b>X.8</b>	<b>(786 825)</b>	<b>(754 456)</b>
<b>V. Expected recoveries and recourses (negative value)</b>		<b>(74 577)</b>	<b>(78 996)</b>
1. Expected recoveries and recourses (gross)	<b>X.9</b>	(76 834)	(81 416)
2. Reinsurers' share in expected recoveries and recourses		2 257	2 420
<b>VI. Other provisions</b>		<b>328 726</b>	<b>542 531</b>
1. Provisions for pension and other statutory employee benefits	Error! Reference source not found.	214 018	229 550
2. Provision for deferred income tax		4 057	117 652
3. Other provisions		110 651	195 329
<b>VII. Liabilities due to reinsurers' deposits</b>		-	-
<b>VIII. Other liabilities and special funds</b>		<b>674 552</b>	<b>5 478 601</b>
1. Liabilities due to direct insurance	<b>X.11</b>	259 626	154 698
1.1. To controlled entities		2 358	819
1.2. To other entities		257 268	153 879
2. Liabilities due to reinsurance		27 969	17 667
2.1. To controlled entities		2	-
2.2. To other entities		27 967	17 667
3. Liabilities arising from issue of debt securities and obtained loans		-	-
4. Liabilities to credit institutions		122	4 748 213
5. Other liabilities		245 071	432 169
5.1. Liabilities to the state budget		10 930	15 435
5.2. Other liabilities		234 141	416 734
a) to controlled entities		36 270	11 279
b) to other entities		197 871	405 455
6. Special funds		141 764	125 854
<b>IX. Accruals</b>		<b>545 836</b>	<b>548 341</b>
1. Accrued expenses	Error! Reference source not found.	327 663	303 209
2. Negative goodwill		-	-
3. Deferred income		218 173	245 132
<b>Total liabilities and equity</b>		<b>26 213 094</b>	<b>28 936 978</b>

Item	31 December 2010	31 December 2009
Book value	11 902 186	10 411 542
Number of shares	86 352 300	86 352 300
Book value per share (in PLN)	137,83	120,57
Diluted number of shares	86 352 300	86 352 300

Diluted book value per share (in PLN)	137,83	120,57
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Off-balance sheet items	Note	31 December 2010	31 December 2009
<b>1. Contingent receivables, including:</b>	Error! Reference source not found.	<b>8 155 430</b>	<b>6 895 117</b>
1.1. Guarantees and sureties received		4 528	3 699
1.2. Other		8 150 902	6 891 418
<b>2. Contingent liabilities, including:</b>	<b>X.14.2</b>	<b>81 229</b>	<b>46 239</b>
2.1. Guarantees and sureties issued		8 543	7 714
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		71 660	37 443
<b>3. Reinsurance collateral for the insurance company</b>		-	-
<b>4. Reinsurance collateral pledged by the insurance company for cedants</b>		-	-
<b>5. Third-party assets not recognized in the entity's assets</b>		<b>227 978</b>	<b>231 158</b>
<b>6. Other non-balance sheet items (by type)</b>		-	-
6.1. assets of the insurance company used as collateral		-	-
6.2. other off-balance sheet items		-	-
<b>Total off-balance sheet items</b>		<b>8 464 637</b>	<b>7 172 514</b>
Own funds		9 593 441	8 261 644
Solvency margin		1 338 798	1 338 798
Surplus (shortage) of own funds to cover the solvency margin		8 254 643	6 922 846
Technical provisions amount*		13 546 362	12 707 999
Assets to cover technical provisions		17 687 287	14 245 034
Surplus (shortage) of assets to cover technical provisions		4 140 925	1 537 035

\* 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 2010	1 January - 31 December 2009
<b>I. Premiums</b>		<b>7 490 079</b>	<b>7 938 984</b>
1. Gross written premiums	X.15	7 783 936	7 791 169
2. Reinsurers' share in written premium		164 337	129 978
3. Change in provisions for unearned premiums and unexpired risks (gross)		129 184	(268 134)
4. Reinsurers' share in change in provisions for unearned premiums		(336)	9 659
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>		<b>262 630</b>	<b>248 700</b>
<b>III. Other technical revenue net of reinsurance</b>		<b>58 328</b>	<b>76 084</b>
<b>IV. Claims</b>	Error! Reference source not found.		
		<b>5 543 113</b>	<b>5 480 170</b>
1. Claims paid net of reinsurance		4 869 453	5 002 543
1.1. Gross claims paid		5 394 257	5 177 098
1.2. Reinsurers' share in claims paid		524 804	174 555
2. Change in provision for claims outstanding, net of reinsurance:		673 660	477 627
2.1. Change in provision for claims outstanding (gross)		706 528	341 724
2.2. Reinsurers' share in change in provisions for claims outstanding		32 868	(135 903)
<b>V. Changes in other technical provisions, net of reinsurance</b>		-	-
1. Change in other technical provisions (gross)		-	-
2. Reinsurers' share in change in other technical provisions		-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>		<b>1 909</b>	<b>5 051</b>
<b>VII. Costs of insurance activity</b>	Error! Reference source not found.		
		<b>2 226 609</b>	<b>2 220 299</b>
1. Costs of acquisition, including:		1 323 041	1 287 578
- change in deferred acquisition costs		(29 182)	(36 934)
2. Administrative costs		885 459	979 365
3. Reinsurers' commissions and share in reinsurers' profit		(18 109)	46 644
<b>VIII. Other technical charges – net of reinsurance</b>		<b>289 320</b>	<b>369 115</b>
<b>IX. Changes in equalization provisions</b>		<b>2 100</b>	<b>22 825</b>
<b>X. Technical result on property and personal insurance</b>		<b>(252 014)</b>	<b>166 308</b>

#### IV. GENERAL PROFIT AND LOSS ACCOUNT

General profit and loss account	Note	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Technical result on property and personal insurance</b>		<b>(252 014)</b>	<b>166 308</b>
<b>II. Investment income</b>		<b>4 345 007</b>	<b>3 035 222</b>
1. Investment income - real property		6 659	10 325
2. Investment income – controlled entities		3 120 000	1 421 145
2.1. On shares		3 120 000	1 421 093
2.2. On loans and debt securities		-	52
2.3. On other investments		-	-
3. Investment income – other financial investments		857 254	1 239 601
3.1. On shares, other variable income securities as well as units and investment certificates in investment funds		22 138	16 196
3.2. On debt securities and other fixed income securities		814 376	1 226 700
3.3. On term deposits with credit institutions		10 067	(41 769)
3.4. On other investments		10 673	38 474
4. Gain on revaluation of investments		74 743	45 605
5. Gain on realization of investments		286 351	318 546
<b>III. Unrealized gains on investments</b>		<b>131 420</b>	<b>94 015</b>
<b>IV. Net investment income, taking into account costs, reclassified from the technical account for life insurance</b>		<b>-</b>	<b>-</b>
<b>V. Costs of investment activity</b>		<b>164 805</b>	<b>243 358</b>
1. Costs of property maintenance		729	629
2. Other costs of investment activity		11 835	16 424
3. Loss on revaluation of investments		6 315	87 051
4. Loss on realization of investments		145 926	139 254
<b>VI. Unrealized losses on investments</b>		<b>25 394</b>	<b>13 167</b>
<b>VII. Net investment income, taking into account costs, reclassified to the technical account for property and personal insurance</b>		<b>262 630</b>	<b>248 700</b>
<b>VIII. Other operating revenue</b>	Error! Reference source not found.	<b>70 887</b>	<b>177 755</b>
<b>IX. Other operating expenses</b>	Error! Reference source not found.	<b>171 723</b>	<b>234 007</b>
<b>X. Operating profit (loss)</b>		<b>3 670 748</b>	<b>2 734 068</b>
<b>XI. Extraordinary gains</b>		<b>-</b>	<b>-</b>
<b>XII. Extraordinary losses</b>		<b>-</b>	<b>-</b>
<b>XIII. Gross profit (loss)</b>		<b>3 670 748</b>	<b>2 734 068</b>
<b>XIV. Income tax</b>	Error! Reference source not found.	<b>109 161</b>	<b>188 360</b>
a) current portion		196 237	150 965
b) deferred portion		(87 076)	37 395
<b>XV. Other statutory reductions in profit (increases in loss)</b>		<b>-</b>	<b>-</b>
<b>XVI. Share in net profits (losses) of controlled entities measured using the equity method</b>	Error! Reference source not found.	<b>(44 878)</b>	<b>(35 329)</b>
<b>XVII. Net profit (loss)</b>		<b>3 516 709</b>	<b>2 510 379</b>

	31 December 2010	31 December 2009
Net profit (loss) (annualized)	3 516 709	2 510 379
Weighted average number of ordinary shares	86 352 300	86 352 300
Earnings (loss) per ordinary share (in PLN)	40.73	29.07
Weighted average diluted number of ordinary shares	86 352 300	86 352 300
Diluted earnings (loss) per ordinary share (in PLN)	40.73	29.07

## V. STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Opening balance of equity</b>	<b>10 411 542</b>	<b>19 151 579</b>
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-
<b>I. a. Opening balance of equity after adjustments</b>	<b>10 411 542</b>	<b>19 151 579</b>
<b>1. Opening balance of share capital</b>	<b>86 352</b>	<b>86 352</b>
1.1. Changes in share capital	-	-
a) increase	-	-
b) decrease	-	-
<b>1.2. Closing balance of share capital</b>	<b>86 352</b>	<b>86 352</b>
<b>2. Opening balance of called up share capital</b>	-	-
2.1. Changes in called up share capital	-	-
a) increase	-	-
b) decrease	-	-
<b>2.2. Closing balance of called up share capital</b>	-	-
<b>3. Opening balance of treasury shares</b>	-	-
3.1. Changes in treasury shares	-	-
a) increase	-	-
b) decrease	-	-
<b>3.2. Closing balance of treasury shares</b>	-	-
<b>4. Opening balance of supplementary capital</b>	<b>1 252 214</b>	<b>10 245 766</b>
4.1. Changes in supplementary capital	808 058	(8 993 552)
a) increase (due to)	808 058	3 005 964
- profit distribution (above the statutory minimum value)	807 874	3 005 798
- from revaluation reserve – sale and liquidation of fixed assets	184	166
b) decrease	-	11 999 516
- reclassified to reserve capital for funding of advances for dividend	-	11 999 516
<b>4.2. Closing balance of supplementary capital</b>	<b>2 060 272</b>	<b>1 252 214</b>
<b>5. Opening balance of revaluation reserve</b>	<b>7 312 998</b>	<b>5 792 663</b>
- changes in the accounting principles (policy)	-	-
5.1. Changes in revaluation reserve	(1 074 145)	1 520 335
a) increase (due to)	305 314	1 770 510
- measurement of financial investments	305 314	1 735 281
- reclassification of impairment loss on investments available for sale	-	35 229
b) decrease (due to)	1 379 459	250 175
- measurement of financial investments	1 379 275	250 009
- sale and liquidation of fixed assets	184	166
<b>5.2. Closing balance of revaluation reserve</b>	<b>6 238 853</b>	<b>7 312 998</b>
<b>6. Opening balance of other reserve capitals</b>	-	-
6.1. Changes in other reserve capitals	-	-
a) increase (due to)	-	11 999 516
- reclassified to reserve capital for funding of advances for dividend	-	11 999 516
b) decrease (due to)	-	11 999 516
- financing advance payments towards expected dividend	-	11 999 516
<b>6.2. Closing balance of other reserve capitals</b>	-	-
<b>7. Opening balance of previous year profit (loss)</b>	<b>1 759 978</b>	<b>3 026 798</b>
<b>7.1. Opening balance of previous year profit</b>	<b>1 759 978</b>	<b>3 026 798</b>
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-
<b>7.2. Opening balance of previous year profit reconciled to comparative data</b>	<b>1 759 978</b>	<b>3 026 798</b>
a) increase	-	-
b) decrease (due to)	1 759 978	3 026 798
- reclassification to supplementary capital	807 874	3 005 798
- dividend payment	942 104	-
- reclassification/appropriations to the Company's Social Benefits Fund	10 000	21 000
<b>7.3. Closing balance of previous year profit</b>	-	-
<b>7.4. Opening balance of previous year loss</b>	-	-
a) changes in the accounting principles (policy)	-	-
b) error adjustments	-	-
<b>7.5. Opening balance of previous year loss reconciled to comparative data</b>	-	-
<b>7.6. Closing balance of previous year loss</b>	-	-

Statement of changes in equity	1 January - 31 December 2010	1 January - 31 December 2009
<b>7.7. Closing balance of previous year profit (loss)</b>	-	-
<b>8. Net result</b>	<b>3 516 709</b>	<b>1 759 978</b>
a) net profit	3 516 709	2 510 379
b) net loss	-	-
c) appropriations of profit	-	750 401
<b>II. Closing balance of equity</b>	<b>11 902 186</b>	<b>10 411 542</b>
<b>III. Equity, including proposed profit distribution (loss coverage)</b>	<b>11 902 186</b>	<b>10 411 542</b>

"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 2010	1 January - 31 December 2009
<b>A. Cash flows from operating activities</b>		
<b>I. Inflows</b>	<b>9 123 042</b>	<b>9 042 428</b>
<b>1. Inflows from direct business and outward reinsurance</b>	<b>7 927 693</b>	<b>8 104 258</b>
1.1. Inflows from gross premiums	7 761 844	7 918 445
1.2. Inflows from recoveries, recourses and claim refunds	103 774	112 741
1.3. Other inflows from direct business	62 075	73 072
<b>2. Inflows from reinsurance</b>	<b>479 197</b>	<b>203 572</b>
2.1. Inflows due to reinsurers' share in claims	463 291	166 340
2.2. Inflows from reinsurance commissions and share in reinsurers' profits	10 779	11 781
2.3. Other inflows from reinsurance	5 127	25 451
<b>3. Inflows from other operating activities</b>	<b>716 152</b>	<b>734 598</b>
3.1. Inflows from loss adjusting services	142 646	123 972
3.2. Disposal of intangible assets and tangible fixed assets other than investments	5 980	2 249
3.3. Other inflows	567 526	608 377
<b>II. Outflows</b>	<b>9 265 109</b>	<b>9 095 068</b>
<b>1. Outflows for direct business and outward reinsurance</b>	<b>7 799 913</b>	<b>7 482 808</b>
1.1. Return of gross premiums	133 248	141 975
1.2. Gross claims paid	4 711 020	4 498 827
1.3. Acquisition costs	965 572	844 272
1.4. Administrative expenses	1 645 509	1 551 424
1.5. Outflows due to handling claims and costs of recourses	189 296	211 563
1.6. Paid commissions and profit sharing due to outward reinsurance	4 152	24 413
1.7. Other outflows due to direct business and inward reinsurance	151 116	210 334
<b>2. Outflows due to outward reinsurance</b>	<b>198 306</b>	<b>141 591</b>
2.1. Premiums paid due to reinsurance	126 216	114 692
2.2. Other outflows due to outward reinsurance	72 090	26 899
<b>3. Outflows for other operating activities</b>	<b>1 266 890</b>	<b>1 470 669</b>
3.1. Outflows for loss adjusting services	438 963	448 792
3.2. Acquisition of intangible assets and tangible fixed assets other than investments	88 136	108 026
3.3. Other operating expenses	739 791	913 851
<b>III. Net cash flows generated by operating activities (I-II)</b>	<b>(142 067)</b>	<b>(52 640)</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>	<b>101 368 721</b>	<b>206 579 993</b>
1. Disposal of real property	-	-
2. Disposal of shares in controlled entities	34	20 111
3. Disposal of shares in other entities and units and investment certificates in investment funds	1 113 968	646 562
4. Redemption of debt securities issued by controlled entities and repayment of loans taken out by those entities	375	32 200
5. Redemption of debt securities issued by other entities	21 797 796	23 594 485
6. Withdrawal of term deposits with credit institutions	47 165 846	74 891 537
7. Cash from other investments	28 097 237	105 938 186
8. Inflows from real property	6 862	8 337
9. Interest received	49 664	14 315
10. Dividends received	3 136 939	1 434 260
11. Other inflows from investments	-	-
<b>II. Outflows</b>	<b>95 459 778</b>	<b>198 625 001</b>
1. Acquisition of real property	-	-
2. Acquisition of shares in controlled entities	155 578	11 103
3. Acquisition of shares in other entities and units and investment certificates in investment funds	980 257	695 946
4. Acquisition of debt securities issued by controlled entities and granting loans to those entities	-	-
5. Acquisition of debt securities issued by other entities	18 835 440	18 837 296
6. Term deposits made with credit institutions	46 784 138	74 130 062
7. Acquisition of other investments	28 686 793	104 906 962
8. Outflows for maintenance of property	7 860	7 487
9. Other outflows for investments	9 712	36 145
<b>III. Net cash flows from investing activities (I-II)</b>	<b>5 908 943</b>	<b>7 954 992</b>
<b>C. Cash flows from financing activities</b>		
<b>I. Inflows</b>	<b>578</b>	<b>4 712 755</b>
1. Net inflows from issue of shares and capital contributions	-	-
2. Credit facilities, loans and issue of debt securities	578	4 712 755
3. Other inflows from financing activities	-	-
<b>II. Outflows</b>	<b>5 728 563</b>	<b>12 742 730</b>

Cash Flow Statement	1 January - 31 December 2010	1 January - 31 December 2009
1. Dividends	921 239	12 742 237
2. Profit distribution payments other than dividend	-	-
3. Acquisition of treasury shares	-	-
4. Repayment of credit facilities and loans and redemption of debt securities	4 807 324	493
5. Interest on credit facilities, loans and issued debt securities	-	-
6. Other outflows for financing activities	-	-
<b>III. Net cash flows from financing activities (I-II)</b>	<b>(5 727 985)</b>	<b>(8 029 975)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>38 891</b>	<b>(127 623)</b>
<b>E. Balance sheet change in cash, including:</b>	<b>38 489</b>	<b>(128 439)</b>
- change in cash due to exchange differences	402	816
<b>F. Opening balance of cash</b>	<b>127 800</b>	<b>256 239</b>
<b>G. Cash at the end of the financial year (F+/-D), including:</b>	<b>166 289</b>	<b>127 800</b>
- restricted cash	69 595	53 122

## VII. TECHNICAL ACCOUNTS - TOTAL DIRECT ACTIVITIES

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>7 452 881</b>	<b>7 858 946</b>
1. Gross written premiums	7 744 112	7 725 043
2. Reinsurers' share in written premium	157 612	122 837
3. Changes in provisions for unearned premiums and unexpired risks (gross)	136 772	(251 005)
4. Reinsurers' share in change in provisions for unearned premiums	3 153	5 735
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>262 630</b>	<b>248 700</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>57 910</b>	<b>71 850</b>
<b>IV. Claims</b>	<b>5 529 199</b>	<b>5 440 654</b>
1. Claims paid net of reinsurance	4 858 041	4 955 961
1.1. Gross claims paid	5 382 197	5 130 467
1.2. Reinsurers' share in claims paid	524 156	174 506
2. Change in provision for claims outstanding, net of reinsurance:	671 158	484 693
2.1. Change in provisions for claims outstanding (gross)	703 211	348 804
2.2. Reinsurers' share in change in provisions for claims outstanding	32 053	(135 889)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>1 909</b>	<b>5 051</b>
<b>VII. Costs of insurance activity</b>	<b>2 216 589</b>	<b>2 199 660</b>
1. Acquisition costs	1 317 549	1 275 252
1.1. including change in the balance of deferred acquisition costs	(29 249)	(44 242)
2. Administrative costs	880 931	971 052
3. Reinsurers' commissions and share in reinsurers' profit	(18 109)	46 644
<b>VIII. Other technical charges – net of reinsurance</b>	<b>288 480</b>	<b>358 554</b>
<b>IX. Changes in equalization provisions</b>	<b>2 596</b>	<b>22 920</b>
<b>X. Technical result on property and personal insurance</b>	<b>(265 352)</b>	<b>152 657</b>



**Technical insurance account - direct insurance**

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>454 227</b>	<b>461 228</b>
1. Gross written premiums	455 167	457 378
2. Reinsurers' share in written premium	137	57
3. Changes in provisions for unearned premiums and unexpired risks (gross)	803	(3 907)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>663</b>	<b>511</b>
<b>IV. Claims</b>	<b>127 138</b>	<b>126 743</b>
1. Claims paid net of reinsurance	119 070	127 111
1.1. Gross claims paid	119 070	127 099
1.2. Reinsurers' share in claims paid	-	(12)
2. Change in provision for claims outstanding, net of reinsurance:	8 068	(368)
2.1. Change in provisions for claims outstanding (gross)	8 068	(371)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	(3)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>(14)</b>	<b>14</b>
<b>VII. Costs of insurance activity</b>	<b>150 444</b>	<b>155 554</b>
1. Acquisition costs	98 872	97 732
1.1. including change in the balance of deferred acquisition costs	(1 891)	(136)
2. Administrative costs	51 777	57 493
3. Reinsurers' commissions and share in reinsurers' profit	205	(329)
<b>VIII. Other technical charges – net of reinsurance</b>	<b>3 104</b>	<b>1 169</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>174 218</b>	<b>178 259</b>

Technical insurance account - direct insurance

CLASS 2 – Sickness insurance

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>16 196</b>	<b>17 584</b>
1. Gross written premiums	16 145	17 548
2. Reinsurers' share in written premium	3	1
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(54)	(37)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>6</b>	<b>11</b>
<b>IV. Claims</b>	<b>5 506</b>	<b>7 096</b>
1. Claims paid net of reinsurance	5 734	7 119
1.1. Gross claims paid	5 719	7 018
1.2. Reinsurers' share in claims paid	(15)	(101)
2. Change in provision for claims outstanding, net of reinsurance:	(228)	(23)
2.1. Change in provisions for claims outstanding (gross)	(239)	(70)
2.2. Reinsurers' share in change in provisions for claims outstanding	(11)	(47)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>4 573</b>	<b>4 674</b>
1. Acquisition costs	2 736	2 678
1.1. including change in the balance of deferred acquisition costs	(4)	(11)
2. Administrative costs	1 837	2 206
3. Reinsurers' commissions and share in reinsurers' profit	-	210
<b>VIII. Other technical charges – net of reinsurance</b>	<b>115</b>	<b>32</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>6 008</b>	<b>5 793</b>

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>2 153 441</b>	<b>2 386 030</b>
1. Gross written premiums	2 257 536	2 208 419
2. Reinsurers' share in written premium	30 142	13 097
3. Changes in provisions for unearned premiums and unexpired risks (gross)	73 953	(190 708)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>5 472</b>	<b>7 777</b>
<b>IV. Claims</b>	<b>1 602 703</b>	<b>1 593 802</b>
1. Claims paid net of reinsurance	1 568 114	1 712 518
1.1. Gross claims paid	1 571 749	1 713 999
1.2. Reinsurers' share in claims paid	3 635	1 481
2. Change in provision for claims outstanding, net of reinsurance:	34 589	(118 716)
2.1. Change in provisions for claims outstanding (gross)	36 686	(119 189)
2.2. Reinsurers' share in change in provisions for claims outstanding	2 097	(473)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>679 139</b>	<b>658 266</b>
1. Acquisition costs	422 385	388 771
1.1. including change in the balance of deferred acquisition costs	(19 018)	7 043
2. Administrative costs	256 805	277 603
3. Reinsurers' commissions and share in reinsurers' profit	51	8 108
<b>VIII. Other technical charges – net of reinsurance</b>	<b>25 772</b>	<b>8 401</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>(148 701)</b>	<b>133 338</b>

Technical insurance account - direct insurance

CLASS 4 - "Casco" insurance of railway rolling stock

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>3 886</b>	<b>6 094</b>
1. Gross written premiums	4 427	5 116
2. Reinsurers' share in written premium	357	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	332	(978)
4. Reinsurers' share in change in provisions for unearned premiums	148	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>9</b>	<b>3</b>
<b>IV. Claims</b>	<b>4 700</b>	<b>8 347</b>
1. Claims paid net of reinsurance	2 012	5 728
1.1. Gross claims paid	2 012	5 676
1.2. Reinsurers' share in claims paid	-	(52)
2. Change in provision for claims outstanding, net of reinsurance:	2 688	2 619
2.1. Change in provisions for claims outstanding (gross)	3 020	2 619
2.2. Reinsurers' share in change in provisions for claims outstanding	332	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>1 541</b>	<b>2 203</b>
1. Acquisition costs	1 087	1 560
1.1. including change in the balance of deferred acquisition costs	(24)	83
2. Administrative costs	504	643
3. Reinsurers' commissions and share in reinsurers' profit	50	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>26</b>	<b>16</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>(2 372)</b>	<b>(4 469)</b>

Technical insurance account - direct insurance

CLASS 5 - "Casco" insurance of aircraft

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>8 836</b>	<b>8 976</b>
1. Gross written premiums	16 298	10 979
2. Reinsurers' share in written premium	1 997	4 141
3. Changes in provisions for unearned premiums and unexpired risks (gross)	2 456	1 043
4. Reinsurers' share in change in provisions for unearned premiums	(3 009)	3 181
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>14</b>	<b>126</b>
<b>IV. Claims</b>	<b>14 909</b>	<b>7 941</b>
1. Claims paid net of reinsurance	10 351	5 349
1.1. Gross claims paid	10 893	5 349
1.2. Reinsurers' share in claims paid	542	-
2. Change in provision for claims outstanding, net of reinsurance:	4 558	2 592
2.1. Change in provisions for claims outstanding (gross)	5 506	6 143
2.2. Reinsurers' share in change in provisions for claims outstanding	948	3 551
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>4 497</b>	<b>2 607</b>
1. Acquisition costs	2 654	1 755
1.1. including change in the balance of deferred acquisition costs	(308)	(126)
2. Administrative costs	1 854	1 380
3. Reinsurers' commissions and share in reinsurers' profit	11	528
<b>VIII. Other technical charges – net of reinsurance</b>	<b>421</b>	<b>454</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>449</b>
<b>X. Technical result on property and personal insurance</b>	<b>(10 977)</b>	<b>(2 349)</b>

Technical insurance account - direct insurance

CLASS 6 - Insurance of vessels in sea and inland navigation

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>12 075</b>	<b>13 763</b>
1. Gross written premiums	13 431	14 367
2. Reinsurers' share in written premium	1 742	1 309
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(335)	(713)
4. Reinsurers' share in change in provisions for unearned premiums	51	(8)
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>252</b>	<b>608</b>
<b>IV. Claims</b>	<b>14 221</b>	<b>10 361</b>
1. Claims paid net of reinsurance	10 739	26 063
1.1. Gross claims paid	10 739	27 989
1.2. Reinsurers' share in claims paid	-	1 926
2. Change in provision for claims outstanding, net of reinsurance:	3 482	(15 702)
2.1. Change in provisions for claims outstanding (gross)	23 304	(17 559)
2.2. Reinsurers' share in change in provisions for claims outstanding	19 822	(1 857)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>(195)</b>
<b>VII. Costs of insurance activity</b>	<b>4 038</b>	<b>4 246</b>
1. Acquisition costs	2 510	2 440
1.1. including change in the balance of deferred acquisition costs	(2)	6
2. Administrative costs	1 528	1 806
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>266</b>	<b>820</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>688</b>
<b>X. Technical result on property and personal insurance</b>	<b>(6 198)</b>	<b>(1 549)</b>

Technical insurance account - direct insurance

CLASS 7 - Goods-in-transit insurance

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>9 494</b>	<b>11 092</b>
1. Gross written premiums	11 162	11 250
2. Reinsurers' share in written premium	1 468	1 049
3. Changes in provisions for unearned premiums and unexpired risks (gross)	291	(913)
4. Reinsurers' share in change in provisions for unearned premiums	91	(22)
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>540</b>	<b>326</b>
<b>IV. Claims</b>	<b>1 975</b>	<b>4 192</b>
1. Claims paid net of reinsurance	2 168	1 914
1.1. Gross claims paid	2 167	1 914
1.2. Reinsurers' share in claims paid	(1)	-
2. Change in provision for claims outstanding, net of reinsurance:	(193)	2 278
2.1. Change in provisions for claims outstanding (gross)	(128)	2 254
2.2. Reinsurers' share in change in provisions for claims outstanding	65	(24)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>73</b>	<b>20</b>
<b>VII. Costs of insurance activity</b>	<b>3 593</b>	<b>3 829</b>
1. Acquisition costs	2 330	2 416
1.1. including change in the balance of deferred acquisition costs	62	57
2. Administrative costs	1 270	1 414
3. Reinsurers' commissions and share in reinsurers' profit	7	1
<b>VIII. Other technical charges – net of reinsurance</b>	<b>688</b>	<b>753</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>3 705</b>	<b>2 624</b>

**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 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>912 682</b>	<b>901 871</b>
1. Gross written premiums	979 968	947 459
2. Reinsurers' share in written premium	51 793	23 674
3. Changes in provisions for unearned premiums and unexpired risks (gross)	25 369	18 250
4. Reinsurers' share in change in provisions for unearned premiums	9 876	(3 664)
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	-	-
<b>III. Other technical revenue net of reinsurance</b>	<b>2 154</b>	<b>2 127</b>
<b>IV. Claims</b>	<b>780 183</b>	<b>458 587</b>
1. Claims paid net of reinsurance	752 245	478 562
1.1. Gross claims paid	1 084 671	546 348
1.2. Reinsurers' share in claims paid	332 426	67 786
2. Change in provision for claims outstanding, net of reinsurance:	27 938	(19 975)
2.1. Change in provisions for claims outstanding (gross)	123 887	(20 009)
2.2. Reinsurers' share in change in provisions for claims outstanding	95 949	(34)
<b>V. Changes in other technical provisions, net of reinsurance</b>	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>769</b>	<b>2 994</b>
<b>VII. Costs of insurance activity</b>	<b>321 945</b>	<b>307 475</b>
1. Acquisition costs	211 639	188 978
1.1. including change in the balance of deferred acquisition costs	(9 638)	(8 448)
2. Administrative costs	111 476	119 097
3. Reinsurers' commissions and share in reinsurers' profit	1 170	600
<b>VIII. Other technical charges – net of reinsurance</b>	<b>42 327</b>	<b>39 563</b>
<b>IX. Changes in equalization provisions</b>	-	-
<b>X. Technical result on property and personal insurance</b>	<b>(230 388)</b>	<b>95 379</b>



**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 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>581 340</b>	<b>606 659</b>
1. Gross written premiums	616 228	615 610
2. Reinsurers' share in written premium	17 926	28 065
3. Changes in provisions for unearned premiums and unexpired risks (gross)	10 911	(16 718)
4. Reinsurers' share in change in provisions for unearned premiums	(6 051)	2 396
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	-	-
<b>III. Other technical revenue net of reinsurance</b>	<b>1 457</b>	<b>2 780</b>
<b>IV. Claims</b>	<b>302 866</b>	<b>269 248</b>
1. Claims paid net of reinsurance	285 497	263 758
1.1. Gross claims paid	301 076	262 145
1.2. Reinsurers' share in claims paid	15 579	(1 613)
2. Change in provision for claims outstanding, net of reinsurance:	17 369	5 490
2.1. Change in provisions for claims outstanding (gross)	30 549	5 003
2.2. Reinsurers' share in change in provisions for claims outstanding	13 180	(487)
<b>V. Changes in other technical provisions, net of reinsurance</b>	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>1 436</b>	<b>1 053</b>
<b>VII. Costs of insurance activity</b>	<b>216 111</b>	<b>218 717</b>
1. Acquisition costs	147 498	142 151
1.1. including change in the balance of deferred acquisition costs	(5 179)	(1 004)
2. Administrative costs	70 099	77 383
3. Reinsurers' commissions and share in reinsurers' profit	1 486	817
<b>VIII. Other technical charges – net of reinsurance</b>	<b>12 976</b>	<b>6 317</b>
<b>IX. Changes in equalization provisions</b>	-	-
<b>X. Technical result on property and personal insurance</b>	<b>49 408</b>	<b>114 104</b>

**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 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>2 558 633</b>	<b>2 774 714</b>
1. Gross written premiums	2 590 590	2 620 910
2. Reinsurers' share in written premium	7 104	11 854
3. Changes in provisions for unearned premiums and unexpired risks (gross)	24 853	(165 658)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>234 731</b>	<b>220 486</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>41 668</b>	<b>37 878</b>
<b>IV. Claims</b>	<b>2 322 796</b>	<b>2 573 629</b>
1. Claims paid net of reinsurance	1 791 509	2 006 566
1.1. Gross claims paid	1 957 711	2 119 870
1.2. Reinsurers' share in claims paid	166 202	113 304
2. Change in provision for claims outstanding, net of reinsurance:	531 287	567 063
2.1. Change in provisions for claims outstanding (gross)	365 179	428 624
2.2. Reinsurers' share in change in provisions for claims outstanding	(166 108)	(138 439)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>12</b>	<b>94</b>
<b>VII. Costs of insurance activity</b>	<b>535 056</b>	<b>506 760</b>
1. Acquisition costs	211 003	199 779
1.1. including change in the balance of deferred acquisition costs	(9 485)	458
2. Administrative costs	294 692	329 452
3. Reinsurers' commissions and share in reinsurers' profit	(29 361)	22 471
<b>VIII. Other technical charges – net of reinsurance</b>	<b>188 676</b>	<b>290 847</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>(211 508)</b>	<b>(338 252)</b>

**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 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>4 674</b>	<b>5 189</b>
1. Gross written premiums	6 550	7 155
2. Reinsurers' share in written premium	1 943	1 830
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(173)	176
4. Reinsurers' share in change in provisions for unearned premiums	(106)	40
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>54</b>	<b>6</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>11</b>	<b>11</b>
<b>IV. Claims</b>	<b>188</b>	<b>2 156</b>
1. Claims paid net of reinsurance	1 299	225
1.1. Gross claims paid	1 299	225
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(1 111)	1 931
2.1. Change in provisions for claims outstanding (gross)	(1 035)	1 854
2.2. Reinsurers' share in change in provisions for claims outstanding	76	(77)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>1 645</b>	<b>1 851</b>
1. Acquisition costs	951	1 015
1.1. including change in the balance of deferred acquisition costs	(8)	67
2. Administrative costs	745	899
3. Reinsurers' commissions and share in reinsurers' profit	51	63
<b>VIII. Other technical charges – net of reinsurance</b>	<b>141</b>	<b>147</b>
<b>IX. Changes in equalization provisions</b>	<b>234</b>	<b>(160)</b>
<b>X. Technical result on property and personal insurance</b>	<b>2 531</b>	<b>1 212</b>

**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 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>469</b>	<b>530</b>
1. Gross written premiums	564	563
2. Reinsurers' share in written premium	84	38
3. Changes in provisions for unearned premiums and unexpired risks (gross)	11	(5)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>1</b>	<b>4</b>
<b>IV. Claims</b>	<b>281</b>	<b>221</b>
1. Claims paid net of reinsurance	178	269
1.1. Gross claims paid	178	269
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	103	(48)
2.1. Change in provisions for claims outstanding (gross)	105	(48)
2.2. Reinsurers' share in change in provisions for claims outstanding	2	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>186</b>	<b>175</b>
1. Acquisition costs	122	104
1.1. including change in the balance of deferred acquisition costs	(5)	(2)
2. Administrative costs	64	71
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>14</b>	<b>8</b>
<b>IX. Changes in equalization provisions</b>	<b>(27)</b>	<b>27</b>
<b>X. Technical result on property and personal insurance</b>	<b>16</b>	<b>103</b>

Technical insurance account - direct insurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>449 236</b>	<b>427 949</b>
1. Gross written premiums	476 700	448 973
2. Reinsurers' share in written premium	10 938	14 500
3. Changes in provisions for unearned premiums and unexpired risks (gross)	14 830	8 228
4. Reinsurers' share in change in provisions for unearned premiums	(1 696)	1 704
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>27 845</b>	<b>28 208</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>3 124</b>	<b>1 117</b>
<b>IV. Claims</b>	<b>189 671</b>	<b>276 968</b>
1. Claims paid net of reinsurance	192 139	245 206
1.1. Gross claims paid	192 139	245 205
1.2. Reinsurers' share in claims paid	-	(1)
2. Change in provision for claims outstanding, net of reinsurance:	(2 468)	31 762
2.1. Change in provisions for claims outstanding (gross)	(2 937)	32 281
2.2. Reinsurers' share in change in provisions for claims outstanding	(469)	519
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>1</b>	<b>157</b>
<b>VII. Costs of insurance activity</b>	<b>158 022</b>	<b>149 523</b>
1. Acquisition costs	103 881	93 142
1.1. including change in the balance of deferred acquisition costs	(3 581)	(1 918)
2. Administrative costs	54 227	56 437
3. Reinsurers' commissions and share in reinsurers' profit	86	56
<b>VIII. Other technical charges – net of reinsurance</b>	<b>7 322</b>	<b>7 634</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>21 397</b>
<b>X. Technical result on property and personal insurance</b>	<b>125 189</b>	<b>1 595</b>

Technical insurance account - direct insurance

CLASS 14 – Credit insurance

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>19 288</b>	<b>14 887</b>
1. Gross written premiums	14 422	17 232
2. Reinsurers' share in written premium	(48)	1 870
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(4 449)	456
4. Reinsurers' share in change in provisions for unearned premiums	369	(19)
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>708</b>	<b>1 288</b>
<b>IV. Claims</b>	<b>6 394</b>	<b>189</b>
1. Claims paid net of reinsurance	5 634	978
1.1. Gross claims paid	9 795	1 807
1.2. Reinsurers' share in claims paid	4 161	829
2. Change in provision for claims outstanding, net of reinsurance:	760	(789)
2.1. Change in provisions for claims outstanding (gross)	825	(636)
2.2. Reinsurers' share in change in provisions for claims outstanding	65	153
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>2</b>	<b>212</b>
<b>VII. Costs of insurance activity</b>	<b>1 987</b>	<b>1 472</b>
1. Acquisition costs	186	224
1.1. including change in the balance of deferred acquisition costs	12	18
2. Administrative costs	1 641	2 166
3. Reinsurers' commissions and share in reinsurers' profit	(160)	918
<b>VIII. Other technical charges – net of reinsurance</b>	<b>163</b>	<b>159</b>
<b>IX. Changes in equalization provisions</b>	<b>1 736</b>	<b>1 844</b>
<b>X. Technical result on property and personal insurance</b>	<b>9 714</b>	<b>12 299</b>

Technical insurance account - direct insurance

Class 15 – Suretyship

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>19 616</b>	<b>3 528</b>
1. Gross written premiums	46 513	43 841
2. Reinsurers' share in written premium	18 814	14 150
3. Changes in provisions for unearned premiums and unexpired risks (gross)	10 705	38 633
4. Reinsurers' share in change in provisions for unearned premiums	2 622	12 470
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>209</b>	<b>153</b>
<b>IV. Claims</b>	<b>3 156</b>	<b>3 423</b>
1. Claims paid net of reinsurance	1 623	(552)
1.1. Gross claims paid	2 396	(140)
1.2. Reinsurers' share in claims paid	773	412
2. Change in provision for claims outstanding, net of reinsurance:	1 533	3 975
2.1. Change in provisions for claims outstanding (gross)	2 272	5 083
2.2. Reinsurers' share in change in provisions for claims outstanding	739	1 108
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>20</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>3 469</b>	<b>(1 367)</b>
1. Acquisition costs	6 076	5 557
1.1. including change in the balance of deferred acquisition costs	(1 618)	(1 511)
2. Administrative costs	5 291	5 511
3. Reinsurers' commissions and share in reinsurers' profit	7 898	12 435
<b>VIII. Other technical charges – net of reinsurance</b>	<b>476</b>	<b>156</b>
<b>IX. Changes in equalization provisions</b>	<b>653</b>	<b>(131)</b>
<b>X. Technical result on property and personal insurance</b>	<b>12 051</b>	<b>1 600</b>

**Technical insurance account - direct insurance**

**CLASS 16 – Insurance of various financial risks**

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>87 713</b>	<b>95 929</b>
1. Gross written premiums	62 130	149 222
2. Reinsurers' share in written premium	12 855	8 356
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(37 580)	34 594
4. Reinsurers' share in change in provisions for unearned premiums	858	(10 343)
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	-	-
<b>III. Other technical revenue net of reinsurance</b>	<b>1 570</b>	<b>17 082</b>
<b>IV. Claims</b>	<b>40 562</b>	<b>37 216</b>
1. Claims paid net of reinsurance	9 651	19 326
1.1. Gross claims paid	10 306	12 792
1.2. Reinsurers' share in claims paid	655	(6 534)
2. Change in provision for claims outstanding, net of reinsurance:	30 911	17 890
2.1. Change in provisions for claims outstanding (gross)	96 285	18 254
2.2. Reinsurers' share in change in provisions for claims outstanding	65 374	364
<b>V. Changes in other technical provisions, net of reinsurance</b>	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>(390)</b>	<b>702</b>
<b>VII. Costs of insurance activity</b>	<b>79 229</b>	<b>141 704</b>
1. Acquisition costs	72 558	123 717
1.1. including change in the balance of deferred acquisition costs	23 981	(34 793)
2. Administrative costs	7 068	18 758
3. Reinsurers' commissions and share in reinsurers' profit	397	771
<b>VIII. Other technical charges – net of reinsurance</b>	<b>4 881</b>	<b>1 608</b>
<b>IX. Changes in equalization provisions</b>	-	<b>(1 194)</b>
<b>X. Technical result on property and personal insurance</b>	<b>(34 999)</b>	<b>(67 025)</b>



Technical insurance account - direct insurance

CLASS 17 - Insurance of legal protection

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>737</b>	<b>813</b>
1. Gross written premiums	777	800
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	40	(13)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	-	-
<b>III. Other technical revenue net of reinsurance</b>	-	<b>3</b>
<b>IV. Claims</b>	<b>852</b>	<b>1 459</b>
1. Claims paid net of reinsurance	719	1 151
1.1. Gross claims paid	719	1 151
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	133	308
2.1. Change in provisions for claims outstanding (gross)	133	308
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	-	-
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	-	-
<b>VII. Costs of insurance activity</b>	<b>239</b>	<b>237</b>
1. Acquisition costs	151	136
1.1. including change in the balance of deferred acquisition costs	6	(8)
2. Administrative costs	88	101
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>7</b>	<b>11</b>
<b>IX. Changes in equalization provisions</b>	-	-
<b>X. Technical result on property and personal insurance</b>	<b>(361)</b>	<b>(891)</b>

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 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>160 338</b>	<b>122 110</b>
1. Gross written premiums	175 504	148 221
2. Reinsurers' share in written premium	357	(1 154)
3. Changes in provisions for unearned premiums and unexpired risks (gross)	14 809	27 265
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>52</b>	<b>45</b>
<b>IV. Claims</b>	<b>111 098</b>	<b>59 076</b>
1. Claims paid net of reinsurance	99 359	54 670
1.1. Gross claims paid	99 558	51 751
1.2. Reinsurers' share in claims paid	199	(2 919)
2. Change in provision for claims outstanding, net of reinsurance:	11 739	4 406
2.1. Change in provisions for claims outstanding (gross)	11 731	4 263
2.2. Reinsurers' share in change in provisions for claims outstanding	(8)	(143)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>50 875</b>	<b>41 734</b>
1. Acquisition costs	30 910	23 097
1.1. including change in the balance of deferred acquisition costs	(2 549)	(4 017)
2. Administrative costs	19 965	18 632
3. Reinsurers' commissions and share in reinsurers' profit	-	(5)
<b>VIII. Other technical charges – net of reinsurance</b>	<b>1 105</b>	<b>459</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>(2 688)</b>	<b>20 886</b>

### VIII. TECHNICAL INSURANCE ACCOUNT - TOTAL INWARD REINSURANCE

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>37 198</b>	<b>80 038</b>
1. Gross written premiums	39 824	66 126
2. Reinsurers' share in written premium	6 725	7 141
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(7 588)	(17 129)
4. Reinsurers' share in change in provisions for unearned premiums	(3 489)	3 924
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>418</b>	<b>4 234</b>
<b>IV. Claims</b>	<b>13 914</b>	<b>39 516</b>
1. Claims paid net of reinsurance	11 412	46 582
1.1. Gross claims paid	12 060	46 631
1.2. Reinsurers' share in claims paid	648	49
2. Change in provision for claims outstanding, net of reinsurance:	2 502	(7 066)
2.1. Change in provisions for claims outstanding (gross)	3 317	(7 080)
2.2. Reinsurers' share in change in provisions for claims outstanding	815	(14)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>10 020</b>	<b>20 639</b>
1. Acquisition costs	5 492	12 326
1.1. including change in the balance of deferred acquisition costs	67	7 308
2. Administrative costs	4 528	8 313
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>840</b>	<b>10 561</b>
<b>IX. Changes in equalization provisions</b>	<b>(496)</b>	<b>(95)</b>
<b>X. Technical result on property and personal insurance</b>	<b>13 338</b>	<b>13 651</b>

In 2009-2010 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 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>447</b>	<b>863</b>
1. Gross written premiums	445	856
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(2)	(7)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>5</b>	<b>30</b>
<b>IV. Claims</b>	<b>45</b>	<b>(81)</b>
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:	45	(81)
2.1. Change in provisions for claims outstanding (gross)	45	(81)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>52</b>	<b>109</b>
1. Acquisition costs	1	1
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	51	108
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>2</b>	<b>36</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>353</b>	<b>829</b>

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>416</b>	<b>23 622</b>
1. Gross written premiums	355	4 118
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(61)	(19 504)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>177</b>	<b>1 503</b>
<b>IV. Claims</b>	<b>611</b>	<b>19 151</b>
1. Claims paid net of reinsurance	5 571	23 904
1.1. Gross claims paid	5 571	23 904
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(4 960)	(4 753)
2.1. Change in provisions for claims outstanding (gross)	(4 960)	(4 753)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>(655)</b>	<b>1 703</b>
1. Acquisition costs	(695)	1 185
1.1. including change in the balance of deferred acquisition costs	14	4 254
2. Administrative costs	40	518
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>381</b>	<b>6 228</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>256</b>	<b>(1 957)</b>

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>366</b>	<b>15 372</b>
1. Gross written premiums	321	1 807
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(45)	(13 565)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>106</b>	<b>976</b>
<b>IV. Claims</b>	<b>(985)</b>	<b>5 075</b>
1. Claims paid net of reinsurance	801	17 238
1.1. Gross claims paid	801	17 238
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(1 786)	(12 163)
2.1. Change in provisions for claims outstanding (gross)	(1 786)	(12 163)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>833</b>	<b>4 309</b>
1. Acquisition costs	796	4 082
1.1. including change in the balance of deferred acquisition costs	11	3 097
2. Administrative costs	37	227
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>36</b>	<b>3 666</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>588</b>	<b>3 298</b>

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>2 302</b>	<b>4 064</b>
1. Gross written premiums	2 492	3 091
2. Reinsurers' share in written premium	35	66
3. Changes in provisions for unearned premiums and unexpired risks (gross)	155	(1 039)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>42</b>	<b>107</b>
<b>IV. Claims</b>	<b>326</b>	<b>140</b>
1. Claims paid net of reinsurance	349	1 172
1.1. Gross claims paid	349	1 172
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(23)	(1 032)
2.1. Change in provisions for claims outstanding (gross)	(23)	(1 032)
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>586</b>	<b>760</b>
1. Acquisition costs	303	371
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	283	389
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>92</b>	<b>183</b>
<b>IX. Changes in equalization provisions</b>	<b>(247)</b>	<b>(111)</b>
<b>X. Technical result on property and personal insurance</b>	<b>1 587</b>	<b>3 199</b>

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>23 907</b>	<b>23 146</b>
1. Gross written premiums	29 013	43 624
2. Reinsurers' share in written premium	6 647	6 574
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(4 974)	18 285
4. Reinsurers' share in change in provisions for unearned premiums	(3 433)	4 381
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>76</b>	<b>1 415</b>
<b>IV. Claims</b>	<b>13 620</b>	<b>2 248</b>
1. Claims paid net of reinsurance	1 973	1 893
1.1. Gross claims paid	2 621	1 898
1.2. Reinsurers' share in claims paid	648	5
2. Change in provision for claims outstanding, net of reinsurance:	11 647	355
2.1. Change in provisions for claims outstanding (gross)	12 675	360
2.2. Reinsurers' share in change in provisions for claims outstanding	1 028	5
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>6 315</b>	<b>9 642</b>
1. Acquisition costs	3 015	4 158
1.1. including change in the balance of deferred acquisition costs	42	(43)
2. Administrative costs	3 300	5 484
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>225</b>	<b>367</b>
<b>IX. Changes in equalization provisions</b>	<b>(568)</b>	<b>256</b>
<b>X. Technical result on property and personal insurance</b>	<b>4 391</b>	<b>12 048</b>



Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>6 482</b>	<b>6 915</b>
1. Gross written premiums	4 238	5 732
2. Reinsurers' share in written premium	11	2
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(2 255)	(1 185)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>9</b>	<b>33</b>
<b>IV. Claims</b>	<b>(3 337)</b>	<b>10 503</b>
1. Claims paid net of reinsurance	2 677	1 823
1.1. Gross claims paid	2 677	1 823
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(6 014)	8 680
2.1. Change in provisions for claims outstanding (gross)	(6 014)	8 680
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>2 062</b>	<b>2 631</b>
1. Acquisition costs	1 580	1 911
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	482	720
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>3</b>	<b>44</b>
<b>IX. Changes in equalization provisions</b>	<b>324</b>	<b>(223)</b>
<b>X. Technical result on property and personal insurance</b>	<b>7 439</b>	<b>(6 007)</b>

Technical insurance account –inward reinsurance

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

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>561</b>	<b>488</b>
1. Gross written premiums	561	278
2. Reinsurers' share in written premium	-	-
3. Changes in provisions for unearned premiums and unexpired risks (gross)	-	(210)
4. Reinsurers' share in change in provisions for unearned premiums	-	-
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>2</b>	<b>-</b>
<b>IV. Claims</b>	<b>23</b>	<b>23</b>
1. Claims paid net of reinsurance	41	18
1.1. Gross claims paid	41	18
1.2. Reinsurers' share in claims paid	-	-
2. Change in provision for claims outstanding, net of reinsurance:	(18)	5
2.1. Change in provisions for claims outstanding (gross)	(18)	5
2.2. Reinsurers' share in change in provisions for claims outstanding	-	-
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>309</b>	<b>265</b>
1. Acquisition costs	246	230
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	63	35
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>15</b>	<b>13</b>
<b>IX. Changes in equalization provisions</b>	<b>(5)</b>	<b>(17)</b>
<b>X. Technical result on property and personal insurance</b>	<b>221</b>	<b>204</b>

Technical insurance account –inward reinsurance

ACCOUNTING CLASS 10 - Miscellaneous (class 16)

Item	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Premiums</b>	<b>2 717</b>	<b>5 568</b>
1. Gross written premiums	2 399	6 620
2. Reinsurers' share in written premium	32	499
3. Changes in provisions for unearned premiums and unexpired risks (gross)	(406)	96
4. Reinsurers' share in change in provisions for unearned premiums	(56)	(457)
<b>II. Net investment income, taking into account costs, reclassified from the general profit and loss account</b>	<b>-</b>	<b>-</b>
<b>III. Other technical revenue net of reinsurance</b>	<b>1</b>	<b>170</b>
<b>IV. Claims</b>	<b>3 611</b>	<b>2 457</b>
1. Claims paid net of reinsurance	-	534
1.1. Gross claims paid	-	578
1.2. Reinsurers' share in claims paid	-	44
2. Change in provision for claims outstanding, net of reinsurance:	3 611	1 923
2.1. Change in provisions for claims outstanding (gross)	3 398	1 904
2.2. Reinsurers' share in change in provisions for claims outstanding	(213)	(19)
<b>V. Changes in other technical provisions, net of reinsurance</b>	<b>-</b>	<b>-</b>
1. Change in other technical provisions (gross)	-	-
2. Reinsurers' share in change in other technical provisions	-	-
<b>VI. Bonuses and rebates net of reinsurance, including change in provisions</b>	<b>-</b>	<b>-</b>
<b>VII. Costs of insurance activity</b>	<b>518</b>	<b>1 220</b>
1. Acquisition costs	246	388
1.1. including change in the balance of deferred acquisition costs	-	-
2. Administrative costs	272	832
3. Reinsurers' commissions and share in reinsurers' profit	-	-
<b>VIII. Other technical charges – net of reinsurance</b>	<b>86</b>	<b>24</b>
<b>IX. Changes in equalization provisions</b>	<b>-</b>	<b>-</b>
<b>X. Technical result on property and personal insurance</b>	<b>(1 497)</b>	<b>2 037</b>

## **IX. ACTUARY'S OPINION**

I state hereby that as at 31 December 2010, 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

<b>Intangible assets</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) R&D expenses	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar items, including:	21 945	16 145
- computer software	19 279	14 140
d) other intangible assets	-	-
e) advance payments for intangible assets	41 581	33 415
<b>Total intangible assets</b>	<b>63 526</b>	<b>49 560</b>

<b>Change in intangible assets, total</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>a) gross value of intangible assets – opening balance</b>	<b>202 232</b>	<b>168 462</b>
b) increases (due to)	54 650	45 481
- purchase	34 990	34 412
- reclassification	19 660	10 421
- donation	-	-
- other	-	648
c) decreases (due to)	35 541	11 711
- sale	-	-
- liquidation	15 881	642
- donation	-	-
- reclassification	19 660	11 069
<b>d) gross value of intangible assets – closing balance</b>	<b>221 341</b>	<b>202 232</b>
<b>e) accumulated amortization – opening balance</b>	<b>130 565</b>	<b>116 374</b>
f) amortization for the period (due to)	20 950	14 191
- current year charges	21 023	14 690
- sale	-	-
- liquidation	(73)	(499)
- donation	-	-
- other	-	-
<b>g) accumulated amortization – closing balance</b>	<b>151 515</b>	<b>130 565</b>
<b>h) impairment losses – opening balance</b>	<b>22 107</b>	<b>20 233</b>
- increases	-	1 874
- decreases	15 807	-
<b>i) impairment losses – closing balance</b>	<b>6 300</b>	<b>22 107</b>
<b>j) net value of intangible assets – closing balance</b>	<b>63 526</b>	<b>49 560</b>

<b>Intangible assets – ownership structure</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) own	63 526	49 560
b) used based on lease, rental or other agreement	-	-
<b>Total intangible assets</b>	<b>63 526</b>	<b>49 560</b>

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
<b>a) gross value of intangible assets – opening balance</b>	-	-	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
<b>d) gross value of intangible assets – closing balance</b>	-	-	173 447	165 630	13	47 881	221 341
<b>e) accumulated amortization – opening balance</b>	-	-	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	-	-	-	-	-	-	-
<b>g) accumulated amortization – closing balance</b>	-	-	151 502	146 351	13	-	151 515
<b>h) impairment losses – opening balance</b>	-	-	-	-	-	22 107	22 107
- increases	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	15 807	15 807
<b>i) impairment losses – closing balance</b>	-	-	-	-	-	6 300	6 300
<b>j) net value of intangible assets – closing balance</b>	-	-	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.

Change in intangible assets in the year ended 31 December 2009	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
<b>a) gross value of intangible assets – opening balance</b>	-	-	<b>136 918</b>	<b>133 183</b>	<b>13</b>	<b>31 531</b>	<b>168 462</b>
b) increases (due to)	-	-	11 069	9 030	-	34 412	45 481
- purchase	-	-	-	-	-	34 412	34 412
- reclassification	-	-	10 421	9 030	-	-	10 421
- donation	-	-	-	-	-	-	-
- other	-	-	648	-	-	-	648
c) decreases (due to)	-	-	1 290	802	-	10 421	11 711
- sale	-	-	-	-	-	-	-
- liquidation	-	-	642	154	-	-	642
- donation	-	-	-	-	-	-	-
- reclassification	-	-	648	648	-	10 421	11 069
<b>d) gross value of intangible assets – closing balance</b>	-	-	<b>146 697</b>	<b>141 411</b>	<b>13</b>	<b>55 522</b>	<b>202 232</b>
<b>e) accumulated amortization – opening balance</b>	-	-	<b>116 361</b>	<b>113 902</b>	<b>13</b>	-	<b>116 374</b>
f) depreciation for the period	-	-	14 191	13 369	-	-	14 191
- current year charges	-	-	14 690	13 523	-	-	14 690
- sale	-	-	-	-	-	-	-
- liquidation	-	-	(499)	(154)	-	-	(499)
- donation	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<b>g) accumulated amortization – closing balance</b>	-	-	<b>130 552</b>	<b>127 271</b>	<b>13</b>	-	<b>130 565</b>
<b>h) impairment losses – opening balance</b>	-	-	-	-	-	<b>20 233</b>	<b>20 233</b>
- increases	-	-	-	-	-	1 874	1 874
- decreases	-	-	-	-	-	-	-
<b>i) impairment losses – closing balance</b>	-	-	-	-	-	<b>22 107</b>	<b>22 107</b>
<b>j) net value of intangible assets – closing balance</b>	-	-	<b>16 145</b>	<b>14 140</b>	-	<b>33 415</b>	<b>49 560</b>

“Impairment losses” as of 31 December 2009 include impairment losses on the CORPO project (Implementation of a system for management of corporate insurance) in the amount of PLN 15,852 thousand and to the CBDK project (Central Customer Data Base) in the amount of PLN 6,255 thousand.

## 2. Investments

### 2.1. Geographical structure of investments

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	-
<b>Total</b>	<b>16 750 601</b>	<b>23 802 400</b>	<b>23 292 982</b>	<b>106 503</b>	<b>511 666</b>	<b>414 638</b>	<b>418 372</b>	<b>-</b>	<b>391 041</b>	<b>120 681</b>	<b>120 681</b>	<b>-</b>	<b>17 653 308</b>	<b>24 337 719</b>	<b>23 832 035</b>	<b>106 503</b>

\* The fair value of real property results from valuations carried out mainly in 2010, 2008 and 2007, 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 2010	Domestic - net carrying amount	Foreign – EU countries – net carrying amount	Foreign – other countries – net carrying amount	Total
<b>I. Real property</b>	<b>599 551</b>	-	-	<b>599 551</b>
<b>II. Investments in controlled entities</b>	<b>6 675 815</b>	<b>79 129</b>	<b>105 465</b>	<b>6 860 409</b>
- 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	-	-	-	-
<b>III. Other financial investments</b>	<b>16 017 616</b>	<b>330 842</b>	<b>15 216</b>	<b>16 363 674</b>
<b>1. Shares and other variable income securities</b>	<b>1 085 209</b>	-	<b>15 216</b>	<b>1 100 425</b>
- 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	-	-	-	-
<b>2. Units and investment certificates in investment funds</b>	<b>208 658</b>	-	-	<b>208 658</b>
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	208 658	-	-	208 658
- restricted	-	-	-	-
<b>3. Debt securities and other fixed income securities</b>	<b>14 029 605</b>	<b>290 503</b>	-	<b>14 320 108</b>
- 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	-	-	-	-
<b>4. Shares in joint investments</b>	-	-	-	-
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	-	-	-	-
- restricted	-	-	-	-
<b>5. Mortgage loans</b>	<b>17 032</b>	-	-	<b>17 032</b>
<b>6. Other loans</b>	<b>498 460</b>	-	-	<b>498 460</b>
<b>7. Term deposits with credit institutions</b>	<b>174 666</b>	-	-	<b>174 666</b>
<b>8. Other investments</b>	<b>3 986</b>	<b>40 339</b>	-	<b>44 325</b>
- 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	-	-	-	-
<b>IV. Deposits with ceding undertakings</b>	-	<b>8 401</b>	-	<b>8 401</b>
<b>Total</b>	<b>23 292 982</b>	<b>418 372</b>	<b>120 681</b>	<b>23 832 035</b>

Geographical structure of investments as of 31 December 2009	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*	821 536	1 022 126	600 110	76 886	-	-	-	-	-	-	-	-	821 536	1 022 126	600 110	76 886
II. Investments in controlled entities**	572 915	7 622 754	7 622 754	3 881	202 357	81 245	81 245	-	228 021	6 650	6 650	-	1 003 293	7 710 649	7 710 649	3 881
III. Other financial investments	17 131 810	17 751 136	17 923 662	115 240	516 811	527 954	518 433	-	-	-	-	-	17 648 621	18 279 090	18 442 095	115 240
1. Shares and other variable income securities	977 704	1 048 920	1 048 920	104 699	-	-	-	-	-	-	-	-	977 704	1 048 920	1 048 920	104 699
- measured at fair value	964 916	1 048 689	1 048 689	92 142	-	-	-	-	-	-	-	-	964 916	1 048 689	1 048 689	92 142
- measured at acquisition cost	12 788	231	231	12 557	-	-	-	-	-	-	-	-	12 788	231	231	12 557
2. Units and investment certificates in investment funds	189 044	195 156	195 156	10 541	6 037	5 883	5 883	-	-	-	-	-	195 081	201 039	201 039	10 541
3. Debt securities and other fixed income securities	15 415 814	15 956 954	16 129 480	-	510 774	520 013	510 492	-	-	-	-	-	15 926 588	16 476 967	16 639 972	-
- measured at fair value	6 898 547	7 180 779	7 180 779	-	441 152	440 550	440 550	-	-	-	-	-	7 339 699	7 621 329	7 621 329	-
- measured at adjusted acquisition price or acquisition cost	8 517 267	8 776 175	8 948 701	-	69 622	79 463	69 942	-	-	-	-	-	8 586 889	8 855 638	9 018 643	-
4. Shares in joint investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mortgage loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other loans	176 397	176 748	176 748	-	-	-	-	-	-	-	-	-	176 397	176 748	176 748	-
7. Term deposits with credit institutions	372 851	373 225	373 225	-	-	-	-	-	-	-	-	-	372 851	373 225	373 225	-
8. Other investments	-	133	133	-	-	2 058	2 058	-	-	-	-	-	-	2 191	2 191	-
IV. Deposits with ceding undertakings	-	-	-	-	12 919	12 919	12 919	-	-	-	-	-	12 919	12 919	12 919	-
<b>Total</b>	<b>18 526 261</b>	<b>26 396 016</b>	<b>26 146 526</b>	<b>196 007</b>	<b>732 087</b>	<b>622 118</b>	<b>612 597</b>	<b>-</b>	<b>228 021</b>	<b>6 650</b>	<b>6 650</b>	<b>-</b>	<b>19 486 369</b>	<b>27 024 784</b>	<b>26 765 773</b>	<b>196 007</b>

\* The fair value of real property results from valuations carried out mainly in 2010, 2008 and 2007, 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 2009	Domestic - net carrying amount	Foreign – EU countries – net carrying amount	Foreign – other countries – net carrying amount	Total
<b>I. Real property</b>	<b>600 110</b>	-	-	<b>600 110</b>
<b>II. Investments in controlled entities</b>	<b>7 622 754</b>	<b>81 245</b>	<b>6 650</b>	<b>7 710 649</b>
- unrestricted, quoted on regulated market	110	-	-	110
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	7 622 644	81 245	6 650	7 710 539
- restricted	-	-	-	-
<b>III. Other financial investments</b>	<b>17 924 765</b>	<b>517 330</b>	-	<b>18 442 095</b>
<b>1. Shares and other variable income securities</b>	<b>1 048 920</b>	-	-	<b>1 048 920</b>
- unrestricted, quoted on regulated market	1 048 689	-	-	1 048 689
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	231	-	-	231
- restricted	-	-	-	-
<b>2. Units and investment certificates in investment funds</b>	<b>195 156</b>	<b>5 883</b>	-	<b>201 039</b>
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	5 883	-	5 883
- unrestricted, not quoted on a regulated market	195 156	-	-	195 156
- restricted	-	-	-	-
<b>3. Debt securities and other fixed income securities</b>	<b>16 129 480</b>	<b>510 492</b>	-	<b>16 639 972</b>
- unrestricted, quoted on regulated market	15 860 264	440 550	-	16 300 814
- unrestricted, quoted on OTC market	194 567	-	-	194 567
- unrestricted, not quoted on a regulated market	74 649	69 942	-	144 591
- restricted	-	-	-	-
<b>4. Shares in joint investments</b>	-	-	-	-
- unrestricted, quoted on regulated market	-	-	-	-
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	-	-	-	-
- restricted	-	-	-	-
<b>5. Mortgage loans</b>	-	-	-	-
<b>6. Other loans</b>	<b>176 748</b>	-	-	<b>176 748</b>
<b>7. Term deposits with credit institutions</b>	<b>373 225</b>	-	-	<b>373 225</b>
<b>8. Other investments</b>	<b>1 236</b>	<b>955</b>	-	<b>2 191</b>
- unrestricted, quoted on regulated market	70	955	-	1 025
- unrestricted, quoted on OTC market	-	-	-	-
- unrestricted, not quoted on a regulated market	1 166	-	-	1 166
- restricted	-	-	-	-
<b>IV. Deposits with ceding undertakings</b>	-	<b>12 919</b>	-	<b>12 919</b>
<b>Total</b>	<b>26 147 629</b>	<b>611 494</b>	<b>6 650</b>	<b>26 765 773</b>

## 2.2. Change in financial instruments divided by portfolio

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	
<b>a) financial assets held for trading, including:</b>	<b>763 715</b>	<b>2 117 894</b>	<b>133 580</b>	<b>2 075 314</b>	<b>18 046</b>	<b>921 829</b>
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>b) financial liabilities held for trading</b>	-	-	-	-	-	-
<b>c) originated loans and own receivables including:</b>	<b>549 973</b>	<b>75 470 931</b>	<b>7 087</b>	<b>75 330 744</b>	<b>7 089</b>	<b>690 158</b>
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
<b>d) financial assets held to maturity, including:</b>	<b>9 018 643</b>	<b>59 680</b>	<b>191 542</b>	<b>1 794 987</b>	<b>3 825</b>	<b>7 471 053</b>
Debt securities and other fixed income securities	9 018 643	59 680	191 542	1 794 987	3 825	7 471 053
<b>e) financial assets available for sale, including:</b>	<b>15 820 413</b>	<b>17 693 516</b>	<b>161 396</b>	<b>18 501 787</b>	<b>1 032 495</b>	<b>14 141 043</b>
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
<b>Total</b>	<b>26 152 744</b>	<b>95 342 021</b>	<b>493 605</b>	<b>97 702 832</b>	<b>1 061 455</b>	<b>23 224 083</b>

Change in financial instruments by portfolio in the year ended 31 December 2009	Opening balance	Increases, including:		Decreases, including:		Closing balance
		Acquisition	Value increase	Sale or redemption	Value reduction	
<b>a) financial assets held for trading, including:</b>	<b>1 034 447</b>	<b>4 663 461</b>	<b>94 792</b>	<b>5 017 855</b>	<b>11 130</b>	<b>763 715</b>
Investments in controlled entities	-	123	-	-	13	110
Shares, stock and other variable income securities, participation units and certificates of investment funds	380 582	599 191	91 436	490 148	11 094	569 967
Debt securities and other fixed income securities	653 714	4 028 002	1 165	4 491 411	23	191 447
Other investments	151	36 145	2 191	36 296	-	2 191
<b>b) financial liabilities held for trading including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) originated loans and own receivables including:</b>	<b>1 459 353</b>	<b>179 037 024</b>	<b>11 166</b>	<b>179 945 208</b>	<b>12 362</b>	<b>549 973</b>
Investments in related entities	32 200	-	-	32 200	-	-
Other loans	269 741	104 906 962	351	105 000 306	-	176 748
Term deposits with credit institutions	1 157 412	74 130 062	10 815	74 912 702	12 362	373 225
<b>d) financial assets held to maturity, including:</b>	<b>10 309 778</b>	<b>994 715</b>	<b>234 202</b>	<b>2 520 052</b>	<b>-</b>	<b>9 018 643</b>
Debt securities and other fixed income securities	10 309 778	994 715	234 202	2 520 052	-	9 018 643
<b>e) financial assets available for sale, including:</b>	<b>17 032 748</b>	<b>13 825 731</b>	<b>1 875 758</b>	<b>16 817 842</b>	<b>95 982</b>	<b>15 820 413</b>
Investments in controlled entities	6 303 547	11 103	1 454 950	12 879	46 182	7 710 539
Shares, stock and other variable income securities, participation units and certificates of investment funds	542 999	96 422	192 671	105 241	46 859	679 992
Debt securities and other fixed income securities	10 186 202	13 718 206	228 137	16 699 722	2 941	7 429 882
<b>Total</b>	<b>29 836 326</b>	<b>198 520 931</b>	<b>2 215 918</b>	<b>204 300 957</b>	<b>119 474</b>	<b>26 152 744</b>

### 2.3. Investments in real property

<b>Investments in real property (by group)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) own land	31 964	31 982
- by purchase price	37 612	37 630
- by current value	90 232	91 308
b) land perpetual usufruct right	20 723	23 399
c) buildings and structures	533 390	521 513
- by purchase price	725 289	700 127
- by current value	726 898	788 692
d) cooperative ownership of premises	6 646	7 759
e) construction investments	6 828	15 457
f) advances for construction investments	-	-
<b>Investments in real property (by group), total</b>	<b>599 551</b>	<b>600 110</b>

<b>Change in investments in real property</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>a) gross value – opening balance</b>	<b>821 535</b>	<b>806 227</b>
b) increases (due to)	22 989	17 445
- investments	22 989	16 985
- donations	-	-
- direct purchase	-	-
- other	-	460
c) decreases (due to)	7 013	2 137
- liquidation	2 528	1 536
- sale	1 887	406
- donations	-	-
- other	2 598	195
<b>d) gross value – closing balance</b>	<b>837 511</b>	<b>821 535</b>
<b>e) accumulated amortization – opening balance</b>	<b>144 539</b>	<b>123 515</b>
f) depreciation for the period (due to)	15 216	21 024
- current year charges	16 250	22 471
- accumulated depreciation of fixed assets liquidated	(571)	(712)
- accumulated depreciation of fixed assets sold	(586)	(69)
- accumulated depreciation of fixed assets donated	-	-
- accumulated depreciation of fixed assets lost by accident	-	-
- other	123	(666)
<b>g) accumulated depreciation – closing balance</b>	<b>159 755</b>	<b>144 539</b>
<b>h) impairment losses – opening balance</b>	<b>76 886</b>	<b>80 015</b>
- increases	1 319	44 888
- decreases	-	48 017
<b>i) impairment losses – closing balance</b>	<b>78 205</b>	<b>76 886</b>
<b>j) net value – closing balance</b>	<b>599 551</b>	<b>600 110</b>

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
<b>a) gross value of real property – opening balance</b>	<b>81 107</b>	<b>700 126</b>	<b>11 474</b>	<b>24 082</b>	<b>4 746</b>	<b>821 535</b>
<b>b) increases (due to)</b>	<b>10</b>	<b>27 805</b>	<b>802</b>	<b>20 219</b>	-	<b>48 836</b>
- investments	-	2 768	2	20 219	-	22 989
- donations	-	-	-	-	-	-
- direct purchase	-	-	-	-	-	-
- reclassification	10	25 037	800	-	-	25 847
- other	-	-	-	-	-	-
<b>c) decreases (due to)</b>	<b>194</b>	<b>2 642</b>	<b>2 495</b>	<b>27 529</b>	-	<b>32 860</b>
- 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
<b>d) gross value of real property – closing balance</b>	<b>80 923</b>	<b>725 289</b>	<b>9 781</b>	<b>16 772</b>	<b>4 746</b>	<b>837 511</b>
<b>e) accumulated amortization – opening balance</b>	<b>16 676</b>	<b>124 148</b>	<b>3 715</b>	-	-	<b>144 539</b>
<b>f) depreciation for the period (due to)</b>	<b>2 510</b>	<b>13 286</b>	<b>(580)</b>	-	-	<b>15 216</b>
- 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
<b>g) accumulated depreciation – closing balance</b>	<b>19 186</b>	<b>137 434</b>	<b>3 135</b>	-	-	<b>159 755</b>
<b>h) impairment losses – opening balance</b>	<b>9 050</b>	<b>54 465</b>	-	<b>8 625</b>	<b>4 746</b>	<b>76 886</b>
- increases	-	-	-	1 319	-	1 319
- decreases	-	-	-	-	-	-
<b>i) impairment losses – closing balance</b>	<b>9 050</b>	<b>54 465</b>	-	<b>9 944</b>	<b>4 746</b>	<b>78 205</b>
<b>j) net value of real property – closing balance</b>	<b>52 687</b>	<b>533 390</b>	<b>6 646</b>	<b>6 828</b>	-	<b>599 551</b>

Change in intangible assets in the year ended 31 December 2009	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
<b>a) gross value of real property – opening balance</b>	<b>75 793</b>	<b>682 056</b>	<b>12 719</b>	<b>30 718</b>	<b>4 941</b>	<b>806 227</b>
<b>b) increases (due to)</b>	<b>5 516</b>	<b>18 513</b>	<b>52</b>	<b>16 985</b>	-	<b>41 066</b>
- investments	-	-	-	16 985	-	16 985
- donations	-	-	-	-	-	-
- direct purchase	-	-	-	-	-	-
- reclassification	5 477	18 134	10	-	-	23 621
- other	39	379	42	-	-	460
<b>c) decreases (due to)</b>	<b>202</b>	<b>443</b>	<b>1 297</b>	<b>23 621</b>	<b>195</b>	<b>25 758</b>
- liquidation	171	68	1 297	-	-	1 536
- sale	31	375	-	-	-	406
- donations	-	-	-	-	-	-
- reclassification	-	-	-	23 621	-	23 621
- other	-	-	-	-	195	195
<b>d) gross value of real property – closing balance</b>	<b>81 107</b>	<b>700 126</b>	<b>11 474</b>	<b>24 082</b>	<b>4 746</b>	<b>821 535</b>
<b>e) accumulated depreciation – opening balance</b>	<b>12 576</b>	<b>106 906</b>	<b>4 033</b>	-	-	<b>123 515</b>
<b>f) depreciation for the period (due to)</b>	<b>4 100</b>	<b>17 242</b>	<b>(318)</b>	-	-	<b>21 024</b>
- current year charges	4 359	17 814	298	-	-	22 471
- accumulated depreciation of real property liquidated	(6)	(59)	(647)	-	-	(712)
- accumulated depreciation of real property sold	-	(69)	-	-	-	(69)
- accumulated depreciation of real property donated	-	-	-	-	-	-
- accumulated depreciation of real property lost by accident	-	-	-	-	-	-
- other	(253)	(444)	31	-	-	(666)
<b>g) accumulated depreciation – closing balance</b>	<b>16 676</b>	<b>124 148</b>	<b>3 715</b>	-	-	<b>144 539</b>
<b>h) impairment losses – opening balance</b>	<b>16 572</b>	<b>49 593</b>	<b>361</b>	<b>8 743</b>	<b>4 746</b>	<b>80 015</b>
- increases	1 615	43 273	-	-	-	44 888
- decreases	9 137	38 401	361	118	-	48 017
<b>i) impairment losses – closing balance</b>	<b>9 050</b>	<b>54 465</b>	-	<b>8 625</b>	<b>4 746</b>	<b>76 886</b>
<b>j) net value of real property – closing balance</b>	<b>55 381</b>	<b>521 513</b>	<b>7 759</b>	<b>15 457</b>	-	<b>600 110</b>



Real property (by use)	31 December 2010	31 December 2009
a) used for own purposes	547 296	574 326
b) other	52 255	25 784
<b>Real property (by use) total</b>	<b>599 551</b>	<b>600 110</b>

Investments in real property	31 December 2010	31 December 2009
a) short-term	-	-
b) long-term	599 551	600 110
<b>Total investments in real property</b>	<b>599 551</b>	<b>600 110</b>

Investments in real property (by currency)	31 December 2010	31 December 2009
a) in PLN	599 551	600 110
b) in foreign currencies (by currency and translated to PLN)	-	-
<b>Total investments in real property</b>	<b>599 551</b>	<b>600 110</b>

Investments in real property	31 December 2010	31 December 2009
Value of land in perpetual usufruct not used for own purposes	2 226	625
<b>Total value of land in perpetual usufruct not used for own purposes</b>	<b>2 226</b>	<b>625</b>

#### 2.4. Investments in controlled entities

Investments in controlled entities	31 December 2010	31 December 2009
a) shares in subsidiaries including:	6 860 409	7 702 725
- long-term investments	6 860 409	7 702 725
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:	-	7 924
unregistered contributions to share capital of PZU Pomoc SA including:	-	7 924
- long-term investments	-	7 924
<b>Total investments in controlled entities</b>	<b>6 860 409</b>	<b>7 710 649</b>

As of 31 December 2010 and 31 December 2009, 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 2010	31 December 2009
a) shares or stock including:	6 834 051	7 691 903
- in subsidiaries	6 834 051	7 691 903
- 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:	-	-

<b>Investments in controlled entities measured using the equity method</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
- in subsidiaries	-	-
- in co-subsiaries	-	-
- in associates	-	-
<b>Investments in controlled entities measured with equity method total / Investments in controlled entities measured with equity method, total</b>	<b>6 834 051</b>	<b>7 691 903</b>

<b>Investments in controlled entities measured using the equity method</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) goodwill of controlled entities	-	851
- subsidiaries	-	851
- co-subsiaries	-	-
- associates	-	-
b) negative goodwill of controlled entities	-	-
- subsidiaries	-	-
- co-subsiaries	-	-
- associates	-	-

<b>Changes in goodwill - controlled entities</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) gross value of goodwill – opening balance including:	851	6 791
UAB DK PZU Lietuva	-	754
UAB PZU Lietuva Gyvybes Draudimas	-	81
PrJSC IC PZU Ukraine	623	4 361
PrJSC IC PZU Ukraine Life Insurance	228	1 595
b) increases (due to)	-	-
c) decreases (due to)	851	5 940
UAB DK PZU Lietuva	-	754
UAB PZU Lietuva Gyvybes Draudimas	-	81
PrJSC IC PZU Ukraine	623	3 738
PrJSC IC PZU Ukraine Life Insurance	228	1 367
d) gross value of goodwill – closing balance	-	851
e) impairment of goodwill – opening balance	-	-
f) impairment of goodwill for the period (due to)	-	-
g) impairment of goodwill – closing balance	-	-
h) net value of goodwill – closing balance	-	851

<b>Change in investments in controlled entities (by type)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) opening balance	7 710 649	6 335 747
- shares and stock in controlled entities	7 702 725	6 303 547
- originated loans	-	32 200
- contribution to share capital	7 924	-
b) increases (due to)	162 240	1 466 176
- acquisition	155 578	11 226
- revaluation adjustments	6 662	1 454 950
- other	-	-
c) decreases (due to)	1 012 480	91 274
- disposal or redemption	34	45 079
- revaluation adjustments	1 012 446	46 195
- other	-	-
d) closing 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>Shares and securities in controlled entities</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) listed on a regulated market	115	110
b) not listed on a regulated market	6 860 294	7 702 615
<b>Shares and securities in controlled entities total</b>	<b>6 860 409</b>	<b>7 702 725</b>

<b>Shares, stock and other financial instruments in controlled entities (long-term investments) by disposability</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>A. Unrestricted, quoted on regulated market (carrying amount)</b>	-	-
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	-	-
<b>B. Unrestricted, quoted on OTC market (carrying amount)</b>	-	-
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	-	-
<b>C. Unrestricted, not quoted on a regulated market (carrying amount)</b>	<b>6 860 294</b>	<b>7 710 539</b>
a) stock (carrying amount):	6 625 470	7 474 324
- revaluation adjustments (for the period)	(1 012 356)	1 395 174
- opening balance	7 474 324	6 088 902
- at purchase price	899 628	736 126
b) bonds (carrying amount):	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
c) other – by group (carrying value):	234 824	236 215
shares in controlled entities	234 824	228 291
- revaluation adjustments (for the period)	6 567	13 593
- opening balance	228 291	214 646
- at purchase price	255 229	255 263
unregistered contribution to share capital (carrying amount)	-	7 924
- revaluation adjustments (for the period)	-	-

Shares, stock and other financial instruments in controlled entities (long-term investments) by disposability	31 December 2010	31 December 2009
- opening balance	7 924	-
- at purchase price	-	7 924
<b>D. Restricted (carrying amount)</b>	-	-
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	-	-
<b>By purchase price, total</b>	<b>1 154 857</b>	<b>999 313</b>
<b>Opening balance total</b>	<b>7 710 539</b>	<b>6 303 548</b>
<b>Revaluation adjustments (for the period) total</b>	<b>(1 005 789)</b>	<b>1 408 767</b>
<b>Total carrying amount</b>	<b>6 860 294</b>	<b>7 710 539</b>

Shares, stock and other financial instruments in controlled entities (short-term investments) by disposability	31 December 2010	31 December 2009
<b>A. Unrestricted, quoted on regulated market (carrying amount)</b>	<b>115</b>	<b>110</b>
a) stock (carrying amount)	115	110
- fair value	115	110
- market value	115	110
- at purchase price	123	123
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>B. Unrestricted, quoted on OTC market (carrying amount)</b>	-	-
a) stock (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
c) other – by group (carrying value):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
<b>C. Unrestricted, not quoted on a regulated market (carrying amount)</b>	-	-
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	-	-
<b>D. Restricted (carrying amount)</b>	-	-
a) shares or stock (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- by purchase price	-	-
b) bonds (carrying amount):	-	-
- fair value	-	-

<b>Shares, stock and other financial instruments in controlled entities (short-term investments) by disposability</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
<b>At purchase price, total</b>	<b>123</b>	<b>123</b>
<b>Opening balance total</b>	<b>110</b>	<b>-</b>
<b>Revaluation adjustments (for the period) total</b>	<b>5</b>	<b>(13)</b>
<b>Total carrying amount</b>	<b>115</b>	<b>110</b>

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/a
2. UAB DK PZU Lietuva	Vilnius	Property insurance	subsidiary	full method consolidation	26.04.2002	162 122	(108 683)	53 439	99.76%	99.76%	n/a
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/a
4. PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of securities portfolios for the account of third parties	indirect subsidiary	not consolidated	12.07.2001	5 840	-	5 840	50.00%	50.00%	n/a
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/a
6. Ogrodowa-Inwestycje Sp. z o.o. („Ogrodowa Inwestycje”)	Warsaw	Business and management consulting services, holding activities	subsidiary	full method consolidation	15.09.2004	142 255	2 870	145 125	100.00%	100.00%	n/a
7. UAB PZU Lietuva Gyvybes Draudimas	Vilnius	Life insurance	subsidiary	not consolidated	08.04.2004	40 235	(14 545)	25 690	99.34%	99.34%	n/a
8. Międzyzakładowe Pracownicze Tow. Emerytalne S. A. („MPTE”)	Warsaw	Developing and managing of employee pension plan	subsidiary	not consolidated	13.08.2004	500	-	500	100.00%	100.00%	n/a
9. PrJSC IC PZU Ukraine	Kiev	Property insurance	subsidiary	full method consolidation	01.07.2005	328 443	(232 055)	96 388	100.00%	100.00%	n/a
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/a
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/a
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/a
13. PZU Pomoc SA	Warsaw	Assistance services	subsidiary	not consolidated	18.03.2009	18 565	-	18 565	100.00%	100.00%	n/a
14. Armatura Kraków SA	Kraków	Manufacturing of bathroom and kitchen mixer taps	indirect subsidiary	not consolidated	27.08.2010	123	(8)	115	0.05%	0.05%	n/a
<b>Total</b>						<b>1 154 980</b>	<b>5 705 429</b>	<b>6 860 409</b>			<b>n/a</b>

\* “Total revaluation adjustments” includes 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	-	3 829 189	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 Lietuva 1/4/	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	-	-	187	1 497	2 066	-	574	149 184	24 037	-	-
7. UAB PZU Lietuva Gyvybes Draudimas 2/4/	28 390	-	-	1 284	(4 632)	820	-	1 426	-	241	68 997	19 049	-	-
8. Międzyzakładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	500	-	113	-	-	356	-	148	-	71	1 170	1 483	-	-
9. PrJSC IC PZU Ukraine 1/4/	114 722	-	227	120 759	(117 384)	(21 190)	-	19 369	-	14 336	185 537	106 469	-	-
10. PrJSC IC PZU Ukraine Life Insurance 2/4/	12 283	-	-	25 125	(17 956)	(6 972)	-	2 440	-	2 099	49 077	17 021	-	-
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	-	13 652	-	(5)	(303)	-	184	-	1 454	18 475	2 512	-	-
14. Armatura Kraków SA 3/	80 000	-	105 729	-	-	1 601	255	181 729	-	129 477	375 708	232 967	-	-

The above data are based on unaudited financial statements of the companies except from PZU Życie, PZU asset Management and ICH Center.

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 2009 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	7 080 681	7 375 769	100.00%	100.00%	n/a
2. UAB DK PZU Lietuva	Vilnius	Property insurance	subsidiary	full method consolidation	26.04.2002	162 122	(106 485)	55 637	99.76%	99.76%	n/a
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	(29 633)	83 267	27.47%	27.47%	n/a
4. PZU Asset Management S.A. („PZU AM”)	Warsaw	Management of securities portfolios for the account of third parties	indirect subsidiary	not consolidated	12.07.2001	5 840	-	5 840	50.00%	50.00%	n/a
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/a
6. Ogrodowa-Inwestycje Sp. z o.o. („Ogrodowa Inwestycje”)	Warsaw	Business and management consulting services, holding activities	subsidiary	full method consolidation	15.09.2004	142 289	2 683	144 972	100.00%	100.00%	n/a
7. UAB PZU Lietuva Gyvybes Draudimas	Vilnius	Life insurance	subsidiary	not consolidated	08.04.2004	40 235	(14 627)	25 608	99.34%	99.34%	n/a
8. Międzyzakładowe Pracownicze Tow. Emerytalne S. A. („MPTE”)	Warsaw	Developing and managing of employee pension plan	subsidiary	not consolidated	13.08.2004	500	-	500	100.00%	100.00%	n/a
9. PrJSC IC PZU Ukraine	Kiev	Property insurance	subsidiary	full method consolidation	01.07.2005	202 160	(195 737)	6 423	100.00%	100.00%	n/a
10. PrJSC IC PZU Ukraine Life Insurance	Kiev	Life insurance	subsidiary	not consolidated	01.07.2005	25 861	(25 634)	227	72.30%	72.30%	n/a
11. ICH Center S.A. („ICH Center”)	Warsaw	Claim handling – green card	subsidiary	not consolidated	31.01.1996	1 293	-	1 293	90.00%	90.00%	n/a
12. Ipsilon Sp. z o.o.	Warsaw	Assistance and medical services.	subsidiary	not consolidated	02.04.2009	52	-	52	100.00%	100.00%	n/a
13. PZU Pomoc SA	Warsaw	Assistance services	subsidiary	not consolidated	18.03.2009	3 027	-	3 027	100.00%	100.00%	n/a
14. Armatura Kraków SA	Kraków	Manufacturing of bathroom and kitchen mixer taps	indirect subsidiary	not consolidated	27.08.2010	123	(13)	110	0.05%	0.05%	n/a
<b>Total</b>						<b>991 512</b>	<b>6 711 213</b>	<b>7 702 725</b>			<b>n/a</b>

\* “Total revaluation adjustments” includes 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 2010

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 for by the issuer	t) Dividends paid by the entity or due for the last financial year
	- Share capital	- Called up share capital (negative value)	- Supplementary capital	- Other equity, including:			- Long-term liabilities	- Short-term liabilities	- Long-term	- Short-term				
				- Other equity	- Previous year profit (loss)	- Net profit (loss)								
1. PZU ŻYCIE SA („PZU Życie”)	295 000	-	4 206 090	126 580	-	2 748 099	3 698	511 192	3 245	253 300	30 467 809	9 960 648	-	1 419 146
2. UAB DK PZU Lietuva 1/3/	107 566	-	-	1 000	(37 560)	(14 750)	31	32 878	687	30 318	275 721	163 338	-	-
3. Tower Inwestycje Sp. z o.o. („Tower Inwestycje”)	411 000	-	-	159 000	(147 386)	39 510	-	47	-	20	462 283	-	-	-
4. PZU Asset Management S.A. („PZU AM”)	5 000	-	2 913	1 000	-	1 159	-	1 046	89	2 122	14 531	21 005	-	1 947
5. Syta Development Sp. z o.o. in liquidation („Syta Development”)	792	-	6 008	(285)	(12 862)	735	-	8 829	-	3	7 976	2 319	-	-
6. Ogrodowa - Inwestycje Sp. z o.o. ("Ogrodowa Inwestycje")	142 255	-	15	-	(94)	2 796	1 481	1 606	-	696	148 937	21 671	-	-
7. UAB PZU Lietuva Gyvybes Draudimas 2/3/	29 452	-	-	1 188	(4 387)	(386)	-	1 028	-	360	61 737	19 086	-	-
8. Międzyzakładowe Pracownicze Tow. Emerytalne S.A. („MPTE”)	500	-	-	-	-	113	-	81	-	64	748	1 056	-	-
9. PrJSC IC PZU Ukraine 1/3/	109 311	-	217	10 578	(90 233)	(24 073)	-	11 910	-	10 879	71 858	80 785	-	-
10. PrJSC IC PZU Ukraine Life Insurance 2/3/	11 564	-	-	6 032	(11 386)	(6 359)	-	2 188	-	1 319	24 237	10 859	-	-
11. ICH Center S.A. („ICH Center”)	510	-	3 553	771	-	668	-	228	-	845	6 009	3 943	-	-
12. Ipsilon Sp. z o.o.	50	-	-	-	-	(5)	-	-	-	-	47	-	-	-
13. PZU Pomoc SA	3 000	-	-	7 923	-	(5)	-	105	-	600	11 118	946	-	-
14. Armatura Kraków SA	80 000	-	52 860	-	-	52 869	773	103 902	-	48 372	292 520	218 428	-	-

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

<b>Investments in controlled entities (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	6 675 815	7 622 754
b) in foreign currencies (by currency and translated to PLN)	184 594	87 895
b1. LTL'000	68 994	68 285
PLN'000	79 129	81 245
b2. UAH'000	283 356	18 690
PLN'000	105 465	6 650
<b>Total investments in controlled entities</b>	<b>6 860 409</b>	<b>7 710 649</b>

#### **2.4.1 PZU Pomoc**

On 3 November 2010, the Extraordinary Shareholders' Meeting of PZU Pomoc adopted a resolution on increasing the share capital of the Company by PLN 1,020 up to PLN 4.886 thousand by means of issuing 102,080 ordinary registered shares, C series, with the nominal value of PLN 10,00 each. The issue price per share was determined as PLN 74.60.

On 25 November 2010, PZU subscribed all the above shares and on the same day paid PLN 7,615 thousand.

On 31 December 2010 the increase of the share capital was recorded in the National Court Register.

#### **2.4.2 Capital restructuring of insurance companies in the PZU Group in Ukraine**

On 10 March 2010, PZU Ukraine and on 21 April 2010, PrJSC IC PZU Ukraine Life Insurance received protocols concerning a breach of the license requirements from the Ukrainian insurance supervision due to inappropriate level of net assets (pursuant to the regulatory requirements, the net assets of an insurance undertaking may not be lower than the share capital).

The end of June and beginning of July 2010 saw an issue of shares of both Ukrainian companies. PZU assumed the total of:

- 100.000 100,000 shares of PZU Ukraine with the face value of UAH 10 each and issue price of UAH 3,000 each for the total amount of up to UAH 300,000 thousand (the shares were paid for on 25 June 2010 with USD 37,892 thousand - an equivalent of UAH 299,700 thousand and on 12 July 2010 with USD 38 thousand (PLN 112 thousand) - an equivalent of UAH 300 thousand);
- 5.000 5,000 shares of PZU Ukraine Life with the face value of UAH 100 each and issue price of UAH 10,400 each for the total amount of up to UAH 52,000 thousand (the shares were paid for on 25 June 2010 with USD 4,753 thousand (PLN 15,826 thousand) - an equivalent of UAH 37,596 thousand and on 12 July 2010 of USD 822 thousand (PLN 5,855 thousand) – an equivalent of UAH 14,4040 thousand).

The increase in the share capital of both companies was registered on 10 August 2010. Successful increase in the share capitals of both companies satisfied the regulatory requirements.

The second stage of capital restructuring of the above Ukrainian companies involves redemption of shares.

On 7 October 2010, Extraordinary Shareholders Meetings of PZU Ukraine and PZU Ukraine Life passed resolutions regarding redemption of:

- 25.000.000 shares of PZU Ukraine at the price equal to the nominal value, i.e. UAH 10 per share, for the total amount of UAH 250,000 thousand;
- 120.000 shares of PZU Ukraine Life at the price equal to the nominal value, i.e. UAH 100 per share, for the total amount of UAH 12,000 thousand.

In November 2010, the Ukrainian supervisory body informed that the Ukrainian companies met the license terms, and on 30 December 2010, following expiration of the former TPL motor insurance license, it decided to issue a new TPL motor insurance license for PZU Ukraine, valid for an unlimited period of time.

Following new favorable tax solutions introduced in Ukraine on 1 January 2011, Management Board of PZU decided to change the restructuring schedule of Ukrainian companies and carry out the share

redemption process in Q11 2011, as well as to reduce the redemption amount by the equivalent of the share capital increase planned for 2011.

On 27 December 2010, Extraordinary Shareholders Meetings of PZU Ukraine and PZU Ukraine Life passed resolutions regarding redemption of:

- 29,207,233 shares at a price lower than the nominal price (UAH 10) i.e. UAH 7.19 per share;
- 167,989 shares at a price lower than the nominal price (UAH 100) i.e. UAH 21.43 per share.

On 18 January 2011, PZU concluded:

- PZU Ukraine an agreement on the sale of 29,207,233 shares at UAH 7.19 per share totaling to UAH 210,000 thousand (the equivalent of USD 26,448 thousand (PLN 75,380 thousand) was received on 31 January 2011);
- PZU Ukraine Life an agreement on the sale of 139,991 shares at UAH 21.43 per share totaling to UAH 3,000 thousand (the equivalent of USD 378 thousand (PLN 1,077 thousand) was received on 31 January 2011).

On 2 February 2011, based on the above agreements, PZU transferred ownership of the shares to acquirers.

The remaining 27,998 shares of PZU Ukraine Life designed for redemption were purchased from PZU Ukraine (pursuant to an agreement concluded on 18 January 2011). In this way, PZU did not lose the controlling interest in PZU Ukraine Life.

The capital restructuring of the above companies (recording of share capital reduction) shall be closed in Q2 2011.

## 2.5. Other financial investments

Other financial investments	31 December 2010	31 December 2009
a) shares and other variable income securities	1 100 425	1 048 920
b) units and investment certificates in investment funds	208 658	201 039
c) debt securities and other fixed income securities	14 320 108	16 639 972
d) interests in joint ventures (investments)	-	-
e) mortgage loans, including:	17 032	-
- additionally collateralized with policies	-	-
f) other loans, including:	498 460	176 748
- for the insured, with policies as the basic collateral	-	-
- for the insured, not collateralized with policies	-	-
g) term deposits with credit institutions	174 666	373 225
h) other investments (by type)	44 325	2 191
<b>Total other financial investments</b>	<b>16 363 674</b>	<b>18 442 095</b>

Change in other investments (by type)	31 December 2010	31 December 2009
a) opening balance	18 442 095	23 500 579
Shares, stock and other variable income securities, participation units and certificates of investment funds	1 249 959	923 581
Debt securities and other fixed income securities	16 639 972	21 149 694
Other investments	552 164	1 427 304
b) increases (due to)	95 673 386	199 254 825
- acquisition	95 186 443	198 501 781
- revaluation adjustments	486 943	753 044
- other	-	-
c) decreases (due to)	97 751 807	204 313 309
- sale or redemption	97 702 798	204 247 954
- revaluation adjustments	49 009	65 355
- other	-	-
d) closing balance	16 363 674	18 442 095
- Stock, shares, other variable income securities, participation units and investment 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

Other financial investments	31 December 2010	31 December 2009
a) long-term	12 993 249	16 392 980
b) short-term	3 370 425	2 049 115
<b>Total other financial investments</b>	<b>16 363 674</b>	<b>18 442 095</b>

<b>Other financial investments (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	15 709 101	17 756 818
b) in foreign currencies (by currency and translated to PLN)	654 573	685 277
b1. EUR'000	152 199	165 086
PLN'000	602 754	678 208
b2. USD'000	5 294	2 480
PLN'000	15 691	7 069
b3. other currencies PLN'000	36 128	-
<b>Total other financial investments</b>	<b>16 363 674</b>	<b>18 442 095</b>

<b>Investments by portfolio qualification</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) financial assets held for trading	921 714	763 605
b) financial liabilities held for trading	-	-
c) originated loans and own receivables	690 158	549 973
d) financial assets held to maturity	7 471 053	9 018 643
e) financial assets available for sale	7 280 749	8 109 874
<b>Total investments</b>	<b>16 363 674</b>	<b>18 442 095</b>

<b>Other financial investments – in financial instruments</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	13 653 182	15 835 848
- long-term investments	12 125 864	12 572 188
- short-term investments	1 527 318	3 263 660
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	-	-
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	24 346	-
f) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-
g) other	2 686 146	2 606 247
<b>Total other financial investments – in financial instruments</b>	<b>16 363 674</b>	<b>18 442 095</b>

<b>Securities (other financial investments)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) listed on a regulated market	15 236 519	17 544 070
b) not listed on a regulated market	183 783	144 591
<b>Total securities (other financial investments)</b>	<b>15 420 302</b>	<b>17 688 661</b>

<b>Shares and other variable income securities (carrying amount)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) shares and stock including:	1 100 425	1 048 920
- long-term investments	391 949	486 836
b) debt securities, including:	-	-
- long-term investments	-	-
c) other (by type)	208 658	201 039
units and investment certificates in investment funds	208 658	201 039
- including: long-term investments	204 519	193 155
<b>Shares and other variable income securities total</b>	<b>1 309 083</b>	<b>1 249 959</b>

<b>Change in the balance of investments in shares and other variable income securities (by type)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) opening balance	1 249 959	923 581
- Shares and other variable income securities	1 048 920	745 347
- Units and investment certificates in investment funds	201 039	178 234
b) increases (due to)	1 115 523	979 720
- purchase	954 672	695 613
- value adjustment	160 851	284 107
- other	-	-
c) decreases (due to)	1 056 399	653 342
-disposal	1 037 840	595 389
- value adjustment	18 559	57 953
- other	-	-
d) closing 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>Shares, stock and other variable income financial instruments (long-term investments) by disposability</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>A. Unrestricted, quoted on regulated market (carrying amount)</b>	<b>391 718</b>	<b>486 605</b>
a) stock (carrying amount)	391 718	486 605

<b>Shares, stock and other variable income financial instruments (long-term investments) by disposability</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
- revaluation adjustments (for the period)	(94 887)	122 070
- opening balance	486 605	364 535
- at purchase price	281 802	404 365
<b>b) bonds (carrying amount):</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>c) other – by group (carrying value)</b>	-	-
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>B. Unrestricted, quoted on OTC market (carrying amount)</b>	-	-
<b>a) stock (carrying amount)</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>b) bonds (carrying amount):</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>c) other – by group (carrying value)</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>C. Unrestricted, not quoted on a regulated market (carrying amount)</b>	<b>204 750</b>	<b>193 386</b>
<b>a) stock (carrying amount)</b>	231	231
- revaluation adjustments (for the period)	-	-
- opening balance	231	231
- at purchase price	12 788	12 788
<b>b) bonds (carrying amount):</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>c) other – by group (carrying value)</b>	204 519	193 155
closed investment fund units (carrying value)	204 519	193 155
- revaluation adjustments (for the period)	11 364	14 921
- opening balance	193 155	178 234
- at purchase price	182 998	187 044
loans (carrying amount)	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>D. Restricted (carrying amount)</b>	-	-
<b>a) shares or stock (carrying amount):</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>b) bonds (carrying amount):</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>c) other – by group (carrying value)</b>	-	-
- revaluation adjustments (for the period)	-	-
- opening balance	-	-
- at purchase price	-	-
<b>At purchase price, total</b>	<b>477 588</b>	<b>604 197</b>
<b>Opening balance total</b>	<b>679 991</b>	<b>543 000</b>
<b>Revaluation adjustments (for the period) total</b>	<b>(83 523)</b>	<b>136 991</b>
<b>Total carrying amount</b>	<b>596 468</b>	<b>679 991</b>

Both as at 31 December 2010 and 31 December 2009, PZU held no shares providing 5% or more interest in share capital and total number of votes at the shareholders meeting.

Shares, stock and other variable income financial instruments (short-term investments) by disposability	31 December 2010	31 December 2009
<b>A. Unrestricted, quoted on regulated market (carrying amount)</b>	<b>712 615</b>	<b>567 967</b>
a) stock (carrying amount)	708 476	562 084
- fair value	708 476	562 084
- market value	708 476	562 084
- at purchase price	656 352	560 551
b) bonds (carrying amount):	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
c) other – by group (carrying value)	4 139	5 883
units and investment certificates (carrying amount)	4 139	5 883
- fair value	4 139	5 883
- market value	4 139	5 883
- at purchase price	4 046	6 037
<b>B. Unrestricted, quoted on OTC market (carrying amount)</b>	<b>-</b>	<b>-</b>
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	-	-
<b>C. Unrestricted, not quoted on a regulated market (carrying amount)</b>	<b>-</b>	<b>2 001</b>
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)	-	2 001
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)	-	2 001
- fair value	-	2 001
- market value	-	2 001
- at purchase price	-	2 000
loans (carrying amount)	-	-
- fair value	-	-
- market value	-	-
- at purchase price	-	-
<b>D. Restricted (carrying amount)</b>	<b>-</b>	<b>-</b>
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	-	-

Shares, stock and other variable income financial instruments (short-term investments) by disposability	31 December 2010	31 December 2009
- market value	-	-
- at purchase price	-	-
<b>At purchase price, total</b>	<b>660 398</b>	<b>568 588</b>
<b>Opening balance total</b>	<b>569 968</b>	<b>7 958 090</b>
<b>Revaluation adjustments (for the period) total</b>	<b>140</b>	<b>(154)</b>
<b>Total carrying amount</b>	<b>712 615</b>	<b>569 968</b>

### 2.5.1 Mortgage loans

On 17 February 2010, PZU originated a loan of PLN 16,900 thousand with initial interest rate 8.16 p.a. to Polskie Linie Lotnicze LOT SA ("LOT"). The repayment deadline was set at 31 May 2010. The loan tranches of PLN 10,600 thousand and PLN 6,300 thousand, respectively, were made available on 18 February 2010 and 11 March 2010.

The loan is collateralized on the contractual cap mortgage up to PLN 33,800 thousand on the perpetual usufruct of real property comprising a plot and a building with a separate ownership title, located in Warsaw, at 17 Stycznia 43.

The loan repayment deadline was further postponed to: 30 November 2010, 11 February 2011 and 16 May 2011, with modified interest, ranging from 9.16% to 12.16% p.a. The debtor repaid the interest within the above deadlines.

### 2.5.2 Term deposits with credit institutions

Term deposits with credit institutions by maturity period after the balance sheet date	31 December 2010	31 December 2009
a) up to 3 months	174 666	373 225
b) over 3 months and up to 1 year	-	-
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
<b>Term deposits in credit institutions, total</b>	<b>174 666</b>	<b>373 225</b>

Term deposits with credit institutions (currency structure)	31 December 2010	31 December 2009
a) in PLN	108 509	316 666
b) in foreign currencies with domestic banks (by currency and translated into PLN)	66 157	56 559
b1. EUR'000	16 585	13 240
PLN'000	65 682	54 393
b2. USD'000	160	760
PLN'000	475	2 166
c) in foreign currencies with foreign banks (by currency and translated into PLN)	-	-
<b>Term deposits in credit institutions, total</b>	<b>174 666</b>	<b>373 225</b>

### 2.5.3 Derivatives

In 2010 and 2009, PZU did not apply hedge accounting.

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 2010, the Company used interest rate swaps, stock index futures and bond futures.

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.

In 2010 and 2009, PZU had no derivatives to hedge the value of technical provisions.

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		Forward contracts WIG20	PLN	2011-03-18	Yes	None	None	n/a	n/a	500	short	124	-	(3 553)	124
Forex risk		Forward contracts WIG20	PLN	n/a	Yes	None	None	n/a	n/a	n/a	long	-	-	(1 733)	-
Forex risk		Forward contracts for foreign T-bonds	EUR	2011-03-18	Yes	None	None	n/a	n/a	140	short	-	492	(15 480)	(492)
Forex risk		Forward contracts for foreign T-bonds	EUR	n/a	Yes	None	None	n/a	n/a	n/a	long	-	-	(2 898)	-
Forex risk		Forex forward contracts	USD	n/a	Yes	None	None	n/a	n/a	n/a	n/a	-	-	13	-
Forex risk		Warrant	n/a	n/a	Yes	None	None	n/a	n/a	n/a	n/a	-	-	368	-
Interest rate risk		FRA	PLN	2011-05-23	Yes	None	None	300 000	300 000	n/a	n/a	45	-	-	-
Interest rate risk		FRA	PLN	n/a	Yes	None	None	n/a	n/a	n/a	n/a	-	-	179	-
Interest rate risk		IRS	TRY	2012-04-16	Yes	None	None	100 000	192 270	n/a	n/a	15 113	-	(7 880)	15 113
Interest rate risk		IRS	TRY	2012-05-14	Yes	None	None	90 000	173 043	n/a	n/a	13 048	-	(7 312)	13 048
Interest rate risk		IRS	TRY	2012-04-20	Yes	None	None	50 000	96 135	n/a	n/a	7 575	-	(3 899)	7 575
Interest rate risk		IRS	PLN	2012-06-25	Yes	None	None	125 000	125 000	n/a	n/a	2 856	-	(2 542)	2 856
Interest rate risk		IRS	PLN	2012-05-28	Yes	None	None	125 000	125 000	n/a	n/a	2 660	-	(2 548)	2 660
Interest rate risk		IRS	PLN	2012-03-05	Yes	None	None	150 000	150 000	n/a	n/a	1 035	-	-	1 035
Interest rate risk		IRS	EUR	2015-09-21	Yes	None	None	10 000	39 603	n/a	n/a	533	-	-	533
Interest rate risk		IRS	PLN	2020-08-10	Yes	None	None	25 000	25 000	n/a	n/a	476	-	-	476
Interest rate risk		IRS	PLN	2012-08-10	Yes	None	None	152 500	152 500	n/a	n/a	371	-	-	371
Interest rate risk		IRS	MYR	2012-11-05	Yes	None	None	159 000	152 847	n/a	n/a	231	-	-	231
Interest rate risk		IRS	HUF	2020-05-11	Yes	None	None	2 000 000	28 412	n/a	n/a	161	-	764	161
Interest rate risk		IRS	PLN	2012-10-22	Yes	None	None	100 000	100 000	n/a	n/a	97	-	-	97
Interest rate risk		IRS	BRL	2012-01-02	Yes	None	None	71 478	127 666	n/a	n/a	-	630	-	(630)
Interest rate risk		IRS	EUR	2012-07-16	Yes	None	None	50 000	198 015	n/a	n/a	-	217	-	(217)
Interest rate risk		IRS	EUR	2015-07-28	Yes	None	None	25 000	99 008	n/a	n/a	-	449	-	(449)
Interest rate risk		IRS	EUR	2015-10-26	Yes	None	None	25 000	99 008	n/a	n/a	-	1 210	-	(1 210)
Interest rate risk		IRS	HUF	2012-07-19	Yes	None	None	12 000 000	170 472	n/a	n/a	-	1 020	-	(1 020)
Interest rate risk		IRS	HUF	2020-04-30	Yes	None	None	2 000 000	28 412	n/a	n/a	-	920	(758)	(920)
Interest rate risk		IRS	PLN	2012-10-18	Yes	None	None	150 000	150 000	n/a	n/a	-	25	-	(25)
Interest rate risk		IRS	PLN	2012-10-24	Yes	None	None	250 000	250 000	n/a	n/a	-	32	-	(32)
Interest rate risk		IRS	PLN	2013-12-18	Yes	None	None	10 000	10 000	n/a	n/a	-	819	1 618	(819)
Interest rate risk		IRS	PLN	2015-05-05	Yes	None	None	50 000	50 000	n/a	n/a	-	249	(243)	(249)
Interest rate risk		IRS	USD	2015-05-07	Yes	None	None	10 000	29 641	n/a	n/a	-	987	176	(987)
Interest rate risk		IRS	BRL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(626)	-
Interest rate risk		IRS	CZK	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(787)	-
Interest rate risk		IRS	EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	413	-
Interest rate risk		IRS	HUF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	1 309	-
Interest rate risk		IRS	ILS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(690)	-
Interest rate risk		IRS	PLN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2 198)	-
Interest rate risk		IRS	RUB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	267	-
Interest rate risk		IRS	TRY	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	362	-
Interest rate risk		IRS	USD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(1 647)	-
Interest rate risk		IRS	ZAR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	(2 269)	-



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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
TOTAL												44 325	7 050	(51 594)	37 230

As of 31 December 2009, 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 2009	Nominal value as of 31 December 2009 translated into PLN	Number as of 31 December 2009	Position as at 31 December 2009 (short/long)	Assets – carrying amount	Liabilities – carrying amount	Realized gain/loss in 2009	Unrealized gain/loss in 2009
Forex risk		Forward contracts for foreign T-bonds	EUR	2010-03-08	Yes		None	n/a	n/a	110	short	1 068	-	1 080	1 068
Forex risk		Forward contracts for foreign T-bonds	EUR	2010-03-08	Yes		None	n/a	n/a	20	long	-	113	322	(113)
Forex risk		Forward contracts WIG20	PLN	2010-03-19	Yes		None	n/a	n/a	310	short	27	64	(185)	(37)
Forex risk		Forward contracts WIG20	PLN	2010-03-19	Yes		None	n/a	n/a	180	long	107	-	67	107
Interest rate risk		FRA	PLN	n/a	n/a		n/a	-	-	n/a	n/a	-	-	273	-
Interest rate risk		IRS	EUR	2015-09-21	Yes		None	10 000	-	n/a	n/a	990	-	-	-
Interest rate risk		IRS	PLN	2013-12-18	Yes		None	10 000	10 000	n/a	n/a	-	(1 591)	-	-
Interest rate risk		IRS	PLN	n/a	n/a		n/a	-	-	n/a	n/a	-	-	18 587	-
FRA		IRS	PLN	n/a	n/a		n/a	-	-	n/a	n/a	-	-	2 258	-
Interest rate risk		IRS	USD	n/a	n/a		n/a	-	-	n/a	n/a	-	-	564	-
<b>TOTAL</b>												<b>2 192</b>	<b>1 414</b>	<b>22 966</b>	<b>1 025</b>

## 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 2010 amounted to PLN 6,893.4 million (PLN 7,623.5 million as at 31 December 2009).

In 2010, PZU reduced the risk by:

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

As of 31 December 2010, the value of instruments held to maturity was PLN 7,471.1 million (31 December 2009: PLN 9,018.6 million). As of 31 December 2010, the effective interest rate of the portfolio was 5.75% (31 December 2009: 5.84%).

Average yield of two-, five- and ten-year bonds sold at auctions from 1 January to 31 December 2010 was 4.78%, 5.20%, 5.75%, respectively (in 2009: 5.26%, 5.70%, 6.27%).

In 2010, PZU reduced the interest rate risk related to financial instruments classified as loans and own receivables by limiting the maximum maturity period of bank deposits and contingent transactions on securities down to 1 month.

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 2010	PLN	USD	EUR	LTL	UAH
<b>Financial assets</b>	-	-	-	-	-
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%	-	-
<b>Liabilities</b>	-	-	-	-	-
Liabilities to credit institutions	-	-	-	-	-

Average effective interest rate as at 31 December 2009	PLN	USD	EUR	LTL	UAH
<b>Financial assets</b>	-	-	-	-	-
Debt securities and other fixed income securities	4.24%	-	2.50%	-	-
Mortgage loans	-	-	-	-	-
Other loans	3.83%	-	-	-	-
Term deposits with credit institutions	3.87%	0.40%	0.25%	-	-
<b>Liabilities</b>	-	-	-	-	-
Liabilities to credit institutions	4.07%	-	-	-	-

### 2.6.2 Credit risk

In 2010, PZU followed a restrictive credit risk policy. The strategy of PZU limited the possibilities of investment in debt securities to instruments in the case of which the investment rating of issuers or underwriters was at least BBB - Standard&Poor's or were quoted on a stock exchange (with limited individual risk exposure). All plans of acquiring securities underwent an internal scoring 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 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
<b>Total assets exposed to credit risk</b>	<b>409</b>	<b>447</b>	<b>14 743</b>	<b>219</b>	<b>-</b>	<b>82</b>	<b>15 900</b>

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 2009 (PLN million)	AAA	AA	A	BBB	BB	No rating	Total
Debt securities and other fixed income securities	603	70	15 836	131	-	-	16 640
Mortgage loans	-	-	-	-	-	-	-
Other loans	-	-	155	-	-	22	177
Term deposits with credit institutions	-	-	322	51	-	-	373
Other investments	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	1	-	-	-	12	13
Reinsurers' share in net claim provisions	16	327	289	13	-	39	684
Receivables from reinsurance	1	8	10	1	-	6	26
<b>Total assets exposed to credit risk</b>	<b>620</b>	<b>406</b>	<b>16 612</b>	<b>196</b>	<b>-</b>	<b>79</b>	<b>17 913</b>

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 2010, the maximum credit exposure for PZU was PLN 329.6 million (31 December 2009: PLN 296.6 million. With 2010 ratios, the amount would be PLN 371.0 million). The amount was calculated based on credit risk ratios presented in the table below:

Rating	AAA	AA	A	BBB	BB	No rating
Ratios for calculation as of 31 December 2010 (%)	0.87	0.74	1.97	5.60	17.45	30.82
Ratios for calculation as of 31 December 2009 (%)	0.70	0.70	1.70	4.40	14.60	30.40

\*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 2010, the matching of technical provisions and assets denominated in foreign currencies 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).

As of 31 December 2009, the same matching was plus PLN 73.6 million (the value of assets to cover technical provisions denominated in foreign currencies was PLN 927.7 million and the value of technical provisions denominated in foreign currencies was PLN 854.1 million).

Assets covering technical provisions denominated in foreign currencies included an investment portfolio. As at 31 December 2010, 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 246.0 million (PLN 110.3 million at the end of 2009);
- other fixed income debt securities in the amount of PLN 290.5 million (PLN 510.5 million at the end of 2009);
- term deposits with credit institutions amounting to PLN 66.2 million (PLN 56.6 million at the end of 2009);
- term deposits with ceding undertakings amounting to PLN 8.4 million (PLN 12.9 million at the end of 2009).

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

Type of investment	31 December 2010	31 December 2009
Controlled entities	184 594	87 895
Investment certificates held for trading	15 216	5 883
Derivative instruments*	30 736	2 058

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

In 2009-2010, 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 of 31 December 2010, the Company's exposure to securities issued by the Polish Ministry of Finance with contingent transactions relating to those securities was PLN 14,151.6 million (31 December 2009: PLN 15,991.1 million), which was 59.4% of the value of the investments (31 December 2009: 59.7%). As of 31 December 2010 the Company's exposure to controlled entities was PLN 6,860.4 million (31 December 2009: PLN 7,710.6 million), which was 28.8% of investments (31 December 2009: 28.8%).

## 2.7. Deposits with ceding undertakings

<b>Deposits with ceding undertakings (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) deposits denominated in PLN including with:	-	-
b) deposits denominated in foreign currencies including with:	8 401	12 919
- other, including:	8 401	12 919
b1. EUR'000	1 860	2 958
PLN'000	7 367	12 154
b2. USD'000	349	268
PLN'000	1 034	765
c) impairment loss	-	-
<b>Deposits with ceding undertakings (gross)</b>	<b>8 401</b>	<b>12 919</b>

Both in 2010 and 2009, no impairment losses on deposits with ceding undertakings occurred.

<b>Deposits with ceding undertakings by maturity period after the balance sheet date</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) up to 3 months	7 495	12 019
b) over 3 months and up to 1 year	906	900
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
<b>Deposits with ceding undertakings total</b>	<b>8 401</b>	<b>12 919</b>

### 3. Receivables

Geographical structure of receivables	31 December 2010				31 December 2009			
	Domestic	Foreign – EU countries	Foreign - other countries	Total	Domestic	Foreign – EU countries	Foreign - other countries	Total
<b>I. Receivables from direct insurance</b>	<b>1 053 144</b>	<b>765</b>	<b>40</b>	<b>1 053 949</b>	<b>970 823</b>	<b>1 222</b>	<b>5</b>	<b>972 050</b>
1. Receivables from policyholders	943 454	765	40	944 259	922 421	1 222	5	923 648
2. Receivables from insurance intermediaries	53 615	-	-	53 615	48 258	-	-	48 258
3. Other receivables	56 075	-	-	56 075	144	-	-	144
<b>II. Receivables from reinsurance</b>	<b>3 195</b>	<b>51 285</b>	<b>66 872</b>	<b>121 352</b>	<b>1 419</b>	<b>13 554</b>	<b>11 201</b>	<b>26 174</b>
<b>III. Other receivables</b>	<b>221 097</b>	<b>9 574</b>	<b>868</b>	<b>231 539</b>	<b>233 772</b>	<b>11 404</b>	<b>702</b>	<b>245 878</b>
1. Receivables from the State Budget	9 268	-	-	9 268	81 704	-	-	81 704
2. Other receivables	211 829	9 574	868	222 271	152 068	11 404	702	164 174
<b>Total receivables</b>	<b>1 277 436</b>	<b>61 624</b>	<b>67 780</b>	<b>1 406 840</b>	<b>1 206 014</b>	<b>26 180</b>	<b>11 908</b>	<b>1 244 102</b>

### 3.1. Receivables from direct insurance

<b>Receivables from direct insurance</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) receivables from policyholders including:	944 259	923 648
- from controlled entities	245	231
- domestic	245	231
- foreign	-	-
- from other entities	944 014	923 417
- domestic	943 209	922 190
- foreign	805	1 227
b) receivables from intermediaries, including:	53 615	48 258
- from controlled entities	1	-
- domestic	1	-
- foreign	-	-
- from other entities	53 614	48 258
- domestic	53 614	48 258
- foreign	-	-
c) other receivables, including:	56 075	144
- from controlled entities	-	91
- domestic	-	91
- foreign	-	-
- from other entities	56 075	53
- domestic	56 075	53
- foreign	-	-
<b>Receivables from direct insurance (net)</b>	<b>1 053 949</b>	<b>972 050</b>
d) impairment losses	393 399	320 887
<b>Receivables from direct insurance (gross)</b>	<b>1 447 348</b>	<b>1 292 937</b>

<b>Receivables from direct insurance with maturity periods after the balance sheet date</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) up to 3 months	657 901	569 992
b) over 3 months and up to 1 year	361 207	352 089
c) over 1 year and up to 5 years	32 976	42 937
d) over 5 years	1 865	7 032
<b>Receivables from direct insurance total</b>	<b>1 053 949</b>	<b>972 050</b>

<b>Receivables from direct insurance (net)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) from subsidiaries	246	322
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	1 053 703	971 728
<b>Receivables from direct insurance total</b>	<b>1 053 949</b>	<b>972 050</b>

<b>Receivables from direct insurance (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	1 053 949	972 050
b) in foreign currencies (by currency and translated to PLN)	-	-
b1. EUR'000	-	-
PLN'000	-	-
b2. USD'000	-	-
PLN'000	-	-
<b>Receivables from direct insurance total</b>	<b>1 053 949</b>	<b>972 050</b>

<b>Balance of co-insurance settlements</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Balance of co-insurance settlements	112 290	72 344



### 3.2. Receivables from reinsurance

Receivables from reinsurance	31 December 2010	31 December 2009
a) current receivables from inward reinsurance	2 802	675
- from domestic ceding undertakings	934	622
- from foreign ceding undertakings	1 868	53
b) current receivables from outward reinsurance including:	117 851	25 499
- from domestic reinsurers	1 563	797
- from foreign reinsurers	116 288	24 702
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	-	-
<b>Receivables from reinsurance (net) total</b>	<b>121 352</b>	<b>26 174</b>
f) impairment losses	18 543	17 593
<b>Receivables from reinsurance (gross) total</b>	<b>139 895</b>	<b>43 767</b>

Receivables from reinsurance	31 December 2010	31 December 2009
a) from subsidiaries	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	121 252	26 174
<b>Receivables from reinsurance total</b>	<b>121 352</b>	<b>26 174</b>

Receivables from reinsurance	31 December 2010	31 December 2009
a) current receivables from inward reinsurance including:	2 802	675
- from ceding undertakings being subsidiaries	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:	117 851	25 499
- 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	-	-
<b>Receivables from reinsurance total</b>	<b>121 352</b>	<b>26 174</b>

Receivables from reinsurance (net) with maturity periods after the balance sheet date	31 December 2010	31 December 2009
a) up to 3 months	105 382	15 400
b) over 3 months and up to 1 year	11 346	5 295
c) over 1 year and up to 5 years	427	2 021
d) over 5 years	4 197	3 458
<b>Receivables from reinsurance (net) total</b>	<b>121 352</b>	<b>26 174</b>

Receivables from reinsurance (currency structure)	31 December 2010	31 December 2009
a) in PLN	65 300	10 195
b) in foreign currencies (by currency and translated to PLN)	56 052	15 979
b1. EUR'000	2 350	1 821
PLN'000	9 307	7 482
b2. USD'000	15 770	2 981
PLN'000	46 745	8 497
<b>Receivables from reinsurance total</b>	<b>121 352</b>	<b>26 174</b>

### 3.3. Other receivables

Other receivables	31 December 2010	31 December 2009
a) receivables from the state budget	9 268	81 704
b) receivables from guarantees and letters of credit	-	-
c) other receivables, including:	222 271	164 174
- Receivables from disposal of securities	112 388	39 765
- Receivables from the Company's Social Benefits Fund	61 492	63 314
- Receivables from loss adjusting services	23 132	40 965
- Receivables relating to prevention activities	11 844	10 272
- Retained guarantee deposits	3 514	1 700
- Advance payments for suppliers	1 320	3 633
<b>Total other receivables (net)</b>	<b>231 539</b>	<b>245 878</b>
d) impairment losses	42 540	43 399
<b>Other receivables (gross) total</b>	<b>274 079</b>	<b>289 277</b>

Other receivables	31 December 2010	31 December 2009
a) from subsidiaries	5 607	2 923
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	225 932	242 955
<b>Total other receivables</b>	<b>231 539</b>	<b>245 878</b>

Other receivables by maturity period after the balance sheet date	31 December 2010	31 December 2009
a) up to 3 months	170 337	175 702
b) over 3 months and up to 1 year	4 337	17 154
c) over 1 year and up to 5 years	56 655	38 982
d) over 5 years	210	14 040
<b>Total other receivables</b>	<b>231 539</b>	<b>245 878</b>

Other receivables (currency structure)	31 December 2010	31 December 2009
a) in PLN	230 565	245 139
b) in foreign currencies (by currency and translated to PLN)	974	739
b1. EUR'000	246	179
PLN'000	974	735
b2. USD'000	-	1
PLN'000	-	4
<b>Total other receivables</b>	<b>231 539</b>	<b>245 878</b>

### 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 2010	31 December 2009
<b>a) opening balance (by type of receivable)</b>	<b>381 879</b>	<b>355 255</b>
impairment losses on receivables from direct insurance	320 887	292 128
impairment losses on receivables from reinsurance	17 593	20 231
impairment losses on other receivables	43 399	42 896
b) increases (due to)	96 563	55 326
impairment losses on receivables from direct insurance	77 685	51 150
impairment losses on receivables from reinsurance	18 543	-
impairment losses on other receivables	335	4 176
c) decreases (due to)	23 960	28 702
assigned	219	3 287
impairment losses on receivables from direct insurance	105	942
impairment losses on receivables from reinsurance	-	-
impairment losses on other receivables	114	2 345
impairment losses reversed following repayment and other bases	23 741	25 415
impairment losses on receivables from direct insurance	5 068	21 449
impairment losses on receivables from reinsurance	17 593	2 638
impairment losses on other receivables	1 080	1 328
<b>d) closing balance (by type of receivable)</b>	<b>454 482</b>	<b>381 879</b>
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

### 3.4.2 Overdue receivables

<b>Overdue receivables</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) up to 3 months	53 724	40 334
- receivables from direct insurance	50 183	39 184
- receivables from reinsurance	-	-
- other receivables	3 541	1 150
b) over 3 months	62 364	54 656
- receivables from direct insurance	59 311	52 966
- receivables from reinsurance	-	-
- other receivables	3 053	1 690
<b>Total overdue liabilities including:</b>	<b>116 088</b>	<b>94 990</b>
a) up to 3 months	53 724	40 334
b) over 3 months	62 364	54 656

## 4. Other assets

### 4.1. Tangible assets

<b>Tangible assets</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) technical equipment and machines	42 750	44 589
b) vehicles	30 493	38 496
c) other fixed assets	26 043	12 402
d) fixed assets under construction	10 930	10 709
e) advance payments for fixed assets under construction	-	-
f) inventory	3 588	11 186
g) claim recoveries	329	390
<b>Total tangible assets</b>	<b>114 133</b>	<b>117 772</b>

<b>Tangible assets – ownership structure</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) own	114 133	117 772
b) leased	-	-
<b>Total tangible assets</b>	<b>114 133</b>	<b>117 772</b>

<b>Fixed assets (balance sheet) – ownership structure</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) own	114 133	117 772
b) used based on lease, rental or other agreement	-	-
<b>Fixed assets (balance sheet) total</b>	<b>114 133</b>	<b>117 772</b>

<b>Fixed assets (off-balance sheet)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
- used based on lease, rental or other agreement including:	227 978	231 158
- lease	227 978	231 158
<b>Fixed assets (off-balance sheet) total</b>	<b>227 978</b>	<b>231 158</b>

In 2010 and 2009, 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 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
<b>a) gross value of fixed assets – opening balance</b>	<b>397 555</b>	<b>80 281</b>	<b>96 553</b>	<b>10 709</b>	-	<b>11 186</b>	<b>390</b>	<b>596 674</b>
<b>b) increases (due to)</b>	<b>21 132</b>	<b>4 608</b>	<b>19 534</b>	<b>39 514</b>	-	<b>347</b>	-	<b>85 135</b>
- 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
<b>c) decreases (due to)</b>	<b>20 802</b>	<b>14 387</b>	<b>6 967</b>	<b>39 293</b>	-	<b>7 945</b>	<b>61</b>	<b>89 455</b>
- 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
<b>d) gross value of fixed assets – closing balance</b>	<b>397 885</b>	<b>70 502</b>	<b>109 120</b>	<b>10 930</b>	-	<b>3 588</b>	<b>329</b>	<b>592 354</b>
<b>e) accumulated depreciation – opening balance</b>	<b>352 966</b>	<b>41 785</b>	<b>84 151</b>	-	-	-	-	<b>478 902</b>
<b>f) depreciation for the period (due to)</b>	<b>2 169</b>	<b>(1 776)</b>	<b>(1 074)</b>	-	-	-	-	<b>(681)</b>
- 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)	(127)	-	-	-	-	(14 054)
- accumulated depreciation of fixed assets donated	(924)	-	(531)	-	-	-	-	(1 455)
- other	(173)	-	(492)	-	-	-	-	(665)
<b>g) accumulated depreciation – closing balance</b>	<b>355 135</b>	<b>40 009</b>	<b>83 077</b>	-	-	-	-	<b>478 221</b>
<b>h) impairment losses – opening balance</b>	-	-	-	-	-	-	-	-
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-	-
<b>i) impairment losses – closing balance</b>	-	-	-	-	-	-	-	-
<b>j) net value of fixed assets – closing balance</b>	<b>42 750</b>	<b>30 493</b>	<b>26 043</b>	<b>10 930</b>	-	<b>3 588</b>	<b>329</b>	<b>114 133</b>

Changes in tangible assets in the year ended 31 December 2009	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
<b>a) gross value of fixed assets – opening balance</b>	<b>354 145</b>	<b>68 542</b>	<b>147 880</b>	<b>10 743</b>	-	<b>5 774</b>	<b>552</b>	<b>587 636</b>
<b>b) increases (due to)</b>	<b>87 922</b>	<b>18 682</b>	<b>13 850</b>	<b>60 245</b>	-	<b>6 338</b>	-	<b>187 037</b>
- investments	-	-	-	-	-	-	-	-
- donations	-	-	-	-	-	-	-	-
- direct purchase	-	-	-	60 172	-	-	-	60 172
- reclassification	87 900	18 679	13 804	-	-	-	-	120 383
- other	22	3	46	73	-	6 338	-	6 482
<b>c) decreases (due to)</b>	<b>44 512</b>	<b>6 943</b>	<b>65 177</b>	<b>60 279</b>	-	<b>926</b>	<b>162</b>	<b>177 999</b>
- liquidation	42 214	41	5 017	-	-	-	-	47 272
- sale	41	6 902	13	-	-	-	-	6 956
- donations	2 072	-	43	-	-	-	-	2 115
- reclassification	-	-	60 104	60 279	-	-	-	120 383
- other	185	-	-	-	-	926	162	1 273
<b>d) gross value of fixed assets – closing balance</b>	<b>397 555</b>	<b>80 281</b>	<b>96 553</b>	<b>10 709</b>	-	<b>11 186</b>	<b>390</b>	<b>596 674</b>
<b>e) accumulated depreciation – opening balance</b>	<b>308 358</b>	<b>35 046</b>	<b>137 077</b>	-	-	-	-	<b>480 481</b>
<b>f) depreciation for the period (due to)</b>	<b>44 608</b>	<b>6 739</b>	<b>(52 926)</b>	-	-	-	-	<b>(1 579)</b>
- current year charges	29 078	12 745	12 066	-	-	-	-	53 889
- accumulated depreciation of liquidated fixed assets	(42 178)	(41)	(5 000)	-	-	-	-	(47 219)
- accumulated depreciation of fixed assets sold	(38)	(5 965)	(13)	-	-	-	-	(6 016)
- accumulated depreciation of fixed assets donated	(2 072)	-	(43)	-	-	-	-	(2 115)
- reclassification	59 936	-	(59 936)	-	-	-	-	-
- other	(118)	-	-	-	-	-	-	(118)
<b>g) accumulated depreciation – closing balance</b>	<b>352 966</b>	<b>41 785</b>	<b>84 151</b>	-	-	-	-	<b>478 902</b>
<b>h) impairment losses – opening balance</b>	-	-	-	-	-	-	-	-
- increases	-	-	-	-	-	-	-	-
- decreases	-	-	-	-	-	-	-	-
<b>i) impairment losses – closing balance</b>	-	-	-	-	-	-	-	-
<b>j) net value of fixed assets – closing balance</b>	<b>44 589</b>	<b>38 496</b>	<b>12 402</b>	<b>10 709</b>	-	<b>11 186</b>	<b>390</b>	<b>117 772</b>

## 4.2. Cash

<b>Cash</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) cash in hand and at bank	165 173	126 662
b) other cash	1 116	1 138
<b>Total cash</b>	<b>166 289</b>	<b>127 800</b>

Cash of limited disposability has been described in point 26.1 of the Notes.

<b>Cash – currency structure</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	164 491	123 667
b) in foreign currencies (by currency and translated to PLN)	1 798	4 133
b1. EUR'000	184	745
PLN'000	729	3 059
b2. USD'000	361	313
PLN'000	1 069	893
b3. CZK'000	-	1 163
PLN'000	-	181
<b>Total cash</b>	<b>166 289</b>	<b>127 800</b>

## 5. Prepayments and accruals

### 5.1. Other prepayments

<b>Other prepayments</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) prepayments relating to reinsurance	138 350	170 089
b) commissions on prepaid premiums	37 951	37 140
d) settlements with PTE	23 102	25 915
d) IT expenses	2 012	1 945
e) other expenses	4 712	1 920
<b>Other prepayments, total</b>	<b>206 127</b>	<b>237 009</b>

## 6. Changes in impairment losses

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	charged to equity
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	-	-	-	(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	-

Changes in impairment losses in the year ended 31 December 2009

Item	Impairment losses as of 1 January 2009, including:		Recognized, including:		Reversed, including:		Derecognition of assets from the balance sheet, including:		Other changes, including:		Impairment losses as of 31 December 2009, 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	20 233	-	1 874	-	-	-	-	-	-	-	22 107	-
II. Investments	181 089	1 335	87 051	529	(45 605)	(1 046)	(915)	-	(26 432)	-	195 188	818
1. Real property	78 679	1 335	43 559	529	(45 255)	(1 046)	(915)	-	-	-	76 068	818
2. Investments in controlled entities	4 231	-	-	-	(350)	-	-	-	-	-	3 881	-
3. Other financial investments	98 179	-	43 492	-	-	-	-	-	(26 432)	-	115 239	-
a) shares and other variable income securities	87 638	-	43 492	-	-	-	-	-	(26 432)	-	104 698	-
b) units and investment certificates in investment funds	10 541	-	-	-	-	-	-	-	-	-	10 541	-
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	355 255	-	55 326	-	(25 415)	-	(3 287)	-	-	-	381 879	-
1. Receivables from direct insurance	292 128	-	51 150	-	(21 449)	-	(942)	-	-	-	320 887	-
2. Receivables from reinsurance	20 231	-	-	-	(2 638)	-	-	-	-	-	17 593	-
3. Other receivables	42 896	-	4 176	-	(1 328)	-	(2 345)	-	-	-	43 399	-
1.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other receivables	42 896	-	4 176	-	(1 328)	-	(2 345)	-	-	-	43 399	-
VI. Other assets, including:	-	-	-	-	-	-	-	-	-	-	-	-
1. Tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
VII. Prepayments	1 417	-	2 369	-	-	-	-	-	-	-	3 786	-
1. Deferred tax asset	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Recognized interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	1 417	-	2 369	-	-	-	-	-	-	-	3 786	-



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

As at 31 December 2010 and 31 December 2009 no interest was accrued on assets with impairment loss assigned.

## 7. Equity

### 7.1. Share capital

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
<b>Total</b>					<b>86 352 300</b>	<b>86 352 300</b>			

Share capital structure as of 31 December 2009

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	60 446 320	60 446 320	Cash	23.01.1997	27.12.1991
PLN 1	B	Registered	None	None	25 905 980	25 905 980	Contribution in kind	31.03.1999	01.01.1999
<b>Total</b>					<b>86 352 300</b>	<b>86 352 300</b>			

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%
<b>Total</b>		<b>86 352 300</b>	<b>100.0000%</b>

Transactions on significant interests in PZU share capital are described in point 27.2 of the Notes.

### 7.2. Dividend - distribution of profit for 2009

On 26 March 2010, the Management Board of PZU adopted a resolution concerning the proposed distribution of profit for 2009 of PLN 2,510,380 thousand:

- PLN 1,692,505 thousand to dividends, subject to making an advance payment towards dividend expected at the end of the 2009 financial year, described below;
- PLN 10,000 thousand to appropriations to the Company's Social Benefits Fund;
- PLN 807,875 thousand to reclassification to the supplementary capital.

Additionally, in the aforementioned resolution the Management Board recommended the amount of PLN 11,999,516 thousand from the reserve capital as payment of dividend, to finance advance payments against expected dividend at the disposal of the Management Board, subject to making an advance payment towards dividend expected at the end of the 2009 financial year, described below.

As a result of the advance payment towards 2009 dividend on 26 November 2009 of PLN 12,749,917 thousand comprising:

- PLN 750,401 thousand from the net profit for the first half of 2009 recognized in the audited financial statements of PZU prepared as of 30 June 2009;
- PLN 11,999,516 thousand from the reserve capital to finance advance payments towards expected dividend at the disposal of the Management Board,

the dividend still to be paid for the year ended 31 December 2009 was PLN 942,104 thousand, i.e. PLN 10.91 per share.

On 10 June 2010 the General Meeting of Shareholders of PZU adopted a resolution on profit distribution and dividend payment for the year ended 31 December 2009, sanctioning the above recommendation of PZU's Management Board.

The General Shareholders' Meeting decided that the total amount of dividend for the year ended 31 December 2009 would be PLN 13,692,021 thousand, whereas its portion of PLN 12,749,917 thousand was paid on 26 November 2009 against dividend expected at the end of the 2009 financial year. The remaining dividend to be paid is PLN 942,104 thousand, i.e. PLN 10.91 per share. 25 August 2010 was set as the record date and dividend was paid on 9 September 2010.

Appropriations on net profit during the financial year	31 December 2010	31 December 2009
Appropriations of net profit in the financial year (by basis):	-	750 401
appropriation on net profit for the first half of 2009 for advance payment of dividend	-	750 401
<b>Appropriations on net profit in the financial year total</b>	<b>-</b>	<b>750 401</b>

### 7.3. Proposed distribution of profit for 2010

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 2010 in the amount of PLN 3,516,709 thousand.

### 7.4. Supplementary capital

Supplementary capital	31 December 2010	31 December 2009
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	1 491 214	683 340
d) shareholder contributions	-	-
e) other (by type)	2 135	1 951
<b>Total supplementary capital</b>	<b>2 060 272</b>	<b>1 252 214</b>

### 7.5. Revaluation reserve

Revaluation reserve	31 December 2010	31 December 2009
a) revaluation of fixed assets	17 266	17 450
b) deferred income tax	(22 940)	(49 459)
c) exchange differences from translation of foreign branches	-	-
d) other (by type)	6 244 527	7 345 007
- due to revaluation of financial investments (gross)	6 244 527	7 345 007
<b>Total revaluation reserve</b>	<b>6 238 853</b>	<b>7 312 998</b>

Revaluation reserve on financial instruments (gross)	1 January - 31 December 2010	1 January - 31 December 2009
<b>1. Opening balance</b>	<b>7 345 007</b>	<b>5 806 984</b>
<b>2. Increases due to:</b>	<b>262 814</b>	<b>1 734 368</b>
a) effects of remeasurement of AFS financial assets including:	262 814	1 734 368
- gains on periodic measurement	251 546	1 674 584
- amounts deducted as at the derecognition date (e.g. sales)	4 953	16 292
- impairment losses charged to the general profit and loss account in case impairment is detected	6 315	43 492
- 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, including:	-	-
- remeasured real property	-	-
d) deferred tax asset and provision determined, revalued and charged to financial profit/loss	-	-
<b>3. Decreases due to:</b>	<b>1 363 294</b>	<b>196 345</b>
a) effects of remeasurement of AFS financial assets including:	1 363 294	196 345
- losses on periodic measurement	1 231 601	54 790
- amounts deducted as at the derecognition date (e.g. sales)	131 693	141 555
- 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, including:	-	-
- remeasured real property	-	-
d) deferred tax asset and provision determined, revalued and charged to financial profit/loss	-	-
<b>4. Closing balance</b>	<b>6 244 527</b>	<b>7 345 007</b>

## 8. Technical provisions

Technical provisions	31 December 2010	31 December 2009
a) provision for unearned premiums:	3 684 593	3 546 857
- gross value	3 754 299	3 616 899
- reinsurers' share	69 706	70 042
b) provision for unexpired risks:	18 675	26 891
- gross value	18 675	26 891
- reinsurers' share	-	-
c) life assurance provision:	-	-
- gross value	-	-
- reinsurers' share	-	-
d) provisions for claims outstanding:	8 593 653	7 924 412
- gross value	9 310 772	8 608 826
- reinsurers' share	717 119	684 414
e) provisions for bonuses and rebates for the insured:	4 731	4 180
- gross value	4 731	4 180
- reinsurers' share	-	-
f) equalization provisions	534 719	532 619
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	-	-
<b>Total technical provisions</b>	<b>12 836 371</b>	<b>12 034 959</b>

Technical provisions (currency structure)	31 December 2010	31 December 2009
a) provision for unearned premiums:	3 754 299	3 616 899
- in PLN	3 754 299	3 616 899
- in foreign currencies (by currency and translated to PLN)	-	-
b) provision for unexpired risks:	18 675	26 891
- in PLN	18 675	26 891
- 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:	9 310 772	8 608 826
- in PLN	8 603 566	7 754 636
- in foreign currencies (by currency and translated to PLN)	707 206	854 190
d1. EUR'000	178 574	207 645
PLN'000	705 978	853 048
d2. USD'000	414	401
PLN'000	1 228	1 142
e) provisions for bonuses and rebates for the insured:	4 731	4 180
- in PLN	4 731	4 180
- in foreign currencies (by currency and translated to PLN)	-	-
f) equalization provisions:	534 719	532 619
- in PLN	534 719	532 619
- 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	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
h) unit linked reserve (life insurance)	-	-
- in PLN	-	-
- in foreign currencies (by currency and translated to PLN)	-	-
<b>Total technical provisions</b>	<b>13 623 196</b>	<b>12 789 415</b>

Reinsurers' share in technical provisions (currency structure)	31 December 2010	31 December 2009
a) reinsurers' share in change in provisions for unearned premiums:	69 706	70 042
- in PLN	69 706	70 042
- in foreign currencies (by currency and translated to PLN)	-	-
b) reinsurers' share in provision for unexpired risks:	-	-
- in PLN	-	-

<b>Reinsurers' share in technical provisions (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
- 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:	717 119	684 414
- in PLN	555 213	503 579
- in foreign currencies (by currency and translated to PLN)	161 906	180 835
d1. EUR'000	40 882	44 011
PLN'000	161 889	180 808
d2. USD'000	6	9
PLN'000	17	27
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)	-	-
<b>Reinsurers' share in technical provisions, total</b>	<b>786 825</b>	<b>754 456</b>

#### 8.1. Provision for unearned premiums and for unexpired risk

<b>Provision for unearned premiums and for unexpired risk</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) provision for unearned premiums:	3 684 593	3 546 857
- gross provisions	3 754 299	3 616 899
- reinsurers' share	69 706	70 042
b) provision for unexpired risks:	18 675	26 891
- gross provisions	18 675	26 891
- reinsurers' share	-	-
<b>Total provision for unearned premiums and for unexpired risks</b>	<b>3 703 268</b>	<b>3 573 748</b>

## 8.2. Provisions for outstanding claims

### 8.2.1 Gross provision for claims outstanding

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
<b>Provisions for claims outstanding, total</b>	<b>9 310 772</b>	<b>2 355 639</b>

Gross provision for claims outstanding	Balance as of 31 December 2009	Provision for claims occurring in the reporting period
Accident and sickness insurance (class 1 and 2)	74 192	60 650
TPL motor insurance (class 10)	6 719 803	1 253 035
Other motor insurance (class 3)	376 740	303 090
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	45 106	19 268
Insurance against fire and other damage to property (class 8, 9)	260 273	167 791
TPL insurance (class 11, 12, 13)	1 073 880	222 102
Credit insurance and suretyship (classes 14, 15)	8 741	7 468
Assistance (class 18)	17 568	12 652
Insurance of legal protection (class 17)	1 726	439
Other insurance (class 16)	30 797	19 806
<b>Provisions for claims outstanding, total</b>	<b>8 608 826</b>	<b>2 066 301</b>

### 8.2.2 Reinsurers' share in provision for claims outstanding

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
<b>Reinsurers' share total</b>	<b>717 119</b>	<b>204 520</b>

Reinsurers' share in provision for claims outstanding	Balance as of 31 December 2009	Provision for claims occurring in the reporting period
Accident and sickness insurance (class 1 and 2)	31	2
TPL motor insurance (class 10)	671 324	1 842
Other motor insurance (class 3)	384	-
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	5 369	3 696
Insurance against fire and other damage to property (class 8, 9)	2 030	1 272
TPL insurance (class 11, 12, 13)	1 273	1 235
Credit insurance and suretyship (classes 14, 15)	2 150	1 886
Assistance (class 18)	77	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	1 776	689
<b>Reinsurers' share total</b>	<b>684 414</b>	<b>10 622</b>

### 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 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)	-	-
<b>Total provisions</b>	<b>7 461 747</b>	<b>582 769</b>

Provisions for capitalized value of annuity claims before discounts and gross write-downs	Balance as of 31 December 2009	Reinsurers' share
Accident and sickness insurance (class 1 and 2)	-	-
TPL motor insurance (class 10)	6 792 972	786 958
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)	813 126	58
Credit insurance and suretyship (classes 14, 15)	-	-
Assistance (class 18)	-	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	-	-
<b>Total provisions</b>	<b>7 606 098</b>	<b>787 016</b>

## 9. Expected recoveries, recourses and subsidies

### 9.1. Estimated recoveries, recourses and subsidies (gross)

Estimated recoveries, recourses and subsidies (gross)	31 December 2010	31 December 2009
Accident and sickness insurance (class 1 and 2)	-	-
TPL motor insurance (class 10)	26 749	31 195
Other motor insurance (class 3)	40 573	47 360
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	-	5
Insurance against fire and other damage to property (class 8, 9)	7 583	2 278
TPL insurance (class 11, 12, 13)	51	74
Credit insurance and suretyship (classes 14, 15)	1 878	504
Assistance (class 18)	-	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	-	-
<b>Total estimated recoveries, recourses and subsidies (gross)</b>	<b>76 834</b>	<b>81 416</b>

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

Reinsurers' share in estimated recourses, recoveries and subsidies	31 December 2010	31 December 2009
Accident and sickness insurance (class 1 and 2)	-	-
TPL motor insurance (class 10)	1 210	2 201
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)	63	5
TPL insurance (class 11, 12, 13)	-	1
Credit insurance and suretyship (classes 14, 15)	739	213
Assistance (class 18)	-	-
Insurance of legal protection (class 17)	-	-
Other insurance (class 16)	-	-
<b>Reinsurers' share total</b>	<b>2 257</b>	<b>2 420</b>

## 10. Other provisions

### 10.1. Provisions for pension and other statutory employee benefits

Provisions for pension and other statutory employee benefits	31 December 2010	31 December 2009
a) provisions for pension benefits	68 253	71 049
b) other statutory employee benefits (by basis):	145 765	158 501
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>Total provisions for pension and other statutory employee benefits</b>	<b>214 018</b>	<b>229 550</b>

Change in provisions for pension and other statutory employee benefits	31 December 2010	31 December 2009
<b>a) opening balance (by basis)</b>	<b>229 550</b>	<b>233 394</b>
<b>provisions for pension benefits</b>	<b>71 049</b>	<b>79 893</b>
<b>provisions for jubilee bonuses</b>	<b>94 487</b>	<b>108 221</b>
<b>provisions for unused paid vacation</b>	<b>24 600</b>	<b>23 568</b>
<b>provisions for death benefits</b>	<b>12 601</b>	<b>14 499</b>
<b>provisions for post-employment benefits</b>	<b>26 813</b>	<b>7 213</b>
b) increases (due to)	11 247	21 697
provisions for pension benefits	2 098	-
provisions for jubilee bonuses	3 882	-
provisions for unused paid vacation	5 267	2 097
provisions for death benefits	-	-
provisions for post-employment benefits	-	19 600
c) applied (due to)	19 068	14 038
provisions for pension benefits	4 894	3 640
provisions for jubilee bonuses	9 246	9 284
provisions for unused paid vacation	4 694	1 065
provisions for death benefits	234	49
provisions for post-employment benefits	-	-
d) reversed (due to)	7 711	11 503
provisions for pension benefits	-	5 204
provisions for jubilee bonuses	-	4 450
provisions for unused paid vacation	-	-



<b>Change in provisions for pension and other statutory employee benefits</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
provisions for death benefits	1 049	1 849
provisions for post-employment benefits	6 662	-
<b>e) closing balance (by basis)</b>	<b>214 018</b>	<b>229 550</b>
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>Provisions for pension and other statutory employee benefits (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	214 018	229 550
b) in foreign currencies (by currency and translated to PLN)	-	-
<b>Total provisions for pension and other statutory employee benefits</b>	<b>214 018</b>	<b>229 550</b>

## 10.2. Provision for deferred income tax

<b>Change in provision for deferred income tax</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>1. Deferred income tax provision opening balance including:</b>	<b>117 652</b>	<b>62 218</b>
<b>a) charged to financial profit/loss</b>	<b>68 193</b>	<b>30 798</b>
<b>b) charged to equity</b>	<b>49 459</b>	<b>31 420</b>
<b>c) charged to goodwill or negative goodwill</b>	-	-
<b>2. Increases</b>	-	327 697
a) charged to the financial profit/loss for the period in relation to taxable differences (due to)	-	230 541
- occurrence of temporary differences	-	230 541
b) charged to equity in relation to taxable differences (due to)	-	97 156
- positive measurement of financial instruments through revaluation reserve	-	97 156
<b>3. Decreases</b>	113 595	272 263
a) charged to the financial profit/loss for the period in relation to taxable differences (due to)	87 076	193 146
- reversed temporary differences (application of deferred tax provision)	87 076	193 146
b) charged to equity in relation to taxable differences (due to)	26 519	79 117
- negative measurement of financial instruments through revaluation reserve	26 519	79 117
<b>4. Total deferred income tax provision closing balance</b>	<b>4 057</b>	<b>117 652</b>
<b>a) charged to financial profit/loss</b>	<b>(18 883)</b>	<b>68 193</b>
<b>b) charged to equity</b>	<b>22 940</b>	<b>49 459</b>
<b>c) charged to goodwill or negative goodwill</b>	-	-

<b>Additional information on temporary taxable differences</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) opening balance of temporary taxable differences	117 652	327 463
b) closing balance of temporary taxable differences including:	4 057	619 221
forex gains expiring within one year	(52 792)	161 447
forex gains expiring within more than one year	56 849	457 774
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.

<b>Provision for deferred income tax (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	4 057	117 652
b) in foreign currencies (by currency and translated to PLN)	-	-
<b>Total provision for deferred income tax</b>	<b>4 057</b>	<b>117 652</b>

### 10.3. Other provisions

<b>Other provisions</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
provision for restructuring expenses	52 591	122 667
provisions for reinsurance settlements	36 372	30 370
provision for disputed claims and potential liabilities under insurance contracts	4 461	24 936
provision for penalties imposed by the Office of Competition and Consumer Protection	14 792	14 792
provisions for potential liabilities relating to CLSiOR investments	916	916
other provisions	1 519	1 648
<b>Total other provisions</b>	<b>110 651</b>	<b>195 329</b>

<b>Change in other provisions</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>a) opening balance (by basis)</b>	<b>195 329</b>	<b>154 658</b>
<b>provision for restructuring expenses</b>	<b>122 667</b>	<b>-</b>
<b>provisions for reinsurance settlements</b>	<b>30 370</b>	<b>20 303</b>
<b>provision for disputed claims and potential liabilities under insurance contracts</b>	<b>24 936</b>	<b>131 078</b>
<b>other provisions</b>	<b>17 356</b>	<b>3 277</b>
b) increases (due to)	72 682	153 877
provision for restructuring expenses	59 627	122 667
provisions for reinsurance settlements	12 918	14 882
provision for disputed claims and potential liabilities under insurance contracts	137	-
other provisions	-	16 328
c) applied (due to)	132 103	586
provision for restructuring expenses	129 703	-
provisions for reinsurance settlements	-	-
provision for disputed claims and potential liabilities under insurance contracts	2 400	-
other provisions	-	586
d) reversed (due to)	25 257	112 620
provision for restructuring expenses	-	-
provisions for reinsurance settlements	6 916	4 815
provision for disputed claims and potential liabilities under insurance contracts	18 212	106 142
other provisions	129	1 663
<b>e) closing balance (by basis)</b>	<b>110 651</b>	<b>195 329</b>
<b>provision for restructuring expenses</b>	<b>52 591</b>	<b>122 667</b>
<b>provisions for reinsurance settlements</b>	<b>36 372</b>	<b>30 370</b>
<b>provision for disputed claims and potential liabilities under insurance contracts</b>	<b>4 461</b>	<b>24 936</b>
<b>other provisions</b>	<b>17 227</b>	<b>17 356</b>
<b>Other provisions (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	110 651	195 329
b) in foreign currencies (by currency and translated to PLN)	-	-
<b>Total other provisions</b>	<b>110 651</b>	<b>195 329</b>

The restructuring process has been presented in detail in point 22.1. of the Notes.

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

PZU creates provisions due to pending litigious proceedings and potential liabilities due to concluded insurance contracts. In 2010, these provisions were reviewed and based on probability of their realization, adjustments were made.

## 11. Other liabilities and special funds

Geographical structure of liabilities	31 December 2010				31 December 2009			
	Domestic	Foreign – EU countries	Foreign - other countries	Total	Domestic	Foreign – EU countries	Foreign - other countries	Total
<b>I. Liabilities due to reinsurers' deposits</b>	-	-	-	-	-	-	-	-
<b>II. Liabilities due to direct insurance</b>	<b>259 467</b>	<b>156</b>	<b>3</b>	<b>259 626</b>	<b>154 391</b>	<b>307</b>	<b>-</b>	<b>154 698</b>
1. Liabilities to policyholders	92 034	-	3	92 037	73 482	190	-	73 672
2. Liabilities to insurance intermediaries	88 397	-	-	88 397	75 323	-	-	75 323
3. Other insurance liabilities	79 036	156	-	79 192	5 586	117	-	5 703
<b>III. Liabilities due to reinsurance</b>	<b>4 685</b>	<b>12 016</b>	<b>11 268</b>	<b>27 969</b>	<b>260</b>	<b>8 312</b>	<b>9 095</b>	<b>17 667</b>
<b>IV. Liabilities arising from issue of debt securities and obtained loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Liabilities to credit institutions</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>4 748 213</b>	<b>-</b>	<b>-</b>	<b>4 748 213</b>
<b>VI. Other liabilities</b>	<b>237 981</b>	<b>7 089</b>	<b>1</b>	<b>245 071</b>	<b>418 867</b>	<b>13 302</b>	<b>-</b>	<b>432 169</b>
1. Liabilities to the state budget	10 930	-	-	10 930	15 435	-	-	15 435
2. Other liabilities	227 051	7 089	1	234 141	403 432	13 302	-	416 734
<b>Total liabilities</b>	<b>502 255</b>	<b>19 261</b>	<b>11 272</b>	<b>532 788</b>	<b>5 321 731</b>	<b>21 921</b>	<b>9 095</b>	<b>5 352 747</b>

A decrease in liabilities to credit institutions results mainly from repayment (on 22 April 2010) of liabilities of PLN 4,806,821 thousand due to a sell-buy-back transaction entered into with the objective to finance PZU's advance dividend payment for 2009, presented in detail in point 7.2 of the Notes.

Key information on the aforementioned transaction has been presented in the table below.

Creditor	Currency	Debt as of 31 December 2009	Debt repaid on maturity	Maturity	Fair value of collateral as of 31 December 2009	Collateral
Bank Gospodarstwa Krajowego	PLN	3 593 295	3 637 452	22 April 2010	4 070 034	Treasury bonds
Bank Gospodarstwa Krajowego	PLN	174 247	176 388	22 April 2010	194 567	Treasury bills
Bank Handlowy w Warszawie SA	PLN	980 625	992 981	22 April 2010	1 067 010	Treasury bonds
<b>Total</b>		<b>4 748 167</b>	<b>4 806 821</b>		<b>5 331 611</b>	

### 11.1. Liabilities due to direct insurance

Liabilities due to direct insurance	31 December 2010	31 December 2009
a) liabilities to policyholders including:	92 037	73 672
- to controlled entities	10	2
- domestic	10	2
- foreign	-	-
- to other entities	92 027	73 670
- domestic	92 024	73 480
- foreign	3	190
b) liabilities to insurance intermediaries including:	88 397	75 323
- to controlled entities	-	-
- domestic	-	-
- foreign	-	-
- to other entities	88 397	75 323
- domestic	88 397	75 323
- foreign	-	-
c) other insurance liabilities including:	79 192	5 703
- to controlled entities	2 348	817
- domestic	2 348	817
- foreign	-	-
- to other entities	76 844	4 886
- domestic	76 689	4 769
- foreign	155	117
<b>Total liabilities due to direct insurance</b>	<b>259 626</b>	<b>154 698</b>

Liabilities due to direct insurance	31 December 2010	31 December 2009
a) subsidiaries	2 358	819
b) co-subsidiaries	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a co-subsidiary	-	-
f) holding company	-	-
g) other	257 268	153 879
<b>Total liabilities due to direct insurance</b>	<b>259 626</b>	<b>154 698</b>

Liabilities arising from direct insurance with maturity periods after the balance sheet date	31 December 2010	31 December 2009
a) up to 3 months	259 626	154 449
b) over 3 months and up to 1 year	-	185
c) over 1 year and up to 5 years	-	64
d) over 5 years	-	-
<b>Total liabilities due to direct insurance</b>	<b>259 626</b>	<b>154 698</b>

Liabilities due to direct insurance (currency structure)	31 December 2010	31 December 2009
a) in PLN	259 590	154 654
b) in foreign currencies (by currency and translated to PLN)	36	44
b1. EUR'000	2	11
PLN'000	9	44
b2. USD'000	9	-
PLN'000	27	-
<b>Total liabilities due to direct insurance</b>	<b>259 626</b>	<b>154 698</b>

## 11.2. Liabilities due to reinsurance

Liabilities due to reinsurance	31 December 2010	31 December 2009
a) current liabilities due to inward reinsurance including:	1 149	365
- domestic ceding undertakings	190	31
- foreign ceding undertakings	959	334
b) current liabilities due to outward reinsurance including:	26 108	17 302
- domestic reinsurers	3 783	229
- foreign reinsurers	22 325	17 073
c) liabilities due to retrocession including:	712	-
- domestic retrocessionaries	712	-
- foreign retrocessionaries	-	-
d) liabilities due to reinsurance premiums settled over time	-	-
<b>Total liabilities due to reinsurance</b>	<b>27 969</b>	<b>17 667</b>

Liabilities due to reinsurance	31 December 2010	31 December 2009
a) current receivables from inward reinsurance including to:	1 149	365
- 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:	26 108	17 302
- 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	-	-
<b>Total liabilities due to reinsurance</b>	<b>27 969</b>	<b>17 667</b>

Liabilities arising from reinsurance with maturity periods after the balance sheet date	31 December 2010	31 December 2009
a) up to 3 months	16 910	7 055
b) over 3 months and up to 1 year	5 873	5 877
c) over 1 year and up to 5 years	925	1 142
d) over 5 years	4 261	3 593
<b>Total liabilities due to reinsurance</b>	<b>27 969</b>	<b>17 667</b>

Liabilities due to reinsurance (currency structure)	31 December 2010	31 December 2009
a) in PLN	8 911	2 894
b) in foreign currencies (by currency and translated to PLN)	19 058	14 773
b1. EUR'000	255	471
PLN'000	1 010	1 933
b2. USD'000	6 089	4 505
PLN'000	18 048	12 840
<b>Total liabilities due to reinsurance</b>	<b>27 969</b>	<b>17 667</b>

## 11.3. Liabilities to credit institutions

Liabilities to credit institutions by maturity period after the balance sheet date	31 December 2010	31 December 2009
a) up to 3 months	122	46
b) over 3 months and up to 1 year	-	4 748 167
c) over 1 year and up to 5 years	-	-
d) over 5 years	-	-
<b>Liabilities to credit institutions total</b>	<b>122</b>	<b>4 748 213</b>

<b>Liabilities to credit institutions (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	122	4 748 213
b) in foreign currencies (by currency and translated to PLN)	-	-
<b>Liabilities to credit institutions total</b>	<b>122</b>	<b>4 748 213</b>

#### 11.4. Other liabilities

<b>Other liabilities</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>a) Liabilities to the State Budget including:</b>	<b>10 930</b>	<b>15 435</b>
- corporate income tax	-	-
- personal income tax	10 286	14 981
- value added tax	620	444
- other	24	10
<b>b) other liabilities, including:</b>	<b>234 141</b>	<b>416 734</b>
- liabilities due to unsettled investment transactions	80 633	193 961
- estimated non-insurance liabilities	62 164	100 612
- liabilities arising from settlements of Tax Capital Group (with PZU Życie)		
	30 684	5 925
- social security premiums and benefits	14 856	30 782
- measurement of derivatives	7 050	1 768
- liability to the Guarantee Fund	6 318	4 076
- dividend settlements with shareholders	4 002	8 581
- liabilities arising from construction of Central Vehicle and Driver Register	3 498	1 815
- liabilities due to advertisement campaigns	2 274	174
- liability arising from IT services and hardware supplies	1 716	366
- retained guarantee deposits	626	762
- liabilities to employees	409	598
- other	19 911	67 314
<b>Total other liabilities</b>	<b>245 071</b>	<b>432 169</b>

<b>Other liabilities</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) subsidiaries	36 270	11 279
b) co-subsidiaries	-	-
c) associates	-	-
d) major investor	-	-
e) shareholder in a co-subsidiary	-	-
f) holding company	-	-
g) other	208 801	420 890
<b>Total other liabilities</b>	<b>245 071</b>	<b>432 169</b>

<b>Other liabilities by maturity period after the balance sheet date</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) up to 3 months	245 071	421 903
b) over 3 months and up to 1 year	-	8 657
c) over 1 year and up to 5 years	-	1 609
d) over 5 years	-	-
<b>Total other liabilities</b>	<b>245 071</b>	<b>432 169</b>

<b>Other liabilities (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	243 298	432 169
b) in foreign currencies (by currency and translated to PLN)	1 773	-
b1. EUR'000	448	-
PLN'000	1 773	-
<b>Total other liabilities</b>	<b>245 071</b>	<b>432 169</b>

#### 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 2010 and 31 December 2009, 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 2010 and 31 December 2009 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 2010 and 31 December 2009, 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 2010	31 December 2009
a) Prevention Fund	31 839	24 721
b) Company's Social Benefits Fund	109 925	101 133
c) Company's Bonus Fund	-	-
<b>Total special funds</b>	<b>141 764</b>	<b>125 854</b>

### 12. Accruals and deferred income

Accruals and deferred income	31 December 2010	31 December 2009
<b>a) accruals, including:</b>	<b>327 663</b>	<b>303 209</b>
- long-term (by basis):	-	-
- short-term (by basis):	<b>327 663</b>	<b>303 209</b>
- accrued costs of commissions on direct insurance	145 824	137 922
- deferred income and accrued expenses relating to reinsurance	65 589	75 421
- accrued payroll costs	58 014	42 947
- accrued employee bonuses	54 442	46 862
- other accruals	3 794	57
<b>b) negative goodwill</b>	-	-
<b>c) deferred income, including:</b>	<b>218 173</b>	<b>245 132</b>
- prepaid premiums	204 243	232 414
- land perpetual usufruct right received free of charge	7 624	8 883
- deferred reinsurance commissions	6 306	3 835
- other	-	-
<b>Total accruals</b>	<b>545 836</b>	<b>548 341</b>

Change in accruals and deferred income	31 December 2010	31 December 2009
<b>Opening balance (by basis)</b>	<b>548 341</b>	<b>531 520</b>
<b>accrued expenses</b>	<b>303 209</b>	<b>263 410</b>
<b>deferred income</b>	<b>245 132</b>	<b>268 110</b>
a) increases (due to)	991 175	1 128 776
accrued expenses	385 956	674 346
deferred income	605 219	454 430
b) decreases (due to)	993 680	1 111 955
accrued expenses	361 502	634 547
deferred income	632 178	477 408
<b>Closing balance (by basis)</b>	<b>545 836</b>	<b>548 341</b>
<b>accrued expenses</b>	<b>327 663</b>	<b>303 209</b>
<b>deferred income</b>	<b>218 173</b>	<b>245 132</b>



### 13. Required solvency margin

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

Solvency statement	31 December 2010	31 December 2009
1. Assets of the insurance company	26 213 094	28 936 978
2. Assets allocated to settle all expected liabilities	14 310 908	18 525 436
a) subordinated liabilities	-	-
b) technical provisions	12 761 794	11 955 963
c) technical provisions for life insurance products for unit linked products		
d) other provisions	328 726	542 531
e) liabilities arising from reinsurers' investments	-	-
f) other liabilities and special funds	674 552	5 478 601
g) accruals and deferred income	545 836	548 341
h) any other liabilities of the insurance company not included in items a-g	-	-
3. Intangible assets	63 526	49 560
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	6 599 272	7 463 664
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	6 599 272	7 463 664
b) Shares or assets used to finance equity of other insurance companies, credit and financial institutions as understood by the banking law and investment companies firm which are members of a financial conglomerate pursuant to Article 148.2a of the Act (unless included in item 4a))	-	-
c) held by the insurance company with respect to other insurance companies, credit and financial institutions as understood by the banking law and investment companies pursuant to Article 148.2b of the Act	-	-
i) subordinated loans granted by the insurance company which meet the conditions specified in Article 148.4.2 of the act	-	-
ii) accumulated unpaid dividends due to preference shares	-	-
d) Total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2c of the act	-	-
d) Total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2d of the act (unless included in item 4d))	-	-
5. Impact of participation of the national insurance company in the insurance capital group on the value of equity of the insurance company	4 630 089	5 576 452
6. Deferred tax asset	276 036	213 126
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	-	-
<b>13. Value of equity</b>	<b>9 593 441</b>	<b>8 261 644</b>
14. Equity to cover guarantee fund pursuant to Article 148a of the act	9 593 441	8 261 644
a) Total values resulting from Article 148.3.1-6 and clause 4.1 and 4.2 of the act including the elements indicated in Article 148.1 2-4 and clause 2a and 2b of the act	9 593 441	8 261 644
<b>15. Required solvency margin</b>	<b>1 338 798</b>	<b>1 338 798</b>
16. Minimum amount of the guarantee fund	14 323	13 351
17. 1/3 of the amount of the required solvency margin	446 266	446 266
<b>18. Surplus/shortage of equity to cover solvency margin</b>	<b>8 254 643</b>	<b>6 922 846</b>
19. Guarantee fund	446 266	446 266
<b>20. Surplus/shortage of equity to cover capital and reserves</b>	<b>9 147 175</b>	<b>7 815 378</b>
a) Difference between the amount indicated in 14a and the guarantee capital	9 147 175	7 815 378

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

Required solvency margin	1 January - 31 December 2010	1 January - 31 December 2009
<b>1. Premium amount (G) (the higher of (1a-1b+50%*1c) and (1d-1e+50%*1f))</b>	<b>8 025 843</b>	<b>8 283 450</b>
a) Premium written during the last 12 months from direct insurance and inward reinsurance including reversals, not reduced by reinsurers and retrocessionaries' share	7 783 936	7 791 169
b) Tax included in the premium under 1a	-	-
c) Premium from classes 11, 12 and 13 included in 1a after tax deduction	483 814	456 692
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	7 654 752	8 059 304
e) Tax included in the premium under 1d	-	-
f) Premium from classes 11, 12 and 13 included in 1d after tax deduction	469 145	448 292
<b>2. PLN equivalent of T1 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P1)</b>	<b>235 313</b>	<b>221 539</b>
<b>3. Sickness insurance premium amount</b>	<b>-</b>	<b>-</b>
a) up to P1 amount	-	-
a) over P1 amount	-	-
<b>4. Other insurance premium amount</b>	<b>8 025 843</b>	<b>8 283 450</b>
a) up to P1 amount	235 313	221 539
a) over P1 amount	7 790 530	8 061 911
<b>5. Reinsurance rate in percent (H) (5b/5a, not less than 50%)</b>	<b>96,8295%</b>	<b>100,2696%</b>
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	16 613 082	15 401 821
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	16 086 373	15 443 340
<b>6. Solvency margin calculated on the basis of premiums ((3a*6%+3b*16%/three+4a*18%+4b*16%)*5)</b>	<b>1 247 978</b>	<b>1 333 368</b>
<b>7. Comparative period (last 36 or 84 months)</b>	<b>36</b>	<b>36</b>
a) Premium written during the last 12 months from direct insurance and inward reinsurance including reversals, not reduced by reinsurers and retrocessionaries' share	7 783 936	7 791 169
b) Premium written during the last 12 months from insurance from storm, hail, frost or credit, not reduced by reinsurers and retrocessionaries' share	1 610 619	1 580 301
c) Share ratio of insurance from storm, hail, frost or credit (7b/7a)	20,6916%	20,2832%
<b>8. Average annual claims amount (J) ((8a - 8b + 8c - 8d + 1/2*(8e - 8f + 8g - 8h))/7)*twelve</b>	<b>5 659 148</b>	<b>5 269 150</b>
a) Claims paid from direct insurance and inward reinsurance in the reporting period, not reduced by reinsurers and retrocessionaries' share	15 584 743	14 711 634
b) Returns, recourses and recoveries of the reporting period	427 025	435 910
c) Provisions for unpaid claims as at the last day of the comparative period, not reduced by reinsurers and retrocessionaries' share	9 233 936	8 527 408
d) Provisions for unpaid claims as at the first day of the comparative period, not reduced by reinsurers and retrocessionaries' share	7 778 571	7 401 312
e) Claims paid in classes 11, 12 and 13 included in 8a	575 528	496 266
f) Returns, recoveries and recourses in classes 11, 12 and 13 included in 8b	1 322	1 119
g) Provisions for unpaid claims paid in classes 11, 12 and 13 included in 8c	1 057 711	1 061 579
h) Provisions for unpaid claims paid in classes 11, 12 and 13 included in 8d	903 191	745 467
<b>9. PLN equivalent of T2 at the average exchange rate of NBP as per Rate Table 1 of each reporting year (P2)</b>	<b>164 924</b>	<b>155 202</b>
<b>10. Average annual amount of sickness insurance claims</b>	<b>-</b>	<b>-</b>
a) up to P2 amount	-	-
a) over P2 amount	-	-
<b>11. Average annual amount of other insurance claims</b>	<b>5 668 763</b>	<b>5 269 150</b>
a) up to P2 amount	164 924	155 202
a) over P2 amount	5 503 839	5 113 948
<b>12. Solvency margin calculated on the basis of average annual amount of claims ((10a*26%/trzy+10b*23%/three+11a*26%+11b*23%)*5)</b>	<b>1 267 269</b>	<b>1 219 840</b>
<b>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)</b>	<b>1 267 269</b>	<b>1 333 368</b>
<b>14. Solvency margin as at the same day of the previous year</b>	<b>1 338 798</b>	<b>1 338 798</b>
<b>15. Adjustment ratio (15a/15b, not higher than 1)</b>	<b>100,0000%</b>	<b>100,0000%</b>
a) Change in provision for claims outstanding, net of reinsurance as at the reporting date	8 538 304	7 845 415
b) Change in provision for claims outstanding, net of reinsurance as at the date following the same day of the previous year	7 845 415	7 367 788
<b>16. Solvency margin after adjustment (14 * 15)</b>	<b>1 338 798</b>	<b>1 338 798</b>
<b>17. Solvency margin for section II (the higher of the amounts in items 13 and 16)</b>	<b>1 338 798</b>	<b>1 338 798</b>

## 14. Off-balance sheet items

### 14.1. Contingent receivables

Contingent receivables	31 December 2010	31 December 2009
a) guarantees and sureties received	4 528	3 699
h) other (by type)	8 150 902	6 891 418
promissory notes related to suretyship granted	6 650 325	5 574 281
other promissory notes	817 708	824 125
- including: from subsidiaries	2 275	2 275
other contingent receivables	682 869	493 012
<b>Contingent receivables total</b>	<b>8 155 430</b>	<b>6 895 117</b>

As of 31 December 2010, PZU had PLN 2,275 thousand of contingent receivables due from Syta Development as collateral of a loan granted by PZU (31 December 2009: PLN 2,275 thousand).

Contingent receivables (currency structure)	31 December 2010	31 December 2009
a) guarantees and sureties received	4 528	3 699
- in PLN	4 528	3 699
- in foreign currencies (by currency and translated to PLN)	-	-
h) other (by type)	8 150 902	6 891 418
- in PLN	7 920 405	6 628 609
- in foreign currencies (by currency and translated to PLN)	230 497	262 809
b1. EUR'000	57 803	63 587
PLN'000	228 917	261 228
b2. USD'000	264	264
PLN'000	783	752
b3. DKK'000	1 500	1 500
PLN'000	797	828
<b>Contingent liabilities total</b>	<b>8 155 430</b>	<b>6 895 117</b>

#### 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 10 million and is annually extended for another year.

As at 31 December 2010, under the facility valid for the period from 29 September 2010 to 27 September 2011, 30 guarantees for the total amount of PLN 8,389 thousand were granted.

### 14.2. Contingent liabilities

Contingent liabilities due to:	31 December 2010	31 December 2009
a) guarantees and sureties granted	8 543	7 714
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)	72 686	38 525
disputed claims not acknowledged by the insurer and brought to court by creditors	71 660	37 443
contingency liabilities arising from sub-issue contracts	-	-
other contingent liabilities	1 026	1 082
<b>Contingent liabilities total</b>	<b>81 229</b>	<b>46 239</b>

<b>Contingent liabilities (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) guarantees and sureties granted	8 543	7 714
- in PLN	8 543	7 714
- 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)	-	-
c) other (by type)	72 686	38 525
disputed claims not acknowledged by the insurer and brought to court by creditors	71 660	37 443
- in PLN	71 660	37 443
- in foreign currencies (by currency and translated to PLN)	-	-
other contingent liabilities	1 026	1 082
- in PLN	1 026	1 082
- in foreign currencies (by currency and translated to PLN)	-	-
<b>Contingent liabilities total</b>	<b>81 229</b>	<b>46 239</b>

### 14.3. Other non-balance sheet items

<b>Other non-balance sheet items due to</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Other non-balance sheet items (by type):	227 978	231 158
third-party assets not recognized in the entity's assets	227 978	231 158
- including: to subsidiaries	3 665	3 665
<b>Other non-balance sheet items total</b>	<b>227 978</b>	<b>231 158</b>

<b>Other non-balance sheet items (currency structure)</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
a) in PLN	227 978	231 158
b) in foreign currencies (by currency and translated to PLN)	-	-
<b>Other non-balance sheet items total</b>	<b>227 978</b>	<b>231 158</b>

## 15. Gross written premiums

Gross written premiums	1 January - 31 December 2010	1 January - 31 December 2009
a) in direct insurance including:	7 744 112	7 725 043
- from contracts concluded outside Poland including:	2 631	4 103
- from contracts concluded in EU member states	2 557	2 564
b) in indirect insurance	39 824	66 126
<b>Total gross written premiums</b>	<b>7 783 936</b>	<b>7 791 169</b>

### 15.1. Gross written premiums – direct insurance

Gross written premium in direct property and personal insurance (by accounting class)	1 January - 31 December 2010	1 January - 31 December 2009
a) accident and sickness insurance (class 1 and 2)	471 312	474 926
b) TPL motor insurance (class 10)	2 590 590	2 620 910
c) other motor insurance (class 3)	2 257 536	2 208 419
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	45 318	41 712
e) insurance against fire and other damage to property (classes 8, 9)	1 596 196	1 563 069
f) TPL insurance (classes 11, 12, 13)	483 814	456 691
g) credit insurance and suretyship (classes 14, 15)	60 935	61 073
h) assistance (class 18)	175 504	148 221
i) legal protection (class 17)	777	800
j) other (class 16)	62 130	149 222
<b>Total gross premiums - direct insurance (by accounting class)</b>	<b>7 744 112</b>	<b>7 725 043</b>

Total gross earned premiums – direct property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2010	1 January - 31 December 2009
Class 10	2 557 523	2 583 689
Class 11	6 365	7 013
Class 13	173 743	161 004
<b>Total gross earned premiums – direct property and personal insurance arising from statutory TPL insurance by class total</b>	<b>2 737 631</b>	<b>2 751 706</b>

### 15.2. Gross written premiums – indirect insurance

Gross written premium in indirect property and personal insurance (by accounting class)	1 January - 31 December 2010	1 January - 31 December 2009
a) accident and sickness insurance (class 1 and 2)	445	856
b) TPL motor insurance (class 10)	355	4 118
c) other motor insurance (class 3)	321	1 807
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	2 492	3 091
e) insurance against fire and other damage to property (classes 8, 9)	29 013	43 624
f) TPL insurance (classes 11, 12, 13)	4 238	5 732
g) credit insurance and suretyship (classes 14, 15)	561	278
h) assistance (class 18)	-	-
i) legal protection (class 17)	-	-
j) other (class 16)	2 399	6 620
<b>Total gross premiums - indirect insurance (by accounting class)</b>	<b>39 824</b>	<b>66 126</b>

Total gross earned premiums – indirect property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2010	1 January - 31 December 2009
Class 10	337	3 365
Class 11	171	23
Class 13	3 944	-
<b>Total gross earned premiums – indirect property and personal insurance arising from statutory TPL insurance by class total</b>	<b>4 452</b>	<b>3 388</b>

## 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 2010	1 January - 31 December 2009
a) accident and sickness insurance (class 1 and 2)	470 563	478 870
b) TPL motor insurance (class 10)	2 565 737	2 786 568
c) other motor insurance (class 3)	2 183 583	2 399 127
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	42 574	43 273
e) insurance against fire and other damage to property (classes 8, 9)	1 559 916	1 561 537
f) TPL insurance (classes 11, 12, 13)	469 146	448 292
g) credit insurance and suretyship (classes 14, 15)	54 679	21 984
h) assistance (class 18)	160 695	120 956
i) legal protection (class 17)	737	813
j) other (class 16)	99 710	114 628
<b>Total gross earned premiums – direct property and personal insurance</b>	<b>7 607 340</b>	<b>7 976 048</b>

Total gross earned premiums – direct property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2010	1 January - 31 December 2009
Class 10	2 532 151	2 747 258
Class 11	6 531	6 816
Class 13	168 958	154 170
<b>Total gross earned premiums – direct property and personal insurance</b>	<b>2 707 640</b>	<b>2 908 244</b>

### 16.2. Gross earned premiums – indirect insurance

Gross earned premium in indirect property and personal insurance (by accounting class)	1 January - 31 December 2010	1 January - 31 December 2009
a) accident and sickness insurance (class 1 and 2)	447	862
b) TPL motor insurance (class 10)	416	23 622
c) other motor insurance (class 3)	366	15 372
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	2 337	4 130
e) insurance against fire and other damage to property (classes 8, 9)	33 987	25 339
f) TPL insurance (classes 11, 12, 13)	6 493	6 917
g) credit insurance and suretyship (classes 14, 15)	561	488
h) assistance (class 18)	-	-
i) legal protection (class 17)	-	-
j) other (class 16)	2 805	6 525
<b>Total gross earned premiums – indirect property and personal insurance</b>	<b>47 412</b>	<b>83 255</b>

Total gross earned premiums – indirect property and personal insurance arising from statutory TPL insurance by class	1 January - 31 December 2010	1 January - 31 December 2009
Class 10	398	22 412
Class 11	60	19
Class 13	6 211	5 711
<b>Total gross earned premiums – indirect property and personal insurance</b>	<b>6 669</b>	<b>28 142</b>

## 17. Reinsurance settlements

Reinsurance settlements	1 January - 31 December 2010	1 January - 31 December 2009
a) insurance premiums received from abroad	12 230	78 758
b) reinsurance premiums transferred abroad	127 961	115 239
c) outward reinsurance balance	110 273	25 789
d) inward reinsurance balance	1 653	311
e) receivables and liabilities arising from outward reinsurance including:	145 370	42 801
- receivables from reinsurers collateralized with guarantees of financial institutions	-	-
f) receivables and liabilities arising from inward reinsurance including:	3 951	1 040
- 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 2010	1 January - 31 December 2009
a) from direct insurance, including:	5 382 197	5 130 467
- claims handling costs	440 151	473 634
b) from indirect insurance, including:	12 060	46 631
- claims handling costs	-	-
<b>Total gross claims paid</b>	<b>5 394 257</b>	<b>5 177 098</b>

### 18.1. Gross claims paid

Total gross claims paid - direct property and personal insurance (by accounting class)	1 January - 31 December 2010	1 January - 31 December 2009
a) accident and sickness insurance (class 1 and 2)	124 789	134 117
b) TPL motor insurance (class 10)	1 957 711	2 119 870
c) other motor insurance (class 3)	1 571 749	1 713 999
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	25 811	40 928
e) insurance against fire and other damage to property (classes 8, 9)	1 385 747	808 493
f) TPL insurance (classes 11, 12, 13)	193 616	245 699
g) credit insurance and suretyship (classes 14, 15)	12 191	1 667
h) assistance (class 18)	99 558	51 751
i) legal protection (class 17)	719	1 151
j) other (class 16)	10 306	12 792
<b>Total gross claims paid - direct insurance (by accounting class)</b>	<b>5 382 197</b>	<b>5 130 467</b>

Total gross claims paid - indirect property and personal insurance (by accounting class)	1 January - 31 December 2010	1 January - 31 December 2009
a) accident and sickness insurance (class 1 and 2)	-	-
b) TPL motor insurance (class 10)	5 571	23 904
c) other motor insurance (class 3)	801	17 238
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	349	1 172
e) insurance against fire and other damage to property (classes 8, 9)	2 621	1 898
f) TPL insurance (classes 11, 12, 13)	2 677	1 823
g) credit insurance and suretyship (classes 14, 15)	41	18
h) assistance (class 18)	-	-
i) legal protection (class 17)	-	-
j) other (class 16)	-	578
<b>Total gross claims paid - indirect insurance (by accounting class)</b>	<b>12 060</b>	<b>46 631</b>

## 18.2. Claim handling costs

Total claims handling costs – direct property and personal insurance (by accounting class)	1 January - 31 December 2010	1 January - 31 December 2009
a) accident and sickness insurance (class 1 and 2)	10 519	12 207
b) TPL motor insurance (class 10)	197 407	226 062
c) other motor insurance (class 3)	117 307	127 771
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	2 369	3 415
e) insurance against fire and other damage to property (classes 8, 9)	84 537	51 094
f) TPL insurance (classes 11, 12, 13)	17 944	44 595
g) credit insurance and suretyship (classes 14, 15)	1 329	724
h) assistance (class 18)	8 002	6 940
i) legal protection (class 17)	42	62
j) other (class 16)	695	764
<b>Total claims handling costs – direct insurance (by accounting class)</b>	<b>440 151</b>	<b>473 634</b>

In 2009-2010, 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 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 expenses)* /
Accident and sickness insurance (class 1 and 2)	471 757	471 010	114 291	10 519	21	(12)	155 274
TPL motor insurance (class 10)	2 590 945	2 566 153	1 786 330	197 407	20 455	56 579	505 040
Other motor insurance (class 3)	2 257 857	2 183 949	1 522 747	117 307	67 504	(2 273)	680 023
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	47 810	44 911	24 959	2 369	1 168	156	14 323
Insurance against fire and other damage to property (class 8, 9)	1 625 209	1 593 903	1 315 916	84 537	12 085	58 704	547 027
TPL insurance (classes 11, 12, 13)	488 052	475 639	178 820	17 944	471	(1 454)	162 052
Credit insurance and suretyship (class 14, 15)	61 496	55 240	13 461	1 329	2 558	-	13 503
Assistance (class 18)	175 504	160 695	91 694	8 002	138	(6)	50 875
Insurance of legal protection (class 17)	777	737	696	42	19	-	239
Other insurance (class 16)	64 529	102 515	9 713	695	102	232	80 144
<b>Total direct and indirect insurance</b>	<b>7 783 936</b>	<b>7 654 752</b>	<b>5 058 627</b>	<b>440 151</b>	<b>104 521</b>	<b>111 926</b>	<b>2 208 500</b>

\* administrative expenses have been settled proportionally to the written premium from direct and indirect insurance in the total written premium

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 expenses)* /
Accident and sickness insurance (class 1 and 2)	471 312	470 563	114 291	10 519	21	(80)	155 222
TPL motor insurance (class 10)	2 590 590	2 565 737	1 780 759	197 407	20 455	56 579	505 695
Other motor insurance (class 3)	2 257 536	2 183 583	1 521 946	117 307	67 504	(2 273)	679 190
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	45 318	42 574	24 610	2 369	1 168	120	13 737
Insurance against fire and other damage to property (class 8, 9)	1 596 196	1 559 916	1 313 295	84 537	12 085	57 650	540 712
TPL insurance (class 11, 12, 13)	483 814	469 146	176 143	17 944	471	(1 454)	159 990
Credit insurance and suretyship (classes 14, 15)	60 935	54 679	13 420	1 329	2 558	-	13 194
Assistance (class 18)	175 504	160 695	91 694	8 002	138	(6)	50 875
Insurance of legal protection (class 17)	777	737	696	42	19	-	239
Other insurance (class 16)	62 130	99 710	9 713	695	102	(263)	79 626
<b>Total direct insurance</b>	<b>7 744 112</b>	<b>7 607 340</b>	<b>5 046 567</b>	<b>440 151</b>	<b>104 521</b>	<b>110 273</b>	<b>2 198 480</b>

\* administrative expenses have been settled proportionally to the written premium from direct and indirect insurance in the total written premium

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 expenses)* /
Accident and sickness insurance (class 1 and 2)	445	447	-	-	-	68	52
TPL motor insurance (class 10)	355	416	5 571	-	-	-	(655)
Other motor insurance (class 3)	321	366	801	-	-	-	833
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	2 492	2 337	349	-	-	36	586
Insurance against fire and other damage to property (class 8, 9)	29 013	33 987	2 621	-	-	1 054	6 315
TPL insurance (class 11, 12, 13)	4 238	6 493	2 677	-	-	-	2 062
Credit insurance and suretyship (classes 14, 15)	561	561	41	-	-	-	309
Assistance (class 18)	-	-	-	-	-	-	-
Insurance of legal protection (class 17)	-	-	-	-	-	-	-
Other insurance (class 16)	2 399	2 805	-	-	-	495	518
<b>Indirect insurance total</b>	<b>39 824</b>	<b>47 412</b>	<b>12 060</b>	-	-	<b>1 653</b>	<b>10 020</b>

\* administrative expenses have been settled proportionally to the written premium from direct and indirect insurance in the total written premium

19.2. Supplementary data to the technical account for the year ended 31 December 2009

Total direct and indirect insurance for the year ended 31 December 2009	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Expected recoveries and recourses	Net balance of reinsurance	Operating costs (acquisition and administrative expenses)* /
Accident and sickness insurance (class 1 and 2)	475 782	479 732	121 915	12 207	5	(156)	160 218
TPL motor insurance (class 10)	2 625 028	2 810 249	1 940 923	226 062	23 211	27 093	530 934
Other motor insurance (class 3)	2 210 226	2 414 499	1 678 735	127 771	75 269	(1 261)	670 683
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	44 803	47 403	39 442	3 415	757	(156)	14 174
Insurance against fire and other damage to property (class 8, 9)	1 606 693	1 586 876	772 244	51 094	12 947	1 459	537 251
TPL insurance (classes 11, 12, 13)	462 423	455 209	203 406	44 595	479	(158)	154 299
Credit insurance and suretyship (class 14, 15)	61 351	22 472	2 710	724	1 749	(1 014)	13 723
Assistance (class 18)	148 221	120 956	45 061	6 940	250	29	41 729
Insurance of legal protection (class 17)	800	812	1 107	62	18	-	237
Other insurance (class 16)	155 842	121 153	12 662	764	56	264	143 695
<b>Total direct and indirect insurance</b>	<b>7 791 169</b>	<b>8 059 361</b>	<b>4 818 205</b>	<b>473 634</b>	<b>114 741</b>	<b>26 100</b>	<b>2 266 943</b>

\* administrative expenses have been settled proportionally to the written premium from direct and indirect insurance in the total written premium

Direct insurance for the year ended 31 December 2009	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Expected recoveries and recourses	Net balance of reinsurance	Operating costs (acquisition and administrative expenses)* /
Accident and sickness insurance (class 1 and 2)	474 926	478 870	121 915	12 207	5	(156)	160 109
TPL motor insurance (class 10)	2 620 910	2 786 627	1 917 019	226 062	23 211	27 093	529 231
Other motor insurance (class 3)	2 208 419	2 399 127	1 661 497	127 771	75 269	(1 261)	666 374
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	41 712	43 273	38 270	3 415	757	(148)	13 414
Insurance against fire and other damage to property (class 8, 9)	1 563 069	1 561 537	770 346	51 094	12 947	1 458	527 609
TPL insurance (class 11, 12, 13)	456 691	448 292	201 583	44 595	479	(167)	151 668
Credit insurance and suretyship (classes 14, 15)	61 073	21 984	2 692	724	1 749	(1 014)	13 458
Assistance (class 18)	148 221	120 956	45 061	6 940	250	29	41 729
Insurance of legal protection (class 17)	800	812	1 107	62	18	-	237
Other insurance (class 16)	149 222	114 628	12 084	764	56	(45)	142 475
<b>Total direct insurance</b>	<b>7 725 043</b>	<b>7 976 106</b>	<b>4 771 574</b>	<b>473 634</b>	<b>114 741</b>	<b>25 789</b>	<b>2 246 304</b>

\* administrative expenses have been settled proportionally to the written premium from direct insurance in the total written premium

Indirect insurance for the year ended 31 December 2009	Gross written premiums	Gross earned premiums	Gross claims (paid)	Claim handling costs	Expected recoveries and recourses	Net balance of reinsurance	Operating costs (acquisition and administrative expenses)* /
Accident and sickness insurance (class 1 and 2)	856	862	-	-	-	-	109
TPL motor insurance (class 10)	4 118	23 622	23 904	-	-	-	1 703
Other motor insurance (class 3)	1 807	15 372	17 238	-	-	-	4 309
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	3 091	4 130	1 172	-	-	(8)	760
Insurance against fire and other damage to property (class 8, 9)	43 624	25 339	1 898	-	-	1	9 642
TPL insurance (class 11, 12, 13)	5 732	6 917	1 823	-	-	9	2 631
Credit insurance and suretyship (classes 14, 15)	278	488	18	-	-	-	265
Assistance (class 18)	-	-	-	-	-	-	-
Insurance of legal protection (class 17)	-	-	-	-	-	-	-
Other insurance (class 16)	6 620	6 525	578	-	-	309	1 220
<b>Indirect insurance total</b>	<b>66 126</b>	<b>83 255</b>	<b>46 631</b>	-	-	<b>311</b>	<b>20 639</b>

\* administrative expenses have been settled proportionally to the written premium from indirect insurance in the total written premium

## 20. Information regarding claim handling process

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
<b>Total</b>	<b>20,76</b>	<b>1 874 526</b>	<b>1 218 570</b>

Loss adjustment process in the year ended 31 December 2009 (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)	9,31	27 181	29 019
TPL motor insurance (class 10)	16,22	480 638	488 094
Other motor insurance (class 3)	14,25	636 682	178 742
Sea, aircraft and transport insurance (class 4, 5, 6, 7)	49,80	6 491	15 580
Insurance against fire and other damage to property (class 8, 9)	16,39	284 697	108 849
TPL insurance (class 11, 12, 13)	34,53	46 313	102 715
Credit insurance and suretyship (classes 14, 15)	22,48	659	824
Assistance (class 18)	-	30 808	9 776
Insurance of legal protection (class 17)	31,46	97	305
Other insurance (class 16)	73,91	3 676	13 916
<b>Total</b>	<b>14,27</b>	<b>1 517 242</b>	<b>947 820</b>

### 20.1. Costs of insurance activity

Costs of insurance activity net of reinsurance	1 January - 31 December 2010	1 January - 31 December 2009
a) direct insurance	2 216 589	2 199 660
b) indirect insurance	10 020	20 639
<b>Total costs of insurance activity net of reinsurance</b>	<b>2 226 609</b>	<b>2 220 299</b>

Costs of insurance activities (by type)	1 January - 31 December 2010	1 January - 31 December 2009
<b>I. Administrative expenses</b>	<b>885 459</b>	<b>979 365</b>
1. internal:	485 108	609 862
a) consumption of materials and energy	47 711	45 487
b) payroll, insurance and other benefits	357 406	475 196
c) amortization	74 056	83 240
d) other administrative expenses	5 935	5 939
2. external:	400 351	369 503
a) external services	320 512	282 658
b) commissions for premium collection	7 505	8 125
c) advertisement	45 768	55 422
d) other expenses	26 566	23 298
<b>II. Acquisition costs</b>	<b>1 323 041</b>	<b>1 287 578</b>
1. internal	363 158	343 274
a) consumption of materials and energy	3 293	4 467
b) payroll, insurance and other benefits classified as acquisition costs	359 865	338 807
c) commissions on direct business	-	-
d) amortization	-	-
e) other acquisition costs	-	-
2. external:	989 065	981 238
b) payroll, insurance and other benefits classified as acquisition costs	-	-
c) commissions on direct business, including:	944 285	930 909
- acquisition commissions	465 267	541 596
- policy renewal commissions	463 098	380 759
- insurance and reinsurance contract administration commissions	15 920	8 554
c) commissions on indirect business	5 424	5 017
d) external services	13 117	15 131
e) advertising	23 413	24 675
f) other expenses	2 826	5 506
3. change in deferred acquisition costs	(29 182)	(36 934)
<b>III. Claims handling and recourse collection costs</b>	<b>440 151</b>	<b>473 634</b>
1. internal	291 371	277 224
a) consumption of materials and energy	4 500	5 613
b) remuneration of appraisers relating to claims handling and recourse collection	282 501	265 566
c) amortization	4 370	6 045
2. external:	148 780	196 410
a) external services	102 898	124 460
b) other expenses	45 882	71 950
<b>IV. Costs of investment activity</b>	<b>164 805</b>	<b>243 358</b>
1. internal	2 783	1 882
a) consumption of materials and energy	32	23
b) payroll, insurance and other employee benefits	2 023	1 373
c) amortization	728	486
2. external:	162 022	241 476
a) external services	460	853
b) other expenses*	161 562	240 623

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

## 20.2. Acquisition costs

Acquisition costs	1 January - 31 December 2010	1 January - 31 December 2009
a) incurred in the reporting period including:	1 352 223	1 324 512
- acquisition commissions on direct insurance	944 285	930 909
b) carried forward to future reporting periods	29 182	36 934

### 20.3. Administrative expenses

Administrative expenses	1 January - 31 December 2010	1 January - 31 December 2009
a) consumption of materials and energy	47 711	45 487
b) external services	319 502	282 658
c) taxes and charges	16 777	17 393
d) payroll	253 992	304 527
e) social security and other benefits	103 414	170 669
f) amortization	75 066	83 240
g) other, including:	68 997	75 391
advertising	45 768	55 422
commissions for premium collection	7 505	8 125
business trips	5 935	5 938
property insurance	2 277	2 223
<b>Total administrative expenses</b>	<b>885 459</b>	<b>979 365</b>

### 21. Other operating revenue

Other operating revenue	1 January - 31 December 2010	1 January - 31 December 2009
a) financial revenue	910	704
b) commission on loss adjusting services	6 726	6 024
c) revenue from acquisition activities carried out for open pension funds	24 818	14 957
d) other operating income including:	38 433	156 070
exchange gains	5 757	34 295
recharged expenses	4 737	4 657
revenue from reversed impairment losses and provisions for future liabilities	19 929	108 971
gain on disposal of fixed assets and investments in progress	3 294	1 599
damages received	800	708
other	3 916	5 840
<b>Total</b>	<b>70 887</b>	<b>177 755</b>

### 22. Other operating expenses

Other operating expenses	1 January - 31 December 2010	1 January - 31 December 2009
a) financial expenses	58 671	36 233
b) costs relating to loss adjusting services	253	192
c) costs relating to acquisition activities carried out for open pension funds	21 043	8 186
d) other operating expenses, including:	91 756	189 396
costs of the Head Office employment restructuring	-	11 608
exchange losses	12 385	13 199
donations	5 538	5 149
rechargeable expenses	4 778	4 628
costs of disposal of pre-numbered forms	2 088	1 614
recognized revaluation write-downs on receivables	1 662	5 344
loss on disposal of fixed assets and investments in progress	1 549	593
costs of provisions created for probable losses	875	978
penalties, damages and fines paid	545	3 616
default interest on tax liabilities	447	1 191
receivables written off	65	81
employment restructuring	59 627	122 667
costs of provision recognized for a fine imposed by the Office of Competition and Consumer Protection	-	14 792
other	2 197	3 936
<b>Total</b>	<b>171 723</b>	<b>234 007</b>

The provision for Office of Competition and Consumer Protection has been described in point 28.4 of the Notes.

Costs of sell-buy-back agreements include costs related to the transaction specified in point 7.2 of the Notes, concluded to finance the advance payment against dividend for 2009, incurred against Bank Gospodarstwa Krajowego and Bank Handlowy w Warszawie SA, in the amount of PLN 46,298 thousand and PLN 12,356 thousand, respectively.

## 22.1. Employment restructuring in PZU

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

On 10 February 2010, the Management Board of PZU adopted a resolution concerning planned lay-offs in 2010.

On 11 March 2010 the Management Board of PZU and the Trade Unions operating in the companies concluded a lay-off arrangement. As agreed, from 26 March to 20 November 2010, the staff restructuring and optimization is carried out as a part of the lay-offs.

The staff restructuring is related e.g. to centralization of functions which so far have been dispersed throughout several centers located in large Polish cities and higher specialization of hired staff. It mostly affects operations, finance, loss adjustment and the PZU Group network.

In 2010 the change was expected to affect up to 5,288 employees of PZU and involve net reduction, i.e. cutting the number of PZU staff by 1,724 persons.

Termination conditions offered to the dismissed employees or employees who did not accept the offered terms of employment exceeded the scope provided for by the applicable laws (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).

The amount of additional redundancy pay depends on the salary of each employee and their time of employment at the PZU Group.

In 2010 the changes affected 4,953 employees, out of which 2,071 were given termination documents.

Dismissed employees have been offered one of the largest outplacement schemes introduced in Poland in 2010.

The total 2010 restructuring costs charged to the provision amounted to PLN 129,703 thousand.

As of 31 December 2010 the provision for restructuring costs (as presented in point 10.3 of the Notes) amounted to PLN 52,591 thousand (vs. PLN 122,667 thousand as of 31 December 2009), which implied a change in the provision of PLN 70,076 thousand in 2010. The change in the balance resulted from the increase in the provision of PLN 59,627 thousand and the provision assigned of PLN 129,703 thousand.



## 23. Interest income and expense

### 23.1. Interest income calculated with contractual interest rates

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	-	-	-	-
<b>Interest income, total</b>	<b>441 951</b>	<b>9 507</b>	<b>171 067</b>	<b>-</b>

Interest income calculated with contractual interest rates in 2009	Interest accrued and realized in 2009	Interest accrued and unrealized in 2009 (by maturity after the balance sheet date)		
		up to 3 months	from 3 to 12 months	over 12 months
a) Investments in controlled entities	52	-	-	-
b) Other financial investments, including:	708 330	44 685	196 049	-
- debt securities and other fixed income securities	658 321	44 667	195 697	-
- shares in joint investments	-	-	-	-
- mortgage loans	-	-	-	-
- other loans and borrowings	38 121	-	352	-
- term deposits with credit institutions	11 888	18	-	-
- other investments	-	-	-	-
c) Deposits with ceding undertakings	-	-	-	-
d) Receivables	-	-	-	-
- receivables from direct insurance	-	-	-	-
- receivables from reinsurance	-	-	-	-
- other receivables	-	-	-	-
<b>Interest income, total</b>	<b>708 382</b>	<b>44 685</b>	<b>196 049</b>	<b>-</b>

Interest expenses 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	-	-	-	-
<b>Total interest expenses in 2010 including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- liabilities held for trading	-	-	-	-
- short-term liabilities	-	-	-	-
- long-term liabilities	-	-	-	-

Interest expenses in 2009	Interest accrued and realized in 2009	Interest accrued and unrealized in 2009 (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	-	-	35 940	-
- Other liabilities	-	-	-	-
<b>Total interest expenses in 2010 including:</b>	-	-	-	-
- liabilities held for trading	-	-	-	-
- short-term liabilities	-	-	-	-
- long-term liabilities	-	-	-	-

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

## 24. Income tax

### 24.1. Tax Capital Group

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

### 24.2. Current income tax

Current income tax	1 January - 31 December 2010	1 January - 31 December 2009
<b>1. Gross profit (loss)*</b>	<b>3 625 870</b>	<b>2 698 739</b>
<b>2. Difference between the gross profit (loss) and the tax base (by title)</b>	<b>(2 615 363)</b>	<b>(2 002 175)</b>
<b>2a) Expenses and losses not classified by tax regulations as tax-deductible costs</b>	<b>484 487</b>	<b>680 104</b>
Accrued outward reinsurance expenses	12 525	(8 567)
Accrued investment losses	155 607	151 623
Accrued bonuses, appropriations to the Company's Bonus Fund and employee benefits	130 238	206 463
Accrued and deferred acquisition costs	30 416	67 949
Impairment losses on insurance, reinsurance and recourse receivables	109 127	83 611
Enforcement costs and contractual penalties	5 009	10 560
Appropriations to PFRON	6 676	7 324
Donations	5 538	5 149
Accrued costs of external services	14 177	5 601
Payment to the National Health Fund	-	119 381
Provision for probable losses	13 496	15 119
Other	1 678	15 891
<b>2b) Revenue not included in the tax base</b>	<b>3 851 815</b>	<b>2 263 035</b>
Accrued investment income	533 318	580 718
Dividends	3 140 945	1 436 751
Other technical income – reversed impairment losses etc.	176 844	48 990
Reversed impairment losses on receivables	1 234	155 103
Accrued revenue from reinsurance	(3 826)	38 981
Other	3 300	2 492
<b>2c) Other changes in the tax base</b>	<b>751 965</b>	<b>(419 244)</b>
Realized accrued previous year investment income	854 631	(212 060)
Amounts payable to natural persons under personal service contracts and bonuses, accrued in the previous year	(72 819)	(103 028)
Realized accrued previous years' acquisition costs	(3 158)	(4 257)
Other costs/income realized	(21 289)	(94 922)
Tax-exempt income	(5 400)	(4 977)
<b>3. Income tax base</b>	<b>1 010 507</b>	<b>696 564</b>
<b>4. Income tax at 19% rate</b>	<b>191 996</b>	<b>132 347</b>

Current income tax	1 January - 31 December 2010	1 January - 31 December 2009
<b>5. Tax increase, cancellation, exemption, deduction and reduction</b>	<b>4 241</b>	<b>18 618</b>
<b>6. Current income tax recognized in tax returns for the period, including:</b>	<b>196 237</b>	<b>150 965</b>
- cost disclosed in the profit and loss account	196 237	150 965
- 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 2010	1 January - 31 December 2009
Differences between the gross profit (loss) and the tax base	(2 615 363)	(2 002 175)
- due to technical activities	(25 342)	(116 657)
- due to extraordinary gains and losses	-	-
- other	(2 590 021)	(1 885 518)
Tax base	1 010 507	696 564

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.

### 24.3. Deferred income tax

Deferred income tax disclosed in the profit and loss account	1 January - 31 December 2010	1 January - 31 December 2009
- decrease (increase) due to recognizing and reversing of temporary differences	14 426	(72 560)
- 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)	(101 502)	109 955
provisions for payroll and jubilee awards	384	24 547
deferred acquisition costs	768	15 362
appropriation to the Bonus Fund	(1 234)	2 330
accrued expenses	(377)	(731)
convertible bonds of Bank Handlowy	(25 261)	(17 419)
appropriations to reinsurers	(13 946)	(60 483)
other	(61 836)	146 349
<b>Total deferred income tax</b>	<b>(87 076)</b>	<b>37 395</b>

In 2010 and 2009, no income tax on discontinued operations or extraordinary transactions occurred.

Deferred income tax disclosed beyond the profit and loss account	1 January - 31 December 2010	1 January - 31 December 2009
The total deferred tax amount:	22 940	49 459
- recognized in equity	22 940	49 459
- recognized in goodwill or negative goodwill	-	-

## 25. 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 2010	1 January - 31 December 2009
Share in net profits (losses) of controlled entities measured using the equity method including:		
- impairment of negative goodwill of controlled entities	(44 878)	(35 329)
- impairment of negative goodwill of controlled entities	(851)	(5 940)
- impairment of negative goodwill of controlled entities	-	-
- impairment loss on net asset measurement	(44 027)	(29 389)

## 26. Additional information to the cash flow statement

“Other inflows from operating activities” include:

Other inflows from operating activities – selected data	1 January - 31 December 2010	1 January - 31 December 2009
Proceeds from PZU Życie - refund of CIT advances - participation in PGK	443 033	451 775
Proceeds from forex differences	22 327	79 721
Inflows to social benefits fund account and employee account	8 138	13 036
Other inflows	94 028	63 845
<b>Other inflows from operating activities total</b>	<b>567 526</b>	<b>608 377</b>

“Other outflows for operating activities” include:

Other outflows for operating activities – selected data	1 January - 31 December 2010	1 January - 31 December 2009
Expenditure for advance CIT payments received from PZU Życie – participation in PGK	443 033	451 775
Corporate income tax	106 109	277 862
Expenditure from social benefits fund account and employee account	48 042	66 836
Expenditure due to exchange differences	23 342	80 735
Internal cash balance reductions	21 849	-
Other expenses	97 416	36 643
<b>Other operating expenses total</b>	<b>739 791</b>	<b>913 851</b>

### 26.1. Restricted cash

The cash flow statement includes restricted cash item concerning:

- the cash of the Prevention Fund and the Company’s Social Benefits Fund. The limitations stem from the fact that 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.

## 27. Other information and explanations

### 27.1. Key information about the IPO process

On 1 December 2009, the Management Board of PZU adopted a resolution introducing Project IPO 2010 aimed at carrying out IPO by floating shares in PZU at WSE in the first half of 2010.

On 13 April 2010, FSA approved the prospectus of PZU which was published on 16 April 2010.

Shares were subscribed for between: 20 and 26 April 2010 in the case of authorized persons, 20 and 28 April 2010 in the case of individual investors and 30 April and 5 May 2010 in the case of institutional investors.

The information including data required pursuant to Article 54.3 of the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies of 29 July 2005 (Journal of Laws 185 of 2009, item. 1439) published on 29 April 2010 specified:

- the price of shares for individual investors, authorized persons and institutional investors at PLN 312.50 per share;
- the final number of shares sold during the offering at 25,819,337 shares (29.9% of the total number of issued shares); the final number of sold shares and their share in the total number of issued shares was: Kappa SA - 12,866,492 (14.9%), Eureka - 8,635,230 (10.0%) and the State Treasury - 4,317,615 (5.0%);
- the number of shares sold to individual investors at 7,058,582, authorized persons at 73,938 and institutional investors at 18,686,817.

The Management Board of the National Depository for Securities (KDPW) adopted Resolutions No. 212/2010 on 16 April 2010 and No. 252/2010, 253/2010 and 254/2010 on 6 May 2010 whereby it granted PZU the status of participant of KDPW (ISSUER) (Resolution No. 212/2010) and decided to register 86,324,317 PZU shares (60,418,337 A series shares and 25,905,980 B series shares) with a code PLPZU0000011. The shares traded in the public offering were registered in KDPW on 26 April 2010 and the other shares, on 10 May 2010.

On 6 May 2010 PZU applied to WSE for admission and introduction to trading on the primary market of WSE of 60,418,337 A series shares and 25,905,980 B series shares.

On 7 May 2010 the Management Board of WSE adopted Resolution 425/1020 whereby it decided to introduce 60,418,337 A series shares of PZU and 25,905,980 B series shares of PZU to trading on the primary market of WSE on 12 May 2010. The resolution was conditional and its requirements were met on 10 May 2010.

On 12 May 2010 PZU shares were first traded on WSE. The opening price on the first trading day was PLN 349.00 and the closing price, PLN 360.00 per share.

PZU shares are continuously traded under the abbreviated name "PZU" and designation "PZU".

## **27.2. Transactions involving significant packages of PZU shares**

In the period from 1 January 2010 to the date of these financial statements, significant changes in the ownership structure of significant share packages of PZU have occurred.

The changes resulting from the IPO involved:

- reduction of the number of PZU shares held by the State Treasury from 43,338,098 to 39,020,483 and decrease of the Treasury interest in the share capital and general number of votes at GSM from 50.1875 % to 45.1875%;
- reduction in the number of PZU shares held by Eureka BV from 19,861,028 to 11,225,798 (including 3,020 shares, with Eureka BV not recorded in the PZU book of shares due to objections of their former holders, the „protested shares”) and reduction in the interest of Eureka BV in the share capital from 22.9999 % to 12.9999 % and in the general number of votes at GSM from 22.9953 % to 12.9965 % (not including the above 3,020 shares);
- reduction of the number of PZU shares held by Kappa SA from 12,866,492 to zero and decrease of its interest in the share capital and general number of votes at GSM from 14.8999 % to 0%.

Additionally, on 23 November 2010, following settlement of package transactions concluded following the accelerated construction of the demand book regarding 11,223,818 shares held by Eureka BV, its share in the total number of votes at the GSM neared zero.

Immediately after settlement of the transaction, Eureka BV held 1,980 protested shares not giving title to exercise of votes at GSM due to protests of former holders. Following withdrawal of the protests at the end of 2010, Eureka BV was entered to the PZU Book of Shares with 480 shares on 31 December 2010 and with 1,500 shares on 10 January 2011.

## **27.3. Control of the Polish Financial Supervision Authority**

The control took place from 12 January to 22 February 2011. Its scope including organization, management and accounting.

According to the Management Board, post-control recommendations should not materially influence the financial statements of the Company.

#### 27.4. 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 2010	1 January - 31 December 2009
Investment outlays incurred including:	100 271	111 569
- outlays for non-financial non-current assets	62 511	77 157
Investment outlays planned for the 12 months following the balance sheet date including:	59 800	not applicable
- outlays for non-financial non-current assets	59 800	not applicable
<b>Total</b>	<b>160 071</b>	<b>111 569</b>

#### 28. 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 those held before the President of the Office of Competition and Consumer Protection (UOKiK), before the Polish Financial Supervision Authority and those related to own real property. The proceedings and disputes are typical and repetitive and, usually, individually they are not significant for PZU.

In 2010 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 of the value or the total value of at least 10% of the equity of PZU.

As of 31 December 2010 the total value of all 19,145 cases heard by courts, bodies competent to hear arbitration proceedings or public authority bodies involving PZU was PLN 968,410 thousand. The amount includes PLN 803,710 thousand of liabilities and PLN 164,700 thousand of receivables of PZU, which constituted 6.75% and 1.38% of PZU equity calculated in line with PAS, respectively.

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

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. PZU agrees neither with the contents of the decision nor its justification. On 18 January 2010, PZU appealed against the decision to the Court of Competition and Consumer Protection. As a result, the decision did not become final. By the date of signing these financial statements, the appeal had not been examined.

Irrespective of the appeal, as at 31 December 2010, PZU created a provision for the above fine in the amount of PLN 14,792 thousand.

##### 28.2. Motion summoning PZU to amicable settlement and discontinuance of the proceedings

On 19 April 2010 the Court served on PZU a motion of an individual summoning PZU to amicable settlement. The individual sought payment of PLN 228,226 thousand from PZU as compensation for severe health disorder caused by "civil and criminal actions" against them and the company (in which they are the sole owner and the President of the Management Board) instigated by PZU and for causing the company's falling out of the market.

Moreover, irrespective of claims specified therein, PZU is a party to disputes with the same company for the total amount exceeding PLN 21 million. The cases are heard at the Regional Court in Warsaw. PZU considers the underlying claims groundless. In a decision of 7 May 2010, the court discontinued the case for amicable settlement. The decision is final.

## 29. Employment

Average employment, broken down by employee group	1 January - 31 December 2010		1 January - 31 December 2009	
	Average annual employment (FTE)	Average annual headcount (persons)	Average annual FTE	Average annual headcount (persons)
a) Supervisory Board	7	7	6	6
b) Management Board	3	3	4	4
c) Total employment, including:	10 066	10 779	11 114	11 630
- management	390	477	474	503
- advisors	4	5	2	3
- actuaries	5	5	5	5
- other employees	9 667	10 292	10 633	11 119
- including agents on employment contracts	141	158	160	178
d) Number of agents without employment contracts (persons)	n/a	16 864	n/a	16 002

## 30. Agreements on audit and review of financial statements

### 30.1. Remuneration of the entity authorized to audit financial statements

Remuneration of the entity authorized to audit financial statements	1 January - 31 December 2010	1 January - 31 December 2009
a) statutory audit of annual separate/consolidated financial statements	800	908
b) other attestation services including review of separate/consolidated financial statements	927	1 181
c) tax advisory services	-	-
d) other services	37	36
<b>Total</b>	<b>1 764</b>	<b>2 125</b>

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.

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

The agreement on the audit of separate financial statements of PZU and consolidated financial statements of the PZU Group for the year ended 31 December 2010 was concluded on 30 November 2010 and regarded only audit of the financial statements for 2010.

The agreement on the audit of condensed separate financial statements of PZU and condensed consolidated financial statements of the PZU Group for the period of six months ended 30 June 2010 was concluded on 9 July 2010 and regarded only audit of the financial statements mentioned herein.

## 31. Related party transactions

In 2010, PZU did not conclude related party transactions, which individually or jointly would constitute a significant amount, on non-arms length terms.

### 31.1. Transactions with Members of the Management Board and Supervisory Board of PZU

As of 31 December 2010, 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 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 2010 and 2009, 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.

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

In 2010 and 2009, no unpaid advances, credit facilities, loans, guarantees, sureties or other contracts with performance obligation occurred.



**31.1.2 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 2010	1 January – 31 December 2009
<b>Remuneration and other short-term employee benefits paid by PZU</b>		
<b>Management Board, out of which:</b>	<b>2 462</b>	<b>1 183</b>
Andrzej Klesyk	1 090	295
Witold Jaworski	789	295
Rafał Stankiewicz	371	295
Magdalena Nawłoka	24	298
Przemysław Dąbrowski	-	n/a
Dariusz Filar	188	n/a
<b>High level managers (PZU Group Directors)***, out of which:</b>	<b>3 411</b>	<b>n/a</b>
Przemysław Dąbrowski	951	n/a
Rafał Grodzicki	850	n/a
Dariusz Krzewina	760	n/a
Mariusz J. Sarnowski	602	n/a
Krzysztof Dominik Branny	248	n/a
<b>Supervisory Board, out of which:</b>	<b>677</b>	<b>343</b>
Maciej Bednarkiewicz	-	32
Alfred Bieć	4	40
Tomasz Gruszecki	22	40
Ernst Jansen	-	32
Joanna Karman	-	30
Marcin Majeranowski	21	40
Michał Nastula	-	32
Marzena Piszczek	128	10
Tomasz Przesławski	4	40
Gerard van Olphen	3	40
Marco Vet	5	7
Grażyna Piotrowska-Oliwa	99	-
Piotr Kamiński	85	-
Waldemar Maj	86	-
Jurgen Stegmann	17	-
Zbigniew Cwiąkański	94	-
Krzysztof Dresler	68	-
Dariusz Filar	41	-
<b>Remuneration and other short-term employee benefits paid by other PZU Group entities</b>		
<b>Management Board, out of which:</b>	<b>964**</b>	<b>950*</b>
Andrzej Klesyk	302	239
Witold Jaworski	387	359
Rafał Stankiewicz	275**	352*
Przemysław Dąbrowski	-	n/a
<b>High level managers (PZU Group Directors)***, out of which:</b>	<b>2 027</b>	<b>n/a</b>
Przemysław Dąbrowski	404	n/a
Rafał Grodzicki	550	n/a
Dariusz Krzewina	755	n/a
Mariusz J. Sarnowski	263	n/a
Krzysztof Dominik Branny	55	n/a
<b>Supervisory Board total</b>	<b>-</b>	<b>-</b>
<b>Total estimated amount of non-cash benefits granted by the Company and its subsidiaries</b>		
<b>Management Board, out of which:</b>	<b>370</b>	<b>491</b>
Andrzej Klesyk	119	107
Witold Jaworski	147	136
Rafał Stankiewicz	79	143
Magdalena Nawłoka	25	105
Przemysław Dąbrowski	-	n/a
<b>High level managers (PZU Group Directors)***, out of which:</b>	<b>525</b>	<b>n/a</b>
Przemysław Dąbrowski	149	n/a
Rafał Grodzicki	177	n/a
Dariusz Krzewina	153	n/a
Mariusz J. Sarnowski	40	n/a
Krzysztof Dominik Branny	6	n/a
<b>Supervisory Board, out of which:</b>	<b>42</b>	<b>14</b>

<b>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</b>	<b>1 January – 31 December 2010</b>	<b>1 January – 31 December 2009</b>
Tomasz Gruszecki	42	14

\* The indicated amount includes the equivalent of UAH 429,766 translated into PLN at the average currency rate of 31 December 2009 as published by the National Bank of Poland (NBP).

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

\*\*\* Positions of high level managers were established in 2010 and since then their holders are treated as related parties; therefore, the above table does not include their remuneration for 2009, when they held different positions in PZU Group companies.

*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*

<b>Item</b>	<b>1 January - 31 December 2010</b>	<b>1 January - 31 December 2009</b>
a) Charged to costs	10 478	2 981
b) Resulting from incentive or bonus plans based on issuer's equity	-	-

### 31.2. Transactions with subsidiaries

<b>Transactions with subsidiaries</b>	<b>1 January - 31 December 2010</b>	<b>1 January - 31 December 2009</b>
1. Gross written premium, including:	3 754	12 288
- from UAB DK PZU Lietuva	2 507	10 695
- from PrJSC IC PZU Ukraine	527	1 051
2. Dividend income, including:	3 120 000	1 421 093
- from PZU Życie	3 120 000	1 419 146
- from PZU AM	-	1 947
3. Other revenue, including:	33 702	23 987
- from acquisition activities carried out for OFE PZU received from PTE PZU	24 818	15 109
- from real property due to rents from controlled entities	3 047	3 784
4. Gross claims paid, including:	22 245	54 612
- for UAB DK PZU Lietuva	7 287	42 812
- handling costs arising from services provided by PZU CO	10 851	7 472
5. Other expenses, including:	28 936	41 432
- reinsurance commissions payable to ceding undertakings incurred for UAB DK PZU Lietuva	-	5 414
- IT services rendered by PZU CO	13 333	10 667
- costs of investing activities due to assets management for PZU AM	6 821	11 797
- regular mass printing services provided by PZU CO	4 000	7 472

<b>Transactions with subsidiaries</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
1. Receivables - gross value, including:	16 259	14 536
- from Syta Development due to performance of agreements related to the CLSiOR investment	5 563	6 545
- 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 OFE	4 581	1 334
2. Impairment losses on receivables and advances from Syta Development	10 306	11 291
3. Liabilities including:	38 630	12 098
- income tax liabilities to PZU Życie – Tax Capital Group	30 684	5 925
4. Off-balance sheet receivables - from Syta Development as collateral of interest on the originated loan	2 275	2 275

### 31.3. Transactions with associated entities

Transactions with associated entities	1 January - 31 December 2010	1 January - 31 December 2009
1. Gross written premium	12	70
2. Dividend income	-	-
3. Other revenue	-	-
4. Gross claims paid	32	6
5. Other costs	-	-

Transactions with associated entities	31 December 2010	31 December 2009
1. Receivables - gross value, including advance payments for construction investments	-	-
2. Impairment losses on receivables	-	-
3. Liabilities, including prepaid premiums	-	-

#### Signatures of members of the Management Board of PZU SA:

Andrzej Klesyk  
Chairman of the Board

Przemysław Dąbrowski  
Member of the Board

Witold Jaworski  
Member of the Board

#### Chief Actuary at PZU:

Paweł Chadysz  
Vice-Director of the Actuarial Office

Warsaw, 15 March 2011

The above consolidated 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.