

**CONDENSED INTERIM SEPERATE FINANCIAL
STATEMENTS OF
POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA
FOR THE PERIOD OF 6 MONTHS
ENDED 30 JUNE 2014**



This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

TABLE OF CONTENTS

INTRODUCTION TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS	3
1. INTRODUCTION	3
2. ACCOUNTING PRINCIPLES (POLICY)	4
3. CHANGES IN ACCOUNTING PRINCIPLES (POLICY) AND THE COMPARABILITY OF FINANCIAL DATA	4
4. CORRECTION OF ERRORS	4
5. INFORMATION OF SIGNIFICANT POST-BALANCE SHEET EVENTS NOT RECOGNISED IN THE FINANCIAL STATEMENTS.....	4
6. SIGNIFICANT EVENTS PERTAINING TO PREVIOUS YEARS AND DISCLOSED IN THE FINANCIAL STATEMENTS FOR THE CURRENT REPORTING PERIOD	6
7. SIGNIFICANT EVENTS PERTAINING TO THE REPORTING PERIOD AND SIGNIFICANTLY CHANGING THE STRUCTURE OF BALANCE SHEET ITEMS AND THE FINANCIAL RESULT	6
INTERIM BALANCE SHEET	7
INTERIM OFF-BALANCE SHEET ITEMS	9
INTERIM REVENUE ACCOUNT - PROPERTY AND CASUALTY INSURANCE	10
INTERIM GENERAL PROFIT AND LOSS ACCOUNT	11
INTERIM STATEMENT OF CHANGES IN EQUITY.....	13
INTERIM CASH FLOW STATEMENT	15
ADDITIONAL INFORMATION.....	17
1. INTANGIBLE ASSETS	17
2. INVESTMENTS.....	17
3. RECEIVABLES	19
4. OTHER ASSETS	20
5. SHARE CAPITAL	20
6. TECHNICAL PROVISIONS	21
7. PROVISIONS FOR PENSION AND OTHER STATUTORY EMPLOYEE BENEFITS	21
8. OTHER PROVISIONS	22
9. LIABILITIES	23
10. SPECIAL FUNDS.....	24
11. ACCRUALS AND DEFERRED INCOME.....	24
12. CHANGES IN IMPAIRMENT LOSSES	25
13. PREMIUMS IN PROPERTY AND CASUALTY INSURANCE.....	27
14. GROSS CLAIMS AND BENEFITS PAID	28
15. CLAIMS HANDLING EXPENSES	29
16. ACQUISITION COSTS.....	30
17. ADMINISTRATIVE EXPENSES	30
18. OTHER OPERATING INCOME	30
19. OTHER OPERATING COSTS	31
20. CALCULATION OF OWN FUNDS TO COVER THE REQUIRED SOLVENCY MARGIN	32
21. ISSUES, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES	33
22. BREACH OR DEFAULT OF SIGNIFICANT PROVISIONS OF THE LOANS OR OTHER BORROWING ARRANGEMENTS.....	33
23. CREDIT FACILITY/LOAN COLLATERAL OR GUARANTEES GIVEN BY PZU OR ITS SUBSIDIARIES	33
24. DISPUTES.....	33
25. RELATED PARTY TRANSACTIONS	34

INTRODUCTION TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS**1. Introduction****1.1. Information on Powszechny Zakład Ubezpieczeń Spółka Akcyjna**

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, Journal of Laws No. 11 of 1996, item 62 as amended).

PZU is entered to the register of entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw, XII Business Division, under number KRS 0000009831.

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

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

1.2. Period covered by the interim separate financial statements

These condensed interim separate financial statements cover a period of 6 months from 1 January 2014 to 30 June 2014.

1.3. Going concern

The condensed interim separate financial statements have been prepared based on the assumption that the PZU will operate as a going concern during the period of at least 12 months following the balance sheet date, that is after 30 June 2014.

As of the date of signing the condensed interim separate 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 stated otherwise, all financial data presented in the interim separate financial statements are expressed in PLN thousand.

1.5. Business Combinations

In the period of 6 months from 1 January to 30 June 2014 and in 2013 there were no business combinations of PZU with other entities.

1.6. Profit/loss on discontinued operations

In the period of 6 months from 1 January to 30 June 2014 and in 2013 PZU did not discontinue any activities.

1.7. Seasonality or cyclicity of operations

Business operations of PZU are not subject to seasonality or cyclicity.

2. Accounting principles (policy)

Pursuant to Article 45.1a of the Accounting Act, 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 International Financial Reporting Standards 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 of 29 September 1994 (unified text, Journal of Laws of 2013, item 330, as amended; henceforth: "Accounting Act") regarding preparation of financial statements in accordance with IFRS, these condensed interim separate financial statements of PZU are drawn up in line with Polish Accounting Standards (henceforth: PAS) as defined in the Accounting Act and respective bylaws, 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 on special accounting principles for insurers");
- 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).

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

In addition, the statement is consistent with the Regulation of the Minister of Finance of the Republic of Poland of 19 February 2009 on current and periodic information submitted by issuers of securities and conditions for recognizing the information required by the laws of a non-member state as equivalent (consolidated text, Journal of Laws of 2014, item 133).

Accounting policy was presented in detail in the annual separate financial statements of PZU for 2013, approved by the PZU Management Board on 11 March 2014, on which the certified auditor issued an unqualified opinion on the same date and which was approved by the PZU General Shareholders' Meeting on 17 June 2014 ("Separate financial statements of PZU for 2013").

The separate financial statements of PZU for 2013 are available on the PZU website under www.pzu.pl in the "Investor Relations" tab.

3. Changes in accounting principles (policy) and the comparability of financial data

In the period of 6 months from 1 January to 30 June 2014 no changes to the Accounting Policy were introduced.

The method of presentation of financial data in these condensed interim separate financial statements did not change compared to the separate financial statements of the PZU for 2013.

4. Correction of errors

In the 6-month period from 1 January to 30 June 2014 no adjustments of prior periods errors were made.

5. Information of significant post-balance sheet events not recognised in the financial statements

5.1. External financing

On 7 July 2014 PZU took out a loan from PZU Finance AB (publ) (with its registered office in Stockholm) with a total value of EUR 500,000,000 and interest rate 1.425% per annum to be repaid on 28 June 2019.

Funds for the loan were acquired by PZU Finance AB (publ) acquired from the issue of five-year Eurobonds in the amount of EUR 500,000,000. The bonds were introduced to trading on the regulated market of the Irish Stock

Exchange on the basis of a prospectus approved by the Central Bank of Ireland. The margin over mid-swap (curve, which is the average of the bid and ask curves for fixed-coupon bonds corresponding to the period of redemption of the bonds issued by PZU Finance AB (publ)) amounted to 85 base points, which resulted in the bond field of 1.499%. The coupon rate was set at 1.375% per annum. Standard & Poor's awarded these bonds a rating of „A-” for unsecured debt.

PZU Finance AB (publ) liabilities resulting from the bonds were secured with a guarantee provided by PZU, which covers the whole of the issuer's obligations arising from the issue (including the obligation to pay the nominal value and interest on bonds) and has been granted for the benefit of all bondholders. The maximum amount of the guarantee has not been determined. The guarantee expires upon the expiry of the claims of the bondholders towards PZU Finance AB.

The issue of Eurobonds constitutes the implementation of PZU Group's investment strategy in the management of matching assets and liabilities in euros. After purchasing companies in the Baltic countries, a significant value of PZU Group's assets will depend on the exchange rate of the euro, which is why it was decided that the issue would be made in this currency.

5.2. Purchase of shares of Link4 Towarzystwo Ubezpieczeń Spółka Akcyjna

On 17 April 2014 following the conclusion of negotiations, an agreement for the purchase of Link4 Towarzystwo Ubezpieczeń Spółka Akcyjna ("Link4") shares from Royal & Sun Alliance Insurance plc, a limited liability company incorporated in England and Wales with its registered office in West Sussex, United Kingdom ("RSA") was concluded.

Pursuant to that agreement, PZU will purchase 111,354,305 registered shares in Link4 with a nominal value of PLN 1.00 each for the amount of ca. EUR 90,000,000 from RSA.

On 21 July 2014, the Polish Financial Supervision Authority ("PFSA") approved the repayment of a subordinated loan agreement between InTouch Insurance Group B.V. and Link4 dated 4 March 2009, as amended.

On 7 August 2014 President of the Office of Competition and Consumer Protection approved the concentration resulting from PZU taking control over Link4.

The acquisition of Link4 shares is dependent on obtaining approval for the transaction granted by PFSA, therefore Link4 both as at 30 June 2014 and as at the date of these interim financial statements was not treated as a subsidiary.

5.3. Purchase of shares of Lietuvos Draudimas AB

On 17 April 2014, as a result of completed negotiations, the agreement concerning the purchase of shares of the Lithuanian company Lietuvos Draudimas AB from RSA was concluded.

On the basis of on this agreement, PZU shall acquire 805,432 registered ordinary shares with a nominal value of LTL 50.00 each from the RSA in the company AB Lietuvos Draudimas, representing 99.977% of the share capital of Lietuvos Draudimas.

On 21 July 2014, the Bank of Lithuania issued a decision in which no objection to the purchase of shares of Lietuvos Draudimas by PZU was reported.

The purchase of shares of Lietuvos Draudimas AB is still dependent on obtaining the antitrust approval from the European Commission or a Lithuanian antitrust authority (depending on which of the bodies would be appropriate in the case), therefore Lietuvos Draudimas AB, both as at 30 June 2014 and as at the date of submission of these interim financial statements, was not treated as a subsidiary.

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

No significant events pertaining to previous years have been presented in these condensed interim separate financial statements.

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

7.1. Dividend from PZU Życie to PZU

On 16 June 2014, General Shareholders Meeting of PZU Życie passed a resolution regarding the distribution of profit of PZU Życie for the financial year 2013 in amount of PLN 1,694,657 thousand as follows:

- allocation to dividend: PLN 1,330,000 thousand;
- allocation of PLN 354,657 thousand to the supplementary capital;
- allocation to the Company's Social Benefits Fund: PLN 10,000 thousand.

The total dividend due to the sole shareholder, i.e. PZU, for 2013, in the amount of PLN 1,330,000 thousand, will be paid on 6 October 2014, whereas 16 June 2014 is the record date.

7.2. Payment of dividend for 2013

On 17 June 2014 the Ordinary General Shareholders Meeting of PZU adopted a resolution on the following distribution of PLN 5,106,345 thousand of profit of PZU for the 2013 financial year:

- PLN 4,663,024 thousand for payment of dividend to the shareholders, i.e. PLN 54.00 per share;
- PLN 433,321 thousand for the supplementary capital;
- PLN 10,000 thousand for the Company's Social Benefits Fund.

Taking into consideration the advance payment of dividend expected at the end of financial year 2013 done on 19 November 2013 amounting to PLN 1,727,046 thousand i.e. PLN 20.00 per share, the rest of the dividend will amount to PLN 2,935,978 thousand i.e. PLN 34.00 per share.

The cum-dividend date for the rest of the dividend was set for 17 September 2014. Dividend payment date was set as follows:

- Amount of PLN 1,467,989 thousand i.e. PLN 17.00 per share will be paid on 8 October 2014;
- Amount of PLN 1,467,989 thousand i.e. PLN 17.00 per share will be paid on 15 January 2015.

INTERIM BALANCE SHEET

in thousands of PLN

Assets	Note	30 June 2014	31 December 2013
I. Intangible assets, including:	1	240 487	244 582
– goodwill		-	-
II. Investments		28 443 405	27 609 398
1. Real estate	2.1	505 143	515 161
2. Investments in related parties	2.2	4 722 822	4 957 219
– investments in related parties measured using the equity method		4 722 822	4 957 219
3. Other financial investments	2.3	23 215 435	22 134 104
4. Deposits with cedents		5	2 914
III. Net unit-linked assets where the risk is borne by the policyholders		-	-
IV. Receivables		3 052 316	1 496 637
1. Receivables from direct insurance	3.1	1 400 700	1 282 803
1.1. Receivables from related parties		94	15
1.2. Receivables from other entities		1 400 606	1 282 788
2. Receivables from reinsurance	3.2	26 559	18 229
2.1. Receivables from related parties		435	30
2.2. Receivables from other entities		26 124	18 199
3. Other accounts receivable	3.3	1 625 057	195 605
3.1. Receivables from the State Budget		4 096	33 968
3.2. Other receivables		1 620 961	161 637
a) receivables from related parties		1 385 365	43 112
b) receivables from other entities		235 596	118 525
V. Other assets		178 490	179 203
1. Tangible assets	4.1	103 327	104 194
2. Cash	4.2	75 163	75 009
3. Other assets		-	-
VI. Prepayments		625 237	606 752
1. Deferred tax assets		-	2 877
2. Deferred acquisition costs		555 013	520 305
3. Recognised interest and rent		-	-
4. Other prepayments	4.3	70 224	83 570
Total assets		32 539 935	30 136 572

Interim balance sheet (continued)

in thousands of PLN

Liabilities	Note	30 June 2014	31 December 2013
I. Equity		11 099 643	12 259 761
1. Share capital	5	86 352	86 352
2. Called up share capital (negative value)		-	-
3. Treasury shares (negative value)		-	-
4. Supplementary capital (fund)		4 408 050	3 974 327
5. Revaluation reserve (fund)		4 705 869	4 819 783
6. Other reserve capitals		-	-
7. Retained earnings/(Accumulated losses)		-	-
8. Net profit/(loss)		1 899 372	5 106 345
9. Appropriations of net profit during the financial year (negative value)		-	(1 727 046)
II. Subordinated liabilities		-	-
III. Technical provisions	6	17 015 325	16 519 014
IV. Reinsurers' share in technical provisions (negative value)		(506 328)	(482 520)
V. Expected subrogations and salvages (negative value)		(117 561)	(123 552)
1. Expected subrogations and salvages (gross)		(121 154)	(126 669)
2. Reinsurers' share in expected subrogations and salvages		3 593	3 117
VI. Other provisions		309 407	165 228
1. Provisions for pension and other statutory employee benefits	7	95 238	83 251
2. Provision for deferred income tax		120 133	-
3. Other provisions	8	94 036	81 977
VII. Liabilities due to reinsurers' deposits		-	-
VIII. Other liabilities and special funds		4 380 250	1 280 359
1. Liabilities due to direct insurance	9.1	312 734	313 346
1.1. to related parties		363	1 087
1.2. to other entities		312 371	312 259
2. Liabilities due to reinsurance	9.2	117 304	28 759
2.1. to related parties		256	-
2.2. to other entities		117 048	28 759
3. Liabilities arising from issue of debt securities and obtained loans		-	-
4. Liabilities to credit institutions	9.3	21 395	-
5. Other liabilities	9.4	3 781 231	797 693
5.1. a) liabilities to the State Budget		59 177	49 864
5.2. Other liabilities		3 722 054	747 829
a) to related parties		219 236	221 655
b) to other entities		3 502 818	526 174
6. Special funds	10	147 586	140 561
IX. Prepayments and deferred costs	11	359 199	518 282
1. Cost accruals		341 362	501 342
2. Negative goodwill		-	-
3. Deferred income		17 837	16 940
Total liabilities		32 539 935	30 136 572

in thousands of PLN

Book value	11 099 643	12 259 761
Number of shares	86 352 300	86 352 300
Book value per share (in PLN)	128,54	141,97
Diluted number of shares	86 352 300	86 352 300
Diluted book value per share (in PLN)	128,54	141,97

INTERIM OFF-BALANCE SHEET ITEMS

in thousands of PLN

Off-Balance sheet items	30 June 2014	31 December 2013
1. Contingent assets, including:	8 259 021	7 769 202
1.1. guarantees and sureties received	17 779	19 586
1.2. other/1	8 241 242	7 749 616
2. Contingent liabilities, including:	118 940	95 616
2.1. guarantees and sureties issued	4 287	6 385
2.2. accepted and endorsed promissory notes	-	-
2.3. buy-sell-back assets	-	-
2.4. other liabilities collateralized by the Company's assets or revenues	-	-
2.5. disputed claims not acknowledged by the insurer and subject to court proceedings initiated by creditors	114 376	88 924
3. Reinsurance collateral for the insurance company	-	-
4. Reinsurance collateral pledged by the insurance company for ceding undertakings	-	-
5. Third-party assets not recognized in the entity's assets	110 000	112 901
6. Other non-balance sheet items	-	-
Own funds	8 189 954	9 505 612
Required solvency margin	1 369 183	1 362 353
Surplus (shortage) of own funds to cover the solvency margin	6 820 771	8 143 259
Technical provisions amount (gross) /2	16 894 171	16 392 345
Assets to cover technical provisions	19 548 631	18 941 151
Surplus (shortage) of assets to cover technical provisions	2 654 460	2 548 806

/1 Promissory notes made insurance guarantees, other promissory notes, securities obtained in the form of transfer of debtor's assets, mortgage on debtor's assets, other conditional receivables etc.

/2 Including estimated gross subrogations and salvages.

Increase in totals of other conditional receivables in 2014 results mainly from the increase of totals of promissory notes due to made insurance guarantees which amounted to PLN 7,521,955 thousand on 30 June 2014 (31 December 2013: PLN 7,134,301 thousand).

INTERIM REVENUE ACCOUNT - PROPERTY AND CASUALTY INSURANCE

in thousands of PLN

Revenue account - property and casualty insurance	Note	1 April – 30 June 2014	1 January – 30 June 2014	1 April – 30 June 2013	1 January – 30 June 2013
I. Premiums	13	1 994 142	3 931 056	2 037 157	4 047 613
1. Gross written premiums		2 012 403	4 294 408	2 016 574	4 337 002
2. Reinsurers' share in written premium		47 569	91 154	20 067	39 079
3. Changes in provisions for unearned premiums and unexpired risks (gross)		(26 520)	270 789	(67 518)	199 567
4. Reinsurers' share in change in provisions for unearned premiums		2 788	(1 409)	(26 868)	(50 743)
II. Net investment result (including costs), reclassified from the general profit and loss account		67 718	134 710	77 414	152 346
III. Other technical revenue net of reinsurance		18 170	38 136	8 754	28 760
IV. Claims		1 240 902	2 302 411	1 290 338	2 401 630
1. Claims paid net of reinsurance		1 087 106	2 094 950	993 063	1 875 150
1.1. Gross claims paid	14	1 098 523	2 124 447	1 029 050	2 063 510
1.2. Reinsurers' share in claims paid		11 417	29 497	35 987	188 360
2. Change in provision for claims outstanding, net of reinsurance:		153 796	207 461	297 275	526 480
2.1. Change in provisions for claims outstanding (gross)		164 687	232 202	257 173	318 816
2.2. Reinsurers' share in change in provisions for claims outstanding		10 891	24 741	(40 102)	(207 664)
V. Changes in other net technical provisions		-	-	-	-
1. Change in other technical provisions (gross)		-	-	-	-
2. Reinsurers' share in change in other technical provisions		-	-	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions		(1 285)	(1 010)	(1 543)	(711)
VII. Costs of insurance activity		551 232	1 055 801	480 719	897 310
1. Acquisition costs	16	374 906	731 711	351 470	694 220
- including change in deferred acquisition costs		(4 312)	(34 708)	7 676	(7 194)
2. Administrative expenses	17	178 785	330 171	131 244	281 695
3. Reinsurers' commissions and share in reinsurers' profit		2 459	6 081	1 995	78 605
VIII. Other technical expenses - net of reinsurance		41 046	132 501	63 779	169 296
IX. Change in equalization provisions		-	-	-	-
X. Technical result on property and casualty insurance		248 135	614 199	290 032	761 194

INTERIM GENERAL PROFIT AND LOSS ACCOUNT

in thousands of PLN

General profit and loss account	Note	1 April – 30 June 2014	1 January – 30 June 2014	1 April – 30 June 2013	1 January – 30 June 2013
I. Technical result on property and casualty insurance		248 135	614 199	290 032	761 194
II. Investment income		1 549 939	1 719 962	4 153 878	4 441 416
1. Investment income from property		1 797	3 301	1 574	3 203
2. Income from investments in related parties		1 360 211	1 360 211	3 886 588	3 886 588
2.1. arising from shares		1 360 211	1 360 211	3 886 588	3 886 588
2.2. arising from loans and debt securities		-	-	-	-
2.3 arising from other investments		-	-	-	-
3. Income from other financial investments		101 308	202 334	185 700	369 248
3.1. arising from shares, other variable income securities as well as units and investment certificates in investment funds		2 049	4 893	1 047	1 911
3.2. arising from debt securities and other fixed income securities		82 403	165 700	156 192	304 333
3.3 arising from term deposits at credit institutions		499	967	2 928	20 313
3.4 arising from other investments		16 357	30 774	25 533	42 691
4. Gain on revaluation of investments		134	4 914	1 423	1 456
5. Gain on realization of investments		86 489	149 202	78 593	180 921
III. Unrealised gains on investments		154 910	238 988	99 655	146 175
IV. Net investment income, taking into account costs, reclassified from the technical account for life insurance		-	-	-	-
V. Investing activities costs		66 237	162 378	130 333	205 211
1. Property maintenance costs		2 050	5 354	1 780	5 277
2. Other investing activities costs		4 245	6 732	6 223	12 217
3. Loss on revaluation of investments		2 855	6 696	5 070	11 141
4. Loss on realization of investments		57 087	143 596	117 260	176 576
VI. Unrealised losses on investments		145 727	212 364	72 717	127 858
VII. Net investment income, taking into account costs, transferred to the revenue account of property and casualty insurance.		67 718	134 710	77 414	152 346
VIII. Other operating income	18	18 681	39 673	4 440	22 850
IX. Other operating expenses	19	23 801	38 568	18 343	28 100
X. Operating profit (loss)		1 668 182	2 064 802	4 249 198	4 858 120
XI. Extraordinary gains		-	-	-	-
XIII. Extraordinary losses		-	-	-	-
XIII. Profit/(loss) before tax		1 668 182	2 064 802	4 249 198	4 858 120
XIV. Income tax		72 663	163 852	69 258	185 897
a) current portion		54 575	118 130	72 577	170 036
b) deferred portion		18 088	45 722	(3 319)	15 861
XV. Other statutory reductions in profit (increases in loss)		-	-	-	-
XVI. Share in net profit (losses) of related parties measured using the equity method		3 257	(1 578)	4 867	7 690
XVII. Net profit/(loss)		1 598 776	1 899 372	4 184 807	4 679 913

Powszechny Zakład Ubezpieczeń Spółka Akcyjna

Condensed interim separate financial statements for the period of 6 months ended 30 June 2014

Net profit/(loss)	1 598 776	1 899 372	4 184 807	4 679 913
Net profit (loss), (annualized) /1	6 412 673	3 830 225	16 785 215	9 437 394
Weighted average number of ordinary shares	86 352 300	86 352 300	86 352 300	86 352 300
Earnings (loss) per ordinary share (in PLN)	18.51	22.00	48.46	54.20
Weighted average diluted number of ordinary shares	86 352 300	86 352 300	86 352 300	86 352 300
Weighted average diluted number of ordinary shares (in PLN)	18.51	22.00	48.46	54.20

/1 calculation taking into account the number of calendar days in the period.

INTERIM STATEMENT OF CHANGES IN EQUITY

in thousands of PLN

Statement of changes in equity	1 January – 30 June 2014	1 January – 31 December 2013	1 January – 30 June 2013
1. Equity at the beginning of the period	12 259 761	13 452 581	13 452 581
a) changes in the accounting principles (policy)	-	-	-
b) error adjustments	-	-	-
1.a. Equity as at the beginning of the period, after restatements	12 259 761	13 452 581	13 452 581
1. Share capital at the beginning of the period	86 352	86 352	86 352
1.1. Changes in share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
1.2. Share capital at the end of the period	86 352	86 352	86 352
2. Called up share capital at the beginning of the period	-	-	-
2.1. Changes in called up share capital	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
2.2. Called up share capital at the end of the period	-	-	-
3. Treasury shares at the beginning of the period	-	-	-
3.1. Changes in treasury shares	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
3.2. Treasury shares at the end of the period	-	-	-
4. Supplementary capital at the beginning of the period	3 974 327	3 967 599	3 967 599
4.1. Changes in supplementary capital	433 723	6 728	6 063
a) increases (due to):	433 723	6 728	6 063
- profit distribution (above the statutory minimum value)	433 321	6 057	6 057
- from revaluation reserve – sale and liquidation of fixed assets	402	671	6
b) decreases	-	-	-
4.2. Supplementary capital at the end of the period	4 408 050	3 974 327	3 973 662
5. Revaluation reserve at the beginning of the period	4 819 783	6 817 910	6 817 910
- changes in the accounting principles (policy)	-	-	-
5.1. Changes in the revaluation reserve	(113 914)	(1 998 127)	(3 092 777)
a) increases (due to):	441 214	549 837	168 340
- measurement of financial investments	440 940	549 086	167 589
- reclassification of impairment loss on investments available for sale	-	751	751
- other increases, including reversal of impairment losses on property value	274	-	-
b) decreases (due to)	555 128	2 547 964	3 261 117
- measurement of financial investments	554 408	2 545 012	3 261 029
- disposal of fixed assets	402	671	6
- other decreases, including impairment losses on property value	318	2 281	82
5.2. Revaluation reserve at the end of the period	4 705 869	4 819 783	3 725 133
6. Other reserve capitals at the beginning of the period	-	-	-
6.1. Changes in other reserve capitals	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
6.2. Other reserve capitals at the end of the period	-	-	-

Interim statement of changes in equity (continued)

in thousands of PLN

Statement of changes in equity	1 January – 30 June 2014	1 January - 31 December 2013	1 January – 30 June 2013
7. Retained earnings/(Accumulated losses) at the beginning of the period	3 379 299	2 580 720	2 580 720
7.1. Retained earnings at the beginning of the period	3 379 299	2 580 720	2 580 720
a) changes in the accounting principles (policy)	-	-	-
b) error adjustments	-	-	-
7.2. Retained earnings at the beginning of the period, after restatements	3 379 299	2 580 720	2 580 720
a) increases	-	-	-
b) decreases	3 379 299	2 580 720	2 580 720
- reclassification to supplementary capital	433 321	6 057	6 057
- dividend	2 935 978	2 564 663	2 564 663
- reclassification/appropriations to the Company's Social Benefits Fund	10 000	10 000	10 000
7.3. Retained earnings at the end of the period	-	-	-
7.4. Accumulated losses at the beginning of the period	-	-	-
a) changes in the accounting principles (policy)	-	-	-
b) error adjustments	-	-	-
7.5. Accumulated losses at the beginning of the period, after restatements	-	-	-
a) increases	-	-	-
b) decreases	-	-	-
7.6. Accumulated losses at the end of the period	-	-	-
7.7. Retained earnings/ accumulated losses at the end of the period	-	-	-
8. Net result	1 899 372	3 379 299	4 679 913
a) net profit	1 899 372	5 106 345	4 679 913
b) net loss	-	-	-
c) appropriations of profit	-	(1 727 046)	-
II. Equity at the end of the period	11 099 643	12 259 761	12 465 060
III. Equity, including proposed profit distribution (loss coverage)	11 099 643	12 259 761	10 738 014

INTERIM CASH FLOW STATEMENT

in thousands of PLN

Statement of cash flows	1 January – 30 June 2014	1 January - 31 December 2013	1 January – 30 June 2013
A. Cash flows from operating activities			
I. Inflows	4 637 699	9 533 864	4 969 600
1. Inflows from direct business and outward reinsurance	4 307 009	8 474 096	4 352 097
1.1. Gross inflows from insurance premiums	4 229 805	8 304 035	4 259 508
1.2. Inflows from subrogations, salvages and claim refunds	63 091	131 572	73 880
1.3. Other inflows from direct business	14 113	38 489	18 709
2. Inflows from outward reinsurance	27 858	340 039	240 727
2.1. Reinsurers' payments due to share in claims	22 794	272 071	174 147
2.2. Inflows from reinsurance commissions and share in reinsurers' profits	5 033	67 927	66 576
2.3. Other inflows from outward reinsurance	31	41	4
3. Inflows for other operating activities	302 832	719 729	376 776
3.1. Inflows from claims representative services	96 875	229 061	150 054
3.2. Disposal of intangible assets and tangible fixed assets other than	756	3 935	1 533
3.3. Other inflows	205 201	486 733	225 189
II. Outflows	4 114 370	8 457 860	4 136 203
1. Outflows for direct business and outward reinsurance	3 317 057	6 663 528	3 297 899
1.1. Return of gross premiums	80 724	186 430	96 854
1.2. Gross claims paid	1 823 577	3 726 114	1 805 704
1.3. Outflows due to acquisition	558 830	1 042 740	523 728
1.4. Administrative outflows	707 555	1 473 446	745 239
1.5. Outflows due to handling claims and costs of subrogations	72 689	121 214	58 220
1.6. Paid commissions and profit sharing due to outward reinsurance	3 454	1 685	819
1.7. Other outflows due to direct business and inward reinsurance	70 228	111 899	67 335
2. Outflows due to outward reinsurance	107 820	182 268	100 420
2.1. Insurance premiums paid due to reinsurance	107 669	181 973	100 340
2.2. Other outflows due to outward reinsurance	151	295	80
3. Outflows for other operating activities	689 493	1 612 064	737 884
3.1. Outflows from claims representative services	220 921	463 108	243 387
3.2. Acquisition of intangible assets and tangible fixed assets other than investments	70 231	162 350	80 748
3.3. Other operating outflows	398 341	986 606	413 749
III. Net cash from operating activities	523 329	1 076 004	833 397
B. Cash flows from investing activities			
I. Inflows	92 198 170	177 071 640	80 890 408
1. Disposal of real property	8 594	10 127	64
2. Disposal of shares in related parties	-	265	265
3. Disposal of shares in other entities and units and investment certificates in investment funds	133 864	280 804	-
4. Redemption of debt securities issued by related parties and repayment of loans taken out by those entities	105 000	-	-
5. Redemption of debt securities issued by other entities	4 194 343	26 745 642	6 998 007
6. Withdrawal of term deposits at credit institutions	21 743 119	42 649 055	20 555 302
7. Cash from other investments	65 961 592	105 188 546	52 753 751
8. Inflows from real property	3 958	7 773	4 144
9. Interest received	17 441	675 864	535 162
10. Dividends received	30 259	1 513 564	43 713
11. Other inflows from investments	-	-	-

Statement of cash flows	1 January – 30 June 2014	1 January - 31 December 2013	1 January – 30 June 2013
II. Outflows	92 741 425	174 143 656	81 892 244
1. Acquisition of real property	-	-	-
2. Acquisition of shares in related parties	210 453	12 359	6 248
3. Acquisition of shares in other entities and units and investment certificates in investment funds	298 550	1 076 750	1 076 750
4. Acquisition of debt securities issued by related parties and granting loans to those entities	105 000	-	-
5. Acquisition of debt securities issued by other entities	3 664 108	24 618 519	7 408 457
6. Acquisition of term deposits at credit institutions	21 906 046	41 914 984	19 901 062
7. Acquisition of other investments	66 523 198	106 497 405	53 487 896
8. Outflows for maintenance of property	31 723	16 546	6 427
9. Other payments for investments	2 347	7 093	5 404
III. Net cash from investment activities	(543 255)	2 927 984	(1 001 836)
C. Cash flows from financing activities			
I. Inflows	905 492	5 254 172	1 804 832
1. Net inflows from issue of shares and capital contributions	-	-	-
2. Loans and borrowings and issues of debt securities	905 492	5 254 172	1 804 832
3. Other financial inflows	-	-	-
II. Outflows	885 961	9 220 185	1 603 735
1. Dividends	34	4 166 166	2
2. Profit distribution payments other than dividend	-	-	-
3. Acquisition of treasury shares	-	-	-
4. Repayment of loans and borrowings and redemption of debt securities	885 913	5 054 019	1 603 733
5. Interest on credit facilities, loans and issued debt securities	14	-	-
6. Other financial outflows	-	-	-
III. Net cash used in financing activities	19 531	(3 966 013)	201 097
D. Total net cash flows	(395)	37 975	32 658
E. Balance sheet change in cash	154	33 397	34 866
1. including change in cash due to exchange differences	549	(4 578)	2 208
F. Cash at the beginning of the period	75 009	41 612	41 612
G. Cash at the end of the period	75 163	75 009	76 478
1. restricted cash	73 093	70 842	67 577

ADDITIONAL INFORMATION**1. Intangible assets**

Intangible assets	30 June 2014	31 December 2013
a) R&D expenses	-	-
b) goodwill	-	-
c) acquired concessions, patents, licenses and similar items, including:	207 564	206 858
- computer software	204 901	205 451
d) other intangible assets	-	-
e) advance payments for intangible assets	32 923	37 724
Total intangible assets	240 487	244 582

2. Investments**2.1. Investments in property**

Investments in property	30 June 2014	31 December 2013
a) own land	31 401	31 429
b) land perpetual usufruct right	9 297	11 361
c) buildings and structures	456 151	462 303
d) cooperative ownership of premises	6 895	6 696
e) fixed assets under construction	1 399	3 372
f) advances for fixed assets under construction	-	-
Total investments in property	505 143	515 161

2.2. Investments in related parties

Investments in related parties	30 June 2014	31 December 2013
a) shares in subsidiaries	4 722 822	4 957 219
b) shares in joint-ventures	-	-
c) shares in associates	-	-
d) loans granted to subsidiaries	-	-
e) loans granted to joint-ventures	-	-
f) loans granted to associates	-	-
g) debt securities of subsidiaries	-	-
h) debt securities of joint-ventures	-	-
i) debt securities of associates	-	-
j) other investments (by type), including:	-	-
- unregistered contribution to shares	-	-
Total investments in related parties	4 722 822	4 957 219

2.3. Other financial investments

Other financial investments	30 June 2014	31 December 2013
a) shares and other variable income securities	75	69
b) units and investment certificates in trust funds	12 825 344	12 264 149
c) debt securities and other fixed income securities	7 399 325	7 841 501
d) interests in joint ventures (investments)	-	-
e) mortgage loans, including:	-	-
- additionally collateralized with policies	-	-
f) other loans, including:	2 422 405	1 720 077
- for the insured, with policies as the basic collateral	-	-
- for the insured, not collateralized with policies	-	-
g) term deposits with credit institutions	348 481	187 694
h) other investments	219 805	120 614
Total other investments	23 215 435	22 134 104

Other financial investments in financial instruments	30 June 2014	31 December 2013
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	5 964 107	6 376 822
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	599 833	303 068
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	25 427	26 253
e) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-
g) other	16 626 068	15 427 961
Total other financial investments in financial instruments	23 215 435	22 134 104

Investments	30 June 2014	31 December 2013
a) financial assets held for trading	257 849	1 131 604
b) loans and receivables	3 083 099	2 220 034
c) financial assets held to maturity	6 144 356	5 621 548
d) financial assets available for sale	13 730 131	13 160 918
Total investments	23 215 435	22 134 104

2.4. Other information on investments**2.4.1. Changes in fair value measurement methods of financial instruments measured at fair value**

In the period of 6 months ended 30 June 2014, PZU did not change the method of measuring fair value of financial instruments measured at fair value.

2.4.2. Changes in classification of financial assets resulting from the change of purpose or use of such assets

In the period of 6 months ended 30 June 2014, PZU did not change classification of any financial assets due to the change of the purpose or use of the assets.

3. Receivables**3.1. Receivables from direct insurance**

Receivables from direct insurance	30 June 2014	31 December 2013
a) receivables from policyholders	1 238 399	1 148 864
b) receivables from insurance intermediaries	104 327	108 997
c) other receivables due to insurance	57 974	24 942
Net receivables from direct insurance	1 400 700	1 282 803
d) impairment losses	582 064	560 021
Gross receivables from direct insurance	1 982 764	1 842 824

3.2. Receivables from reinsurance

Receivables from reinsurance	30 June 2014	31 December 2013
a) current receivables in inward reinsurance	6 893	11 111
b) current receivables in outward reinsurance	19 653	7 118
c) current receivables from reinsurers	13	-
d) receivables from reinsurance commission brought forward	-	-
e) receivables from reinsurers' share in claims paid	-	-
Net receivables from reinsurance	26 559	18 229
f) impairment losses	3 996	4 620
Gross receivables from reinsurance	30 555	22 849

3.3. Other accounts receivables

Other accounts receivables	30 June 2014	31 December 2013
a) receivables from the State Budget	4 096	33 968
b) receivables from guarantees and letters of credit	-	-
c) other receivables, including:	1 620 961	161 637
- receivables from the dividend from PZU Życie SA	1 330 000	-
- retained guarantee deposits	86 882	3 421
- receivables from the Company's Social Benefits Fund	57 655	57 066
- receivables due to refund of CIT advances - participation in PGK	53 965	41 544
- receivables in respect of unsettled investment transactions and collateral deposits	42 947	30 558
- receivables relating to prevention activities	17 590	13 249
- receivables from direct claims handling	10 488	-
- receivables from claims representative services	7 640	6 316
- advance payments for suppliers	4 879	723
- receivables due to shortages and damage	1 147	3 993
- other	7 768	4 767
Total other accounts receivable (net)	1 625 057	195 605
d) impairment losses	10 662	15 183
Other accounts receivable (gross)	1 635 719	210 788

4. Other assets**4.1. Tangible assets**

Tangible assets	30 June 2014	31 December 2013
a) machines and technical equipment	35 260	34 148
b) vehicles	46 061	44 193
c) other fixed assets	21 141	20 232
d) fixed assets under construction	422	5 161
e) advance payments for fixed assets under construction	-	-
f) inventory	196	214
g) salvages	247	246
Total tangible assets	103 327	104 194

4.1.1. Information on significant transactions of purchase and sale of fixed assets and liabilities related to the purchase of tangible fixed assets

In the period of 6 months ended 30 June 2014, PZU made the sale of property in the amount of PLN 8,594 thousand (31 December 2013: PLN 10,127 thousand).

In the period of 6 months ended 30 June 2014 and as at 31 December 2013 the Company did not recognise significant liabilities arising from the purchase of tangible fixed assets.

4.2. Cash

Cash	30 June 2014	31 December 2013
a) cash in hand and at bank	75 118	72 809
b) other cash	45	2 200
Total cash	75 163	75 009

4.3. Other prepayments

Other prepayments	30 June 2014	31 December 2013
a) accruals relating to reinsurance	48 583	64 570
b) deferred cost of the Prevention Fund	-	-
c) deferred cost of the Company's Social Benefits Fund	4 778	-
d) IT expenses	13 630	12 592
e) property insurance	-	-
f) other	3 233	6 408
Total other prepayments	70 224	83 570

5. Share capital

As of 30 June 2014

Series	Face value	Share type	Preference	Limited rights to shares	Number of shares	Face value of series/issue	Capital coverage	Registration date	Cum dividend (as of)
A	PLN 1	Registered	None	None	4 011	4 011	Cash	23.01.1997	27.12.1991
A	PLN 1	Bearer shares	None	None	60 442 309	60 442 309	Cash	23.01.1997	27.12.1991
B	PLN 1	Bearer shares	None	None	25 905 980	25 905 980	Contribution in kind	31.03.1999	01.01.1999
Total					86 352 300	86 352 300			

6. Technical provisions

Technical provisions	30 June 2014	31 December 2013
a) unearned premiums reserve:	4 346 409	4 074 416
- gross value	4 536 286	4 265 702
- reinsurer's share	189 877	191 286
b) unexpired risks reserve:	432	227
- gross value	432	227
- reinsurer's share	-	-
c) life insurance provision:	-	-
- gross value	-	-
- reinsurer's share	-	-
d) provisions for claims outstanding:	11 570 974	11 369 504
- gross value	11 887 425	11 660 738
- reinsurer's share	316 451	291 234
e) provisions for bonuses and rebates for the insured:	1 100	2 265
- gross value	1 100	2 265
- reinsurer's share	-	-
f) risk equalization reserve:	590 082	590 082
g) provisions for premium refund to undertaking members	-	-
h) other technical provisions specified in the Articles of Association	-	-
- gross value	-	-
- reinsurer's share	-	-
i) unit-linked provisions where the investment risk is borne by the policyholders	-	-
- gross value	-	-
- reinsurer's share	-	-
Total technical provisions	16 508 997	16 036 494

7. Provisions for pension and other statutory employee benefits

Provisions for pension and other statutory employee benefits	30 June 2014	31 December 2013
a) provisions for pension benefits	9 278	9 042
b) provisions for pension and other statutory employee benefits (by basis):	85 960	74 209
- provisions for paid vacation	47 965	36 906
- provisions for post-employment benefits	22 628	22 628
- provisions for death benefits	15 367	14 675
Total provisions for pension and other statutory employee benefits	95 238	83 251

7.1. Change in provisions for pension and other statutory employee benefits

Change in provisions for pension and other statutory employee benefits	30 June 2014	31 December 2013
a) opening balance (by title)	83 251	72 560
provisions for pension benefits	9 042	8 162
provisions for paid vacation	36 906	29 894
provisions for death benefits	14 675	12 244
provisions for post-employment benefits	22 628	22 260
b) increases (due to)	12 928	22 843
provisions for pension benefits	382	2 121
provisions for paid vacation	11 790	17 611
provisions for death benefits	756	2 642
provisions for post-employment benefits	-	469
c) utilisations (due to)	941	12 152
provisions for pension benefits	146	1 241
provisions for paid vacation	731	10 599
provisions for death benefits	64	211
provisions for post-employment benefits	-	101

Change in provisions for pension and other statutory employee benefits	30 June 2014	31 December 2013
d) released (due to)	-	-
provisions for pension benefits	-	-
provisions for paid vacation	-	-
provisions for death benefits	-	-
provisions for post-employment benefits	-	-
e) closing balance (by title)	95 238	83 251
provisions for pension benefits	9 278	9 042
provisions for paid vacation	47 965	36 906
provisions for death benefits	15 367	14 675
provisions for post-employment benefits	22 628	22 628

8. Other provisions

Other provisions	30 June 2014	31 December 2013
a) provisions for reinsurance settlements	6 109	4 829
b) provision for disputed claims and potential liabilities under insurance contracts	3 226	3 075
c) provisions for the Office of Competition and Consumer Protection penalties	67 892	67 892
d) provisions created for potential liabilities relating to CLSiOR investments	-	916
e) other provisions	16 809	5 265
Total other provisions	94 036	81 977

8.1. Change in other provisions

Change in provisions for pension and other statutory employee benefits	30 June 2014	31 December 2013
a) opening balance (by title)	81 977	145 795
provision for restructuring expenses	-	47 914
provisions for reinsurance settlements	4 829	8 037
provision for penalties imposed by the Office of Competition and Consumer Protection	67 892	82 684
other provisions	9 256	7 160
b) increases (due to)	21 117	4 730
provision for restructuring expenses	-	-
provisions for reinsurance settlements	6 500	1 348
provision for penalties imposed by the Office of Competition and Consumer Protection	-	-
other provisions	14 617	3 382
c) utilisations (due to)	1 816	35 080
provision for restructuring expenses	-	33 334
provisions for reinsurance settlements	-	-
provision for penalties imposed by the Office of Competition and Consumer Protection	-	1 644
other provisions	1 816	102
d) released (due to)	7 242	33 468
provision for restructuring expenses	-	14 580
provisions for reinsurance settlements	5 220	4 556
provision for penalties imposed by the Office of Competition and Consumer Protection	-	13 148
other provisions	2 022	1 184
e) closing balance (by title)	94 036	81 977
provision for restructuring expenses	-	-
provisions for reinsurance settlements	6 109	4 829
provision for penalties imposed by the Office of Competition and Consumer Protection	67 892	67 892

Change in provisions for pension and other statutory employee benefits	30 June 2014	31 December 2013
other provisions	20 035	9 256

9. Liabilities

9.1. Liabilities due to direct insurance

Liabilities due to direct insurance	30 June 2014	31 December 2013
a) liabilities to policyholders	130 407	124 335
b) liabilities to insurance intermediaries	125 864	136 345
c) other liabilities due to insurance	56 463	52 666
Total liabilities due to direct insurance	312 734	313 346

9.2. Liabilities due to reinsurance

Liabilities due to reinsurance	30 June 2014	31 December 2013
a) current accounts in inward reinsurance	715	9 278
b) current accounts in outward reinsurance	114 522	18 204
c) liabilities due to retrocession	2 067	1 277
d) liabilities due to reinsurance premiums settled over time	-	-
Total liabilities due to reinsurance	117 304	28 759

9.3. Liabilities to credit institutions

Liabilities to credit institutions included condensed term sell-buy-back transactions with the carrying amounting of PLN 21,395 thousand as at 30 June 2014 (as at 31 December 2013 there were no such transactions).

9.4. Other liabilities

Other liabilities	30 June 2014	31 December 2013
a) liabilities to the State Budget	59 177	49 864
- corporate income tax	51 255	39 017
- personal income tax	6 093	8 205
- VAT	1 681	2 642
- other	148	-
b) other liabilities	3 722 054	747 829
- settlements with shareholders due to dividend	2 939 296	3 321
- liabilities in respect of unsettled investment transactions and collateral deposits	264 714	234 4
- liabilities due to loans from PZU Życie	200 000	200 000
- measurement of derivatives - investments held for trading	199 522	117 836
- estimated non-insurance liabilities	33 514	91 646
- liabilities due to settlements with the Tax Capital Group	15 877	16 131
- Social Insurance Institution (ZUS) premiums and benefits paid	14 456	12 588
- liabilities to the Insurance Guarantee Fund (UFG)	8 683	9 159
- liabilities due to legal representation	3 527	3 323
- liabilities due to the creation of the Central Register of Vehicles and Drivers (CEPIK)	2 319	3 552
- retained guarantee deposits	1 731	1 458
- settlements with employees	388	29
- other	38 027	54 442
Total other liabilities	3 781 231	797 693

10. Special funds

Special funds	30 June 2014	31 December 2013
a) Prevention Fund	42 596	52 185
b) The Company's Social Benefits Fund	104 990	88 376
c) The Company's Bonus Fund	-	-
Total special funds	147 586	140 561

11. Accruals and deferred income

Accruals and deferred income	30 June 2014	31 December 2013
a) accruals, including:	341 362	501 342
- accrued costs of direct insurance commissions	189 860	173 400
- accrued payroll costs	75 702	67 134
- accrued revenue and costs from reinsurance	53 346	193 249
- accrued employee bonuses	16 204	55 868
- other accrues	6 250	11 691
b) negative goodwill	-	-
c) deferred income, including:	17 837	16 940
- deferred reinsurance commissions	15 004	13 202
- land perpetual usufruct right received free of charge	2 833	3 738
- other	-	-
Total accruals and deferred income	359 199	518 282

12. Changes in impairment losses

Item	Impairment losses as at 1 January 2014, including:		Recognised, including:		Reversed, including:		Derecognition of assets from the balance sheet, including:		Other changes, including:		Impairment losses as at 30 June 2014, including:	
	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity
I. Intangible assets	9 835	-	-	-	(53)	-	-	-	-	-	9 782	-
II. Investments	105 008	3 017	6 696	318	(4 914)	(274)	(282)	-	-	-	106 508	3 061
1. Real estate	87 484	3 017	903	318	(4 911)	(274)	(282)	-	-	-	83 194	3 061
2. Investments in related parties	3 878	-	3 400	-	-	-	-	-	3	-	7 281	-
3. Other financial investments	13 646	-	2 393	-	(3)	-	-	-	(3)	-	16 033	-
a) shares and other variable income securities	12 719	-	-	-	(3)	-	-	-	(3)	-	12 713	-
b) units and investment certificates in investment funds	927	-	2 393	-	-	-	-	-	-	-	3 320	-
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) total other financial investments	-	-	-	-	-	-	-	-	-	-	-	-
4. Deposits with ceding undertakings	-	-	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets where the risk is borne by the policyholders	-	-	-	-	-	-	-	-	-	-	-	-
IV. Receivables	579 824	-	36 522	-	(18 412)	-	(1 290)	-	78	-	596 722	-
1. Receivables from direct insurance	560 021	-	36 290	-	(13 904)	-	(343)	-	-	-	582 064	-
2. Receivables from reinsurance	4 620	-	232	-	(934)	-	-	-	78	-	3 996	-
3. Other accounts receivable	15 183	-	-	-	(3 574)	-	(947)	-	-	-	10 662	-
3.1. Receivables from the State Budget	-	-	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	15 183	-	-	-	(3 574)	-	(947)	-	-	-	10 662	-
V. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
1. Tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
VI. Prepayments and deferred costs	70	-	-	-	(45)	-	-	-	-	-	25	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Recognised interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	70	-	-	-	(45)	-	-	-	-	-	25	-

Powszechny Zakład Ubezpieczeń Spółka Akcyjna

Condensed interim separate financial statements for the period of 6 months ended 30 June 2014

Item	Impairment losses as at 1 January 2013, including:		Recognised, including:		Reversed, including:		Derecognition of assets from the balance sheet, including:		Other changes, including:		Impairment losses as at 30 June 2013, including:	
	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity	profit/loss	equity
I. Intangible assets	12 996	-	1 209	-	-	-	-	-	-	-	14 205	-
II. Investments	90 203	818	11 085	-	(1 711)	(82)	(1 292)	-	-	-	98 285	736
1. Real estate	72 668	818	5 761	-	(305)	(82)	-	-	-	-	78 124	736
2. Investments in related parties	4 816	-	4 364	-	(1 373)	-	(1 292)	-	-	-	6 515	-
3. Other financial investments	12 719	-	960	-	(33)	-	-	-	-	-	13 646	-
a) shares and other variable income securities	12 719	-	33	-	(33)	-	-	-	-	-	12 719	-
b) units and investment certificates in investment funds	-	-	927	-	-	-	-	-	-	-	927	-
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) total other financial investments	-	-	-	-	-	-	-	-	-	-	-	-
4. Deposits with ceding undertakings	-	-	-	-	-	-	-	-	-	-	-	-
III. Net unit-linked assets where the risk is borne by the policyholders	-	-	-	-	-	-	-	-	-	-	-	-
IV. Receivables	551 741	-	60 601	-	(7 942)	-	-	-	(859)	-	603 541	-
1. Receivables from direct insurance	532 148	-	59 902	-	(7 499)	-	-	-	(847)	-	583 704	-
2. Receivables from reinsurance	3 959	-	699	-	(413)	-	-	-	-	-	4 245	-
3. Other accounts receivable	15 634	-	-	-	(30)	-	-	-	(12)	-	15 592	-
3.1. Receivables from the State Budget	-	-	-	-	-	-	-	-	-	-	-	-
3.2. Other receivables	15 634	-	-	-	(30)	-	-	-	(12)	-	15 592	-
V. Other assets	161	-	-	-	(80)	-	-	-	-	-	81	-
1. Tangible assets	161	-	-	-	(80)	-	-	-	-	-	81	-
2. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
VI. Prepayments and deferred costs	48	-	10	-	-	-	-	-	-	-	58	-
1. Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
2. Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-	-	-
3. Recognised interest and rent	-	-	-	-	-	-	-	-	-	-	-	-
4. Other prepayments	48	-	10	-	-	-	-	-	-	-	58	-

13. Premiums in property and casualty insurance

13.1. Gross written premiums at property and casualty insurance

Gross written premiums	1 April – 30 June 2014	1 January – 30 June 2014	1 April – 30 June 2013	1 January – 30 June 2013
a) in direct insurance	2 003 809	4 268 225	2 005 484	4 314 846
b) in indirect insurance	8 594	26 183	11 090	22 156
Total gross written premiums	2 012 403	4 294 408	2 016 574	4 337 002

Gross written premiums in insurance - direct insurance	1 April – 30 June 2014	1 January – 30 June 2014	1 April – 30 June 2013	1 January – 30 June 2013
a) accident and sickness insurance (class 1 and 2)	81 010	171 071	82 945	176 755
b) motor third-party liability insurance (class 10)	676 095	1 342 075	701 494	1 435 600
c) other motor insurance (class 3)	517 921	1 025 249	509 918	1 027 274
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	22 290	39 381	13 007	29 715
e) insurance against fire and other damage to property (classes 8, 9)	404 317	1 040 481	464 651	1 071 957
f) TPL insurance (classes 11, 12, 13)	167 311	431 433	148 535	412 161
g) credit insurance and suretyship (classes 14, 15)	37 142	50 422	7 532	17 347
h) assistance (class 18)	59 529	113 491	55 109	104 606
i) legal protection (class 17)	370	674	395	664
j) other (class 16)	37 824	53 948	21 898	38 767
Total gross written premium in direct insurance (by accounting class)	2 003 809	4 268 225	2 005 484	4 314 846

Gross written premiums in insurance indirect insurance	1 April – 30 June 2014	1 January – 30 June 2014	1 April – 30 June 2013	1 January – 30 June 2013
a) accident and sickness insurance (class 1 and 2)	-	18	2	5
b) motor third-party liability insurance (class 10)	-	1 469	(2)	11
c) other motor insurance (class 3)	-	267	-	533
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	4 364	8 954	3 883	6 513
e) insurance against fire and other damage to property (classes 8, 9)	2 196	12 041	3 119	10 367
f) TPL insurance (classes 11, 12, 13)	1 663	2 675	3 949	4 007
g) credit insurance and suretyship (classes 14, 15)	92	266	(23)	223
h) assistance (class 18)	-	-	-	-
i) legal protection (class 17)	-	-	-	-
j) other (class 16)	279	493	162	497
Total gross written premium in indirect insurance (by accounting class)	8 594	26 183	11 090	22 156

13.2. Gross premiums earned at property and casualty insurance

Gross premiums earned at direct insurance	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) accident and sickness insurance (class 1 and 2)	112 117	221 367	115 354	228 298
b) motor third-party liability insurance (class 10)	683 726	1 366 585	723 515	1 447 681
c) other motor insurance (class 3)	502 508	998 705	522 344	1 047 565
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	10 386	20 473	11 457	24 946
e) insurance against fire and other damage to property (classes 8, 9)	459 062	887 757	451 176	879 777
f) TPL insurance (classes 11, 12, 13)	170 494	332 144	164 778	321 904
g) credit insurance and suretyship (classes 14, 15)	13 178	25 036	13 195	25 729
h) assistance (class 18)	53 100	105 129	49 455	97 471
i) legal protection (class 17)	131	247	71	(50)
j) other (class 16)	19 641	38 564	23 584	41 698
Total gross premiums earned – direct property and casualty insurance	2 024 343	3 996 007	2 074 929	4 115 019

Gross premiums earned at indirect insurance	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) accident and sickness insurance (class 1 and 2)	19	49	17	35
b) motor third-party liability insurance (class 10)	577	940	156	(327)
c) other motor insurance (class 3)	225	454	38	608
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	2 554	4 862	801	2 957
e) insurance against fire and other damage to property (classes 8, 9)	9 526	17 831	7 305	17 617
f) TPL insurance (classes 11, 12, 13)	853	1 696	174	352
g) credit insurance and suretyship (classes 14, 15)	18	216	(40)	88
h) assistance (class 18)	-	-	-	-
i) legal protection (class 17)	-	-	-	-
j) other (class 16)	808	1 564	712	1 086
Total gross premiums earned – indirect property and casualty insurance	14 580	27 612	9 163	22 416

14. Gross claims and benefits paid

Gross claims and benefits paid	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) in direct insurance, including:	1 072 458	2 096 766	1 026 964	2 051 065
- claims handling expenses	121 201	239 829	119 494	236 412
b) in indirect insurance, including:	26 065	27 681	2 086	12 445
- claims handling expenses	250	461	9	239
Total gross claims and benefits paid	1 098 523	2 124 447	1 029 050	2 063 510

Gross claims and benefits paid from direct insurance	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) accident and sickness insurance (class 1 and 2)	35 117	70 209	37 954	75 292
b) motor third-party liability insurance (class 10)	444 656	908 791	423 180	865 290
c) other motor insurance (class 3)	308 212	628 511	298 151	617 515
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	3 499	5 647	6 024	16 725
e) insurance against fire and other damage to property (classes 8, 9)	195 673	312 349	152 949	272 753
f) TPL insurance (classes 11, 12, 13)	50 901	101 050	48 031	103 499
g) credit insurance and suretyship (classes 14, 15)	1 418	7 260	8 079	15 691
h) assistance (class 18)	29 223	57 677	27 926	53 402
i) legal protection (class 17)	137	367	127	257
j) other (class 16)	3 622	4 905	24 543	30 641
Total gross claims and benefits paid from direct insurance (by accounting class)	1 072 458	2 096 766	1 026 964	2 051 065

Gross claims and benefits paid from indirect insurance	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) accident and sickness insurance (class 1 and 2)	-	-	-	-
b) motor third-party liability insurance (class 10)	2 598	2 653	370	1 119
c) other motor insurance (class 3)	257	255	(2)	(11)
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	(3)	474	2	90
e) insurance against fire and other damage to property (classes 8, 9)	16 166	16 689	243	9 058
f) TPL insurance (classes 11, 12, 13)	7 036	7 577	1 471	2 179
g) credit insurance and suretyship (classes 14, 15)	(14)	(14)	-	2
h) assistance (class 18)	-	-	-	-
i) legal protection (class 17)	-	-	-	-
j) other (class 16)	25	47	2	8
Total gross claims and benefits paid from indirect insurance (by accounting class)	26 065	27 681	2 086	12 445

15. Claims handling expenses

Claims handling expenses in direct insurance	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) accident and sickness insurance (class 1 and 2)	9 635	19 898	13 354	26 088
b) motor third-party liability insurance (class 10)	54 298	107 265	48 584	98 147
c) other motor insurance (class 3)	21 946	42 278	22 532	44 743
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	259	755	192	569
e) insurance against fire and other damage to property (classes 8, 9)	21 529	41 921	21 651	39 698
f) TPL insurance (classes 11, 12, 13)	9 712	19 873	9 535	19 410
g) credit insurance and suretyship (classes 14, 15)	192	431	196	840
h) assistance (class 18)	3 546	7 216	3 330	6 669
i) legal protection (class 17)	11	22	9	20
j) other (class 16)	73	170	111	228
Total claims handling expenses from direct insurance (by accounting class)	121 201	239 829	119 494	236 412

16. Acquisition costs

Acquisition costs	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) consumption of materials and energy	4 333	8 409	4 236	9 005
b) external services	15 412	29 750	17 682	32 857
c) payroll, insurance and other benefits	66 539	129 811	64 677	132 818
d) margins	280 637	577 530	246 884	506 605
e) depreciation and amortisation	6 231	12 006	3 919	9 798
f) other	6 066	8 913	6 396	10 331
g) change in deferred acquisition costs	(4 312)	(34 708)	7 676	(7 194)
Total acquisition cost	374 906	731 711	351 470	694 220

17. Administrative expenses

Administrative expenses	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) consumption of materials and energy	5 119	9 867	4 921	9 603
b) external services	39 013	72 261	30 547	60 834
c) taxes and charges	2 167	5 419	1 773	5 050
d) remunerations	73 020	141 001	48 126	117 078
e) insurance and other benefits	20 319	39 054	14 434	33 628
f) depreciation and amortisation	12 397	25 270	10 186	21 548
g) other	26 750	37 299	21 257	33 954
Total administrative expenses	178 785	330 171	131 244	281 695

18. Other operating income

Other operating income	1 April – 30 June 2014	1 January – 30 June 2014	1 April - 30 June 2013	1 January – 30 June 2013
a) financial revenues	383	759	348	856
b) revenues from claims representative services	1 671	3 577	2 094	4 347
c) revenues from acquisition activities carried out for open pension funds	86	143	81	162
d) other operating revenues, including:	16 541	35 194	1 917	17 485
- revenues from direct claims handling	12 909	12 909	-	-
- foreign exchange gains	(771)	8 285	(4 221)	7 571
- revenue from reversed impairment losses and provisions for future liabilities	1 655	5 597	441	526
- recharged expenses	718	4 241	3 562	4 496
- claims received and awarded litigation costs	1 080	1 930	604	1 570
- revenue from disposal of fixed assets and investments in progress	229	421	580	1 249
- other	721	1 811	951	2 073
Total	18 681	39 673	4 440	22 850

19. Other operating costs

Other operating costs	1 April - 30 June 2014	1 January - 30 June 2014	1 April - 30 June 2013	1 January - 30 June 2013
a) financial expenses	88	175	1 719	2 915
b) costs relating to claims representative services	51	70	25	45
c) costs relating to acquisition activities carried out for open pension funds	(2)	-	(20)	(40)
d) other operating costs, including:	23 664	38 323	16 619	25 180
- costs of direct claims handling	14 120	14 120	-	-
- foreign exchange losses	2 095	5 519	8 068	11 727
- rechargeable expenses	737	4 128	3 834	4 823
- employment restructuring	742	3 899	893	1 992
- costs of provisions created for probable losses	1 798	2 633	280	869
- costs of sell-buy-back transactions	18	2 001	-	-
- donations	264	690	128	464
- loss on disposal of fixed assets and investments in progress	311	450	200	233
- penalties, damages and fines paid	173	412	64	137
- receivables written off	165	204	1 146	1 147
- costs of disposal of pre-numbered forms	19	33	-	-
- other	3 222	4 234	2 006	3 788
Total	23 801	38 568	18 343	28 100

20. Calculation of own funds to cover the required solvency margin

The principles for calculation of own funds to cover the required solvency margins have been specified in the Act on insurance activity of 22 May 2003 (consolidated text: Journal of Laws, item 950 of 2003), and the principles for calculation of the required solvency margin and the minimum value of the guarantee fund have been laid down in the Ordinance of the Minister of finance of 28 November 2003 on the manner of calculation of the solvency margin and the minimum amount of the guarantee fund for insurance sections and classes (Journal of Laws No. 211 of 2003, item 2060, as amended).

Item	30 June 2014	31 December 2013
1. Assets of the insurance company	32 539 935	30 136 572
2. Assets allocated to settle all expected liabilities	21 440 292	17 876 811
a) subordinated liabilities	-	-
b) technical provisions	16 391 436	15 912 942
c) unit-linked provisions where the investment risk is borne by the policyholders	-	-
d) other provisions	309 407	165 228
e) liabilities due to reinsurers' deposits	-	-
f) other liabilities and special funds	4 380 250	1 280 359
g) accruals and deferred income	359 199	518 282
h) any other liabilities of the insurance company not included in items a-g	-	-
3. Intangible assets	240 487	244 582
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	4 347 397	4 565 872
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	4 347 397	4 565 872
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	-	-
e) 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	1 999 662	2 403 826
6. Deferred tax assets	321 467	347 521
7. In the case of mutual insurance companies, the value of liabilities to the members of the company, provided that the conditions specified in Article 148.3.2 of the act have been met	-	-
8. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.1 of the act authorized to be classified as equity	-	-
9. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.2 of the act authorized to be classified as equity	-	-
10. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.3 of the act authorized to be classified as equity	-	-
11. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.5 of the act authorized to be classified as equity	-	-
12. Value of deposit referred to in Article 113 of the act	-	-
13. Own funds	8 189 954	9 505 612

Item	30 June 2014	31 December 2013
14. Own funds to cover the guarantee fund in accordance with the provisions of Article 148a of the Act	8 189 954	9 505 612
a) Sum of components resulting from Article 148 Section 3 Points 1-6 and Section 4 points 1 and 2 of the Act, including components specified in Article 148 Section 1 Points 2-4 and Section 2a, 2b of the Act	8 189 954	9 505 612
15. Required solvency margin	1 369 183	1 362 353
16. Minimum guarantee fund	15 403	15 048
17. 1/3 of the solvency margin	456 394	454 118
18. Surplus/shortage of own funds to cover the solvency margin	6 820 771	8 143 259
19. Guarantee fund	456 394	454 118
20. Surplus/ shortage of own funds to cover the guarantee fund	7 733 560	9 051 494
a) Difference between amount specified in point 14a and guarantee fund	7 733 560	9 051 494

21. Issues, redemption and repayment of debt and equity securities

In the period of 6 months between 1 January and 30 June 2014, PZU did not issue, redeem or repay any debt or equity securities. On 3 July 2014, PZU (through its subsidiary, PZU Finance AB (publ)) issued five-year Eurobonds. Additional information about this issue are presented in section 5.1 of the introduction to the financial statements.

22. Breach or default of significant provisions of the loans or other borrowing arrangements

In the period of 6 months ended 30 June 2014, neither PZU nor its subsidiaries did not default under any credit facility or loan agreement nor did they breach any significant covenants or provisions of such agreements, which was not followed by appropriate remedial actions taken before the end of the reporting period.

23. Credit facility/loan collateral or guarantees given by PZU or its subsidiaries

In the period of 6 months between 1 January and 30 June 2014, neither PZU nor its subsidiaries gave credit facility/loan collateral or guarantees – to one entity or a subsidiary of such an entity – if the total value of the existing collateral or guarantees constituted the equivalent of at least 10% of the equity of PZU. Information about granting by PZU a guarantee for PZU Finance AB (publ) on 3 July 2014 are included in section 5.1 of the introduction to the financial statements.

24. Disputes

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

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

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

In the period of 6 months between 1 January to 30 June 2014 and by the date of submission of the interim financial statements, PZU did not take part in any proceedings before court, body competent to hear arbitration proceedings or public authority body concerning liabilities or receivables of PZU or its direct or indirect subsidiary of the value or the total value of at least 10% of the equity of PZU.

As at 30 June 2014 the total value of all 60,872 cases held by courts, bodies competent to hear arbitration proceedings or public authority bodies involving the PZU was PLN 2,342,991 thousand. The amount includes PLN

1,992,553 thousand of liabilities and PLN 350.438 thousand of receivables of the PZU, which constituted 17.95 % and 3.16 % of PZU equity calculated in line with PAS, respectively.

25. Related party transactions

In the period of 6 months ended 30 June 2014, PZU did not conclude one or a number of transactions with related entities if individually or in total they were material and were concluded on terms other than an arm's length basis, with the exception of the transactions referred to in section 25.2.1. Information about granting by PZU a guarantee for PZU Finance AB (publ) on 3 July 2014 are included in section 5.1 of the introduction to the financial statements.

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

As at 30 June 2014 there were no unsettled advance payments or loans taken out by Members of the Management Board of PZU and the Supervisory Board of PZU.

In the period of 6 months from 1 January to 30 June 2014 there were no transactions between PZU, Members of the Management Board of PZU and the Supervisory Board of PZU and persons forming part of their cohabitation, spouses, relatives or relatives to the second degree, adoptees or adopters and those over whom they exercised the care or custody or others, with whom Members of the Management Board of PZU and the Supervisory Board of PZU are personally related, other than those arising from insurance contracts property and casualty, concluded on market terms.

In the period of 6 months from 1 January to 30 June 2014 there were no significant transactions between PZU and entities in which Members of the Management Board of PZU and the Supervisory Board of PZU and persons forming part of their cohabitation, spouses, relatives or relatives to the second degree, adoptees or adopters and those over whom they exercised the care or custody hold directly or indirectly at least 20% of votes at the general meeting / general meeting of shareholders, other than those arising from insurance contracts property and casualty, concluded on market terms.

Transactions with subsidiaries	1 January – 30 June 2014	1 January - 31 December 2013	1 January - 30 June 2013
1. Gross written premium, including:	191	2 851	541
- from UAB DK PZU Lietuva	169	2 303	441
- from PR JSC IC PZU Ukraina	22	136	36
2. Dividend income, including:	1 360 211	3 886 588	3 886 588
- from PZU Życie	1 330 000	3 842 875	3 842 875
- from PZU Centrum Operacji	18 222	31 124	31 124
- from TFI	11 989	12 019	12 019
- from Ogródowa	-	570	570
3. Other revenue, including:	14 104	17 647	7 566
- arising from a refund of a part of asset management fees	4 774	8 640	1 646
- arising from recharged expenses to related parties	3 759	5 329	4 072
- arising from reversed impairment losses from Syta Development	3 560	-	-
- arising from rents to real property leased in the PZU Group	1 412	2 519	1 340
4. Total gross claims and benefits paid, including:	9 682	4 599	2 913
- claims paid to UAB DK PZU Lietuva	9 682	4 599	2 913
5. Other expenses, including:	21 387	48 324	24 877
- IT services rendered by PZU CO	12 373	32 199	14 360
- costs of investing activities due to assets management for TFI PZU	1 537	5 060	2 173
- provision of rental services of premises by Ogródowa Inwestycje	2 288	3 940	1 855

Transactions with subsidiaries	30 June 2014	31 December 2013	30 June 2013
--------------------------------	--------------	---------------------	--------------

Condensed interim separate financial statements for the period of 6 months ended 30 June 2014

1. Gross receivables, including:	1 385 894	54 290	3 913 780
- receivables due to dividend from PZU Życie	1 330 000	-	3 842 875
- income tax receivables - Tax Capital Group	53 965	41 544	56 234
- receivables due to inward reinsurance – premiums from UAB DK PZU Lietuva	427	2 827	2 824
- from Syta Development due to performance of agreements related to the CLSiOR investment	-	3 562	3 562
- from Syta Development due to advance payments for the CLSiOR	-	4 746	4 746
2. Impairment losses on receivables and advance payments for Syta Development	-	8 306	8 306
3. b) Other liabilities, including premium prepayments	219 855	222 742	70 427
- liabilities due to loans from PZU Życie	200 000	200 000	
- income tax liabilities - Tax Capital Group	15 877	16 131	65 407
4. Non-balance liabilities – from Syta Development as security of interest on the loan granted	-	-	2 275

25.1.1. Mutual loans of PZU and PZU Życie within the Group

On 7 August 2013, PZU and PZU Życie entered into a framework agreement concerning concluding cash loans transactions. Cash loans are granted in Polish zloty, for a specified period, not longer than 12 months. The sum of the loans granted by either party may not be higher than PLN 1 billion. The aim of the above agreement is to facilitate a tool to manage liquidity within the PZU Group. The loans are not provided on the arm's length basis – no interests are calculated on the principal amount of the loan and the lender receives remuneration for granting a loan amounting to PLN 100 as a margin for every concluded loan agreement; However, due to the fact that both companies are members of the Tax Capital Group („PGK”), and are tax-neutral.

25.2. Transactions with associates

Transactions with associates	1 January - 30 June 2014	1 January - 31 December 2013	1 January - 30 June 2013
1. Gross written premium	-	8	8
2. Dividend income	-	-	-
3. Other revenue	-	-	-
4. Gross claims and benefits paid	-	-	-
5. Other expenses	-	-	-

Transactions with associates	30 June 2014	31 December 2013	30 June 2013
1. Gross receivables, including advances for construction investments	-	-	66
2. Impairment losses on receivables	-	-	-
3. Liabilities	-	-	-

The condensed interim separate financial statements of PZU for the period of 6 months ended 30 June 2014 were signed by:

Date	Name and surname	Position / Function	
26 August 2014	Andrzej Klesyk	President of the Management Board (signature)
26 August 2014	Przemysław Dąbrowski	Member of the Board (signature)
26 August 2014	Dariusz Krzewina	Member of the Board (signature)
26 August 2014	Barbara Smalska	Member of the Board (signature)
26 August 2014	Tomasz Tarkowski	Member of the Board (signature)
26 August 2014	Ryszard Trepczyński	Member of the Board (signature)
26 August 2014	Katarzyna Łubkowska	Director of Accounting Department (signature)
26 August 2014	Paweł Chadysz	Chief Actuary (signature)