

**CONSOLIDATED ANNUAL REPORT 2012 OF  
POWSZECHNY ZAKŁAD UBEZPIECZEŃ  
SPÓŁKA AKCYJNA CAPITAL GROUP**



Warsaw, March 2013

## Consolidated annual report 2012 of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group contains:

1. Selected items from financial statements contains:
  - Selected items from consolidated financial statements of The Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (prepared in accordance with the International Financial Reporting Standards);
  - Selected items from financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards);
  - Selected items from financial statements of Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards).
2. Management Board's Representation of Powszechny Zakład Ubezpieczeń Spółka Akcyjna.
3. Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (entity authorised to audit the financial statements) opinion on the audit of the consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group for a period ended 31 December 2012.
4. Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (entity authorised to audit the financial statements) report on the audit of the consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group for a period ended 31 December 2012.
5. Consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group for a period ended 31 December 2012 (prepared in accordance with the International Financial Reporting Standards).
6. Management report on the activities of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group for a period ended 31 December 2012.
7. European Embedded Value as of 31 December 2012 – Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group.

**SELECTED ITEMS FROM FINANCIAL STATEMENTS****1. Selected items from the consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group (prepared in accordance with the International Financial Reporting Standards)**

| <b>Items from consolidated statement of financial position</b>            | <b>PLN '000<br/>31 December<br/>2012</b> | <b>PLN '000<br/>31 December<br/>2011</b> | <b>EUR '000<br/>31 December<br/>2012</b> | <b>EUR '000<br/>31 December<br/>2011</b> |
|---|--|--|--|--|
| Assets  | 55 909 560                               | 52 129 282                               | 13 675 838                               | 11 802 500                               |
| Share capital   | 86 352                                   | 86 352                                   | 21 122                                   | 19 551                                   |
| Equity and provisions attributable to equity holders of the parent entity | 14 190 131                               | 12 783 162                               | 3 470 997                                | 2 894 213                                |
| Minority interest   | 79 138                                   | 86 343                                   | 19 358                                   | 19 549                                   |
| Total equity  | 14 269 269                               | 12 869 505                               | 3 490 355                                | 2 913 762                                |
| Weighted average basic and diluted number of ordinary shares              | 86 352 300                               | 86 352 300                               | 86 352 300                               | 86 352 300                               |
| Book value per share (in PLN/EUR)<br>(in PLN/EUR)                         | 164,33                                   | 148,03                                   | 40,20                                    | 33,52                                    |

| <b>Items from consolidated income statement</b>                       | <b>PLN '000<br/>1 January - 31<br/>December 2012</b> | <b>PLN '000<br/>1 January - 31<br/>December 2011</b> | <b>EUR '000<br/>1 January - 31<br/>December 2012</b> | <b>EUR '000<br/>1 January - 31<br/>December 2011</b> |
|---|--|--|--|--|
| Gross written premiums  | 16 243 131   | 15 279 262   | 3 891 875  | 3 690 554  |
| Net earned premiums   | 16 005 240   | 14 890 528   | 3 834 876  | 3 596 659  |
| Revenue from commissions and fees                                     | 237 102  | 281 351  | 56 810   | 67 958   |
| Net profit or loss on investment activities                           | 3 704 729  | 1 593 826  | 887 658  | 384 973  |
| Net insurance claims  | (12 218 731)   | 10 221 122   | (2 927 624)  | 2 468 810  |
| Gross profit (loss)   | 4 038 708  | 2 907 575  | 967 680  | 702 296  |
| Net profit (loss) attributable to equity holders of the parent entity | 3 255 181  | 2 345 424  | 779 946  | 566 514  |
| Minority profit (loss)  | (1 355)  | (1 477)  | (325)  | (357)  |
| Weighted average basic and diluted number of ordinary shares          | 86 352 300   | 86 352 300   | 86 352 300   | 86 352 300   |
| Basic and diluted profit (loss) per ordinary share (in PLN/EUR)       | 37,70  | 27,16  | 9,03   | 6,56   |

| <b>Items from consolidated statements of cash flows</b> | <b>PLN '000<br/>31 December<br/>2012</b> | <b>PLN '000<br/>31 December<br/>2011</b> | <b>EUR '000<br/>31 December<br/>2012</b> | <b>EUR '000<br/>31 December<br/>2011</b> |
|---|--|--|--|--|
| Net cash flows generated by operating activities        | 1 228 357                                | 1 587 572                                | 294 316                                  | 383 462                                  |
| Net cash used in/generated by investment activities     | 421 388                                  | (288 686)                                | 100 965                                  | (69 729)                                 |
| Net cash used in financing activities                   | (1 747 114)                              | (1 485 832)                              | (418 611)                                | (358 888)                                |
| Total net cash flows                                    | (97 369)                                 | (186 946)                                | (23 330)                                 | (45 155)                                 |

## 2. Selected items from financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards)

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

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

\* Included impact of measurement of shares in associated entities and co-subsiaries by equity method.

## 3. Selected items from financial statements of Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards)

| Items from statement of financial position | PLN '000<br>31 December<br>2012 | PLN '000<br>31 December<br>2011 | EUR '000<br>31 December<br>2012 | EUR '000<br>31 December<br>2011 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Assets                                     | 30 084 111                      | 29 407 202                      | 7 358 767                       | 6 658 033                       |
| Total equity                               | 6 748 062                       | 5 960 002                       | 1 650 619                       | 1 349 394                       |

| Items from technical account – life insurance and general profit and loss account | PLN '000<br>1 January - 31<br>December 2012 | PLN '000<br>1 January - 31<br>December 2011 | EUR '000<br>1 January - 31<br>December 2012 | EUR '000<br>1 January - 31<br>December 2011 |
|---|---|---|---|---|
| Gross written premiums  | 9 313 416                                   | 9 806 121                                   | 2 231 507                                   | 2 368 571                                   |
| Technical result on life insurance  | 1 828 065                                   | 2 015 101                                   | 438 007                                     | 486 728                                     |
| Net profit or loss on investment activities                                       | 2 268 179                                   | 874 904                                     | 543 459                                     | 211 324                                     |
| Net profit (loss)   | 1 852 875                                   | 1 583 302                                   | 443 951                                     | 382 431                                     |

The following exchange rates have been applied to translate data of foreign controlled entities and to present selected financial data in the interim consolidated financial statements:

| Currency | 1 January - 31<br>December 2012 | 31 December<br>2012 | 1 January - 31<br>December 2011 | 31 December<br>2011 |
|----------|---------------------------------|---------------------|---------------------------------|---------------------|
| LTL      | 1,2087                          | 1,1840              | 1,1990                          | 1,2792              |
| UAH      | 0,4001                          | 0,3825              | 0,3716                          | 0,4255              |
| EUR      | 4,1736                          | 4,0882              | 4,1401                          | 4,4168              |

The rates are:

- average rates of the National Bank of Poland ruling as of the balance sheet date – for the statement of financial position;
- 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 income statement, statement of comprehensive income and statement of cash flows.