

Letter from the CEO



Dear Investors,

On behalf of the Management Boards of the PZU Group companies, I hereby present the annual report for 2013.

The PZU Group has had another successful year. We have made numerous changes in a short time and are continuing to build a new quality of organization based on the Company's long-term strategy. These changes have reinforced the firm's high market position in the insurance industry in Central and Eastern Europe and have enabled new markets and business areas to be opened. The PZU Group's objective is to continue its profitable growth and maintain its leading position on the Polish insurance services market with consistency.

At the end of 2013, we initiated the pilot program of the Everest platform – one of the world's most modern IT policy support systems. This is key evidence of the evolution of the PZU Group's operating model from an organization operating in accordance with product lines to a customer-oriented organization. This is almost certainly the most important change we managed to implement this year and it will have an impact on the Company's operations and competitive position for many years.

Customer orientation and high operational effectiveness will help maintain the leadership position – the PZU Group will remain the largest and most profitable insurance company in Central and Eastern Europe.

PZU is also developing its foreign offices. We started to sell insurance products in Latvia and Estonia in 2012. The profitability of PZU's foreign business is increasingly improving and, from year to year, is becoming an increasingly important line item in our balance sheet.

In investments, the PZU Group is continuing to strengthen its position on the market through TFI PZU, consistently pursuing a policy of expanding the PZU Group's investment skills and building the Company's significance for individual investors.

From a business point of view, we set ourselves a particularly high target in 2012, achieving the best net financial result since our IPO. This is why I am especially pleased to announce that the PZU Group's net financial profit in 2013 was PLN 3,295.1 m and was PLN 41.3 m higher than the previous year's net profit. ROE in this period was 24.1 % signifying growth of 0.1 p.p. compared with the previous year. This success is the result of the consistently pursued strategy, which emphasizes total shareholder return. The unique

mobilization and determination enabled us to achieve our business objectives while facing economic downturn and deceleration in the pace of individual consumption growth.

Many factors contributed to such a good result, including higher written gross premiums arising from the high rate of growth of sales of certain products, as well as the lack of major catastrophic and natural claims in agriculture. Maintaining fixed cost discipline, which is a result of several years of restructuring, was of particular significance. We achieved this while simultaneous streamlining and automating service processes.

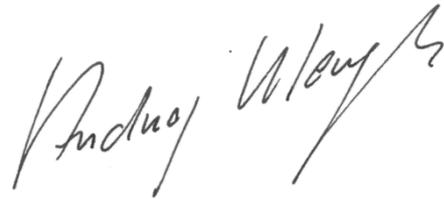
PZU's and PZU Życie's financial strength rating and credit rating awarded by Standard & Poor's remained at the "A" level with a stable outlook.

We entered 2014 with visible symptoms of economic recovery, which will certainly affect the entire financial sector. However, our ambitions are very extensive and we do not intend to rest on our laurels. I trust that the

consistent pursuit of our business strategy coupled with the effects of changes which have taken place at PZU in recent years will help us achieve our business objectives.

At this point, I would like to thank our employees for their efforts in building PZU's value. I would like to thank the Supervisory Board for its effective cooperation and support in transforming PZU into a modern and operationally effective organization focused on satisfying customer needs.

Yours faithfully,



Andrzej Klesyk
CEO of PZU