– Good morning. I would like to apologize to those, who are not here with us physically, for the slight delay, but it is because we have lots and lots of snow in Poland and we were asked to wait until everyone arrives. The company was ready at 11:00 am. So, please take a look at the agenda of the presentation.

Ladies and gentlemen, I would like to show you a few things as usual. Let me begin with the structure of the PZU Management Board. At this point, I would like to give a very warm welcome and congratulate the two new members of the Management Board of PZU SA, the parent company of the PZU Group. On my left, I mean left left, a little bit behind President Dąbrowski, who you know very well, is President Barbara Smalska, who was appointed yesterday, by a unanimous decision of the Supervisory Board, to be a member of the PZU SA Management Board, effective from March 15th. On the right is President Dariusz Krzewina, who has been the president of PZU Life for the last 5 years and now, effective from March 15the, he was appointed to the Management Board of PZU SA – also unanimously, which I can confirm. This is the group that manages the PZU Group – these photos are not here to show you how great we look, but we would like you to see who is responsible for what. These changes are a very clear implication of the strategy that we presented to you. The three persons on the left, they are responsible for specific business segments in our insurance operations and I would like to emphasize this, because this shows our customer focus: they are responsible for specific client segments. The first person, Dariusz Krzewina, who has already been mentioned, is responsible for all of our relations with the insured clients in group and individually continued business. This is over 10 million clients. These people are very important to us: both the executives and the clients. The next person, Bogusław Skuza, is the man responsible for corporate business, understood as property corporate business, and thus for the entirety of our relations with our major clients and brokers. Then we have Basia, that is Barbara Smalska. You may have noticed that this is the first woman in the Management Board of PZU for quite some time, so I am really, really happy about that. She is also a colleague of mine from The Boston Consulting Group, a person who is responsible for our entire retail segment, where we have all the individuals and SMEs. President Smalska will be responsible for these relations on both the life and non-life side. Both these persons who are with me, are both in the non-life and in the life segment and therefore they are Management Board Members in both Companies. In this way, we have increased the union and consistency between our structures. The next person is President Trepczyński, who you are familiar with. He is responsible for all investments in the investing activity. President Dąbrowski, who you are also familiar with, is responsible for the totality of all of our numbers throughout our Group, and a man who happens to be the biggest pest in our Management Board, responsible for paying out claims and benefits, for the outflow of almost 10 billion PLN year in year out, but we also need to motivate him properly to stay in our Management Board. Ladies and gentlemen, you already know the additional people, so I will spare you the introductions.

I will go through perhaps 2-3 slides about the market, because this is an important market context before we move on. First - property insurance. Two key facts: non-life insurance grew last year, but mainly in the first two quarters, in certain lines of the non-life insurance business, we can see not so much a slow-down, but shrinkage or contraction of the markets in some of the business lines, particularly in the fourth quarter. On the right side you can see another very interesting phenomenon, which is a huge improvement in profitability for the entire market, which makes some of the small players behave quite strangely. They tend to have a short memory, so even at this point, I appeal to them – don't go that way, because we see some signs of the beginning of a price war. They should turn back, because for them it is a road to nowhere. Let's move now to life insurance. As usual, this presentation is posted on our website, so I will not go through all the slides in detail, instead focusing on just some of them. Life insurance market is growing quite steadily. We do have some developments, in terms of year on year growth, but it is often caused by our inability to reconcile all the data shown by our different competitors who have different standards for booking e.g. endowments, or have different postings for various types of structures. But the most important thing in this slide is that the market growth is in the low single-digit rates and the market is relatively profitable, however our share in its profitability is much greater than our share in the market itself. It is similar in the non-life segment; it is even more pronounced in the life segment. If you look at our market share, and this is what you are often asking about, I'm happy to be able to say that life insurance on the left side, the loss of market share is bordering statistical error because of what I said before. Last quarter, we showed you slight growth. I would say that we are practically at the level of 43% and that level has not changed for some time and we are very happy with that. At the life side, the decline is very slight. Let me remind you that 4-5 years ago this was not 0.5 percentage points but 5 or 7 percentage points. Our strategy here seems to begin to produce very tangible effects. I will not go through this - this is our market share in respective segments and business lines. If you have any questions then naturally you are welcome. The most important news for me is what is here at the bottom, in the bottom right corner, that what you promised to you and to the investors and shareholders a few years ago during the IPO process is actually happening: we have stopped the decline in market share in the individual customer segment, while the corporate business was to become profitable. So now let's move on to the results. Let me tell you right now that – because there has already been certain discussion, just ten or so minutes ago I was at TNV CNBC where I was asked that analysts were disappointed. Let me put it this way, that I am very happy with these results and the fact that we made certain provisions that have influenced the last year's result – we did it out of concern of the Management Board for the welfare of our customers and this company in the long term. If we made no changes regarding the level of provisions, this net result could be not 3,250, but 4 billion PLN. We believe that it would be a very negative signal for the market and for our shareholders and our collective responsibility in the Management Board is to ensure that that our customers have their future income, or our liabilities at the asset side, properly covered. I will get back to that later. And now. I won't go through this part, but I will show you a few slides selected from the presentation. Financial results: well, we are super-happy. A year ago we celebrated reaching 15 billion of gross written premium, so now we are celebrating reaching 16 billion: year-on-year increase of a billion – this is more than some companies collect in several years when it comes to the insurance market. The profit, well there is not much to comment on: 3,250 million – this is a very good result, if you just add to that the change, or lack of the change, if we so decided, no switch between Polish and international accounting standards, the international result would be about 300 million PLN higher. You did know that sooner or later, we had to make the technical rates under Polish and international standards consistent, and we believed that this was a very good moment. Return on equity: 24%. Equity, well, when I'm talking to my colleagues from the West they say they have problems with equity. I also say that I have problems with equity, but my problems are just a little different from theirs. Most of them, most of the insurance companies are practically insolvent, but we have a very, very good equity position. Let us move through group life insurance, I feel sorry for you to some extent, because it's just plain boring – it keeps growing by 3%, every year we gain additional X thousands of people as members in our group insurance plans. Here the President may brag that we added I think 180,000 more people, which is more than the total number of clients of the biggest market player. So it is a very good and stable business on the claim ratio side; you can see a very significant improvement in our claim payments, because we are talking mainly about claims and the investment part is basically on the same level, because it is not calculated using our actual returns but the risk-free rate. So we have a very decent profit margin here. When it comes to the growth of individual insurance sales, we said that this was our Achilles' heel of sorts. We said that we wanted growth very much, but as you have noticed in the last few months, there is a huge debate on the advisability of misselling, certain type of fees used by our competitors. For us, other than in the realm of PR, none of these discussions is relevant because they do not affect our business. In most cases, in huge majority of cases, we do not use such practices as those described by KNF. If you see our annualized premium, despite our great desires, the largest bancassurance growth comes really from two banks – Bank Millennium and Bank Handlowy. Certain types of insurance structures are implemented here, but this business is not as profitable as the business managed by Mr. Krzewina, namely group business. To make things clear, President Smalska will be responsible for that part of business, because it is a business for Mr. Smith, not for group insurance as such. Mass clients, who are also the responsibility of President Smalska: here, I am also happy to report that not only do we increase gross written premium, which was often questioned by some of the commentators, but our profitability increases as well and we are very pleased with the profitability. Our share in the market's profitability is disproportionately larger than our share in gross written premium, which also makes us very happy, because this is our strategic goal. This year, corporate clients are once again profitable, which makes the year 2012 profitable. So we are delivering what we promised you during the IPO. We have a small increase in gross written premium. And again, profitability of this business is more important that unconstrained growth, because it is quite easy to insure things, but then we cry hard when something happens. This year, knock on wood, I mean last year, there was nothing to knock about: we had no bigger individual losses on a major event, which made us glad, but we also must say it clearly that this year was in some sense abnormal, because we should not rely on luck. From time to time, these events will come, hence the relatively high profitability. One thing that had certain negative effect on profitability, 93 million PLN, was the decision of the Management Board to establish a provision for guarantees in the financial insurance sector, namely guarantees in the construction sector. From our point of view, we don't need any additional financial provisions in that part of the business, we are slowly opening the window for construction companies with adequate safeguards, because as you might have heard in the market, PZU slammed the window for half a year and did nothing. And actually, that was true, to some extent. Now we are opening this window and those who provide adequate security and are reliable, we will issue guarantees for them. There are two things about restructuring programs. We are still continuing our restructuring effort. As a reminder, in 2007, there were 16,700 people working for our company, for the Group. At the end of 2013, the plan is that there are 11.5 thousand people working for the company, which translates directly to our administrative costs, since the majority of these costs are personnel costs and, if you look at the next slide, this is something that we are always showing you. Administrative costs increased by less than 4% year on year, while recurring administrative costs decreased in nominal terms. The increase in costs was driven by two things, namely the cost of projects, and last year we carried out two projects. The first one was rebranding, hence the new logo. If you could take stress relieving balls, take them and squeeze them a little. This is the new logo and as a reminder, this one, right here, is the true logo from the 50's. That so-called "alarm clock" that was often referred to as the "old logo" was not the real "old logo". The true vintage logo from the 50's looks very much like this one. Brand refreshment, we are very pleased with the results. Very low cost, compared to any such campaigns in Poland. And the last thing was the implementation of the new system. I can also confirm and report to you that in spite of those faultfinders, it turns out that the project started decently, actually very decently when it comes to time. We are within the budget and on schedule and we hope that the first policy, the real policy, in President Smalska's segment will be issued this year at the end of November or in the beginning of December and Mrs. President, from what I understand, has great hopes for 2014 that renewals for motor and part of property insurance will be done automatically in the new system and in 2015 actually the majority, huge majority of our business will be run in the new system for President Smalska. So we are investing not only in women in the Management Board, but we are also investing in the IT system – these are our investments.

Ladies and gentlemen, I will not go through 2013. You yourselves know what we can expect in 2013, so we can have a discussion. However, I would like to move to one slide that shows non-recurring things. This is the slide and this is where we could potentially miss our expectations. As usual, we are showing the impact of events that we believe are one-offs. The first thing is conversion. Here is 200 million PLN, about 250 million PLN more or less is left in these provisions, and we thought this amount would be lower, rather some 150 million PLN, but it turns out that so many clients converted that we had to convert 200 million PLN worth of provisions. However, the three additional numbers – those are huge numbers with non-recurring effect on our performance. The first number is the unification of the technical rate in international and Polish financial statements. Had we not done this, we would have theoretically had 390 million PLN of difference on the result. We decided that as the Management Board we should finally make that move, because it made no sense to have two technical rates in two in two different technical reports. Second, reduction of the technical rate in PZU Life. We had endless discussions in the Management Board if we should do it or if we should not do it, and when. Let me remind you that from the vantage point of the Management Board we did that at the end of January. We just said that the long-term outlook for rates of return, especially on bonds, were not too optimistic for us. Perhaps we were moving towards the environment of very low interest rates, especially that there were more and more discussions on the adoption of the euro. As soon as we enter the euro zone, we could say that our interest rates will be similar to those in the euro zone. Therefore, by default, we decided to change the technical rate for the sake of security of our clients, but also for the sake of security of future Management Boards. We did not have to do it, I would like to emphasize that our hand was not forced by KNF or by any regulations, but we believed that it was, as the Management Board we had to behave for the sake of the shareholders and our clients, but also for the sake of future Management Boards, in a responsible manner. Hence the decision to adjust the technical rate to the external conditions. It seems to us that it was an interesting decision and the right decision because please remember that four weeks later or five weeks later, the Monetary Policy Council cut the rates by as much as half a percentage point. We had no leaks and we have no influence on the Monetary Policy Council, but this shows that our predictions must have been adequate.

When it comes to annuity provisions, they are on the property side – this is also a kind of a change in the technical rate of discount rate, through which we look at our commitments. We have a slightly increasing inflation of annuities. For various reasons, we can go through various kinds of factors here, but our shareholders calculated that we should raise these provisions to be at the adequate level of security. So, ladies and gentlemen, these three points is where our evaluation was different. As much as we "over-delivered" as the English would say, in the insurance business, and also performed better on the investment activity, we had different opinions on the external status and the level of provisions. Finally, I would like to emphasize one more thing about the provisions: usually at the end of the year our provisions were reviewed by the auditor. The auditor said that we are at the higher levels of the higher prudential levels, so these are very safe provisions and you should not expect any surprises in 2013, meaning any sudden or major movements in provisions, unless, well, I do not know, the interest rates will drop to zero, but in such a situation one would have to think whether investment activity makes any sense. Let's knock on wood. So this is the situation. These are broad strokes and we can discuss any one of these numbers in greater detail. So let me summarize this once again before I open the questions. We are very pleased with the insurance business, in both life and non-life segment. In the life segment – with its profitability and growth in written premiums and the stability of that business. In the non-life segment – with its profitability: our combined ratio is 92.4, which is about 3-4 percentage points below what we promised during the IPO. We believe that our costs are very much under control. When it comes to our nominal costs, recurring costs are falling. We have been downsizing our headcount for some time now. Nominally, I don't think there was one year that the costs have increased ever since we have got our excellent penny-pinching CFO, from that moment there is no chance for the costs to increase. In real terms, the have decreased even more. We are very pleased. This was a very good year for the investment segment, not only because it was very good year for the financial markets, but also because we implemented our strategy of diversification and shifting some of our assets from index portfolios to trading portfolios and also of using different benchmarks for our managers, who are now rewarded not for beating the index but for beating, or delivering a specific return on a specific benchmark for a specific portfolio. And one last thing, again, we believe that these decisions regarding the rates, even though difficult, are beneficial for our clients and for our shareholders in the long term, and also for the stability and financial security of the Company, so we are very pleased, and that's it. There will probably be a question about the dividend. So I will tell you right away what we think about the dividend. The separate statement, when you look for it, has 2,581 million PLN. The difference is 1 million compared to the previous year. This is just a coincidence. I would like to tell you that PZU SA, the parent company, meets all the criteria of KNF pay out 100% dividend, and the Management Board in its collective wisdom will recommend a similar dividend to the Shareholder Meeting, a dividend at a similar level. That's all. Oh, I just wanted to warn you that I will have to run at 12:10, you are staying here, so you may ask your questions.

[Questions]

Morgan Stanley - I will read it in English and then try to answer in Polish. The underlying combined ratio in quarter 4 seems to be very strong. If we start with 99% and subtract the 11 percentage points from the annuity reserve edition we get to 88. How clean is that 88 number? Were there any other prior year reserve releases in there and how sustainable is that result going forward?

I'll ask President Dąbrowski to comment on all kinds of conversions, but first I will comment on combined ratio. We really see a very strong combined ratio, and this combined ratio is actually the effect of our work on claims handling and also of the external conditions. The combined ratio is not the result of any "reserve releases" that were not confirmed by the so-called underlying business, by the shareholders. I will ask Mr. President to comment a bit more.

– I will only add that this calculation is correct, you can say; if you remove from the annual combined ratio of 92% or 89% in the 4th quarter, if you remove what we added as such an additional increase of our prudence in annuity provisions, then obviously we reach this excellent result, even in the context of the 4th quarter, but also we close the entire year generally with the combined ratio of 89%. This did not result from dissolution of any reserves. Our provisioning policy is very conservative. There was one area that the reserves were actually reduced, but this resulted from the fact that the provision assumed for losses on construction guarantees proved a little too high – we were too cautious because of the situation that we had in the middle of the year. Now we are more optimistic and we are pleased to see that we don't pay as many claims, so we had a small reduction. So the result is very good and it is mainly on the operating activity; there were no more additional movements in provisions, however I think that none of us... we all believe that this result cannot be maintained in the long run.

- Which segment was affected, the change from ...?
- The corporate segment, I mean which segment was affected by the changes in annuity or, no, this is motor TPL, mainly motor TPL in the mass segment and in the corporate segment, because this affects both these sales segments, this is the product.
- Second question from Morgan Stanley: in the EEV disclosure there were substantial positive other operating results and assumption changes. Can you take us through what these were in more detail?

  In a minute, I will ask President Dąbrowski to comment on that, but now I will move on to the third question and answer it right away.

  What is the latest thinking about PZU changing its investment mixed, in particular would equity stakes in medical groups be a strategic or investment decision?

  This is obviously a question about EMC, so first I will tell you about our interest in the medical area. We are always trying to fulfill our strategy that we discussed last year, or the strategic objective, the "five-in-five" meaning 5 billion in premiums written in 5 years. There was a small star that said that it relied on the Ministry of Health, whether it would, in its wisdom, change the principles of financing health care and the National Health Fund. There are no signs that we can see so far, but we decided to think out-of-the-box and we are considering actual other opportunities to have our presence in that segment. We will not comment on any rumors about EMC for one simple reason: we have a 10% share, almost 10% share through one of our funds. And this could be seen as inappropriate for the market. But I would like to stress that we will consider all the opportunities in this piece of the economy, in both the investment side, meaning a purely investment play such as equity investments, or long-term investments. I would like you to know that EME, our medical and health mutual fund, was probably at the top of all the funds the last year, so we're obviously happy when it comes to return, but not when it comes to other measures. Another thing, when it comes to acquisition for strategic purposes, it would be really hard to imagine reaching 5 billion without any acquisitions. So now, I will ask you to comment on the European Embedded Value.
- As you can see, in the last part of the presentation there are several slides on embedded value, this is the information that we publish once a year. Maybe first a piece of trivia before I answer your question. We have decided to exclude PTE from the calculation of embedded value, because there are many assumptions that must be adopted when calculating embedded value; is difficult to specify today how long-term these assumptions are. As we all know, the pension system is currently being reviewed and it's hard to say what would come out of that, so we just decided that we will no longer publish embedded value for PTE, just because we don't want to make it less transparent for the analysts. However, even though we've removed the embedded value of PTE, the embedded

value of the life company has increased so much that it seems as if the embedded value has not changed at all. Now, moving on to your question. The question is what caused the growth in embedded value, meaning the assumptions and actual developments in the current year. So we've talked about this before, Andrzej Klesyk spoke about that, about the individual continuations of the group business. Well, similarly as in the property business, where profitability is excellent, the year 2012 that has just ended, was a year in which the profitability of insurance in group insurance and individual continuations has improved substantially. What was improved was mainly a lower mortality rate, generally lower loss ratio, lower accident rates, lower levels of contract cancellations than we have assumed so far. And these factors plus the cost reduction, which has a direct effect on embedded value calculations, as far as the events in 2012 are concerned, have effect on operational changes, and with respect to the future they can be seen in changed assumptions. These factors, plus better, better business, better investment performance had such an effect that, as I have said, despite the fact that we excluded PTE, which had the embedded value of about 1.7 billion PLN last year, our embedded value for the life segment is the same as when we had PTE there.

– Thank you very much. We have two questions from Goldman Sachs.

First question: what would be the sensitivity of the life reserving to Polish government 10-year bond yield if yields were to go up, for instance back to 2011 levels, then should we expect some reserve release?

In a moment, I will ask for comments about sensitivity, but once again I would like to underline that the decision about provisions is not a single-year decision. The reason is that we believe that there is quite a probable scenario that in a longer term, not in one year, not in two or three, but in a longer term, we may find ourselves in the environment of low interest rates. If we assume, as I said at the beginning, that we as a country were to join the euro zone and accept Euroland interest rates, then we would have to change our technical rate quite dramatically. So it's not a matter of a single year development. If it turns out, however, that yields return to the levels from the year ago or two years ago and if we believe that the situation is there for the long term, then it is obvious that we would change the level of provisions at the side of... well, we would reduce the provisions. Obviously, assuming that the inflation of our liabilities decreases accordingly. Would you like to talk about the sensitivities?

– In this case it is difficult to provide a ready formula, because we do not have such a formula. I just would like to inform you, because you may not know this, that PZU Life quite regularly reduced the technical rate from 2003 to 2008, and after 2008 this rate remained the same practically until 2012; but this is not unusual in a life insurance company that has insurance products with long maturities: we are talking about the average of 25 years. So first this is not something unusual. PZU Life has already done it in the past, even in this century. That is one thing. Secondly, in terms of sensitivity, as I have said, there is no formula, but looking at what happened was I have briefly calculated the sensitivity that we have observed here now. We have made a move of more or less 40 bps with the move, well, this is not, we are not linking it directly with 10-year bonds, because this is really a kind of a mix that we assume we will obtain a mix, a return on a mix of assets that we will obtain in the coming years; this is a drop of more or less 150 bps, these 150-170 bps translate into 40 bps; this is the sensitivity at the moment. But like I said, we don't have a ready procedure. The decision if we should adopt the procedure took place, as you may remember, around the third quarter results. We informed you about the possible move and you also estimated this move, but our move is higher than the one you estimated; we have discussed this for quite some time. And finally, we have made this decision; it is not an easy decision to make every year, so this may show you the importance of this decision. However in the long term, this is not only about the security of clients, shareholders and Management Boards, but we also have to be aware that if the rates of return do not increase in the next 10 years, and I'm not talking about one-year peaks in returns, but if the rates begin to actually stay at similar levels then all the following years will be worse for PZU when it comes to the net result. So, unfortunately, we have to make such decisions anticipating the future, which of course is very difficult, because you can make an easy mistake, so if we find ourselves in the environment of much lower rates than we still have today then our net results would be even worse, and the capacity to increase provisions would be much smaller. So this is an intersection, the decision, this decision balances the forecasts about rate of return developments and the impact on the level of our liabilities and on the net result.

– Thank you. Question two from Goldman Sachs: Corporate non-life business has shown a good turnaround. [Thank you.] What will be your outlook for the Group combined ratio for 2013?

I have two comments here. First, we do have turnaround in corporate business, just as we promised to you. However, we can see one thing which is very, very alarming, namely a complete bloodbath has begun, meaning a price was and pressure on prices. And we're talking about a really significant price pressure, which will, by definition, reduce or increase the combined ratio at the assumed or similar loss ratio. It seems that we had a very good last year, as I've said, when it comes to the loss ratio in the corporate business, however maintaining this kind of combined ratio in the corporate business in 2013 is virtually impossible. When it comes to individual business then I would, we never announce our expectations or forecasts for the current year, but I would refer to what we talked about during the IPO and we also spoke all the time with President Dąbrowski, that our long-term goal when it comes to the Group's combined ratio, well, such goals could be defined through two parameters. The first parameter is the combined ratio of around 95-96% for the entire Group, but also a few percentage points better than the market. If the market is at 100% then our combined ratio should be lower. If the market has 95% then we hope that our combined ratio will be lower, respectively, as it is now. Beyond a certain point we cannot create the market and that is why we appeal to our competitors: "Turn back from this path, because for you this is a road to nowhere". With diminishing returns on investments, this is the way to certain death. Thank you. There are no questions from the Internet, so...

- Piotr Palenik, ING. Two questions about the reproducibility of two results. First is the net interest income, which clearly declined quarter on quarter. My question is whether the decline resulted from changes in bond yields or whether there were any adjustments or anything like that? My second question is about non-motor property insurance, like insurance against fire and other losses: in that segment, the year on year growth in gross written premiums was significant in the 4th quarter, but much smaller throughout the year. My question is whether there was any movement between quarters or was it simply that the beginning of the year was weak and the year-end was better and this segment improves, unlike the motor insurance segment? Thank you.
- Thank you, thank you very much for these two questions, I am particularly happy with the second question, because I can pass it on to President Smalska. But let's start with the first question, it may go to our CFO.
- Of course, the excellent results on investing activity resulted largely from the movement in interest rates but also, if you look at our statements, you will see a significant reallocation between the risk portfolio, AFS portfolio to the trading portfolio and I do not really, I mean we do not disclose this information, I wouldn't want to make any specific statement now, but the result is not driven by the movement in interest rates only. This also results from the fact that we reallocated assets from the AFS portfolio to the trading portfolio and we realized additional profits within that portfolio.
- [No microphone]
- There were no such one-offs there.
- Thank you. Basia, if you could comment on the good, very good results.
- As for the 2nd, the 4th quarter in non-motor property insurance, especially in the mass client segment, we have had a little bit of the shifting effect as well as higher sales, specifically in crop insurance. This year, we started the crop campaign in October. Last year it started in mid-September and it has always been correlated with weather conditions and how our crops are developing, to what extent they are already developed. So it is true that some of the written premium shifted from the second half of September to October, which is classified as the fourth quarter. We also had higher sales of that insurance due to some price raises due to profitability and weaker activity of our competitors. Is that reproducible – it is difficult to say at this moment, because it is highly dependent on the possible changes in the rules for granting crop subsidies by the Ministry.
- Thank you very much. Two questions from Credit Suisse. The first one: Can you also comment on weather related claims so far in 2013?

  As far as weather in 2013 is concerned, we can see no significant impact on our business so far, knock on wood, in the insurance segment discussed by President Smalska, namely agricultural insurance, we can see no such weather events that would cause so much damage as the year before, but we will only know after the so-called wintering, so only after the snow that falls today melts and there is no more frost. So here we have nothing to comment on, so far.

The other question from Credit Suisse: Can you talk through your expectations for price increases compared to claims inflation frequency trends and expense growth within the non-life business looking forward to 2013?

The answer is very simple. Seeing the behavior of small competitors on the market, we can see no possibility right now to raise prices. As I have showed you in the beginning, profitability is huge. Our competitors may be smaller, but I think they also have smaller and shorter memory, because most of them maintained about 120% in 2010 and they have already forgotten, so every time I see them, I appeal to them: "Turn back from that way", but right now they are not willing to.

UBS: Can you please give us an update on the strategy for the significant excess capital over and above 250 solvency targets?

This is a very interesting question. We will not be able to say anything at this point, but we made a promise to you and to our shareholders about two years ago that we would get back to the shareholders, at least two years after that fact during a Shareholder Meeting, so maybe there will be a sort of a discussion on the use of excess capital at the Shareholder Meeting, but so far I have no comments.

Credit Suisse**:** Can I just clarify your comments on the dividend – should we understand this that you would look to recommend a dividend in line with 2011 PLN to 22,43 **-** this was only 75% of PZU SA result. Why would you not increase this to closer 100%, given the changes in the regulatory restrictions in the dividend payment?

I can see that there is a misunderstanding. As the Management Board, we will recommend, we are thinking of recommending to the Shareholder Meeting 100% or close to 100% of dividends from the entity that pays the dividends, and dividends will be paid from PZU SA. Last year, PZU SA earned 2 billion 581 million PLN, so if we say, theoretically, that we will pay 100% then this will be somewhere near 29 and something, nearly 30 PLN. So 75% was the last year's cap, last year's limit imposed by the KNF. This year, the cap is at 100% and we will stick to that, when it comes to us, obviously.

Last question, last one from the Internet. Société Générale - that's almost an essay. Three questions. The first one: What one-off like restructuring and other do you expect in 2013? If not, should we expect a strong improvement of your admin ratio?

Most of the one-offs associated with any restructuring programs in 2013 have already been provisioned in 2012. Should we expect strong improvement in our admin ratio. The admin ratio is quite a funny indicator that says it is a ratio: if we assume that we will grow it 6% year on year, which I believe is impossible in 2013 in the current conditions and with the current behavior of our competitors, then yes, we could say that the admit ratio will really improve. However, at the moment we can say that for your purposes, it would be better to think that in nominal terms administrative costs should be more or less at the same level, despite our project investments.

The second question: Your non-life outlook seems to be rather gloomy. Can you please comment on the possible price war you mentioned on page 20, since I thought KNF have avoided this with its interventions and comments in quarter 4, 2012? What do you expect as a combined ratio in 2013?

Ladies and gentlemen, once again I would like to go back to a situation that if I think about the structure of the market, we can see that the smallest players behave most irrationally who in the 4th quarter acted, let's say, very aggressively, perhaps trying to earn their annual bonuses and achieve the sales targets, which made the market a bit jittery, both in the corporate and in the retail segments. So I see no possibility to increase prices; I can see a very strong pressure on prices in the corporate segment. It is also there in the individual client segment, but not as dramatic. KNF - so far, KNF has failed to stop these incorrect business decisions of some players. All the more so that KNF cannot, how should I put this, it cannot really influence the prices, but only provisions and safety, which is quite difficult. What do we expect as a combined ratio: I have already said that we do not announce our expectations for 2013. So I'd rather consider these two things that I mentioned earlier, which is the long-term combined ratio of 95-96 and 2, 3, maybe 4 percentage points better than the market, depending on the situation.

The third question: What are your expectations for the contractual guarantees in the construction contract for H1 2013?

President Dąbrowski has already said that we have created certain provisions already, which are charged to the third quarter of the last year. It turned out that we probably were too conservative – after discussions with the auditor we have reduced the provisions in the fourth quarter, not because anything changed but because the market condition was not as terrifying as we thought. We opened the window for construction companies. At this point, we don't know any case that would require us to increase our provisions for such guarantee commitments, so right now in the 1st quarter we can see no need.

- I have a question about the insurance margin in the group life and continuation segment. When adjusted for the effect of technical interest, the margin for the entire year would be very nice, at 19.6%. In the 4th quarter there is usually a hike in the margin, this was also the case last year, but this year it was particularly high and it says here that it was due to the introduction of new type of contracts and further decline in the loss ratio in protection insurance Could you please expand on this subject? Can this be maintained in the coming periods? I think that market expectations are that there should be an erosion of margins, but there is a nice improvement instead.
- I would like to thank you for asking this question. Now I can direct it to Mr. Krzewina.
- As you probably know, we are fighting constantly to maintain margins in this segment, that is in group insurance. The year 2012 was a really very good year, mainly when it comes to the frequency of events that are covered by those risks. So it was just a good year. We also sealed claim payments from accidents. This is the area where we are really able to control these amounts and hence the good performance. Whether or not it can be maintained, well, we will obviously do everything to keep those margins as long as possible at such a satisfactory level.

– Thank you very much. Ladies and gentlemen, if there are no more questions, and I can't see any questions from the Internet, then I'd like to thank you very much for having enough patience to examine the documents as complex as the financial statements of the PZU Group; so thank you for your patience, once again we declare our transparency: if you have any questions regarding these results, please address them to our IR department. We wish you good luck and see you in May.

Thank you, see you next time.