Piotr Wiśniewski – Just like every quarter, I'd like to welcome you to a meeting with the PZU Management Board devoted to discussion of the financial results for 2013. Our meeting will be chaired by Mr. Andrzej Klesyk, President of the PZU Management Board. We also have with us Mr. Przemysław Dąbrowski, CFO, Management Board Member responsible for the Financial Division. The meeting will last 90 minutes. I'd like to devote the first 45 minutes to discussion of our results. After that we'll have time for questions. As always, the meeting is broadcast live in the Internet. Those of you participate online can ask questions through the webcast site or by sending an email to my address pwisniewski@pzu.pl. Now, I'd like to hand the floor over to the President.

AK – Good morning ladies and gentlemen. I'd like to welcome you heartily in a new place, because, as we like to say, we change for the better as PZU, and this is our new place where we will probably keep meeting. The standard is decent, so welcome. And as always, we are staring our presentation. First, I'd like to share with you my personal reflection. I just remembered yesterday, signing the financial statements, that this is already my seventh year when I sign the statements, so it turns out that I've been the President for 6 years and 3 months but it's the seventh year when I sign the financial statements, so I just realized that we, as the Management Board, have managed to beat all other management boards by at least 100% in terms of longevity. And we hope to keep it up. Ladies and gentlemen, the structure of the Management Board – as always we start with this if something has changed. As you probably know, in December – by the very end of December – Bogusław Skuza submitted his resignation from the position of PZU SA Management Board Member. He was the Management Board Member responsible for the corporate business. We have parted with Mr. Skuza on very friendly terms. I don't want to go into details because these are his personal issues and I haven't been authorized to talk about them. But I just wanted to say that our cooperation is still going so well that he still sits on the supervisory boards of our Ukrainian and Lithuanian companies and you can bump into him here in the hall every now and then when you visit. But what happened – there is a man here, Tobiasz Bury, he is a man who has been appointed to the Management Board of PZU Życie and the responsibilities in the PZU SA Management Board have changed as follows: Mr. Dariusz Krzewina is responsible for the group business, being at the same time the President of PZU Życie, and for the corporate business, i.e. the biggest corporations, that is the piece that Mr. Skuza was responsible for. The reason is quite simple. The sale of group products, for example to PKN Orlen, and the servicing of PKN Orlen is in most cases done by the same broker; we meet the same people so due to our decision regarding being “client-centrist”, we have decided to manage this piece of business jointly. Mr. Tobiasz Bury, who is responsible currently for the group’s network, hence all our branches, the four hundred thirty one branches (he was the man behind, among other things, the transformation of the network of branches which you can see, for example here, fifty meters away from here), will be also responsible for co-creation of the distribution function center in the whole PZU Group. But we will talk about this in several months. The other fellows are the same. Unfortunately, we have only one woman, but the quality is very, very high. Ladies and gentlemen, as always, we’re starting with the insurance market. You have the presentation in front of you, so I will not read it out – it wouldn’t make sense, but I would like to show you only some things. On this slide I’m showing you that long-term market growth amounts to approx. 5%-7%, but this market growth fluctuates significantly, depending on the perspective – quarter on quarter or year on year. We had years when the market grew 12-13%; now we have a very low market growth rate, as you can see it’s 1.6%. At the same time, as you can surely see, we have recently unheard-of profitability of this business. This follows from two factors; first, people drive less, so motor claims are smaller and less frequent. Those who also cover Orlen known that they sell less fuel, and so on and so forth. The other thing is that the quality of roads is improving, which also impacts the number of accidents, especially serious accidents. And the third thing is that we didn’t have a winter, so the loss ratio in the agricultural business is practically nonexistent. And the last thing, fortunately, knock on wood, last year we didn’t have any major corporate claims, and the market didn’t have any major corporate claims; there were no floods, there was no calamity. I knock on wood because at the last meeting I said that we’re lucky and the next day there was the gas explosion, you remember where – it was quick a big one, one little town was blown away, so now I don’t say “we're lucky”, this just a trend and that's how it works. I wanted to emphasize one thing on this slide: despite that PZU is the leader in terms of profitability – 31% market share, or maybe 32.8% technical profitability of the whole market. This follows from a number of reasons. But definitely this is not because we have massively higher prices than our competitors. The life insurance market – and the situation is very similar. Growth, as you can see, 4-5%. This is a business with very stable growth. A predictable, as we’ve said many times, proxy is GDP, or the amount of employee salaries in our entire economy. But we can still see a slowdown, just like in the non-life business. A very similar situation in terms of profitability – it's quite decent, as you can see; if you see that it's decreasing, it's mainly because returns on investments decrease, hence by definition these are our main reasons for decrease of profitability of the whole sector – the situation is very similar to non-life. We have a disproportionately higher market share in profits than our share in the market as such. So let's now move on to the market share. These are data for the third quarter. I'm not able to tell you what will happen in the fourth quarter – I can only guess – but I'll go back to that in a moment. On the life side, we have an increasing market share in regular premium for two reasons. First, we indeed have an increase of the market share, but some market segments are shrinking, and hence our competitors, who did quite funny tricks in terms of accounting, i.e. for example they tried to record all kinds of endowments as regular premium. But this came to an end, and also the base decreased. Hence we have quite an interesting situation – it's finally quite transparent – what we have from 43 to 44% market share. As for the non-life market, we've lost 1.1% market share quarter to quarter. But the situation is as follows: if we calculate our market shares then in our opinion, let me stress once again, in our opinion, we indeed lost the market share in the corporate segment, in the small business segment, the share in the market increased for such micro-businesses, and the market share among our retail clients, i.e. people like you and me, was around zero. The operating result – for the past four hours you had an opportunity to look through all our tables, charts and so on and so forth. We are already scared about the questions you're going to ask, but to sum things up: still, to a certain extent, we have the same, boring message: so we're implementing the strategy which this year practically comes to an end – in terms of the time horizon. Restrictive cost policy – I'll go back to that in a minute. Optimization of the claims handling process and operating efficiency. Our administrative cost ratio, or our direct claims handling costs are either the best in the market or much below average. Our acquisition costs are one point five percent better than the market, which translates into a much better profitability than of our colleague competitors. We've talked about the lower claims frequency in motor insurance. And the lower level of claims recorded recently as a result of forces of nature, knock on wood. We had a mild winter indeed, as we've noted. Crops have survived the winter. But one thing we are still afraid of are strange weather anomalies, like a sudden fall of twenty centimeters of snow, which then melts and then freezes for four days – then we're in deep trouble, as an insurer, but for the time being, nothing suggests that this should happen. Also high profitability in the group segment – as we’ve said many times, we are keeping up this profitability. We can see a huge change on the investment side, but the decrease, year on year, of investment activity does not worsen our investment activity results. It’s just that the market last year was as it was, and we weren’t able to repeat the result from 2012, but we’ll go back to that in a minute as well. Review of financial results. Premiums – one point five percent up; net – also nearly one point five percent up. Equity down, due to the disbursement of 1.7 billion in November last year. ROE, i.e. return on equity, 24%. We don’t have influence on the level of capital, because it’s the shareholders who can decide how much capital we have. As a curiosity, so that you know, for our people inside the company, we don’t count the return on total capital; we only count it for motivational purposes – 250% of the capital adequacy ratio and, if we exceed 30% ROE, then people get a bonus; if not, we have a problem. Luckily for our employees, this year this return is, I think, on the level of forty five point four percent. So they’ll get their bonuses. Group business, so a line from which we always start. To a certain extent, boring from our perspective, because this is a very predictable business when it comes to increase between 1% and 3%, always year on year, and so on and so forth. This year we can say that we have a 2% growth in regular premium. Single premium is a relatively small piece of business, so it kind of blurs the picture. But what is much more important is what's on the right. Every time you ask us if we're able to retain all-in profitability, i.e. including the investment portion, above 25%. You remember that two years ago we had a discussion because there was a slight “low” in terms of the loss ratio. We believe that we’re able to maintain it in the range of 20% and more. The investment part, due to the way in which we calculate it, is not so important in this piece, because we invest relatively securely, or even very securely, so it seems to us that despite the decrease, this business is very profitable and we are very, very satisfied with it. Individual business – here we have a much lower written premium. But if you note that the biggest part of individual insurance comes from single premium, i.e. all kinds of products sold or distributed together with a bank, the margins on such products are not as sound as on the part of regular premium, but we believe that we should continue this business. One of the most important things about which people keep talking now is the question of selling products that are not good for the client. We have quietly, without any major publicity, decided to withdraw from selling products which have no chances of bringing returns to clients. For us, this is a very, very small piece of business. These are products where the agent’s commission eats up the whole potential profit for the client. We want investment products. We sell these products, without commission, in our branches, where the client after four, five or ten years of saving will get not only the principal but also some kind of return. And our competitors, as you know, have a gigantic problem, because most of their business is based on this kind of products. Our annualized premium in the segment, i.e. APE, is growing, but I'm mainly happy because we have still increasing "sediment", to use a banking term. Corporate segment. Ladies and gentlemen, decrease of premium written, massive price war, especially on the part of motor insurance, but we've managed to defend our profitability. And now, without going into details, we are conducting some kind of a sales project in this part of business, because we are sufficiently certain about our risk underwriting capabilities, that we are able to open up to sales, particularly in the segment in which we are underrepresented, i.e. the medium-size business segment; not the biggest companies, not the "Orlens" of this world, but enterprises employing fifty to one hundred people where we are very underrepresented. We hope that that we'll be able under new management to present quite decent results for 2014. Mass client. Here, the situation is quite interesting, because if you see what's happening is, first of all, that the motor market is shrinking. It's shrinking for two reasons. First, there is the price war – some competitors for incomprehensible reasons try to sell massively below the cost of risk. Another thing is that due to the economic slowdown, some clients give up the MOD insurance, or the insured object loses its value, i.e. there are fewer and fewer new cars, so on average a car insured in MOD has lower value than before, hence the market as such is shrinking. What we are happy about is the retained profitability. Profitability on the motor side is one the same level. If you look at this profitability between 2012 and 2013, it massively increased. This light-blue piece – two things. First, in 2012 rapeseed plantations didn't survive the winter, which cost us more than PLN 100 million. And the other thing, we dissolved the provision of the long-term agreement with AXA, which we informed you about in the first quarter, i.e. in the results for Q1 2013, i.e. in total this is a difference of slightly more than PLN 160 million in terms of profitability year on year. However we are very happy with this profitability. Administrative expenses. The pride of my colleague here; he's always very happy when I meet with you. My colleagues from the Management Board are less happy when I meet with him. Anyway, the costs, the so-called running costs, i.e. recurring costs drop year on year, which makes us happy, by more than 3.5%, in nominal terms, and just to remind you: for more or less six years there hasn't been a year in which the Group's costs would not decrease in nominal terms. Please don't do an extrapolation because if it continues, in six years' time it turns out that the costs amount to zero. For your information, we don't expect decreases in the next years but we don't expect any massive increases in the next few years either. It seems to us that the cost level is already to be maintained, especially because we run a massive project, Everest, which we will also discuss in a second. We are, once again, very happy if we look at administrative expenses: 7.1%. I had an opportunity, I think in 2008, to present the administrative expense ratio to journalists – it was in the range of 13.2%, I think, and then I felt a bit silly, but now I'm really proud of my team and of what the company has achieved. Ladies and gentlemen, one of the things that I wanted to show you – I made this slide especially for journalists, as regards the structure of the sources of our revenues and profits; if you look at this slide, this top part is the so called "P" – dissolution of "P" provisions, i.e. P-type insurance provisions. These provisions, as we've told you many times, have practically come to an end. Now we have less than PLN 200 million, much less than PLN 200 million, and now it will be just "trickling". In previous years we dissolved provisions for over 1 billion zloty. In 2003, 2004 and 2005 we can't tell you how many provisions were dissolved because they were calculated in a slightly different way. Anyway, one could assume that in 2003, 2004 and 2005, at least 1 billion zloty of written premium, profit, came from dissolution of P-type provisions. Hence comparing, for example, our result, let's say for 2007 and 2013 – theoretically very similar, theoretically the same, only if we take out the "P", then in 2007 this was 3.4 billion and in 2013 we have nearly 4 billion. There is also a difference as regards the environment around PZU, i.e. the light-blue piece, investment activity. As you remember, in 2007 we talked about the profitability of State Treasury bonds in the range of 8% or 9%, now we are talking about 4%. So investment activity in the range of 2.4% in relation to 2.2 with completely different market rates is, in my view, a very big achievement and were are proud of it, especially because the insurance part is very profitable. As for the future, it's hard to imagine that we'll be able to maintain this trend, i.e. increase of profitability of the insurance business, because we already have low combined ratio, i.e. very high levels of profitability; and as of this light-blue piece, tell us what the WIG index will be and what bonds yields will be by the end of the year and we'll be able to tell you more or less how much we can earn. Anyway, our investment target is to reduce volatility of the investment result and ensure a decent profitability. Lets' move on. The shareholder value – here once again I'd like to emphasize that we're talking about TSR, i.e. Total Shareholder Return; we are not looking at shares only; if we took today's price of PLN 421 or 423 and added PLN 104 of dividends paid out, we would be much higher than all kinds of blue chips listed on our stock exchange, which makes us very happy. I will go back to the dividend, because this is quite an important point, but I'll do that in a second. Everest, if you keep track of what's going on in the media about our company, there have been quite a few articles about informatization in PZU, a strange tender or a non-strange tender. Indeed, the tender for the IT system ended in June 2012 and a few months later the first policies were issued in the new system. This is a really great achievement – at times we have approx. 450 people who work on this project. The project has been delivered on schedule, on budget and will be the basis for our new strategy. Without this project and without this tool which we've completed, we wouldn't be able to change the strategy, which we intend to do. Ladies and gentlemen, on 18 November the first policies were issued. In January we are doing the so-called big pilot project covering two provinces. As of now, we have over 2,000 trained people using the new system. By the end of the year all exclusive channels, so our exclusive agents, i.e. over 8,000 people and all those who work in our branches and our call center will work using the new system. From 2015, no non-life policy – for homes, or home-like property and motor insurance, will be issued in the old system. The corporate business will start to issue policies in 2016. Already now we are starting to plan the closing of the insurer system; it will take us a few years, because this is quite a complicated process. We have shown it to you before, but let me do it again. Without this project, without what we have achieved in Everest, we would not be able to change our strategy and approach to clients. A few simple things, which may seem obvious to you, but to us it's a revolution. First, quick modular changes, introduction of tariffs. Just to remind you, for example now if were to change the tariffs in motor business, we're talking about 3 to 6 months of changes and our cost – for something more complicated, not 3% up – between 0.5 to 2 million zloty, costs for an IT company. Now it will cost us practically zero, i.e. only testing, and as for the time, if we're determined, we could change it over the weekend. So that's the kind of revolution we're talking about. Second, we will finally have a 360-degree view of the client, i.e. we will be able to see how many policies the client has, what offers he has received and, what's more, we'll be able to see it in any channel. If you want to buy insurance, let's say in your wonderful cottage in the Lake District, the agent comes but you don't decide to take out this policy; then you come back to your home city, e.g. in Wrocław, you go to our branch, give your name and you'll be able to buy this particular policy proposed to you by an agent in Suwałki, or somewhere, and conclude an agreement with us. This is a revolution for us. I know that those of you who cover banks know that this normal practice for them but for us it's a revolution. The third thing, automated electronic offers, full support in the systems, in the sales and service process system. As a curiosity, the last thing, we will be able to produce less than one running kilometer of documentation. I can see it makes you smile. I wanted to tell you that when we started some service projects and centralization of sales and service and back-office projects, PZU as a Group produced thirty eight running kilometers of documentation. Piled not like this, but like that. So if we stacked all the paperwork we generate it would be 38 km long. Now we produce much less than 10 kilometers. We hope, I mean, we are sure, that after implementation of this system we will be able to produce one kilometer, not because we want it but because our law, not only the regulator, is still paper-based and we will have to keep some things in hardcopy. But let me emphasize once again that this is the foundation of our strategy. I will not go over this because I've already discussed it more or less. Review of financial results. I will just show you two tables and I will ask my colleague to comment on it. I want to show you two things. The first thing is this table. Not to go over the figures but to show you the following thing. We can see that Q4 was much worse in terms of written premium than the beginning of the year. At the beginning of the year we recorded quite decent increases quarter to quarter. Later on, how should I put it, some strange things started to afflict our competitors and the price war started in some segments, so this decrease is the decrease of the whole market. Quarter to quarter, the result will be very bad in Q4. The situation is similar on investment side. Q4 was not too kind to us on the investment side. We still believe that we have decent return on assets, but in relation to 2012 it will be hard to repeat. I mean 2012 is hard to repeat. A simple thing, for the sake of illustration of the bond yield changes in 2012, year on year, or year-end to year-end, this was 212 basis points, i.e. more than two percent, and in 2013 less than half percent, which immediately translates into our investment results. So this is the first digit, and the second digit is that we are returning to normal, where motor TPL insurance begins to oscillate around zero for us. What does it mean? If our TPL is around zero, the whole competition by definition is around 105%, because we are simply bigger, we have much better sales and cost efficiencies. What does it mean from my point of view? That our colleague competitors fare close to bottom when it comes to TPL, but note that in non-motor business the profitabilities are very high. Obviously our competitors have much lower profitabilities than us, but the profitabilities here are very high and still there is room for making some pricing movements, which we obviously don't like, but competitors' ways are inscrutable. Przemek, would you like to go over the segment details?

PD – Good morning. I'll try to make it quick. Quickly go over individual slides. As for this slide, as you can see, in all lines of insurance business we have retained very high profitability. As for property insurance, this profitability improved in relation previous year, to 2012. Unfortunately in terms of premiums, we are a bit below 2012 in property insurance. As we kept telling you all year round, 2013 was quite hard also for Polish economy; we could see decreasing demand for insurance. More or less after the second quarter the situation started to improve, also economically. Unfortunately, the last quarter is a quarter where we can see among our competitors a lot of decreases, prices decrease on average up to 10% in motor business. As for life insurance, the profitability of group insurance continued on individual basis was still high. High growth rate of individual life insurance. You will see it in a moment. The situation is that due to quite low rates we had an ally in the form of banks. Banks preferred to sell insurance policies more than investment funds. It's hard to say what the situation will be this year because, as you probably know, we are awaiting recommendation U, and this distribution channel may slow down this year. What is interesting in this slide is – we have rarely discussed it but I think that this time it's worth mentioning: at the very bottom we have revenues from our foreign companies, i.e. Ukraine and Lithuania, and if we add up the revenues then around PLN 450 million of revenues last year came from our foreign operations. This is obviously still not a big amount in relation to 16 billion, but 450 million is already, I'd say, an average size insurance company in Poland. What is important is that we not only have revenues there but also profits. The next slide presents the main one-off factors in our results. On the left hand side, 2012. There were lots of these factors – there were positive ones and negative ones, but mainly factors that had negative impact on the results. Let me remind you that we added technical rates in the life reserves and annuity reserves. We have an additional charge associated with the difficult situation in the construction guarantee insurance in connection with the bankruptcies of construction companies in Poland. We also had some positives there, especially dissolution of the reserve for employee benefits. This year there are fewer one-off items like that. Conversion was much lower – 127 million zloty; in the balance sheet there was, in principle, approx. 200 million zloty left which could be potentially dissolved. The conversion pace is already very low and its impact on our results starts to be less significant. Another thing is, and we've already mentioned that, in Q1 we closed settlements with out long-term reinsurer AXA for motor TPL green card. This had positive impact on the results and we started consolidation of the real estate funds this year, which brought a positive impact of PLN 172 million. Going over individual lines of business in insurance, the main factors which contributed to improvement or deterioration of the results in group insurance and individually continued insurance, the result, operating profit, increased and the main factors which had impact on the change of the result: As we said before, this result comprises the investment activity component. Last year, in 2012, we strongly benefited from the decrease of rates for our portfolio mark to market, we had high income from revaluation of this portfolio; this year the situation is different, and hence the investment component is smaller. We have an increase of claims in these products, which results from a trend, increase of the loss ratio in this business, but as you can see later on in the whole result, this trend is netted with changes in the level of costs, including claims handling costs, service costs and acquisition costs. Changes to the balance of other net technical reserves are the biggest component which has influence on the increase of the result we simply reconstructed the main factor, that is one of the products, individual continuation. This product has currently slightly different economics, thanks to which selling this product we establish lower mathematical reserves. The second very important element is that we've managed to significantly decrease the growth rate of claims paid under the so-called dismemberment. After centralization of claims handling which we carried out a few years ago, we have observed quite a dynamic growth in this area, i.e. disbursements on account of dismemberment. This was the result of mainly the change of processes and certain factors which we had not anticipated. We have carried out certain remedial processes and today we are very satisfied with that. The profitability of this business increases; anyway, when I discuss the slides, there will be two slides about embedded value and one of the factors that makes the life embedded value grow is that the profitability in this risk, dismemberment, is much higher. Acquisition costs – some increase, but the premium increases so acquisition costs have to increase. Administrative expenses – decrease. The rest is the impact of a certain increase of the charge for the prevention fund and no dissolution, as in the past, of certain provisions – I will comment on that at the end when I'm discussing the whole fourth quarter. Individual life insurance. High increase, high increase of premium, this is a product with a rather low profitability. On one of the previous slides you saw the profitability – here we are talking about something between 7% and 10% percent. First of all, we sold much more of such insurance than the year before, obviously this forces us to establish appropriate technical reserves. It's a bit worse when it comes to investment activity. As a consequence, operating profit went from 105 million to 140 million, 33% change. Property segments, corporate insurance. This is a similar picture; in a moment we will be talking about mass insurance. First of all, good improvement, this is the combined ration, very big improvement when it comes to the loss ratio. We've said many times, but let me repeat it, 2012 was a year of economic slowdown, on the one hand, as a result – much lower consumption of petrol which, in our opinion, translated into much smaller traffic, which led to lower loss ratio; as a matter of fact we saw much less frequency of accidents in motor insurance. We also believe that certain factors pertaining to frequency are of long-term nature. We have also observed much lower frequency of minor claims in cities, big cities; we assume that this was the effect of switching to public transport – a long-term trend. So we assume that this frequency, which was low in 2012, will start to grow in 2013, but it will not return to historical levels. A mild winter, snow stayed for a long time, but there was no frost and there wasn't much snow and when the snow finally started to melt, it melted over a long time, so we didn't have a problem with floods. The same pertains to the mass insurance segment. In this segment, there was another positive factor, which the president mentioned, i.e. exceptionally low loss ratio in agricultural insurance. One should be aware that last year in corporate insurance (it was the previous slide) we had this charge for the risks, for construction guarantee insurance, which we didn't have this year; at this moment we can't see a risk in the construction sector. Investment activity. Structure of investments. There are no fundamental changes. There is a trend of decreasing exposure to debt securities, these are mainly treasury securities. This is something we announced a few years ago. We're moving towards corporate securities. Here you can already see a change of the trend – from 79% to 75.9% and at the same time increase in corporate securities – from 7% to 9%. Unfortunately, investment income was worse than the year before. The biggest decrease pertains in fact to bond portfolios; as for equity portfolios, we've managed to partly level out the decreases in terms of investments in debt securities with our actions in equities. Here is a breakdown of revenues into investment income in the Group's main portfolio and the clients. Capital position. Here, not much is changing really; we are still a very strongly capitalized insurance group. One can say that there is a decrease in PZU SA and PZU Życie from 815% to 698% in solvency 1 coverage margin and in Life from 376% to 236%, respectively. In reality, this decrease in PZU Życie is the result of disbursement of the excess of 2 billion zloty in dividend, together with the dividend for 2012; in PZU SA this is the effect of, first of all, disbursement of the dividend as such, but also disbursement of the interim dividend of PLN 1.7 billion, which decreased the capital. All the time, I repeat, we have a very high capital adequacy in the Group; all the time we are on a very high level. Something that we publish only once a year – embedded value – the embedded value for the whole Group decreased; this is simply the result of decrease of the payment of the additional dividend of PLN 1.7 billion – this is obviously reflected in the embedded value. But what is very important, let me move on to the next slide, which decomposes the change of the embedded value, in terms of our life insurance, as you can see, the embedded value at the beginning of the period was 18.5 billion, and at the end 16.7, but this includes 3,791 million of the dividend paid out. This means that the embedded value, in terms of its strictly business behavior, increased by approx. 2 billion zloty. We are very happy with that. This shows that all the time our group insurance and individually continued insurance portfolio, because it's these products that make up the value, the main embedded value, also its biggest increase – this is all the time a very sound and a very profitable portfolio. The main factors include, first of all, the value of new business – 200 million zloty – here in new business this is fifty fifty, because approx. 100 million zloty comes from new business in individual life. The expected increase of the embedded value is simply the question of discounting – this is always there, but then I think that three further factors are important. 604 million are operational deviations and change of the operational assumptions – 707 million zloty. First of all, we can see a lower loss ratio, lower death rate in our portfolio. We can see lower lapses, i.e. these two factors, operational deviations pertaining only to what was done in 2013 and impact of these operational deviations on the change of operational assumptions for calculation of the embedded value, are the main factors – this is in fact a lower loss ratio and higher durability of our portfolio, and this shows that this is a sound portfolio. Second, let me remind you that in the case of calculation of the embedded value for the group business individually continued, the minimum forecast period is 8 years – this shows that all declarations – we are often asked about the durability of this particular business and we believe that this business model is permanent for at least the next 5-10 years, both in terms of volume and profitability. These things are backed up by this embedded value analysis. Let me also remind you that a detailed embedded value report is attached to the financial statements. Embedded value is reviewed by a third party company – Towers Watson – in terms of methodology. So to me it is a very positive signal showing that this base – in terms of individually continued and group insurance, is something very sound, with the average durability of at least 5-10 years. That seems to be the last slide in this financial part. I think we can move on to questions.

AK – Thank you very much. Ladies and gentlemen, before we move on to questions, three or four announcements to make things easier for you. The first thing, the Management Board will make a decision regarding the dividend recommendation in April, because the Shareholder Meeting is planned for 21 or 22 May – it turns out that the Shareholder Meeting will be held on one of these two dates. The second thing I wanted to say is that the situation in Ukraine does not impact our business in any material way; I wanted to emphasize first of all that our employees are safe, everything works fine, the company has not discontinued its activity, and what's more, it turns out we're meeting our targets. The only problem that we might have there is the inflation of claims, but this is something we have under control. And the third thing is that over the next half a year we, as the Management Board, will want to adopt and discuss with the Supervisory Board and then announce a new PZU strategy for the next four years, because the strategy we have is basically coming to an end; we are delivering the most important product, i.e. a foundation, for the new strategy in terms of the new system. And now, let's move on to questions. Maybe let's start with these.

Jason of Societe Generale... I will read it out in the original, i.e. in the English language, and I will answer in Polish, OK?

Question one: This morning KNF announced that by law insurers cannot issue subordinated debt and that the law needs to be changed before PZU can issue debt. Is my understanding correct that we have two problems here? One being that if can issue sub-debt in Poland and the second one being if you issue all the 3 billion PLN outside of Poland that this sub-debt will not qualify for solvency capital calculations. And secondly, you have a comfortable access capital position in the range of 4.5 to 5 billion ex-payments of dividends, is this correct and if so, should we infer that paying the remaining 1.3 billion special dividends in 2014 and 2015 should not be an issue until the debt problem is resolved?

AK – Indeed, KNF surprised us today because apparently, I mean, we know that Chairman Kwaśniak said that the law needs to be changed to be able to issue bonds which could be qualified as capital. Indeed, this is the case under the Polish law. We have been conducting talks with KNF; as of now we're not able to say how these talks will end in terms of the instrument which could be qualified as our capital. In Poland the situation is quite funny – first we would have to issue such an instrument and then ask KNF to classify this instrument as capital. Nobody has done in Poland before, so both the Company and KNF are, from my point of view, very cautious. Now, going back to these two questions. We don't know yet what KNF's stance will be with regard to issue of debt abroad, especially because there is a legal structure optimizing taxes involved. We're waiting for KNF's answer; the company is ready – both in terms of Polish bonds, bonds denominated in PLN and bonds denominated in a foreign currency – to start to sell such an instrument very quickly. But for now, we're waiting. This is the first matter. The second question regarding the dividend and excess dividend. We said something like that: we would pay 1.7 billion last year, which we did from excess capital, and the additional 1.3 will not be paid out in 2014 and 2015, but will be paid out during distribution of profit for 2014 and 2015, i.e. this 1.3 billion was in our heads paid out in 2015 and 16, i.e. during distribution of profit for 2014 and 15. Now the question – because the question about the dividend policy is bound to be asked, how to count these 1.7 billion zloty. Ladies and gentlemen, we said that 1.7 billion is disbursement of excess capital, and our capital policy stipulates that we should distribute the profit generated by the Group, and the Group generated 3.3 billion, and here we normally distributed, or we proposed to the Shareholder Meeting to distribute between 50% and 100%; historically it was normally between 84% and 92%. The Management Board has not made a decision yet, especially because we were surprised by this KNF announcement, so we have to think it over, but it seems, or rather I'm sure, we will stick to our dividend policy, which talks about fifty to one hundred percent. You should assume that 1.7 billion is on top. I.e. the interim dividend, because form the legal standpoint this is interim dividend. From the legal perspective this is not that complicated. See, we report the Group's results to you; in the financial statements there is a report talking about the results of PZU SA, and this result is divided between shareholders and this result this year amounts to 5.1 billion zloty. So the interim dividend comes, as if, from this 5.1 billion and then we have 3.4 in PZU SA and in the Group, but we've always said that the shareholders should look at the Group's profit, and not the profit of an individual Company, so I hope this answers you question.

PD – So the 'interimness' of the dividend was a form of disbursement; we assume a one-off payment; we don't assume disbursement of interim dividends. And we suggest dividing that (because we can see that this evokes a lot of emotions) – dividing the form of disbursement – whether this is an ordinary dividend, which is paid after the shareholder meeting, or an interim dividend, and this is the formula. And now, obviously, there is the question of whether we pay out the dividend and from which capitals. By the end of the day, formally there will be only one dividend for 2013, paid out by PZU SA. This dividend, taking into account PZU SA's profit and loss account, potentially, without using excess capitals, this is theoretically possible, but it's not the Group's intention, in accordance with the capital or dividend policy, which is presented on the website, this dividend is 5.1 and we, as the PZU SA Management Board, we are formally distributing this profit. There is nothing like a resolution on distribution of the Group's profit, because in Poland there is no formal body called "Group" and consequently the Management Board – sorry – the Shareholder Meeting divides this dividend (the Management Board recommends it) but the question is, as we wrote in our dividend policy: in order to optimize and reach the new level, the payment of 1,727 million, and this is happening and this is treated as excess capital, and now – as for the disbursement to be made in 2014 – we are dealing with distribution of the annual profit of the Group, which amounted to PLN 3,295 million.

AK – Now, the next question, keeps recurring; I will ask my colleague in a moment:

Question: Can you please give more background on the worsening again of the combined ratio to 1.1% in quarter four of 2013, did you make any reserves strengthening for or elsewhere P&C for that matter?

AK – Sir, would you like to comment?

PD – This is a question that has recurred a few times. Generally, the operating result for Q4 was worse than the result for Q3. So, starting from the top. There are a few reasons. We said that the investment income is worse, and that we have higher costs, we have higher written premiums in Q4 but we also have higher costs. Higher costs, in fact, appear in three areas: we have high acquisition costs in the non-life company – which results simply from higher premiums, which were 4.5% higher in Q4 and in Q3. So we had to pay more. Second, we have higher administrative costs, historically; if you look at the seasonality of costs, in Q4 the PZU Group usually has higher costs, because this is the time of closing all annual settlements and obviously the nature of the business which conduct, the nature of the business around us; December is the month when all projects make settlements and when all budgets are being closed before the next year. And obviously there is also higher value of the items – disbursement of claims and technical reserves, and here, as we have often announced, the PZU Group creates its reserves monthly and quarterly but in reality the settlement of the reserves, especially insurance reserves, primarily IBNRs, but also the first claims reserve, takes place once a year and this is Q4 and that's the main reason for worse results, increase of the combined ratio in Q4 compared to Q3. Last year this was a similar process, although maybe the increase was lower, but we also had such situation that in Q4 the Group's combined ratio went up.

AK – The next question: Richard from Credit Suisse – looking at the full year and nine month combined ratio would imply a quarter four combined ratio around 103.7 percent, it's not really the case but so be it, compared to 83.2 in quarter three, can you took through the elements of this and what is the underlying exceptional components of quarter four, I think we have addressed this issue. How should we think of the underlying runaway in 2013 and what do you expect in terms of claims trends pricing trends in 2014?

AK – We've answered the first question, I mean my colleague has answered it. As for the second question, we try not to give you any guidelines, because the insurance business is quite interesting in terms of predictions of the future, but we have always said the following thing: that in the long run the combined ratio in PZU should be in the range of 95% plus/minus 2 p.p. and – here is a conjunction – we will be 4-5% better than the market, i.e. if the market is at 95%, one should expect that PZU's combined ratio will be in the range of 90%. If the market is at 107%, PZU's combined ratio may be in the range of 100-102%. It's quite important to observe what's happening in the market. And the second thing, as for trends in claims, knock on wood, for the time being it doesn't look like we're going to have any natural catastrophes, i.e. there isn't much snow, which could start to melt and flood the bottom part of Poland; but we don't know what will happen to the precipitation that normally happens in Poland between April and May. But we don't anticipate any floods, for the time being. Which, in turn, might bring droughts in the summer and affect the agricultural part of our business, but our agricultural insurance is not a business that would topple us over. Let me remind you that in 2012, the terrible year in terms of survival of winter crops, it cost us, I think, 102 million zloty. Pricing trends. I repeat it each time during public statements: fellow competitors, turn around from this path because this is not the path for you. Simply when they start losing money, we will still be able to make money, but only they can turn around from this path, not only us. And now… aha, we've already had that. Now this one.

JP Morgan, Michael: On slide 11, can you say how much of 195 million Polish zloty insurance margin is investment income? And can you comment on the very strong rise in the insurance margin from 2012, 815 million excluding four hundred eight million bust from using a lower interest rate to one billion one hundred ninety five in 2013?

AK – There is none, but I will ask my colleague who could comment on it, but there is no silver bullet here. There is no single thing that has caused this increase. Firstly, once again, a few things to remember: differences in nat cat, i.e. last year we had several catastrophic events; secondly, the macroeconomic situation in terms of financial insurance, especially the construction sector, which cost us also around PLN 100 million; thirdly, much lower loss ratio in terms of loss frequency, and there is still AXA, expiry of the agreement with AXA, or rather termination of the agreement with AXA and completion of the related settlements; in total these four pieces add up to over PLN 400 million of the difference between the two years.

PD – Maybe I'll add something. To give you more detail, because the question pertains mainly to the group business and what is on slide 11. As for this operating profit, which is calculated as the risk-free rate, generally we do not disclose the decomposition into the strict insurance part and the investment part, because this is to some extent impossible, but roughly speaking, this is not exactly like that, because this is more or less 70%, pure insurance, without any investment income and this is, kind of, an answer to the question about the components. And the second issue, what happened that the profitability increased – we've commented on that when we discussed the embedded value. In 2013, we can simply see better insurance parameters of the portfolio. We have a lower mortality rate, lower lapses and a low loss ratio on dismemberments.

AK – And I think it's the last question that we haven't managed to answer:

Maciej of Merrill Lynch: In the context of KNF's statement on the lack of consent for the issue of subordinated debt, should we be concerned that PZU might modify its plans for the payment of special dividend?

AK – The answer is that we will have to think about it, because we were caught so to speak off-guard by today's message, and, let me say it once again, we are talking about 1.3 billion to be paid in 2015 and 2016, but we will have to think about it. The way I understand it is that Chairman Kwaśniak said the law should be changed to make the issue of bonds possible. It's quite possible, because a number of legislative changes in the area of accounting but also insurance law are pending. So we will have to think about whether or not to ask institutions capable of changing the law to do so. The second issue, the second question: When it comes to potential acquisitions, is the Management Board, in the absence of an option to purchase any insurance companies, considering investments in the banking sector. Well, I'd say this: we will address this issue in our strategy which is yet to be announced. So we will take care of this issue. An investment, a potential investment in the banking sector – just to remind you: we have discussed the purchase of Allior and BGŻ and a merger of these two banks – was predominantly of an investment nature rather than of a strategic nature as such. Quite simply, it seemed to us, or rather we were sure, that we would be able to earn pretty decent money on this transaction for our shareholders. On the other hand, it should also be said that, just like in the insurance sector, nothing is up for grabs in the banking sector, so I wouldn't expect any gigantic fireworks here. Maybe we'll take questions from the audience then. If there are any, that is.

Marcin Jabłczyński of Deutsche Bank – Good morning, let me have another question about the dividend. If this dividend, the 1.7 billion from November, if it's combined with the payment of the entire consolidated profit for 2013, then we will get a total dividend which will be much higher than the consolidated result. During the presentation of the plan of payment of the extra dividend in three tranches you said that it depends on the issue of subordinated debt, which now seems to be dragging behind the schedule. But is such a scenario – in which the PLN 20 should, however, be considered part of the annual dividend – completely ruled out? Because that's my impression based on the comments, but I would just like to make sure that there certainly isn't any risk that the PLN 20 of dividend per share was as if part of the annual dividend which should not exceed the consolidated profit for the previous year.

AK – Well, ladies and gentlemen, shareholders move in a mysterious way, but the Management Board will recommend, I mean we have yet to analyze the latest statement by Mr. Chairman, but the Management Board will recommend a dividend payment policy of between 50% and 100% of the consolidated profit, not to mention the PLN 20 you all have received. So for now we're talking about, more or less, somewhere between PLN 20-40, well, a little less, very roughly per share, you see. One of the things we have always said is that the dividend policy will depend on whether the Management Board knows, plans or considers something that would require capital within the next few months. By way of an example we told you that if, for instance, half of Poland were flooded in May, we would recommend the payment of a lower dividend for the simple reason that we would need to have capital. For the time being though, knock wood, we don't see any such needs, any kind of such needs for the company. So, if you... Maybe I'll say something else. We all know the condition of the State Treasury's budget, that it needs money. It's kind of obvious that if the State Treasury is able to vote in favor of a dividend, it seems to me that there is a high likelihood that the State Treasury will vote for something like this.

PD – One more thing maybe that I'd like to repeat, because I think it would be good for everyone, especially analysts... Yes, let me refer you to our dividend policy which clearly says what the scenario is. And this scenario in a way is being implemented. We are paying out 1.7 billion in interim dividend, in surplus capital, then we are issuing debt and if this issue of debt does take place and the debt is accepted by KNF, then a further 1.3 billion will be paid out. That's what's currently written in the documents that are binding for us and we are not expecting any amendments to those documents any time soon.

Marta Jeżewska-Wasilewska of Wood & Company: I have a question. Changing the subject, I'd like to ask you about the acquisition costs ratio, especially in the fourth quarter compared to the whole of 2013. We understand that your trends should be analyzed a little wider, but the acquisition costs ratio in the non-life segment jumped up quite significantly in the fourth quarter, by more than three percentage points if I remember well. And it affected the combined ratio. This can't be explained with any degree of significance by the increase in gross written premium, because this ratio should remain stable from quarter to quarter, so now the question is: did you switch to some slightly more expensive distribution channels and, asking in the context of the whole of 2014 without breaking this down into quarters, looking at the level of, say, 2013, where we have slightly lower blended acquisition costs ratios in the first half of the year and the high acquisition costs ratio in the last quarter, which is sort of a proxy as it's called in English, or are you permanently switching to higher channels, I mean higher-cost channels? Because the difference in this ratio is quite... So if we could clarify this... Thank you.

AK – In a moment, I will ask my colleague to say something about the fourth quarter. But I would like to tell you what I think about acquisition costs looking forward. You see, during the IPO we told you we had a very nice cost position in terms of the combined ratio, but at the same time we had the proportions reversed, that is we had gigantic, too large administrative expenses in relation to written premium and we also said that we had much lower blended acquisition costs in the overall market than the market itself. We are of the opinion that, first of all, and we said the same thing at that time, these proportions have to be somewhat reversed, meaning that we will cut administrative expenses significantly and we will invest in our acquisition costs. And I would look at this in such a way that, by definition, the difference between us and the market will have to shrink when it comes to acquisition costs. At the moment, the market has acquisition costs 2.5%-3% higher than ours. This results from a number of areas, but this difference can't be maintained. For several reasons. As an example, let me tell you this. We have almost one billion zloty of written premium that costs us nothing, I mean we only send our customers automatic renewal forms. And we will have to pay to keep this part of our business. So this part of our business, for instance, will start to cost us money. Now, if you could comment on the fourth quarter please.

PD – Of course. I think that it certainly should be remembered that our business, especially our non-life business, is of an annual nature, because our policies are also annual. Secondly, and we've often talked about this as well, very many motor insurance policies are still sold in January and February. It's a certain historical habit that before 1990 everyone purchased insurance in January and February. And this causes certain action, when it comes to sales, to be conducted in the months of November and October. And that's what also happened last year. So these acquisition costs – and this is also important – consist not only of direct costs of acquisition but also of indirect costs of acquisition. And in December and November we simply had higher indirect costs of acquisition, because we were involved in other investments related to our sales. The reason for this was, like I said, that a very large part of sales still falls on January and

February, so, taking this into account, it is not a proxy for acquisition costs, I mean the acquisition cost ratio for the fourth quarter is not a proxy for the acquisition costs to be incurred in the whole of 2014. As far as the structure of distribution channels is concerned, maybe we had slightly better sales through multi-agencies in November and December – and we have a persistent upward trend in particular in multi-agencies – but it's not something that would cause us to predict a short-term increase in acquisition costs by several percent. It will probably somehow take place in the market gradually. It's a process for a number of years and it really boils down to a discussion about what the distribution channels in the PZU Group should look like in the context of what's going on in the Polish market. This time, like I said, we are dealing mostly with indirect costs of acquisition, it's a certain investment that we make taking into account the first quarter of the following year.

AK – Thank you very much. We have two more questions asked through the Internet.

Michael of JP Morgan: A lot of targets are set in terms of maintaining market share in non-life. This is in the Management Report. Is there risk to margins here if you focus on market share?

AK – It is true that I'm talking about market share, but in our long-term strategy, which we published in 2008 and we've had additional interactions since then, we talked about a different measure. The measure of our non-life business is market share in the cumulative, long-term technical result, meaning that we want to maximize our share in the profit generated by the long-term market. In other words, rather than maximizing our market share or our share in the technical result in any one year, we are maximizing, bluntly speaking, cash for our shareholders.

And now we have another question, from **Goldman Sachs**, because I don't have anyone's name here. The first question is: Please could you help us understand the risk to special dividends if the regulator does not allow the usage of sub-debt on funds. Also, if the group wanted to, can the existing excess capital of five billion approximately be used to pay the special dividend?

AK – I will repeat once again what President Dąbrowski said: there's no risk to the 1.7 billion that has already been paid out as excess capital. But as regards the 1.3 billion, which was to be paid out in cash in 2015 and 2016, well, we have to think about it because of the news we received a few hours ago that kind of surprised us a little, because we have no clue what the regulator had in mind. It seems to us that in our new strategy we need to say what we are going to do with excess capital, because we told you about our capital policy, but if we have no potential sources or capital needs for internal investments in organic growth or M&As, then, well, we'll have to think about what to do with it. At the same time, we would like to emphasize that it's clear that due to our ownership structure, the payment of any capital from the company... The only potential option to increase our capital position is to reduce the dividend, because there's no option that the State Treasury might dilute its stake. That's my approach.

Maciej of Merrill Lynch: If PZU is overcapitalized, why issue subordinated or ordinary debt? Couldn't you simply pay out excess capital in order to maximize ROE?

AK – Well, I understand that some of you are of the opinion that PZU is overcapitalized, but again I'd like to emphasize two things once again: the payment of extra money to shareholders at this time would cause the Company to lose any future possibility of increasing its capital through an issue of shares. It's simply out of the question, because the State Treasury will not go below 25% in certain companies, and at the same time, from what you see... you may ask Mr. Minister, but I've been told by Minister Karpiński that perhaps he will want to sell PZU shares, so dilution is virtually impossible. As regards the maximization of ROE, that's where the idea to replace part of the capital with subordinated debt came from. And one more thing: why issue ordinary or subordinate debt? Ladies and gentlemen, we said two things, or maybe three things, when we discussed the issue of debt. Indeed, at the moment we don't need any subordinated debt or ordinary debt unless one of the following two things happen: either an M&A or, the second thing, that we have a mismatch at the balance sheet level in terms of currency. Ladies and gentlemen, we have a very simple situation here with more and more of our assets denominated in euros or in some other manner linked to the euro, which means, from the point of view of our security as an insurer, that it's much better for us to also have part of our liabilities denominated in euros as well. So this is quite simple. And the last thing is that we are of the opinion that even if we were to issue ordinary debt, we would be able to obtain a better return on each zloty borrowed. Well, if we collected Polish debt at, say, WIBOR plus x, then I'm sure we'd be able to invest it at WIBOR plus two times x, so whichever way you look at it, this would be good for our shareholders, so to some extent I'm surprised to hear some of the questions, but, well, so be it.

Goldman Sachs: The second question is: On Q4 2013, combined ratio will appreciate the seasonality and low volumes in motor in Q4 2013, but please could you quantify the impact of the addition to body in the reserves?

PD – Well, once again: we have a lower combined ratio in the fourth quarter, but, firstly, I'm not in a position at this time... I mean, we don't disclose such data to show exactly what kinds of claims we pay out, what the amounts are or how we establish our reserves, but, well, I can assure you that, firstly, the direct loss ratio in the fourth quarter was not significantly greater, also with respect to bodily injuries – that is personal injuries and all kinds of casualty claims – it was not significantly greater than in the previous months. We don't have any dramatic increase here. Secondly, I'd like to say that, just like one year ago, the level of our reserves is very high and this level of reserves, in a sense, protects us against any sudden events if such were to occur in the insurance market in Poland, in the non-life insurance market.

AK – Any other questions from the audience?

Iza Rokicka of Ipopema: I'd like to have one more question about the dividend, but in a different context. Gentlemen, you have said that no decision has been made yet as to the amount of the dividend from PZU SA, but has a decision been made yet regarding the dividend from PZU Życie to PZU SA this year?

AK – Ladies and gentlemen, you can probably calculate it very easily, because we said we will always try to manage capital from the point of view of the whole Group, i.e. at the Group level.

IR – So 100%?

AK – So 100%. Unless, and I must make this reservation here, unless the regulator says something different. Because two years ago we were only able to pay out 75%, so from the point of view of our shareholders, it's rather a question of the availability of cash, I mean the availability of capital, that is where this capital is located.

IR – Does that mean that in the near term we don't have to worry about any disbursement of capital from PZU Życie?

AK – The situation there is such that we have already achieved a solvency ratio of around 200% and we don't want to go down for the simple reason that it could endanger PZU Życie's rating – and I'd like to assure you that we care a lot about a very decent rating. For both our companies. There seems to be another question here.

Kamil Stolarski of Espirito: Referring to what you said about the costs of customer acquisition, about the relevant ratio, it seems, at least it seems to me, that the Companies may exercise some discretion as to whether the costs should be allocated to administration or acquisition, somewhere there's a way of allocating the basket. And as Mr. President talked about an increase in these expenses by 2.5% or 2.5-3% over some longer period of time, should this whole cost ratio be assumed to also grow on aggregate or could it be set off somewhere by a decrease in the second component, i.e. administration?

AK – Well, I wouldn't assume – and this is a bit of guidance for you, but I wouldn't assume that in the near future acquisition costs will increase two to three percent, because it would be a lose situation for us. This would mean that a big player can't achieve more, but we are of the opinion that a big player must be better and more efficient, therefore, by definition, our acquisition costs should be lower than those of our competitors. In my opinion, this current difference will shrink within two of three years maybe by a half, maybe that's how I'd do it. However, from the point of view of administrative expenses, as you rightly said, these two are components of the combined ratio and I wouldn't assume that administrative expenses, or the ratio of administrative expenses, will increase there, because if this happened, Mr. President would cry, but it's impossible here and he doesn't like to cry.

KS – I have one more question about prices. You have very briefly discussed the prices, your price expectations for 2014, so let me ask you about the behavior of prices in 2013 broken down by segment, of course I mean the motor segment broken down into TPL, MOD and corporations, and what will be the impact of this dynamics on written premium in 2014? What can we expect?

AK – Let's perhaps begin with a general comment that in our opinion the market will grow this year by at best 2-3%, I mean the non-life market. This is much lower than our historical growth. And now: we see a very strong price pressure when it comes to TPL, while as regards MOD we have a situation of a shrinking market due to the fact that some clients give up their MOD. In particular, we see this in a situation where someone has a 5-year-old car, has been changing a car every year and suddenly decides not to change a car and either purchases no MOD at all or purchases very limited MOD. So this is a situation in which, like I said, we have a different value of the insured object and sometimes also a different coverage. So here I wouldn't expect any gigantic boom in the motor insurance market unless my competitors, or rather our competitors, get a little bit smarter. On the corporate side, as regards TPL, some competitors are acquiring fleets for so exorbitantly low prices that we can only wish them the best of luck and it would be good if they remembered what was going on a few years ago, because the nature of TPL, especially for new players, is such that during the first 2-3 years you don't see the actual loss ratio, especially in fleets and trucks, that is those that are driven outside of Poland. The interesting thing is that in non-motor insurance there is no such strong pressure when it comes to prices.

KS – I've heard such a comment, I believe from one of you: decreases in motor, price decreases in motor insurance by ten percent.

PD – Excluding ourselves, excluding PZU, such are our estimates on average.

KS – And what would it look like broken down between corporate and retail business?

AK – More in the corporate business.

KS – My last question concerning bonds: why won't you decide on an issue that would be compliant with Solvency 2 or with the requirements of SNP, meaning a longer security, which would close the subject?

AK – No, no, ladies and gentlemen, it's not about maturity, whether it be 30 or 10 non-call 5. It's about a certain kind of process. I mean, in accordance with Polish law, we have quite a funny situation where the insurer, or a financial institution, is supposed to issue the security first and only then apply to the regulator for approval that these funds may be included in the capital position. At this point in time, from what I understand, the Polish regulator, or Chairman Kwaśniak, has said that there's no legal possibility of recognizing bonds issued directly by an insurance company as part of its capital, because indeed there's an error in insurance law. We are conducting certain discussions, or rather we have proposed a certain solution regarding bonds not listed, not denominated in the Polish zloty, but we haven't received any response yet. Ladies and gentlemen, I would put it like this: for now, this additional dividend of 1.3 billion is something we will discuss in 9 months, which is slightly little less than a year. I hope that by then we will have a clear picture regarding the bonds. We wanted to issue debt for the very simple reason that we are of the opinion that the window, when it comes to the market situation in which everybody is eager to purchase such instruments, especially from an institution like PZU, may close relatively fast, I mean fast, nobody knows when, but it may close. So from our perspective it's better to have capital rather than look for it when we need it badly, because then it would cost us twice as much.

Piotr Palenik of ING – If I may. I have a question regarding gains on debt instruments, which in this quarter, despite the relatively stable situation in the bond market, were quite a lot in excess of PLN 200 million. My question is: why such relatively large gains on this portfolio? And I'm not talking about interest but about gains and restatement of value. And my second question is: why did the HTM portfolio decrease by PLN 5 billion and, possibly, did it have any impact on the results? I understand that this was either sold or reclassified to other portfolios, so my question is: what's the reason for this large change over the quarter?

AK – As regards the first part, Mr. Dąbrowski will answer you soon. And as regards the second part, the point is that we can't legally shift anything from HTM anywhere else. Quite simply, the situation is such that in the second part of 2013, almost 6 billion worth of our held-to-maturity securities matured. Bonds were simply redeemed and that's it. That's why we sort of decided to reduce our HTM portfolio by a small portion. And now the first part.

PD – It's not just gains on State Treasury bonds. What we also had there were debt transactions in the corporate market. On aggregate, they all generated such gains. I would now have to go into details, but we don't disclose such information.

PP – But how recurring is it if we're talking about some other transactions rather than ordinary restatement?

PD – If, in accordance with our information policy, if we were able to assess how non-recurring they are, such information would have appeared in the table. On the other hand, of course, is hard for me to say. We are not talking about a coupon in this context but about certain transactions associated with the restructuring of financing arrangements. But whether or not we are able to repeat that every quarter, I can't quantify this type of issue. From the point of view of the Group's overall result, the impact of this is just not very significant.

AK – If you want to estimate and calculate it somehow, then I would have a suggestion for you to look at large transactions where debt, or a debt instrument, is an important part of the transaction, and we're talking about large transactions with either blue chip companies or deals where there's adequate collateral. In such transactions, you can assume that PZU will be there. That's it. Ladies and gentlemen, thank you very much. Once again, I would like to remind you of a few things you may expect to take place in the next few weeks. Firstly, around mid-April, I think the Management Board will adopt, I mean the Management Board must adopt, a resolution on the distribution of profit for 2013, but I think everything's clear in this respect. Secondly, you may expect that by the end of the summer we should have a strategy for the next four years, discussed both within the Management Board and with the Supervisory Board, and once we have it, we will pass it on to you. You should also remember that the Shareholder Meeting this year will be held much earlier than in the previous years. We simply want to let you go on vacation. So the dividend will be paid according to the longest possible deadline provided for by the Commercial Companies Code, which means that we will disburse the dividend three months after the completion of the Shareholder Meeting, meaning somewhere at the end of August, if I remember well, rather than at the end of September or the beginning of October. And one last thing: you can probably also expect some announcements regarding our credit rating. For now, it's a very good rating. No, I can't. It's a sort of... [from the audience: Downgrade?] It's not an option. No, you see, it's a simple matter, well, after all you are intelligent people, Poland has been downgraded in euros, right? And we are in the process of evaluating our company. Is that clear? Cool, thanks once again and thank you for your attendance and participation in such a large number. Thanks. Goodbye.