

OPEN PENSION FUNDS
IN POLAND 2003

Table of Contents:

Key information	3
Efficiency of the Investment Operations of OFE	4
Legal Rate of Return	5
Contributions	6
Net assets	7
Decomposition of the increase in net assets.....	8
The Investment Portfolio	9
Shares in the Portfolio	10
Member Accounts.....	11
Number of members.....	12
Transfers	13
Financial Results of Open Pension Funds	14
Capital and Reserves of Pension Societies	15
Financial Results of Pension Societies.....	16

Key information

Legal Environment

- Entry into force of the Act of 27th August 2003 *modifying the Act on the Organisation and Operation of Pension Funds and certain other Acts*. The Act came into force in October 2003, but certain provisions shall enter into force at later dates.
- Entry into force of the Act of 23rd July 2003 *on the Assumption by the State Treasury of Obligations of the Social Security Institution with respect to Open Pension Funds*. On its basis, in November and December 2003 pension funds received bonds with a value of PLN 387 million.
- Continuation of work aimed at introducing new pension savings opportunities under Individual Pension Accounts (IPA).

Market Consolidation

- Taking over by PKO BP of successive shares of the Pension Society PKO/Handlowy S.A. As a result, PKO BP became the sole owner of the society.
- Completion of the process of taking over the PTE BIG BG S.A. by the PTE Skarbiec-Emerytura S.A. As a result, the OFE {ego} was absorbed by the OFE Skarbiec-Emerytura.

The Market in Numbers

- The value of the accounting unit increased on average by 10.9%.
- The Social Security Institution (ZUS) transferred PLN 10.3 billion of contributions to the open pension funds (OFE), while the Budgetary Act had initially provided for the transfer of PLN 11.4 billion.
- The number of members of pension funds reached PLN 11.5 million.
- The value of net assets of pension funds exceeded PLN 44.8 billion.
- The financial result of OFE rose by 26%, attaining PLN 4 billion.
- 13 of the 16 pension societies (PTE) generated profits.

Efficiency of the Investment Operations of OFE

The efficiency of open pension funds in 2003, measured applying the rate of return per accounting unit, equalled nearly 11% on average. The corresponding figures for the period 2000-2002 were 13.1%, 7.3% and 13.6%.

The investment results attained by OFEs in 2003 were similar, although the OFE Polsat performed best

One should point out the small differences between results attained by various entities. In 2003 the difference between the OFE Dom, which came second, and the OFE Kredyt Banku, which was ranked last, was less than 2.5 percentage points. During this period, the OFE Polsat was by far the best, and its accounting unit increased in 2003 by 16.8%.

The low position of the OFE Commercial Union, which until recently has ranked amongst the leaders in rate of return breakdowns, is worth noting; in the previous year it achieved a unit increase of under 10%, which placed it third from last. This does not mean, however, that the results of the OFE Commercial Union vary markedly from the market average - the difference did not exceed 1 percentage point.

Table 1. Value of Accounting Units of OFE (PLN)

Name of the Open Pension Fund	31-12-2002	31-12-2003	Annual rate of return (%)
AIG	14.55	16.28	11.9
Allianz Polska	15.29	16.96	10.9
Bankowy	15.62	17.34	11.0
Commercial Union	16.00	17.59	9.9
Credit Suisse L&P	15.42	16.94	9.9
DOM	15.82	17.74	12.1
Ergo Hestia	15.84	17.44	10.1
Generali	15.70	17.59	12.0
ING N-N Polska	16.72	18.62	11.5
Kredyt Bank	13.58	14.90	9.7
Pekao	14.52	16.03	10.4
Pocztylion	14.68	16.21	10.4
Polsat	16.10	18.80	16.8
PZU Złota Jesień	15.73	17.57	11.7
Sampo	16.54	18.37	11.1
Skarbiec-Emerytura	14.85	16.44	10.7
Weighted average			10.9

Source: KNUiFE database

Once again, the result of the OFE Kredyt Banku was weak

The OFE Kredyt Banku came last in the breakdown for 2003. The investment results of this Fund have been unsatisfactory for a long time now. The low efficiency of its investment operations was further confirmed by the lowest value of the accounting unit on the market.

Legal Rate of Return

Pursuant to the *Act on the Organisation and Operation of Pensions Funds*, KNUiFE calculates the weighted and minimal required rate of return for all open pension funds for the preceding 24 months on a quarterly basis. Results for the two-year rate of return (weighted average) have displayed considerable diversification in 2003, ranging from 26% to 38.8%.

The highest legal rate of return (weighted average) of any open pension fund in 2003 was 38.8%

Particular attention should be paid to results attained up to September 2003, when the average rate of return attained a record value of 38.8%. During this period, the accounting unit of the OFE Bankowy increased by 53.6% (42.2% excluding supplementary payments); this, too, was the highest growth hitherto noted. The members of this fund owe this result mainly to the supplementary payments made by the PTE during the period from July 2001 to April 2002.

Table 2. Legal Rates of Return of open pension funds (%)

Name of the Open Pension Fund	30-03-2001 31-03-2003	29-06-2001 30-06-2003	28-09-2001 30-09-2003	31-12-2001 31-12-2003
AIG	25.6	32.1	36.6	26.9
Allianz Polska	27.6	33.4	36.1	26.8
Bankowy	35.6	42.0	53.6	30.3
Commercial Union	24.1	30.3	36.0	22.9
Credit Suisse L&P	22.7	26.7	30.5	21.0
DOM	16.5	24.8	36.0	23.5
Ergo Hestia	20.8	28.3	33.8	24.3
Generali	23.4	31.1	38.6	26.2
ING N-N Polska	29.8	37.8	44.4	30.1
Kredyt Bank	15.9	20.6	22.6	20.2
Pekao	22.5	25.5	29.7	18.2
Pocztylion	16.5	22.8	31.7	21.3
Polsat	24.7	31.6	42.4	29.4
PZU Złota Jesień	29.8	36.6	40.7	27.8
SAMPO	29.4	35.1	40.7	27.8
Skarbiec-Emerytura	17.1	22.4	33.1	23.4
Weighted average	26.3	33.0	38.8	26.0

Source: KNUiFE database

The results of OFE will depend to an increasing extent on developments on the share market

It would be difficult to expect the attainment by OFE of similar results in the near future. The high profitability of the debt side of the OFE's investment portfolio, which was observed in 2002 and in the 1st half of 2003, is practically unrepeatable. Positive forecasts concerning developments on the share market do, however, give some hope for considerable profits on investments. This is conditioned by the rapid development of the market, which would serve to improve its depth and liquidity. This depends on the influx to the stock exchange of the shares of new companies, in particular those currently owned by the State Treasury.

Contributions

In 2003, Open Pension Funds received nearly PLN 10.3 billion from the Social Security Institution

Contributions transferred to the OFE are increasing systematically. In 2003, the Social Security Institution (ZUS) transferred a total sum exceeding PLN 10.3 billion to the Funds. The corresponding figures for the period 2000-2002 were PLN 7.6 billion, PLN 8.7 billion and PLN 9.5 billion. However, these sums were always smaller than provided for by Budgetary Acts, and this has resulted in the generation of considerable arrears.

In 2003, the Social Security Institution transferred on average nearly PLN 860 million to OFEs per month. However, differences between individual months were sizeable. The largest sum - in excess of PLN 1.3 billion - was transferred in July 2003. In the next month, transfers totalled PLN 440 million less. Such considerable differences may to a certain extent make it difficult for the managements of funds to effectively invest new resources.

Table 3. Contributions transferred to OFE in 2003 (millions of PLN)

Name of the Open Pension Fund	Contributions	Interest *
AIG	902.7	11.4
Allianz Polska	281.1	3.2
Bankowy	304.8	4.2
Commercial Union	2,887.7	37.3
Credit Suisse L&P	264.4	3.3
DOM	171.5	2.3
Ergo Hestia	205.3	3.3
Generali	319.4	4.6
ING N-N Polska	2,222.9	27.9
Kredyt Bank	68.7	0.9
Pekao	178.6	2.6
Pocztylion	244.2	3.4
Polsat	43.8	0.5
PZU Złota Jesień	1,388.6	19.5
SAMPO	293.3	4.2
Skarbiec-Emerytura	381.2	5.0
{ego}	0.5	0.0
Total	10,158.7	133.8

Source: KNUiFE database

* by way of the overdue transfer of contributions

In November 2003, the Social Security Institution commenced the settlement of its arrears with respect to OFEs

It should be noted that pension funds had already started to receive resources as part of the settlement of the Social Security Institution's arrears. In accordance with the approach adopted, the arrears were assumed by the State Treasury and shall be settled in the form of bonds. The first portions of bonds were transferred to Open Pension Funds in November and December 2003, and their total value amounted to PLN 387 million. According to estimates, the arrears of the Social Security Institution may even be as high as PLN 10 billion. Pursuant to provisions already in force, these liabilities are to be settled by 2006.

Net assets

In 2003, the net assets of pension funds increased by PLN 13.3 billion

The total net assets of pension funds increased in 2003 by nearly PLN 13.3 billion. Similar growth was observed in 2002, when the net assets of open pension funds increased by 12.2 billion. The corresponding figures for the period 2000-2001 were PLN 7.7 billion and PLN 9.5 billion.

On average, net assets increased in 2003 by 42%, with considerable disproportions between individual funds. The largest growth was attained by the OFE Skarbiec-Emerytura, the net assets of which increased by 112%. This results from the taking over of the assets of the OFE {ego} at the beginning of the year. Excluding from the calculation the net assets of the OFE {ego} as at the end of 2002, we may observe that actual growth totalled only 34%, i.e. it was penultimate. The increases in assets attained by OFE Ergo Hestia (65%), OFE Sampo and OFE Credit Suisse (both 50%) are worth noting.

Table 4. Net Assets of open pension funds (millions of PLN)

Name of the Open Pension Fund	31st December 2002	31st December 2003	Increase (%)
AIG	2,696.2	3,833.9	42.2
Allianz Polska	839.7	1,210.8	44.2
Bankowy	967.9	1,368.1	41.3
Commercial Union	9,059.6	12,710.5	40.3
Credit Suisse L&P	761.6	1,143.9	50.2
DOM	545.0	749.7	37.6
Ergo Hestia	555.3	915.4	64.8
Generali	1,057.8	1,481.5	40.1
ING N-N Polska	6,996.2	10,046.9	43.6
Kredyt Bank	214.0	264.2	23.5
Pekao	517.0	722.0	39.7
Pocztylion	658.5	937.5	42.4
Polsat	126.5	181.8	43.7
PZU Złota Jesień	4,448.6	6,272.7	41.0
Sampo	914.5	1,374.9	50.3
Skarbiec-Emerytura	764.0	1,619.5	112.0 (34.3)
{ego}	442.3	-	-
Total	31,564.6	44,833.1	42.0

Source: KNUiFE database

The smallest increase in net assets in 2003 was achieved by the OFE Kredyt Banku (23%). Growth slightly under 40% was also recorded by the OFE Dom and OFE Pekao.

One may expect the absolute increase in net assets in 2004 to be even greater, this in connection with the settlement of a large part of the arrears of the Social Security Institution with respect to open pension funds.

Decomposition of the increase in net assets

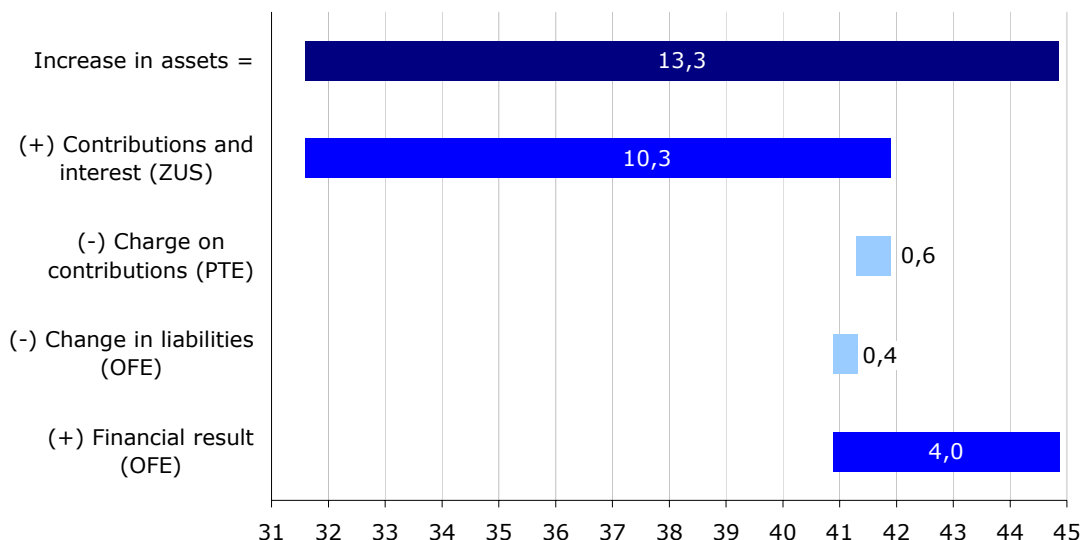
In 2003, the scale of growth of net assets was conditioned by the contributions and financial results of open pension funds

The increase in net assets of open pension funds by nearly PLN 13.3 billion in 2003 can be attributed to a number of factors. The most important of these continues to be the amount of resources transferred by the Social Security Institution. Second in terms of significance are the financial results of individual open pension funds.

Resources transferred by the Social Security Institution continue to exert the greatest influence on the growth of net assets. The pension system is still developing and thus during the next few years flows connected with membership contributions will continue to account for the majority of asset increases.

The importance of financial results achieved by fund managements is growing from year to year. The total financial result of open pension funds for 2003 totalled just under PLN 4 billion.

Figure 1. Decomposition of the increase in OFE's net assets (bln PLN)



Source: KNUiFE database, Social Security Institution

The most significant factor lowering the value of net assets are the fees administered by societies. In 2003, PTEs received in excess of PLN 600 million by way of fees. It should be noted that the OFEs also incur other charges in favour of PTE, but these costs are included in the profit and loss statement, and thereby influence the financial results of pension funds.

The final factor which significantly influences the growth of net assets is the change in the balance of liabilities. In 2003, the value of this category in the balance sheet of open pension funds increased by approx. PLN 400 million, thus lowering the sum of net assets.

The Investment Portfolio

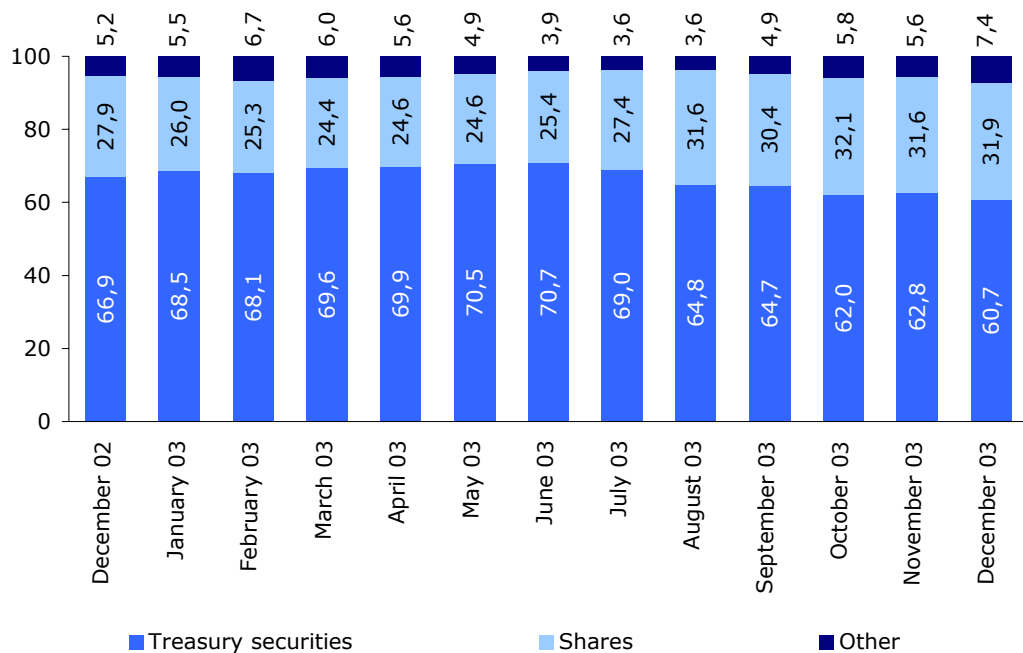
Pension funds are attempting to adapt the structure of their investment portfolios to the situation on the financial market. The appropriate allocation of resources to various categories of financial instruments makes it possible to limit investment risk and increase the profitability of the entire portfolio.

The financial market underwent considerable change in 2003. The trend on the debt securities market, which hitherto had ensured exceptionally high rates of return, was reversed. Increases returned, however, to the stock exchange.

The year 2003 witnessed a marked rise in interest in the share market

When analysing the structure of the portfolio of Open pension funds in 2003, one should note the change in proportions between shares and bonds. In the first half of the year, engagement in treasury bonds continued to increase at the expense of shares. During the second half of the year, rising stock exchange indices – despite temporary corrections – encouraged Open pension funds to make bolder purchases.

Figure 2. Structure of the Investment Portfolio of Open Pension Funds



Source: KNUiFE database

While in the 2nd quarter shares accounted for approximately 25% of the portfolio of Open Pension Funds, subsequent investment decisions have resulted in a situation where nearly 1/3 of the portfolio of pension funds was invested in share instruments. Taking into consideration the size of the Open pension funds market and the fluidity of the Polish market, these changes should be viewed as rather rapid and far-reaching.

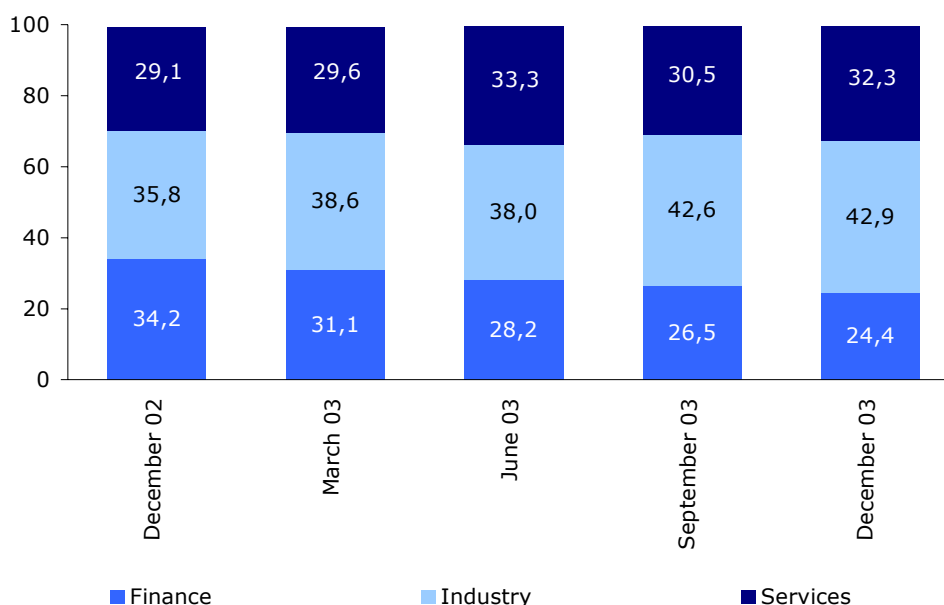
Shares in the Portfolio

In 2003, the share section of the investment portfolio of Open Pension Funds played a very important role, significantly increasing the profitability of the whole portfolio. The increase in the value of the accounting unit, totalling nearly 11%, was not due – as in previous years – to the debt section of the portfolio, but to shares.

The number of shares of companies from the industrial sector in the portfolio of Open pension funds increased, while interest in banks fell

It should be noted that those responsible for managing OFE portfolios are rather actively engaged in the allocation of resources to share subportfolios. The structure of the share portfolio at the end of individual quarters indicates that the managements of OFEs are anticipating an improvement in economic conditions in the near future. Judging by engagements in shares, the brightest perspectives are enjoyed by the industrial sector, while banks will benefit least. In 2002, the participation of shares of the financial sector was comparable with that of industrial companies (approx. 35%). At the end of 2003, the shares of financial companies constituted only 24.4% of the share portfolio, while those of industrial companies accounted for 42.9%.

Figure 3. Structure of the Share Portfolio of Open Pension Funds (%)



Source: KNUIFE database

In 2003, the interest of Open Pension Funds in the shares of companies from the services sector continued to grow, although it was not as marked as in the case of industrial companies. Due to the considerable variation in prices of shares of IT companies, their share in the portfolios of Open Pension Funds is subject to considerable fluctuation.

Member Accounts

As at the end of 2003, Open Pension Funds managed nearly 12 million accounts

The number of accounts managed by Open Pension Funds increased during 2003 by under 500 thousand, nearing the 12 million mark.

For the market as a whole, the number of accounts increased in 2003 by 4.3%, but differences between individual funds are clearly visible. On the one hand there are funds that have achieved a two-digit increase in the number of accounts (OFE AIG 11.7%, OFE Sampo 19.5%). Other funds, however, have experienced a sizeable reduction in the number of accounts (OFE Polsat -9.3%, OFE Kredyt Banku -8.5%).

Table 5. Accounts Operated by Open Pension Funds

Name of the Open Pension Fund	31st December 2002	31st December 2003	Increase (%)
AIG	881,671	984,854	11.7
Allianz Polska	242,054	254,273	5.0
Bankowy	406,524	419,631	3.2
Commercial Union	2,505,908	2,557,527	2.1
Credit Suisse L&P	379,805	411,296	8.3
DOM	273,301	266,590	-2.5
Ergo Hestia	432,526	464,805	7.5
Generali	395,329	406,348	2.8
ING N-N Polska	1,856,897	1,996,914	7.5
Kredyt Bank	183,889	168,292	-8.5
Pekao	300,866	298,441	-0.8
Pocztylion	484,796	488,385	0.7
Polsat	166,642	151,094	-9.3
PZU Złota Jesień	1,813,114	1,896,689	4.6
SAMPO	454,066	542,519	19.5
Skarbiec-Emerytura {ego}	431,522	659,501	52.8 (-4.6)
{ego}	259,536	-	-
Total	11,468,446	11,967,159	4.3

Źródło: Baza danych KNUIFE

In 2003, the greatest increase in the number of accounts - in excess of 50% - was attained by the OFE Skarbiec-Emerytura. This is due to its merger with the OFE {ego}. If we include the accounts of the OFE {ego} from December 2002 in the calculation, we will see that in 2003 the OFE Skarbiec-Emerytura lost 4.6% of accounts.

The number of so-called inactive accounts has fallen slightly

It is also worth noting the so-called inactive accounts, i.e. those into which no contributions have been paid. In 2003, their number decreased to slightly in excess of 2 million (a decrease of 3%). The number of inactive accounts of the OFE Polsat fell by 1/5. In turn, funds with the greatest number of new accounts also had the majority of inactive accounts. This may, however, be connected with delays on the part of the Social Security Institution.

Number of members

At the end of 2003, the Open Pension Funds had 11.5 million members

Records of members of pension funds are kept by the Social Security Institution. In accordance with data transferred by the Institution, at the end of December 2003 OFEs had a membership of just under 11.5 million. This represents an increase of 470 thousand in comparison with the previous year.

In 2003, the increase in the number of members totalled 4.3% for the entire market. As in the case of the number of accounts, differences in membership increases are clearly visible between funds.

Table 6. Number of Members of Open Pension Funds

Name of the Open Pension Fund	31st December 2002	31st December 2003	Increase (%)
AIG	850,421	938,839	10.4
Allianz Polska	233,513	245,284	5.0
Bankowy	383,743	395,444	3.0
Commercial Union	2,488,545	2,540,530	2.1
Credit Suisse L&P	338,155	367,916	8.8
DOM	245,140	239,793	-2.2
Ergo Hestia	358,602	397,907	11.0
Generali	376,585	380,385	1.0
ING N-N Polska	1,832,793	1,966,603	7.3
Kredyt Bank	154,803	140,816	-9.0
Pekao	292,477	290,434	-0.7
Pocztylion	448,534	452,376	0.9
Polsat	127,306	123,581	-2.9
PZU Złota Jesień	1,786,728	1,866,692	4.5
SAMPO	442,830	510,090	15.2
Skarbiec-Emerytura	389,527	606,595	55.7
{ego}	240,114	-	-
Total	10,989,816	11,463,285	4.3

Source: Social Security Institution

Increases in membership are not always connected with the results of funds

The largest increases in membership or in the number of accounts are achieved by funds which pursue an active acquisition policy. Unfortunately, the investment results of funds do not always result in proportionate increases in membership. This indicates that new customers do not always attach the greatest importance to the current investment results of pension funds. Not infrequently, decisions concerning the selection of a fund are made solely on the basis of information provided by agents, and this is hardly ever objective.

Transfers

During the year, approx. 300 thousand persons switched pension funds

Pension funds are seeking new members not only amongst persons who are beginning employment, and thus starting to pay contributions. Funds view members of rival entities as a no less attractive proposition. In 2003, 296 thousand persons decided to leave their current pension fund. By way of comparison, in 2002 this number totalled 305 thousand persons. We may assume that the scale of transfers has stabilised at a level of approx. 300 thou. per annum.

The following four Open Pension Funds clearly gained the largest number of new members through transfers: Sampo, Ergo Hestia, Nationale-Nederlanden and AIG. Each of them gained in excess of 40 thou. members; in other words, out of five persons who switched pension funds, on average three turned to one of the above four funds.

Table 7. Changes in Membership

Name of the Open Pension Fund	New fund members	Departing fund members	Balance
AIG	41,901	29,078	12,823
Allianz Polska	4,865	5,179	-314
Bankowy	14,426	13,688	738
Commercial Union	8,965	37,769	-28,804
Credit Suisse L&P	23,009	12,922	10,087
DOM	2,549	11,990	-9,441
Ergo Hestia	48,056	17,240	30,816
Generali	12,551	14,774	-2,223
ING N-N Polska	44,214	20,417	23,797
Kredyt Bank	103	15,557	-15,454
Pekao	629	9,337	-8,708
Pocztylion	1,795	14,264	-12,469
Polsat	77	4,764	-4,687
PZU Złota Jesień	29,143	32,923	-3,780
SAMPO	49,892	10,123	39,769
Skarbiec-Emerytura	14,370	46,520	-32,150
Total	296,545	296,545	0

Source: Social Security Institution, National Depository for Securities

Transfer leaders: OFE Sampo and OFE Ergo Hestia

It is also worth tracing transfers on a net basis, that is taking into consideration persons departing from funds. Six funds achieved a positive balance on such changes, with OFE Sampo coming first (40 thousand members). The OFE Ergo Hestia also attained a good result (31 thou. members). The greatest number of members was lost through transfers by the OFE Skarbiec-Emerytura (32 thou. members) and the OFE Commercial Union (29 thou. members).

Financial Results of Open Pension Funds

The net profit earned by Open Pension Funds amounted to PLN 4 billion †

In 2003, OFEs generated a total net profit of nearly PLN 4 billion. In the previous year, pension funds achieved a result in the region of PLN 3.2 billion, but also had markedly smaller assets at their disposal. Taking into consideration differences in asset values, we should state that in 2003 the profitability of OFEs decreased. This results directly from the situation on the financial market, and in particular from the decreased profitability of operations on the market of debt instruments.

The greatest progress in terms of the financial result was achieved by the Polsat and Pekao Open Pension Funds (125% and 113%, respectively), but the results of the latter entity are taken with reference to the low base from 2002.

Table 8. Financial Results of Open Pension Funds

Name of the Open Pension Fund	2002	2003	Change (%)
AIG	272.9	368.8	35.1
Allianz Polska	86.7	106.8	23.3
Bankowy	123.9	121.6	-1.8
Commercial Union	791.4	1,050.5	32.7
Credit Suisse L&P	57.3	88.5	54.6
DOM	40.9	75.2	83.7
Ergo Hestia	47.7	70.6	48.0
Generali	103.1	143.6	39.3
ING N-N Polska	848.0	916.8	8.1
Kredyt Bank	15.5	22.3	44.0
Pekao	28.8	61.3	113.2
Pocztylion	49.6	80.6	62.3
Polsat	10.5	23.7	125.4
PZU Złota Jesień	480.8	590.4	22.8
SAMPO	102.3	117.8	15.2
Skarbiec-Emerytura	63.3	151.3	139.0 (47.3)
{ego}	39.5	-	-
Total	3,162.1	3,989.8	26.2

Source: KNUiFE database

The OFE Bankowy, with a net financial result decreased by 1.8%, came last in the breakdown. One should, however, take into consideration the fact that in 2002 the society managing this fund was forced to make a supplementary payment of nearly PLN 16.5 million in order to cover the deficit. This supplementary payment served to somewhat artificially improve the financial result of the OFE Bankowy.

The financial results of pension funds have converged

In 2003, smaller entities experienced improved financial results. It should be noted that their previous results were less favourable, while 2003 evened out profitability on the OFEs market. This phenomenon is confirmed by the small difference between rates of return achieved by funds in 2003..

Capital and Reserves of Pension Societies

At the end of 2003, the capital and reserves of Pension Societies totalled PLN 1.3 billion

When analysing the Open Pension Funds market, it is worth noting the financial power of entities responsible for managing pension funds. This may be effected on the basis of the capital and reserves held by Pension Societies (PTE). At the end of 2003, the total capital and reserves of Pension Societies amounted to 1.3 billion. The figure for the previous year was PLN 1.1 billion.

In 2003, the capital and reserves of PTEs increased by PLN 180 million, which represents a rise of 16%. The shareholders of the PTE PZU (PLN 67.5 million) and PTE Generali (PLN 40 million) raised their engagement the most. In the case of the latter entity, this represented an increase in capital and reserves in excess of 110%.

Table 9. Capital and Reserves of PTE (millions of PLN)

Name of the PTE	31st December 2002	31st December 2003*)	Change (%)
AIG	170.5	182.6	7.1
Allianz Polska	26.7	32.1	20.2
Commercial Union	165.2	195.0	18.0
Credit Suisse L&P	166.3	166.5	0.1
DOM	8.3	17.0	104.8
Ergo Hestia	62.8	61.7	-1.8
Generali	35.6	75.8	112.9
ING N-N Polska	210.5	188.9	-10.3
Kredyt Bank	12.5	11.2	-10.4
Pekao Pioneer	12.1	12.2	0.8
PKO/Handlowy	32.7	32.1	-2.8
Poczta Polska-Cardif	6.6	12.2	84.8
Polsat	8.7	10.8	24.1
PZU	91.0	158.5	74.2
SAMPO	30.3	31.8	5.0
Skarbiec-Emerytura	79.4	111.2	40.1
Total	1,119.3	1,299.2	16.1

Source: KNUiFE database

*) unverified data

At present, the PTE Commercial Union possesses the greatest capital and reserves (PLN 195 million). Last place in the breakdown is occupied by the PTE Polsat, the balance sheet of which contains capital and reserves of PLN 10.8 million

Financial Results of Pension Societies

Currently only three Pension Societies continue to generate losses

The number of Pension Societies achieving positive financial results is increasing with every passing year. In 2003, 13 of the 16 entities operating on the market generated a profit. In the previous year, only 8 societies had profits. The total profit of all Pension Societies also increased, nearing the PLN 240 million (the corresponding figure for the previous year was 36).

The profit leader for 2003 was the PZU Pension Society, with a net profit exceeding PLN 67.5 million. In the preceding year, this entity attained a result of PLN 4.4 million. Worth noting is the fall in profits of societies managing the largest pension funds, namely of PTE Commercial Union and PTE ING Nationale-Nederlanden. This is connected with the fall in receipts by way of fees paid by members.

Table 10. Financial Results of PTE (millions of PLN)

Name of the PTE	2002	2003 *)
AIG	21.4	12.1
Allianz Polska	0.2	5.4
Commercial Union	57.7	49.9
Credit Suisse L&P	4.5	0.2
DOM	-25.5	4.7
Ergo Hestia	-11	-1.2
Generali	6.4	40.2
ING N-N Polska	60	39.2
Kredyt Bank	-20.3	-1.4
Pekao Pioneer	-3.6	0.2
PKO/Handlowy	-21.1	-0.8
Poczta Polska-Cardif	-9.5	0.6
Polsat	-1.4	2.1
PZU	4.4	67.6
SAMPO	3.4	1.5
Skarbiec-Emerytura	-29.6	17.8
Total	36.0	238.1

Source: KNUiFE database

*) unverified data

The financial situation of societies has improved, but the shareholders of certain Pension Societies will not see a return on invested resources for a considerable time yet

The improved financial situation of Pension Societies results from a radical reduction of costs. At present, only a few PTEs fail to generate profits. We may expect that in 2004 all of these entities will earn a profit. It is, however, worth noting that in previous years societies incurred considerable losses, and for many these may be difficult to cover. The shareholders of a number of Pension Societies will have to wait for a return on invested resources for a few, or even a dozen or so years. In consequence, initiatives aimed at consolidating smaller entities are being put forward on the market.

