

OFFICE OF THE INSURANCE
AND PENSION FUNDS SUPERVISORY COMMISSION

OPEN PENSION FUNDS MARKET 2005

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Key information

Size of market in numbers

- 11.7 million – number of open pension funds members;
- PLN 14 billion – amount of contributions transferred by the Social Insurance Institution (ZUS), 20% higher than last year;
- PLN 86.1 billion – net value of OFE assets, 40% higher than last year;
- PLN 10.3 billion – OFE financial result, almost 50% higher than last year;
- 15% - average increase in the value of an accounting unit, the best annual result ever achieved by OFE; 12 out of 15 pension societies have obtained a positive financial result.

Market consolidation

- In June Nordea purchased PTE Sampo. The transaction is expected to be finalized by the end of this year. The OFE and PTE names are to be changed in the first half of 2006.
- In autumn 2005, PTE Winterthur applied to the Insurance and Pension Funds Supervisory Commission for taking over OFE DOM management.
- BRE Bank S.A. concluded with PTE PZU a conditional contract for the sale of PTE Skarbiec-Emerytura (PTE Skarbiec-Emerytura is owned by BRE Bank S.A.) The sale depends on the consent of the Insurance and Pension Funds Supervisory Commission.
- Possible merger between Pekao and BPH banks will result in the necessity to sell one of the managed funds. Pekao has 65% of shares of PTE Pekao Pionier, whereas BPH owns 10% of shares of PTE Commercial Union BPH CU WBK.

Legal environment

- Pursuant to the Ordinance of the Council of Ministers of 13 September 2005 on Pension Fund Deposits, the open OFEs were to be granted a possibility to secure their investment risk through conclusion of future transactions, option contracts and swap transactions. The Ordinance was

to enter into force on 1 January 2006. However, as early as in December 2005, the Council of Ministers revoked the Ordinance that had been adopted in September, so that investments of the OFEs assets in derivatives was prevented.

- According to the regulations that came into effect as of 28 June the members of all open pension funds receive the same information on their account balance and its value. The regulations that were binding so far specified only the necessary content of information.

Market environment

- The General Pension Fund (PTE) and OFE Credit Suisse Life & Pension have assumed the name Wintherthur again.
- The Polish authorities intend to renegotiate with the UE the method of classification of resources gathered by the open pension funds. Poland will endeavour to recognize the pension funds permanently and ultimately as a part of the public finance sector.
- The ZUS was put under obligation to submit to the pension funds lists with personal data of the clients who are not covered by social insurance but concluded the contract with the OFEs before 1 April 2004. Upon receipt of the list from the Social Insurance Institution, the OFEs will check whether there are resources on the accounts of the indicated persons or not. Then, within 30 days from the date on which the list was submitted by the ZUS, the funds will close the so called inactive accounts and would inform their clients thereof.

Effectiveness of OFE investment activity

The value of an accounting unit increased nearly by 15%

In 2005 the weighted average value of an accounting unit increased by 15%. A year ago the increase did not exceed 14%, however, it should be noted that in 2005 the inflation was lower than in the preceding year. It means that the real investment results of the funds improved enough to turn the year 2005 into the best period of OFEs six-year activity.

As compared with 2004, the differences of results among the individual funds did not change significantly. The difference in the annual rate of return between ING Nationale-Nederlanden having the best rank and Allianz Polska having the lowest rank only slightly exceeded 5%.

In 2005 the largest pension funds achieved much better results than in the preceding year. The increasing market liquidity and good economic tendencies allowed the two largest funds to generate results above the market average.

Table 1. Values of OFEs accounting units (PLN)

OFE	31 December 2004	30 December 2005	Rate of return (%)
AIG	18.71	21.71	16.0
Allianz Polska	18.98	21.11	11.2
Bankowy	20.10	22.58	12.3
Commercial Union	19.95	23.04	15.5
DOM	20.58	23.54	14.4
Ergo Hestia	19.92	22.59	13.4
Generali	20.28	23.27	14.7
ING N-N Polska	21.16	24.62	16.4
Pekao	18.71	21.00	12.2
Pocztylion	18.51	21.21	14.6
Polsat	21.42	24.44	14.1
PZU Złota Jesień	20.09	22.85	13.7
Sampo	20.69	23.50	13.6
Skarbiec-Emerytura	18.75	21.44	14.3
Winterthur	19.66	22.44	14.1
Weighted average			15.0

Source: The Insurance and Pension Funds Supervisory Commission

Values of the units of all funds exceed PLN 20

As of 2005 the accounting units of all pension funds exceeded the value of PLN 20, whereas in the preceding year such situation occurred only in seven funds. It means that pension funds needed more than 6 years to double the value of their accounting units. It is worth noting that the people responsible for the pension system reform implemented in 1999 did not expect such a pace. The units of the two funds have reached almost PLN 25.

Statutory rates of return

In 2005 the Insurance and Pension Funds Supervisory Commission calculated and published the rates of return as defined in the Act on Organization and Operation of Pension Funds twice. According to the regulations that have been in force since 2004, the statutory rates of return are calculated twice a year, based on the data as of the end of March and September every year. They cover the period of the past 36 months. It is worth noting that the calculation method of the weighted average for the rate of return all funds has changed. The share of one pension fund in such a calculation was reduced to 15%. The limit applies to all largest pension funds.

The units of the funds increased on average by 12-15% annually

The average rates of return calculated in 2005 were as follows: 41% in March and 52% in September. It means that the pension funds units were increasing annually by 12-15% on the average. With a low inflation level such results should be considered very good.

Table 2.OFE rates of return (%)

OFE	29-03-2002 31-03-2005	Annually	30-09-2002 30-09-2005	Annually
AIG	43.8	12.9	55.6	15.9
Allianz Polska	38.5	11.5	44.0	12.9
Bankowy	45.8	13.4	52.4	15.1
Commercial Union	37.1	11.1	50.9	14.7
Credit Suisse L&P	38.7	11.5	50.9	14.7
DOM	42.4	12.5	55.5	15.9
Ergo Hestia	40.1	11.9	49.8	14.4
Generali	42.6	12.6	54.5	15.6
ING N-N Polska	45.1	13.2	56.3	16.1
Pekao	38.5	11.5	46.8	13.6
Pocztylion	37.3	11.1	49.7	14.4
Polsat	44.6	13.1	53.3	15.3
PZU Złota Jesień	43.0	12.7	53.3	15.3
Sampo	39.8	11.8	49.2	14.3
Skarbiec-Emerytura	37.4	11.2	48.4	14.1
Weighted average rate of return	41.5		52.5	
Minimum rate of return	20.7		26.2	

Source: The Insurance and Pension Funds Supervisory Commission

Differentiation among investment results of individual funds is insignificant

Investment results achieved by the individual pension funds did not vary much. Despite the high average rates of return, the difference between the best and the worst fund exceeded slightly 10 percentage points over the period of three years.

Contributions

In 2005 more than PLN 14 billion were transferred to the pension funds by the Social Insurance Institution

In 2005 more than PLN 14 billion from contributions in total were transferred to the pension funds, i.e. 1/5 more than in the preceding year. This amount also includes the repayment of the part of liabilities from the period 1999-2002.

It should be noted that in 2004 the increment in the value of transferred contributions slightly exceeded 10% as compared with the preceding year. This means that higher remuneration and lower unemployment (more precisely meaning that more people were employed) have clearly a positive impact on the amount of resources transferred to pension funds.

Table 3. Contributions transferred to OFE (PLN million)

OFE	2004	2005	Change (%)
AIG	1 006.1	1 214.6	20.7
Allianz Polska	323.1	394.2	22.0
Bankowy	356.4	477.7	34.0
Commercial Union	3 134.8	3 694.9	17.9
DOM	183.0	234.4	28.1
Ergo Hestia	242.9	322.8	32.9
Generali	364.7	473.0	29.7
ING N-N Polska	2 578.7	3 167.5	22.8
Pekao	201.2	240.8	19.7
Pocztylion	278.6	311.9	11.9
Polsat	120.8	161.3	33.5
PZU Złota Jesień	1 545.9	1 865.7	20.7
SAMPO	383.5	541.7	41.2
Skarbiec-Emerytura	386.0	430.3	11.5
Winterthur	337.8	502.2	48.7
Total	11 443.6	14 033.0	22.6

Source: The ZUS

Considerable variation as regards the amounts transferred in individual months could be observed, which had also been the case in the preceding years. Open pension funds received the highest amount of resources in March and August when the Social Insurance Institution transferred more than PLN 2.2 billion onto their accounts. In July, when the amount of transfers did not exceed PLN 0.5 billion, the open pension funds received the least amount.

It should be noted that the above-mentioned amounts are the amounts transferred by the Social Insurance Institution to the pension funds. Before money is transferred onto the member account, the general pension societies deduct fees from contributions. According to the preliminary estimates, in 2005 the fees amounted to around PLN 0.8 billion. Thus, the contributions of PLN 13.2 billion were transferred onto the members accounts.

Net assets

As on the end of December 2005 the value of the pension funds assets amounted to PLN 86 billion

In 2005 the pension funds net assets increased by PLN 23.5 billion

As on the end of 2005, the OFEs had net assets amounting to PLN 86 billion, i.e their value increased by almost PLN 23.5 billion within the preceding 12 months

In 2005 the value of the OFEs assets increased by more than 37% on the average, however, it is worth noting that for certain funds the increase in assets considerably differed from the average. On the one hand three funds may be indicated with assets considerably increased above 40%. In 2005 this group included OFE Winterthur (increase by almost 2/3), OFE Ergo Hestia (increase by 1/2) as well as OFE Sampo (increase by almost 45%). These results were achieved mainly because of an intensified marketing policy which lead to an increase in the number of funds members above the average. In this case it is very important to solicit members from among the clients of rival funds, as such members bring to the newly chosen funds the capitals collected in the previous years. In all of the three above-mentioned funds a clearly positive balance of member transfer could be observed.

Table 4. OFEs net assets (PLN million)

OFE	31 December 2004	30 December 2005	Change (%)
AIG	5 335.0	7 300.8	36.8
Allianz Polska	1 670.5	2 200.3	31.7
Bankowy	1 985.7	2 749.3	38.5
Commercial Union	17 371.1	23 457.7	35.0
DOM	1 011.2	1 342.0	32.7
Ergo Hestia	1 343.6	2 010.8	49.7
Generali	2 101.4	2 935.4	39.7
ING N-N Polska	14 079.0	19 655.1	39.6
Pekao	1 013.8	1 351.0	33.3
Pocztylion	1 308.5	1 739.8	33.0
Polsat	558.8	751.6	34.5
PZU Złota Jesień	8 695.1	11 757.1	35.2
Sampo	2 169.6	3 141.1	44.8
Skarbiec-Emerytura	2 029.6	2 456.7	21.0
Winterthur	1 954.1	3 230.2	65.3
Total	62 626.9	86 078.8	37.4

Source: The Insurance and Pension Funds Supervisory Commission

The OFE Skarbiec – Emerytura, whose net assets increased by 1/5, can be found on the other side of the list. Such a relatively poor result was caused by the fact that some of its clients decided to change this fund. Although the investment results corresponded to the market average, this distance could not be eliminated.

Restructuring of the increase in net assets

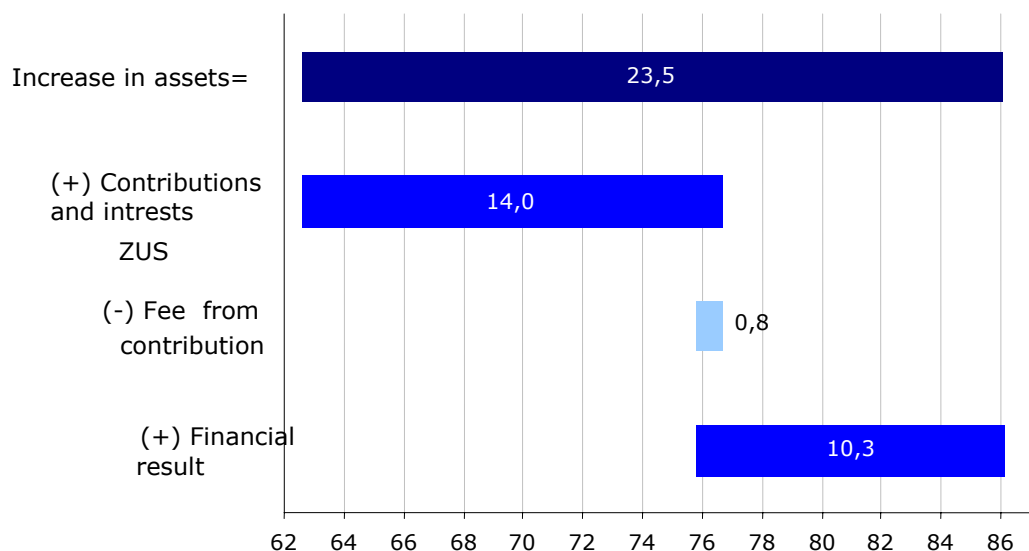
The difference between the amount of contributions transferred by the ZUS and OFE financial result is becoming less significant

In 2005 the pension funds net assets increased by PLN 23.5 billion. The major share of this amount includes the new contributions transferred by the ZUS to the OFEs. As a result of such transfers, in 2005 the OFEs received more than PLN 14bn. Traditionally, the amounts of transfers increases every year. In 2005 such an increase was additionally caused by the repayment of the outstanding contributions from the period 1999-2003.

In 2003 the pension funds had the highest nominal financial result in their history i.e. PLN 10.3 billion.

The fees deducted from the contributions are an important item which is not taken into consideration in the OFE financial results. In 2005 PLN 0.8 mln worth fees went to the PTE.

Figure 1 Restructuring of the increase in net assets (PLN billion)



Source: *The Insurance and Pension Funds Supervisory Commission, the Social insurance Institution*

It is worth noting that during the first years of the pension system operation the increase in assets was mainly caused by the amount of the contributions transferred, but it is likely that the situation will reverse. At present, the value of financial result is slowly getting closer to the value of contributions paid in. If prosperity prevails on the financial market, it is estimated that within 2-3 years the value of the result achieved by OFEs should exceed the value of the contributions that are paid in.

Investment portfolio

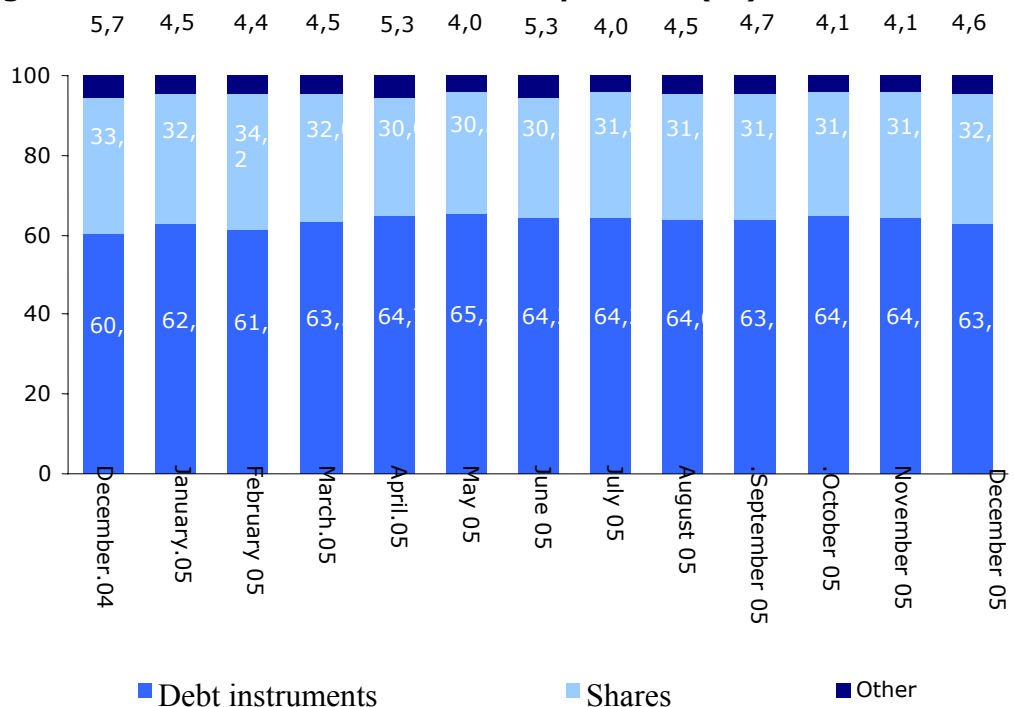
In 2005 the share of debt instruments in OFEs investment portfolios increased

The main investment categories of OFEs portfolios have remained unchanged over longer period of time. However, it should be noted that funds undertake some changes in their portfolios, while attempting to adjust to the situation on the market.

In 2005 continuous and systematic share of debt instruments in pension funds investment portfolios could be observed. Therefore, at the end of 2005 this share was higher than 63%, i.e. it increased by 3 percentage points as compared with the values achieved 12 months earlier.

In 2005 despite the fact that the market was booming, the open pension funds became less engaged in this investment category. This should be associated with the fact that the entities dealing with the funds management started to generate profits.

Figure 2 Structure of OFEs investment portfolio (%)



Source: The Insurance and Pension Funds Supervisory Commission

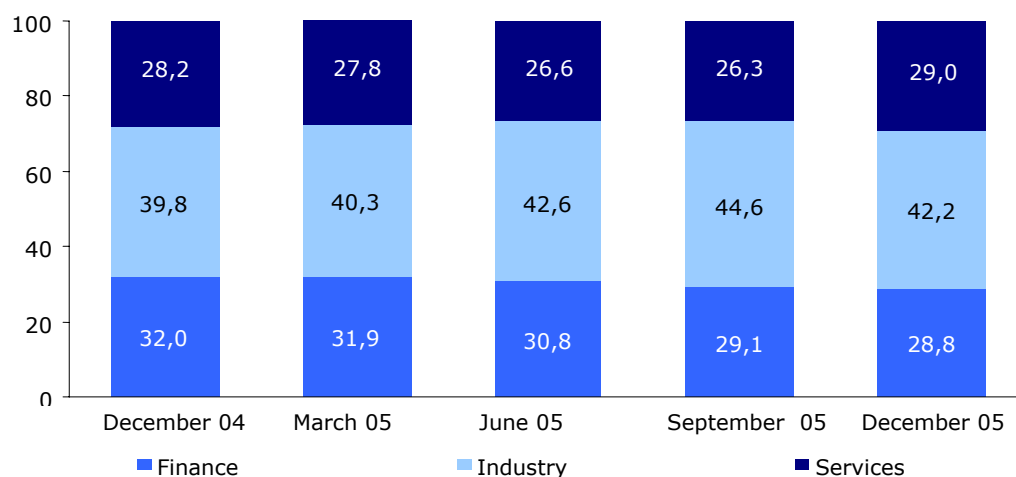
Pension funds tend to consistently implement particular investment strategies. The fact that the main investment categories have had a stable share in the investment portfolios for a longer period of time indicates that the funds generated their profits when the prices of shares and bonds on the market rose and purchased shares and bonds when the markets were in decline.

Shares in portfolio

In 2005 the OFEs engagement in the companies from industry sector increased

The pension funds have been creating their investment portfolio in a fairly consistent manner for more than two years. When observing the structure of the investment portfolio, it can be seen that the pension funds tend to become more engaged in the companies from industry sectors. Such behavior could be observed in 2005. In the early 2005 the shares of industry sector companies accounted for around 40 % of the value of portfolio shares owned by the OFEs, whereas at the end of 2005 it changed as their number accounted for more than 42% of the total value of shares. It should be stressed that in the second half of the year the interest in the industry sector companies translated into almost 45% of shares in the investment portfolio.

Figure 3 Structure of OFEs investment portfolio (%)



Source: The Insurance and Pension Funds Supervisory Commission

It should be underlined that in the mid of 2005 the OFEs involvement to the industry sector companies was reflected by the fact that their share in the portfolio was 50%. This involvement considerably dropped when the sale of PKO BP shares started at the stock exchange. It means that it is highly probable that pension funds will continue to be involved in the industry sector companies. It does not need to consist in the purchase the shares of these companies on a massive scale, but the appreciation of the values in hand may be sufficient. More substantial changes as regards the shares of individual branches in the OFEs portfolios may take place if a new big company, e.g. the Polish Insurance Company (PZU), enters the market. It may be expected that in such situation the reaction of the funds management will be similar to the reaction in 2004 when PKO BP entered the stock market for the first time.

Members accounts

As by the end of December 2005 the OFEs run more than 12.1 million accounts

At the end of November 2005 the number of accounts run by the open pension funds was lower than at the end of 2004 by almost 400 000 and it slightly exceeded the level of 12.1billion.

At the market level it was equal to a decrease exceeding 3.1%. However, this does not mean that pension funds lost this number of active members in 2005. It was mainly the result of verification conducted by the funds. Some accounts turned out to be inactive as contributions had never been transferred onto them. The funds are successively eliminating such accounts in order to reduce their costs. Besides, this operation also improves the system transparency. In 2005 pension funds closed more than one million of inactive accounts.

Table 5. Accounts managed by OFEs

OFE	31 December 2004	31 December 2005	Change (%)
AIG	1 040 619	992 601	-4.6
Allianz Polska	284 738	303 720	6.7
Bankowy	449 468	455 941	1.4
Commercial Union	2 598 684	2 592 780	-0.2
DOM	263 815	265 914	0.8
Ergo Hestia	471 546	421 376	-10.6
Generali	431 184	442 787	2.7
ING N-N Polska	2 146 060	2 240 824	4.4
Pekao	298 297	254 700	-14.6
Pocztylion	495 505	400 299	-19.2
Polsat	312 977	237 626	-24.1
PZU Złota Jesień	1 981 480	1 865 159	-5.9
SAMPO	670 211	679 362	1.4
Skarbiec-Emerytura	618 679	466 167	-24.7
Winterthur	470 524	520 046	10.5
Total	12 533 787	12 139 302	-3.1

Source: The Insurance and Pension Funds Supervisory Commission

Reduction of account number was caused by elimination of the so called inactive accounts

The greatest number of accounts was closed in the funds that managed the greatest number of inactive accounts. In the case of some funds, the elimination of inactive accounts resulted in the reduction of accounts with particularly negative transfer balance.

It should to be noted that the pension funds, apart from a million of inactive accounts closed, also gained more than 600 000 new members who wished to have their accounts in the funds.

Number of members

There were significant changes in the system regarding the register of the open pension funds members

In 2005 significant changes were introduced in the register of the open pension funds members managed by the ZUS. At the beginning of 2005 the first accounts which did not meet the requirements specified in the Article 81 of the Act of 28 August, 1997 on Organisation and Operation of Pension Funds (Dz.U. of 2004 No. 159, item 1667 as amended) were closed.

As the ZUS generated and submitted information on such accounts the OFEs, they were referred by ZUS to as "to be closed" for technical reasons. Therefore, the number of members with "correct" member status in the Central Register of the Open Pension Funds Members was significantly reduced. Upon verification and receipt of feedback information from the open funds, these accounts will be closed by the ZUS or they will receive again the "correct" status. Such process will allow to improve the pension system operation and to lower system operation costs.

Table 6. Number of OFEs members

OFE	31 December 2004	31 December 2005	Change (%)
AIG	992 408	976 267	-1.6
Allianz Polska	274 907	292 563	6.4
Bankowy	424 148	433 185	2.1
Commercial Union	2 576 777	2 562 948	-0.5
DOM	234 922	241 498	2.8
Ergo Hestia	405 251	372 226	-8.1
Generali	402 389	415 408	3.2
ING N-N Polska	2 110 172	2 210 455	4.8
Pekao	289 026	241 649	-16.4
Pocztylion	453 701	357 261	-21.3
Polsat	259 844	235 002	-9.6
PZU Złota Jesień	1 942 978	1 824 403	-6.1
SAMPO	626 215	631 333	0.8
Skarbiec-Emerytura	567 391	461 802	-18.6
Winterthur	419 336	464 737	10.8
Total	11 979 465	11 720 737	-2.2

Source: The ZUS

At the first stage, the ZUS found that around 900 000 members did not meet the requirements specified in the Act. In the following months the verification was carried out, however, in 2005 the total number of members was reduced by 2.2% It was due to the fact that according to the preliminary data the funds acquired more than 600 000 members.

Transfers

In 2005 more than 350 000 members changed their funds

In 2005 number of member transfers between the individual funds was at the level close to the level from the preceding year and it exceeded the number of 320 000 persons. The number of transfers has remained at the same level for the past few years.

In 2005 OFE Winterthur gained the greatest number of the new members (almost 73 000). It is worth noting that this fund did not lose many clients who decided to change their fund (the number of such clients did not even exceed 13 000). With the result of net transfers corresponding to 60 000 members, it clearly ranks the first as far as the transfer beneficiaries in 2005 is concerned. OFE Winterthur gained a significant number of members from other funds in the preceding year. The next positions in the lists are occupied by: OFE Sampo, last year leader, OFE Ergo Hestia and OFE OFE PZU Złota Jesień.

Table 7. Changes in the membership

OFE	Persons joining the fund	Persons leaving the fund	Balance
AIG	26 193	34 481	-8 288
Allianz Polska	5 937	9 199	-3 262
Bankowy	15 158	9 360	5 798
Commercial Union	15 628	60 559	-44 931
DOM	2 519	9 520	-7 001
Ergo Hestia	36 750	21 786	14 964
Generali	17 380	11 534	5 846
ING N-N Polska	34 175	31 427	2 748
Pekao	3 360	7 964	-4 604
Pocztylion	637	14 572	-13 935
Polsat	233	10 751	-10 518
PZU Złota Jesień	41 713	30 175	11 538
Sampo	49 479	17 257	32 222
Skarbiec-Emerytura	871	41 147	-40 276
Winterthur	72 615	12 916	59 699
Total	322 648	322 648	0

Source: The ZUS, National Depository for Securities (KDPW)

As in the preceding year, OFE Commercial Union had the lowest transfer balance. The number of the members who left this fund is also similar to the number that could be observed in the past years.

The number of members who changed their funds and joined the OFE Sampo significantly decreased. In 2004 the fund gained the net number of members almost amounting to 77 000, while in 2005 this number amounted to slightly more than 32 000. This may result from a poorer marketing of OFE Sampo.

Lotteries

The contract with the OFE should be concluded within seven days from the date when an obligation as regards pension insurance has arisen

The ZUS allocates open pension funds for these persons who failed to conclude a contract with any fund despite the fact that they were supposed to do so within seven days from the date when such an obligation has arisen.

New rules for such lotteries have been in force for more than one year. Earlier, each fund participated in the lottery in accordance with to its share in the total number of members of all funds. At present, only the selected funds participate in the lottery – those which have generated rates of return higher than the weighted average rates during the two past accounting periods and whose assets have not exceeded 10% of the total value of all funds. All funds meeting these criteria participate in the lottery to the same extent. The lottery is carried out on the last working day of January and July every year by the ZUS.

Table 8. Persons acquiring membership through lottery

OFE	Number of OFEs members who acquired membership in the 9 th lottery	Number of OFEs members who acquired membership in 10 th lottery
	31-01-2005	29-07-2005
AIG	-	-
Allianz Polska	-	-
Bankowy	10 492	17 279
Commercial Union	-	-
DOM	10 492	17 278
Ergo Hestia	-	-
Generali	10 492	17 278
ING N-N Polska	-	-
Pekao	-	-
Pocztylion	-	-
Polsat	10 492	17 278
PZU Złota Jesień	-	-
Sampo	10 494	-
Skarbiec-Emerytura	-	-
Winterthur	-	-
Total	52 462	69 113

Source: THE ZUS

In 2005 120 000 persons became the OFEs members as a result of the lottery

In the two lotteries in 2005, more than 120 000 persons acquired the membership in the OFEs. This is 1/3 more than in the preceding year. Five funds participated in the lottery held in January and four funds participated in the lottery held in July. The number of funds participating in the lottery depends on whether the specified statutory conditions regarding rate of return and share in the market have been met or not.

OFEs financial results

In 2005 the OFEs generated the net profit amounting almost to PLN 10.3 billion

The OFEs total financial result in 2005 amounted to PLN 10.3 billion. It increased by 46% as compared with 2004, however, it should be noted that the Managements achieved such a result in the period when it had more assets.

The OFE Polsat financial result increased more than 2.5 times. This fund shows a very fluctuating increase in the financial results. In the preceding year the financial result of this fund was the lowest among all OFEs, while two years ago, as it has also been the case recently, it had one of the most substantial increases. It seems that those who manage the OFE Polsat have difficulties in creating a portfolio that could provide in steady and long-lasting increase of the financial result.

Table 9. OFEs financial results

OFE	31 December 2004	30 December 2005	Change (%)
AIG	638.7	935.4	46.4
Allianz Polska	161.2	206.7	28.2
Bankowy	244.7	277.3	13.3
Commercial Union	1 911.0	2 930.4	53.3
DOM	130.0	158.4	21.8
Ergo Hestia	151.8	207.8	36.9
Generali	256.3	347.8	35.7
ING N-N Polska	1 561.6	2 541.4	62.7
Pekao	134.1	138.0	2.9
Pocztylion	149.9	210.1	40.2
Polsat	33.9	87.6	158.5
PZU Złota Jesień	1 010.1	1 311.5	29.8
Sampo	214.8	338.8	57.8
Skarbiec-Emerytura	241.0	301.3	25.0
Winterthur	228.7	336.9	47.3
Total	7 067.7	10 329.3	46.1

Source: The Insurance and Pension Funds Supervisory Commission

In 2005 all OFEs managed to improve their financial results as compared with 2004. Pekao had the lowest increase of this indicator (2.9%). As compared with the market results a 15% increase in the OFE Bankowy financial result may not be perceived as success. To be noted: in 2004 the OFE Bankowy doubled its net profit.

Equity of the General Pension Societies (PTE)

At the end of December 2005 the PTE equity exceeded PLN 1.9 billion

The value of the PTEs equity exceeded PLN 1.9 billion at the end of 2005 and increased by almost 10% when compared with the same period in the preceding year. The value of the PTEs equity is growing mainly due to positive financial results.

Table 10 Equity of the General Pension Societies (PLN million)

PTE	31 December 2004	31 December 2005*	Change (%)
AIG	223.0	229.2	2.8
Allianz Polska	51.4	58.1	13.1
Bankowy	53.9	73.8	36.9
Commercial Union	277.7	299.0	7.7
DOM	17.9	17.5	-2.3
Ergo Hestia	80.0	75.9	-5.1
Generali	101.7	111.8	10.0
ING N-N Polska	370.4	397.1	7.2
Pekao Pioneer	28.2	36.2	28.4
Poczta Polska-Cardif	30.5	36.0	17.9
Polsat	17.0	25.2	48.4
PZU	203.8	272.8	33.9
SAMPO	14.2	19.5	37.1
Skarbiec-Emerytura	99.4	106.1	6.8
Winterthur	176.1	157.9	-10.3
Total	1745.1	1916.1	9.8

Source: The Insurance and Pension Funds Supervisory Commission

*non-audited data

ING Nationale-Nederlanden PTE S.A had the highest values of equities.

PTE ING Nationale-Nederlanden had the highest value of equity (almost PLN 400 million), as it had also been the case in the past years. The equities of the remaining three societies are maintained at the level not exceeding PLN 200 million.

These are PTE Sampo and PTE DOM that have the lowest level of equity. The balance sheets of these companies show that the value of the equity did not exceed PLN 20 million.

The PTE Polsat had the highest rate of equity increase because its value grew almost by a half within the period of 12 months.

PTEs financial results

In 2005 the PTEs generated profits amounting almost to PLN 460 million.

By the end of December 2005 the financial results of all societies amounted nearly to PLN 460 million. In the same period in 2004, the pension societies earned almost PLN 385 million. It means almost an increase of 1/5. Three societies report losses in their financial reports for 2005. It is worth noting, however, that only the loss of the PTE Winterthur is significant (PLN 8,4 million), while the losses of the two societies are marginal. It is quite obvious that societies which manage the biggest OFEs gain profits from the scale of their activity. PTEs, which have the four largest funds, receive 85% of net profits generated by all funds, while the assets of their OFEs account for less than 3/4 of funds market.

Table 11. PTEs financial results (PLN million)

PTE	31 December 2004	31 December 2005*
AIG	24.3	53.3
Allianz Polska	19.3	7.8
Bankowy	22.3	19.1
Commercial Union	119.6	131.3
DOM	0.4	-0.0
Ergo Hestia	18.3	7.9
Generali	17.3	10.1
ING N-N Polska	125.3	136.8
Pekao Pioneer	5.6	8.0
Poczta Polska-Cardif	14.9	9.6
Polsat	-18.8	8.2
PZU	45.6	68.0
SAMPO	-22.6	-0.5
Skarbiec-Emerytura	3.3	7.9
Winterthur	9.8	-8.4
Total	384.6	459.1

Source: The Insurance and Pension Funds Supervisory Commission

*non-audited data

The highest profits were reported by PTE ING N-N and PTE CU

During the first nine months of 2005 the highest profits were achieved by two PTEs which manage the largest OFEs on the market. In this period PTE ING Nationale-Nederlanden earned almost PLN 137 million, i.e. 9% more than in the preceding year. PTE Commercial Union reported a profit amounting to PLN 120 million.

The PTEs financial situation has stabilized. In the years to come further improvement of financial results might be expected.

