

Generali Poland Annual Report 2013



generali.pl



Group highlights

WRITTEN PREMIUMS



32%
P&C
premiums



68%
Life premiums

Generali Poland is one of the major insurance groups in Poland and part of the Generali Group which is one of the largest global insurance providers with 2013 total premium income of €66 billion. With 77,000 employees worldwide serving 65 million clients in more than 60 countries, the Group occupies a leadership position on West European markets and an increasingly important place on markets in Central Eastern Europe and Asia.

In CEE the Group operates through its holding company GPH in 10 countries being one of the leading insurance operators in the region.

**GROUP
OPERATING
RESULT**

+5.3%

€ **4,207**
mln

**TOTAL ASSET
UNDER MANAGEMENT**

+5.4%

€ **508**
bln

SOLVENCY I

141%



77,185
employees

Generali Poland



 GENERALI

COMPANY	Generali Towarzystwo Ubezpieczeń S.A.
HEADQUARTER	ul. Postępu 15 B 02-676 Warszawa
SHARE CAPITAL	190,31 PLN
SHAREHOLDER	Generali PPF Holding B.V.
LICENCE	5 July 1999 r.
SCOPE OF ACTIVITY	All groups of Division II*; remaining personal insurance and property insurance *indicated in the appendix to the legal act on insurance activity
MANAGEMENT BOARD (On the day of signing the financial statements)	Robert Sokołowski - Chairman of the Board Mariusz Kozłowski - Vice-Chairman of the Board Antoni Brański - Member of the Board Mark Dassui - Member of the Board On 1 April 2014, following the resolution of the Supervisory Board of 26 March 2014, Maciej Fedyna and Dariusz Jankowski were appointed to the Management Board as Members.
SUPERVISORY BOARD (On the day of signing the financial statements)	Klara Starkova Luisa Coloni Luciano Cirina Gregor Pilgram

Selected financial data: (Thousands PLN)

	2009	2010	2011	2012	2013
Gross written premium	730 512	749 978	961 621	1 056 010	970 939
Net written premium	561 202	603 749	388 814	535 202	484 496
Gross technical reserves	865 978	1 013 892	1 192 095	1 387 555	1 481 169
Net technical reserves	710 374	810 678	632 130	703 312	949 309
Investments	813 721	903 813	1 066 384	1 369 950	1 387 762
Share capital	190 310	190 310	190 310	190 310	190 310
Number of employees	588	638	711	769	763

* Provisions include estimated subrogation

COMPANY

Generali Życie Towarzystwo Ubezpieczeń S.A.

HEADQUARTER

ul. Postępu 15 B
02-676 Warszawa

SHARE CAPITAL

61 mln PLN

SHAREHOLDER

Generali PPF Holding B.V.

LICENCE

6 January 1998 r.

SCOPE OF ACTIVITY

All groups of Division I*, life insurance
*indicated in the appendix to the legal act on insurance activity

MANAGEMENT BOARD

(On the day of signing the financial statements)

Robert Sokołowski - Chairman of the Board
Mariusz Kozłowski - Vice-Chairman of the Board
Antoni Brański - Member of the Board
Mark Dassui - Member of the Board

On 1 April 2014, following the resolution of the Supervisory Board of 26 March 2014, Maciej Fedyna, Arkadiusz Wiśniewski, Dariusz Jankowski and Rajmund Rusiecki were appointed to the Management Board as Members.

SUPERVISORY BOARD

(On the day of signing the financial statements)

Klara Starkova
Luisa Coloni
Luciano Cirina
Gregor Pilgram

Selected financial data: (Thousands PLN)

	2009	2010	2011	2012	2013
Gross written premium	1 209 428	990 566	891 116	958 604	941 931
Net written premium	1 191 354	963 530	860 148	926 361	901 466
Gross technical reserves	1 897 344	1 816 261	1 826 355	2 223 591	2 736 750
Net technical reserves	1 889 817	1 807 948	1 819 069	2 217 495	2 723 330
Investments	1 883 614	1 804 780	1 823 046	2 236 167	2 733 952
Share capital	61 000	61 000	61 000	61 000	61 000
Number of employees	292	337	373	401	406

* Provisions include estimated subrogation

COMPANY	Generali Powszechne Towarzystwo Emerytalne S.A.
HEADQUARTER	ul. Postępu 15 B 02-676 Warszawa
SHARE CAPITAL	145,5 PLN
SHAREHOLDER	Generali T.U. S.A.
LICENCE	8 January 1999 r.
SCOPE OF ACTIVITY	Generali OFE management
MANAGEMENT BOARD (On the day of signing the financial statements)	Jacek Smolarek – Chairman of the Board Piotr Pindel – Member of the Board Krzysztof Zawila – Member of the Board
SUPERVISORY BOARD (On the day of signing the financial statements)	Luisa Coloni Karol Lutkowski Jarosław Mastalerz Vladimir Bezdek

Selected financial data: (Thousands PLN)

	2009	2010	2011	2012	2013
Assets under management	7 724 894	10 425 965	11 270 000	13 529 072	15 006 132
Sales revenues	92 215	94 801	92 215	86 941	95 729
Net profit / (Net loss)	24 190	40 702	24 190	25 374	(13 902)
Share capital	145 500	145 500	145 500	145 500	145 500
Number of employees	187	225	247	63	63

Historical outline

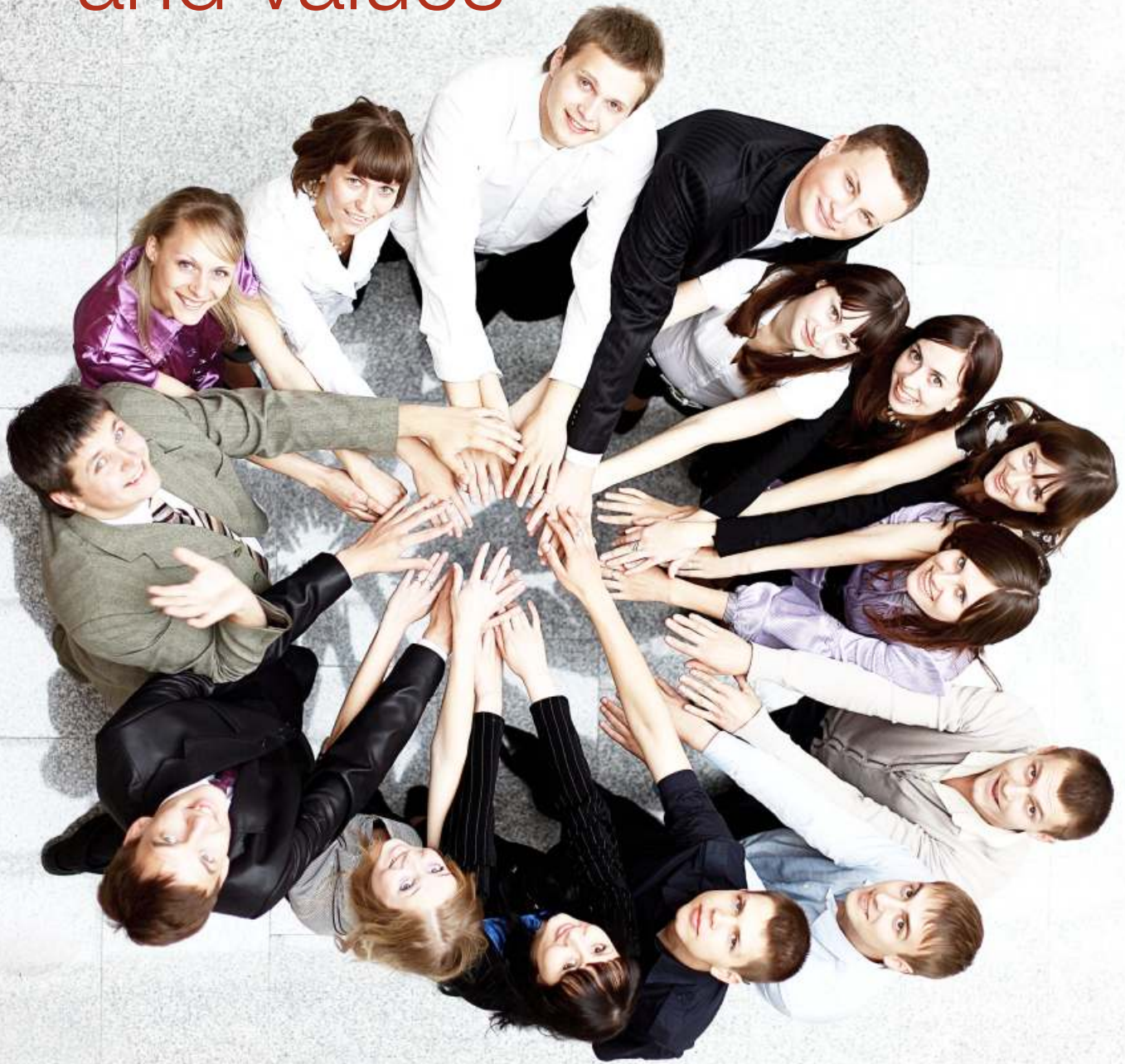


1837 r.	First Generali units on the Polish soil are established.
1925 r.	Generali obtains authorization to conduct operations on the whole territory of Poland.
1925-1939 r.	During the interwar period Generali opens its branches in all larger cities in Poland, including Lvov, Cracow, Katowice, Poznan, Lodz and Vilnius. Along with the Austrian „Erste Allgemeine Versicherung”, Generali holds significant shares in three Polish companies: „Generali Port–Polonia”, „Patria” and „Varsaviana”.
1948 r.	All private and foreign insurance companies, including Generali are divested of their right to operate in Poland.
1998 r.	Generali returns to Poland as Generali - Risk Consulting Sp. z o. o.
5.VII.1999 r.	The Ministry of Finance grants Generali the permission to conduct business activity within the scope of life insurance and other types of casualty and property insurance. Generali Towarzystwo Ubezpieczeń S.A. and Generali Życie Towarzystwo Ubezpieczeń S.A. are established.
26.III.2002 r.	Generali Holding AG and Zurich Financial Services sign the agreement according to which Generali took over two insurance companies Zurich (Zurich Towarzystwo Ubezpieczeń na Życie S.A. i Zurich Towarzystwo Ubezpieczeń S.A.) oraz Zurich Powszechnego Towarzystwa Emerytalne S.A. in charge of management of Zurich OFE.
6.XI.2002 r.	Generali Holding AG purchases shares of Zurich Towarzystwo Ubezpieczeń na Życie S.A. and Zurich Towarzystwo Ubezpieczeń S.A. oraz Zurich Powszechnego Towarzystwa Emerytalnego S.A., thus assuming ownership of these companies.
11.IV.2003 r.	Zurich Powszechnego Towarzystwa Emerytalne S.A. changes its name to Generali Powszechnego Towarzystwa Emerytalne S.A.
8.V.2003 r.	A change of name of the fund from Zurich Otwarty Fundusz Emerytalny to Generali Otwarty Fundusz Emerytalny.
I.2004 r.	Completion of the merger of Generali and Zurich insurance companies in both life and non-life segments.
1.I.2006 r.	Generali appoints Generali AutoProgram Sp. z o. o. (GAP). - a company dedicated to provide insurance services to car dealers.
XII.2006 r.	Generali Group Poland is made up of the following companies: Generali Towarzystwo Ubezpieczeń S.A. Generali Życie Towarzystwo Ubezpieczeń S.A. Generali Powszechnego Towarzystwa Emerytalne S.A. Generali Finance Sp. z o. o. Generali AutoProgram Sp. z o. o.
XI.2007 r.	Andrzej Jarczyk assumes the position of Chief Executive Officer of Generali in Poland.
I.2008 r.	Generali PPF Holding is finally established.
V.2008 r.	The Headquarters of Generali companies is relocated.

V.2008 r.	Direct sales channel kicks off.
IX.2008 r.	For the first time in history, gross written premium exceeds the threshold of 1 billion PLN.
XII.2008 r.	Top performance year for Generali Group Poland in its 10-year history. Acquisition of 1.392,1 mln PLN in premium written.
I.2009 r.	A new corporate Generali Group website is made accessible at www.generali.pl
IV.2009 r.	For the second time running, Generali OFE emerges as the winner of the prestigious ranking organized by Rzeczpospolita daily.
VI.2009 r.	The title of the best non-life insurance carrier in 2008 and the second position in the category of the best Pension Funds. Generali OFE awarded first position in Gazeta Wyborcza ranking.
X.2009 r.	For the third time running, Generali OFE is granted the first prize in a prestigious comparison prepared by Rzeczpospolita daily.
V.2010 r.	Generali is granted the „Fair Play” award of the insurance brokers industry.
VI.2010 r.	Generali wins the Student Product of the Year award in the category of Student Pension Plan.
VI.2010 r.	Generali PTE at the top of the Best Financial Institution ranking („Rzeczpospolita” 22.06.2010).
VIII.2010 r.	Generali Direct service is taken to the next level
X.2010 r.	Generali OFE is announced as the best fund according to 3-year investment return rate in a ranking by Polish Financial Supervision Authority (press release of 6.10.2010) and as the winner of Rzeczpospolita ranking.
XI.2010 r.	Artur Olech assumes the position of the Chief Executive Officer of Generali Group in Poland.
VI.2011 r.	Generali PTE emerges as the winner of Rzeczpospolita ranking for the best financial institution in 2010 in the category of PTE.
X.2011 r.	GENERALI OFE arrives as second in pension funds ranking according to the value of a hypothetical pension account.
XII.2011 r.	Top year in the history of Generali Group operations in Poland. Net consolidated profit of Generali Group amounted to 97,5 mln PLN in 2011 which is nearly 5 times better than in the last year.
I.2012 r.	Generali as the winner of X Technological Gala organized by “Gazeta Bankowa”. Generali emerges as the winner of the 'IT Leader' contest in 'back office system' category for implementation of Glas 3.0 for life insurance policy administration.
IV.2012 r.	Generali tops the ranking of the best Open Pension Funds organized by “Rzeczpospolita” daily
V.2012 r.	Generali honored by brokers with the Fair Play award for the most cooperative insurance carrier

VII.2012 r.	Generali Open Pension Fund acquired its millionth Client
XI.2012 r.	Generali among the Most Wanted Employers according to the results of Antal International survey
II.2013 r.	Generali implemented a new information-transaction based system for Clients – the new Client Account.
II.2013 r.	Generali Poland Group presented its new 1_2_3_4 strategy for the coming 5 years. Within 5 years Generali will strive to become one of the most dynamically growing insurance companies, with focus on generating business value and growth. The new strategy provides for a significant improvement of all key parameters of the company's functioning on the Polish market related to the new technologies and new economic conditions, including also enhancement of profitability and market share.
III.2013 r.	Generali Group implemented a new portal-based insurance sales system – Merkury 2.0, intended to be used by cooperating intermediaries (agents and multiagents).The System is accessible via mobile devices – the policy can be generated, and – more importantly – signed with the use of tablets or smart phones.
V.2013 r.	Generali Poland became the title sponsor of “Generali Deyna Cup” – international football tournament organized as a tribute to the best player in Polish football history.
X.2013 r.	Generali Group Poland was awarded the title of IT Leader of 2013 in the category of banking and finance in the XVII edition of IT Leader contest organized by Computerworld magazine under the patronage of the Ministry of Economics. The jury, made up of IT experts recognized Generali Group for 4 IT implementations: of an information-transaction system Client Account, sales portal Merkury 2.0, DCS debt collection system and a mobile Generali Auto application, representing ‘a strategic approach which makes it possible to optimally understand client needs’.
I.2014 r.	Generali Poland launched a new phase of ‘Generali- for better and for worse. Just in case’ advertising campaign. The aim of the campaign was to create Generali's image as that of a company clients can always count on, and to promote motor and property insurance product range. The creation made use of the image of Adam Małysz, a former ski-jumper, presently a race car driver, who has been sponsored and insured by Generali for almost ten years.
II.2014 r.	Robert Sokołowski was appointed as new Chairman of the Board and the Chief Executive Officer and Mariusz Kozłowski has become Vice Chairman of the Board.
IV.2014 r.	As of beginning of April the Supervisory Board of the Generali Group companies in Poland approved four nominations to the Management Boards. Maciej Fedyna, Dariusz Jankowski, Rajmund Rusiecki and Arkadiusz Wiśniewski joined. Management Boards of Generali Group companies in Poland

our mission, vision and values



our mission,
vision and values

our mission

Our mission is to be the first choice by delivering relevant and accessible insurance solutions

First choice: Logical and natural action that acknowledges the best offer in the market based on clear advantages and benefits.

Delivering: We ensure achievements striving for the highest performance.

Relevant: Anticipating of fulfilling a real life need or opportunity, tailored to local and personal needs and habits, perceived as valuable.

Accessible: Simple, first of all, and easy to find, to understand and to use; always available, at a competitive value for money.

Insurance Solutions: We aim at offering and tailoring a bright combination of protection, advice and service.

our vision

Our mission is to be the first choice by delivering relevant and accessible insurance solutions

Actively: We play a proactive and leading role in improving people's lives through insurance

Protect: We are dedicated to the heart of insurance – managing and mitigating risks of individuals and institutions.

Enhance: Generali is also committed to creating value.

People: We deeply care about our clients' and our people's future and lives.

Lives: Ultimately, we have an impact on the quality of people's lives: wealth, safety, advice and service are instrumental in improving people's chosen way of life for the long term.

our mission,
vision and values

our values

Deliver on the promise
Value our people
Live the community
Be open

Deliver on the promise: We tie a long-term contract of mutual trust with our people, clients and stakeholders; all of our work is about improving the lives of our clients. We commit with discipline and integrity to bringing this promise to life and making an impact within a long lasting relationship.

Value our people: We value our people, encourage diversity and invest in continuous learning and growth by creating a transparent, cohesive and accessible working environment. Developing our people will ensure our company's long future.

Live the community: We are proud to belong to a global Group with strong, sustainable and long lasting relationships in every market in which we operate. Our markets are our homes.

Be open: We are curious, approachable and empowered people with open and diverse mindsets who want to look at things from a different perspective.



Insurance for individual clients

Life insurance

- 1 Generali "ProFamilia" Insurance
- 2 Consistent Pension-Investment Plan
- 3 Family Running Costs Provision Plan
- 4 Life insurance with insurance capital funds Generali OmniProfit Premium with single premium
- 5 Life insurance with insurance capital funds Generali OmniProfit Premium with regular premium
- 6 Life insurance with insurance capital funds Generali "Ubezpieczenia z przyszłością" (Insurance with Future perspectives) with regular premium (for Alior Bank clients)
- 7 Life insurance with insurance capital funds Generali "Ubezpieczenia z przyszłością – Firma PLUS" (Insurance with Future perspectives – Company PLUS) with regular premium (for Alior Bank clients who own an investment account)
- 8 Life insurance with insurance capital funds Generali "Perspective" with regular premium (for Meritum Bank clients)
- 9 Life insurance with insurance capital funds Generali "Investment Program - Convenient Wallet" (for Millenium Bank clients)
- 10 Dowry insurance LEW JUNIOR
- 11 Life insurance LEW SENIOR
- 12 Accident package Generali Evento
- 13 Accident package Generali Evento (for AFI Group and other partners)
- 14 Life and health insurance –investment security
- 15 Term life insurance „db Parasol Bezpieczeństwa” (Safety Net)
- 16 Term life insurance package 'Będziesz Bezpieczny' (You will be safe)
- 17 Term Life insurance package "Pakiet Mocno Bezpieczny" (A Strongly Secure Package)

Non-life insurance

- 1 Apartament and residential building and Third Party Liability insurance "Dom i Rodzina (Home & Family)
- 2 Compulsory Third Party liability of farmers and compulsory insurance of agricultural buildings
- 3 Voluntary insurance of property in arable farms

Uodily injury insurance

- 1 Personal Accident Insurance
- 2 Foreign Travel insurance

Insurance for individual clients

Motor insurance

- 1 Third Party Liability insurance of owners of motor vehicles for losses due to the movement of these vehicles in domestic and foreign traffic
 - 2 Green Card
 - 3 Motor Own Damage and Theft insurance - autocasco
 - 4 Personal Accident Insurance of driver and passengers of motor vehicle
 - 5 Personal Accident Insurance of drivers of motor vehicle
 - 6 Generali Assistance
 - 7 Motor Traffic Legal protection insurance
 - 8 Cross-border insurance
 - 9 AutoGlass Insurance
 - 10 Luggage inside the vehicle insurance
-

Insurance for corporate clients

Group life insurance

- 1 Group life insurance CERTUM
- 2 Group life insurance CERTUM MAX
- 3 Group life insurance for SME
- 4 Employee Pension Schemes
- 5 Individual Continuation of Group Life Insurance
- 6 Group life and health insurance II
- 7 Group life insurance CZESNE (TUITION)

Property insurance

- 1 Property insurance
 - Fire and allied perils insurance
 - Burglary and robbery insurance
 - All risks insurance
 - Loss of income insurance (Business Interruption)
 - Commercial Property Insurance
- 2 Business entities insurance– Generali PRESTO (package for SME)
- 3 Integrated system property insurance – Generali for cooperatives
- 4 Technical insurance
 - Construction machinery insurance
 - Machinery Breakdown insurance
 - electronic equipment all risks insurance
 - construction all risks insurance
 - erection all risks insurance
- 5 Third Party Liability insurance
- 6 Aviation insurance
- 7 Transportation insurance
 - Cargo insurance
 - Carrier's third party liability insurance in domestic and international transport
 - Forwarder's third Party Liability insurance
- 8 Casco railcar insurance
- 9 Financial insurance
 - Insurance guarantees
 - Insurance of BBB/CC/PI banking risks
 - Insurance for mortgage loans and other bank products
- 10 Insurance for cooperatives and condominium units
 - Insurance for owners of multitenant buildings
 - Home insurance "ProDomo" (with premium included in rent)

Insurance for corporate clients

Group bodily injury insurance

- 1 Personal Accident insurance for children, school students and education sector employees
- 2 Personal Accident for college students and college faculty members
- 3 Personal Accident insurance for sports organizations
- 4 Travel insurance PODRÓŻNIK (product withdrawn as of December 31st, 2011)
- 5 Foreign Travel Insurance
- 6 Group Sport Insurance
- 7 Group Personal Accident Insurance

Motor insurance

- 1 Third Party Liability insurance of owners of motor vehicles for losses due to the movement of these vehicles in domestic and foreign traffic
- 2 Green Card
- 3 Motor Own Damage and Theft insurance - autocasco
- 4 Personal Accident Insurance of driver and passengers of motor vehicle
- 5 Personal Accident Insurance of driver of motor vehicle
- 6 Generali Assistance - LEW POMOCNIK
- 7 Motor Traffic Legal protection insurance - LEW ADWOKAT
- 8 Cross-border insurance
- 9 AutoGlass Insurance

Generali Powszechne Towarzystwo Emerytalne S.A.

Membership in Generali OFE
Membership within IKE and IKZE

profil
finansowy

Generali
Towarzystwo
Ubezpieczeń S.A.



Generali Towarzystwo Ubezpieczeń S.A.

Important events significantly affecting the activities of the Company in the financial year of 2013 and following the balance sheet date

In 2013 the Company continued its sustainable growth strategy based on its existing distribution channels. The difficult market situation as well as changes in the legal environment had a negative impact on the operation of the Company. In the recent years there have clearly been more and more judicial decisions increasing benefits the insured persons that suffered losses are entitled to, which increases the uncertainty as to the final amount of claims to be paid.

In 2013 the gross premium written decreased by 8% compared with the previous year, mainly due to a decrease in the motor insurance sale (-15% Group 3 and 10). The result of motor insurance reflects the general decrease in insurance prices on the market as well as the intensification of competition. It also results from the decision of the Company to withdraw from some partly unprofitable segments. The negative dynamics of motor insurance was partly compensated for by the 4% increase in insurance against fire and other material damage (group 8 and 9), which is the second largest area of the Company's activities. The retail insurance segment recorded the biggest increase.

Similarly to 2012, at the end of 2013 Generali TU S.A. had the eighth largest market share, amounting to 3.7%.

According to the data published by the Insurance Ombudsman and the Polish Chamber of Insurance and Finance Intermediaries, the Company is one of the top ten property insurance companies with the lowest number of client complaints.

In 2013 the Generali Polska Group was awarded the "2013 IT Leader" title in the Banking and Finance category in the 17th edition of the IT Leader contest organized by the Computerworld magazine under the patronage of the Minister of Economy. The jury of the competition recognized the Company's Merkury 2.0 sales website, DCV Debt Recovery System and as well as Generali Auto mobile application made available to clients in 2013. The innovative application is the only debt recovery tool on the market to enable drivers to calculate the amount of premiums and check the car's claims history as well as its estimate appraisal. It also makes it possible to report losses and monitor the loss adjustment process remotely.

The unfavorable market situation had a negative impact on the financial indicators of the Company. Its technical result in 2013 was at PLN -20 million and was significantly worse than the previous year's result. The lower result resulted from the worsening of claims ratios due to, among others, natural disasters (e.g. flood and torrential rains in May and June 2013) and the increase in the amount of comprehensive motor insurance claims, accompanied by a decrease in the premium earned.

After the balance sheet date there were no events significantly affecting the situation of the Company.

In 2013 and until the date of this report, the Company did not acquire own shares.

Modification of reinsurance agreements

In 2013 the Company renegotiated the conditions of the reinsurance agreement to optimize the cash flow and ensure a greater consistency between the reinsurance cash flows and the premium/claim flows from the portfolio of insurance subject to assignment. The changes included, among others, transferring the reinsurer from the late and previous years' claims portfolio and the manner of adjusting current losses in the case of one of the reinsurance programmes. As a result of the changes, the value of claims provisions with the share of the reinsurer decreased by PLN 247.7 million, and the balance sheet value of the reinsurance deposit decreased by PLN 195 million.



2. Financial situation

In 2013 the Company's balance sheet amount increased by 5% and reached PLN 1,902 million, mainly due to an increase in investments other than investments in subsidiaries (by PLN 96 million). With regard to equity and liabilities, gross technical provisions increased by about PLN 94 million, while net technical reserves increased by over PLN 245 million as a result of the earlier settlement of late and previous years' claims with the reinsurer.

In 2013 the gross premiums written received by the Company amounted to PLN 970.9 million. The motor insurance share in the portfolio of the Company is the largest and amounts to 54% (59% in 2012). The portfolio of property insurance is the second largest (23% compared with 20% in 2012).

Compared with the premiums collected in 2012, corporate insurance recorded a positive dynamics. This line also recorded the biggest increase measured in nominal values. However, the increase did not compensate for the decrease in the value of the motor insurance premium, the absolute amount of which in 2013 amounted to PLN 95.5 million.

In 2013 the Company recorded a worse technical result (loss in the amount of PLN 20.2 million, compared with the loss in the amount of PLN 4.6 million in 2012). The bigger technical loss compared with the previous year resulted from the decrease in amount of the premium earned related to the negative dynamics of the premium, increase in the claims ratio, both gross and with the share of the reinsurer, as well as increase in the costs of reinsurance commissions compared with 2012.

In 2013 the gross claims ratio was at 66.1%, compared with 63.2% in 2012 (the net claims ratio in 2013 was at 66.8%, compared with 65.1% in 2012).

In 2013 the ratio of insurance costs to the gross premium earned was at 28.4%, which is higher than the ratio of 27.3% recorded in 2012. The increase resulted from, among others, a bigger share of non-motor insurance, characterized by higher commission rates, in the portfolio, as well as higher administrative costs.

Impact of reinsurance on the result of the Company

In 2013 the Company continued most of its reinsurance programmes in the form similar to the one in 2012. The Company's insurance portfolio is secured with non-proportional and proportional reinsurance agreements. In 2013 result from reinsurance was at PLN -61.1 million, compared with PLN -83.1 million in 2012.

Increased profitability of investment activity

In 2013 the investment result was at PLN 60.8 million, exclusive of revenues from subsidiaries. Moreover, the Company received PLN 64 million on account of the dividend received from a subsidiary. The better result of the investment activity of the Company in 2013 resulted mainly from the good result from the realization of investments (PLN + 8 million compared with 2012). As a result of the lower interest rates, the Company recorded a decrease in profits from debt instruments. The amount of revenues from shares and participation units in investment funds was similar to that recorded in the previous year. In 2013 the value of the capital from the revaluation of investments other than investments in subsidiaries increased by PLN 9 million.

The profitability of the investment activity of the Company (exclusive of revenues from investments in subsidiaries) is relatively stable compared with 2012.

Net profit

In 2013 Generali T.U. S.A. recorded a net profit in the amount of PLN 93.6 million, compared with PLN 23.8 million in 2012. The main factor improving the net financial result was the dividend received from the subsidiary.

High safety indicators

The safety indicators of the Company continue to be high. The ratio of the Company's own funds to the solvency margin was at 269% and was higher than in the previous year due to the positive result recorded by the Company. The ratio of assets to technical provisions is safe, too, and amounted to 108.8% at the end of December, which was similar to the 2012 level.

Forecast financial situation

The Company predicts that its financial situation will improve in the long run, but takes into account that 2014 may bring a further decline on the motor insurance market as well as an increase in the costs of claims in this segment. Taking into account the insurance portfolio structure, such an unfavourable scenario will entail negative financial results in 2014, but will not affect the level of safety.

In the long run, the Company predicts that the dynamic development observed in the previous years will continue and that it will regain and strengthen its market position.

3. Predicted development of the Company

Main goals for 2014 include:

- Enhancing the profitability of motor insurance by reviewing the tariff and risk selection rules.
- Continuing the positive trends in the sale of group products (housing, travel, etc.)
- Increasing the effectiveness of activities by streamlining customer service processes, including but not limited to loss adjustment.
- Developing and implementing a new IT strategy aimed at creating a state-of-the-art platform for group insurance, which is a prerequisite for the further development of this business line.
- Continuing to develop the entire range of distribution channels, intensive development of the Company's own network of agents and enhancement of cooperation with external channels.
- Developing sales managed centrally and aimed at the cooperation with brokers, supported by a group of local sellers (mainly corporate insurance).
- Taking actions aimed at fulfilling the Solvency II system requirements in accordance with the schedule of the Generali Group and the future regulations for the Polish market.

4. Risks relating to financial instruments

Information on the interest rate risk relating to investments

The interest rate risk results from the fact that particular components of assets may react negatively to changes in market interest rates. In the case of the Company, the interest rate risk is mainly related to the Company's debt instruments. The interest rate risk affects financial instruments with both fixed and variable interest rate. Financial instruments with a fixed interest rate face the risk related to changes in the fair value. The aim of the interest rate risk management process in the Company is to limit the negative influence of changes in interest rates on the financial revenues of the Company and the adjusted value of financial assets. The Company limits the above-mentioned impact by an adequate selection of instruments with fixed and variable interest rate and their diversification with regard to their maturity date and the frequency with which coupons change.

The Company assesses the risk related to its debt assets portfolio using the modified duration indicator, which is time-changing and determined based on the forecasts of the Investment Department as to the development of the market situation.

Taking into account the structure of the Company's assets, including especially the structure of its financial assets and their sensitivity to changes in interest rates, it should be concluded that

The values of the modified duration indicator are the following:

Securities category	Modified duration
Debt papers held for trading	0,00
Debt papers available for sale	1,86
Debt papers: total	1,86

the level of the interest rate risk in the Company is low. In addition, the Company analyses the structure of the assets that are sensitive to interest rate changes on an ongoing basis, which optimizes the risk.

The Company's papers with variable interest rates are characterized by a coupon that changes every 1, 3 and 6 months.

Information on the credit risk posed to investments

The credit risk results from the possibility of a loss resulting from the failure of a creditor to meet obligations towards the Company. In the case of the financial assets of the Company, including cash and its equivalents, financial assets available for sale and receivables, the credit risk of the Company results from the failure of the other party to the agreement to make a relevant payment, and the maximum exposure (amount of a loss) equals the balance sheet value of such assets. As the Company invests most of its resources in instruments issued by the State Treasury and deposits cash in listed banks with a high rating which is monitored on an ongoing basis, in the Management Board's view the credit risk related to financial assets is moderate. The Company's investments in debt instruments that are not issued by the State Treasury are made within the limits provided for by the law, following an analysis of the financial situation of a given issuer, which also limits the risk related to such investments.

The Company's aims and methods of managing financial risk

The aim of the investment policy of the Company is to maximize the rate of return from investments, maintaining an adequate level of safety and financial liquidity.

Risks related to the investment portfolio are managed by:

1. adequately adjusting the modified duration indicator depending on the market situation and expectations of the Investment Department with respect to the debt portfolio,

2. using a system of limits taking into account the credit risk and the involvement with regard to a single issuer (or a class of assets in the investment portfolio),
3. securing currency exchange positions with regard to assets denominated in currencies other than PLN,
4. using a system of limits with regard to the due dates of particular classes of non-treasury debt instruments,
5. limiting the amount of open positions in foreign currencies,
6. using quota limits with respect to single transactions.

5. Risks and threats to conducted activities

The main risk factors and threats to the Company's activities include:

- The decline of the motor insurance market, reducing the possibility of selling policies in excess of the technical premium.
- Economic slowdown resulting in a further decrease of premiums written.

- Natural disasters resulting in a significant increase in claims in group insurance.
- Changes in the practice and judicial decisions in Poland with regard to the liability and amount of personal losses (mainly in the case of the third party liability insurance of motor vehicle owners), which results in a greater uncertainty as to the final value of payments in the case of losses arisen and entails a risk for the tariff setting process.
- The variability in the share value, interest rates or credit spread, which has a negative impact on the results of the Company and results in lower investment profits compared with the forecast ones.

As the Company holds 100% of shares in Generali Powszechnie Towarzystwo Emerytalne, the unpredictable changes in the pension insurance market as well as the greater increase in the client base of Generali OFE will result in a lower value of Generali PTE and, in consequence, decrease the amount of the equities of the Company.



	As of 31 December 2013	As of 31 December 2012
Total assets including:	1 901 849 009,92	1 807 884 768,82
I. Investments in subsidiary entities	252 411 923,80	330 983 406,55
II. Other financial investments	1 135 349 657,80	1 038 966 844,96
	As of 31 December 2013	As of 31 December 2012
Total liabilities including:	1 901 849 009,92	1 807 884 768,82
A. Equity	317 417 602,95	309 959 754,77
B. Technical provisions	1 489 497 601,24	1 395 730 646,77
C. Share of reinsurers in technical reserves (negative value)	532 482 291,76	687 319 016,19
	As of 31 December 2013	As of 31 December 2012
I. Premium (1-2-3+4)	500 923 509,29	515 740 100,48
1. Gross written premium	970 939 351,26	1 056 010 225,11
2. Share of reinsurers in gross written premium	486 442 978,17	520 808 712,91
3. Change in provisions for gross premium and unexpired risk	-15 176 175,49	48 449 992,96
4. Share of insurers in change of provisions for premium	1 250 960,71	28 988 581,24
II. Indemnities and benefits	334 486 480,50	335 956 619,49
III. Costs of insurance operations	173 654 305,29	166 574 767,44
IV. Investment revenues	145 861 947,40	76 846 385,41
V. Unrealised gain from investments	948 800,37	740 442,55
VI. Gross profit (loss)	91 946 708,00	30 852 355,44
VII. Net profit (loss)	93 573 925,72	23 762 129,17
	As of 31 December 2013	As of 31 December 2012
Surplus/shortage of own funds to cover solvency margin:		
I. Solvency margin	108 264	108 264
II. Own funds	291 311	281 580
III. Surplus	183 047	173 317
Surplus (shortage) of assets used to cover technical and insurance provisions:		
I. Technical provisions	1 481 169	1 387 555
II. Assets used to cover technical provisions	1 611 262	1 509 221
III. Surplus	130 094	121 667



Warszawa, dnia 7 maja 2014 r.

Uchwała nr 2

Rada Nadzorcza Generali Towarzystwo Ubezpieczeń Spółka Akcyjna
z siedzibą w Warszawie 02-676, ul. Postępu 15B,
na posiedzeniu w dniu 7 maja 2014 r., w składzie:

Pan Luciano Cirinà - Przewodniczący Rady Nadzorczej-przez telekonferencję
Pan Gregor Pilgram - Członek Rady Nadzorczej
Pani Klára Starková - Członek Rady Nadzorczej

podjęła jednogłośnie uchwałę o następującej treści:

1. Rada Nadzorcza Generali Towarzystwo Ubezpieczeń Spółka Akcyjna niniejszym zatwierdza Sprawozdanie finansowe Generali Towarzystwo Ubezpieczeń S.A. za rok obrotowy 2013 (patrz załącznik).
2. Niniejsza uchwała wchodzi w życie z dniem jej podjęcia.

Niniejsza uchwała została sporządzona jednocześnie w języku polskim i angielskim. W razie wątpliwości interpretacyjnych rozstrzygająca jest polska wersja językowa.

Warsaw, May 7, 2014

Resolution No 2

The Supervisory Board of Generali Towarzystwo Ubezpieczeń Spółka Akcyjna
with seat in Warsaw, 02-676, Postępu 15B Street,
during the meeting on May 7, 2014, in the composition:

Mr. Luciano Cirinà - Chairman of the Supervisory Board-via teleconference
Mr. Gregor Pilgram - Member of the Supervisory Board
Mrs. Klára Starková - Member of the Supervisory Board

passed unanimously the following resolution:

1. The Supervisory Board of Generali Towarzystwo Ubezpieczeń Spółka Akcyjna hereby approves the Financial Statement of Generali Towarzystwo Ubezpieczeń S.A. for the financial year 2013 (see attachment).
2. This resolution enters into force on the day of its adoption.

This resolution was prepared in two language versions Polish and English. In case of interpretative doubts the Polish language version shall prevail.



Mr. Luciano Cirinà



Mrs. Klára Starková



Mr. Gregor Pilgram

GENERALI TOWARZYSTWO UBEZPIECZEŃ S.A.
WPROWADZENIE DO SPRAWOZDANIA ROCZNEGO

ZATWIERDZENIE SPRAWOZDANIA FINANSOWEGO

Zgodnie z przepisami Ustawy z dnia 29 września 1994 roku o rachunkowości (tekst jednolity Dz.U. z 2013 roku poz. 330 – dalej „UoR” lub „ustawa o rachunkowości”) Zarząd jest zobowiązany zapewnić sporządzenie rocznego sprawozdania finansowego dającego rzetelny i jasny obraz sytuacji majątkowej i finansowej Spółki na koniec roku obrotowego oraz wyniku finansowego za ten rok.

Przy sporządzaniu sprawozdania przyjęte zostały odpowiednie do działalności jednostki zasady rachunkowości.

Dokonane w roku obrotowym zmiany zasad rachunkowości i ich wpływ na sprawozdanie finansowe zostały przedstawione we wprowadzeniu.

Przy wycenie aktywów i pasywów oraz ustalaniu wyniku finansowego przyjęto, że w dającej się przewidzieć przyszłości Spółka będzie kontynuować działalność w niezmnieszonej istotnie zakresie, bez postawienia jej w stan likwidacji lub upadłości.

Sprawozdanie finansowe Generali T.U. S.A. za rok zakończony dnia 31 grudnia 2013 roku obejmuje:

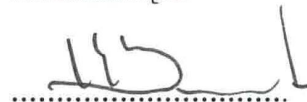
- Bilans i pozycje pozabilansowe,
- Ogólny rachunek zysków i strat,
- Techniczny rachunek ubezpieczeń majątkowych i osobowych,
- Zestawienie zmian w kapitale własnym,
- Rachunek przepływów pieniężnych,
- Informację dodatkową składającą się z wprowadzenia do sprawozdania finansowego oraz z dodatkowych informacji i objaśnień.

Do sprawozdania finansowego dołączone jest Sprawozdanie z działalności jednostki za rok zakończony 31 grudnia 2013 roku.

Sprawozdanie to zostało sporządzone zgodnie „UoR” oraz wydanymi na jej podstawie przepisami w szczególności zgodnie z Rozporządzeniem Ministra Finansów z dnia 28 grudnia 2009 roku w sprawie szczególnych zasad rachunkowości zakładów ubezpieczeń i zakładów reasekuracji (Dz.U. nr 226 z 2009 roku poz. 1825 z późn. zm.); Rozporządzeniem Ministra Finansów z dnia 12 grudnia 2001 roku w sprawie szczegółowych zasad uznawania, metod wyceny, zakresu ujawniania i sposobu prezentacji instrumentów finansowych (Dz.U. nr 149 z 2001 roku, poz. 1674 z późn. zm.); Ustawą z dnia 22 maja 2003 roku o działalności ubezpieczeniowej (tekst jednolity Dz.U. nr 11, poz. 66 z 2010 roku z późn. zm.) („Ustawa o działalności ubezpieczeniowej”).



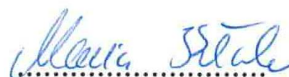
Robert Sokołowski
Prezes Zarządu



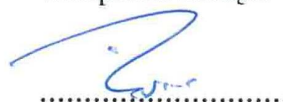
Antoni Brański
Członek Zarządu



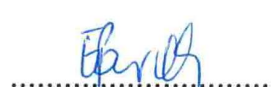
Arkadiusz Wiśniewski
Główny Aktuariusz



Mariusz Kozłowski
Wiceprezes Zarządu



Mark Dassui
Członek Zarządu



Edyta Paciak
Główny Księgowy odpowiedzialny za
sporządzenie sprawozdania finansowego

Warszawa, dn. 31 marca 2014 r.

profil
finansowy

Generali Życie
Towarzystwo
Ubezpieczeń S.A.



Generali Życie Towarzystwo Ubezpieczeń S.A.

1. Key events influencing the Company's activities in the financial year of 2013 and after the balance sheet date

2013 was the following year of the dynamic growth of the Company's key segments of operations. In the segment of the life regular premium insurance, which is the main area of Generali Życie's activity, the Company reported 19.4% increase of the gross written premium. The company significantly outperformed the market growth (1.1%). The life insurance unit-linked products, including the Employee Pension Schemes and the group employee insurance contracts dominate in the Company's sales offer. The Company successfully makes use of the whole range of the available distribution channels.

According to the data of Polish Chamber of Insurance, Generali Życie has a leading position in the new business sales of the life insurance with the regular premiums. Exceptionally good results were achieved in the bancassurance channel (+54.7% growth dynamics for the regular premium products), and in the Financial Advisors channel (+116.3%).

In 2013 the balance of deposits and withdrawals within unit-linked funds of Generali Życie was the highest in the history and reached 490 million zlotys. The part of the net inflow was located into the funds from the last year's offer. The clients were offered a wide range of the funds, adapted to the phases of the economic cycles. The biggest changes were introduced into the debt funds and commodity pools.

New solutions were made available in April 2013 together with launch of the new product Generali OmniProfit Premium, which replaced Generali Omniprofit. New investment insurance was designed to meet clients' expectations towards the flexibility of the product, e.g. in the area of the premium change as well as the earlier termination of the agreement and its financial consequences.

In 2013 the Company completed the process of the policies administration systems integration and accomplished the migration of the traditional insurance portfolio to the common platform for all life products.

Although the visible improvement in the economic situation, the macroeconomic situation in 2013 was not encouraging to the development of the long-term whole life and investment insurance. The persistent high level of unemployment and the general uncertainty on the economic growth affected the demand for life insurance and persistency levels.

In the Company's assessment, the publicly discussed concerns towards sales practices and the investment insurance operation negatively influenced the whole business, and as a result

influenced the Generali Życie clients who to greater than previously extent surrendered the agreements, modified the agreements to the paid-up ones and claimed the reimbursement of the termination fees. The image of the insurance business sector was negatively affected by the activity of the consumer protection institutions in the area of the abusive clauses and the assessment of the particular insurance companies' information policies to their clients.

Office of Competition and Consumer Protection fined Generali Życie with PLN 4.8m accusing the Company of miscommunication to clients relating indexation of premiums and sum assured. Although the Company appealed the decision the amount of the fine was charged to financial result for 2013.

In addition a significant part of policies written via some external partners expired due to premiums default. The Company has reclaimed a partial commission refund from those partners. Due to high probability of uncollectibility the Company recognized an impairment on those receivables, which reduced technical result for 2013.

During the year 2013 and until the date of this statement, the Company did not acquire of its own shares.

After the balance sheet date no significant events took place, which had not been recognized in the financial statements, which could materially impact the financial position of the Company.



2. Financial situation

Increase of the balance sheet sum

In 2013, as compared to the previous year, the Company recorded an increase of the balance sheet total by PLN 586.9 million to the level of PLN 3,227.5 million. Higher premium inflow and favourable situation on the financial markets contributed to PLN 511.6 million of increase in the value of financial instruments backing unit linked products and the corresponding unit linked provisions.

Prepayments and accrued income increased by PLN 82.9 million mainly due to growth of the deferred acquisition costs (DAC) fuelled by significant acquisition costs as a result of dynamic rise in new business.

Decline in gross premiums written by 1.7%

In 2013 the gross premium written by Generali Życie T.U. S.A. decreased by 1.7%. The decrease was driven by 46.2% decline in the single premiums as the Company withdrew from writing short-term endowment policies.

In the segment of regular premiums the growth amounted to 19.4%. This dynamic growth of the regular premiums was achieved mainly through the expansion of policies portfolio where the investment risk is borne by the policyholders.

In 2013, unit linked insurance had the largest share (80.0% in the gross premium written (35.2 p.p increase as compared to the previous year). The share in the gross premium from the life insurance (group 1) decreased to 8.1% (31.8% in 2012.) following the decision to cease writing short-term single premium endowments. In comparison with the previous year, the growth of the gross premium written by 15.8% has also been noticed in the group 5, which is mainly due to increased sales of the group insurance policies with additional risk-based riders.

In 2013 the lapse rate in the first policy year was maintained at a level similar to the previous year.

Investment performance

The investment result for 2013 totalled PLN 95 million, as compared to PLN 237 million earned for the preceding year. Unit linked assets account for nearly 95% of the Company's investment portfolio and their performance impacts the overall investment result. The investment performance in 2013 was affected by unfavourable move in yields and the lower dynamics

of stock market (WIG increased by 8% in 2013 as compared to 26% in 2012). Since the policyholders invest mainly in share-based or balanced funds the latter factor is of the key importance. The investment result of the unit linked funds totalled PLN 90 million for 2013 (PLN 224 million for 2012). After stock market collapse in 2011 the upward trend from 2012 continued in 2013, however at the lower pace and with high volatility of the market.

Financial performance

Despite the growth of the portfolio as compared to the previous year, the technical result worsened by PLN 1.2 million to the level of PLN 15.7 million. The technical result was affected by impairment of PLN 21.5 million recognised due to increased risk of uncollectibility from insurance intermediaries, which through their actions violated the terms and conditions of the agency agreements. Generali Życie will take legal proceedings to assert the Company's receivables.

The lower technical result translated into decline of the net result, which was additionally charged with PLN 10 million of the provisions for the fine imposed by the Office of Competition and Consumer Protection and for the customers' legal claims which fall outside the scope of the general terms and conditions. The Company appealed the decision of the Office of Competition and Consumer Protection.

Consequently the Company reported the net loss of PLN 6.6 million for 2013.

Security Ratios

The Company continues to maintain the solvency ratios at an adequate level. The technical provisions coverage by assets for insurance other than life insurance when the investment risk is borne by the policyholder amounted to 123.7% (vs. 126.6% in 2012) while the solvency margin coverage by the own funds was at the level of 161.6% (vs. 192.8% in 2012).

The dynamic growth of new business and the underlying acquisition costs required additional funds to ensure adequate coverage of the technical provisions with eligible assets. The increase in financial assets originated from intercompany loans equivalent to PLN 53.5 million at the end of 2013.

Expected financial situation

The Company's management expects improved results in the forthcoming years, particularly for technical and net results. An upward trend in premiums written will be achieved through improved persistency of the current portfolio and further developments particularly in single premium business. Cost discipline will be maintained.

3. Expected development

The primary objectives for 2014 include:

- Active expansion of the own sales network (both in individual and group businesses)
- Further development of bancassurance (new products, new partners)
- Modification of the operating model with external distribution partners aimed at improving quality of sales even by compromising volume.
- In view of improved economic outlook development of single premium U/L sales mainly via external partners.
- Introducing Product Card for Unit-linked business in accordance with the recommendation of Polish Chamber of Insurance approved last year.
- Continuity of activities aimed at maintaining the quality of the existing portfolio and its growth through products offer development.
- Completion of actions aimed at aligning Company to Solvency II requirements in line with Generali Group timetable and future local regulations.

4. Description of the risks relating to financial instruments

Interest rate risk borne by investments

For the estimation of the existing risk the Company uses the modified duration index, which averaged at 2,77 years for Company's portfolio (debt instruments classified as available for sale).

The modified duration index of the debt portfolio varies in time depending on the expectations of the Investment Department with respect to the development of the market situation. The rules of the investment policy are laid down in the Regulations on Investment Policy and Functioning of the Investment Department.

In 2013 and subsequently the Company did not encounter any significant cashflow disruptions and did not become insolvent.

Investments credit risk

In the debt part of the portfolio, the Company invests the majority of its assets in debt securities issued by the State Treasury. Investments in the corporate debts securities are limited to a selected list of issuers with high credit reliability.

Company's targets and methods regarding financial risk management

The purpose of the Company investment policy is to maximize the investment return rate with the simultaneous maintenance of the investments security and the Company's liquidity.

The risks related to investment portfolio are controlled by:

- proper adaptation of the modified duration index, depending in the market situation and the expectations of the Investment Department for the portfolio of debt securities,
- adopting system of limits, which include the credit and concentration risk, in relation to the single issuer (or the group of the assets in the investment portfolio),
- hedging of the foreign currency position in relation to assets denominated in foreign currency,
- adopting system of limits in relation to the maturity of the individual classes of corporate debt securities,
- adopting system of limits for open foreign currency position,
- adopting system of limits relating to individual transactions.
- analysing content of assets

5. Risks and threats to the Company's activity

The key risk factors include:

- Lower than planned economic growth, which will affect households disposable income and thus result in slower growth of premiums from both investment and risk-based products, as well as worsening persistency levels. Macroeconomic factors may have a negative impact on employers' propensity to offer non-payroll incentives to employees which will decrease demand for group insurance.
- Growing competition pressure in terms of pricing and acquisition costs, which will result in lower new business volumes and higher levels of clients resignations.
- Negative volatility of stocks, interest rates and credit spreads, which will result in lower level of U/L funds and thus declined income from asset management fee.
- Potential increase in litigations relating surrender fees, which will affect claims payments
- Potential changes in legal environment which would result in restrictions imposed on life insurers writing unit-linked products with high premium allocation.

The Company regularly monitors risks and threats to its activities and undertakes appropriate mitigating actions.





Warszawa, dnia 7 maja 2014 r.

Uchwała nr 2

Rada Nadzorcza Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna
z siedzibą w Warszawie 02-676, ul. Postępu 15B,
na posiedzeniu w dniu 7 maja 2014 r., w składzie:

Pan Luciano Cirinà - Przewodniczący Rady Nadzorczej-przez telekonferencję
Pan Gregor Pilgram - Członek Rady Nadzorczej
Pani Klára Starková - Członek Rady Nadzorczej

podjęła jednogłośnie uchwałę o następującej treści:

1. Rada Nadzorcza Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna niniejszym zatwierdza Sprawozdanie finansowe Generali Życie Towarzystwo Ubezpieczeń S.A. za rok obrotowy 2013 (patrz załącznik).
2. Niniejsza uchwała wchodzi w życie z dniem jej podjęcia.

Niniejsza uchwała została sporządzona jednocześnie w języku polskim i angielskim. W razie wątpliwości interpretacyjnych rozstrzygająca jest polska wersja językowa.

Warsaw, May 7, 2014

Resolution No 2

The Supervisory Board of Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna
with seat in Warsaw, 02-676, Postępu 15B Street,
during the meeting on May 7, 2014, in the composition:

Mr. Luciano Cirinà - Chairman of the Supervisory Board-via teleconference
Mr. Gregor Pilgram - Member of the Supervisory Board
Mrs. Klára Starková - Member of the Supervisory Board

passed unanimously the following resolution:

1. The Supervisory Board of Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna hereby approves the Financial Statement of Generali Życie Towarzystwo Ubezpieczeń S.A. for the financial year 2013 (see attachment).
2. This resolution enters into force on the day of its adoption.

This resolution was prepared in two language versions Polish and English. In case of interpretative doubts the Polish language version shall prevail.

Mr. Luciano Cirinà

Mrs. Klára Starková

Mr. Gregor Pilgram

GENERALI ŻYCIE T.U. S.A.
WPROWADZENIE DO SPRAWOZDANIA ROCZNEGO

ZATWIERDZENIE SPRAWOZDANIA FINANSOWEGO

Zgodnie z przepisami Ustawy z dnia 29 września 1994 roku o rachunkowości (tekst jednolity Dz.U. z 2013 roku poz. 330 – dalej „UoR” lub „ustawa o rachunkowości”) Zarząd jest zobowiązany zapewnić sporządzenie rocznego sprawozdania finansowego dającego rzetelny i jasny obraz sytuacji majątkowej i finansowej Spółki na koniec roku obrotowego oraz wyniku finansowego za ten rok.

Przy sporządzaniu sprawozdania przyjęte zostały odpowiednie do działalności jednostki zasady rachunkowości.

Dokonane w roku obrotowym zmiany zasad rachunkowości i ich wpływ na sprawozdanie finansowe zostały przedstawione we wprowadzeniu.

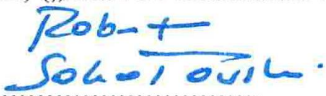
Przy wycenie aktywów i pasywów oraz ustalaniu wyniku finansowego przyjęto, że w dającej się przewidzieć przyszłości Spółka będzie kontynuować działalność w niezmnieszonym istotnie zakresie, bez postawienia jej w stan likwidacji lub upadłości.

Sprawozdanie finansowe Generali Życie T.U. S.A. za rok zakończony dnia 31 grudnia 2013 roku obejmuje:

- Bilans i pozycje pozabilansowe,
- Ogólny rachunek zysków i strat,
- Techniczny rachunek ubezpieczeń na życie,
- Zestawienie zmian w kapitale własnym,
- Rachunek przepływów pieniężnych,
- Informację dodatkową składającą się z wprowadzenia do sprawozdania finansowego oraz z dodatkowych informacji i objaśnień.

Do sprawozdania finansowego dołączone jest Sprawozdanie z działalności jednostki za rok zakończony 31 grudnia 2013 roku.

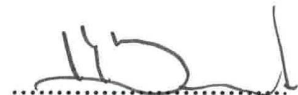
Sprawozdanie to zostało sporządzone zgodnie „UoR” oraz wydanymi na jej podstawie przepisami w szczególności zgodnie z Rozporządzeniem Ministra Finansów z dnia 28 grudnia 2009 roku w sprawie szczególnych zasad rachunkowości zakładów ubezpieczeń i zakładów reasekuracji (Dz.U. nr 226 z 2009 roku, poz. 1825 z późn. zm.); Rozporządzeniem Ministra Finansów z dnia 12 grudnia 2001 roku w sprawie szczegółowych zasad uznawania, metod wyceny, zakresu ujawniania i sposobu prezentacji instrumentów finansowych (Dz.U. nr 149 z 2001 roku, poz. 1674 z późn. zm.); Ustawą z dnia 22 maja 2003 roku o działalności ubezpieczeniowej (tekst jednolity Dz.U. nr 11, poz. 66 z 2010 roku z późn. zm.) („Ustawa o działalności ubezpieczeniowej”).



Robert Sokołowski
Prezes Zarządu



Mariusz Kozłowski
Wiceprezes Zarządu



Antoni Brański
Członek Zarządu



Mark Dassui
Członek Zarządu



Arkadiusz Wiśniewski
Główny Aktuariusz



Edyta Paciak
Główny Księgowy odpowiedzialny za sporządzenie
sprawozdania finansowego

Warszawa, dn. 31 marca 2014 r.

profil
finansowy

Generali
Powszechne
Towarzystwo
Emerytalne S.A.



Generali Powszechne Towarzystwo Emerytalne S.A.

1. Key events

Legal changes

2013 was a year of a fierce debate on the future of the Polish pension system, particularly the role of the open pension funds. As a result of the regulatory changes adopted on December 6th, 2013 the situation of the pension funds and the future perspectives for their management companies were subject to a radical change. The Act "About amendments to some other acts regarding regulations in aspect of pension's payments from the open pension funds" substantially affected Generali PTE financial results already in the year 2013. The Company had to revalue downwards the deferred acquisition costs taking into consideration a significant decrease of the revenues in the upcoming years and their uncertainty. As a consequence of the deferred acquisition costs write-off the Company reported a net financial loss for the year 2013.

Growth of the number of customers and assets managed by Generali PTE

From the financial perspective the year 2013 is to be considered successful for members of open-end pension funds operating in Poland. During the year the assets collected on the members accounts increased on the market by PLN 30 bn as a result of the new funds inflow from Social Security (ZUS) and improvement in the financial markets. In the year 2013, the volume of the new funds flowing to OFE member accounts increased also due to the changes in the amount of the premiums transferrable by Social Security to the second pillar of the pension system (from 2.3%

to 2.8%). During the reporting year the net assets of Generali Fund grew by 10.9% exceeding PLN 15 billion. The value of the investment unit was higher by 6.6%.

The rate of return of the pension funds counted from 30 September 1999 to 31 December 2013 improved significantly and substantially exceeded 200%. For that period, Generali OFE, which recorded the return of 259% , is in the third position among all the pension funds operating in Poland. This result shows Generali's competitive advantage since this is the long-term investment performance that is the best criterion in the evaluation of the pension funds.

The positive investment results contributed to preserve the base of customers who entrusted their funds to Generali PTE for management purposes and thanks to these factors Generali PTE is in the group of 6 with at least 1 million of customers.

The year 2013 was the second year when the acquisition to OFE was forbidden. In spite of that the number of members increased by nearly 4 000 (0.4%) in comparison to the previous year. The increase is mainly due to new members choosing the fund (positive balance of transfers amounts to 53 customers).

IPSA in Generali PTE

In the last days of 2012, the Generali Voluntary Pension Fund (Generali Dobrowolny Fundusz Emerytalny (DFE)) commenced its activity and Generali PTE's product offer was expanded with the Individual Pension Security Account (IPSA). At present the Fund's results marginal part of Company's performance (as at 31 December 2013 its net assets value amounted to PLN 47.8 ths).



Fund Members

As regards the number of members, the Fund, having 1 010 280 members, is in the sixth position among of the pension funds competing in the market.

Source: www.knf.gov.pl, percentage share: own calculation

Open-end Pension Fund	Number of members as of 31.12.2013	% share as of 31.12.2013	Number of members as of 31.12.2012	% share as of 31.12.2012
AEGON OFE	941 343	5,75	947 048	5,94
Allianz Polska OFE	592 987	3,62	553 666	3,47
Amplico OFE	1 537 349	9,39	1 269 898	7,97
Aviva OFE Aviva BZ WBK	2 676 355	16,34	2 672 860	16,77
AXA OFE	1 163 758	7,11	1 162 223	7,29
Generali OFE	1 010 280	6,17	1 006 344	6,31
ING OFE	3 060 317	18,69	3 010 238	18,88
Nordea OFE	925 414	5,65	888 272	5,57
Pekao OFE	342 029	2,09	342 820	2,15
PKO BP Bankowy OFE	956 945	5,84	657 837	4,13
OFE Pocztylion	594 833	3,63	595 930	3,74
OFE Polsat	-	-	300 789	1,89
OFE PZU „Złota Jesień”	2 229 848	13,62	2 222 853	13,94
OFE WARTA	346 256	2,11	311 504	1,95
Total	16 377 714	100	15 942 282	100

Net assets managed by Generali PTE

As of the end of 2013, Generali OFE's net assets amounted to PLN 15 006 million and as a result the Fund was ranked at sixth position in the market with the total market share of 5.0%. Generali OFE's net funds increased during the year by 10.9% slightly below the rate of growth of the whole sector.ra.

Source: www.knf.gov.pl, percentage share: own calculation

Open-end Pension Fund	Net assets (in PLN million) as of 31.12.2013	% share as of 31.12.2013	Net assets (in PLN million) as of 31.12.2012	% share as of 31.12.2012
AEGON OFE	12 646	4,23	11 601	4,30
Allianz Polska OFE	9 104	3,04	8 220	3,05
Amplico OFE	23 953	8,00	21 368	7,93
Aviva OFE Aviva BZ WBK	66 710	22,29	60 901	22,59
AXA OFE	18 639	6,23	16 913	6,27
Generali OFE	15 006	5,01	13 529	5,02
ING OFE	72 158	24,11	64 170	23,80
Nordea OFE	13 533	4,52	12 048	4,47
Pekao OFE	4 510	1,51	4 048	1,50
PKO BP Bankowy OFE	13 187	4,41	9 447	3,50
OFE Pocztylion	5 693	1,90	5 092	1,89
OFE Polsat	-	-	2 370	0,88
OFE PZU „Złota Jesień”	40 115	13,40	36 282	13,46
OFE WARTA	4 019	1,34	3 607	1,34
Total	299 272	100	269 596	100

2. Financial position

During 2013, Generali PTE recorded significant changes both in its balance sheet, as well as in the structure of its income and expenses.

Sales revenues significantly increased. The Company recorded a dynamic rate of growth of sales profit. However, the profit from

the operating activities was heavily affected by the deferred acquisition costs write-off. As a consequence Generali PTE recorded net loss.

Selected figures (in PLN '000)	2013	2012	% change
Sales and sales equivalents	95 728,59	86 941,48	10,11%
Operating expenses	39 266,87	44 738,00	-12,23%
Profit (+) / Loss (-) on sale	56 461,72	42 203,48	33,78%
Other operating income and expenses	-79 160,03	-629,99	12465,27%
Profit (+) / Loss (-) on operating activities	-22 698,31	41 573,49	-154,60%
Profit (loss) on financial activities	5 650,65	-11 941,91	-147,32%
Net profit / Net Loss (-)	-13 901,72	25 373,56	-154,79%
Equity at the end of the year	192 324,31	270 966,97	-29,02%
Balance-sheet total	219 086,68	310 750,87	-29,50%

Revenues

In 2013, Generali PTE recorded 4.3% revenue increase from its core activity in comparison to the previous year. It was driven by 25.1% (PLN 4 484 ths.) growth of distribution fee charged on the value of contributions received by the Pension Fund, growth of

assets management fee by 14.1% (PLN 8 997 ths.). Financial income dropped by 41.2% to the amount of PLN 6 455 ths., as there was no dividend from a subsidiary as it was disposed in the year 2012.

Structure of revenues	2013 (in PLN '000)	2013 (in %)	2012 r. (in PLN '000)	2012 r. (in %)
Sales and sales equivalents (including, without limitation):	95 728,59	93,54%	86 941,48	88,60%
Distribution fee	22 357,13	21,85%	17 872,77	18,21%
Management fee	72 793,21	71,13%	63 796,45	65,01%
Net return of funds from premium and reserve accounts	24,68	0,02%	4 659,02	4,75%
Other operating revenues	159,82	0,16%	208,77	0,21%
Financial income	6 454,71	6,31%	10 982,47	11,19%
TOTAL	102 343,12	100,00%	98 132,72	100,00%

The revenues from the distribution fee grew as a result of premiums increase transferrable to pension member accounts by Social Security (ZUS). This was due to a higher yearly average number of members and also as a consequence of the premium rise. In 2012 premiums transferrable to OFE accounts amounted to 2.3% of the salary base, and 2.8% in 2013, respectively.

Increase in other income results from the growth of net assets managed by Generali PTE as a consequence of the receipt of a new premium and the decent investment performance.

In the reporting period, the rate of a distribution fee of Generali OFE amounted to 3.5%. The monthly net asset management fee of Generali OFE was calculated in accordance with the following

formula: PLN 3.6 million + 0.04 % of surplus over PLN 8 000 million of net assets per month.

Drop of financial income in the year 2013 was caused by receiving a dividend of PLN 7 708 ths. in 2012 (in 2013 Generali PTE didn't hold a stake in other entities). Without taking dividend into consideration, financial income increased by PLN 3 180 ths. mainly due to growing investments.

Expenses

The Company's structure of expenses substantially changed in 2013.

Structure of expenses	2013 r. (in PLN '000)	2013 r. (in %)	2012 r. (in PLN '000)	2012 r. (in %)
Operating expenses (including, without limitation):	39 266,87	32,89%	44 738,00	65,31%
Acquisition expenses	7 362,04	6,17%	10 951,81	15,99%
Costs of a transfer agent	10 913,59	9,14%	10 383,43	15,16%
Wages, salaries and other employee benefits	8 510,24	7,13%	8 582,15	12,53%
Premium fees to ZUS	4 943,32	4,14%	4 033,54	5,89%
Other operating expenses	79 319,85	66,44%	838,76	1,22%
Financial expenses	804,07	0,67%	22 924,37	33,47%
TOTAL	119 390,79	100,00%	68 501,13	100,00%

In the year 2013, the Insurance Company recorded over 12% drop in its operating expenses. As a result of the ban on acquisition, depreciation of deferred acquisition costs represents a main component of the acquisition costs. The level of costs in the income statement in particular years is influenced by the deferred acquisition costs amortisation pattern.

There was an increase in expenses depending on premiums, i.e. in particular fees payable to ZUS.

The result of the 2013 was affected by other operating expenses of PLN 79 320 ths. (vs. PLN 839 ths. in the previous year). Increase in other operating expenses was a result of writing off the part of deferred acquisition costs amounting to PLN 78 314 ths. due to the legal changes, which significantly decline expected future revenues. As a result, recovery of the deferred acquisition costs will be not possible at the level expected at the moment of its occurrence. According to the current legal status there will be a substantial decrease in revenues (decrease of assets under

management partially transferred to the Social Security, up-front fee decrease, possible outflow of members to the Social Security system, etc.). At the same time high operational requirements were maintained, causing relatively high level of expenses. Therefore, drop in income will not be followed by proportional drop in operating expenses. The Company still has to cover expenses regarding: customers administration, depositary functions, assets management, information services and ban on joining some of the managerial functions. Taking under consideration the level of uncertainty regarding the amount of future revenues the Company wrote-off part of the deferred acquisition costs.

Financial expenses amounted to PLN 804 ths. Low level of costs, in comparison to previous year, was a result of loss from the sales of shares in Generali Finance (PLN 22 820 ths) recorded in 2012.

Balance-sheet total and equity

In the year 2013, Generali PTE total balance-sheet sum dropped by PLN 91 664 ths, (i.e. by 29.5%).

Drop in fixed assets was caused by the write-off of the part of the deferred acquisition costs and reclassification of the remained portion to current assets.

Current assets grew in the year 2013 mainly as a result of:

- generating significant positive cash flows from basic operating activities;
- cash inflow due to the sale of shares in Generali Finance Sp. z o.o. to related entities;
- reclassification of deferred acquisition costs from fixed assets to current assets.

As regards of equity and liabilities, an important change related to the amount of equity, while other liabilities remained at a relatively stable level. In 2013 equity decreased by PLN 78 643 ths., (i.e. 29.0%) due to dividend payment of PLN 64 000 ths. and current year net loss of PLN 13 902 ths.

The Company's Directors recommend covering 2013 net loss from supplementary and reserve capitals.

3. Expected financial position

On February 1st, 2014, pursuant to the Act amending other acts on defining principles of payment of pensions from funds accumulated in Pension Funds (Dz.U. 2013 item 1717), up-front fee on the value of contributions dropped to 1.75%. Furthermore, Pension Funds were obliged to transfer 51.5% of its assets to the Social Security (ZUS).

On February 3rd, 2014 Generali Pension Fund transferred 51.5% of its members units as at January 31st, 2014 to the Social Security (ZUS). The transferred assets amounted to the total of PLN 7 676 million.

Despite unfavorable legal changes and loss of more than a half of assets under management, the Company predicts to maintain viability to generate positive cash flows from the core activity in the future.

Profitability will be maintained under the condition that no further negative legal changes will take place in the following years. Positive financial results and the ability to generate positive cash flow will ensure solvency position at a safety level.

4. Description of risks related to Company's financial instruments

Item 1.14 of supplementary information and explanatory notes to the financial statement describes in details the scope of interest

rate and credit risks. Interest rate risk is believed to be a key financial risk and is controlled on a current basis by the Company's Investment Department, which takes up defined actions to minimise the risk.

A basic method used to evaluate risks is a modified duration method. Modified duration (MD) is a more precise (in comparison to "duration") measure of the sensitivity of changes in the value of bonds (or the portfolio of bonds) to changes in market interest rates. In the literature, duration is said to be an average weighted period to maturity. However, more advanced studies point out that it is only a sensitivity measure (the sensitivity of changes in the value of bonds/portfolio to changes in market interest rates). While, modified duration is more precise (it detects a potential change in the value of bonds/portfolio more precisely) and is calculated in accordance with the following formula:

$MD = Duration / (1+r)$, where 'r' is a market rate of return for bonds

The Company minimises its credit risk by investing nearly only in instruments issued by the State Treasury.

Taking into account the Company's existing portfolio of securities and expected positive cash flows from operating activities, the Company is not exposed to financial liquidity loss in the foreseeable future.

Financial risk management goals and methods applied by the Company

The goal of the Company's investment policy is to maximise a rate of return on investments and maintain its relevant security of investments and financial liquidity at the same time.

Investment portfolio risks are controlled by:

- adjusting the modified duration ratio adequately to the market situation and the Investment Department's expectations as to the debt portfolio;
- using amount limits with regard to single transactions.

5. Expected directions of development

Major goals and plans for the year 2014:

- to retain the highest possible number of active customers and net assets, despite unfavourable legal changes encouraging outflow of members;
- return to the top funds in terms of the current membership unit rate of return;
- further improvement of services provided to fund members;
- development of voluntary pension funds when legal conditions providing for their operation improve, in particular with regard to tax incentives.

6. Key business activity risks

A level of potential transfer of fund members' premiums to the Social Security (ZUS) represents the key risk. Loss of future revenues could be significant, especially keeping in mind that unless funds members opt for a stay in their current funds (till 31st of July 2014), all new premiums will be retained by the Social Security (ZUS). Moreover, pension funds are unable, by force of law, to actively encourage members to stay in second pillar.

Volatility of the pension fund assets value as a consequence of legal limitations regarding portfolio structure represents a significant risk as well. Potential sudden drops of financial markets will have an adverse impact on the Company's financial situation through decrease in fee collected on premiums. The above mentioned factors can affect image of the pension funds and result in higher level of members outflows to ZUS.

Significant risks connected with business activity include the risk of further changes in the legal environment regarding obligatory second pension pillar.

	As of 31 December 2013	As of 31 December 2012
Total assets (including):	219 086 678,17	310 750 873,09
A. Long-term investments	0,00	0,00
B. Short-term investments	174 163 436,30	146 514 207,93

	As of 31 December 2013	As of 31 December 2012
Total liabilities (including):	219 086 678,17	310 750 873,09
A. Equity	192 324 311,92	270 966 968,34

	As of 31 December 2013	As of 31 December 2012
A. Sales revenues and equivalent	95 728 594,28	86 941 480,69
B. Operating costs	39 266 871,58	44 737 999,42
C. Gross profit (loss)	(17 047 661,9)	29 631 582,38
D. Net profit (loss)	(13 901 719,51)	25 373 556,02



Warszawa, 28 marca 2014 r.

Uchwała nr 4

Rada Nadzorcza Generali Powszechne Towarzystwo Emerytalne Spółka Akcyjna
z siedzibą w Warszawie 02-676, ul. Postępu 15B,
na posiedzeniu w dniu 28 marca 2014 roku, w składzie:

Pani Luisa Coloni – Przewodnicząca Rady Nadzorczej
Pan Karol Lutkowski - Członek Rady Nadzorczej
Pan Jarosław Mastalerz - Członek Rady Nadzorczej
Pan Vladimír Bezděk – Członek Rady Nadzorczej

podjęła jednogłośnie uchwałę o następującej treści:

1. Rada Nadzorcza Generali Powszechne Towarzystwo Emerytalne Spółka Akcyjna niniejszym zatwierdza Sprawozdanie finansowe Generali Powszechne Towarzystwo Emerytalne Spółka Akcyjna za rok obrotowy 2013 (patrz załącznik).
2. Niniejsza uchwała wchodzi w życie z dniem jej podjęcia.

Niniejsza uchwała została sporządzona jednocześnie w języku polskim i angielskim. W razie wątpliwości interpretacyjnych rozstrzygająca jest polska wersja językowa.

Warsaw, March 28, 2014.

Resolution No 4

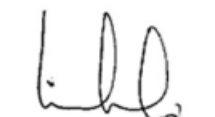
The Supervisory Board of Generali Powszechne Towarzystwo Emerytalne Spółka Akcyjna
with seat in Warsaw, 02-676, Postępu 15B Street,
during the meeting on March 28, 2014, in the composition:


Mrs. Luisa Coloni – Chairman of the Supervisory Board
Mr. Karol Lutkowski - Member of the Supervisory Board
Mr. Jarosław Mastalerz - Member of the Supervisory Board
Mr. Vladimír Bezděk - Member of the Supervisory Board

passed unanimously the following resolution:

1. The Supervisory Board of Generali Powszechne Towarzystwo Emerytalne Spółka Akcyjna hereby approves the Financial Statement of Generali Powszechne Towarzystwo Emerytalne Spółka Akcyjna for the financial year 2013 (see attachment).
2. This resolution enters into force on the day of its adoption.

This resolution was prepared in two language versions Polish and English. In case of interpretative doubts the Polish language version shall prevail.


Mrs. Luisa Coloni


Mr. Jarosław Mastalerz


Mr. Karol Lutkowski


Mr. Vladimír Bezděk

GENERALI POWSZECHNE TOWARZYSTWO EMERYTALNE S.A.
SPRAWOZDANIE FINANSOWE ZA ROK ZAKOŃCZONY DNIA 31 GRUDNIA 2013 ROKU

ZATWIERDZENIE SPRAWOZDANIA FINANSOWEGO

Zgodnie z przepisami ustawy z dnia 29 września 1994 roku o rachunkowości („Ustawa” – Dz. U. z 2013 r. poz. 330) Zarząd jest zobowiązany zapewnić sporządzenie rocznego sprawozdania finansowego dającego prawidłowy i rzetelny obraz sytuacji majątkowej i finansowej Spółki na koniec okresu obrotowego oraz wyniku finansowego i rentowności za ten okres.

Przy sporządzaniu sprawozdania finansowego przyjęte zostały odpowiednie zasady rachunkowości, które stosowane były w sposób ciągły.

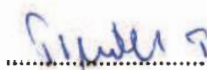
Wprowadzenie do sprawozdania finansowego, bilans, rachunek zysków i strat, zestawienie zmian w kapitale własnym, sprawozdanie z przepływu środków pieniężnych oraz informacja dodatkowa zostały sporządzone zgodnie z ustawą o rachunkowości i przedstawione w niniejszym dokumencie w następującej kolejności:

- 1) Wprowadzenie do sprawozdania finansowego
- 2) Bilans
- 3) Rachunek zysków i strat
- 4) Zestawienie zmian w kapitale własnym
- 5) Rachunek przepływów pieniężnych
- 6) Dodatkowe informacje i objaśnienia

Sprawozdanie z działalności jednostki w roku obrotowym stanowi załącznik do niniejszego sprawozdania finansowego.



Jacek Smolarek
Prezes Zarządu



Piotr Pindel
Członek Zarządu



Krzysztof Zawila
Członek Zarządu



Edyta Paciak
Główny Księgowy
odpowiedzialny
za sporządzenie sprawozdania
finansowego

Dnia 21 marca 2014 r.



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