



# PZU Group Overview

Potential and growth

May 2024



# PZU Group offers a wide range of products and services...

## Non-life insurance

- Motor insurance (MTPL, MOD)
- Home insurance
- Corporate & SME insurance
- Agricultural insurance
- Financial insurance
- Travel insurance

## Life insurance

- Group and individually continued protection products
- Individual life insurance

## Savings & Investments

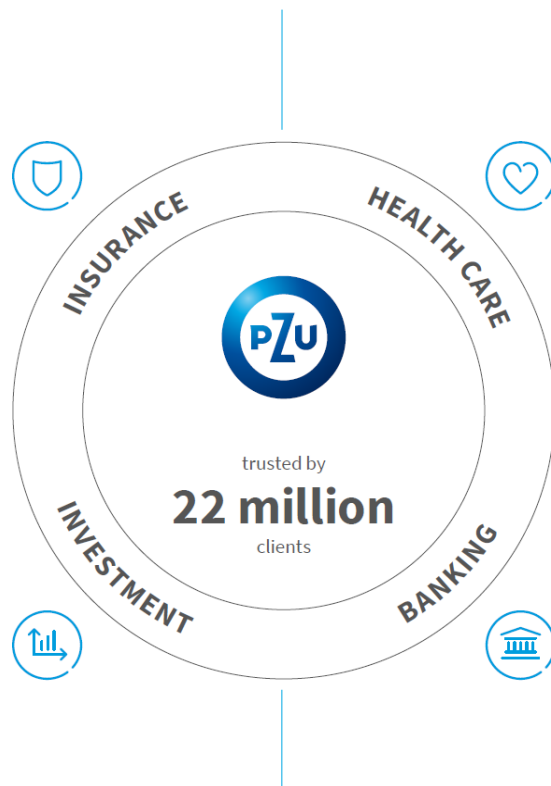
- Participation units
- Pension products: employment pension products - PPE, individual pension accounts - IKE, individual pension security accounts - IKZE, and employee capital schemes - PPK)

## Health care

- Health insurance
- Medicine insurance
- Health care services: general health care and packages of related services

## Banking products

- Current and savings accounts
- Term deposits
- Credits and loans



# ... being the largest financial conglomerate in Central and Eastern Europe ...

## Market share in Poland

(31 Dec. 2023)



Life protection (group 1) with a periodic premium  
**50.3%**



Life periodical premium  
**42.0%**

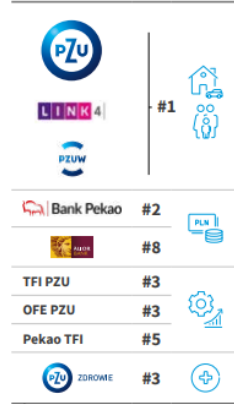


Motor  
**32.7%**



Non-life  
**33.0%**

### POLAND



### LITHUANIA



### LATVIA



### ESTONIA



### UKRAINE



Non-life insurance – market position by premiums written

Life insurance – market position by premiums written

Investments – market position by assets under management

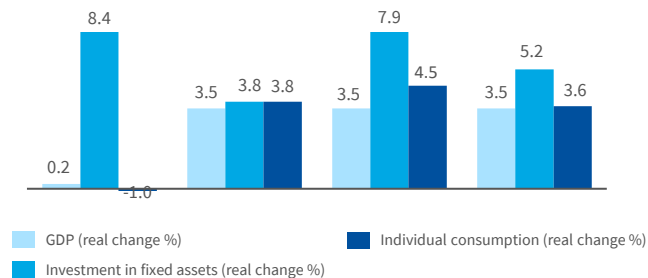
Banking – market position by assets

Healthcare – market position by revenue

**Headquarters**  
Warsaw,  
rondo Ignacego Daszyńskiego 4

## ... with growth potential in key areas of operations

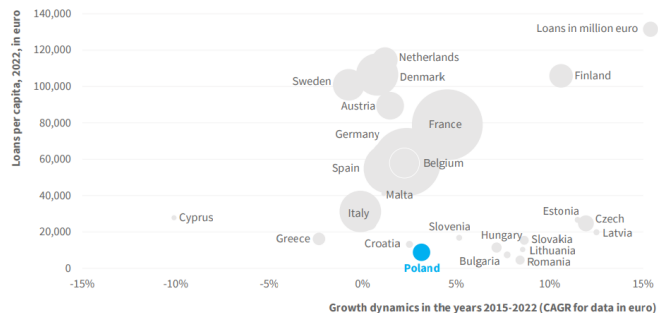
Poland's GDP in 2023-2026\*



\*March 2024 forecast.

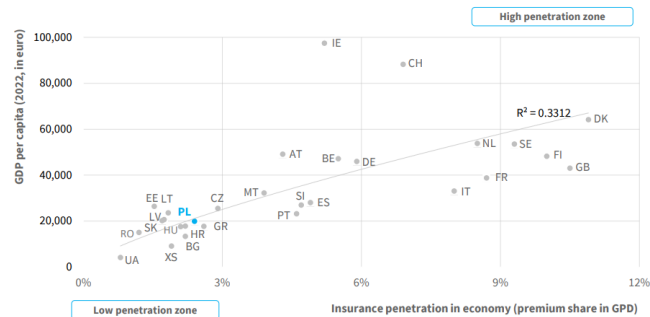
Source: GUS/Biuro Analiz Makroekonomicznych PZU

## Loans per capita (2022, EUR) in relation to the growth rate of the banking market (2015-2022, EUR)



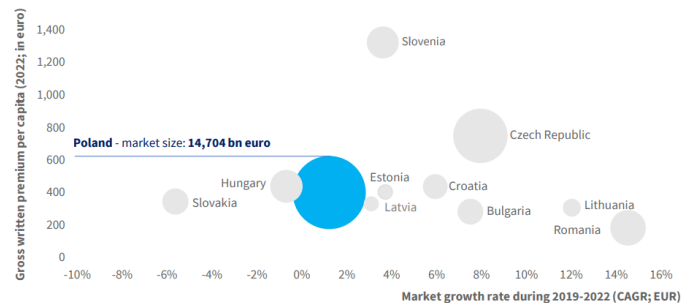
Source: Own calculations based on Eurostat and European Central Bank figures

## Penetration of insurance in relation to GDP per capita in Europe (2021, EUR)



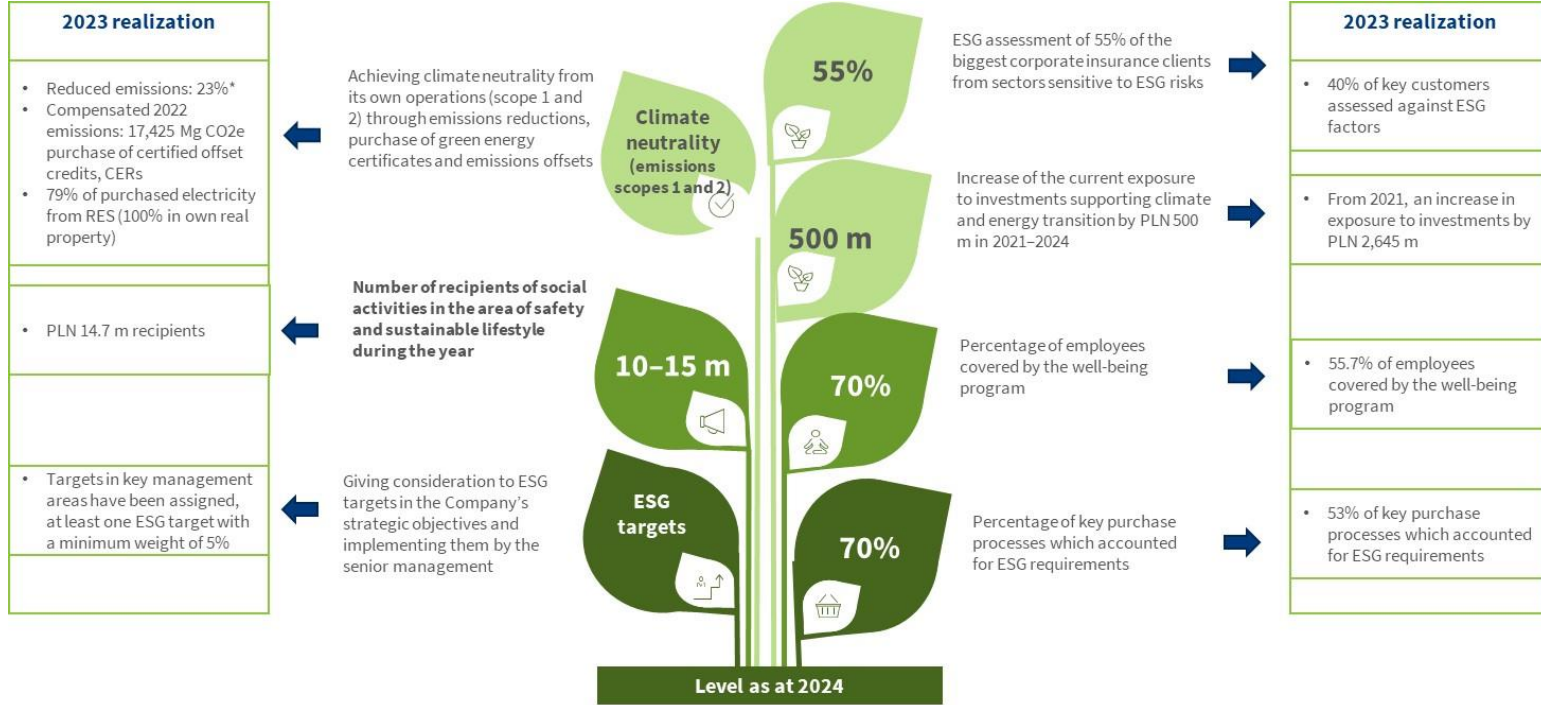
Source: Own calculations based on Eurostat and Swiss Re Institute (sigma 3/2023)

## Gross written premium per capita (2022, EUR) in relation to the insurance market growth rate (2019-2022)



Source: Swiss Re, sigma 3/2023; World insurance: inflation risks front and center; Eurostat; www.osp.stat.gov.lt; www.fktk.lv; www.andmed.stat.ee

# Driven by the principles of sustainable development ...



We monitor our progress on the road to sustainability. The ratings achieved in ESG ratings are a measurable result.



\*location-based method.

... provides stability and security ...



<sup>1</sup> Data as at 31 December 2023. Does not take into account new rules included in KNF circular letter to insurance companies dated 16 April 2021

**The PZU Group wants to be a supplier of comprehensive solutions that will help clients lead a healthy life and sustainable business.**

The Group's strategic ambition is to develop ecosystems that will provide end-to-end solutions for both institutional and individual clients. It will create new opportunities to build long-lasting customer relationships through, among other things, new interactions with customers in different areas of their lives. Key elements that contribute to building a sustainable technological advantage in integrated customer service will be further digitalization, use of artificial intelligence (AI), Big Data and advanced analytics, as well as mobility and omnichannel approach. Technological transformation will be supported by the use of cloud computing.

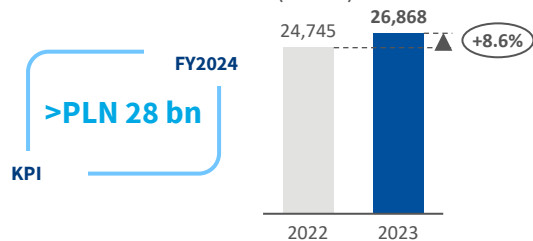
...being a lifetime partner for its clients



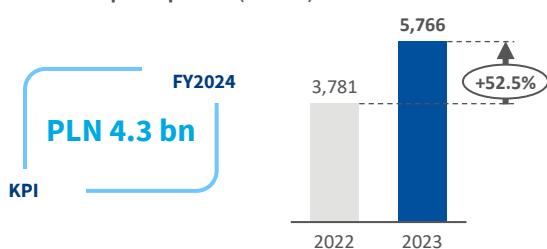


# Consistently implemented strategy...

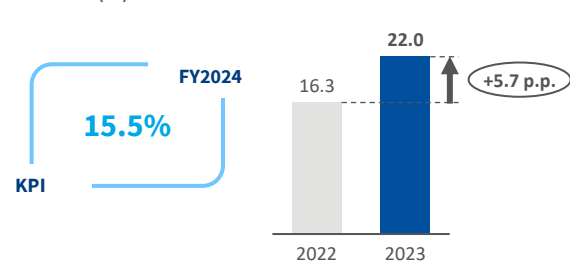
Gross insurance revenue<sup>1</sup> (PLN m)



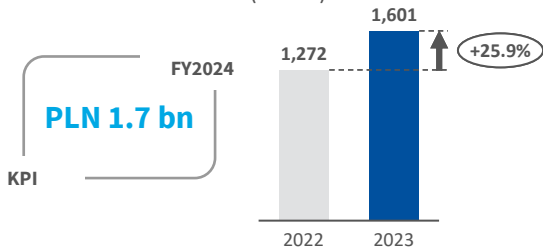
PZU Group net profit<sup>2</sup> (PLN m)



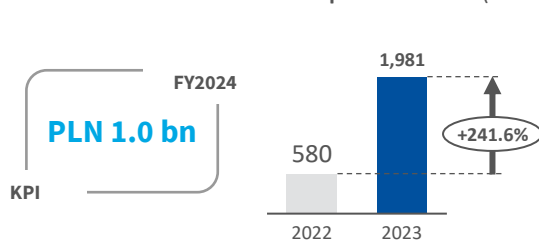
aROE<sup>3</sup> (%)



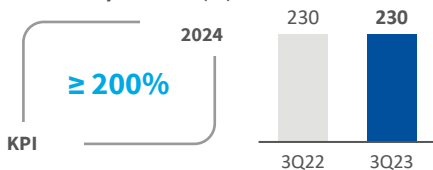
Health Pillar Revenue (PLN m)



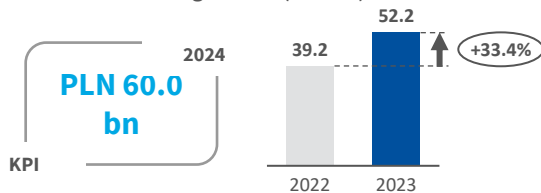
Banks' contribution to PZU Group's net results<sup>2</sup> (PLN m)



Solvency II ratio<sup>4</sup> (%)



Assets under management<sup>5</sup> (PLN bn)



- Gross insurance revenue of PZU Group
- Net profit attributable to the shareholders of the parent company
- Adjusted return on equity (aROE %). Calculated on an equity basis excluding other comprehensive income from insurance business (reflecting the impact in the macroeconomic environment on the PZU Group's capital)
- Excluding rules included in the KNF circular letter to insurance companies dated 16.04.2021. Value in line with new rules at 238% in 3Q23
- External client assets under management of TFI PZU, Pekao TFI and Alior TFI

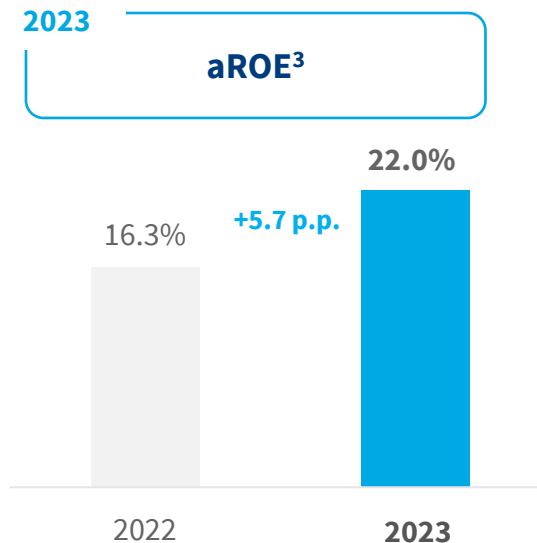
27.04.2023 – Presentation “The impact of the implementation of IFRS 17 and changes in the macroeconomic environment on the indicators of the PZU Group Strategy for 2021–2024”

[https://www.pzu.pl/\\_files/asset/item/1545908](https://www.pzu.pl/_files/asset/item/1545908)





.... allow to achieve attractive financial results ...



**PLN 4.0 bn**

Insurance service result  
(vs. PLN 3.7 bn in 2022)

**PLN 2,539 m**

Result on investment portfolio  
(vs. PLN 2,266 m in 2022)

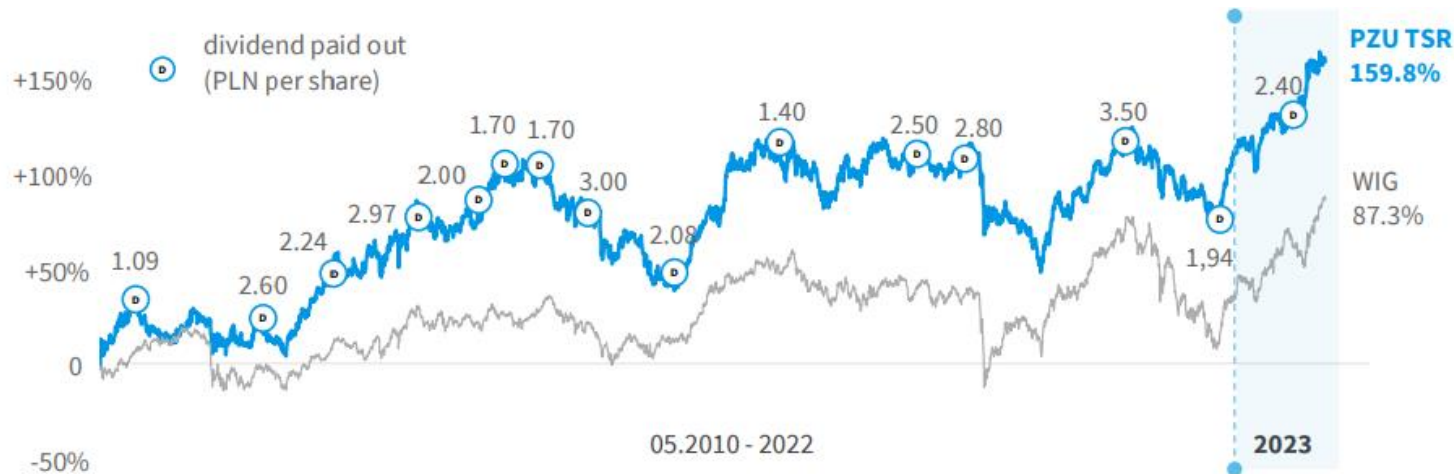
**85.3%**  
COR<sup>1</sup>

**21.9%**  
Margin<sup>2</sup>

1. Non-life insurance in PZU Group (Poland)
2. Margin for group and individually continued insurance segment
3. aROE, attributable to owners of the parent company, return on equity excluding the cumulative effect of change in discount rates for valuation of insurance liabilities

... delivering above-average returns to shareholders

### Dividend distributions and PZU's total shareholder return (TSR) (05.2010-2023)



Source: PZU figures

PZU's total return since the IPO until end of 2023 **totalled +160%** vs. the growth in the **WIG Index of +87%**

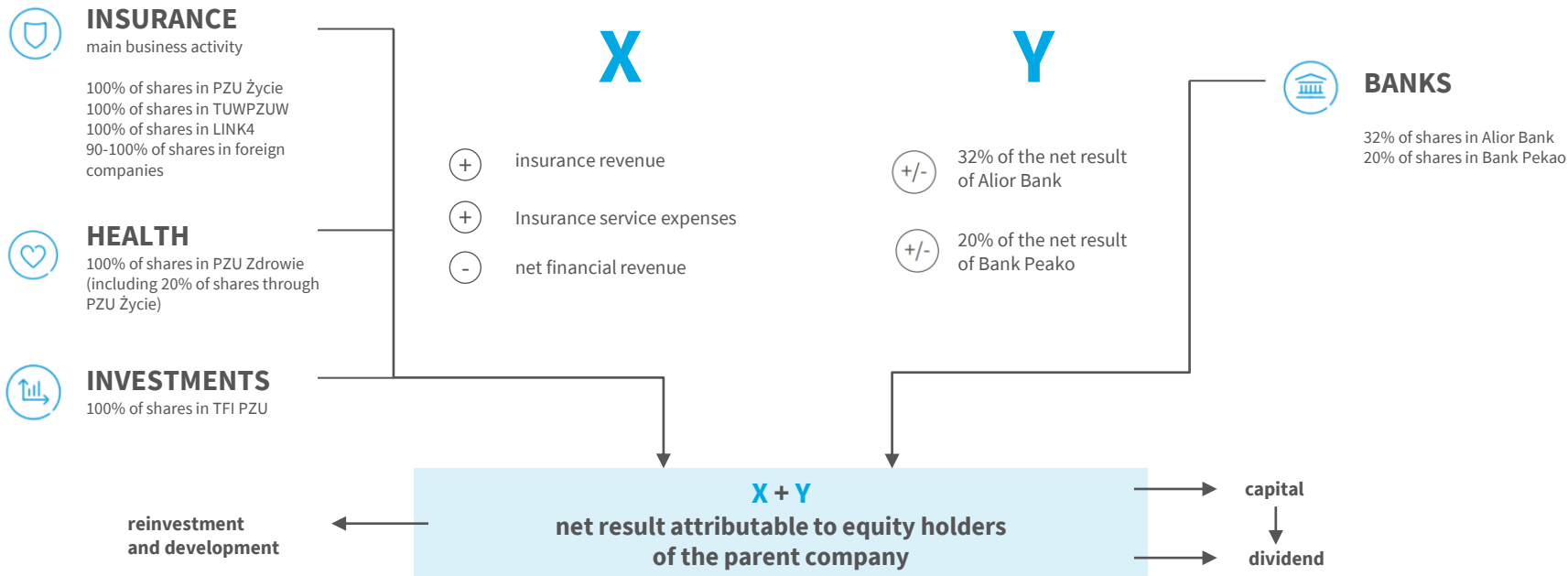


## Appendices

• Business model	12
• Digital transformation	16
• Shareholder structure	18
• Financial highlights	20
• Capital position & profit distribution	26
• History	29
• Awards & distinctions	30

## A diversified business model ...

### PZU – parent company operating in non-life insurance (listed on the Warsaw Stock Exchange)



... with insurance operations contributing most to the operating result ...

**60.6%**

**INSURANCE**  
investment and  
pension products



**34.9%**

**BANKING**



POLAND

ESTONIA

LATVIA

LITHUANIA

**3.9%**

**INSURANCE**



**0.7%**

**INSURANCE**

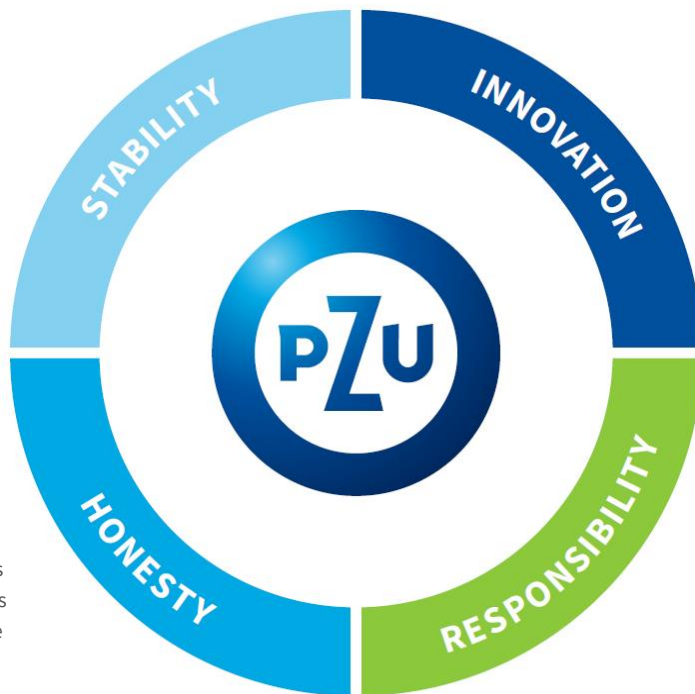


UKRAINE

Percentage share in the operating result (adjusted for PZU's shares in banks in 2023)

## .... and operations conducted in an ethical and responsible manner...

- Over 220 years of tradition
- Sound capital base, high Solvency II ratio
- Largest financial group in Central and Eastern Europe
- Strong brand



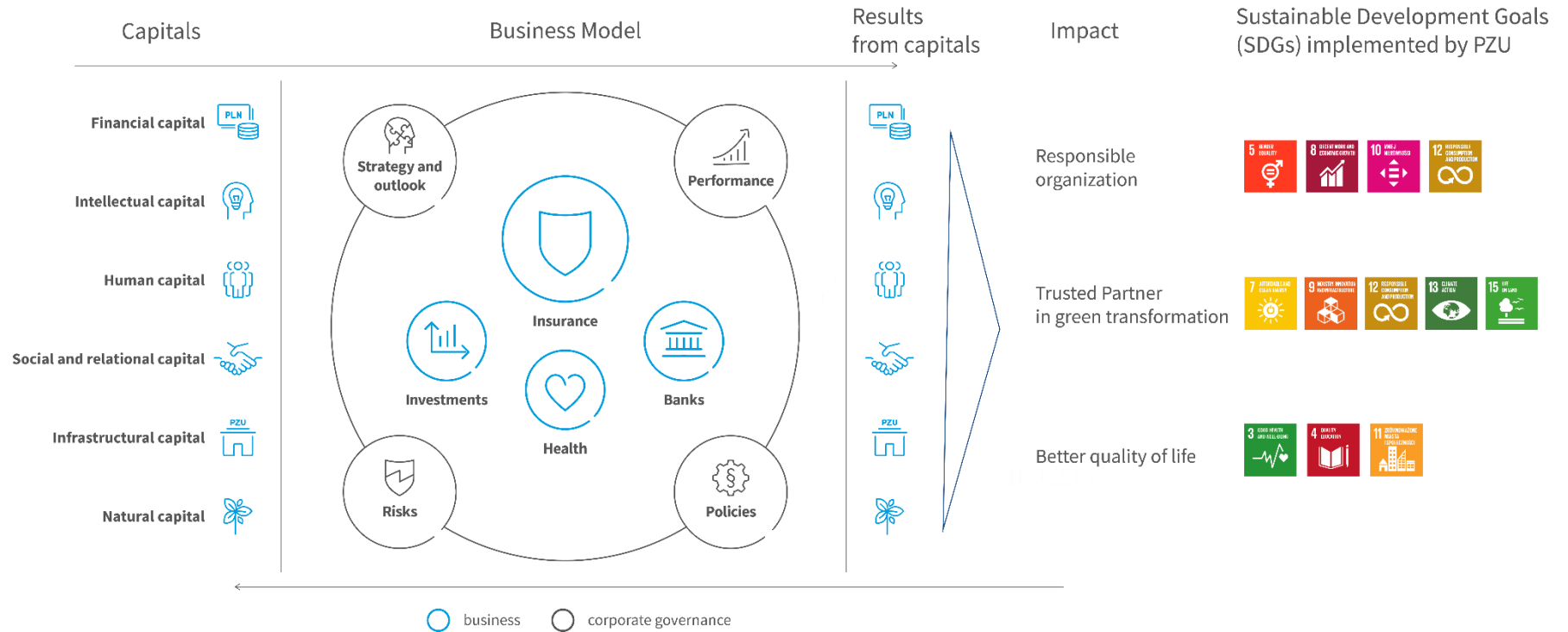
- We keep our promises
- We observe transparent rules of doing business
- We are fair in our internal and external relations
- We cultivate a culture of ethics and compliance

- Artificial intelligence and machine learning<sup>1</sup>
- Continuation of the process of digitalizing insurance, banking, investment and health products and services
- Advanced analytics
- Process optimization

- We respond to the needs of clients, employees and society
- We manage our environmental impact deliberately and responsibly
- We offer an inspiring place of work

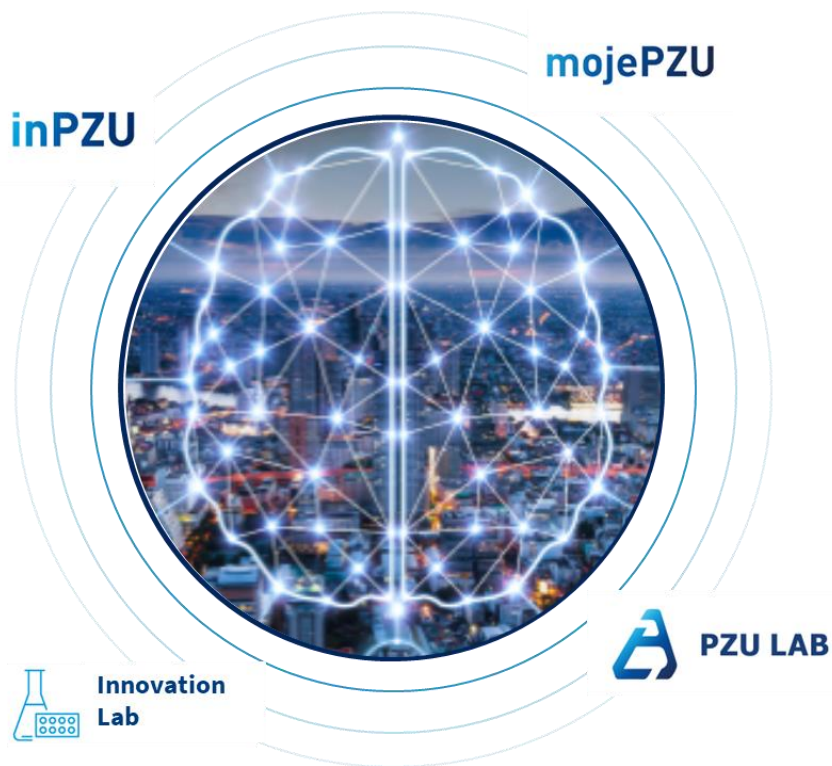
<sup>1</sup> Machine learning is a technology assuming that the program utilizes algorithms to “learn” on the basis of large data sets whereby it is capable of executing tasks without having to be designed directly by a human

# ... build value for the stakeholders of the PZU Group





## Using new technologies in all operating areas...



### Digitalization and streamlining processes



We continue to implement solutions for clients that are simple, intuitive and universal.

As consumer trends are evolving, mobile solutions will play an ever more important role in interactions with clients.

### Utilization AI, Big Data<sup>1</sup> and advanced analytics



We will continue to focus on the utilization of opportunities offered by new technologies, including AI, Big Data and solutions supporting advanced analytics. Implementation of new technologies should lead to improved operating efficiency and profitability of business, among others through automation and streamlining of decision-making processes.

### New channel approach (mobility and multi-channel)



We will use new digital distribution channels as an addition to traditional channels.

### Cloud computing<sup>2</sup>



We plan to implement cloud computing solutions, a technology which offers significant support for technology transformation and new opportunities to support business operations, such as greater efficiency of the infrastructure.

### Cybersecurity

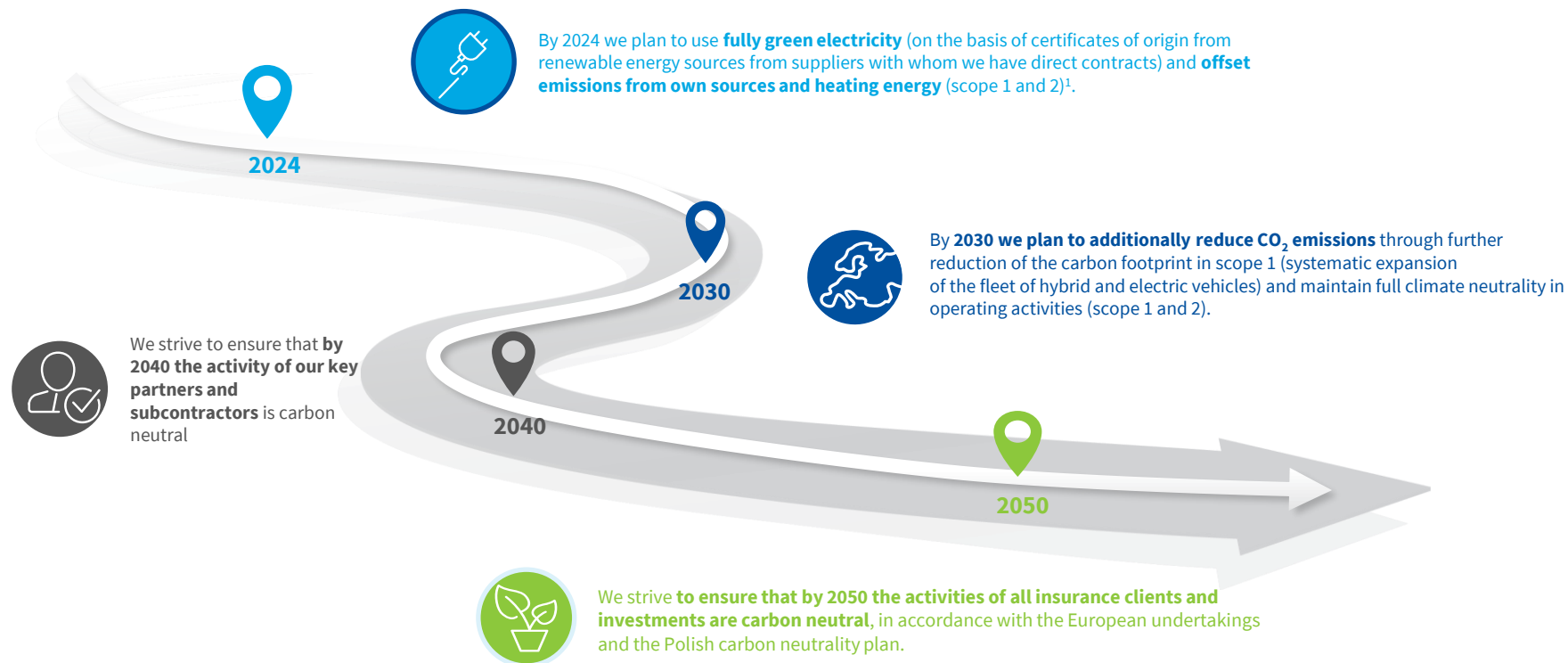


We ensure and continuously improve security of our IT networks; we will introduce tools for estimating cybersecurity risk in the financial sector. We offer assistance and protection in case of cybernetic incidents and breaches of data of our business clients.

<sup>1</sup> Big data is a term that depicts diverse, volatile, high-volume data sets and, usually, all the analysis and systematization procedures on such data, as well as the technologies used to store them

<sup>2</sup> Cloud computing is a technology, in which users take advantage of the processing capacity available over the Internet rather than investing in, among others, servers, database service tools or software

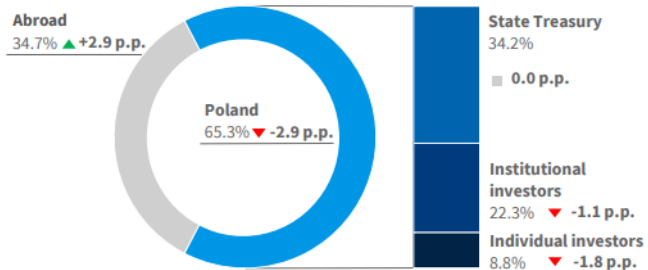
## ... PZU Group is an active participant in the green energy transformation



<sup>1</sup> The definition of scope 1 and 2 is available on the page with indicator definitions  
Comments regarding emission scopes refer to the classification specified in the GHG Protocol



## The State Treasury of the Republic of Poland is PZU's main shareholder ...



▲▼ change 2023/2022



Shareholders holding the largest blocks of PZU shares at the end of 2023 were the State Treasury of Poland (34,2%) and BlackRock, Inc. (5%)

Locations of the head offices of institutional investors participating in meetings with PZU's representatives (marked on the map as "interested investors")

According to a survey carried out at the end of 2023, PZU's shareholder structure was stable in terms of the breakdown of stakes and geographies. The largest stakes, as in previous years, were held by investors from Europe, with Polish investors dominating.

As at the end of 2023, stake of open-end pension funds (OFE) and mutual fund management companies (TFI) in PZU's shareholder structure was 15.9% (down 0.9 p.p. y/y) and 3.5% (down 0.1 p.p. y/y), respectively.

The percentage of retail investors in PZU's shareholder structure was 8.8% (down by 1.8 p.p. y/y) at the end of 2023. Considering the overall shareholder structure, the decline in the percentage of retail investors was mainly due to the greater activity of foreign institutional investors, whose stake increased by 2.9 p.p. y/y to 34.7%. This change in structure occurred with capitalization growing strongly. In 2023, PZU's share price rose 33.5%, which, when dividends paid are taken into account, means a Total Shareholder Return (TSR) of more than 40% (year over year).

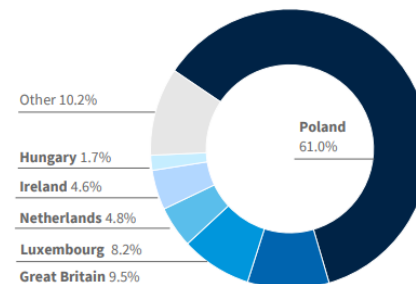
## ... however, PZU's shares are held by investors from all over the world

### Europe

Institutional investors excl. the Polish State Treasury (with 295.2 m shares, or a 34.2% equity stake)

315.6 m shares (**36.5%** share of equity)

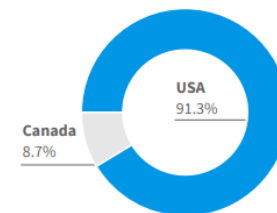
▲ +0.9 p.p. y/y



### North America

127.1 m of shares (**14.7%** share of equity)

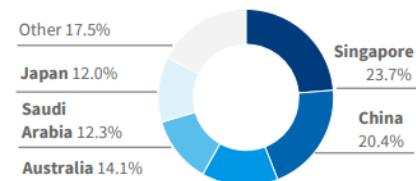
▲ +0.1 p.p. y/y



### Asia, Australia, Africa

49.6 m of shares (**5.7%** share of equity)

▲ +0.8 p.p. y/y



▲▼ change 2023/2023

# Financial highlights (in PLN m)

## Basic consolidated data <sup>1</sup> of the Capital Group under IFRS 4

	2019	2020	2021	2022
<b>A) PZU Group excluding Alior Bank and Bank Pekao</b>				
Gross written premiums	24,191	23,866	25,080	26,710
Net result from investment activities including interest expense	1,995	2,044	2,012	1,233
Net insurance claims and benefits	(15,695)	(15,580)	(15,731)	(15,542)
Acquisition expenses	(3,363)	(3,317)	(3,572)	(3,903)
Expenses incurred in the period	(1,739)	(1,801)	(1,734)	(1,918)
Operating profit	3,606	3,941	3,635	3,640
Net profit attributable to the equity holders of the parent company	2,780	3,106	2,732	2,794
<b>B) Impairment of goodwill (Alior Bank, Bank Pekao) and intangible assets (IAs) of Alior Bank</b>		(1,343) <sup>2</sup>		
<b>C) Banks: Alior Bank and Bank Pekao</b>				
Net profit attributable to the equity holders of the parent company	515	149	604	580
<b>(A+B+C) Net profit attributable to the equity holders of the parent company</b>	3,295	1,912	3,336	3,374
Total assets	343,385	378,974	402,129	436,119
Equity attributable to shareholders of the parent company	16,169	18,777	17,080	17,489

1) restated data as of 31 December for 2019.

2) including an impairment charge on goodwill arising from the acquisition of Alior Bank (PLN 746 million) and Bank Pekao (PLN 555 million), and an impairment of assets arising from the acquisition of Alior Bank (i.e., trademark and customer relations after taking into account the impact of deferred income tax and minority interest) in the amount of PLN 42 million.

## Basic consolidated data of the PZU Capital Group under IFRS 17

	2022 <sup>3</sup>	2023
<b>A) PZU Group excluding Alior Bank and Bank Pekao</b>		
Gross insurance revenue	24,745	26,868
Net insurance revenue	23,619	25,354
Insurance service expenses (net)	(19,956)	(21,335)
Net insurance claims and benefit <sup>1</sup>	(13,971)	(14,646)
Expenses incurred in the period	(2,003)	(2,317)
Amortization of insurance acquisition cash flows	(3,963)	(4,416)
Amortization of loss component	1,037	1,007
Recognition of the loss component	(1,056)	(963)
Insurance service result	3,663	4,019
Net financial income <sup>2</sup>	881	1,168
Financial income and expenses from insurance	(378)	(1,748)
Result from investment activities – allocated to insurance segments	1,259	2,916
<b>Net profit attributable to the equity holders of the parent company</b>	3,201	3,785
<b>B) Banks: Alior Bank and Bank Pekao</b>		
Net profit attributable to the equity holders of the parent company	580	1,981
<b>(A+B) Net profit attributable to the equity holders of the parent company</b>	3,781	5,766

1) financial income and expenses from insurance and reinsurance, as well as investment result allocated to insurance business segments.

2) excluding the investment component with the development of the claim reserves from previous years.

3) restated data. Restatement of comparative data resulting from the application of IFRS 17.

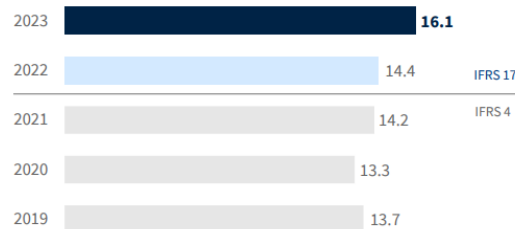


## Profitable growth in insurance ...

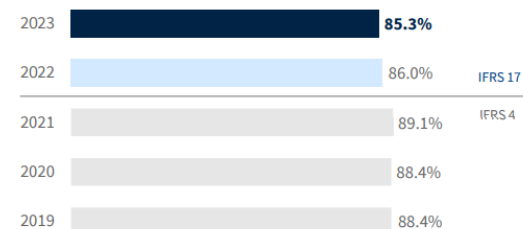
### Non-life insurance in Poland



Insurance revenue for 2023 and 2022 / Gross written premium for 2019-2021 (PLN billion)

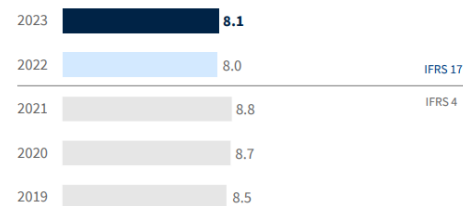


Profitability (COR)

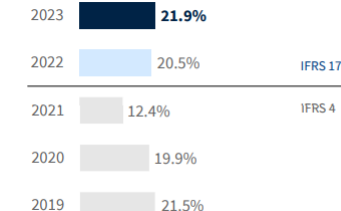


### Life insurance in Poland

Insurance revenue for 2023 and 2022 / Gross written premium for 2019-2021 (PLN billion)



Profitability (operating margin in group insurance)

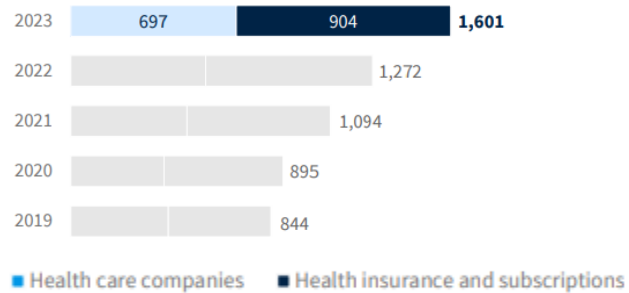




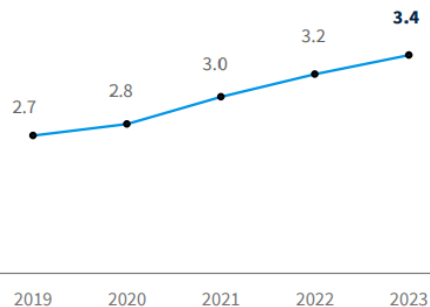
## ... dynamic development of health business ...



PZU Zdrowie revenue (m PLN)



Number of agreements (million)



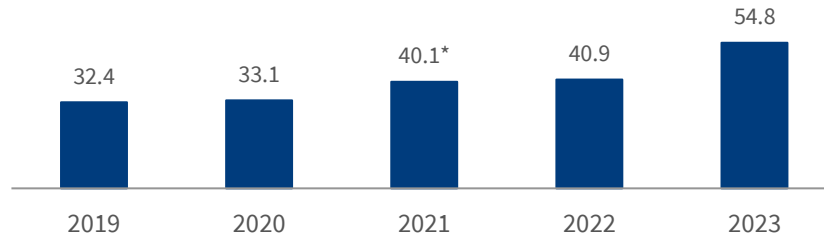




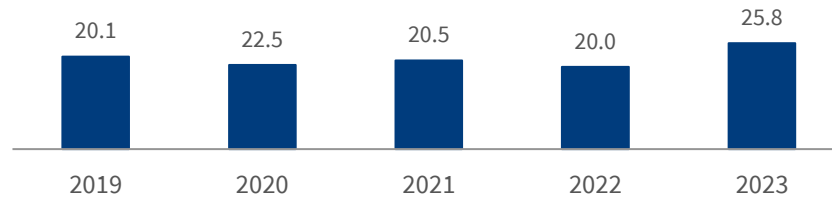
... wide offer of savings & investment products ...



Third Party Assets of TFI and OFE - PZU clients (bn PLN)



Assets of Pekao TFI (bn PLN) and Alior TFI (bn PLN)



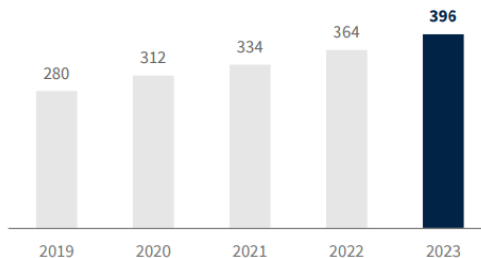
\* Adjusted data



## ... and potential in banking ...



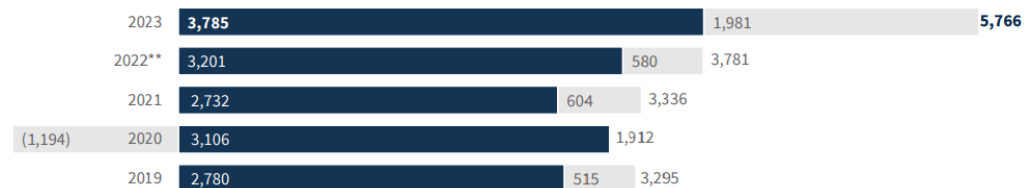
Banking assets in the PZU Group (bn PLN)



ROE (return on equity)<sup>1</sup>



Contribution of banking to the net profit of the parent (m PLN)<sup>2</sup>



■ Net profit of the PZU Group (excluding banks)    ■ Net profit/loss of banks (Pekao Bank and Alior Bank) attributed to PZU

<sup>1</sup> based on reports and presentations of Bank Pekao and Alior Bank

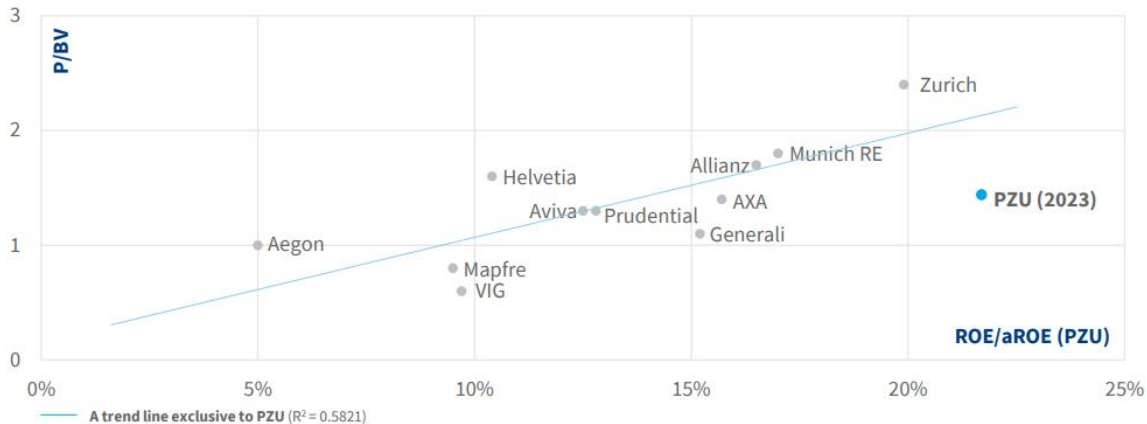
<sup>2</sup> excluding consolidation exclusions



The PZU Group's strategy assumes achieving the net profit attributable to the equity holders of the parent company of PLN 4.3 billion and a return on equity (aROE) of 15.5% in 2024

... allow to achieve above-average results ...

### PZU valuation versus European insurers (2023)

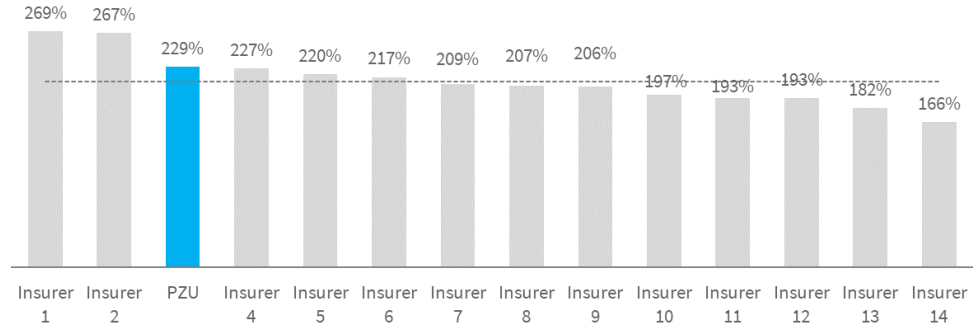


Source: PZU share price at year-end (2021, 2022, 2023) – reported figures; other companies – 2023 annual forecasts (research reports)

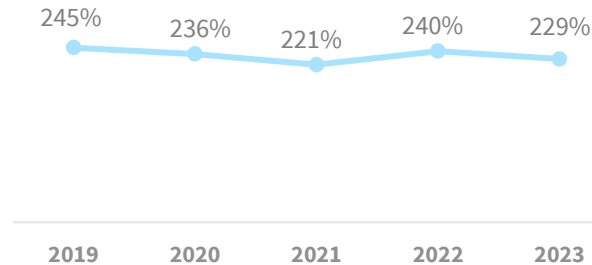


... coupled with strong capital position ...

Solvency II ratio for PZU Group vs peer group (as at 31.12.2023)



Solvency II ratio for PZU Group

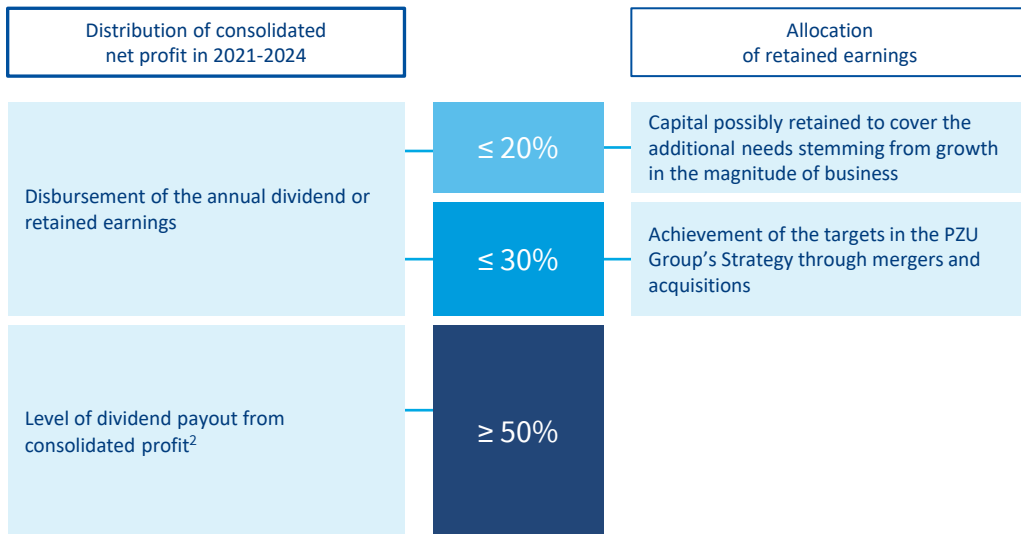


**A - /Positive/**

Financial strength rating  
and credit rating awarded to  
PZU by S&P Global Ratings

## ... and consistently pursued the capital and dividend policy ...

### Dividend policy for 2021-2024



### Principal assumptions



We will continue to be a **dividend company** while generating an above average return on equity.



**Every year we will pay a dividend of 50 to 100 percent** of the PZU Group's<sup>1</sup> consolidated annual earnings.



We will **maintain our solvency ratios at a level no lower than 200%** for the PZU Group, PZU and PZU Życie (according to Solvency II).



We will **maintain the our financial leverage ratio<sup>2</sup>** at a level no higher than 25%.



We will procure **funds for growth and acquisitions** in the coming years.



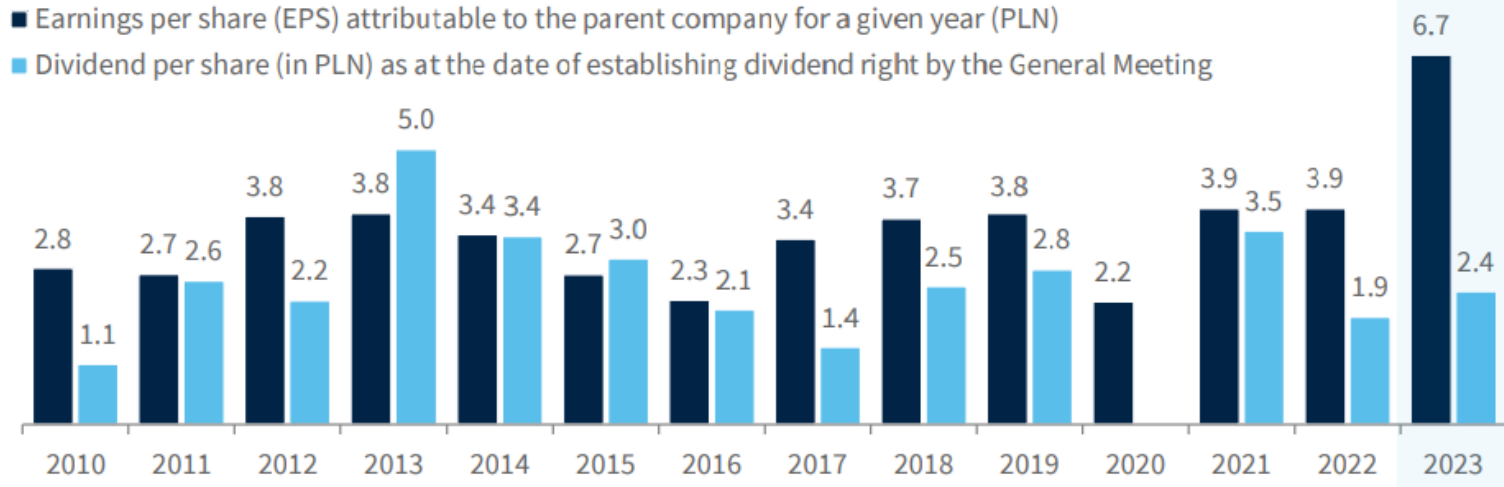
We will **maintain the financial conglomerate's surplus own funds above the requirements** for solvency.

<sup>1</sup> PZU's net profit attributable to the parent company

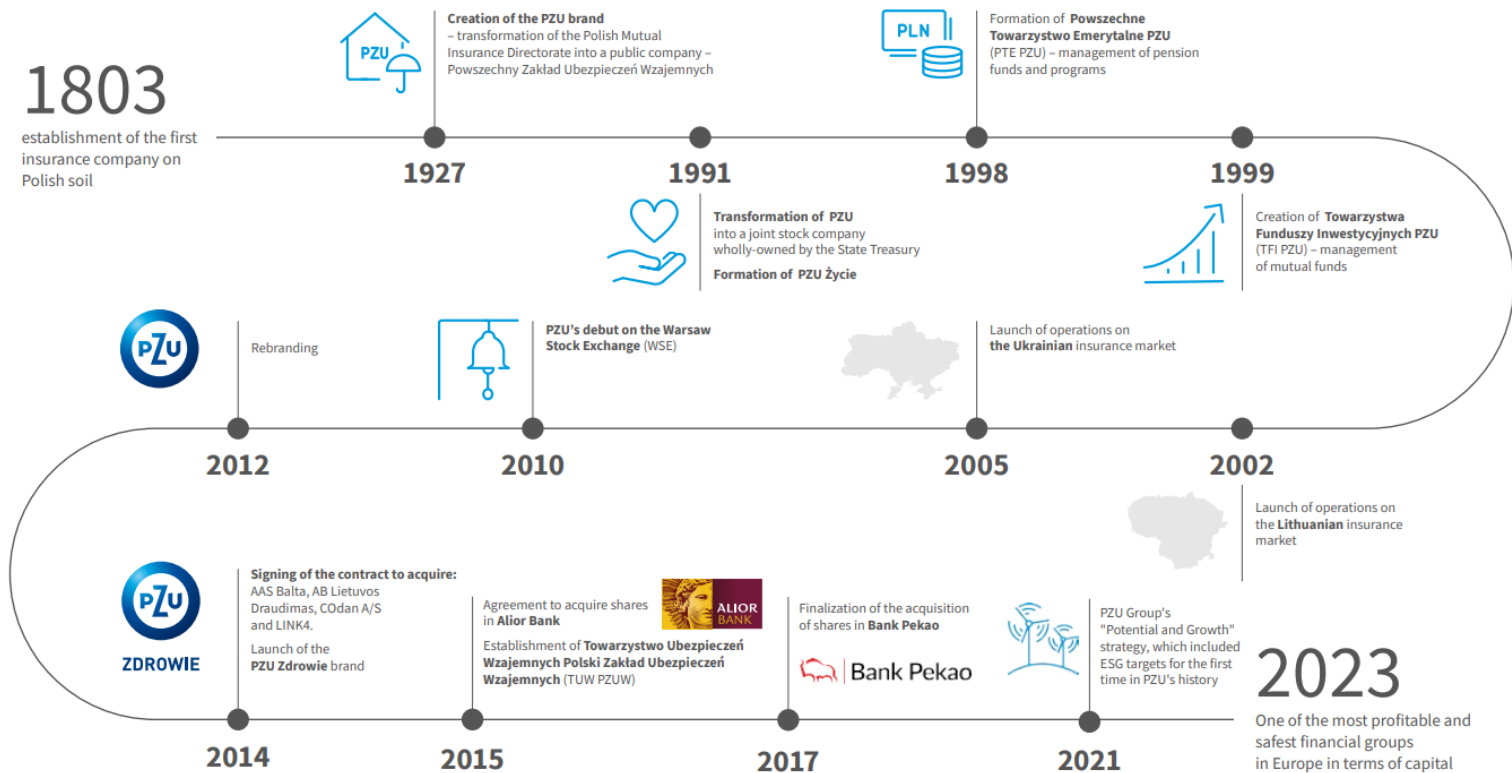
<sup>2</sup> Financial leverage ratio – quotient of debt to the PZU Group's sum total of debt and equity attributed to the equity holders of the parent company minus goodwill and intangible assets attributed to the equity holders of the parent company. Ratio calculated on the basis of the categories disclosed in the PZU Group's consolidated financial statements net of the banking sector

... generate an attractive dividend stream for our shareholders

PZU's earnings and dividend per share in 2010-2023



# History of the development of the PZU Group







## Selected awards and prizes for PZU in 2023



**PZU:**  
The best insurer in Poland in the „Institution of the Year 2023” ranking



**PZU:**  
remains among the Super Ethical Companies



**PZU and PZU Życie:**  
Second place in the property and life insurance group and third place in motor insurance of the competition Friendly Insurance Company 2023 by Gazeta Bankowa



**PZU:**  
The Best Annual Report 2022 „The Best of the Best” (for the fifth time)



**PZU:**  
Title „Best online insurer” in the e-Commerce Poland Awards 2023



**PZU:**  
Third place in the global Qorus-Accenture Innovation in Insurance Awards 2023 in the Workforce Transformation category for the implementation of a modern insurance coverage comparison engine



**PZU:**  
An honorable mention in the „Leaders of the Technology Revolution. Top 100 AI Driven in the CEE Region” report prepared by Art. of Networking, Bain & Company and MCI Capital



**PZU:**  
Winner of the Leaders of the Banking and Insurance World competition in the Best Digital Insurer category



**PZU:**  
Certificate „HR Highest Quality 2023” awarded by the Polish Human Resources Management Association (PSZK)



**PZU:**  
Winner of Friendly Workplace® 2023



**PZU:**  
Grand prize in the Employer Branding Excellence Awards 2023 in the category: EB innovation for the project: Hybrid Work Best Practice Cards



**PZU:**  
Distinction in the Employer Branding Excellence Awards 2023 campaign <<Strong in IT>>, in the category: online campaign



## Contact for investors

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