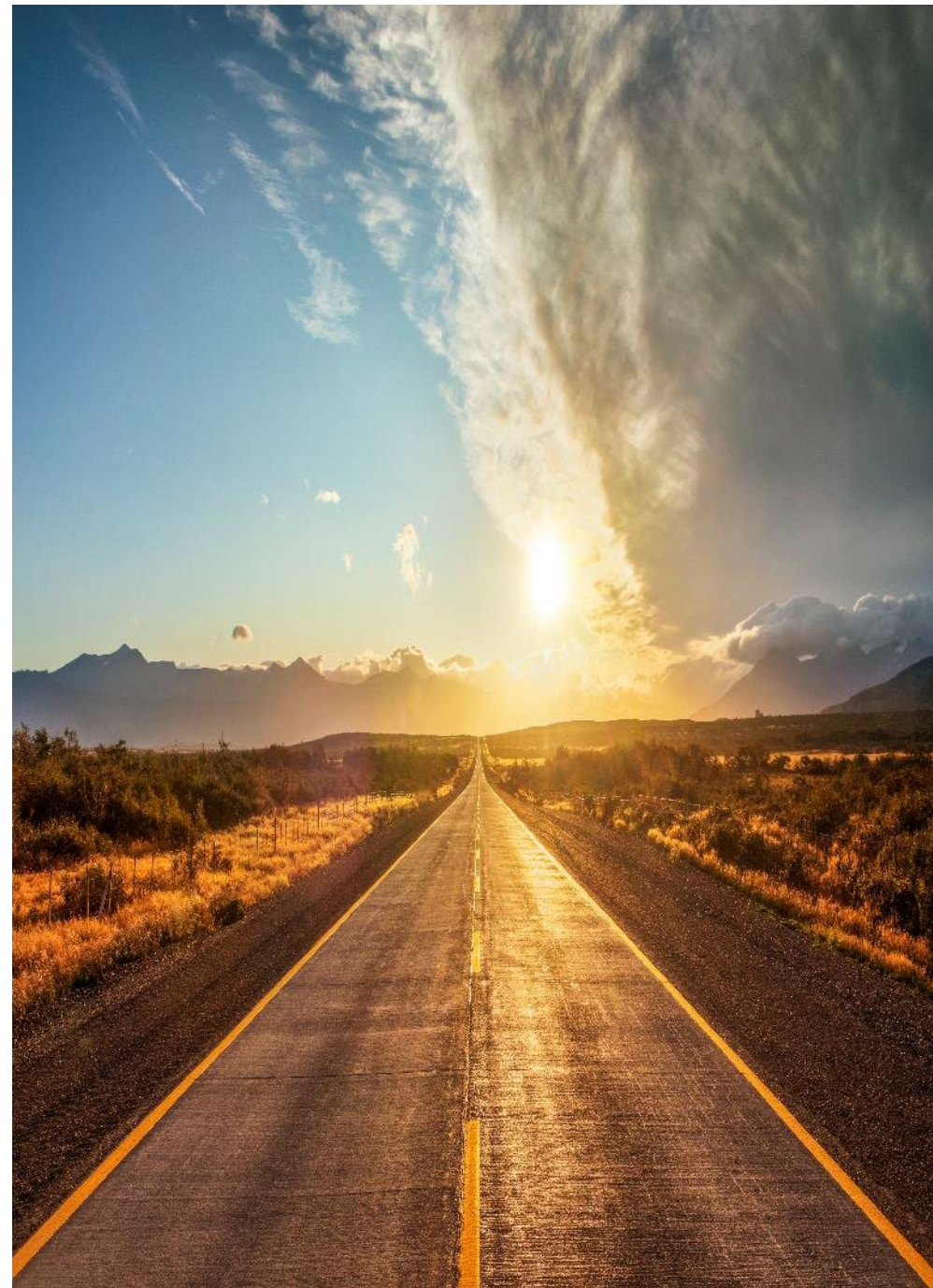




# PZU Group's financial results

in 1H24 and 2Q24

Warsaw, 29 August 2024



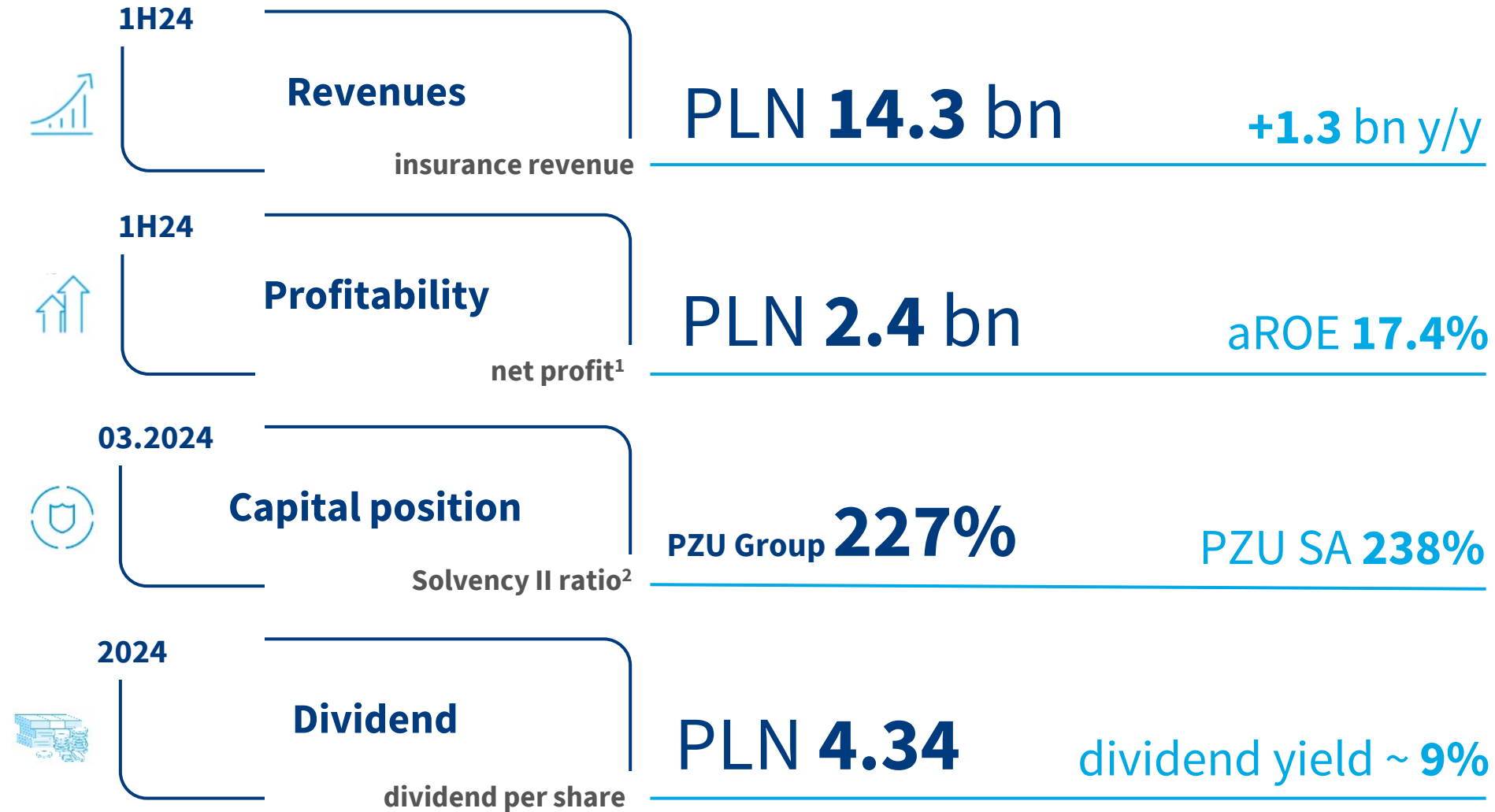
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# **1. Main achievements and plans**

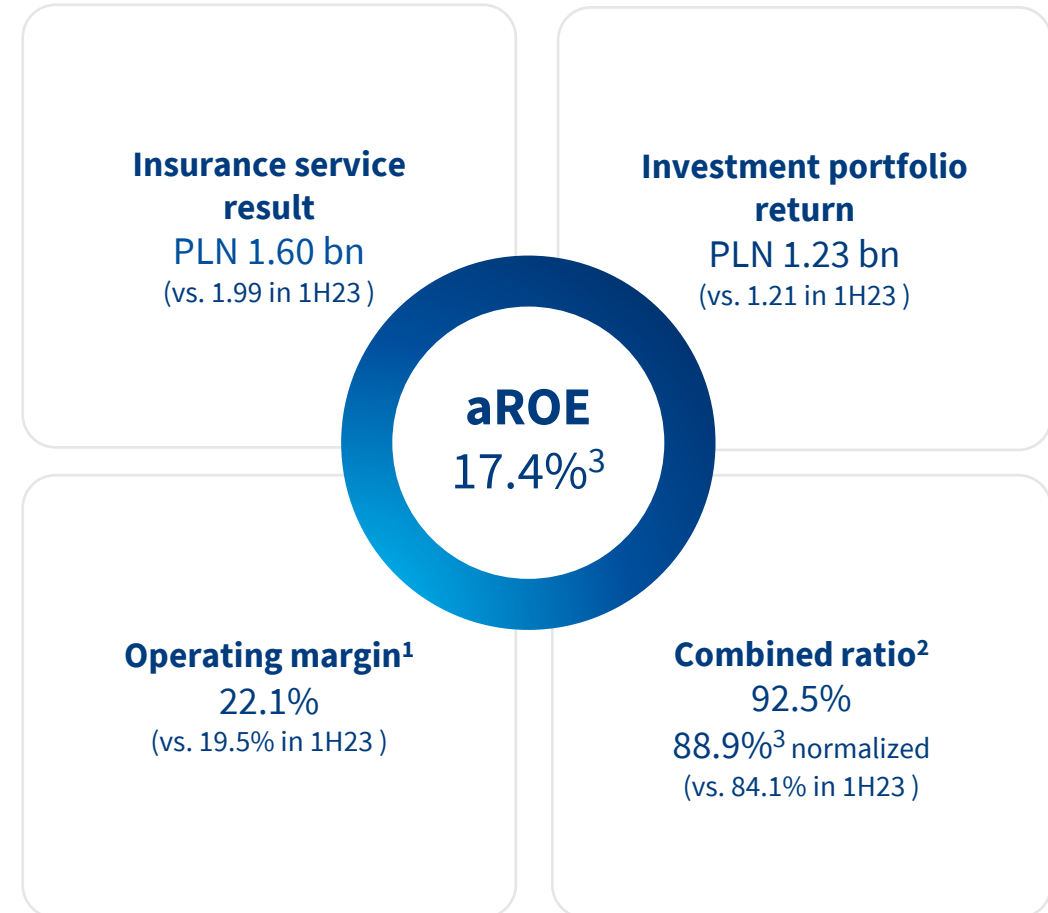
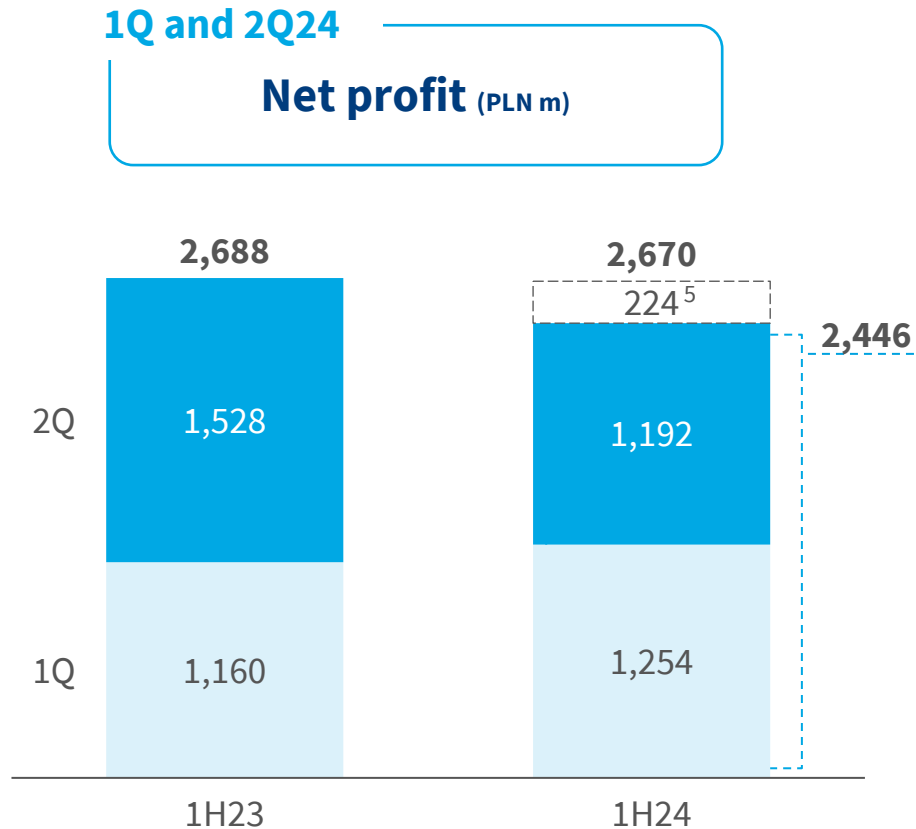
# Solid business scale growth, high profitability and dividend



1. Attributable to equity holders of the parent company

2. The calculation according to the existing methodology, i.e. own funds are adjusted by dividend computed on the basis of the interim result. It does not take into account the new rules included in the KNF's circular letter to insurance companies dated 16 April 2021, according to which, starting from 1Q21 a new element in the calculation of company and group solvency in interim periods is an adjustment for the entire amount of dividends expected for the year. The ratio in line with the new rules and financial statements was 205% for PZU Group and 209% for PZU SA.

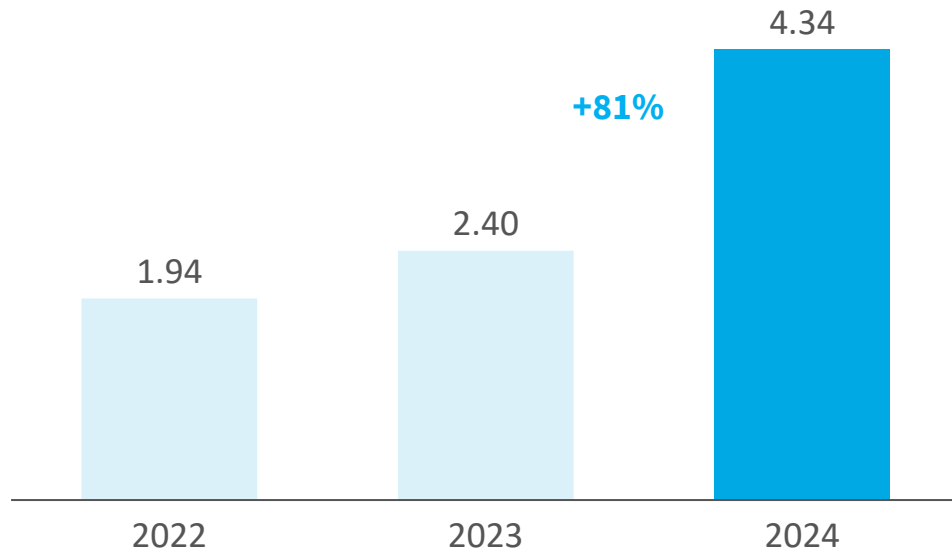
# Stable results in the face of new challenges



1. Margin for group and individually continued insurance segment
2. Non-life insurance in PZU Group (Poland)
3. Non-life insurance in PZU Group (Poland), excluding the effect of profitability deterioration in agricultural insurance (incl. the impact of weather losses) and profitability deterioration in non-motor insurance
4. aROE in 1H24, attributable to owners of the parent company, return on equity excluding the cumulative effect of change in discount rates for valuation of insurance liabilities
5. Deterioration in agricultural insurance (incl. the impact of weather losses) and profitability deterioration in non-motor insurance

# Attractive dividend yield, strong capital position

## Dividend per share (PLN)

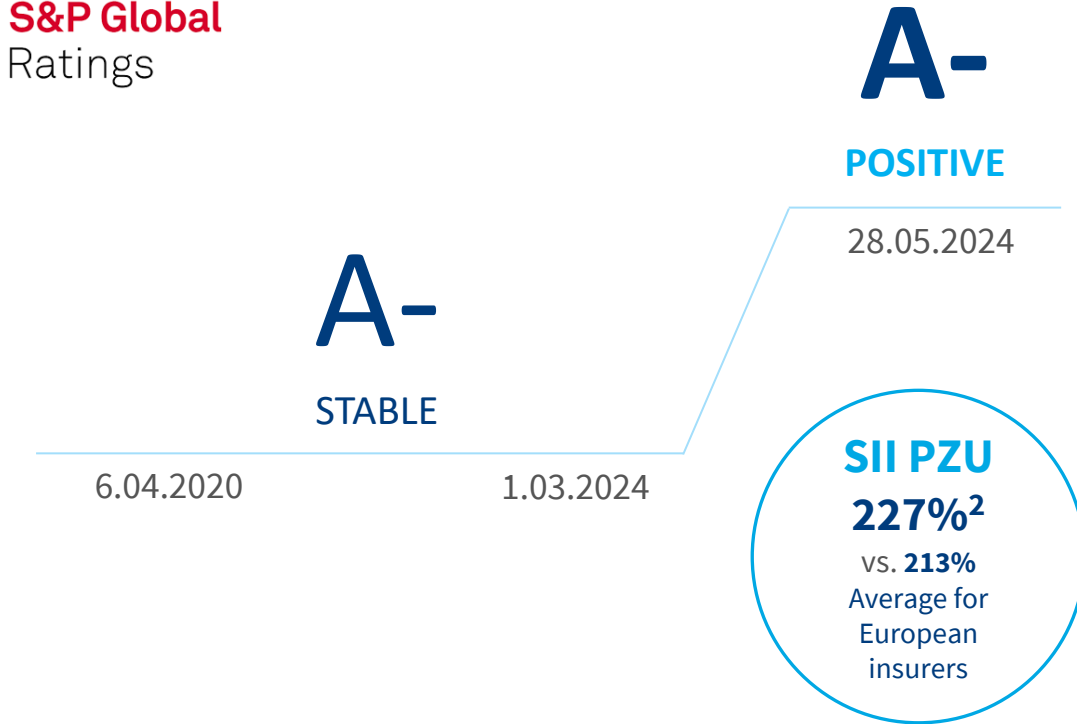


- ✓ Dividend of PLN 4.34 per share translates into a dividend yield of ca. 9%<sup>1</sup>

1. Based on share price as of 28 August 2024

2. As at 31 March 2024. Calculation according to the existing methodology, i.e., own funds are adjusted by dividends computed on the basis of the interim result. It does not take into account the new rules included in the KNF's circular letter to insurance companies dated 16 April 2021, according to which, starting from 1Q21 a new element in the calculation of company and group solvency in interim periods is an adjustment for the entire amount of dividends expected for the year. The ratio under the new rules and financial statements was 205% in 1Q24

## S&P Global Ratings



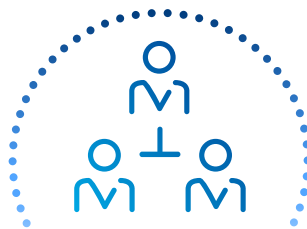
- ✓ Increased rating outlook
- ✓ The Solvency II ratio for the PZU Group one of the higher ones compared to the average for European insurers (%)

# Summary | We are generating solid results, strengthening competencies and working on an integrated Group Strategy



## Business results

- ◆ Solid **business scale growth**
- ◆ Growing role of **non-motor insurance**
- ◆ **Improving sales and margins** in life insurance
- ◆ Dynamic **growth in health pillar**



## People and organization

- ◆ **Managerial and competence reinforcements** in PZU
- ◆ PZU's new operating model – we are implementing *business units* focused comprehensively on a given group of **customers and business**
- ◆ Selection of **top managers with established market position** to the Management Boards in PZU Group Banks



## Future plans

- ◆ Intensive **work on the PZU Group Strategy** to be presented in 4Q
- ◆ **Strengthening core business foundation** and operational excellence, particularly in motor business
- ◆ **Maximizing the synergy effects** of the entities that make up the PZU Group



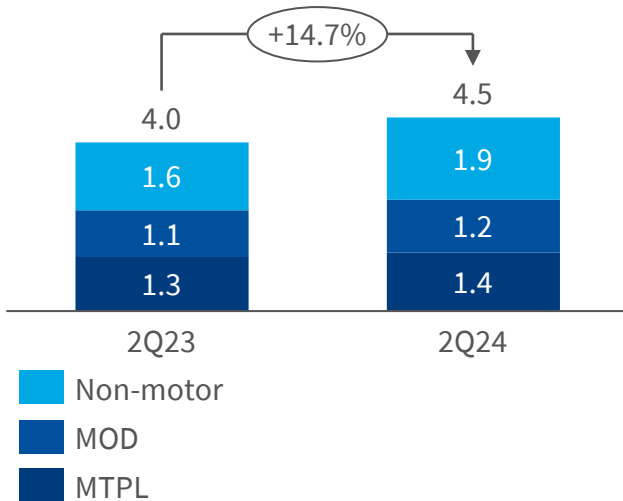
## 2. Business development



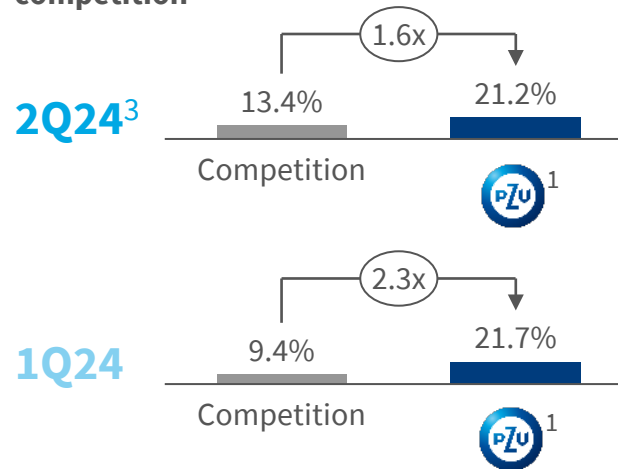
# PZU Group with 1.6x higher non-motor insurance premium growth than competition

## PZU Group gross written premium<sup>1</sup> in 2Q24

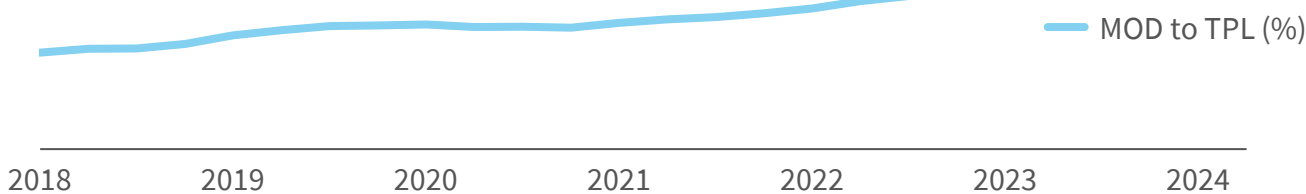
Value (PLN bn) and dynamics y/y



PZU's non-motor insurance dynamics y/y vs. competition<sup>3</sup>



Ratio of MOD to TPL policies (%)<sup>2</sup>



## Non-motor insurance

- 1 Another quarter with **higher premium dynamics of PZU Group vs. the competition<sup>3</sup>**
- 2 The increase particularly visible **in insurance against fire and other property damage** and liability insurance and assistance

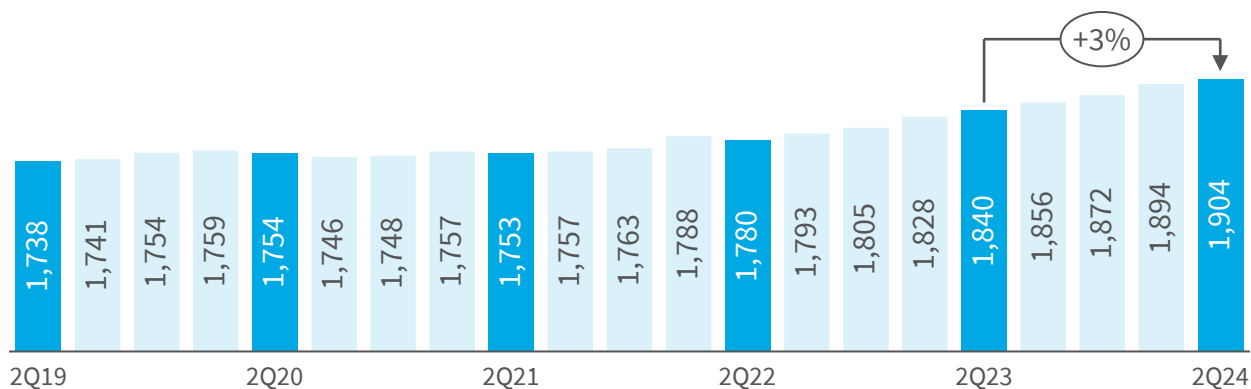
## Motor insurance

- 1 **Higher sales in motor insurance (+10.4% y/y)** resulting mostly from price increases
- 2 **Higher growth in MOD (+12.6% y/y)** and continued positive trend of increasing penetration and share of higher-margin Casco insurance

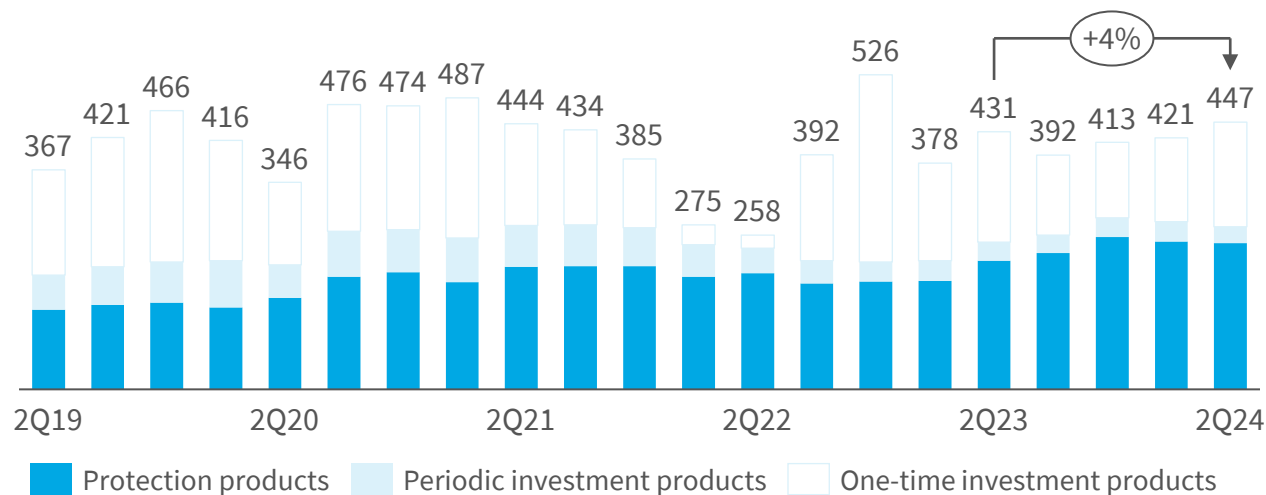
1. Gross written premium – external  
 2. PZU, based on active policies, standardized ratio  
 3. 2Q24/2Q23 estimated date

# PZU Życie with stable 3% growth in group and individually continued insurance and 4% growth in individual insurance

PZU Życie gross written premiums from group insurance and IC (PLN m)



PZU Życie gross written premiums from individual insurance (PLN m)



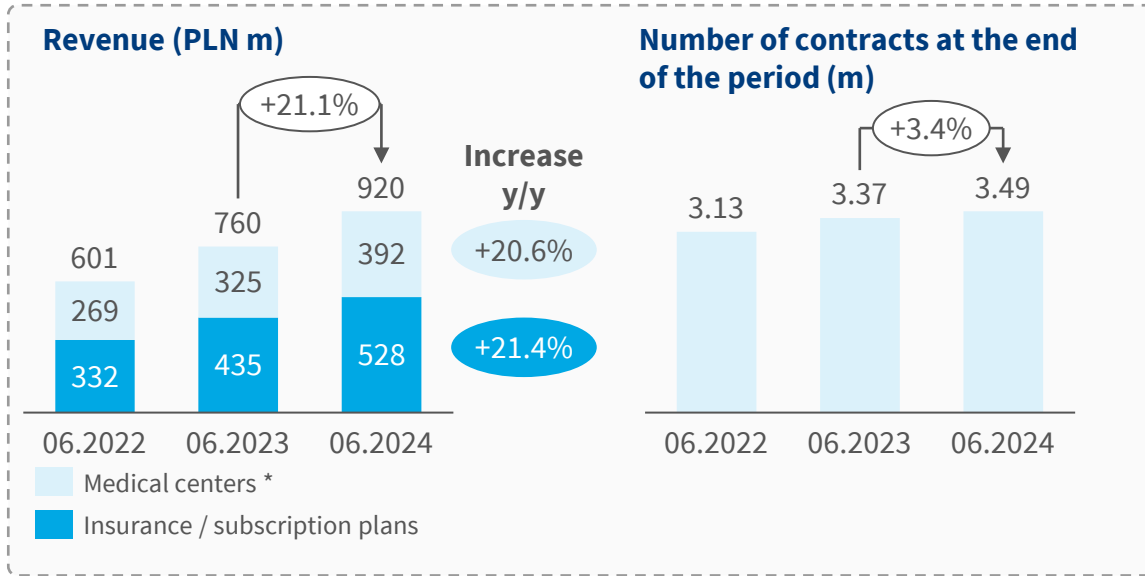
## Group and individually continued insurance

- 1 Development of health insurance portfolio through repricing (in response to rising medical costs) and acquisition of new customers
- 2 Growth in premiums from **group protection insurance** and **EPSs**

## Individual insurance

- 1 Portfolio development and sales growth of individual protection insurance, mainly type J and **new attractive product offer**
- 2 Growth in premiums written from **bancassurance** due to:
  - **credit and loan Insurance**
  - **bank investment products**
  - high sales of **individual life and endowment insurance** with a guaranteed sum insured

# PZU is growing actively and dynamically within the health pillar achieving more than 21% year-on-year revenue growth



## Business results

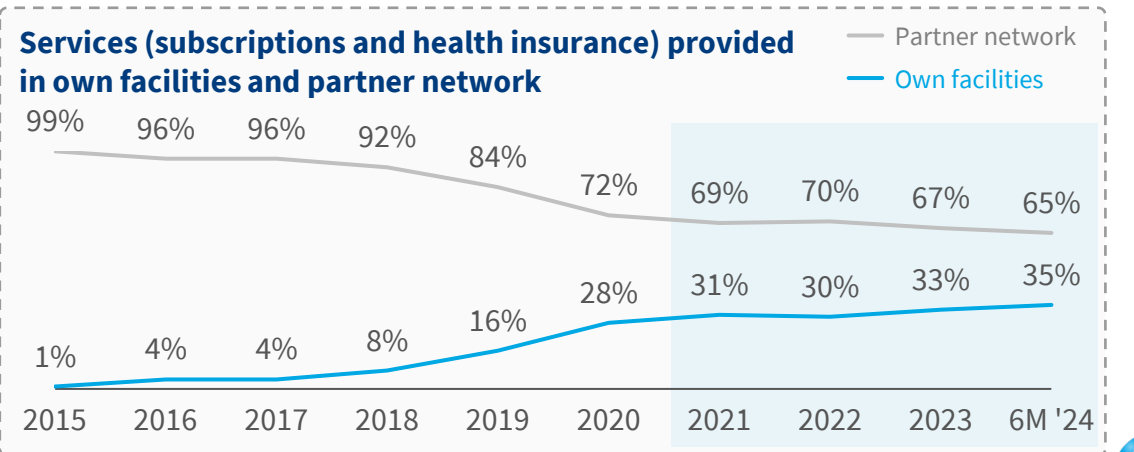
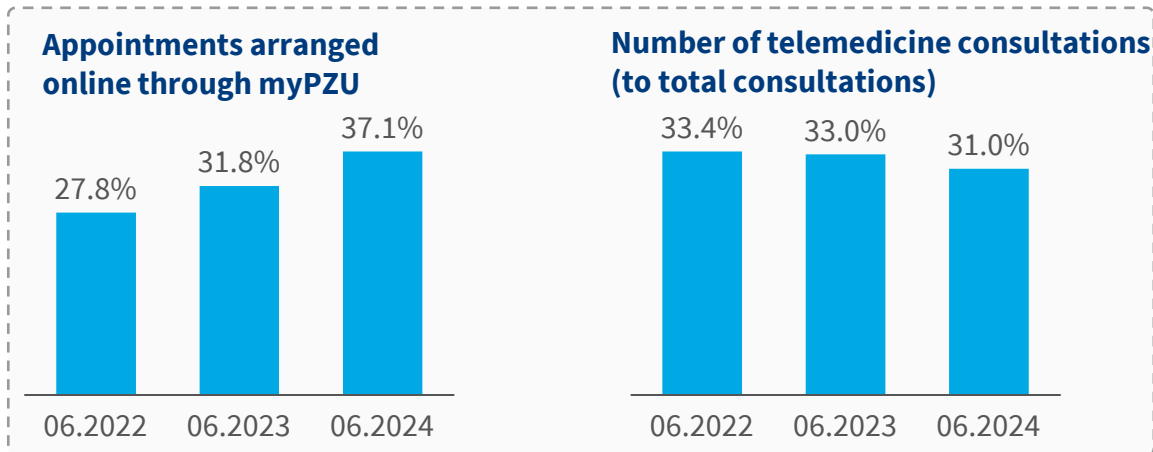
- 1 High revenue growth, above 21% resulting from higher average premium - mainly in the field of **insurance** and PZU Zdrowie's own products (**subscriptions** and **occupational medicine**)
- 2 Significant growth in revenues of medical facilities

## Product offer

Growth in the number of health product contracts in 1H24, thanks to, among others, the sale of more health add-ons to protection products (allowing access to specialists, outpatient rehabilitation, selected tests and treatments, among others).

## Digitization of the service model

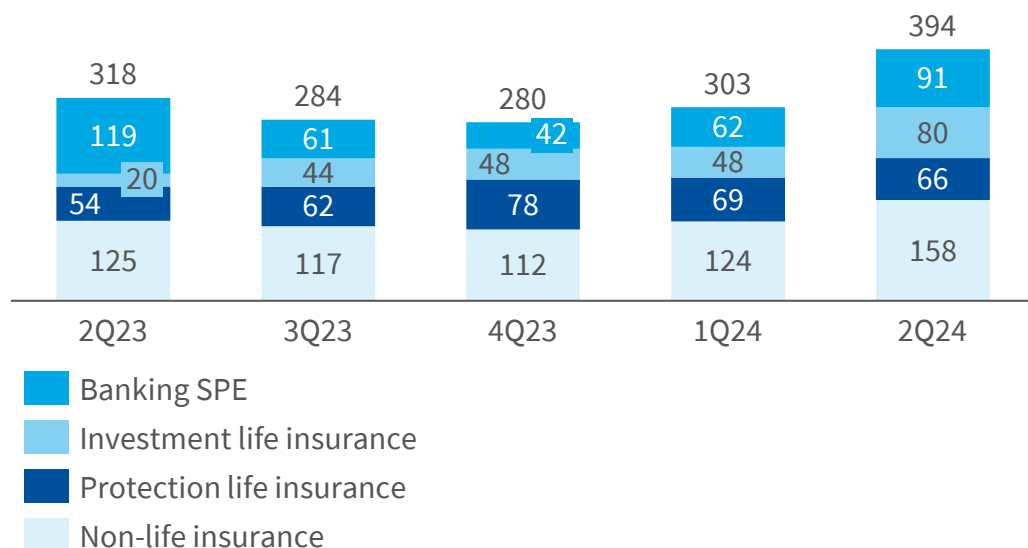
The growing importance of **remote service channels** for patients, the share of appointments made through myPZU rose to 37.1% in 1H24



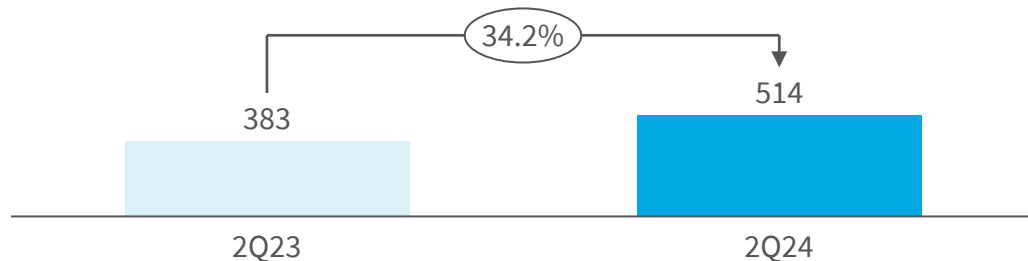
\* Data of facilities presented for the period from the beginning of the year regardless of the moment of acquisition

# Gross premiums written acquired by PZU through cooperation with banks increased by more than 34% y/y

## Gross written premium raised in cooperation with Bank Pekao and Alior Bank (PLN m)



## Gross written premium raised in cooperation with banks (PLN m)



## Bancassurance

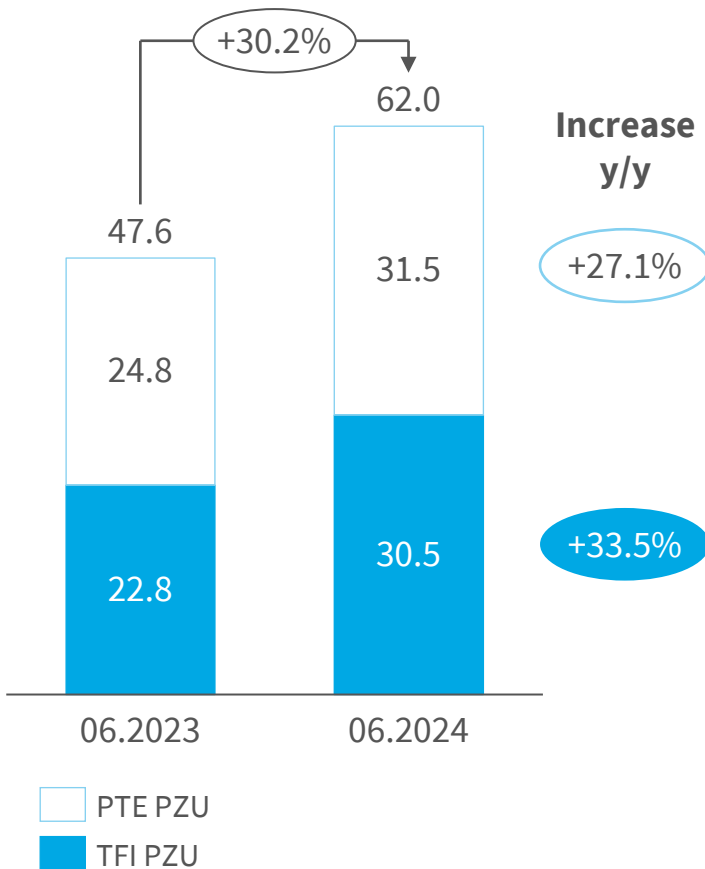
- 1 **High sales of loan and mortgage-related products at Bank Pekao** due to very good sales of mortgages and cash loans.
- 2 **High sales dynamics growth of unit-linked products** with still high sales of products with a guaranteed rate of return for the customer
- 3 Completion of work on the implementation of CPI-related products to the revised **Recommendation U** and **further development of the offer of insurance products** at PZU Group banks

## Assurbanking

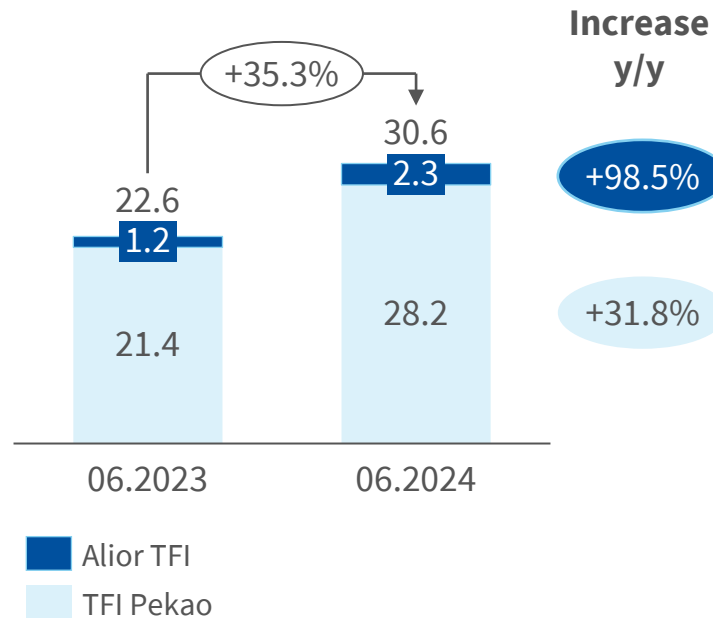
- 1 Sales of accounts (ROR) for individual and corporate customers of Bank Pekao SA **is currently offered in 240 PZU branches**
- 2 The “Auto z Kontem” special offer – joint RoR sales offer of Bank Pekao with PZU’s MTPL insurance has been extended until the end of January 2025
- 3 **Total customers’ loans and deposits acquired by PZU** for the bank at the end of June 2024 is **PLN 2.3 bn**

# Assets under management at PZU Group companies with impressive year-on-year growth of over 30%

**Assets of external customers of TFI PZU and PTE PZU<sup>1</sup> (PLN bn)**



**Assets of external customers of TFI banks of the PZU Group (PLN bn)**



## TFI PZU

- 1 **#3 in terms of net fund sales** - in the first half of 2024 **+PLN 2.5 bn**
- 2 In 2Q 2024, market inflows to funds amounted to PLN 9.8 billion - **TFI PZU's share at 11.8%**
- 3 **ECS assets** at the end of 2Q24 amounted to **PLN 5.9 bn, up 71.3% y/y and 28.8% year-to-date)**
- 4 **TFI PZU's stable second place in the ECS market** in terms of the value of assets under management **with a share of 21.5%** as of the end of 2Q24 – double the next entity's lead

1. Assets managed by PTE PZU are not included as an objective in the PZU Group's new strategy for 2021-2024

# PZU and PZU Życie launch new product initiatives



## Non-motor insurance for corporate customers

### CARGO platform

- ✓ Independent issuance of transport property insurance policies
- ✓ 24/7 online access
- ✓ One element of a broader solution – [mojaFirma.pzu.pl](https://mojaFirma.pzu.pl)
- ✓ Ultimately, the ability to issue policies independently for products with simplified risk assessment, among others



## Non-life insurance

### PZU Gospodarstwo Rolne Plus

- ✓ Voluntary insurance for agricultural buildings, supplementary to mandatory insurance
- ✓ In addition, it insures against the failure of technological equipment and generators
- ✓ Assistance with quota limits of liability for each service
- ✓ Additional compensation for damages caused by gross negligence



## Life insurance

### PZU Perspektywa na Przyszłość

- ✓ Guaranteed benefit at the end of the contract
- ✓ Mechanism of additional bonus tailored to the customer (conservative, moderate)
- ✓ Easy extension of coverage for the policyholder and their relatives

### Group insurance

- ✓ Ability to modify the existing insurance without the need for contract renewals

# In terms of innovation, PZU Group focuses on advanced analytics and AI

## Consistent transformation of PZU's business using AI

- ✓ **more than 20** implemented projects with an AI component
- ✓ We were **the first insurer in Poland** to reprocess **~PLN 9 bn** worth of traffic damage with AI support
- ✓ We are implementing innovative solutions for **better pricing**

## First successes related to GenAI technology under PZU GPT Lab initiative

- ✓ A unique solution developed in-house to support **the self-service claims handling process**, was handed over for implementation (applicable for handling mass losses)
- ✓ Several pilots are underway, including **more than 500 PZU employees testing AI Assistant**

## Involvement in accelerators as part of the PZU Ready for Startups program

- ✓ PZU has committed to a new horizon of accelerator early stage programs (2024–2026) in the **role of technology recipient**
- ✓ Nearly **1,000 applications** are currently being selected for the first rounds of two programs:
  - 1 Startup Booster implemented by Huge Thing
  - 2 SmartUp Booster Poland implemented by StartSmart CEE





## 3. Financial results



# PZU Group results under IFRS 17

| m PLN  | 2Q23*        | 1Q24         | 2Q24         | Change y/y     | Change q/q    |
|--|--------------|--------------|--------------|----------------|---------------|
| <b>PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO</b>                       |              |              |              |                |               |
| Gross insurance revenue  | 6 614        | 7 012        | 7 283        | 10,1%          | 3,9%          |
| Net insurance revenue  | 6 255        | 6 587        | 6 810        | 8,9%           | 3,4%          |
| Insurance service expenses (net)                                       | (5 121)      | (5 800)      | (5 997)      | 17,1%          | 3,4%          |
| Net insurance claims and benefits <sup>1</sup>                         | (3 538)      | (3 976)      | (4 130)      | 16,7%          | 3,9%          |
| Administrative expenses  | (565)        | (611)        | (603)        | 6,7%           | (1,3%)        |
| Acquisition expenses   | (1 104)      | (1 139)      | (1 192)      | 8,0%           | 4,7%          |
| Loss component amortization  | 249          | 261          | 271          | 8,8%           | 3,8%          |
| Recognition of the loss component                                      | (163)        | (335)        | (343)        | 110,4%         | 2,4%          |
| Insurance service result   | 1 134        | 787          | 813          | (28,3%)        | 3,3%          |
| Net financial revenue  | 290          | 281          | 289          | (0,3%)         | 2,8%          |
| Insurance and outward reinsurance finance income or expenses           | (409)        | (439)        | (399)        | (2,4%)         | (9,1%)        |
| Result from investment activities - allocated to insurance segments    | 699          | 720          | 688          | (1,6%)         | (4,4%)        |
| <b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b> | <b>1 009</b> | <b>757</b>   | <b>714</b>   | <b>(29,2%)</b> | <b>(5,7%)</b> |
| <b>BANKS: ALIOR AND PEKAO</b>  |              |              |              |                |               |
| Net profit (loss) attributable to equity holders of the parent company | 519          | 497          | 478          | (7,9%)         | (3,8%)        |
| <b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b> | <b>1 528</b> | <b>1 254</b> | <b>1 192</b> | <b>(22,0%)</b> | <b>(4,9%)</b> |
| <b>MAIN FINANCIAL RATIOS (%)</b>                                       |              |              |              |                |               |
| aROE <sup>2</sup>  | 24,3         | 17,1         | 16,6         | (7,7) p.p.     | (0,5) p.p.    |
| Claims ratio (with net loss component)                                 | 55,2         | 61,5         | 61,7         | 6,5 p.p.       | 0,2 p.p.      |
| Administrative expense ratio   | 9,0          | 9,3          | 8,9          | (0,1) p.p.     | (0,4) p.p.    |
| Acquisition expense ratio  | 17,6         | 17,3         | 17,5         | (0,1) p.p.     | 0,2 p.p.      |
| Combined ratio <sup>3</sup>  | 82,7         | 90,1         | 94,9         | 12,2 p.p.      | 4,8 p.p.      |
| Margin <sup>4</sup>  | 23,8         | 17,8         | 26,4         | 2,6 p.p.       | 8,6 p.p.      |

\* PZU Group restated financial data for prior periods in the 2023 interim reports due to:

- the shaping of interpretations of the IFRS 17 standard and the development of consistent approaches among insurers and advisors
- the ability to obtain historical data for unit-linked products, which at the same time resulted in a change in the accounting principle of calculation for the transition date. Changed measurement method from fair value approach to modified retrospective approach (MRA)
- addressing the auditor's comments after the first full audit

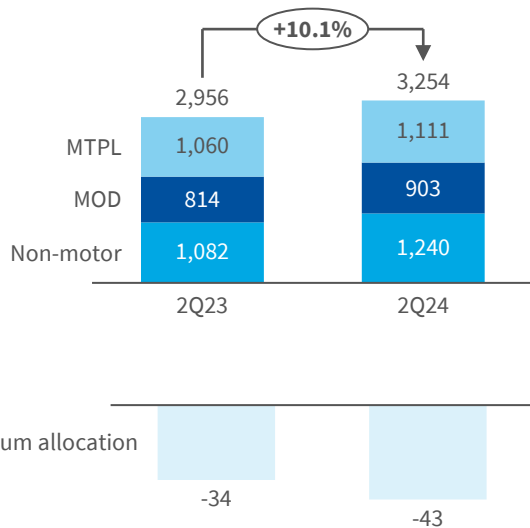
The restatement also applied to all comparative periods, so effectively the financial figures from 1Q22 were changed.

In addition, the restatements result from changes in the recognition of the provision for legal risk of Swiss franc mortgages.

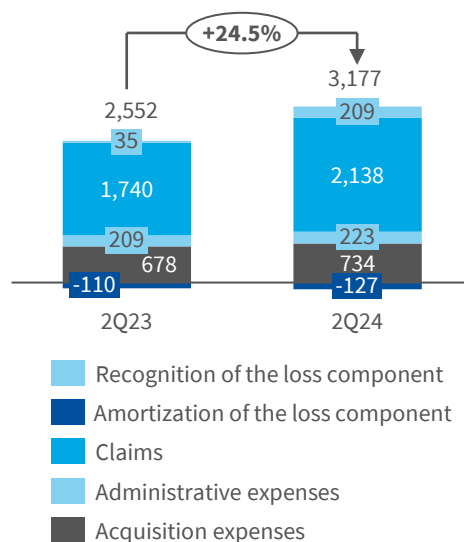
- 1 Excluding the investment component (mainly applies to unit-linked products)
- 2 aROE – adjusted return on equity, calculated on a capital basis excluding cumulative other comprehensive income relating to insurance and reinsurance financial income and expenses. Net result and equity attributable to owners of the parent company, annual return
- 3 Only for non-life insurance in PZU Group in Poland
- 4 Margin for group and individually continued insurance segment in Poland

# Non-life insurance under IFRS 17 – mass insurance segment

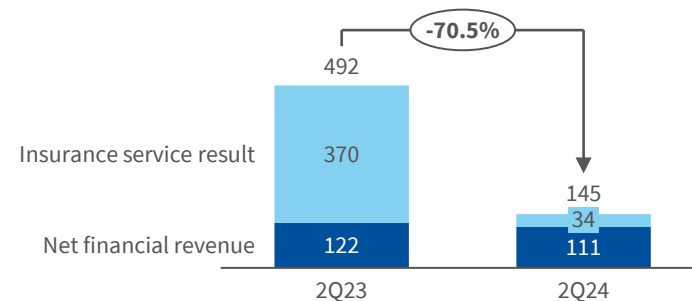
### Insurance revenue (PLN m)



### Net insurance service expenses (PLN m)



### Operating result (PLN m)



COR 2Q23

87.3%

93.4%

76.6%

COR 2Q24

98.9%

98.8%

99.2%

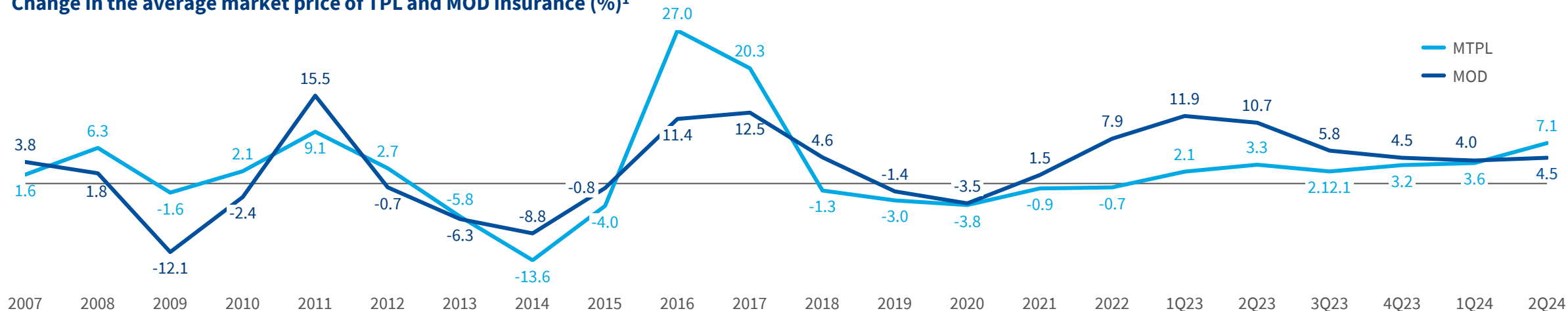
- Increase in amortization of liability for remaining coverage (LRC) for portfolios:
  - **MOD +12.0% y/y** – impact of high premium growth in 2H23 maintained in the following months of 2024 (increase in average premiums as a consequence of increasing value of vehicles and thus sum insured) as well as higher number of insurance contracts – among other things as a result of higher availability of vehicles than a year ago (increase in registration of new passenger cars by 16.0% y/y)
  - **non-motor +16.0% y/y** – a consequence of the development of PZU Dom insurance (impact of refreshed offer and higher propensity of customers to raise sums insured), PZU Firma offered to SMEs and additional insurance (Assistance, Auto Szyba);
- Higher level of premiums allocated to cover acquisition expenses as a consequence – the cumulative effect of growing sales and a simultaneous increase in commission expenses

- Higher y/y liabilities of the current year - deterioration of claims ratio in non-motor insurance (incl. in the agricultural insurance due to the weather events with an impact on the result close to 200 million – recognition a loss component) and a higher y/y claims ratio of MTPL
- Release of higher y/y excess of net loss reserves from previous years over the current projected value of payouts
- Increased **operating expenses**, including both acquisition and administrative expenses attributable to insurance operations, with fall of expense ratio
- Recognition of a loss component as a consequence of increased claims inflation and frequency of events (including agricultural insurance) exceeding the amortization from the opening balance sheet

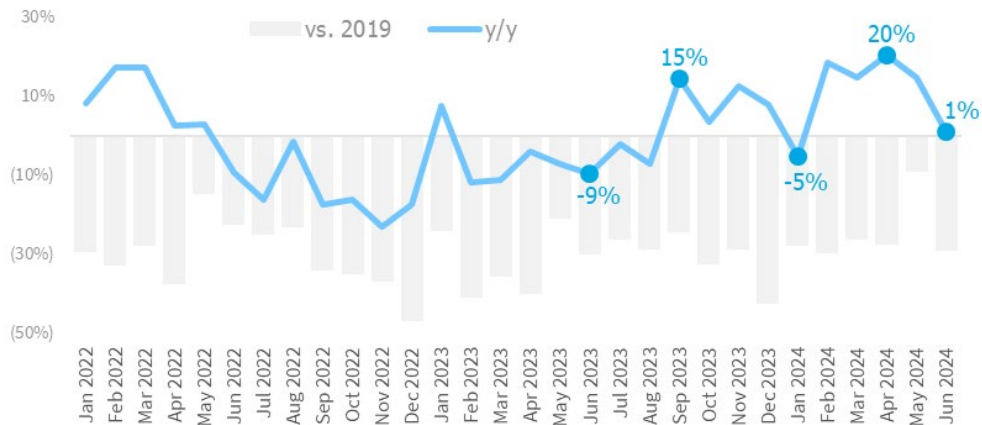
- Deterioration in the **result on the motor insurance portfolio**, including TPL insurance, by PLN 118 m/y
- Lower level of excess of investment result over net finance expenses as a result of:
  - a higher level of net financial expenses (PLN 41 m/y/y)
  - an increase (PLN +30 m/y/y) in investment result – thanks to higher required balance of assets to cover liabilities and the and better profitability of the asset portfolio

# Motor insurance market in Poland – change in average price and frequency of claims

Change in the average market price of TPL and MOD insurance (%)<sup>1</sup>



Change in the number of traffic accidents y/y and compared to 2019<sup>2</sup>

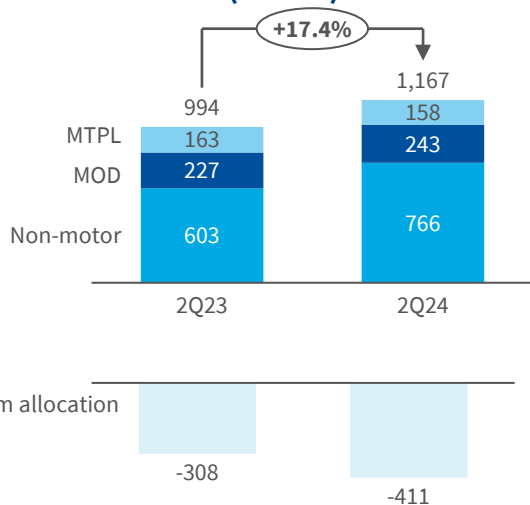


- 1 **Continued increase in the frequency of claims y/y** despite a change in the working model (popularization of hybrid solutions) and changes in the tariff of fines
- 2 **Significant increase in road accidents<sup>2</sup> y/y** which can be linked to:
  - weather changes – mild weather promotes higher speeds what is confirmed by police statistics
  - changes in the law, including the reinstatement of the one-year penalty point erasure period and the possibility of taking the so-called “re-education course”
- 3 **Another quarter with a continuation of increases in the average price of MTPL insurance**

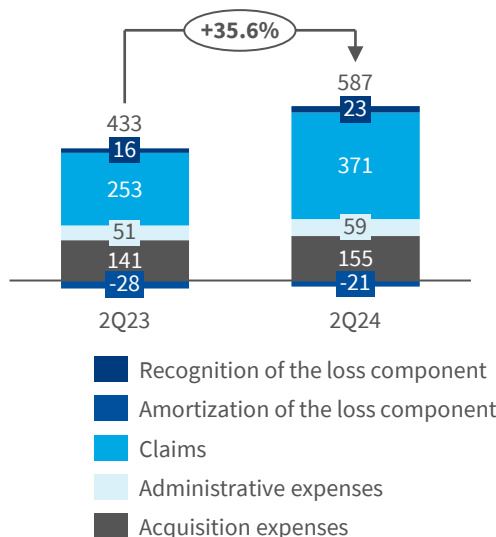
1. Own compilation based on market reports of KNF and PIU  
 2. Own compilation based on police data

# Non-life insurance under IFRS 17 – corporate insurance segment

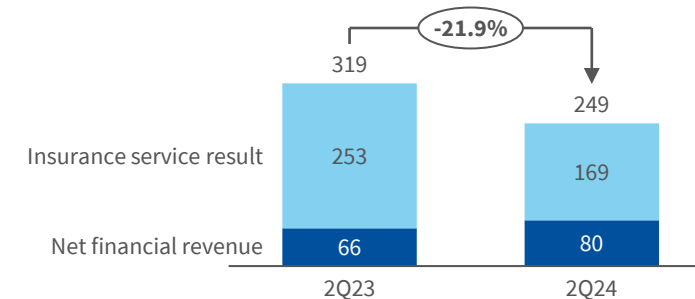
### Insurance revenue (PLN m)



### Net insurance service expenses (PLN m)



### Operating result (PLN m)



#### COR 2Q23

63.1%

87.1%

33.3%

#### COR 2Q24

77.6%

95.2%

58.7%

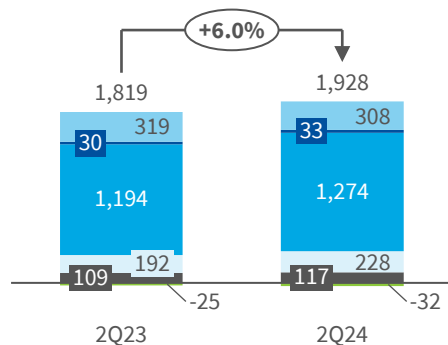
- Increase in amortization of **liability for remaining coverage (LRC)** for insurance:
  - **non-motor (+28.7% y/y)** – the result of securing large contracts in the second half of 2023, including the renewal in November 2023 of a contract with an oil company with a premium of more than PLN 500 m (a y/y increase in premium of more than PLN 100 million) and the conclusion of a contract with a power generation customer (premium of more than PLN 200 m). Effect reinforced by high sales growth in 2024, mainly in strategic customer area
  - **MOD – impact of increase in average premium** (higher sums insured fueled by increasing value of vehicles), better matching of the offer to the customer's risk profile and higher number of policies
- Higher y/y levels of premium allocated to **cover acquisition expenses** – due to portfolio expansion

- Higher net liabilities y/y for the **current year's claims in motor insurance**
- Release of a lower y/y net excess of prior years' claims reserves over the current projected value of payouts – in the same period of 2023, the **impact of the release of the reserve without the payment in the contract guarantee** in the amount of PLN 60.3 m, with very high profitability in this product group
- Fall in acquisition and commission expenses ratios despite strong growth in non-motor insurance sales and continued pressure in payroll costs

- Lower insurance service result
- Higher level of surplus of investment result over net finance expenses:
  - an increase in investment result (+PLN 16 m y/y) as a result of an increase in the required balance of assets to cover liabilities and the purchase of high-yield Polish Treasury bonds for the portfolio.
  - The level of net financial expenses higher PLN 2 m due to the growth of the portfolio

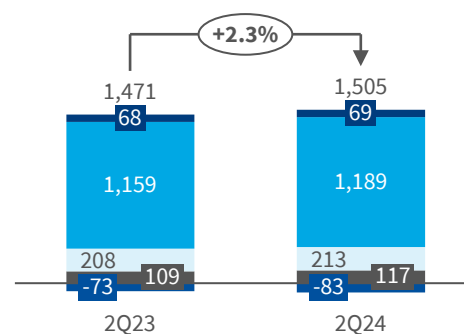
# Life insurance under IFRS 17 – group and individually continued insurance

**Insurance revenue (PLN m)**



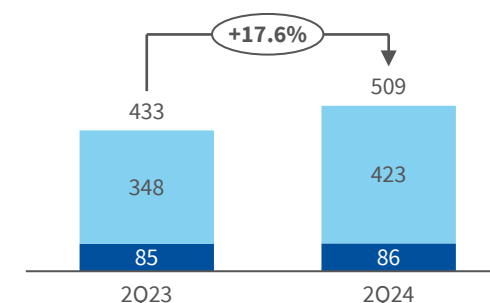
- CSM release
- Release of non-financial risk adjustment
- Expected claims and benefits
- Expected expenses
- Premiums related to acquisition expenses
- Other

**Insurance service expenses (PLN m)**



- Recognition of the loss component
- Amortization of the loss component
- Claims and benefits
- Administrative expenses attributable to insurance activities
- Acquisition expenses amortization

**Operating result (PLN m)**



- 23.8%
- 26.4%
- Margin
- Insurance service result
- Net financial revenue\*

Higher insurance revenue as a product of:

- a higher level of premiums to cover expected claims and benefits as a result of a higher expected utilization of health insurance benefits
- a higher level of expected expenses, mainly on the group insurance portfolio as a consequence of rising fixed expenses (including HR and IT expenses)
- a decrease in CSM release mainly on the health insurance portfolio as a consequence of higher expected costs resulting in a decrease in the carrying value of the CSM)
- higher revenue to cover rising acquisition expenses

An increase in the insurance service expenses is a result of:

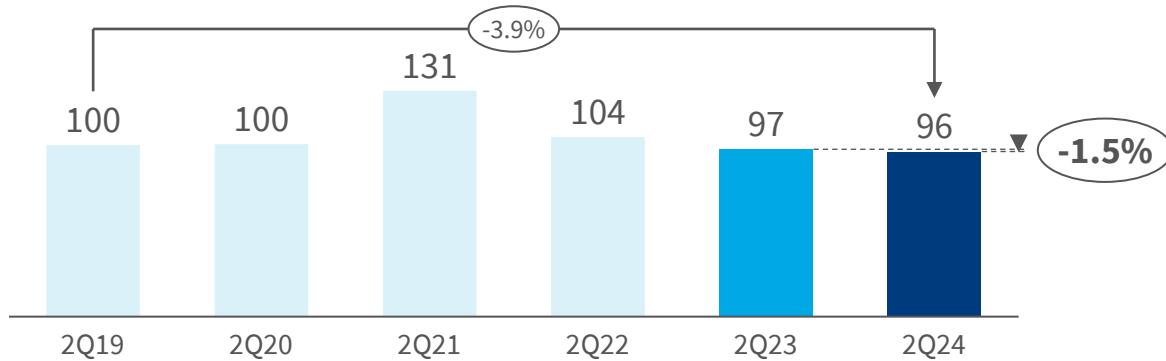
- higher claims and benefits – mainly the effect of an increase in benefits from group insurance (PLN +17 m y/y) and health insurance (PLN +14 m y/y) consistent with portfolio growth with declining mortality partially offset by utilization of health insurance, which translated into y/y profitability growth
- higher administrative expenses – mainly HR costs resulting from high wage inflation
- a slight increase in amortization of acquisition costs

The increase in operating profit is mainly the result of a higher insurance service result by PLN 75 m y/y with a stable level of net financial revenue.

\* Net financial revenue – result on investment activity less financial expenses from insurance

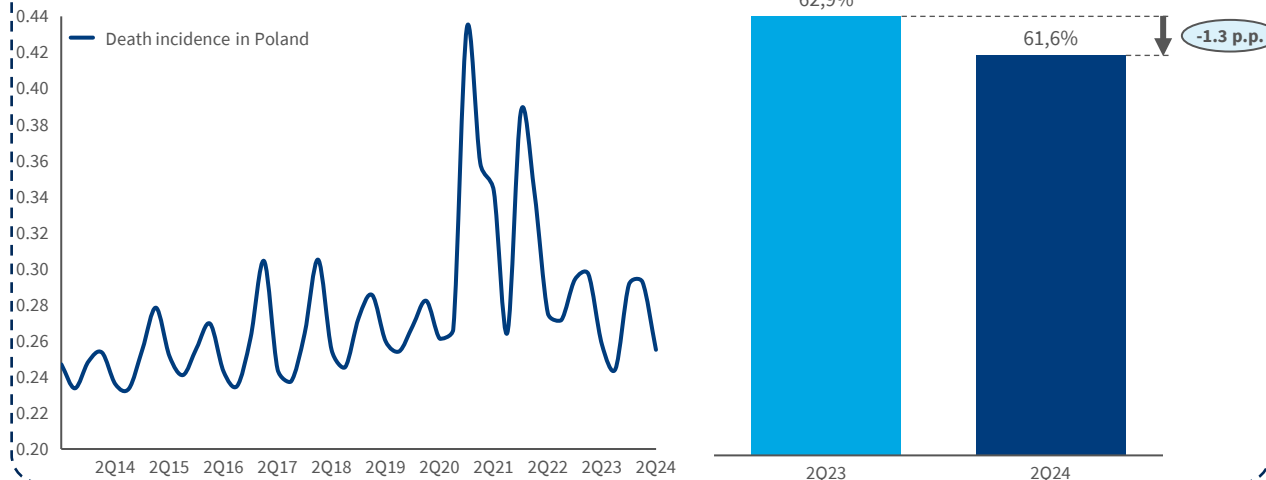
# Pandemic vs. claims ratio in group and individually continued insurance

Number of deaths per quarter in Poland from 2019 to 2024 (in ths)<sup>1</sup>

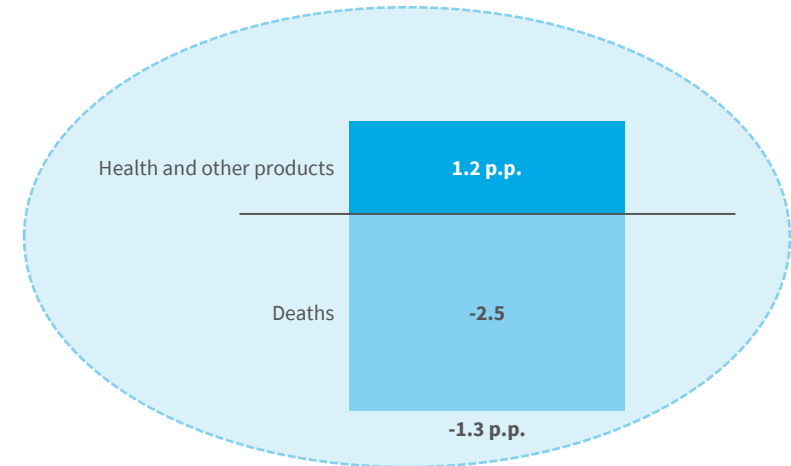


- 1** Number of deaths in Poland in 2Q24 lower than a year ago and lower relative to the pre-pandemic period in 2019
- 2** In 2Q24, claims ratio for group and individually continued segment protection products continued at lower levels compared to 2Q of the previous year

Death incidence in Poland vs. claims ratio<sup>2</sup> in the group and individually continued insurance segment



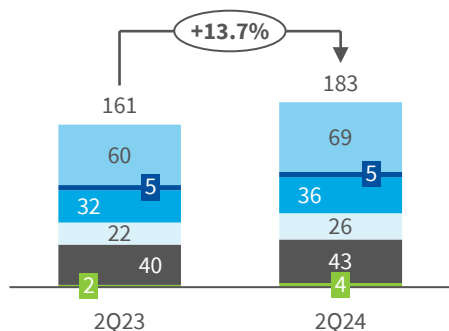
Impact of individual risks on the y/y change in segment claims ratio<sup>2</sup>



1. Consistent with the Statistics Poland's data  
 2. Claims ratio under IFRS17 – the quotient of net insurance claims and benefits and insurance revenue. It only takes into account protection products.

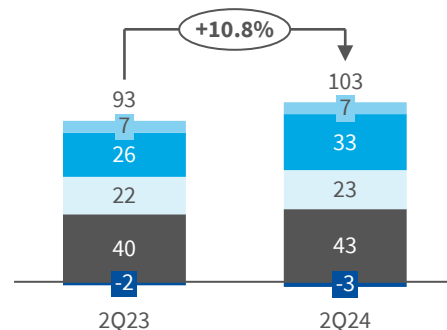
# Life insurance under IFRS 17 – individual protection insurance

### Insurance revenue (PLN m)



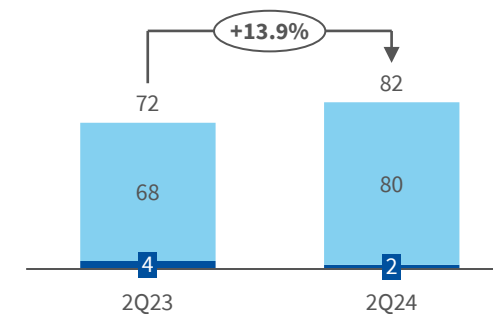
- CSM release
- Release of non-financial risk adjustment
- Expected claims and benefits
- Expected expenses
- Premiums related to acquisition expenses
- Other

### Insurance service expenses (PLN m)



- Recognition of the loss component
- Amortization of the loss component
- Claims and benefits
- Administrative expenses attributable to insurance activities
- Acquisition expenses amortization

### Operating result (PLN m)



- Insurance service result
- Net financial revenue\*

An increase in revenue resulting from:

- higher contractual service margin amortization mainly as a result of growth and higher profitability of bancassurance portfolio (PLN +6.7 m y/y)
- a higher level of premiums to cover expected claims and benefits – a product of a decline in the pensions portfolio and an increase in life and endowment insurance and term insurance
- higher level of expected expenses, mainly on the life insurance portfolio (PLN +2.7 m y/y)

The increase in expenses in this segment was driven by:

- higher realization of current period claims and benefits with a slight increase in claims ratio levels and a declining share of operating expenses in insurance revenues

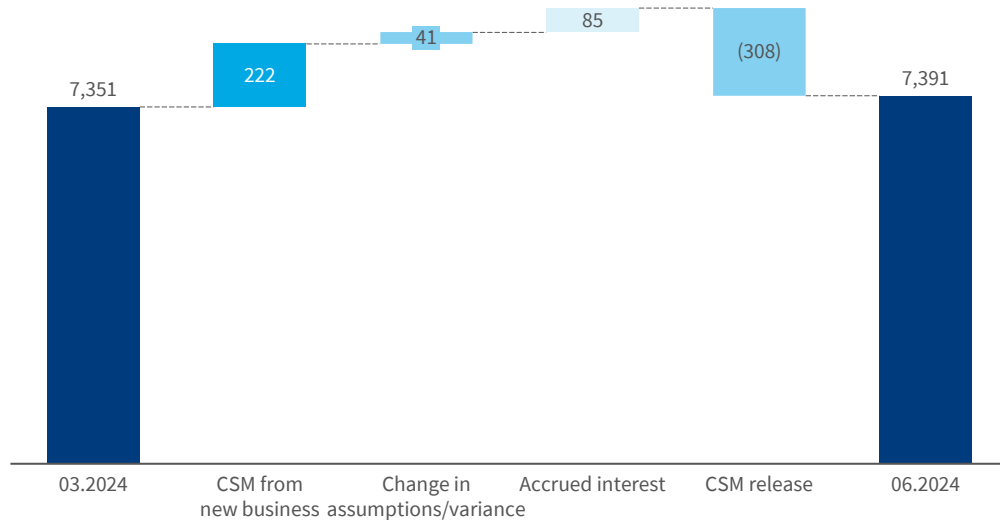
The increase in operating profit is a cumulative effect of:

- an increase in insurance service result with higher margins realized on both the individual protection and individual bank protection insurances
- increase in financial expenses (PLN 2 m y/y) correlated with an increase in liabilities with a stable investment result in view of the maturation of older tranches of products with a lower guaranteed interest rate

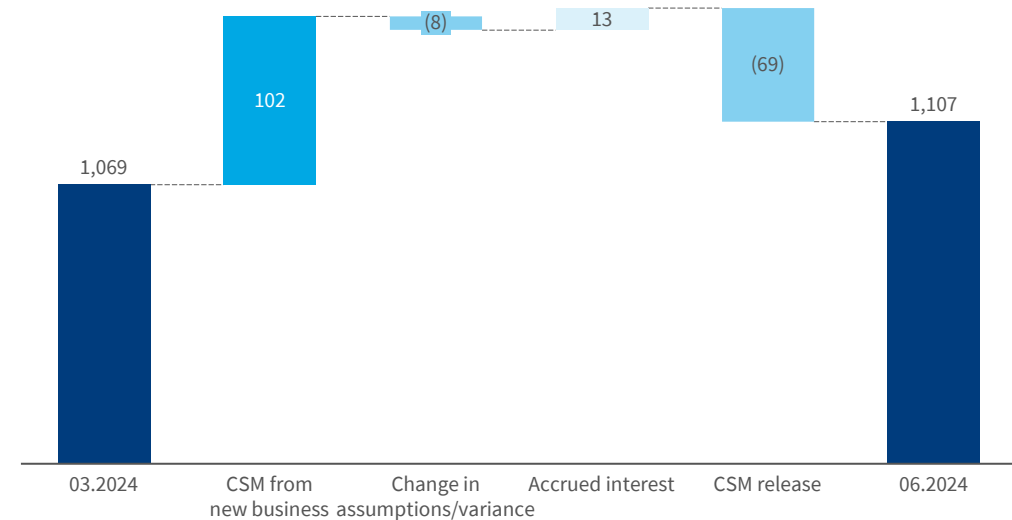
\* Net financial income – result on investment activity less financial expenses from insurance

# Life insurance in Poland under IFRS 17 – evolution of contractual service margin

**Group and individually continued insurance – CSM (PLN m)**



**Individual protection insurance – CSM (PLN m)**



The change in CSM contractual service margin (value of future profits) between balance sheet dates is due to:

- additional CSM from the sale of new business in the amount of PLN 222 m
- positive change in the assumptions for the development of the insured portfolio resulting mainly from the re-sale of ancillary contracts in individually continued insurance (PLN +34 m);
- CSM increase by the change in the time value of money – accrued interest
- CSM release of PLN 308 m – profit attributable to the current period

The change in CSM contractual service margin (value of future profits) between balance sheet dates is due to:

- additional CSM from the sale of new business in the amount of PLN 102 m
- variances in the development of the insured's portfolio (PLN 8 m)
- CSM increase by the change in the time value of money – accrued interest
- CSM release in the amount of PLN 69 m – profit attributable to the current period

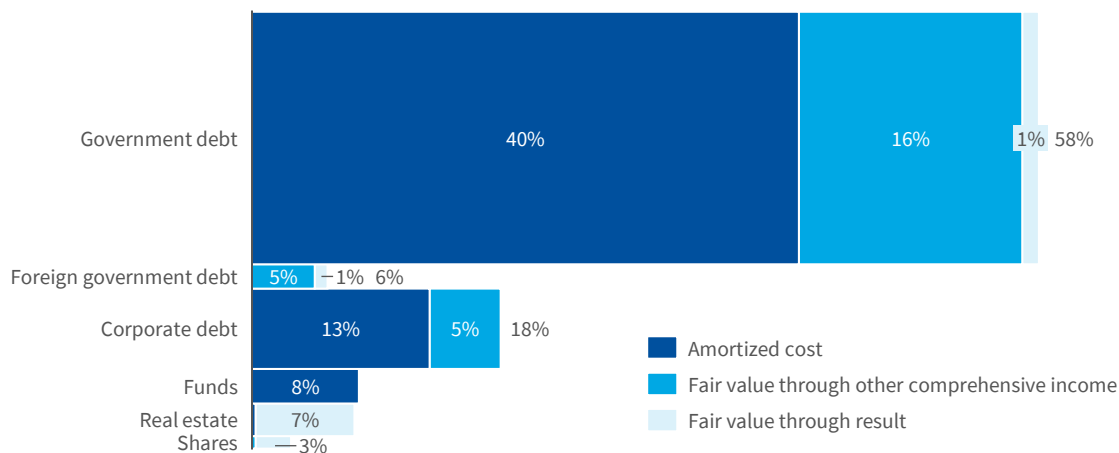


# Investment result

| IFRS, m PLN  | 2Q23         | 2Q24         | Change y/y     |
|--|--------------|--------------|----------------|
| <b>Investment income less interest expenses</b>                            | <b>4 739</b> | <b>4 723</b> | <b>(0,3%)</b>  |
| Investment result allocated to insurance segments in Poland ex unit-linked | 489          | 537          | 9,8%           |
| Unit-linked  | 185          | 119          | (35,7%)        |
| Investment result allocated to insurance segments abroad                   | 27           | 32           | 18,5%          |
| Surplus portfolio, TFI, PTE  | 53           | (39)         | x              |
| Banking activities including PPA   | 3 985        | 4 074        | 2,2%           |
| PPA (banking)  | -            | -            | x              |
| <b>Total, insurance segments, investment activities and other</b>          | <b>754</b>   | <b>649</b>   | <b>(13,9%)</b> |
| Main portfolio   | 606          | 588          | (3,0%)         |
| Debt instruments - interest  | 531          | 564          | 6,1%           |
| Debt instruments - revaluation and execution                               | (33)         | (17)         | x              |
| Equity instruments   | 5            | 34           | 628,5%         |
| Real estate  | 103          | 7            | (93,0%)        |
| Investment products  | 185          | 119          | (35,7%)        |
| Other  | (37)         | (58)         | x              |

\* Data transformed

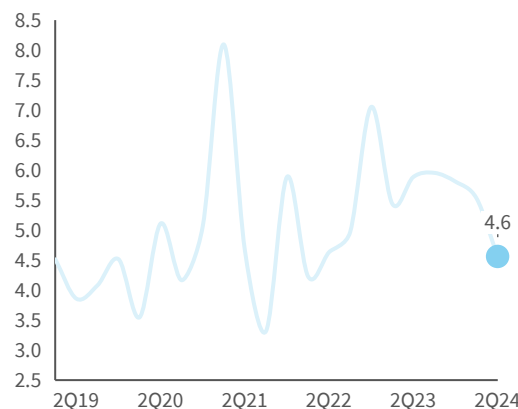
## Structure of the core portfolio by asset class and methods of their valuation



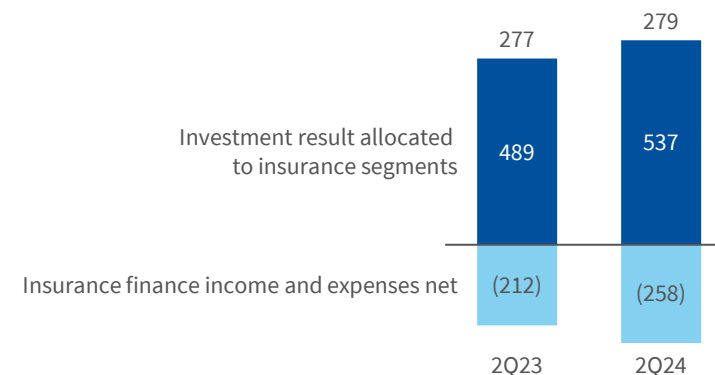
Investment portfolio: PLN 52.8 bn  
Investment products: PLN 6.8 bn

- Secure portfolio structure:** debt instruments account for 82% of the portfolio, government debt is 58% of the portfolio
- Profitability of the investment portfolio** with FX on liabilities **at 4.6% in 2Q24**
- Higher interest income y/y** due to the purchase of Polish Treasury bonds at high yields in the market
- Better result from valuation of debt instruments** in particular, as a result of a lower level of foreign exchange losses offset by changes in the valuation of foreign currency insurance liabilities
- Improvement of the equity instruments portfolio result y/y** due to better valuations of private equity funds as a result of the improvement in the technology market and the entry of a significant portion of portfolio funds into a strong growth phase
- Lower y/y real estate portfolio** due to negative impact of portfolio valuation (-PLN 72m y/y mainly office segment) and lower income from swap points on currency hedging instruments
- Negative impact of other items** in particular as a result of a stronger effect than a year ago of the reversal of foreign exchange temporary differences relating to the valuation of real estate in the first quarter

## Return on FX core portfolio from liabilities (%)



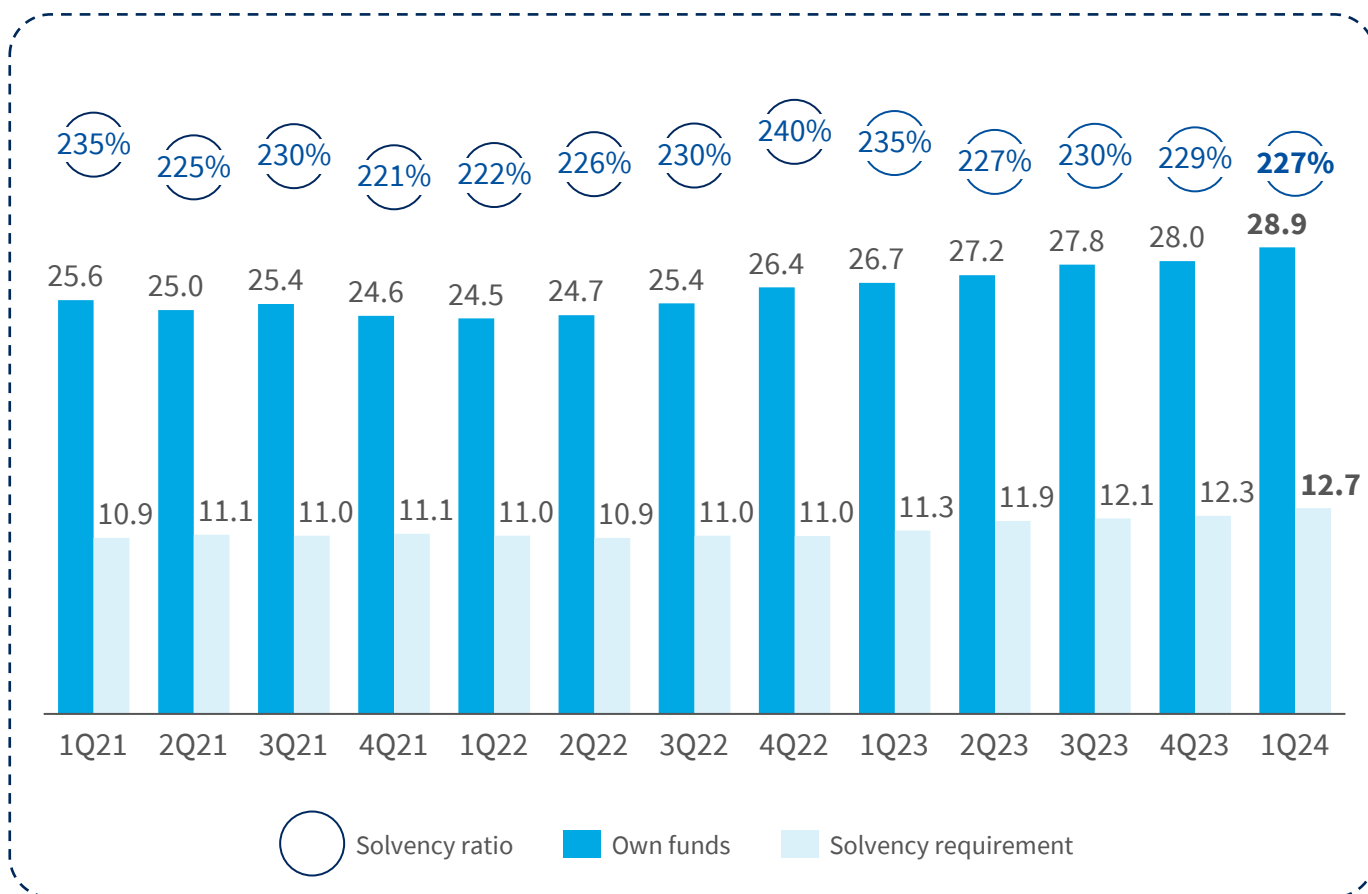
## Investment result allocated to insurance segments in relation to net insurance expenses and revenue\* (PLN m)



\* Excluding unit-linked and foreign operations

# High level of solvency of the Group

## Solvency II ratio<sup>1</sup>, 31 March 2024



Solvency ratio calculated according to the formula: Own funds / solvency requirement.

Annual data based on audited reports on solvency and financial condition (SFCR) available at <https://www.pzu.pl/relacje-inwestorskie>. Other unaudited data.

1. Infra-annual data presented in accordance with the previous methodology, according to which own funds were reduced by 80% of the PZU Group's consolidated result attributable to PZU shareholders. It does not take into account the new rules included in the KNF's circular letter to insurance companies dated 16 April 2021, according to which, starting from 1Q a new element in the calculation of company and group solvency in interim periods is an adjustment for the entire amount of dividends expected for the year.

2. Before the effects of diversification

### Increase in own funds in 1Q24 by PLN 0.9 bn

Main causes:

- 1 operating flows (PLN +1.3 bn)
- 2 investment results (PLN +0.6 bn) and lower bond valuation (PLN 0.5 bn)
- 3 increase in the best estimate of provisions and reinsurance receivables (PLN -0.5 bn)
- 4 increase in own funds of other sectors (PLN +0.1 bn)
- 5 lower deduction of anticipated dividend from own funds (PLN -0.1 bn)

### SCR growth in 1Q24 by PLN 0.5 bn

The main drivers of the q/q decline:

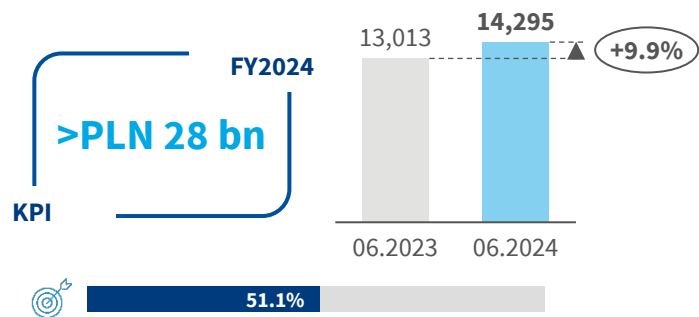
- 1 increase in basic solvency capital requirement (BSCR, PLN +0.4<sup>2</sup> bn) mainly due to higher bond exposure and higher exposure to catastrophe risks
- 2 increase in the requirement of entities from sectors other than insurance (PLN +0.1<sup>2</sup> bn)



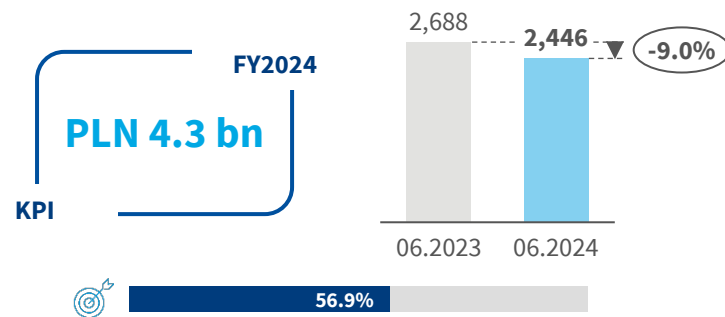
## 4. Strategy

# Strategic goals until 2024 and their implementation in 2Q24

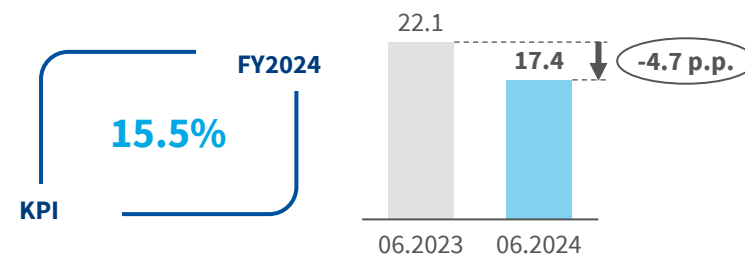
Gross insurance revenue<sup>1</sup> (PLN m)



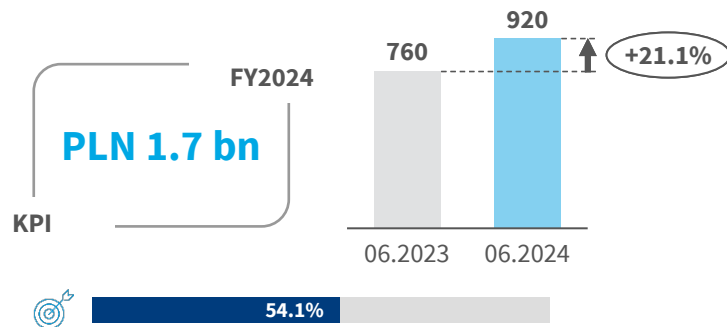
PZU Group net profit<sup>2</sup> (PLN m)



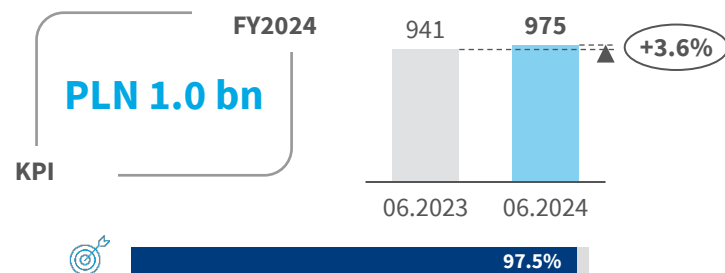
aROE<sup>3</sup> (%)



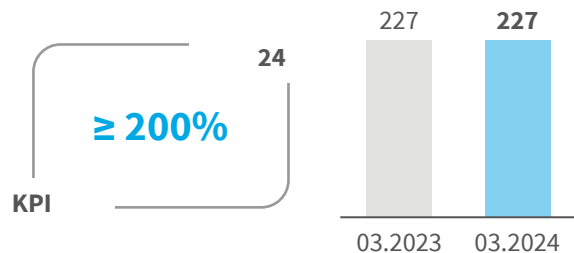
Health Pillar Revenue (PLN m)



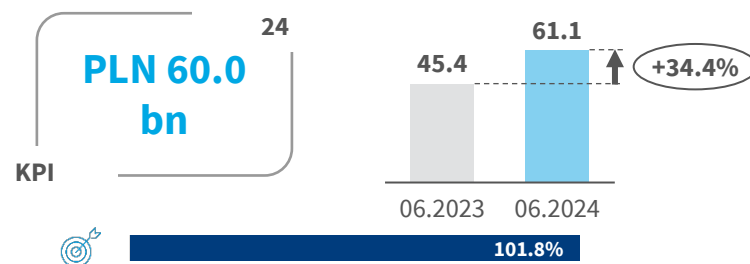
Banks' contribution to PZU Group's net results<sup>2</sup> (PLN m)



Solvency II ratio (%)



Assets under management<sup>4</sup> (PLN bn)



- 1. Gross insurance revenue of PZU Group
- 2. Net profit attributable to the shareholders of the parent company
- 3. 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)
- 4. External customer 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/\\_fileserver/item/1545908](https://www.pzu.pl/_fileserver/item/1545908)

# We are implementing well-being activities to support employees in caring for their **#well-being**

The PZU well-being strategy promotes a healthy lifestyle, an optimal work style, as well as inspires and encourages employees to implement habits that improve efficiency and quality of functioning on a daily basis. It suggests how to effectively combine professional and private roles: as an employee, parent, carer. It uses modern technology and knowledge of neuroscience to support employees in staying physically and mentally fit.

## **We care about our well-being**

PZU has been taking steps to improve the well-being and welfare of its employees for several years. As a responsible employer, it strives to ensure that each employee has a good working environment on a daily basis, is able to cope with various challenges and has plenty of energy to pursue their passions. After analyzing the results of a recent engagement survey, PZU has decided that well-being is one of the key elements of a work environment in which it particularly wants to ensure a good experience for its employees.

In June 2024, an organization pulse survey was conducted among employees of PZU and PZU Życie, with well-being as its theme. The survey aimed to clarify and better understand employees' needs in the area of well-being and was an opportunity to expand on the findings of the December engagement survey. Employees were asked to provide information on what caring for well-being means to each of them and how they see the role of the employer, supervisor and their own in this process. The survey also asked how employees rated the welfare measures to date and what additional welfare needs they had. Nearly 6,000 employees took part in the survey.

## **#Well-being in regional units**

PZU is continuing the series of well-being events initiated in 2023, organized under the slogan #LatoPełneDobrejEnergii [#SummerFullOfGoodEnergy]. It responds to employee needs reported in the engagement survey. Employees from offices in Bydgoszcz, Katowice and Szczecin were invited to participate in the events this year. During the workshop, physical therapists, nutritionists and psychologists will give advice to employees on how to care for themselves, what to do to gain energy and to make healthy eating and physical activity a lifestyle.



# Sustainable development



## Wellmobile – well-being platform

- PZU Zdrowie has implemented the Wellmobile platform, targeting employees' mental well-being and healthy lifestyles.
- Wellmobile is a space where users will find substantive content about their health in the form of articles, podcasts and videos. The content is divided into categories: Health, Nutrition, Physical Activity, Relationships, Mental Well-Being, Development and Relaxation. They were developed by PZU Zdrowie experts – doctors, psychologists, nutritionists and physiotherapists. Further development of the platform is planned, including the addition of chat with a specialist.
- The platform is a new form of benefit that complements PZU Zdrowie's current offering to employers. Companies can purchase access to the platform as an add-on to medical care packages or as a separate product.

## Fire Safety Forum

- In June 2024, a Fire Safety Forum organized by PZU LAB was held in Aleksandrów Łódzki.
- The Fire Safety Forum is a new platform for sharing knowledge, experience and solutions concerning fire hazards.
- The conference brought together prominent specialists and experts to discuss the latest developments in fire protection – including in the context of the energy transition and renewable energy challenges.
- The first PZU LAB Approved certificate was presented at the Fire Safety Forum. The certificate was issued for Gras' product, an indoor hydrant that suppresses and controls the spread of fire in electric vehicle charging and parking areas.

## Fire equipment from TUV PZUW for foresters

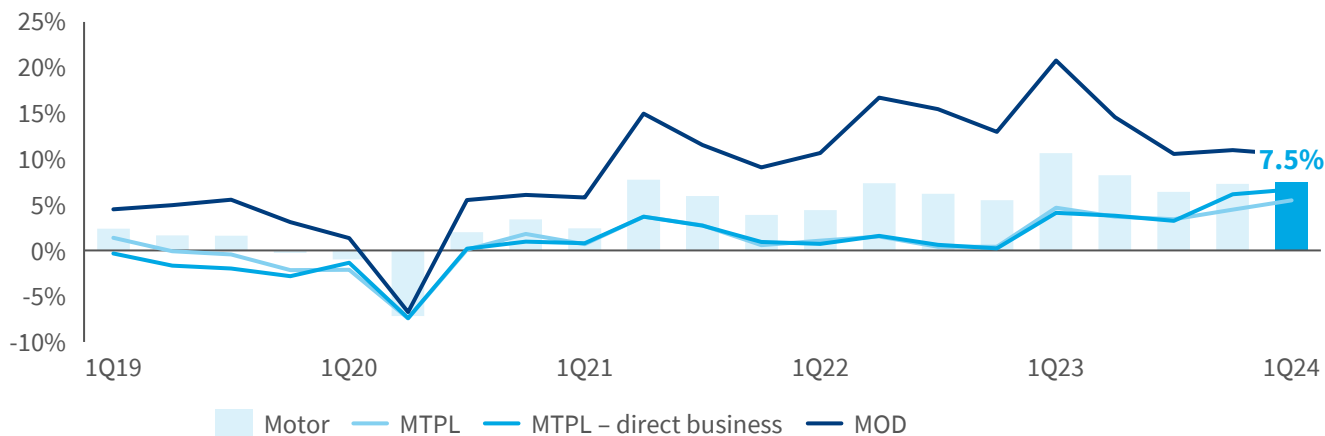
- TUV PZUW has financed the purchase of firefighting equipment for the Ruszów Forest District in Lower Silesia, which was hit by one of the region's most tragic fires in recent years. It covered nearly 60 hectares.
- Support from TUV PZUW allowed the purchase of portable firefighting equipment and a water tank, as well as hoses and nozzles. The value of the aid reached nearly PLN 50,000.



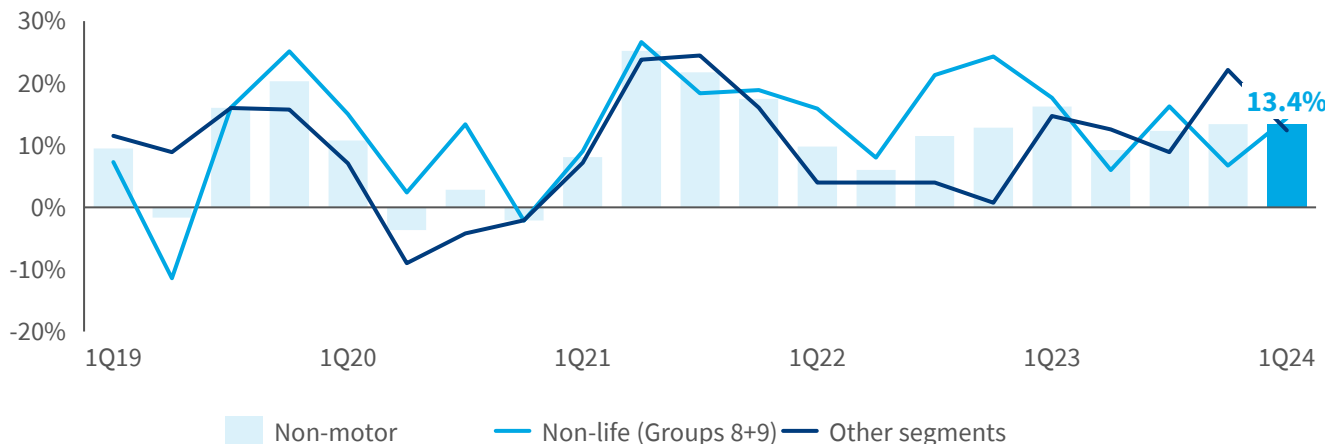
## 5. Annexes

# Trends in the non-life insurance market in Poland

## Motor insurance market dynamics<sup>1</sup>, y/y

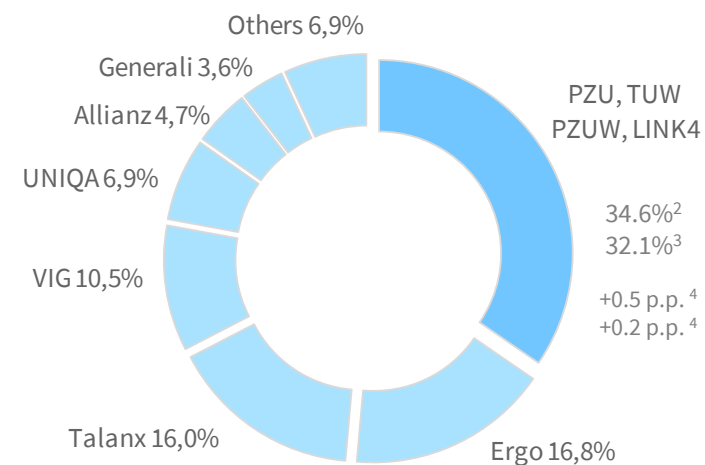


## Non-motor insurance market dynamics<sup>1</sup>, y/y



- 1 The motor insurance market grew in 1Q24 (gross written premium +7.5% y/y).** Growth mainly in MOD insurance (+10.5% y/y) and increasing dynamics in TPL insurance +5.5% y/y (+6.7% from direct business). TPL insurance premiums from direct business in 1Q24 were rising due to an increase in average prices (+3.7% y/y) accompanied by an increase in the number of TPL insurance contracts (+2.9% y/y)
- 2 Continued growth in non-motor insurance (+13.4% y/y).** Non-life insurance (+PLN 499.4 million, +14.4% y/y), general TPL insurance (+PLN 134.9 million; +12.3% y/y) and Assistance insurance (+PLN 106.1 million, +20.0% y/y) were the biggest contributors to growth in value terms
- 3 PZU Group's market share in non-life insurance** (direct business) after 1Q24 was 32.1%
- 4 High share of PZU Group's technical result in the technical result of the market at 50.1%<sup>1</sup>**

## Market shares in 1Q24<sup>2</sup>

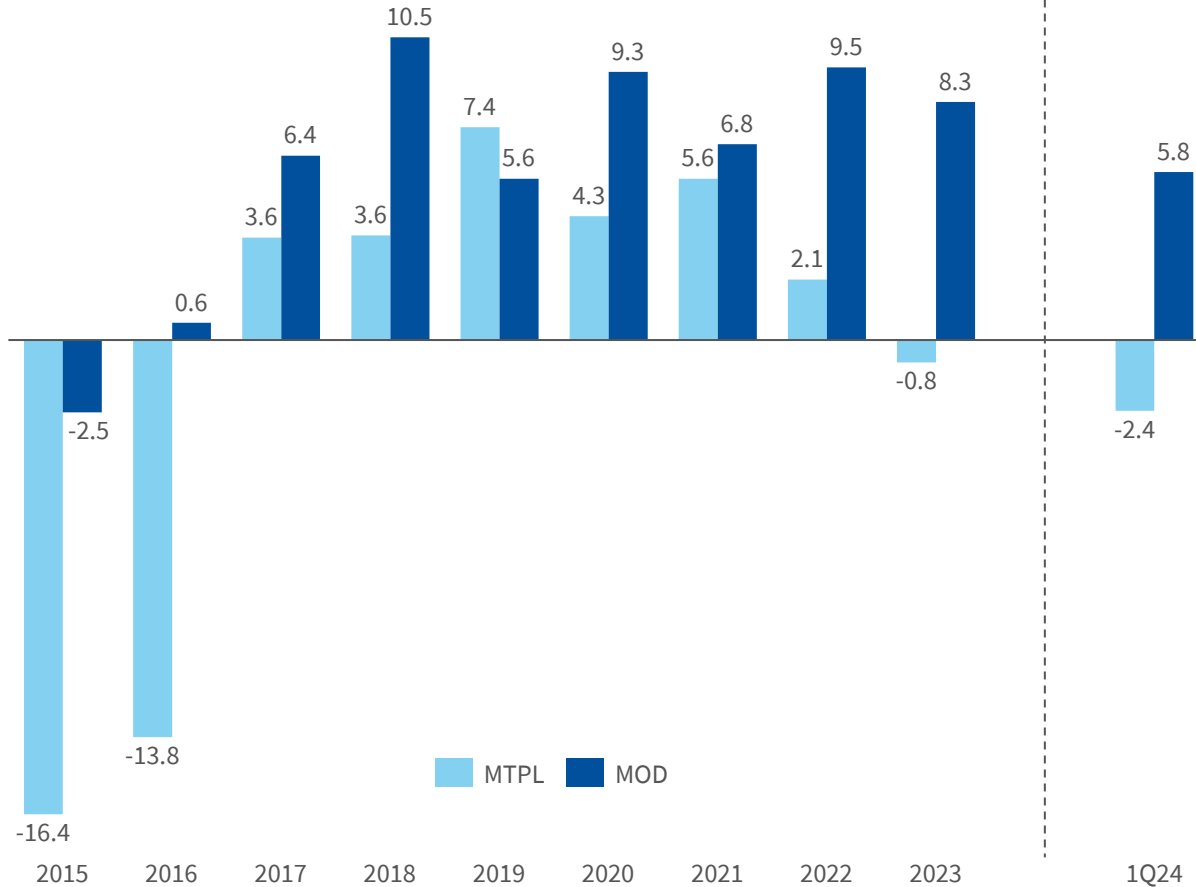


1. According to the KNF's report after 1Q24  
 2. According to the KNF's report after 1Q24; i.e., market and market share including PZU's inward reinsurance to LINK4 and TUV PZUW  
 3. PZU Group's market share in non-life insurance on direct business after 1Q24  
 4. Change in share y/y, respectively: including PZU's inward reinsurance to LINK4 and TUV PZUW and from direct business



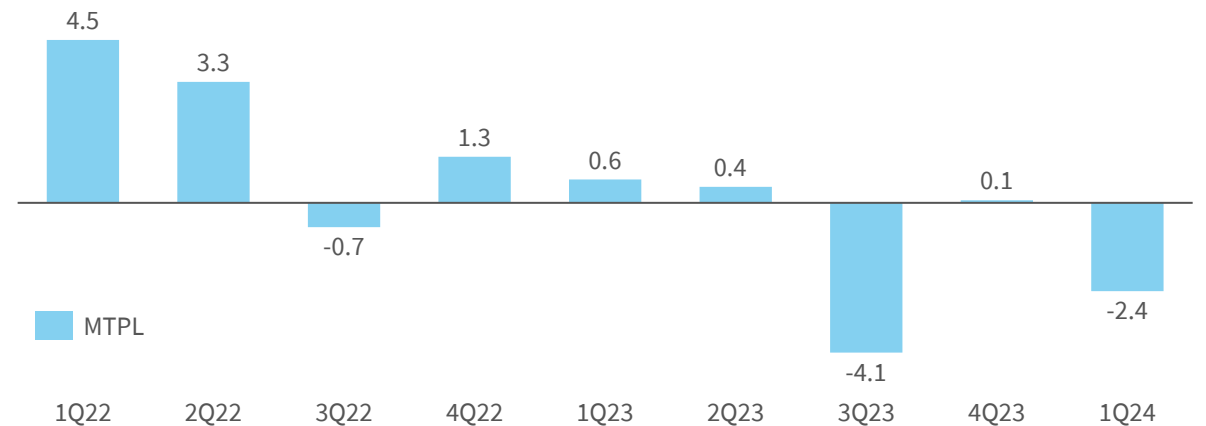
# Motor insurance market in Poland

TPL and MOD insurance market profitability, YTD, %<sup>1</sup>



- 1 2023 has marked the first technical loss on a TPL insurance product since 2016.
- 2 After gradually deteriorating for several quarters with a slight improvement in the last quarter of 2023, profitability lost again in the first quarter of 2024.
- 3 Maintaining MOD insurance profitability at a good high level (5.8% vs 5.9% in the same period of 2023)

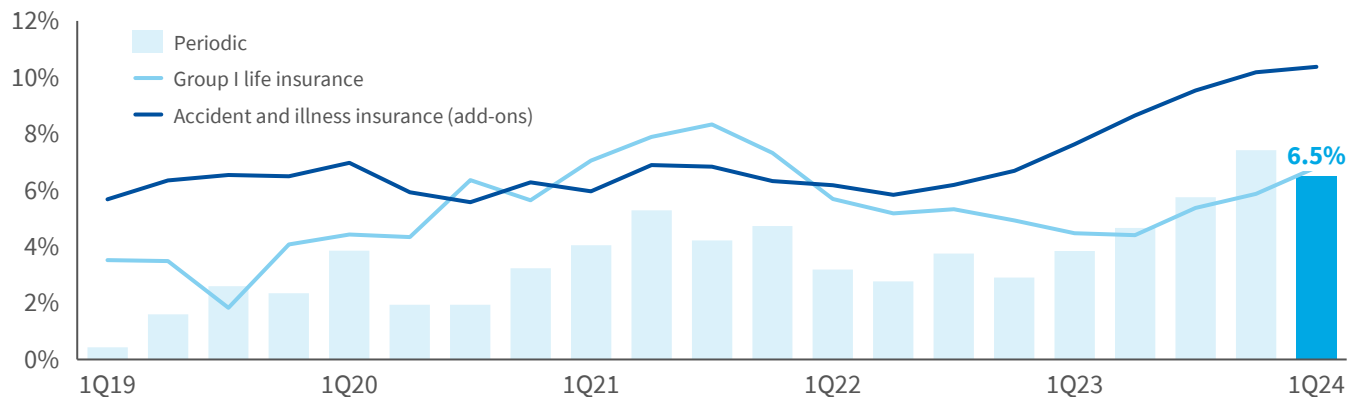
TPL market insurance profitability, on a quarterly basis, %<sup>1</sup>



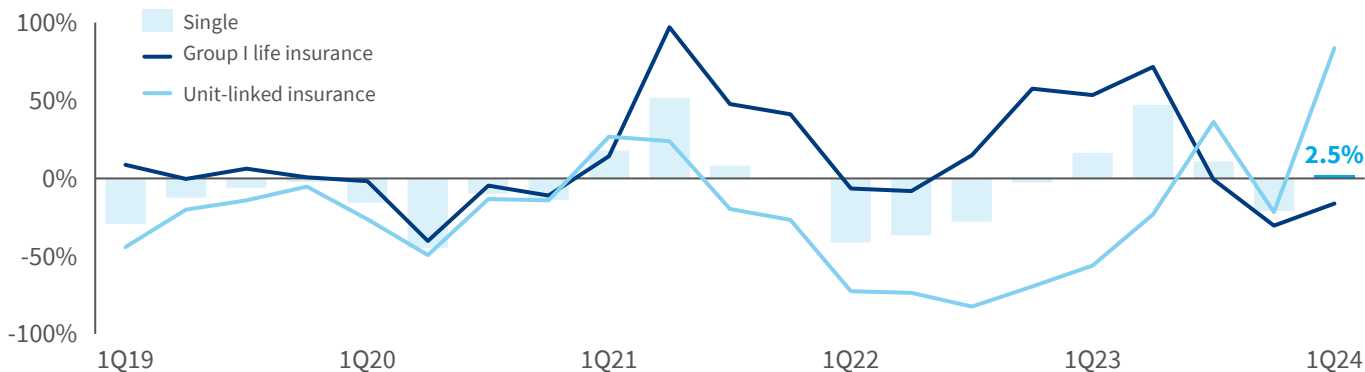
<sup>1</sup> Source: The Quarterly Bulletin of the Polish Financial Supervision Authority ([www.knf.gov.pl](http://www.knf.gov.pl)). Insurance Market 1/2024; Profitability as a quotient of technical result and net earned premiums

# Life insurance market in Poland

## Insurance market with periodic premiums dynamics<sup>1</sup>, y/y

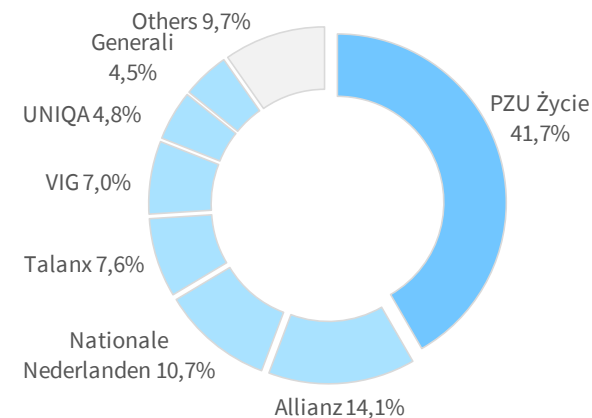


## Insurance market with single premiums dynamics<sup>1</sup>, y/y



- 1 **Periodic premium insurance market** (86.9% of the market) **grew in 1Q with a y/y growth rate of 6.5%** – biggest impact by value: Group V insurance – **accident and illness insurance (+PLN 197.0 million, +10.4% y/y)** and Group I **life insurance (+PLN 131.7 million, +6.8% y/y)**
- 2 **Growth in insurance with single premiums** (13.1% of the market) **+2.5% y/y**. Biggest positive impact by value of unit-linked insurance **(+PLN 60.2 million, +83.7% y/y)**, with a decrease in Group I – **life insurance (-PLN 98.6 million, -16.2% y/y)**
- 3 **PZU Group's growing share of the single-premium insurance market** (38.0% after 1Q24 vs. 26.0% after 1Q23) – impact of, among other things, high sales of individual life and endowment insurance with guaranteed sums insured; product offered in PZU branches and in cooperation with PZU Group banks
- 4 PZU Group's share of the periodically paid insurance market declined in 1Q24 to **41.7%** (from 42.3% in 1Q23).

## Market shares in periodic premium<sup>2</sup> in 1Q24



1. According to the KNF's report after 1Q24  
 2. PZU Group's share of gross written premiums from insurance premiums paid periodically as reported by the KNF after 1Q24

# Profitability by operating activities segments under IFRS 17

## Insurance segments

| m PLN, IFRS17  | Insurance revenue |       |            | Result** |      |            | Combined ratio / Margin |        |
|--|-------------------|-------|------------|----------|------|------------|-------------------------|--------|
|  | 2Q23*             | 2Q24  | Change y/y | 2Q23*    | 2Q24 | Change y/y | 2Q23*                   | 2Q24   |
| Total non-life insurance – Poland                    | 3 950             | 4 421 | 11,9%      | 811      | 394  | (51,4%)    | 82,7%                   | 94,9%  |
| Mass insurance – Poland                              | 2 956             | 3 254 | 10,1%      | 492      | 145  | (70,5%)    | 87,3%                   | 98,9%  |
| Motor TPL  | 1 060             | 1 111 | 4,8%       | 48       | -40  | x          | 95,4%                   | 103,6% |
| MOD  | 814               | 903   | 10,9%      | 75       | 64   | (15,0%)    | 90,7%                   | 92,9%  |
| Other products                                       | 1 082             | 1 240 | 14,6%      | 248      | 10   | (96,0%)    | 76,6%                   | 99,2%  |
| Net financial revenue                                | x                 | x     | x          | 122      | 111  | (9,0%)     | x                       | x      |
| Corporate insurance – Poland                         | 994               | 1 167 | 17,4%      | 319      | 249  | (21,9%)    | 63,1%                   | 77,6%  |
| Motor TPL  | 163               | 158   | (3,3%)     | 13       | -5   | x          | 92,0%                   | 103,2% |
| MOD  | 227               | 243   | 6,9%       | 37       | 24   | (34,5%)    | 83,5%                   | 89,8%  |
| Other products                                       | 603               | 766   | 27,0%      | 201      | 150  | (25,2%)    | 33,3%                   | 58,7%  |
| Net financial revenue                                | x                 | x     | x          | 66       | 80   | 21,2%      | x                       | x      |
| Total life insurance – Poland                        | 2 005             | 2 138 | 6,6%       | 517      | 600  | 16,1%      | 25,8%                   | 28,1%  |
| Group and individually continued insurance           | 1 819             | 1 928 | 6,0%       | 433      | 509  | 17,6%      | 23,8%                   | 26,4%  |
| Individual insurance                                 | 161               | 183   | 13,7%      | 72       | 82   | 13,9%      | 44,7%                   | 44,8%  |
| Investment insurance                                 | 25                | 27    | 8,0%       | 12       | 9    | (25,0%)    | x                       | x      |
| Total non-life insurance – Ukraine and Baltic States | 638               | 703   | 10,2%      | 89       | 105  | 18,0%      | 87,0%                   | 87,1%  |
| Baltic countries                                     | 597               | 651   | 9,0%       | 79       | 105  | 32,9%      | 87,2%                   | 85,6%  |
| Ukraine  | 41                | 52    | 26,8%      | 10       | 0    | x          | 82,9%                   | 105,8% |
| Total life insurance – Ukraine and Baltic States     | 21                | 21    | x          | 8        | 3    | (62,5%)    | 38,1%                   | 14,3%  |
| Lithuania  | 12                | 11    | (8,3%)     | 0        | 2    | x          | 0,0%                    | 18,2%  |
| Ukraine  | 9                 | 10    | 11,1%      | 8        | 1    | (87,5%)    | 88,9%                   | 10,0%  |

\* Restated data

\*\* Operating result

Insurance service result

# PZU Group gross written premium

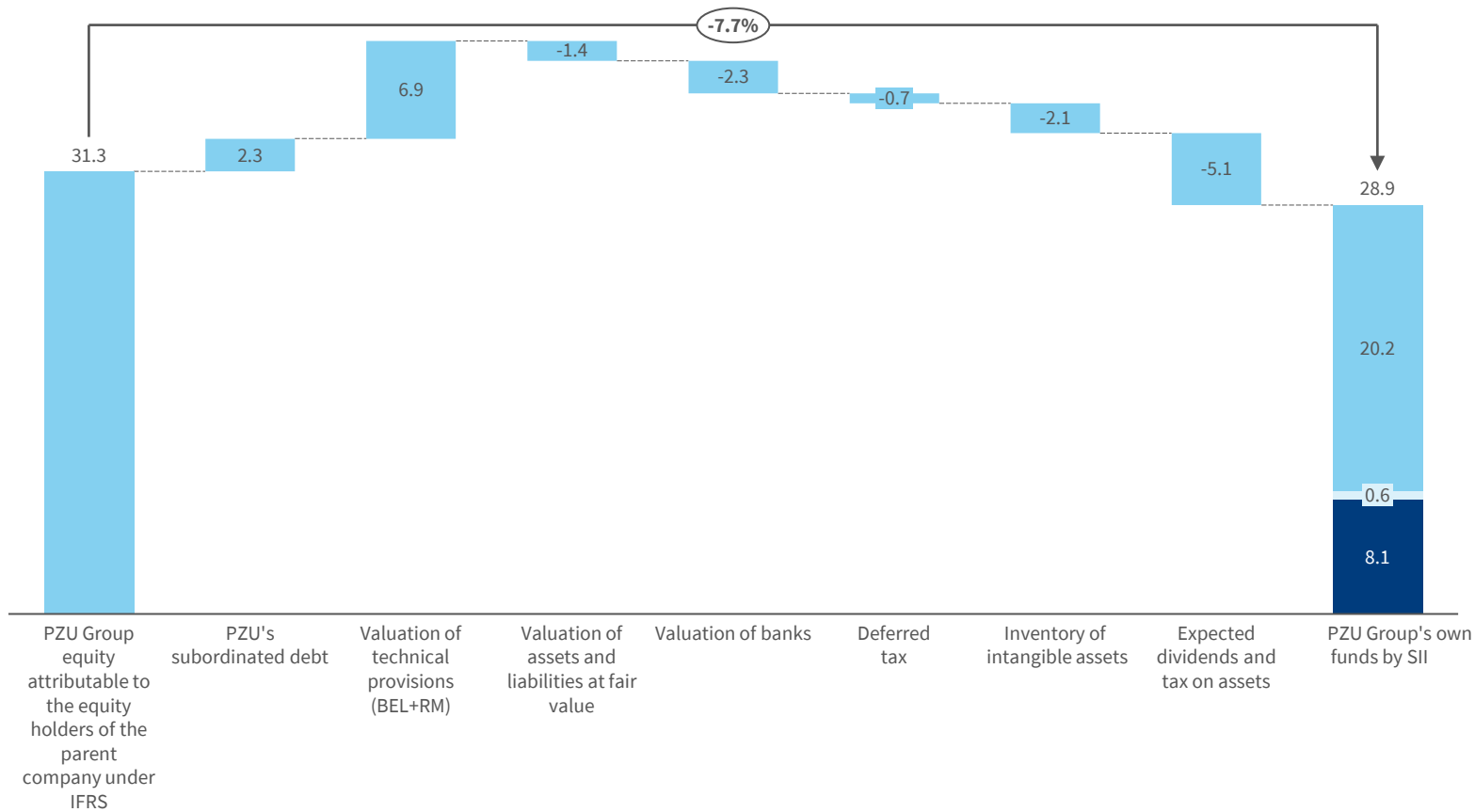
| Insurance segments<br>m PLN, local GAAP                     | 2Q23         | 1Q24         | 2Q24         | Change y/y   | Change q/q    |
|---|--------------|--------------|--------------|--------------|---------------|
| <b>External gross written premium</b>                       | <b>6 961</b> | <b>7 657</b> | <b>7 660</b> | 10,0%        | 0,0%          |
| <b>Total non-life insurance - Poland</b>                    | <b>3 950</b> | <b>4 565</b> | <b>4 532</b> | <b>14,7%</b> | <b>(0,7%)</b> |
| Mass insurance – Poland                                     | 3 050        | 3 424        | 3 408        | 11,7%        | (0,5%)        |
| Motor TPL   | 1 103        | 1 172        | 1 205        | 9,2%         | 2,8%          |
| MOD   | 857          | 991          | 976          | 13,9%        | (1,5%)        |
| Other products  | 1 090        | 1 261        | 1 227        | 12,6%        | (2,7%)        |
| Corporate insurance – Poland                                | 900          | 1 141        | 1 124        | 24,9%        | (1,5%)        |
| Motor TPL   | 160          | 154          | 165          | 3,1%         | 7,1%          |
| MOD   | 242          | 226          | 261          | 7,9%         | 15,5%         |
| Other products  | 498          | 761          | 698          | 40,2%        | (8,3%)        |
| <b>Total life insurance – Poland</b>                        | <b>2 270</b> | <b>2 315</b> | <b>2 351</b> | <b>3,6%</b>  | <b>1,6%</b>   |
| Group and individually continued insurance - Poland         | 1 840        | 1 894        | 1 904        | 3,5%         | 0,5%          |
| Individual insurance – Poland                               | 430          | 421          | 447          | 4,0%         | 6,2%          |
| Premium on protection products                              | 215          | 247          | 245          | 13,9%        | (0,9%)        |
| Premium on periodic investment products                     | 31           | 33           | 27           | (13,9%)      | (19,4%)       |
| Premium on single investment products                       | 185          | 140          | 175          | (5,1%)       | 24,9%         |
| <b>Total non-life insurance – Ukraine and Baltic States</b> | <b>707</b>   | <b>742</b>   | <b>738</b>   | <b>4,4%</b>  | <b>(0,4%)</b> |
| Baltic countries  | 657          | 691          | 680          | 3,5%         | (1,7%)        |
| Ukraine   | 50           | 50           | 59           | 17,3%        | 16,6%         |
| <b>Total life insurance – Ukraine and Baltic States</b>     | <b>36</b>    | <b>36</b>    | <b>39</b>    | <b>8,5%</b>  | <b>8,6%</b>   |
| Lithuania   | 25           | 25           | 31           | 22,8%        | 21,4%         |
| Ukraine   | 11           | 11           | 8            | (24,1%)      | (21,7%)       |



# Own funds

PZU Group data in Solvency II as of 31 March 2024 (PLN bn)

## Comparison of own funds and consolidated equity under IFRS



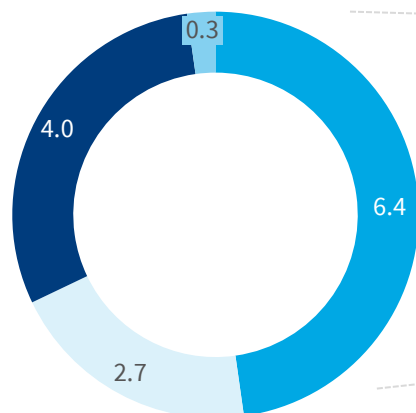
Own funds according to WII:

- 1 contractual service margin as the main reason for differences in technical provisions valuation
- 2 less anticipated dividends; in interim periods – 80% of the PZU Group's profit attributable to shareholders of the parent company
- 3 less projections of the amount of tax on assets expected to be paid by insurance companies within 12 months after the balance sheet date

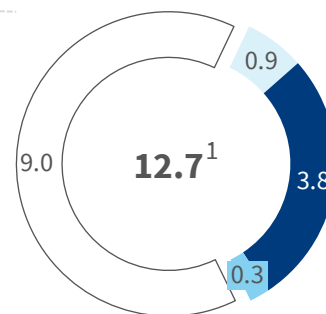
# Solvency capital requirement (SCR)

PZU Group data in Solvency II as of 31 March 2024 (PLN bn)

## Basic solvency capital requirement (BSCR)



## Solvency capital requirement (SCR)



- Non-life and health insurance
- Life insurance
- Market risk
- Counterparty insolvency (CDR)

- BSCR
- Operating risk
- Banks
- Other (TFI, PTE)

Increase in solvency requirement in 1Q24 by PLN 0.5 bn.

Main reasons for SCR changes:

- 1 increase in risk in non-life insurance (PLN +0.3 bn<sup>2</sup>) in the face of higher exposure to flood and hurricane risks
- 2 PLN +0.2 bn increase in market risk<sup>2</sup> caused by:
  - the purchase of Treasury and government-guaranteed bonds (PLN +0.4 bn increase in rate risk<sup>2</sup> and spread by PLN +0.07 bn<sup>2</sup> and a decrease in currency risk by PLN -0.17 bn<sup>2</sup>)
  - +0.06 billion increase in equity risk<sup>2</sup> (higher valuation of unit-linked funds and a 4 p.p. increase in systematic adjustment)
- 3 increase in requirements of banks and investment entities (PLN +0.1 bn<sup>2</sup>) due to higher credit exposure.

1. The difference between SCR and a total of: BSCR, operational risk, the requirement of the banking sector and other financial institutions is due to the tax adjustment (LAC DT).

2. Before the effects of diversification.

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# Thank you



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