

PZU Group's Financial Results in Q1 2014

Warsaw, 14 May 2014



Agenda

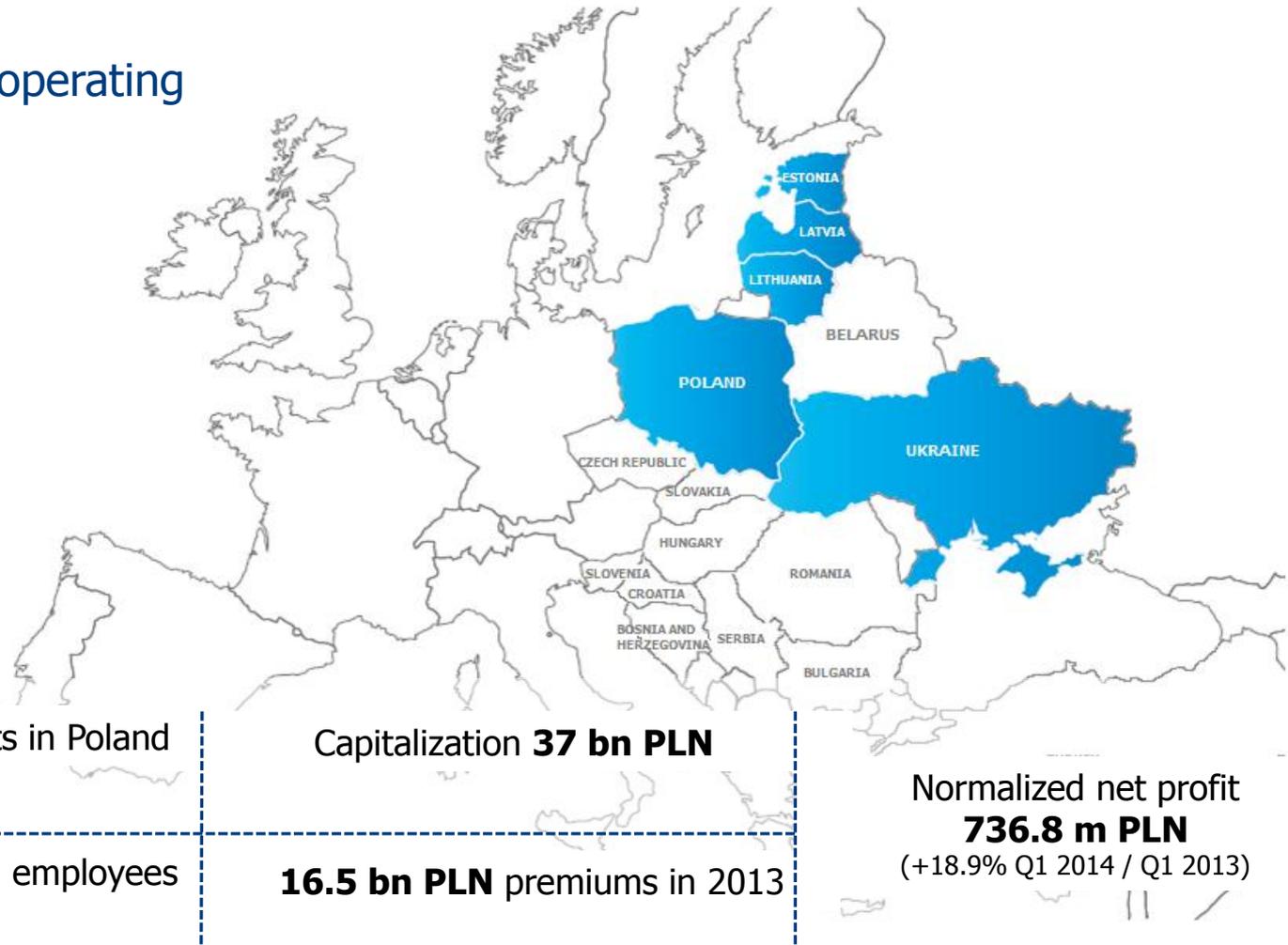


1. About the PZU Group
2. PZU Is Building Its Position in the CEE Region
3. Polish Insurance Market after Q4 2013
4. Operating Results in Q1 2014
5. Implementation of Strategy 2.0
6. Shareholder Value
7. Overview of Financial Results in Q1 2014
8. Questions and Answers

PZU Group's growing scale of operations...



... and high operating earnings



16 million clients in Poland

Capitalization **37 bn PLN**

14.1 thousand employees

16.5 bn PLN premiums in 2013

Normalized net profit
736.8 m PLN
(+18.9% Q1 2014 / Q1 2013)



What Distinguishes Us – Our KPIs

Market share in Poland 2013	<ul style="list-style-type: none">• Non-life insurance 31.1%• Life insurance – regular premium 43.3%
Profitability	Non-life insurance margin (COR) 81.8%
	Group insurance profit margin 21.8%
PZU Group's solvency coverage margin	380.5%
ROE Q1 2014	22.5%

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PZU's Expansion in the Baltic States



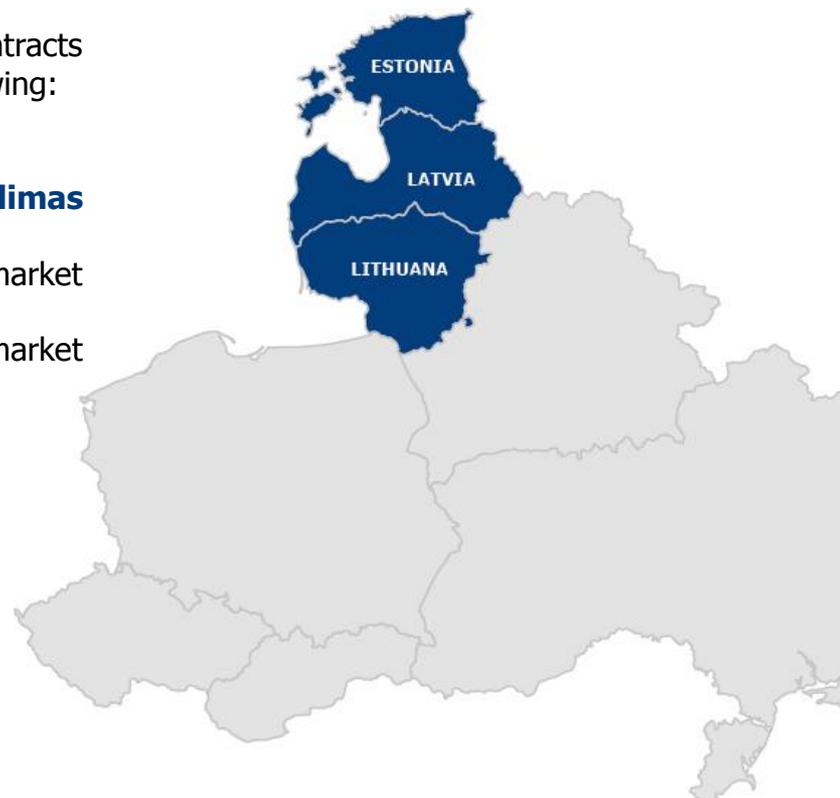
On 17 April 2014 PZU signed 2 separate contracts with RSA contemplating the acquisition of the following:

A

in the Baltic States:

- Lithuanian market leader – **Lietuvos Draudimas AB** (31% market share)
- Latvian market leader – **AAS Balta** (21% market share)
- and Estonian **Codan Forsinkring A/S** (8% market share).

Deal value of approximately **260 m EUR**



Poland – Dual Brand Strategy



B

and the direct market leader in Poland – **Link4** to complement PZU's strategy. This will enable the **PZU Group** to do the following:

- reach a totally different group of clients who prefer the direct service model;
- take part in the growth of the direct sales segment based on a brand well-known to Polish nationals;
- take the market leader position in offering insurance through the ever more popular direct sales model.

Deal value roughly **90 m EUR**

In Europe there is no shortage of examples among insurance market leaders who pursue multi-brand strategies. In Poland, three of the top six distribute products through one or more companies.

After finalizing the acquisition:

- the **PZU Group's** gross written premium should grow by approximately **300 m EUR**, i.e. approximately **8%**;
- PZU will become the **largest** insurance group in Central and Eastern Europe.



Agenda



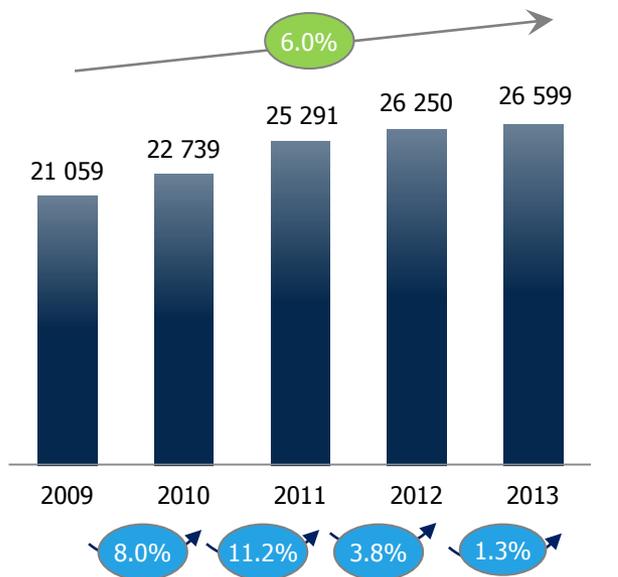
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Non-life Insurance Market – Deceleration of the Rate of Growth

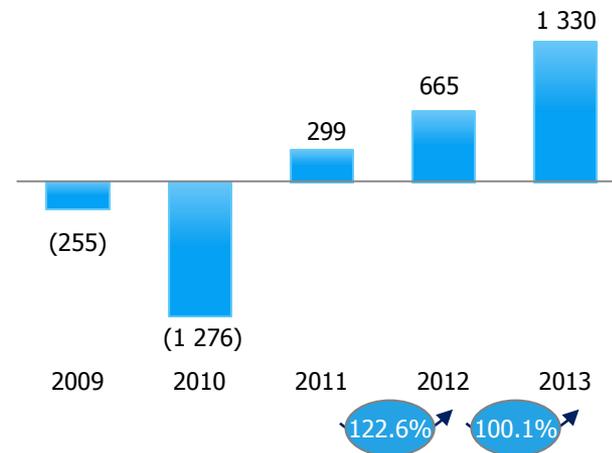


m PLN

**Gross written premium
Non-life insurance**



**Technical result
Non-life insurance**



x% - CAGR x% - change y/y

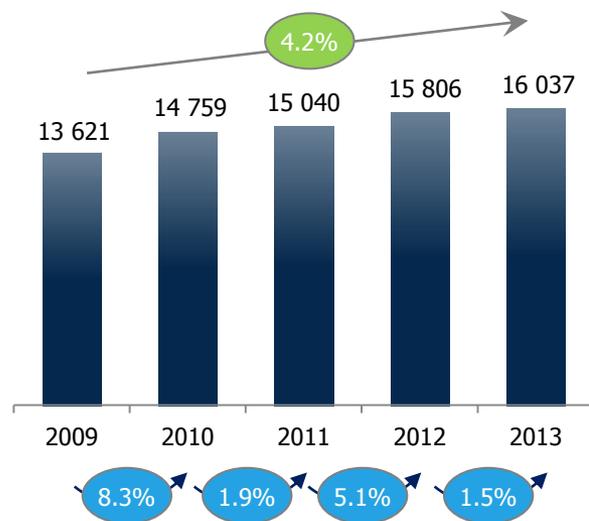
Polish FSA data; only for Polish insurance market



Regular GWP in Life Business Is Growing

m PLN

Regular gross written premium Life insurance*



Technical result Life insurance



x% - CAGR x% - change y/y

Polish FSA data; only for Polish insurance market

* Figures concerning market growth may be distorted by certain insurers classifying products similar to single premium products as regular premium business.



Polish Insurance Market - Summary

Non-life Insurance

Gross written premium:

- Sales of insurance for financial risks up by 296 m PLN (40.9% y/y), for damages caused by natural calamities up by 215 m PLN (7.4% y/y) and for other physical damages up by PLN 192 m PLN (8.5% y/y);
- Significant deceleration in the growth rate of MOD by 306 m PLN (5.4% y/y) and motor TPL by 466 m PLN (5.2% y/y).

Technical result:

- Overall market profitability improved on lower claims frequency in motor business (good weather conditions and less traffic);
- PZU is still the profitability leader (technical result of 1,062 m PLN after Q4 2013 – percentage of market's technical result: 79.8% with a 31.1% market share measured by premium).

Life Insurance

Gross written premium:

- 2013 life insurance sales down by 5,113 m PLN (i.e. by 14.1% y/y), primarily driven by lower single premium business (mainly group insurance) by 5,343 m PLN (i.e. by 26.0% y/y);
- PZU Życie's market share in the regular premium business, which is a steadily growing segment and of crucial significance for PZU 43.3% (up by 0.2 p.p. y/y). Regular premium growth of 230 m PLN y/y (1.5%).

Technical result:

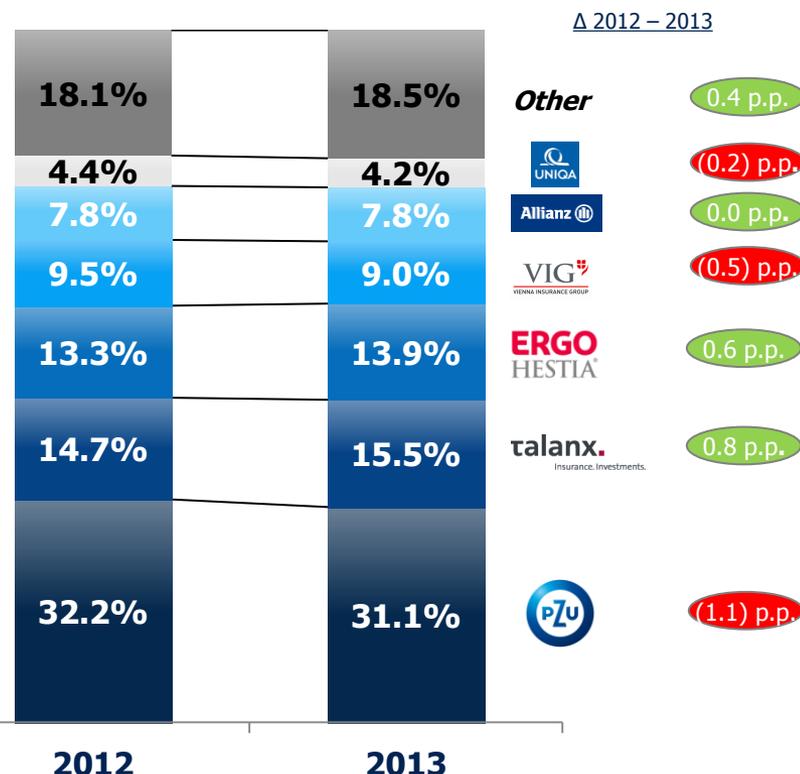
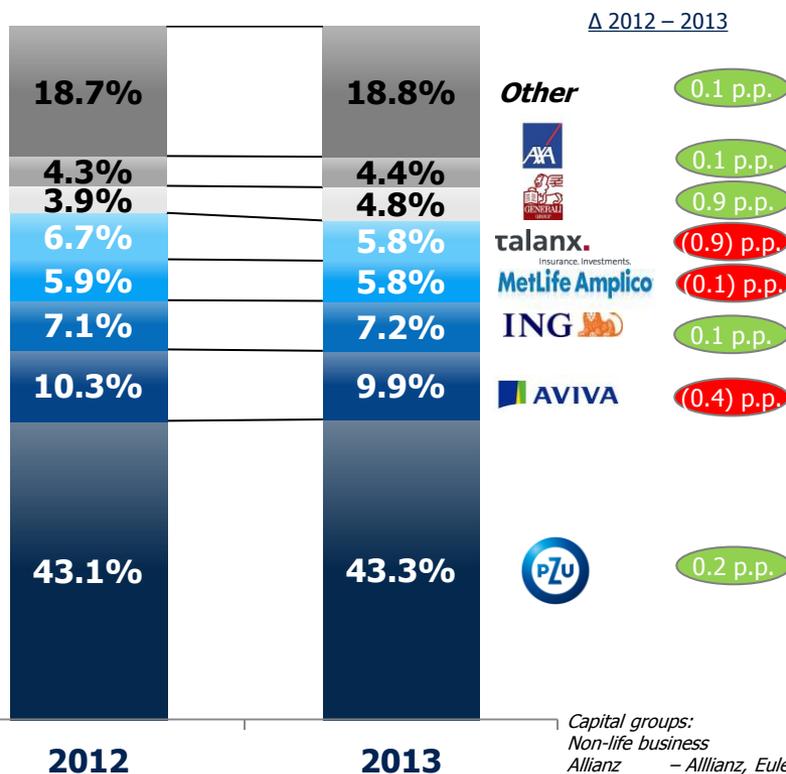
- Growth y/y in the profitability of the life market measured by technical result as a percentage of gross written premium following the change in product structure – decline in the percentage of low margin single premium contracts;
- Slight decline in profitability of accident and sickness insurance in group V (riders) – market's result down by 14.3 m PLN (by 1.3 p.p. of the margin) – PZU Życie's percentage of this most profitable group rose y/y by 1.3 p.p. to 72.2% of the overall market's technical result.

PZU Retains Leading Position in Poland



**PZU Life's market share
Life Insurance (regular premium)**

**PZU's market share
Non-life insurance**



Capital groups:
 Non-life business
 Allianz – Allianz, Euler Hermes
 Ergo Hestia – Ergo Hestia, MTU
 Talanx – Warta (in December 2013 Warta accomplish merger with HDI), Europa
 VIG – Compensa, Benefia, Interrisk, PZM
 Life business
 Aviva – Aviva, BZ WBK Aviva
 Metlife Amplico – Amplico, Metlife
 Talanx – Warta (in December 2013 Warta accomplish merger with HDI), Europa and Open Life

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Pursuit of Strategic Projects Coupled with Constant Care for Major Operating Areas



This strategy has produced robust financial performance:

Growth and M&A

- Acquisition of leaders in the Baltic States (Lietuvos Draudimas AB, AAS Balta) and an Estonian company (Codan Forsinkring A/S);
- Dual brand strategy planned through acquisition of Link4.

Operations

- Maintenance of cost discipline in main lines of business to pursue growth programs such as implementing the Everest Platform policy system while not allowing fixed expenses to grow;
- Optimization of claims handling processes and high operating efficiency.

Non-life insurance

- High profitability in mass segment (COR of 81.3%) and corporate segment (COR of 79.1%);
- Lower claims frequency in motor insurance (effect of better road conditions);
- Low level of insurance claims caused by the forces of nature;
- Insignificant damages caused by the adverse effects of overwintering.

Life insurance

- High profitability in group and individually-continued segment net of the effect of converting long-term contracts into yearly-renewable term insurance:
 - Curtailment of the claims ratio in protection insurance as a consequence of the lower frequency of events related to the death of the insured / co-insureds compared to Q1 2013 (confirmed by Central Statistical Office's data on the higher number of deaths in Poland in January 2013);
 - Lower incremental growth of the mathematical provision in individually-continued insurance after product modification affecting the amount of the mathematical provisions established at the time an insured switches to individual continuation.

Investments

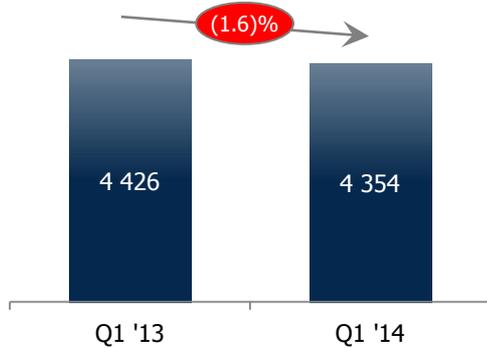
- Higher investment income y/y net of the one-off effect related to consolidating investment funds as of 1 January 2013 (in Q1 2013 +167.5 m PLN);
- In connection with:
 - Yield on 10Y bonds (YTD) being down by 12 basis points compared to growth of 20 bps last year;
 - WIG growth (YTD) of 2.1% compared to a 4.9% decline last year.

ROE 22.5%

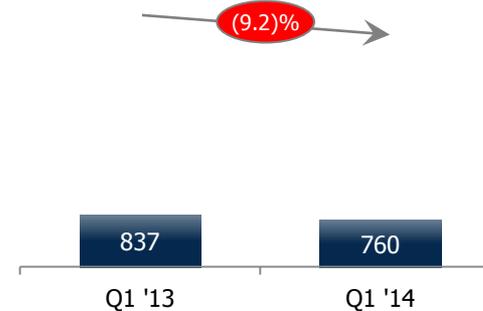
Robust Results Despite Tough Market Context. No One-off Effects in Q1 2014



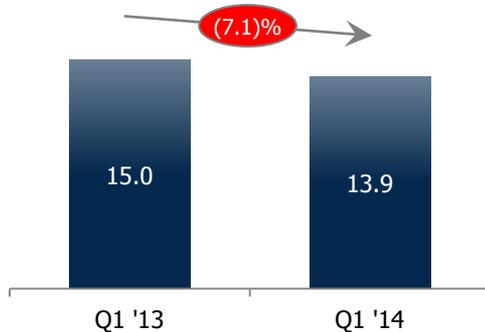
Gross written premium (m PLN)



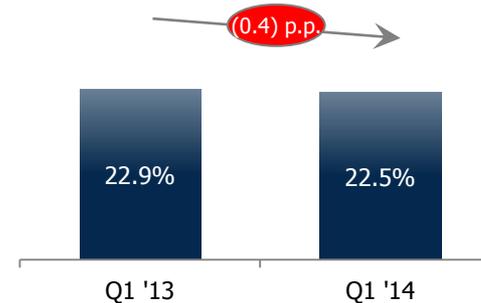
Net profit (m PLN)



Equity (bn PLN)



Return on equity (%)*

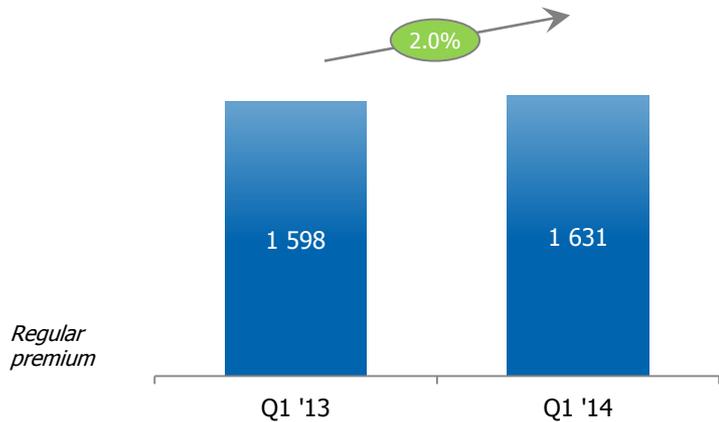


High Profitability of Group and Individually-Continued Insurance

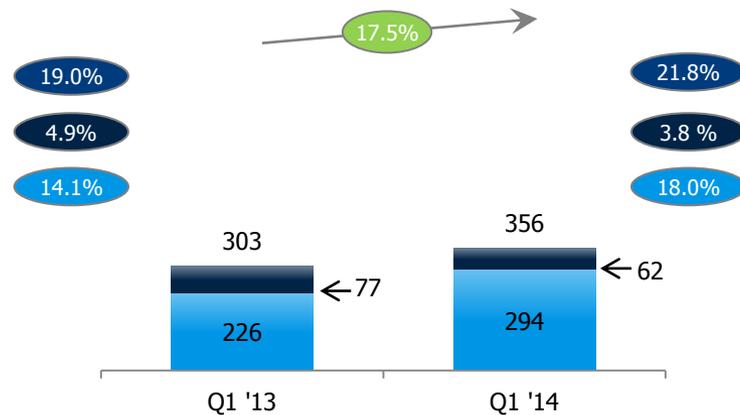


m PLN

**Gross written premium
Group and continued segment**



**Operating profit
Group and continued segment***



*Operating profit net of the conversion effect.

x% - change y/y

Single premium

Regular premium

Investment margin (investment yield above technical rate up to a maximum equal to the risk free rate)

Insurance margin (investment yield using technical rate)

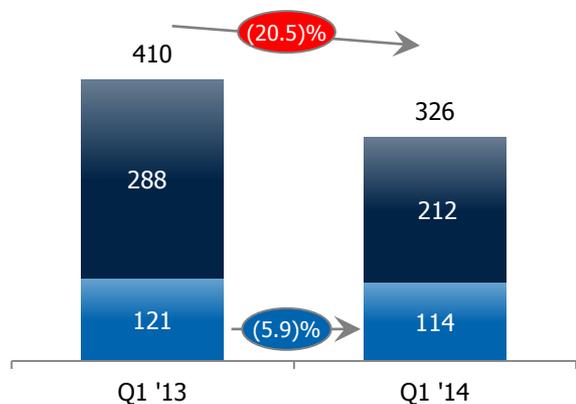
Total margin

Focus on Selling Regular Protection Business

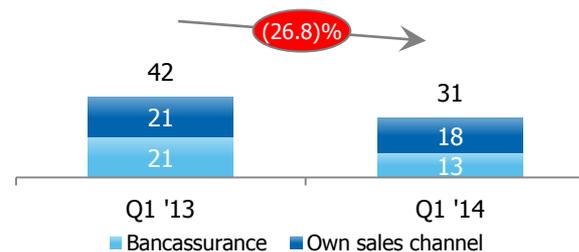


m PLN

**Gross written premium
in individual life segment**



**Annual premium equivalent (APE)
in individual life segment***



x% - change y/y

x% - change y/y in regular premium

■ Single premium

■ Regular premium

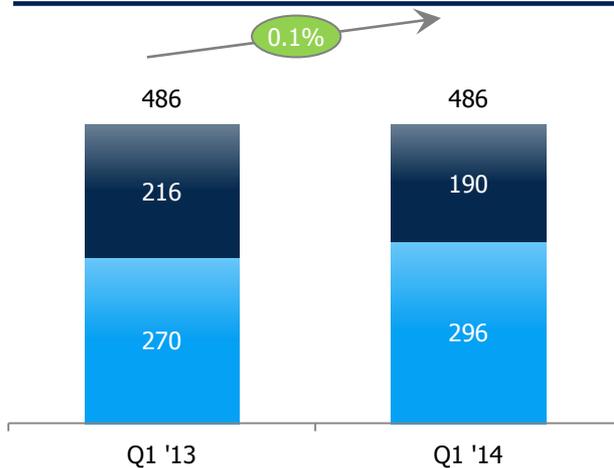
* Only insurance contracts.

Profitability Growth on Demanding Market in the Corporate Client Segment

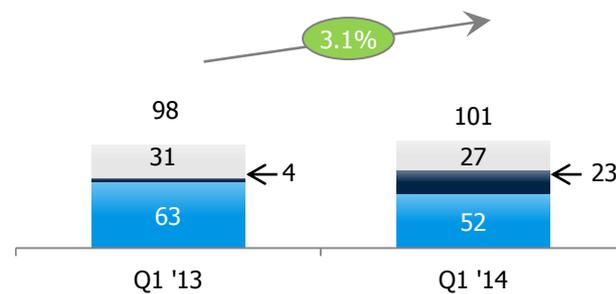


m PLN

**Gross written premium
in the Corporate Client Segment**



**Operating profit
in the Corporate Client Segment**



x% - change y/y



Impact of allocated income from the Investment Segment



Motor insurance business (Technical result)



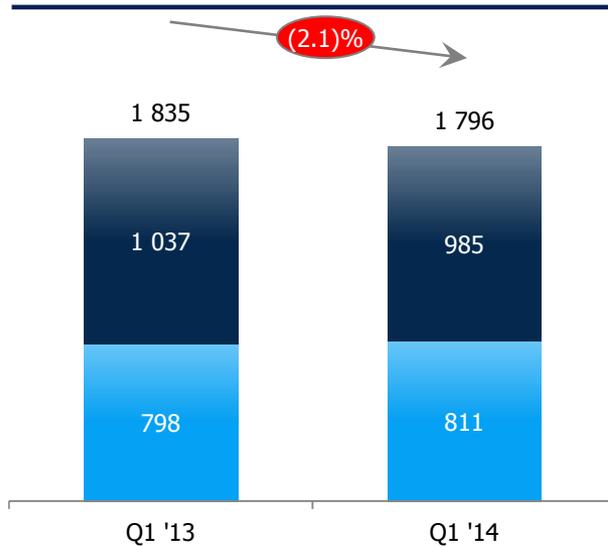
Non-motor insurance business (Technical result)

High Profitability in the Mass Client Segment Coupled with One-off Effect of Settlement with Reinsurer in 2013

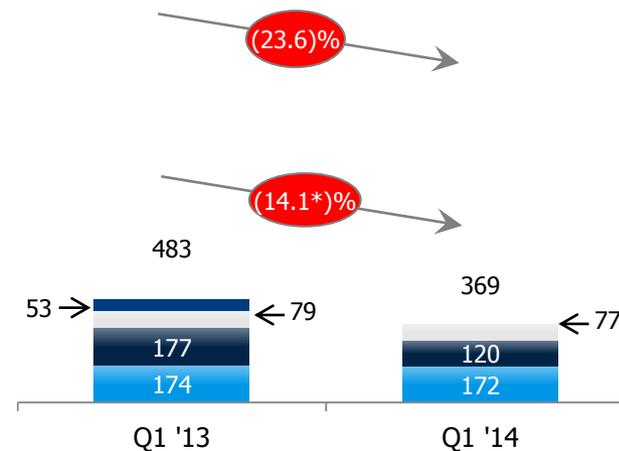


m PLN

Gross written premium in the Mass Client Segment



Operating profit in the Mass Client Segment



* Normalized profit dynamics without one-off effect of settlement with Reinsurer

x% - change y/y

Impact of allocated income from the Investment Segment

Motor insurance business (Technical result)

Non-motor insurance business (Technical result)

One-off effect of settlement with Reinsurer



Summary – Life Insurance in Poland

Life insurance

Group and continued

Factors contributing to higher gross written premium:

- Group protection insurance portfolio expansion and higher average premiums;
- Upselling riders and higher sums insured in individually-continued products;
- Development of group health insurance, including medicine and antibiotic insurance;
- Continuation of the sales of group protection insurance via the bancassurance channel;
- Withdrawal of single premium products from sales in this segment.

Operating profit up driven by the following factors:

- Curtailment of the loss ratio in protection insurance on lower frequency of events related to the death of the insured / co-insureds compared to Q1 2013 (confirmed by the Central Statistical Office's data on the higher number of deaths in Poland in January 2013);
- Lower growth in mathematical provision for individually-continued insurance following product modification affecting the amount of the mathematical provisions established at the time an insured switches to the individual continuation phase.

Individual

Gross written premium down driven by the following factors:

- Sales of structured product in cooperation with Citi Handlowy significantly down from last year;
- Decline in deposits to IKE accounts, especially compared to January 2013.

Adverse effects partially offset by higher gross written premium on other investment products and the stable level of premium in individual protection products.

Sales channels:

- New sales in the bancassurance channel down as the consequence of the volume of single premium contracts in structured products being much lower than last year;
- Sales in the traditional channel down from last year following the retraction of the „Plan na Życie” unit-linked product from the product offering and the lower level of transfers to newly-acquired IKE contracts. These effects are partially offset by strong growth (exceeding 50% of the annual premium equivalent in protection products – change of priorities in the sales channels.



Summary – Non-life Insurance in Poland

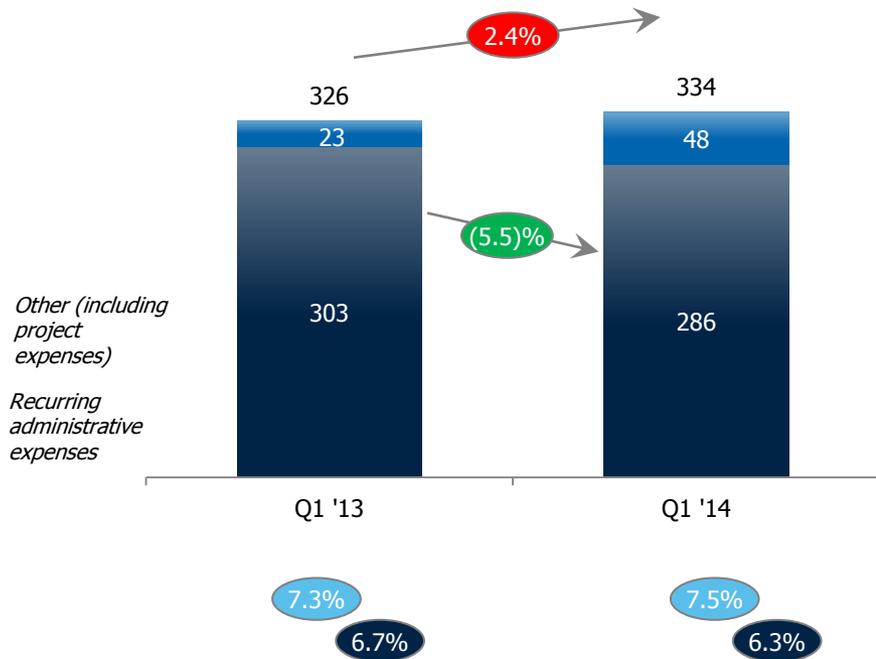
Non-life insurance	Corporate segment
	<p>Gross written premium: at a similar level y/y:</p> <ul style="list-style-type: none">• Higher sales of property insurance as a consequence of entering into long-term contracts with the power and mining industries;• Higher sales of contract insurance following improvement in the construction industry;• Positive growth rate of motor insurance sales to lease companies as the result of our individual approach to clients and underwriting• Lower sales of motor insurance to car fleets.
	<p>Operating profit up driven by the following factors:</p> <ul style="list-style-type: none">• Claims frequency down (favorable road conditions) and the absence of claims with a high unit cost;• Lower earned premium on higher insurance operating expenses in non-motor business (mainly other TPL and property insurance).
	Mass segment
	<p>Lower gross written premium in the following:</p> <ul style="list-style-type: none">• In motor insurance caused by portfolio aging (lower sums insured, rising discounts for accident-free driving) and the more profound discounts introduced last year (effect of fierce price competition in 2013);• In compulsory insurance for farm buildings as a consequence of more pronounced market competition.
	<p>Operating profit down driven primarily by the following factors:</p> <ul style="list-style-type: none">• Higher loss ratio in the agricultural insurance group as a consequence of the higher level of annuity provisions;• Recognition in last year's result of the one-off income of 53.2 m PLN from the settlement with reinsurer regarding the Green Card;• Lower earned premium in motor insurance.

Lower Fixed Expenses Driven by Process Optimization



m PLN

Administrative expenses



Remarks

- Lower level of recurring administrative expenses as a result of lower payroll expenses ensuing from:
 - Centralizing processes in operations and claims handling;
 - Restructuring conducted in previous years.
- Pursuit of project activities to streamline and automate service processes (mainly by implementing a non-life policy system).
- Higher administrative expenses y/y on account of PTE PZU's compulsory additional payment of 20,873 thousand PLN to the Guarantee Fund in KDPW (statutory change to the required level from 0.1% to 0.3% of an OFE's net assets).

- x% - change y/y
- x% - administrative expense ratio (%)*
- x% - recurring administrative expense ratio (%)*

*Administrative expense ratio: administrative expenses / net earned premium – sum of insurance business segments in Poland.

■ Recurring administrative expenses ■ Other (including project expenses)

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PZU Offers a Revolutionary Service

Greater simplicity and greater convenience...

As of 4 April 2014 all MTPL policyholders at PZU have access to this revolutionary service, namely direct claims handling.

How does it work?

In the event of a collision causing damage to a car insured with PZU, its owner may approach PZU directly for indemnification. In this way, contrary to the way it has been up till now, PZU clients do not have to handle any formalities in the insurance company with which the person who caused the collision is insured. Clients contact PZU, which pays indemnification and then on behalf of the client addresses the insurer of the person who caused the accident to recover the car repair costs.

From the launch date of this service, roughly **2,745** claims have been filed.



Bob
bought an MTPL policy
from insurer X

Tom
bought an MTPL policy
from PZU

Bob
caused an accident

Tom
receives indemnification
from PZU

PZU handles
all the formalities

PZU Offers a Revolutionary Service

Direct Claims Handling



Direct claims handling poses an opportunity to transform the MTPL market entirely:



PZU Offers a Revolutionary Service

Direct Claims Handling



Benefits for injured parties – PZU’s clients:

- Ability to decide which insurer will handle any possible future claim
- No need to be in contact with „someone else’s” insurer, shortest path to notifying a claim – contact referencing the MTPL policy number
- The claim is handled by the insurer for whom the injured party is a client, not someone who just generates costs
- The shortest path from notifying a claim to receiving the insurer’s decision
- High degree of satisfaction from claims handling, opportunity to test the quality of PZU’s services free-of-charge (without buying voluntary insurance)
- Largest network of cooperating service stations – partners in the PZU Pomoc Repair Network
- Comprehensive settlement of all costs related to the claim: repair, towing, replacement vehicle, parking
- Services may be sourced through one phone number available 24/7: **801 102 102**

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Highest Dividend since PZU's IPO – 54 PLN Per Share to Be Paid from PZU SA's 2013 Net Profit



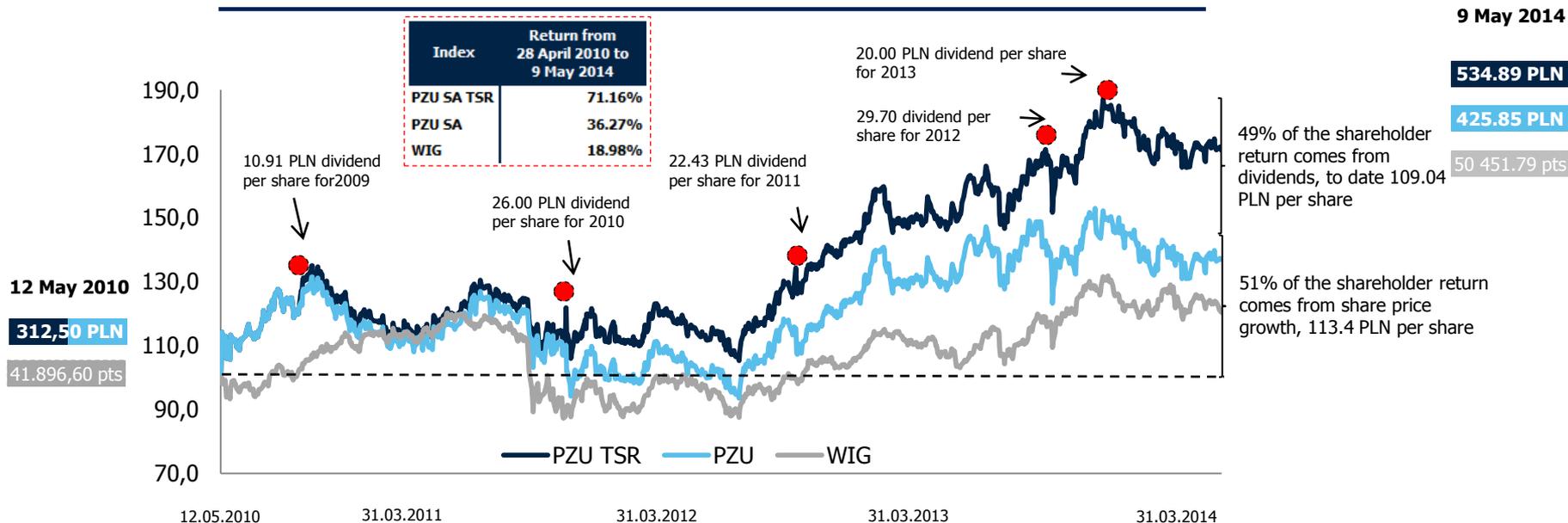
- On 19 November 2013 PZU paid 20 PLN per share, i.e. 1,727 m PLN as an interim dividend.
- On 13 May 2014 the PZU Management Board accepted the motion to distribute PZU's 2013 net profit and the Supervisory Board positively endorsed the Management Board's motion.
- According to the motion to the Ordinary Shareholder Meeting, the PZU Management Board has proposed to distribute PZU's result of 5,106 m PLN by designating:
 - 4,663 m PLN, i.e. 54 PLN per share to pay as a dividend;
 - 433 m PLN to supplementary capital;
 - 10 m PLN to the Company's Social Benefits Fund.
- Under the dividend for 2013 shareholders shall receive an additional **34 PLN per share**.
- The Management Board proposes to pay the dividend in **2 tranches**:
 - **On 8 October 2014 (17 PLN per share) and on 15 January 2015 (17 PLN per share) with the ex-dividend date on 17 August 2014;**
 - To maintain the safety ratios at the appropriate level as at 31 December 2014 and to optimize the investment portfolio composition so as to increase the amount of assets that may be designated to cover technical provisions;
 - At the same time, PZU has updated the PZU Group's capital and dividend policy in 2013 - 2015, according to which the payment of 1,727 m PLN on 19 November 2013 was made **from surplus capital**.



PZU Shapes TSR through Share Price Growth and Dividend Payments



PZU share price development adjusted for dividends paid from the first day of listing compared to selected indices 12 May 2010=100*



Dividend for year	bn PLN	Payout ratio**	Dividend Yield
2010	2.25	63.8%	8.4%
2011	1.94	75.0%	5.1%
2012	2.56	99.4%	6.6%
2013	4.66 ***	91.3%	3.7%

* PZU TSR's share price has been adjusted by including dividends

** Payout ratio to PZU SA's standalone result

*** Including proposed dividend of 2.936 m PLN

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PZU Group's Financial Highlights



m PLN, IFRS	Q1 2013	Q1 2014	<i>Change YoY</i>	Q4 2013	<i>Change Q1 2013 over Q4 2012</i>
Profit and Loss Statement					
Gross Written Premium	4 426	4 354	<i>(1.6)%</i>	4 077	<i>6.8%</i>
Premium Earned	4 108	3 990	<i>(2.9)%</i>	4 009	<i>(0.5)%</i>
Investment Result	429	535	<i>24.8%</i>	630	<i>(15.1)%</i>
Operating Profit	1 066	1 012	<i>(5.1)%</i>	679	<i>49.1%</i>
Net Profit	837	760	<i>(9.2)%</i>	528	<i>43.9%</i>
Balance Sheet					
Equity	14 952	13 888	<i>(7.1)%</i>	13 128	<i>5.8%</i>
Total Assets	58 760	65 045	<i>10.7%</i>	62 787	<i>3.6%</i>
Principal Financial Ratios					
ROE*	22.9%	22.5%	<i>(0.4) p.p.</i>	15.4%	<i>7.1 p.p.</i>
Combined Ratio**	77.1%	81.8%	<i>4.7 p.p.</i>	103.8%	<i>(22.0) p.p.</i>

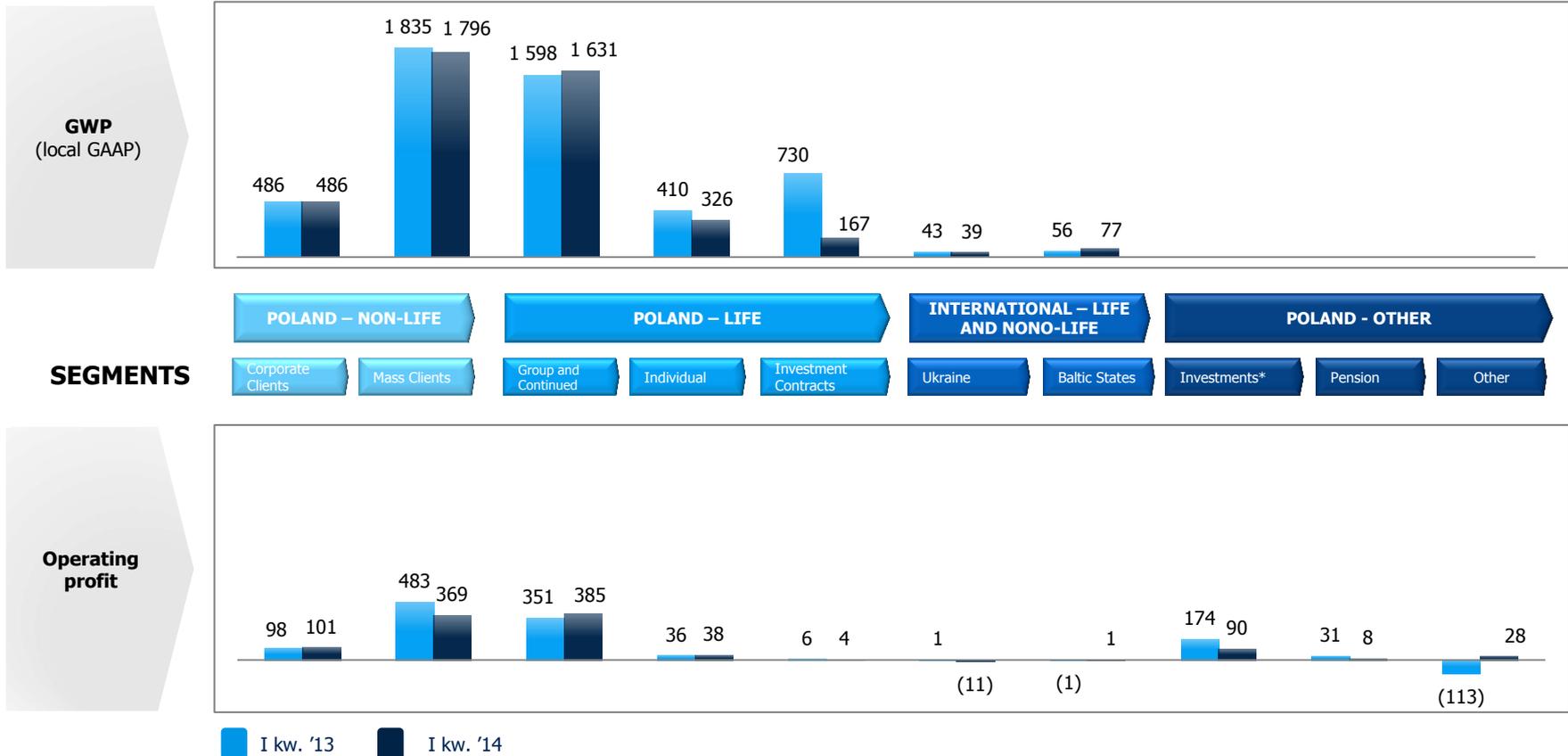
* Annualized ratio computed using equity at beginning and end of reporting period

** Only for non-life insurance business

High Underwriting Profitability in the Corporate and Mass Segments on Low Investment Income



YTD, m PLN



* Investment income in Investment Segment – external operations



Profitability by Insurance Segment

Insurance Business Segments	Gross Written Premium			Operating Profit			Combined Ratio / Operating profit ratio*	
	m PLN, local GAAP	Q1 2013	Q1 2014	Change YoY	Q1 2013	Q1 2014	Change YoY	Q1 2013
Total Non-Life - Poland	2 320	2 282	(1.7)%	581	470	(19.1)%	76.0%	80.9%
Mass Insurance - Poland	1 835	1 796	(2.1)%	483	369	(23.6)%	74.5%	81.3%
Motor TPL Insurance	637	586	(8.1)%	181	83	(54.3)%	76.5%	91.2%
Motor Own Damage	399	399	(0.0)%	49	37	(24.1)%	86.5%	89.4%
Other products	798	811	1.6%	174	172	(1.4)%	64.7%	66.4%
Impact of investment segment allocation	x	x	x	79	77	(1.6)%	x	x
Corporate Insurance - Poland	486	486	0.1%	98	101	3.1%	81.8%	79.1%
Motor TPL Insurance	97	82	(15.7)%	(22)	1	x	123.2%	102.4%
Motor Own Damage	119	109	(8.5)%	26	22	(14.4)%	79.7%	81.2%
Other products	270	296	9.6%	63	52	(18.1)%	61.9%	65.3%
Impact of investment segment allocation	x	x	x	31	27	(14.2)%	x	x
Total Life - Poland	2 008	1 956	(2.6)%	386	423	9.4%	19.2%	21.6%
Group and Continued ** - Poland	1 598	1 631	2.0%	303	356	17.5%	19.0%	21.8%
Individual - Poland	410	326	(20.5)%	36	38	5.3%	8.7%	11.5%
Conversion effect	x	x	x	48	29	(38.6)%	x	x
Total Non-Life - Ukraine & Lithuania	81	96	18.9%	0	0	3.8%	107.2%	105.2%
Ukraine Non-life	32	27	(13.7)%	1	0	(96.7)%	110.0%	109.3%
Lithuania Non-life	49	68	40.1%	(1)	0	x	105.5%	103.3%
Total - Life - Ukraine & Lithuania	18	20	12.4%	0	(11)	x	2.3%	(53.1)%
Ukraine Life	11	12	7.5%	0	(11)	x	3.6%	(92.0)%
Lithuania Life	7	8	20.3%	0	0	x	0.2%	1.7%

* Combined ratio (calculated in relation to net earned premium) for non-life business, operating profit ratio (calculated in relation to GWP) for life business.

** Operating profit ratio net of conversion effect.

Normalized Operating Profit Up 23.1%



YTD, m PLN

m PLN, IFRS	Q1 2012	Q1 2013	Q1 2014	
Operating Profit (according to financial statements)	1 034.7	1 066.3	1 011.7	1 Impact exerted by converting long-term contracts into yearly-renewable term business under IFRS.
<i>including:</i>				2 Income on the settlement with the Green Card product's reinsurer – reversal of the adjustment to the estimates reducing the 2011 result.
1 Conversion effect	94.0	47.6	29.2	3 Commencement of consolidating investment funds – chiefly real estate.
2 Reinsurance agreement	-	53.2	-	
3 Consolidating investment funds	-	167.5	-	

Group and Continued Insurance Segment (Life Insurance)



Primary operating profit components in Group and Continued Life Insurance (m PLN)



Remarks

- GWP up by 2.0% y/y mainly on expanding portfolio of risks in protection and health insurance (including riders to continued contracts) and higher average premium.
- Increase in investment income mostly in unit-linked products.
- Lower net claims paid driven by lower frequency of death-related events compared to Q1 2013 (confirmed by Central Statistical Office's data on the higher number of deaths in Poland in January 2013) in protection business. Additional impact exerted by lower surrender amounts in unit-linked insurance.
- Higher y/y incremental growth of mathematical provisions caused by increase in mathematical provisions in unit-linked products as a result of better investment results and decrease in conversion y/y in type P group business, partially offset by lower growth in the mathematical provision for individually-continued insurance.
- Higher acquisition expenses in group protection business (including bancassurance) on the heels of portfolio expansion of contracts and the high sales of new policies.
- Lower administrative expenses – product handling expenses in the Group's Branches.
- Operating profit up driven mostly by portfolio expansion, lower loss ratio in protection products and lower growth of the mathematical provision in individually-continued insurance.

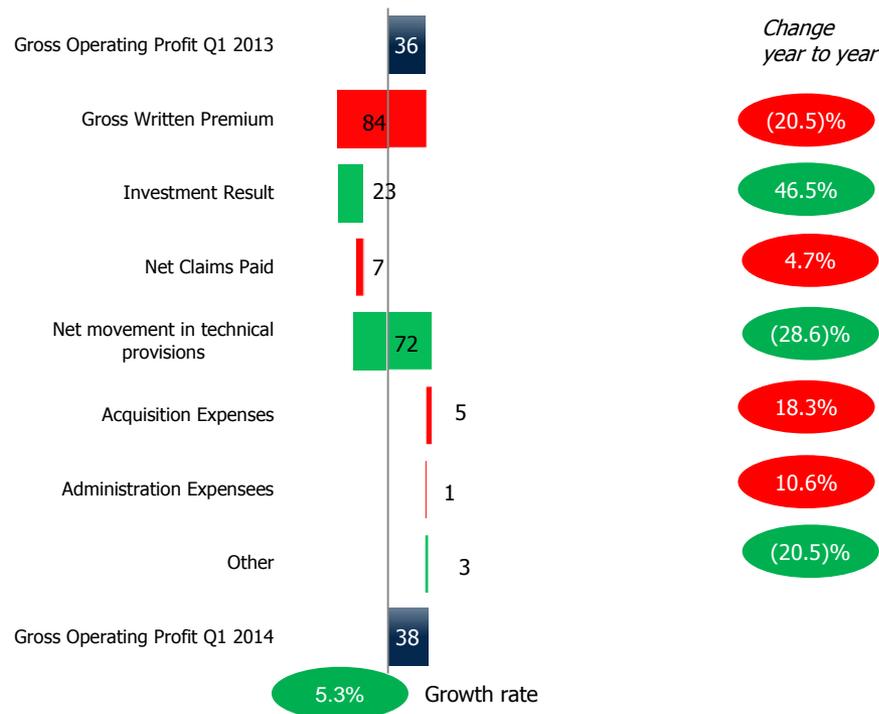
* Net claims paid plus movement of claims provisions

** Mathematical and other provisions, including conversion

Individual Insurance Segment (Life Insurance)



Primary operating profit components in the Individual Insurance Segment (m PLN)



Remarks

- GWP down by 20.5% y/y mostly caused by lower sales of investment products in the *bancassurance* channel.
- Higher investment result mostly on investment products.
- Higher net claims paid following higher payments on reaching endowment age in structured products in the *bancassurance* and proprietary channels (more product tranches maturing) and higher surrenders in bank unit-linked products (portfolio growth year to year).
- Lower incremental growth in mathematical provisions following the curtailment of sales of bank structured products and the higher level of payments as policies reach the endowment age.
- Higher y/y acquisition expenses driven by higher commission percentage on assets in unit-linked products in the *bancassurance* channel and a higher agency commission cost as an offshoot of high new sales of protection products in proprietary channels (policy change).
- Administrative expenses up following ramping up of efforts to work on the individual insurance portfolio and to raise marketing expenditures.
- Segment's operating result up following better performance on investment products, in particular on account of the percentage of the management fee.

* Net claims paid including movement in claims provisions

** Mathematical and other provisions

Profitability of Corporate Insurance Segment (Non-life Insurance)



Profitability of Corporate Segment Combined Ratio (COR - %)



Remarks

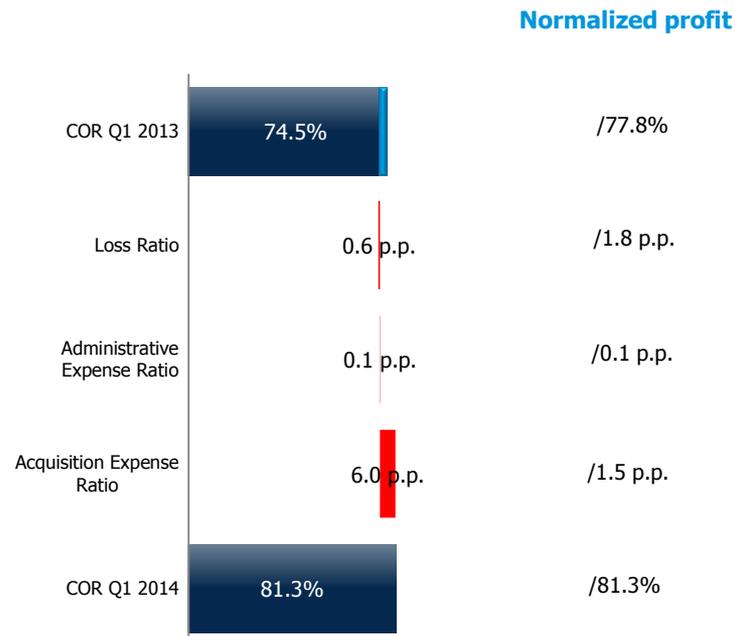
- Loss ratio down driven by:
 - Lower frequency of motor insurance claims (favorable road conditions) and the restrictive underwriting policy pursued for several years;
 - Decrease in claims paid in property and other financial insurance – no events with a high unit value.
- Administrative expense ratio up on higher IT expenses and project initiatives to streamline and automate service processes.
- Acquisition expense ratio up on higher indirect acquisition expenses and higher percentage of direct acquisition expenses in the agency channel accompanied by the falling percentage of the commission-free sales channel (office employees).

Profitability of Mass Insurance Segment (Non-life Insurance)



Profitability of Mass Segment Combined Ratio (COR - %)

Remarks

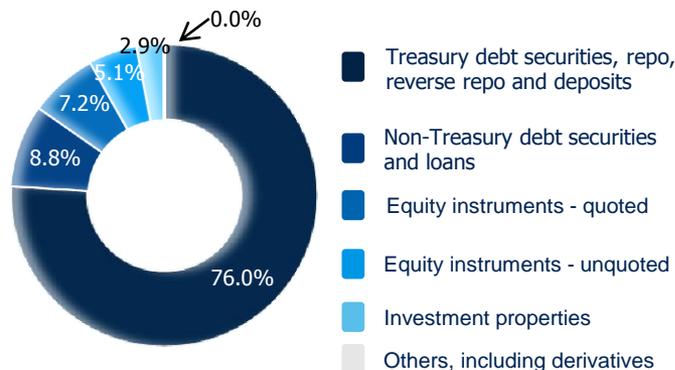


- Loss ratio up driven by:
 - higher level of annuity provisions in the agricultural insurance group;
 - decrease in earned premium (down by 5.3 %) on a slightly lower level of claims paid (down by 0.3%) in motor TPL.
- Acquisition expense ratio up driven by:
 - higher level of direct acquisition expenses (change of commission rates in motor insurance bundles);
 - lower reinsurance commissions as a result of recognizing in the same period of 2013 the effect of executing a settlement with reinsurer regarding the Green Card – one-off impact on reinsurance commissions in Q1 2013 +73.3 m PLN.
- Slight growth in the administrative expense ratio linked mainly to higher IT expenses to continue streamlining service processes and consulting costs partially offset by lower advertising costs.

 / One-off effect of settlement with Reinsurer

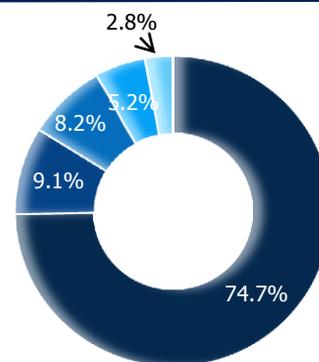
Debt Instrument Valuation Down Better Conditions on the Capital Markets

Investment Composition 2013*



Total: 51.2 bn PLN

Investment Composition Q1 2014*



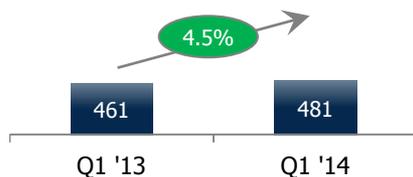
- 5-year T-bond yield in Q1 2014 up 12 basis points on an annual basis and 10-year T-bond yield down by 12 basis points, while in Q1 2013 the yield climbed by 23 and 20 basis points, respectively.
- In Q1 2014 the WIG index edged up by 2.1%, while in Q1 2013 it plunged by 4.9%.

Total: 51.9 bn PLN

Investment Income

m PLN

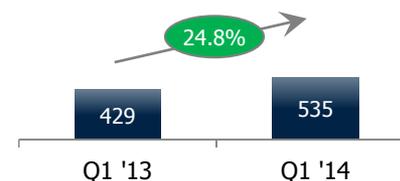
Interest-bearing financial assets**



Equity instruments and derivatives



TOTAL



* Investment portfolio includes financial assets (jointly with investment contracts), investment properties and financial obligations (negative valuation of derivative instruments and reverse repo obligations).

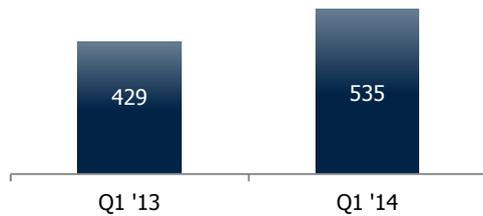
** Income on interest-bearing financial assets includes the result on bonds, loans, repo, reverse repo and deposits.

Better Profitability of the Main Portfolio and at the Policyholder's Risk



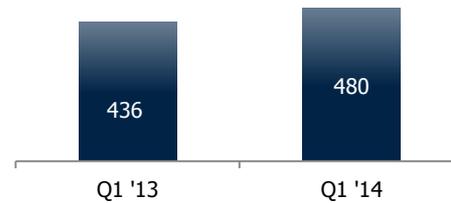
Net quarterly data

Investment revenues (total, m PLN)

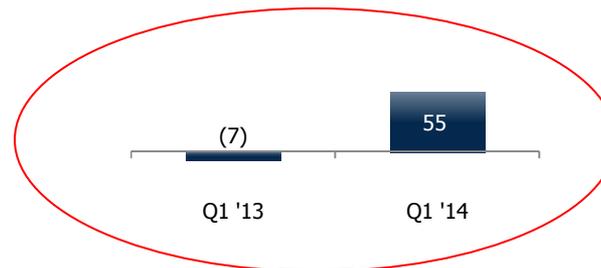


Investment revenues on PZU Group's Main portfolio (m PLN)

Incl. one-off effect of funds' consolidation +167.5 m PLN

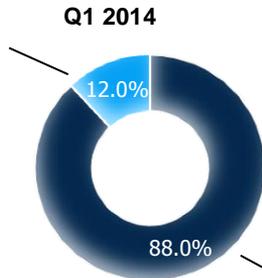


Investment revenues at policyholders' risk* (m PLN)



No influence on net income of PZU Group

Financial assets at policyholders' risk* – **6.2 bn PLN**



Total: 51.9 bn PLN

Financial assets in the main portfolio – **45.7 bn PLN**

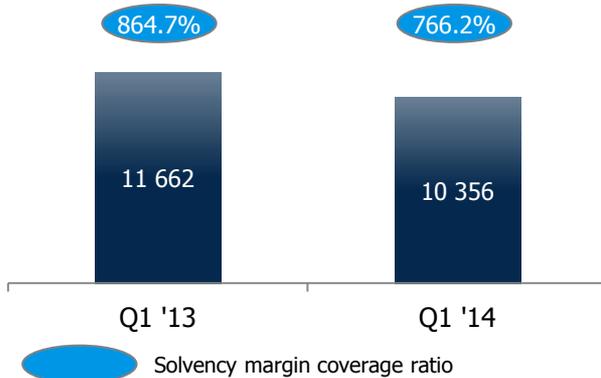
* Products at policyholders' risk: unit-linked, structured and tax exempt products

Robust Capitalization and High Solvency Margins

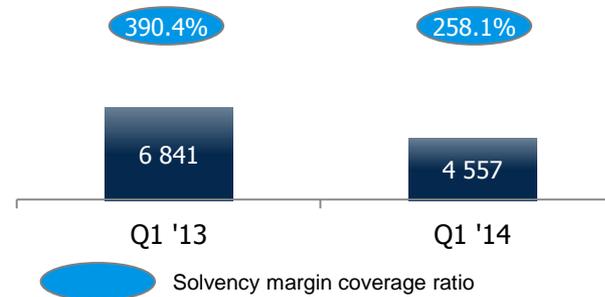


YTD

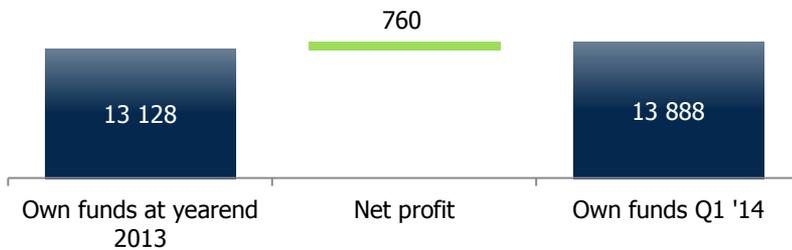
PZU own funds and solvency margin coverage ratio (m PLN, Polish GAAP)



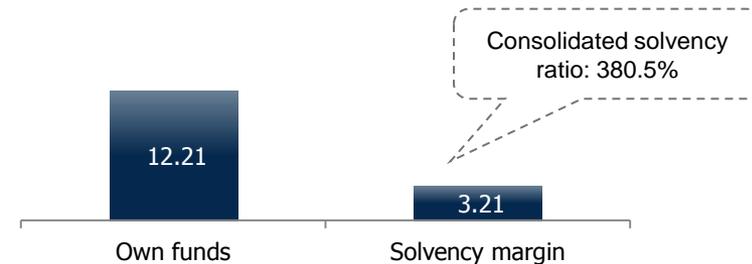
PZU Życie own funds and solvency margin coverage ratio (m PLN, Polish GAAP)



PZU Group's equity (m PLN, IFRS)



PZU Group's own funds Q1 2014 (m PLN, IFRS)





Agenda

1. About the PZU Group
2. PZU Is Building Its Position in the CEE Region
3. Polish Insurance Market after Q4 2013
4. Operating Results in Q1 2014
5. Implementation of Strategy 2.0
6. Shareholder Value
7. Overview of Financial Results in Q1 2014
8. Questions and Answers

Questions and Answers



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