

*Milestone in the implementation of the
acquisition strategy*

Warsaw, 17 April 2014





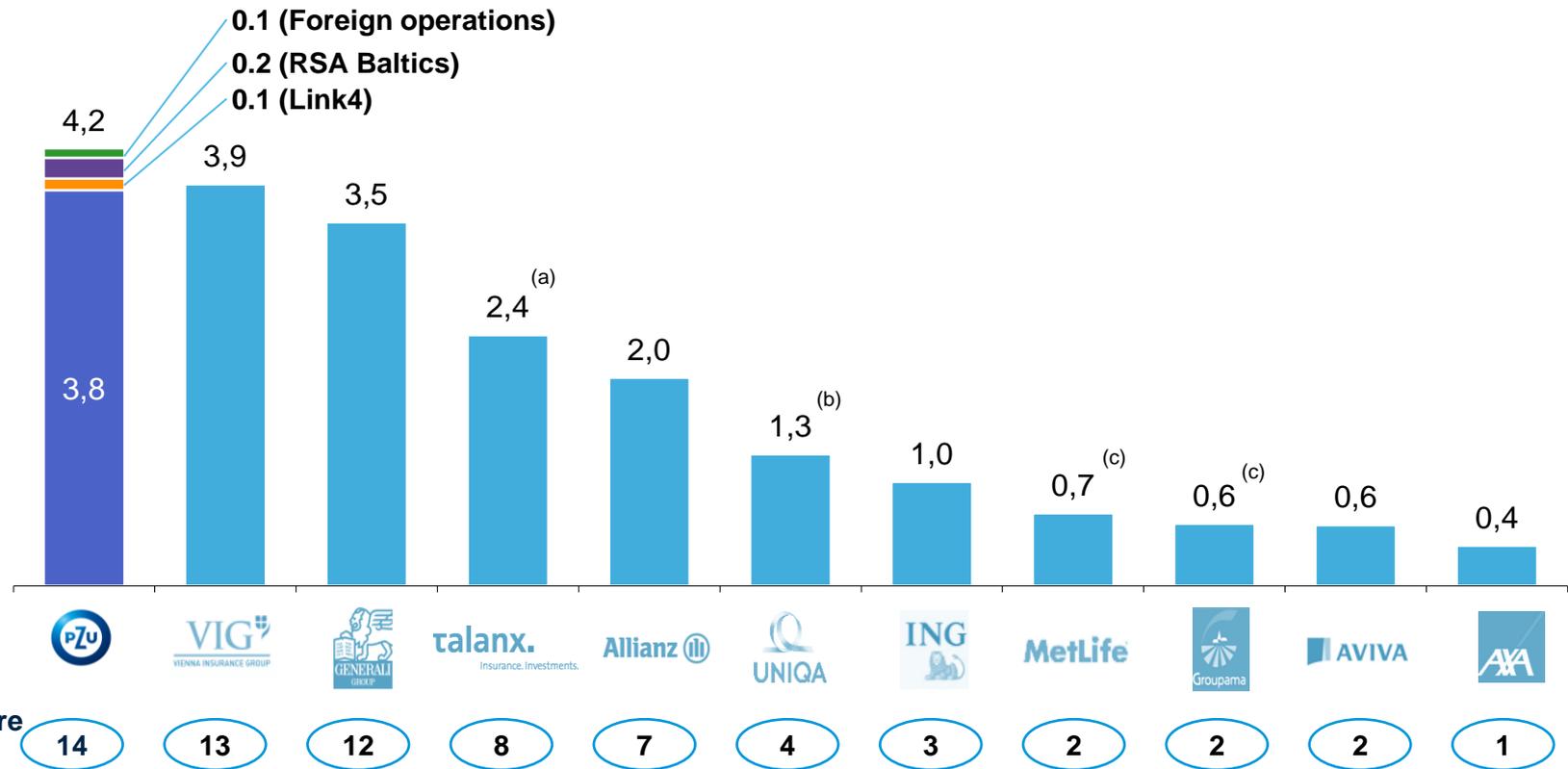
Summary

- PZU has bought 4 entities from RSA in two separate transactions
 - in the Baltic States: Lietuvos Draudimas AB (Lithuania), AAS Balta (Latvia), Codan Forsinkring A/S (Estonia)
 - in Poland: Link4 Towarzystwo Ubezpieczeń S.A.
- This is the next step in the realization of PZU's 2.0 Strategy for 2012-2014
- PZU remains the leading insurer in Central and Eastern Europe



PZU becomes the no 1 insurer in CEE

GWP in CEE region (EURbn, 2013)



Note: CEE defined as Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia

(a) Includes all countries defined as CEE by Talanx (including Turkey)

(b) Based on international GWP less GEP for Western Europe, Russia, Ukraine and Kosovo

(c) As of 2012

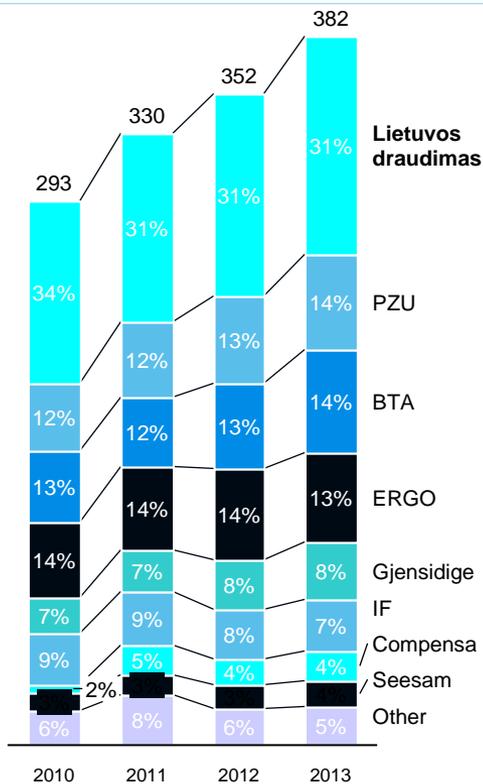
Baltic States – Lithuania, Latvia, Estonia



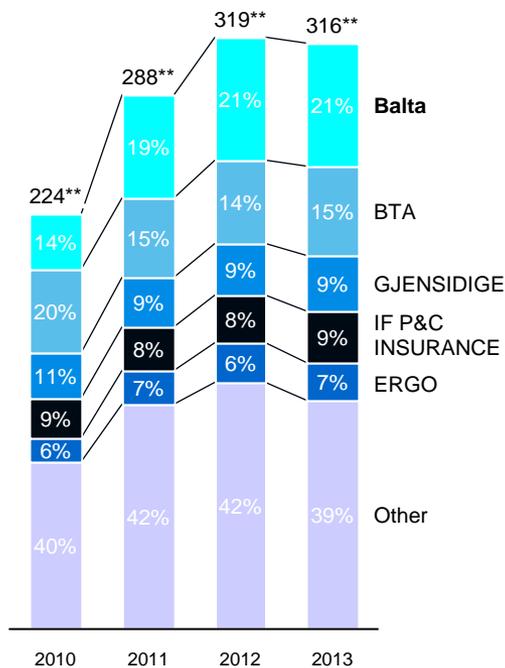
Acquisition of 2 market leaders in 3 countries



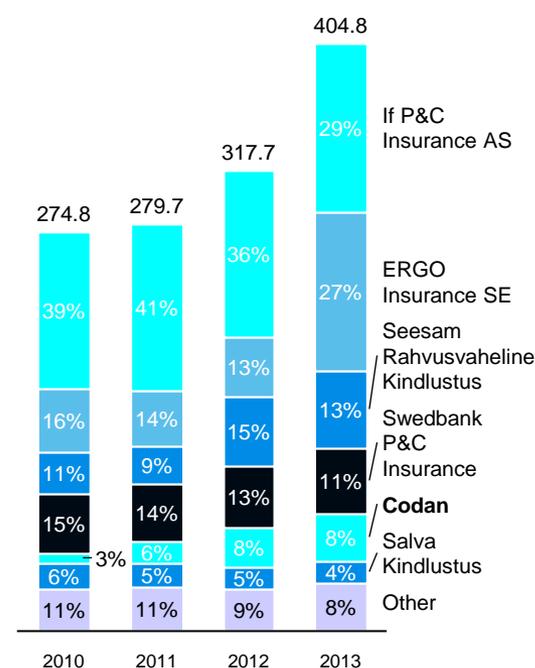
**Market shares in Lithuania
(non-life GWP, EURm)**



**Market shares in Latvia
(non-life GWP, EURm)**



**Market shares in Estonia
(non-life GWP, EURm)**



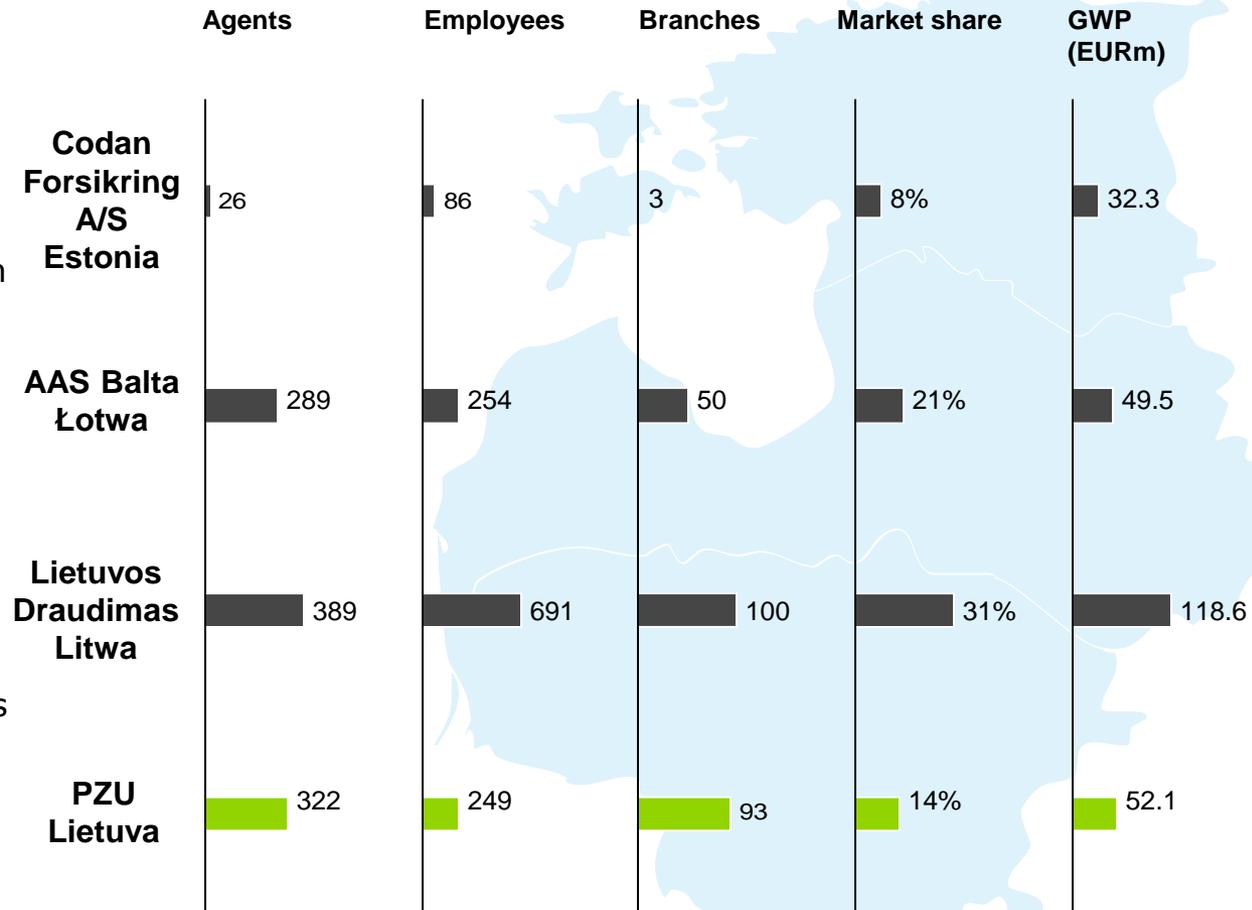
Source: Lithuanian Central Bank, Financial and Capital Market Commission in Latvia, financial statements, Financial Supervision Authority of Estonia

RSA companies in the Baltic States in 2013



Key highlights:

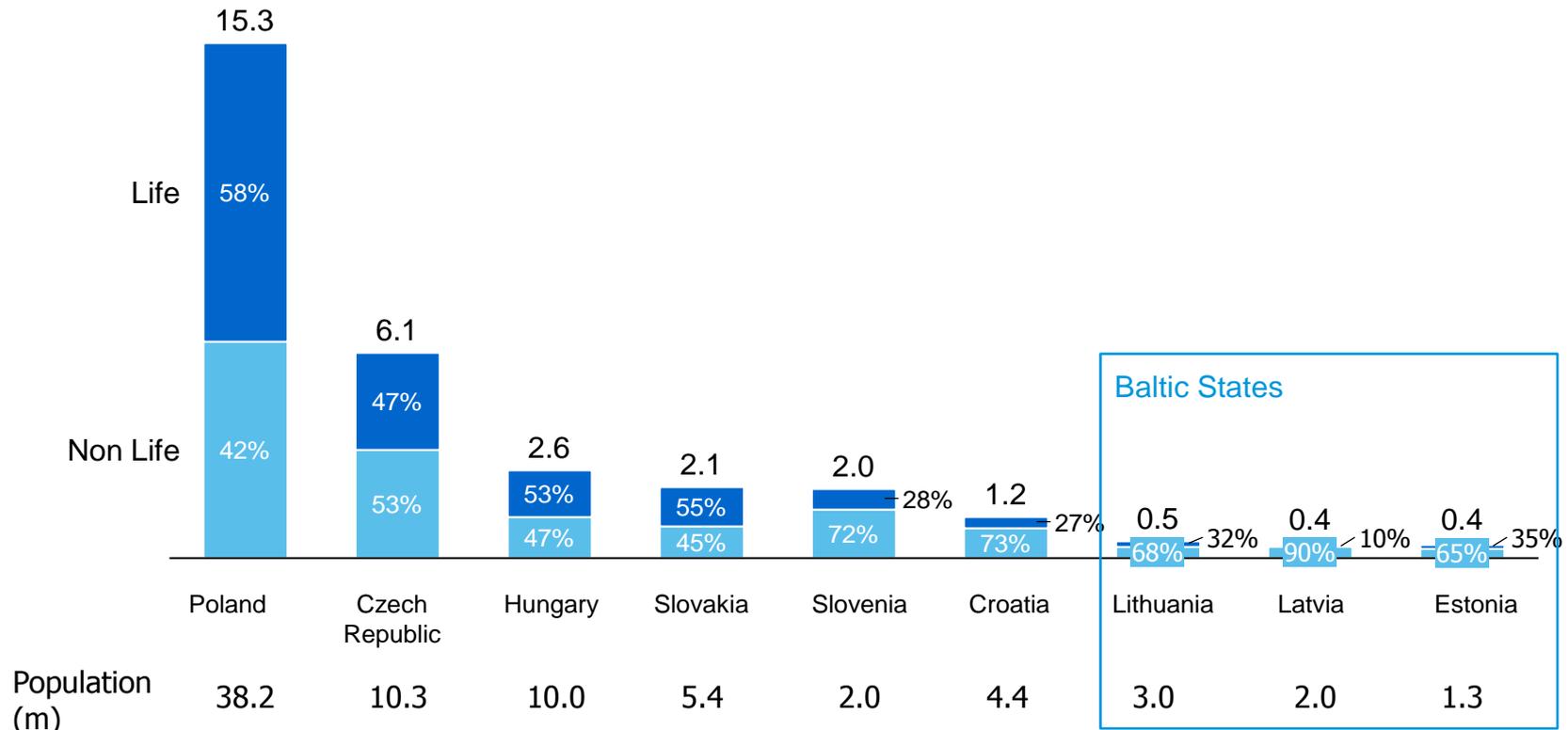
- Market leader in Lithuania and Latvia („local PZUs”) and the largest insurance companies in the Baltic States
- The most recognized brand in Lithuania with loyal customer base especially in the private property segment
- The most developed distribution with loyal agent network in Lithuania
- Operations in Latvia (former state monopoly) and Estonia (start-up) reached breakeven point after the market collapse after the recent crisis



The insurance market in the Baltic States is not large....



Insurance market, EUR bn (2012)

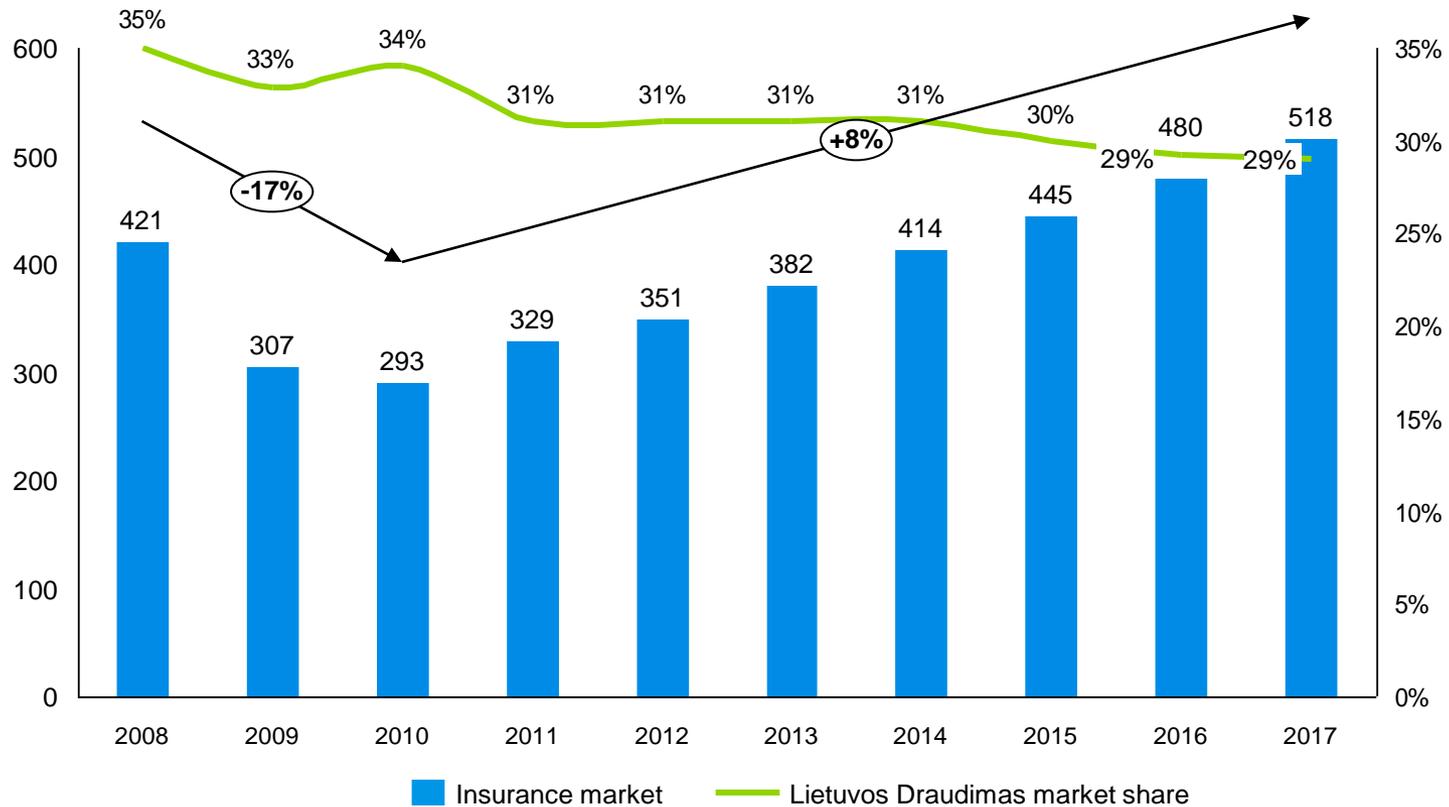


Source: XPRIMM, Eurostat

...but expected to grow rapidly in line with GDP growth



Lithuania

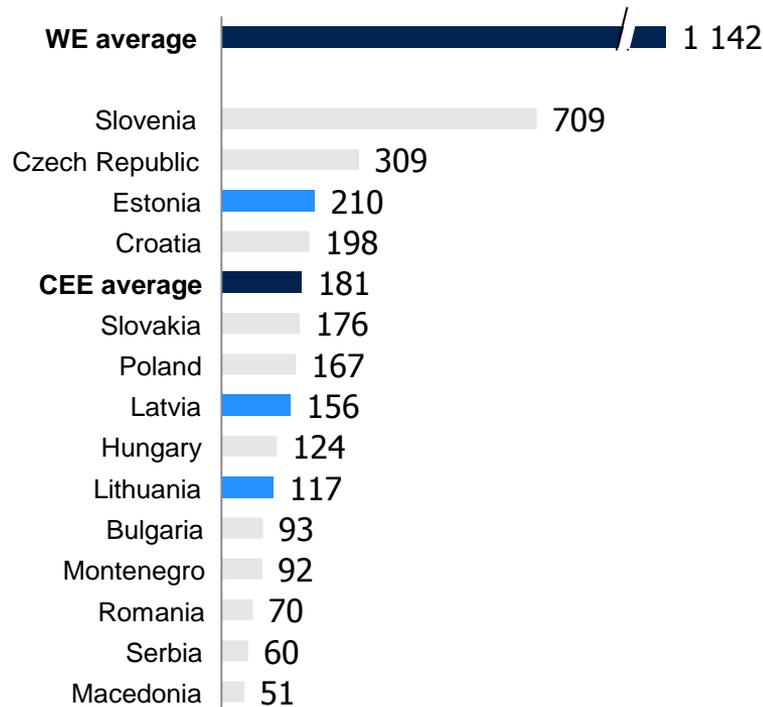


Low level of insurance penetration vs CEE and Western Europe (except for Estonia)



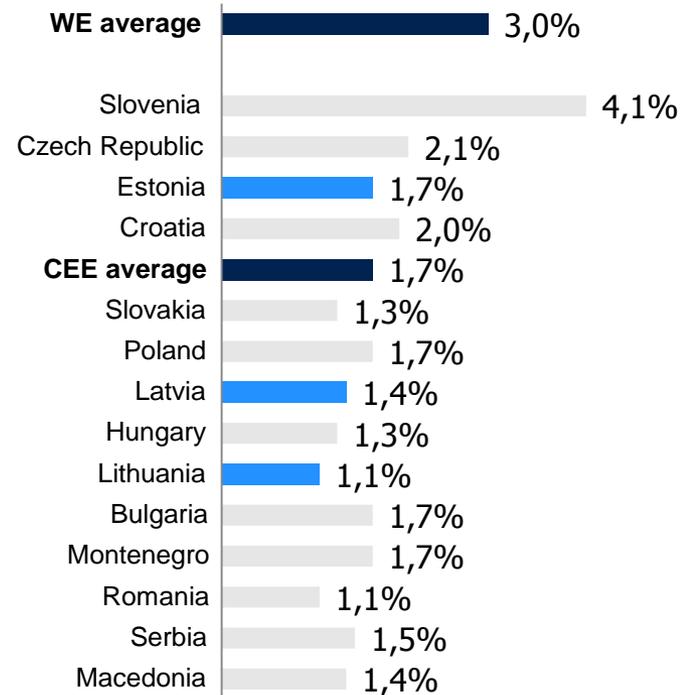
Average premium per capita is low...

Average Non Life premium per capita (EUR, 2012)



... the same as penetration of GDP

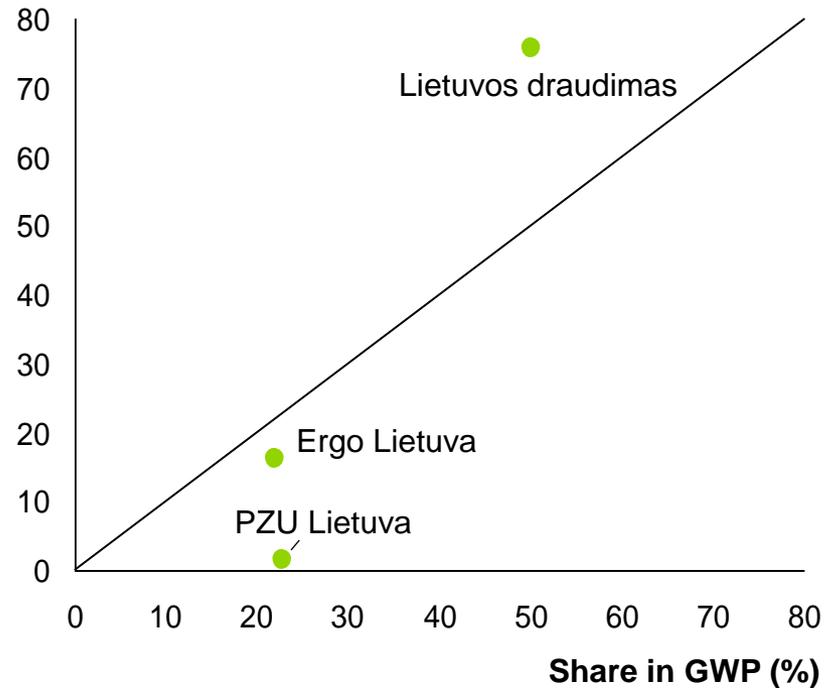
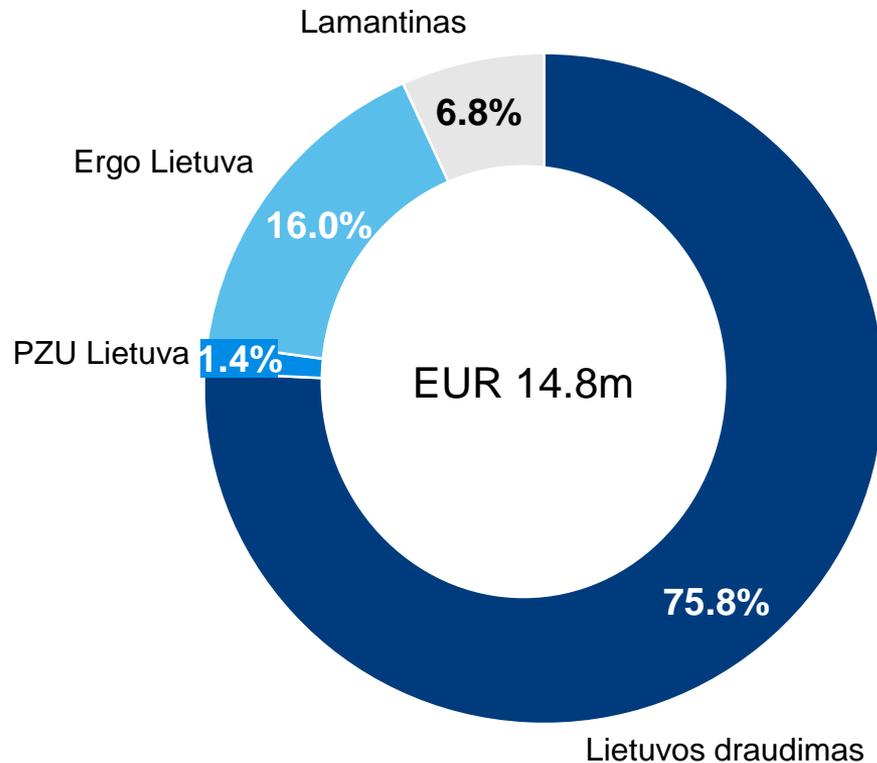
Premium to GDP ratio (% , 2012)



Lietuvos Draudimas AB has a large share of Lithuanian non-life insurance profits



Share in net profit pool 3Q 2013 (%)



PZU is implementing its acquisition strategy in the CEE region by acquiring RSA companies in the Baltic States



- Acquisition of the market leaders in key segments in Lithuania (Lietuvos Draudimas AB) and Latvia (AAS Baltica) – “PZU local”
- Strong brands and customer loyalty in Lithuania and Latvia
- We expect insurance markets in the Baltic States to grow
- Strong capital base with a solvency ratio of 2,5x (30 September 2013) in Lietuvos Draudimas AB
- The largest network of agents in Lithuania
- Good financial results (RoE of 12%-23% in 2012-2013) in Lietuvos Draudimas AB
- Relatively low risk thanks to the PZU’s market knowledge of the Baltic States
- Possible potential benefits from synergies from PZU’s operations in the Baltic States and in Poland

Poland – strategy of 2 brands





Link 4 ideally fits well into our strategy

- PZU, being the number 1 player in traditional distribution channels, wants to be a leader in direct sales as well
- Acquisition of Link4 ideally complements PZU's positioning – Adding the Link 4 brand to PZU's portfolio will enable a direct insurance offering allowing the targeting of different clients than those targeted by PZU
- Building a new brand from the beginning would be challenging, costly, lengthy and with a higher risk than purchasing an existing entity holding a strong position
- Acquisition of Link 4 enables PZU to obtain direct sales know-how. Complementary distribution channels will be additional assets
- European examples indicate that leading insurers in comparable markets leverage several brands in the insurance offering. In Poland 3 out of the 6 largest players distribute under more than one brand

The largest European¹ insurers use a multi-brand strategy



	Netherlands		Italy		United Kingdom	
	Player	# of brands ²	Player	# of brands ²	Player	# of brands ²
1	achmea	3	Unipol ASSICURAZIONI	3	AVIVA	1
2	VIG	4	GENERALI	4	RSA	4
3	CZ	3	Allianz	3	DirectLine Group	3
4	menzis	3	REALE MUTUA ASSICURAZIONI	2	AXA	2
5	a.s.r. de nederlandse verzekerings maatschappij voor alle verzekeringen	3	AXA	1	AIG	2
6	ING	3	CATTOLICA SOCIETA' CATTOLICA DI ASSICURAZIONE DAL 1864	2	insured.	1

1. Compared European markets with multi-agent model, 2012-2013 2. Most important brands in non-life segment, data for 2012-2013

Source: Company analysis

Amongst Top#5 players in Poland only PZU and Allianz have single brands



	Main company	Group includes	Number of agencies	Market share (%GWP, 2013)
1			1	31%
2		 	2	14%
3		 	1	13%
4		 	3	9%
5			1	7%
6			1	4%
7		 	2	4% ¹
8 ²			1	2%
9			1	2%
10			1	1%

1. GWP for Proama as of 2012. Excluding TU Europa
Source: KNF, Press, Company analysis

Single-brand players

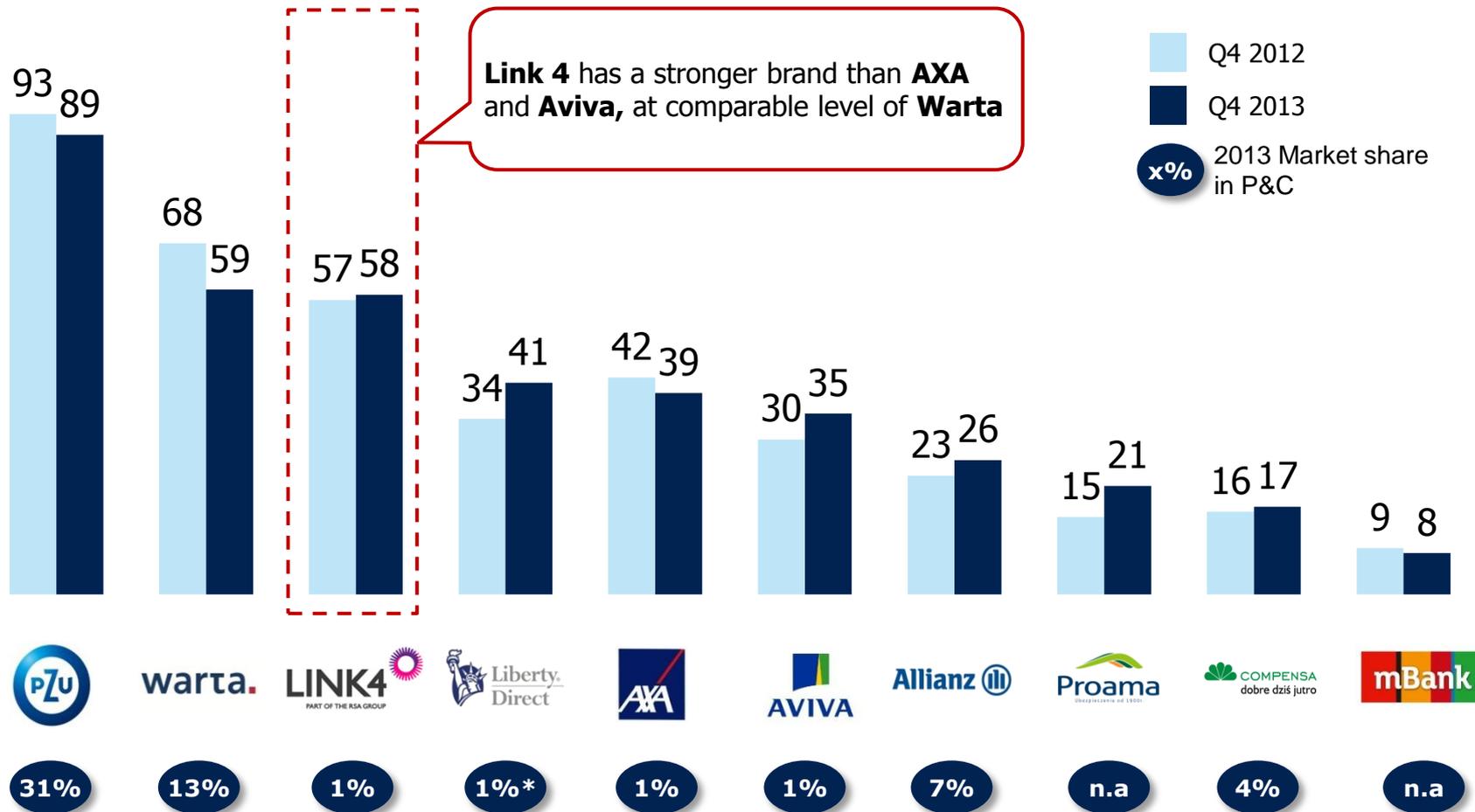
Multi-brand players

- only direct brand

Very high brand recognition



SPONTANEOUS BRAND AWARENESS (2012 & 2013)



Source: KNF data, Press release, Company analysis, IPSOS



Strategic implications

- All transactions are expected to complete by the end of 2014
- Transactions will not significantly affect the capital position of PZU
- Dividend capacity of PZU should not change
- Announced acquisition of RSA assets would not change PZU acquisition strategy in the region

Questions and answers



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