

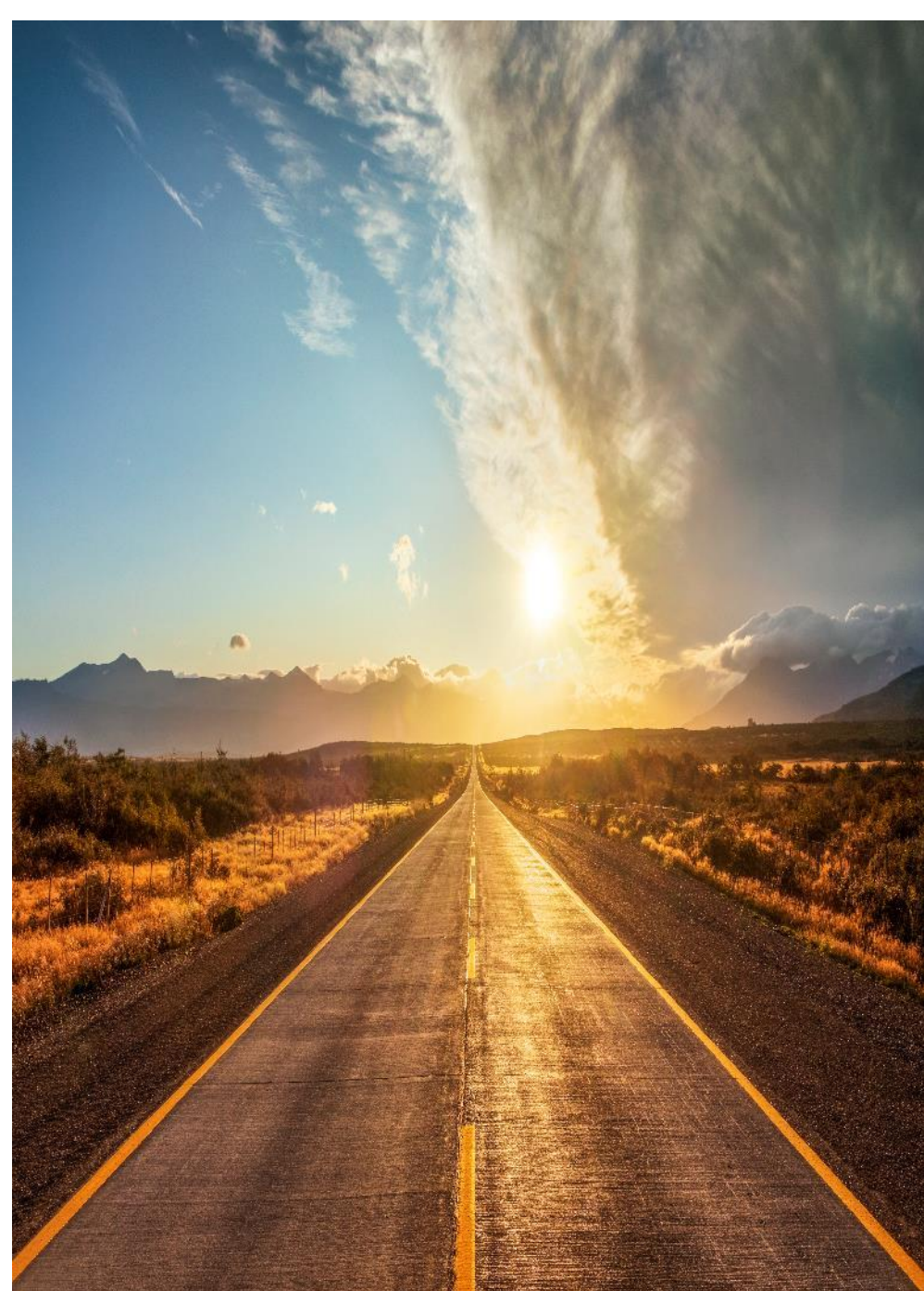


# PZU Group's financial results

in 3Q24 and after 9M24

Warsaw, 21 November 2024





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# **1. Main achievements and plans**



# The new strategy will be announced on 2 December, 2024



As a part of the new PZU Group's strategy, we will present:

**Plans for asset structure and operational model**

**Plans and objectives for the core business**

**Directions for strategic development**

# Solid improvement of revenues, high profitability and dividend in 2024



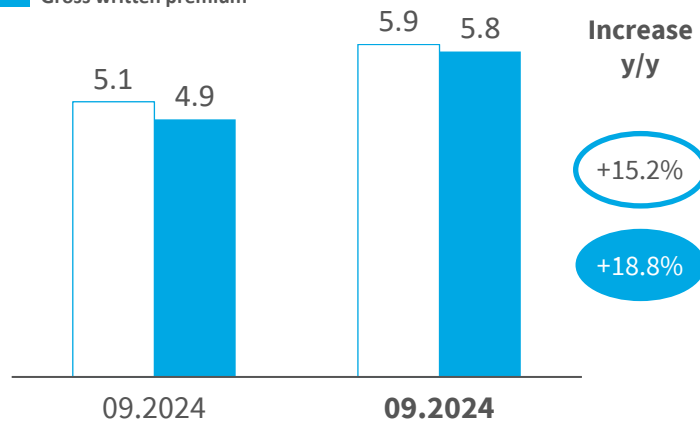
1. Attributable to equity holders of the parent company

2. Calculation according to the existing methodology, i.e., own funds are adjusted by dividends calculated on the basis of the interim result. It does not take into account the new rules included in Polish FSA'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 219% for the PZU Group and 229% for PZU SA.

# Scale-up and development of complementary offerings - YTD

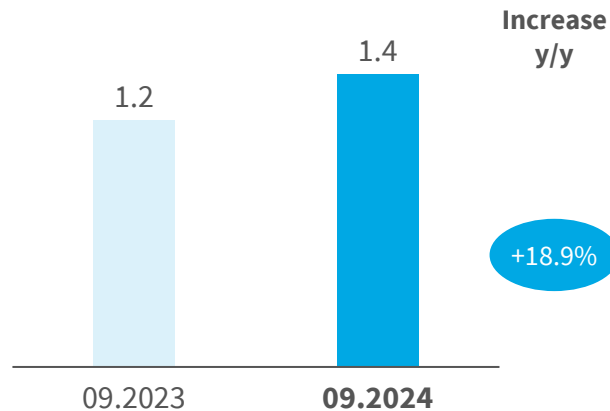
## Premium and revenue from non-motor insurance (PLN bn)

Insurance revenues  
Gross written premium



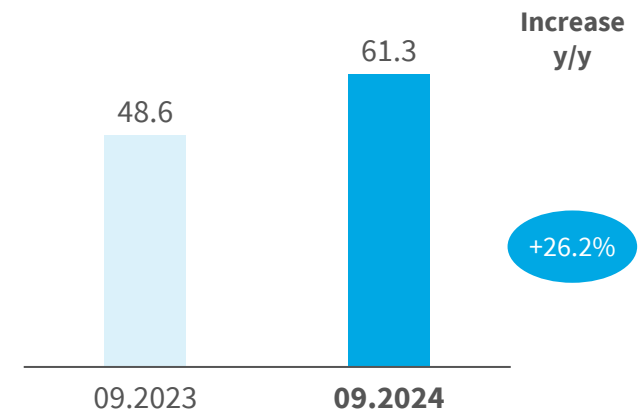
Sales growth in insurance against fire and other property damage

## Health pillar revenue (PLN bn)



Growing importance of remote service channels for patients

## Assets of external clients of TFI PZU and PTE PZU (PLN bn)



TFI PZU – #1 among ‘non-bank TFIs’ and #5 in the market for net sales of funds

## PZU Group



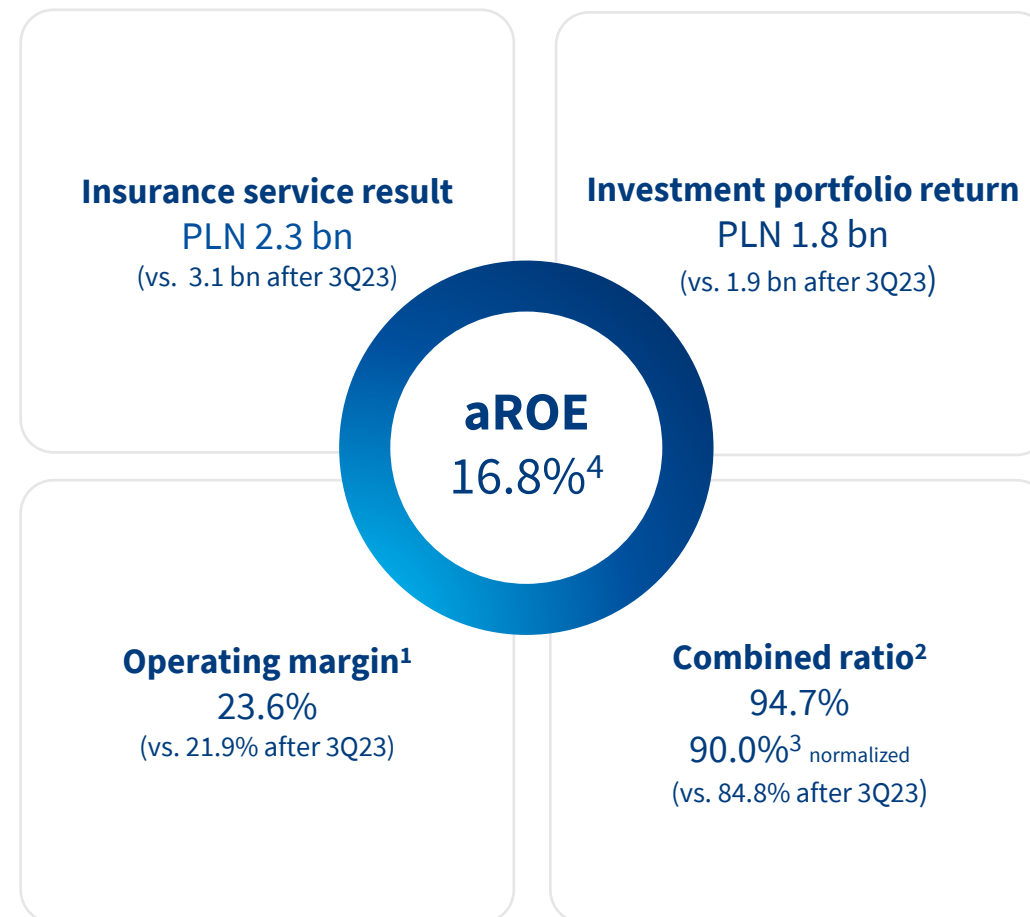
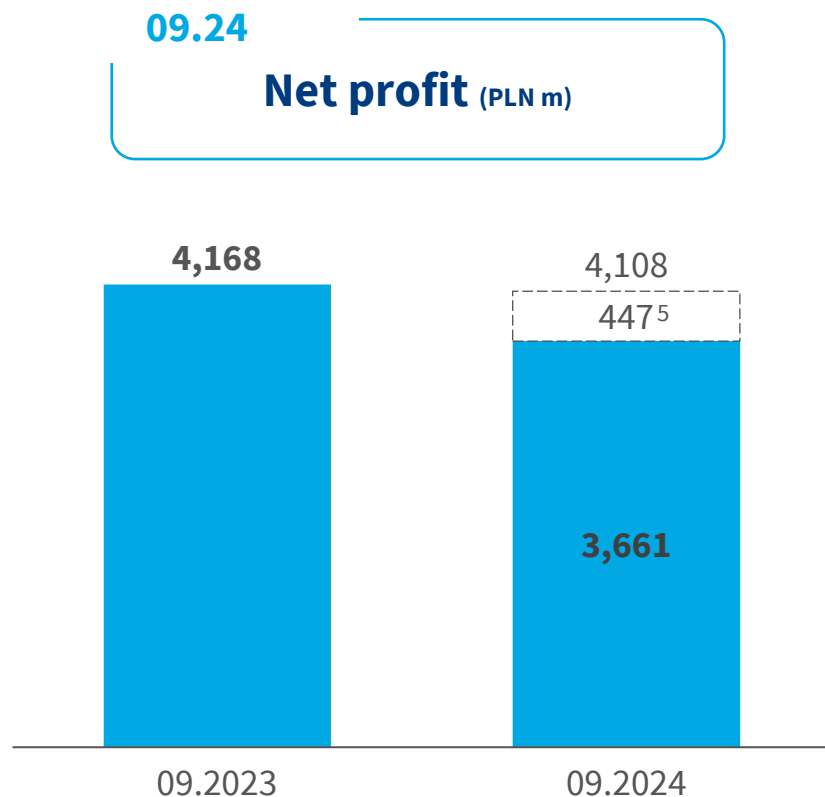
PLN **493.7** bn of assets  
+27.3 bn y/y



Bank Pekao

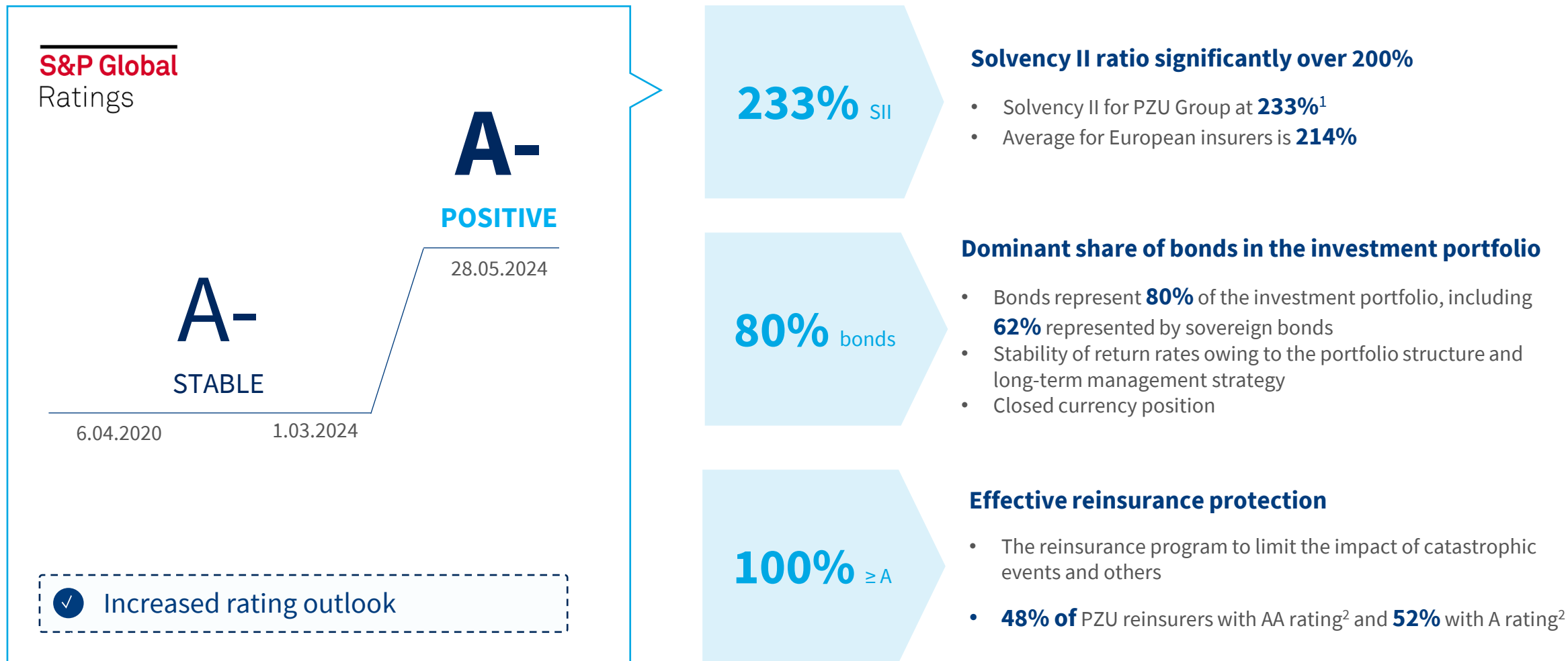


# Solid results in the face of new challenges – YTD



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 (including the impact of weather damage), impact of flood and profitability deterioration in non-motor insurance
4. aROE after 3Q24, 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. Profitability deterioration in agricultural insurance (including the impact of weather damage) and profitability deterioration in non-motor insurance, and the impact of floods – impact on the result on the PZU's share after adjusting for income tax

# High rating and secure foundation for doing business



1. As at 30 June 2024. Calculation according to the existing methodology, i.e., own funds are adjusted by dividends calculated on the basis of the interim result. It does not take into account the new rules included in Polish FSA'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 219% in 1Q 24

2. Rating S&P/AM Best





# With flood victims since the disaster began



## Crisis Management Team at PZU

PZU's full readiness to handle flood damage and arrival of PZU mobile offices in Lower Silesia

Warning and information text messages were sent to 1.5 m customers



## Mobile Offices in Flood Areas

PZU Mobile Offices and experts were present in the disaster areas from 13 September 2024, providing assistance to victims so that they could report damage and receive advance payments



## Crisis procedure in the Claims Handling and Remote Channels Division

- The claims handling process was simplified, with payments calculated on the basis of interviews with victims and photos provided by them
- Staffing of telephone hotline was increased, pre-service of claims was provided, and handling processes were supported by PZU employees and agents



## PLN 26 m for fighting the floods

The PZU Group set up a special fund to finance the costs of fighting the floods. The funds were allocated to, among others, support local governments (**17 municipalities and cities**), units of the State Fire Service and **400 units** of volunteer firefighters, the Police and other services, as well as non-governmental organizations involved in fighting against the floods and in flood relief efforts.

As part of the actions, the PZU Foundation, the Bank Pekao Foundation and the Alior Bank Foundation donated **PLN 4 m** to the WOŚP Foundation.

## PLN 500 m

gross catastrophic claims reported and estimated as of September 30, including:

- **PLN 400 m** claims paid
- **PLN 275 m** net of reinsurance



## 48 k

catastrophic claims reported,  
**incl. 46 k** fully paid or paid in advance



## PLN 6 m

the highest payout under a PZU Firma (PZU Company) policy

## PLN 633 k

the highest payout under a PZU DOM (PZU Home) policy





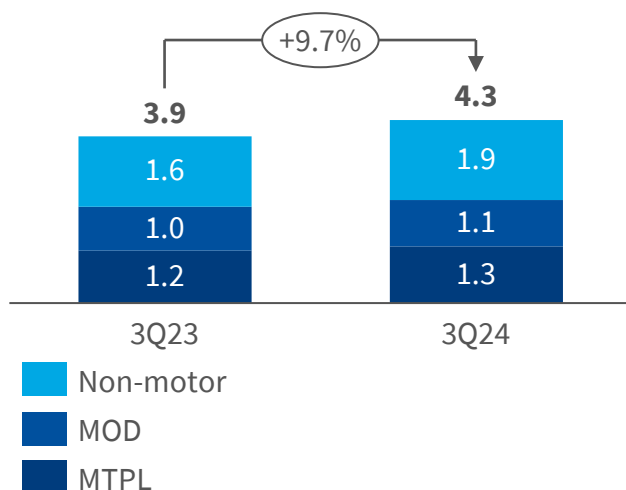
## 2. Business development in 3Q24



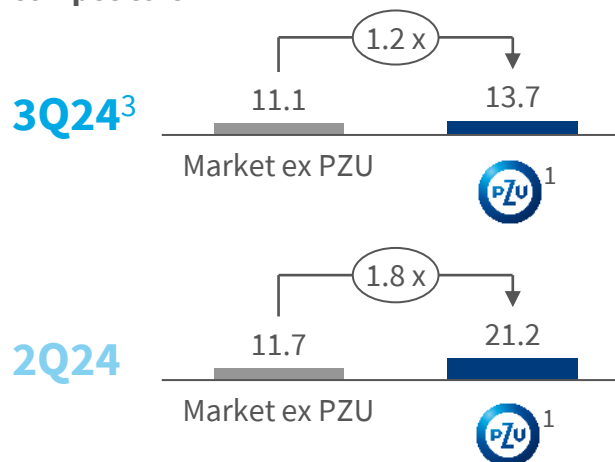
# PZU Group with 1.2 times higher non-motor insurance premium dynamics than competitors

## PZU Group gross written premium<sup>1</sup> in Poland in 3Q24

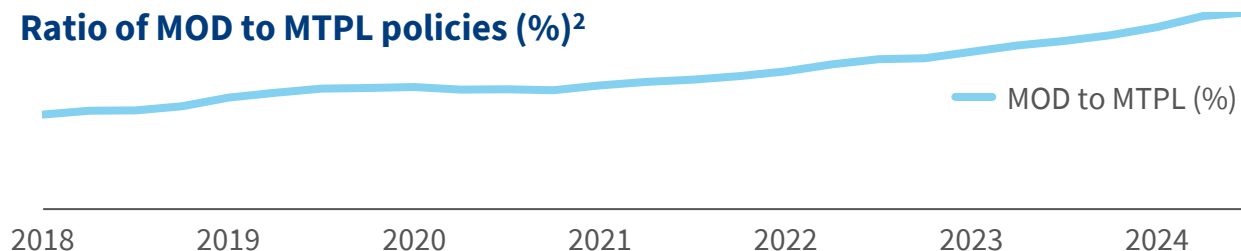
Value (PLN bn) and dynamics y/y



PZU non-motor insurance dynamics y/y vs. competitors<sup>3</sup>



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



## Non-motor insurance

- 1 PZU Group's premium dynamics – **sustained, higher than competitors<sup>3</sup>**
- 2 The increase mainly **in insurance against fire and other property damage**, as well as liability insurance and assistance

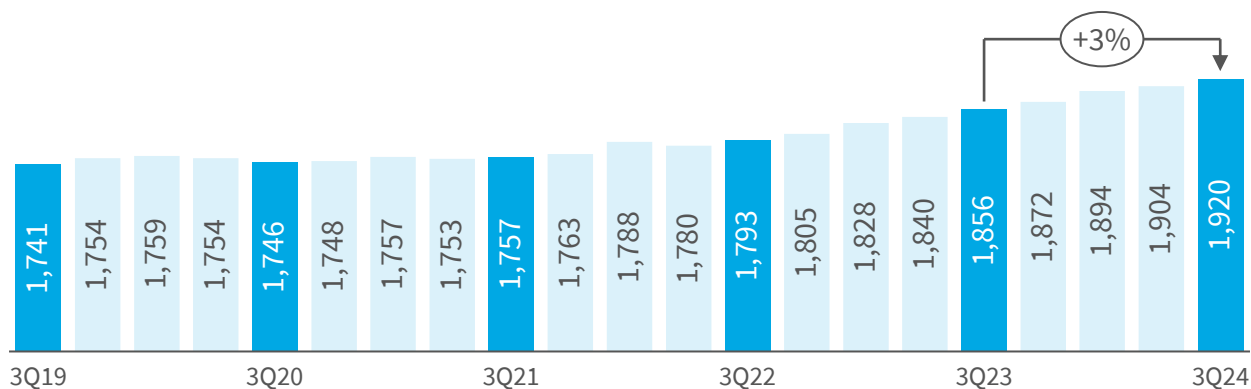
## Motor insurance

- 1 **Higher motor insurance sales (+6.8% y/y)**, largely due to **an increase in average premiums**
- 2 **Premium growth in MTPL (+8.5% y/y)** as a result of higher average prices **following rising claim costs**

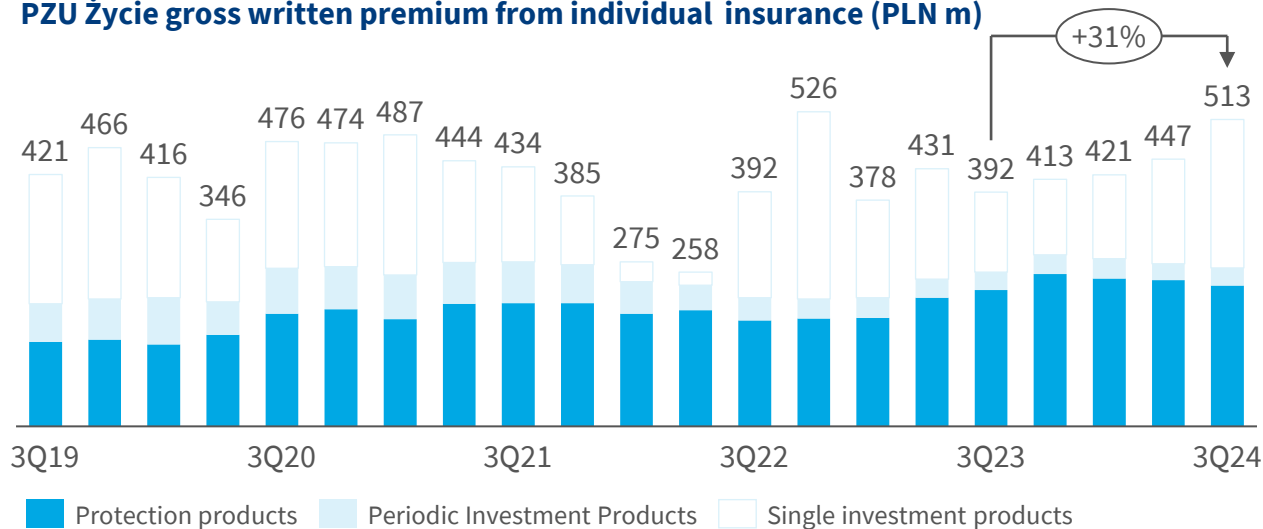
1. Gross written premium – external  
 2. PZU, based on active policies, standardized ratio  
 3. 3Q24/3Q23 based on estimates

# PZU Życie with stable 3% growth in the written premium from group and individually continued insurance, acceleration of individual insurance growth to 31%

PZU Życie gross written premium from group and individually continued insurance (PLN m)



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



## Group and individually continued insurance

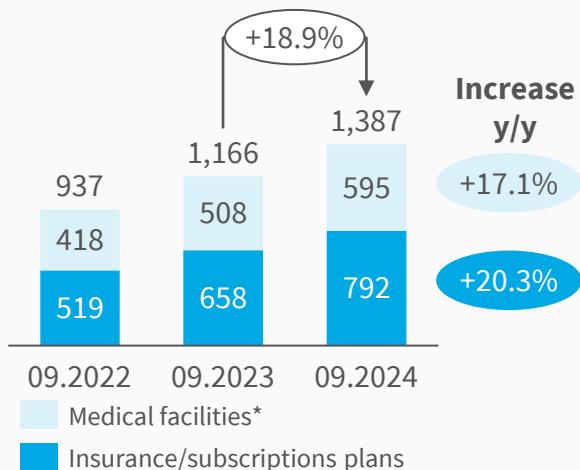
- 1 The growth in premium from **health insurance**, thanks to the acquisition of new players and the revision of rates in the portfolio (in response to the rising cost of medical services)
- 2 Development of the portfolio of other **group protection insurance** and investment insurance (EPS)

## Individual insurance

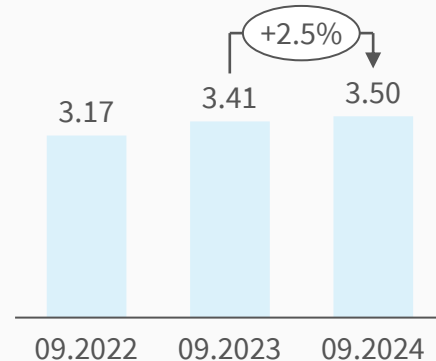
- 1 Portfolio development and sales growth of individual life and endowment insurance, including a new offering of insurance with bonuses (**PZU Perspektywa na Przyszłość**) or package insurance (**PZU Pakiet na Życie i Zdrowie**), tailored to current life situation, age, and individual needs
- 2 Growth in written premium from **bancassurance** due to (among other things):
  - credit and loans insurance
  - investment banking products
  - high sales of **life and endowment insurance** with guaranteed sums insured

# PZU is actively and dynamically developing in the health pillar, achieving nearly 19% y/y revenue growth (YTD)

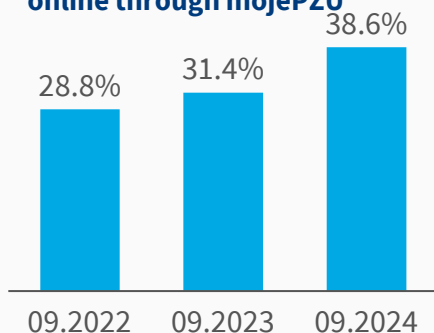
## Revenue (PLN m)



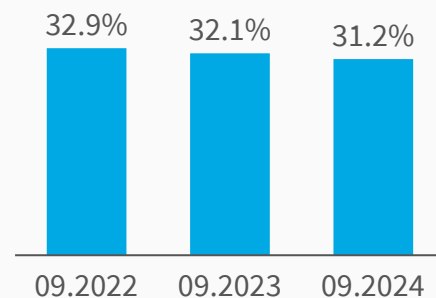
## Number of contracts at the end of the period (m)



## Appointments arranged online through mojePZU



## Number of telemedicine consultations (to total consultations)



## Business results

- Nearly 19% revenue growth** thanks to higher average premium – mainly due to PZU Zdrowie's **insurance** and own products (**subscriptions**)
- Significant **growth in revenues of medical facilities**

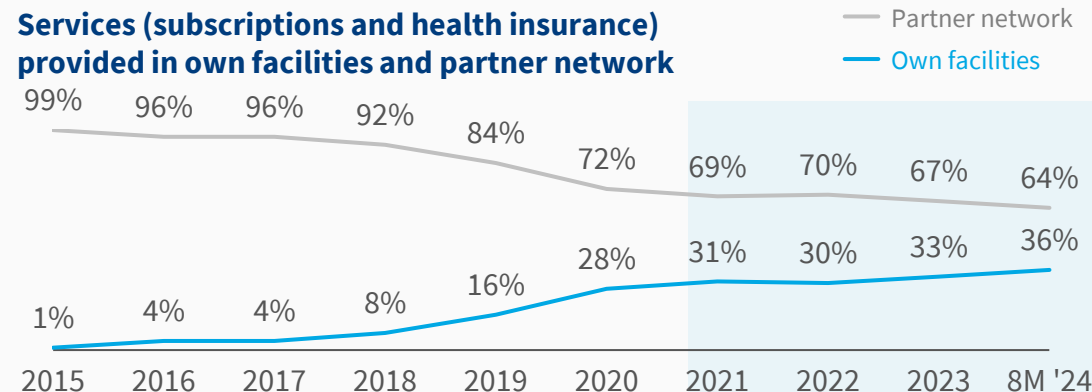
## Product offering

**Growth in the number of health product contracts at the end of 3Q24**, thanks to, among others, the sale of riders to protection products (including access to specialists, outpatient rehabilitation, selected tests and treatments)

## Digitization of the service model

**The growing importance of remote service channels for patients**, the share of appointments made through myPZU rose to 38.6% in September 2024

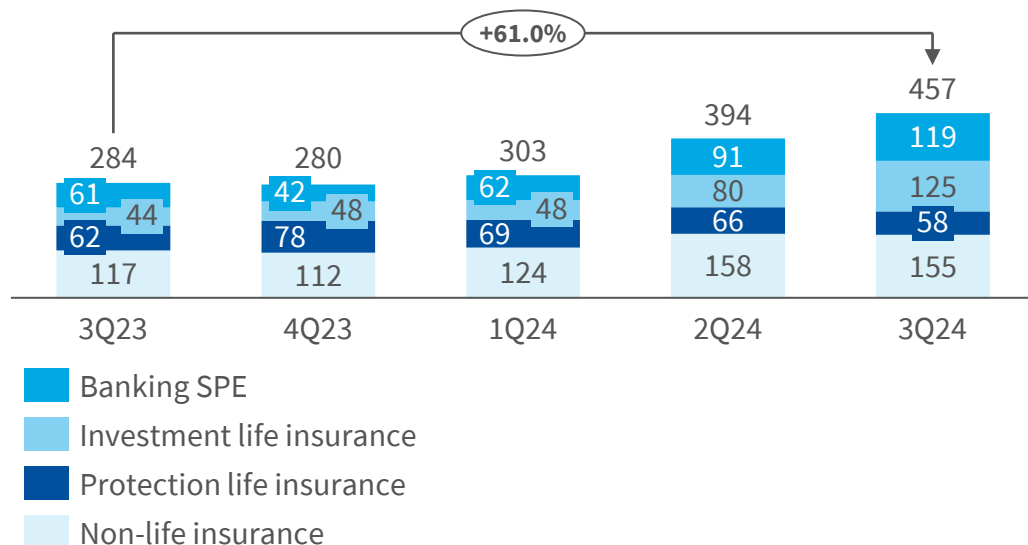
## Services (subscriptions and health insurance) provided in own facilities and partner network



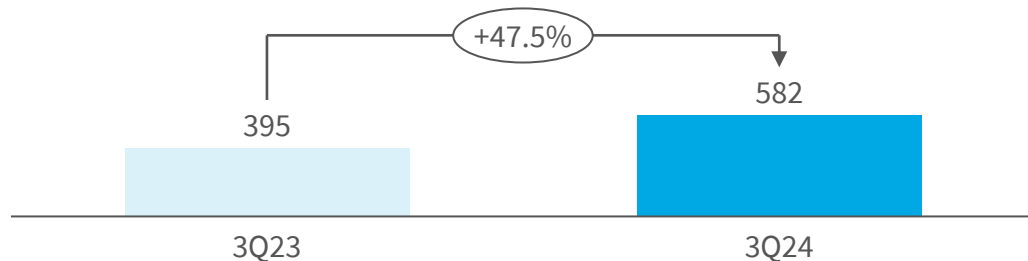


# Gross written premium collected by PZU through cooperation with PZU Group banks higher by 61% y/y

## 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

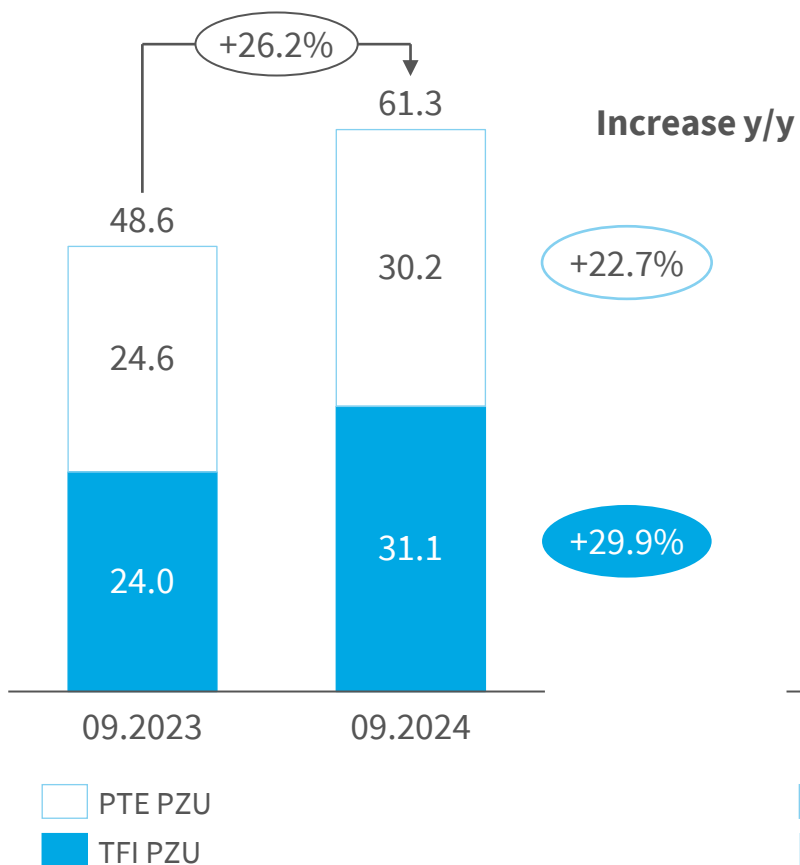
- 1 High sales of products linked to cash and mortgage loans at PZU Group banks
- 2 Increased sales growth of unit-linked products – maintained high sales of products with a guaranteed rate of return for the customer
- 3 Development of the insurance product offering at PZU Group banks

## Assurbanking

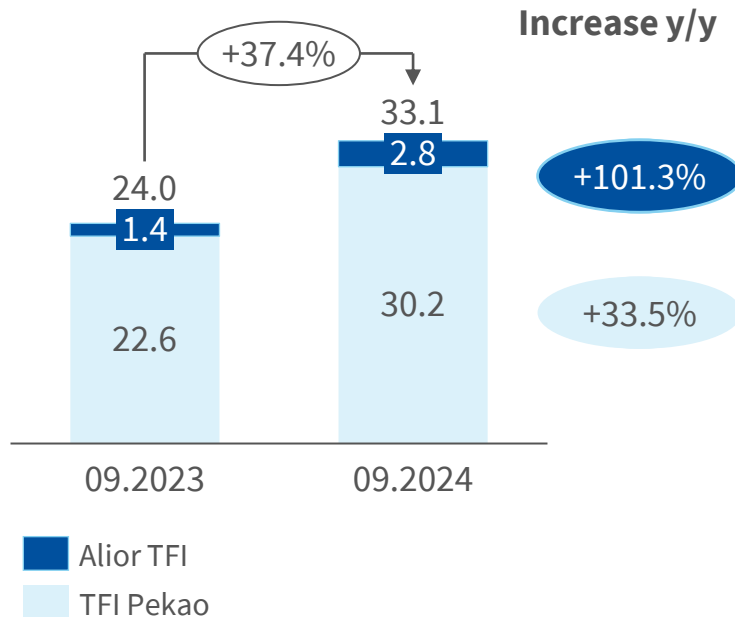
- 1 Sales of accounts (ROR) for individual and corporate customers of Bank Pekao currently offered in 237 PZU branches
- 2 In September, 150 agents were introduced to selling ROR to individual customers
- 3 Total loans and deposits acquired by PZU for the bank at the end of September 2024 amounted to PLN 2.4 bn

# Assets under management at PZU Group companies with impressive growth y/y of over 30%

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



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



## TFI PZU

- #1 among 'non-bank TFIs' and #5 in the market for net sales of funds +**PLN 2.95 bn** in 3 quarters of 2024
- After 3 quarters of 2024, market inflows to funds amounted to PLN 33.97 bn – **TFI PZU's share at 8.6%**
- ECS assets** at the end of 3Q24 amounted to **PLN 6.2 bn** (up **64.6% y/y** and **35.8% ytd**)
- TFI PZU's second place in the ECS market** in terms of the assets under management **with a share of 21.6%** as of the end of 3Q24 – **over 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.



### 3. Financial results in 3Q24



# PZU Group results under IFRS 17

m PLN	3Q23*	2Q24	3Q24	Change y/y	Change q/q
<b>PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO</b>					
Gross insurance revenue	6,946	7,283	7,541	8.6%	3.5%
Net insurance revenue	6,556	6,810	7,060	7.7%	3.7%
Insurance service expenses (net)	(5,473)	(5,997)	(6,367)	16.3%	6.2%
Net insurance claims and benefits <sup>1</sup>	(3,789)	(4,130)	(4,561)	20.4%	10.4%
Administrative expenses	(551)	(603)	(595)	8.0%	(1.3%)
Acquisition expenses	(1,148)	(1,192)	(1,225)	6.7%	2.8%
Loss component amortization	236	271	305	29.2%	12.5%
Recognition of the loss component	(221)	(343)	(291)	31.7%	(15.2%)
Insurance service result	1,083	813	693	(36.0%)	(14.8%)
Net financial revenue	332	289	247	(25.6%)	(14.5%)
Insurance and outward reinsurance finance income or expenses	(323)	(399)	(374)	15.8%	(6.3%)
Result from investment activities - allocated to insurance segments	655	688	621	(5.2%)	(9.7%)
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>949</b>	<b>714</b>	<b>626</b>	<b>(34.0%)</b>	<b>(12.3%)</b>
<b>BANKS: ALIOR AND PEKAO</b>					
Net profit (loss) attributable to equity holders of the parent company	531	478	589	10.9%	23.2%
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>1,480</b>	<b>1,192</b>	<b>1,215</b>	<b>(17.9%)</b>	<b>1.9%</b>
<b>MAIN FINANCIAL RATIOS (%)</b>					
aROE <sup>2</sup>	22.8	16.6	17.2	(5.6) p.p.	0.6 p.p.
Claims ratio (with net loss component)	57.6	61.7	64.4	6.8 p.p.	2.7 p.p.
Administrative expense ratio	8.4	8.9	8.4	-	(0.5) p.p.
Acquisition expense ratio	17.5	17.5	17.4	(0.1) p.p.	(0.1) p.p.
Combined ratio <sup>3</sup>	86.1	94.9	98.6	12.5 p.p.	3.7 p.p.
Margin <sup>4</sup>	26.6	26.4	26.4	(0.2) p.p.	-

- 1 Excluding the investment component (mainly applies to unit-linked products)
- 2 aROE – adjusted return on equity, calculated on a capital basis excluding excluding the cumulative effect of change in discount rates for valuation of insurance liabilities. 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

\* 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)

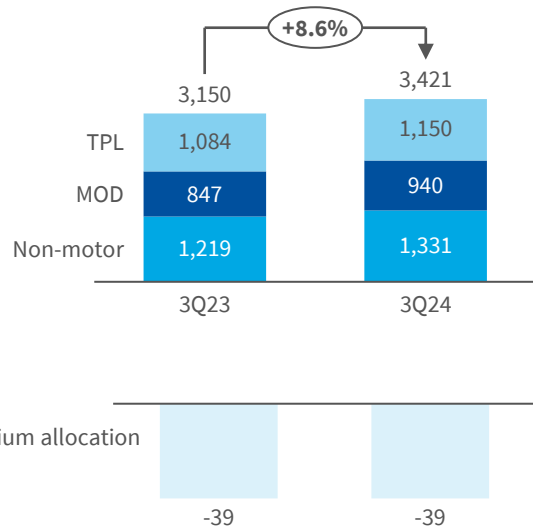
- addressing the auditor's comments after the first full audit

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

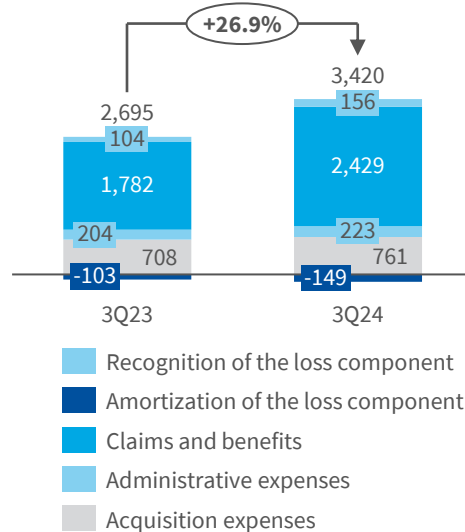
In addition, the restatements result from changes in the recognition of the provision for legal risk of Swiss franc mortgages.

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

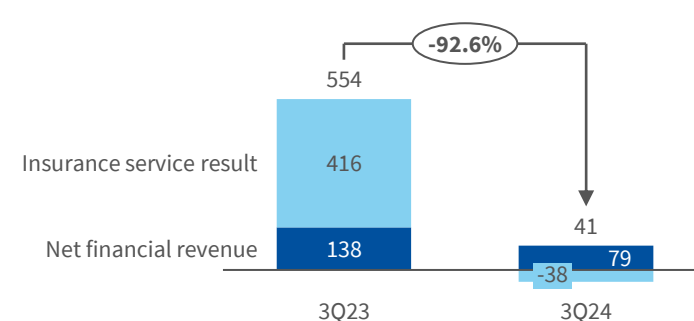
Insurance revenue (PLN m)



Net insurance service expenses (PLN m)



Operating result (PLN m)



COR 3Q23

86.6%

91.6%

78.6%

COR 3Q24

101.1%

101.0%

101.3%

Insurance revenue growth (+8.6% y/y) is a product of:

- increase in amortization of liability for remaining coverage (LRC) for portfolios:
  - MOD +11.1%** - impact of high premium dynamics in 2Q23 maintained in the following months of 2024 (increase in average premium as a consequence of increasing value of vehicles and thus SI) 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 13.8% y/y)
  - non-motor +10.2% y/y** – a consequence of the development of PZU Dom (impact of refreshed offer and higher propensity of customers to raise SI), PZU Assistance, Auto Szyba (impact of adding additional variants to the offer, including the highest limit on the market for towing an insured vehicle)
- a higher level of premium allocated to cover acquisition expenses - effect of growing sales and a simultaneous declined share of own channels in the portfolio

An increase in the net insurance service expenses (+26.9% y/y) is a product of:

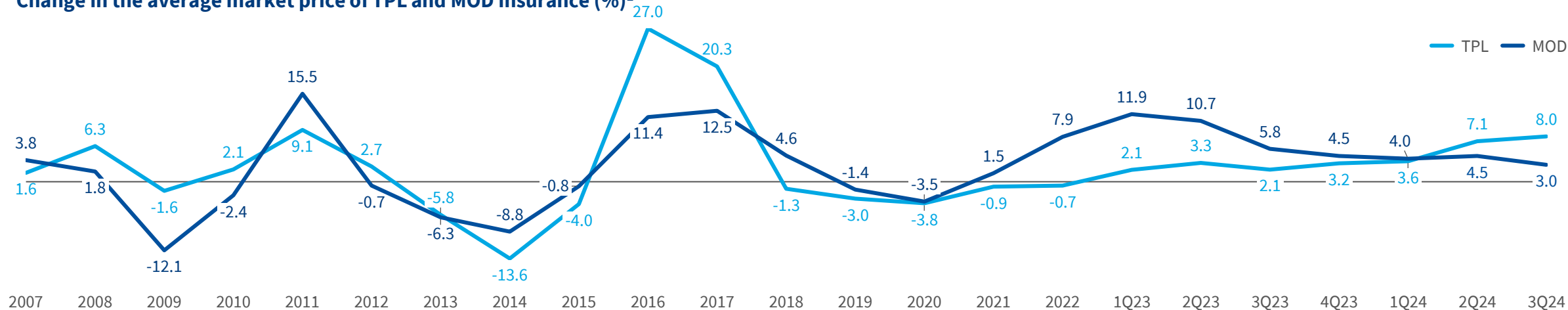
- higher y/y liabilities of the current year – deterioration of claims ratio in particular in non-motor insurance (including in housing insurance as a result of mass damage caused by the floods and heavy rainfall, with an impact of PLN 275 m on the result) and higher y/y claims ratio in motor insurance, mainly TPL insurance
- higher costs of activities, including acquisition and administrative expenses attributable to insurance operations, with a simultaneous decrease in the share of expenses in the income
- recognition of a loss components a consequence of increased claims inflation and frequency of events (in motor insurance) exceeding the amortization from the opening balance sheet

The decline in operating profit is a cumulative effect of:

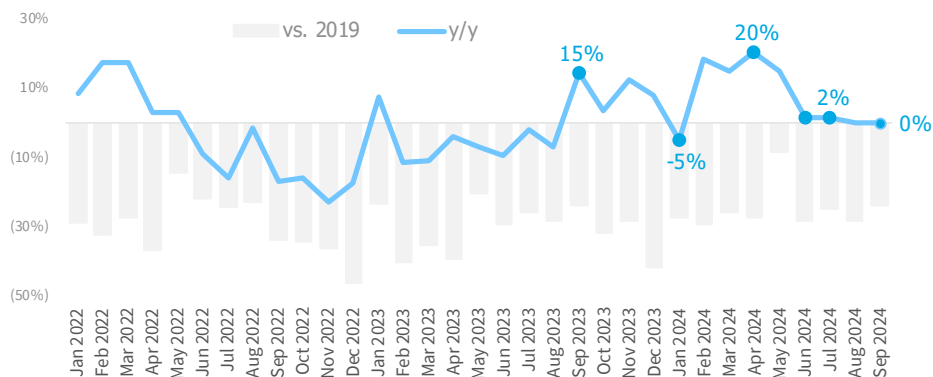
- deterioration in the results on both the non-motor insurance portfolio (by PLN 276 m) and the motor insurance portfolio, including TPL insurance by PLN 203 m y/y (i.a. update of the CSO life expectancy tables)
- lower level of excess of investment result over net financing costs due to a lower result of the corporate debt portfolio and the realization of a loss on the sale of part of the bonds from the Polish Treasury debt portfolio, offset partially by higher interest income due to the purchase of Treasury instruments to the portfolio at higher yields in the market

# 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>



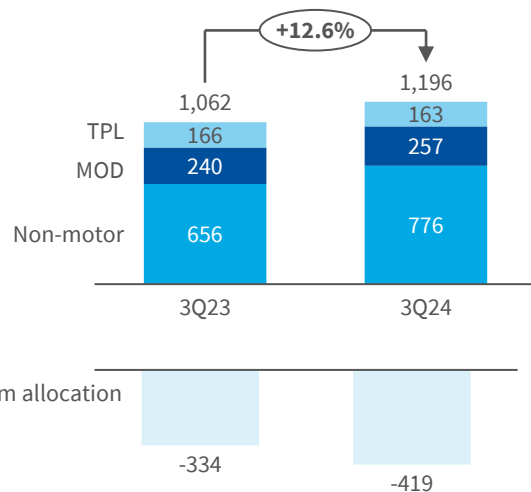
- Another quarter with continued increases in the average price of MTPL insurance** as a sign of recovering profitability of motor insurance, which has long remained under pressure of increasing values and frequency of claims
- Sustained increase in the frequency of claims y/y** despite a change in the working model (popularization of hybrid solutions) and changes in the fines tariff
- Traffic incidents<sup>2</sup> in 3Q24 at the level of a year ago**, with a decrease against 2Q24

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

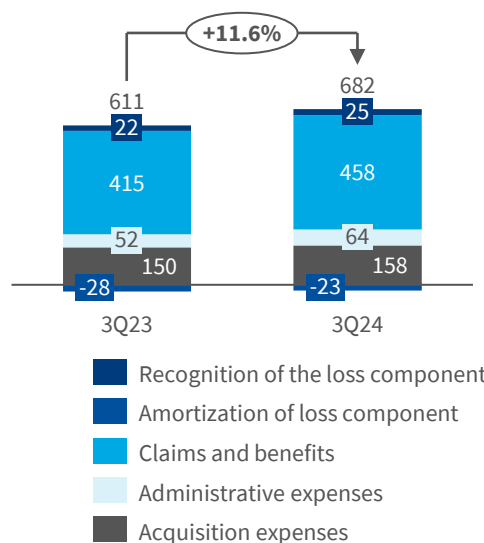


# Non-life insurance under IFRS 17 – corporate insurance segment

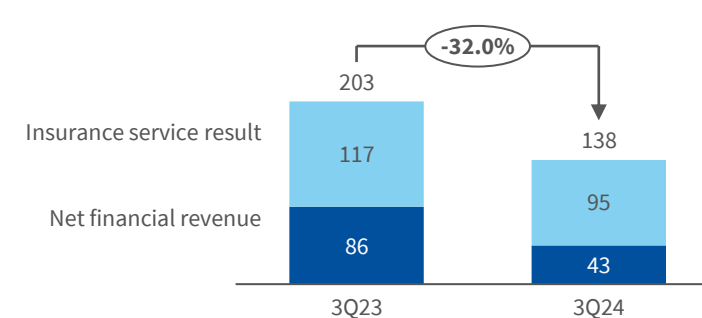
Insurance revenue (PLN m)



Net insurance service expenses (PLN m)



Operating result (PLN m)



COR 3Q23

84.0%

84.9%

82.7%

COR 3Q24

87.8%

88.6%

86.8%

Insurance revenue growth (+12.6% y/y) is a result of:

- increase in amortization of liability for remaining coverage (LRC) for:
  - non-motor insurance (+20.3% y/y) – the result of premium earning in 2023 including, from a contract with an oil company with a premium of more than PLN 500 m concluded in 4Q23 (premium increase y/y of more than PLN 100 m) and a contract with a client from energy generation industry with a premium of more than PLN 200 m. The effect is reinforced by high sales in 2024, mainly in strategic customer area
  - motor insurance (+2.9% y/y) – the result of growth in MOD (the effect of an increase in average premium due to rising values of vehicles) and decline in TPL
  - higher y/y levels of premium allocated to cover acquisition expenses – impact of portfolio development

An increase in the net insurance service expenses (+11.6% y/y) is a result of:

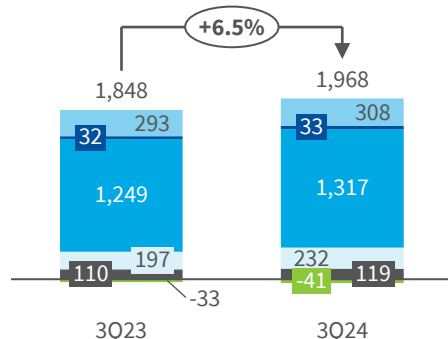
- higher net liabilities y/y for the current year's claims in non-motor property insurance
- release of a higher y/y net excess of prior years' claims reserves over the current projected value of payouts
- a decrease in share of acquisition and commission costs in revenues despite strong growth in non-motor insurance sales

The decline in operating profit is a cumulative effect of:

- lower insurance service result
- lower level of excess of investment result over net financing costs due to a lower result of the corporate debt portfolio and the realization of a loss on the sale of part of the bonds from the Polish treasury debt portfolio, offset partially by higher interest income due to the purchase of Treasury instruments to the portfolio at higher yields in the market

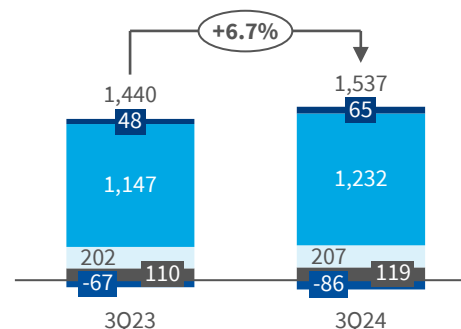
# Life insurance under IFRS 17 – group and individually continued insurance

Insurance revenue (PLN m)



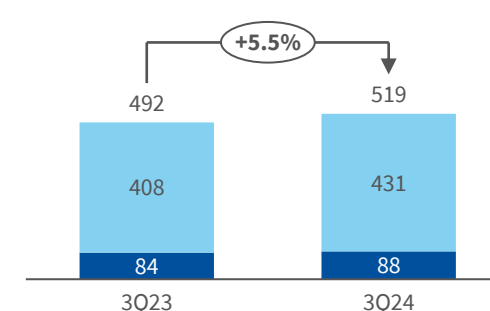
- CSM release
- Release of non-financial risk adjustment
- Expected claims and benefits
- Expected expenses
- Premiums related to acquisition expenses
- Other

Insurance service expenses (PLN m)



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

Operating result (PLN m)



26.6%

26.4%

Margin

- Insurance service result
- Net financial revenue

Higher insurance revenue as a result of:

- a higher level of premium 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 costs (including personnel and IT costs)
- an increase in CSM release, mainly in the portfolio of individually continued insurance, related to an increase in the carrying amount of CSM
- a higher revenue to cover rising acquisition expenses

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

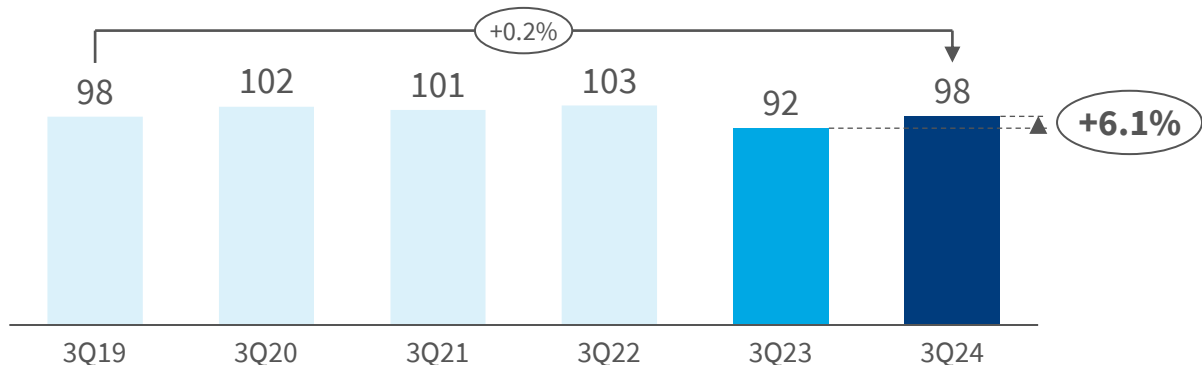
- higher claims and benefits – mainly the effect of an increase in benefits from group insurance (+PLN 49 m y/y) and individually continued insurance (+PLN 25 m y/y), consistent with the growth of the portfolio, with decreasing fertility rates partially offset by utilization of health insurance, translating into an increase in profitability y/y
  - higher administrative costs – mainly personnel costs resulting from high remuneration inflation
  - a slight increase in amortization of acquisition expenses
- The above is partially offset by an increase in amortization of the loss component

The increase in operating profit is:

- mainly a result of higher insurance service result (+PLN 23 m y/y)
- augmented by an increase in financial income (+PLN 4 m y/y) correlated with an increase in investment income as a result of the purchase of Treasury instruments to the portfolio at higher market yields

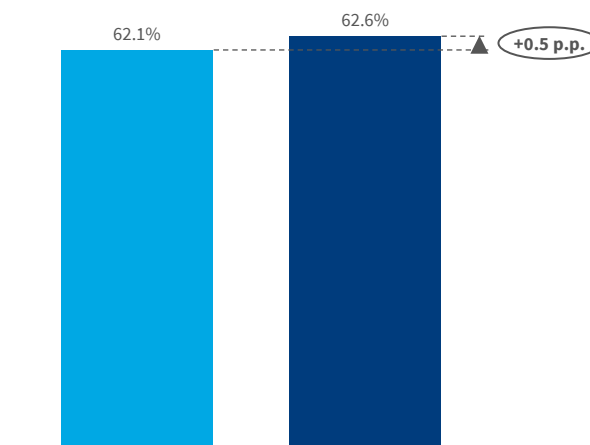
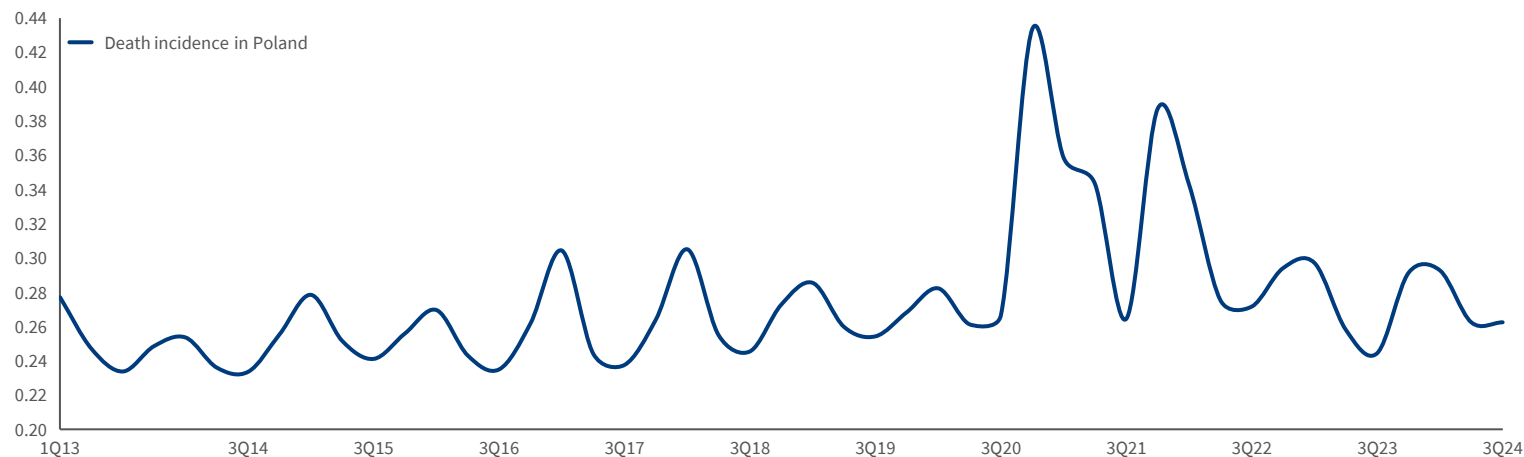
## Pandemic vs. claims ratio in group insurance and IC segments in 3Q24

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



- 1 **Number of deaths** in Poland in 3Q24 **higher than a year ago** and slightly higher relative to the pre-pandemic period (3Q 2019).
- 2 **In 3Q24 claims ratio for group and individually continued segment protection products continued at higher levels** compared to 3Q of the previous year

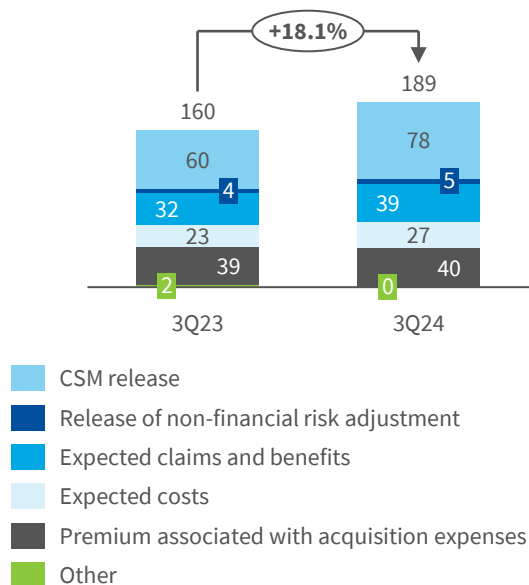
Death incidence in Poland vs. claims ratio<sup>2</sup> in the group and individually continued insurance segment



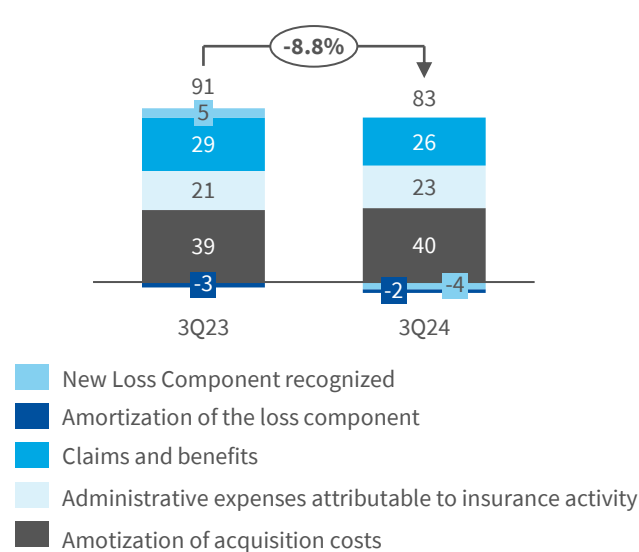
1. Consistent with the Statistics Poland's data  
2. Claims ratio under IFRS17 – the quotient of net insurance claims and benefits and insurance revenue. It only takes into account protection products

# Life insurance under IFRS 17 – individual protection insurance

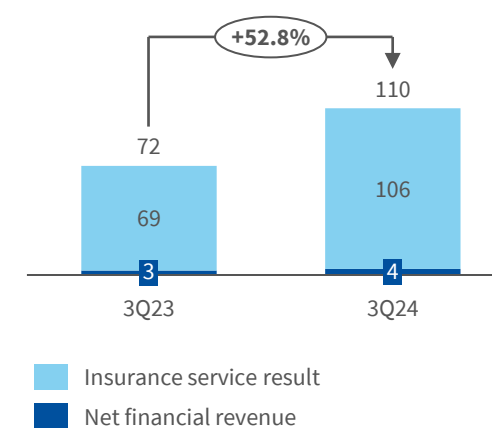
**Insurance revenue (PLN m)**



**Insurance service expenses (PLN m)**



**Operating result (PLN m)**



An increase in revenue resulting from:

- a higher contractual service margin amortization mainly as a result of growth and higher profitability of bancassurance portfolio (+PLN +11 m y/y)
- a higher level of premium 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
- a higher level of expected costs, mainly on the life insurance portfolio (+PLN 2.4 m y/y)

The decrease in costs in this segment was driven by:

- positive impact of portfolio evolution on the change in the loss component, mainly on annuity insurance (-PLN 3.7 m y/y) and life and endowment insurance (-PLN 3.6 m y/y)
- lower realization of claims and benefits of the current period, mainly for term life insurance (-PLN 6.8 m y/y), offset by an increase for life and endowment insurance (+PLN 2.3 m y/y)

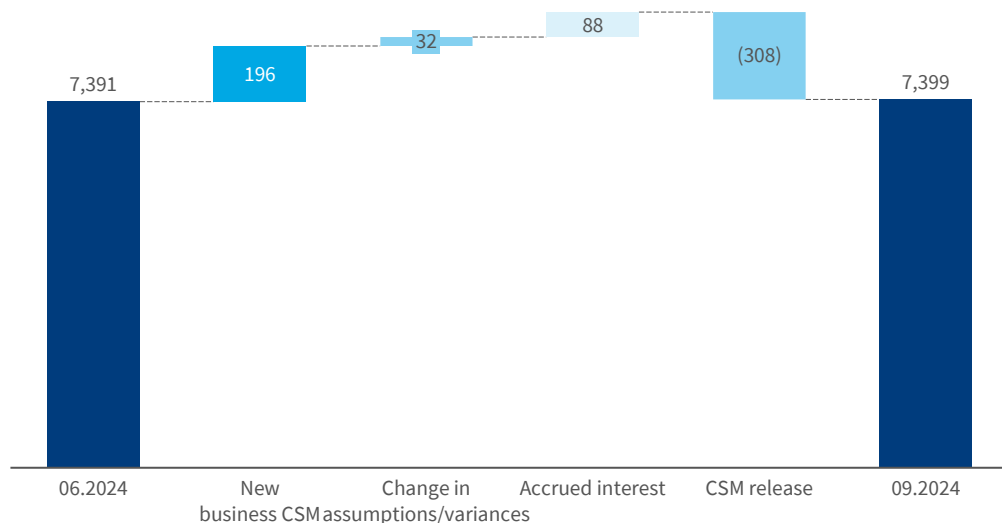
The increase in operating profit is a cumulative effect of:

- an increase in insurance service result with higher margins realized on both the individual protection insurance portfolio and individual bank protection insurance portfolio
- an increase in financial income (+PLN 1 m y/y) correlated with an increase in investment income as a result of the purchase of Treasury instruments to the portfolio at higher market yields



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

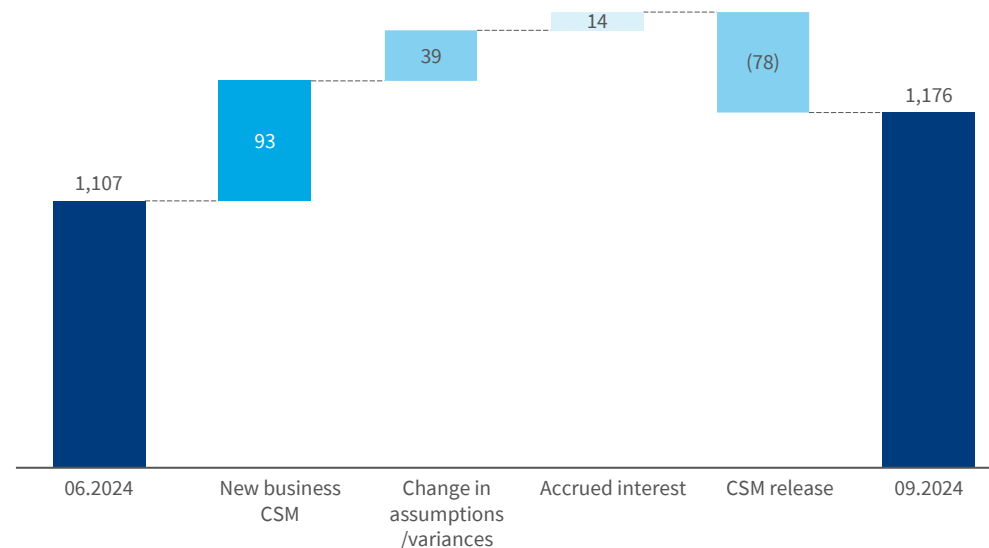
**Group and individually continued insurance – CSM (PLN m)**



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 196 m
- positive change in the assumptions regarding the development of the insured portfolio, resulting mainly from the sales of riders in individually continued insurance (+PLN 27 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

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



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

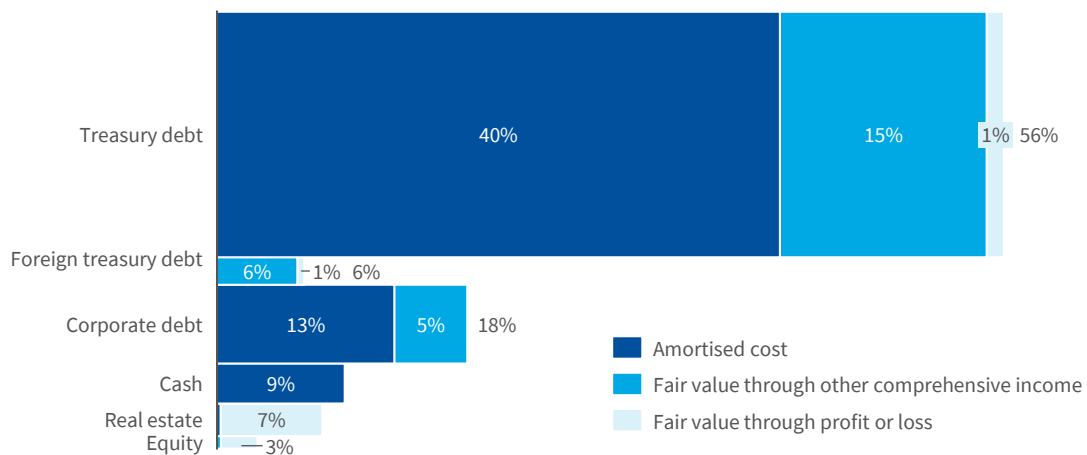
- additional CSM from the sale of new business in the amount of PLN 93 m
- variances in the development of the insured's portfolio (+PLN 39 m)
- CSM increase by the change in the time value of money – accrued interest
- CSM release in the amount of PLN 78 m – profit attributable to the current period

# Investment result

IFRS, PLN m	3Q23*	3Q24	Change y/y
<b>Investment income less interest expenses</b>	<b>4 663</b>	<b>5 080</b>	<b>8,9%</b>
Investment result allocated to insurance segments in Poland ex unit-linked	582	473	(18,7%)
Unit-linked	51	100	96,1%
Investment result allocated to insurance segments abroad	22	47	113,6%
Surplus portfolio, TFI, PTE	(94)	47	x
Banking activities including PPA	4 102	4 413	7,6%
PPA (banking)	-	-	x
<b>Total, insurance segments, investment activities and other</b>	<b>561</b>	<b>667</b>	<b>18,9%</b>
Main portfolio	737	573	(22,2%)
Debt instruments - interest	539	587	8,8%
Debt instruments - revaluation and execution	46	(118)	x
Equity instruments	60	29	(51,3%)
Real estate	91	75	(18,3%)
Investment products	51	100	96,1%
Other	(227)	(6)	x

\*Restated data

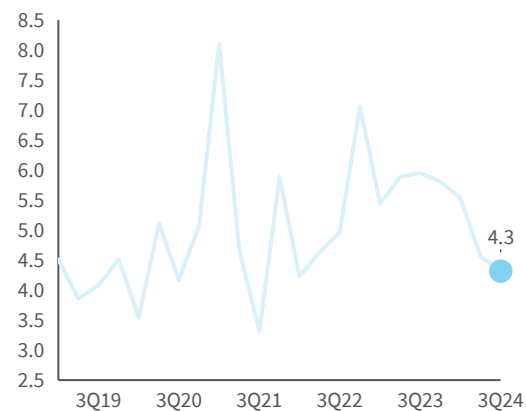
## Structure of the main portfolio by asset class and methods of their valuation



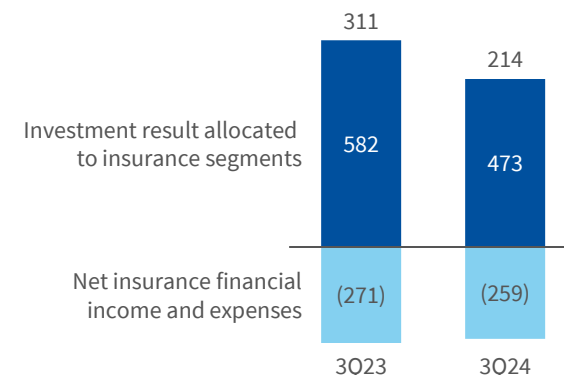
Main portfolio: PLN 53.6 bn  
Investment products: PLN 7.0 bn

- Secure portfolio structure:** debt instruments account for **80% of the portfolio**, treasury debt is 62% of the portfolio
- Profitability of the main portfolio** with FX on liabilities **at 4.3 %** in 3Q24
- Higher interest income y/y** due to the purchase of Polish Treasury bonds at attractive yields in the market
- Lower result from valuation of debt instruments**, particularly with regard to the corporate debt portfolio as well as the realization of a lower result from the sale of a portion of bonds from the Polish Treasury debt portfolio
- Decrease in equity instruments portfolio result y/y** due to last year's dividend impact from the listed investment portfolio
- Lower y/y real estate** portfolio due to lower income from swap points on currency hedging instruments
- Improvement in the impact of other items**, particularly with regard to exchange temporary differences relating to real estate valuation

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



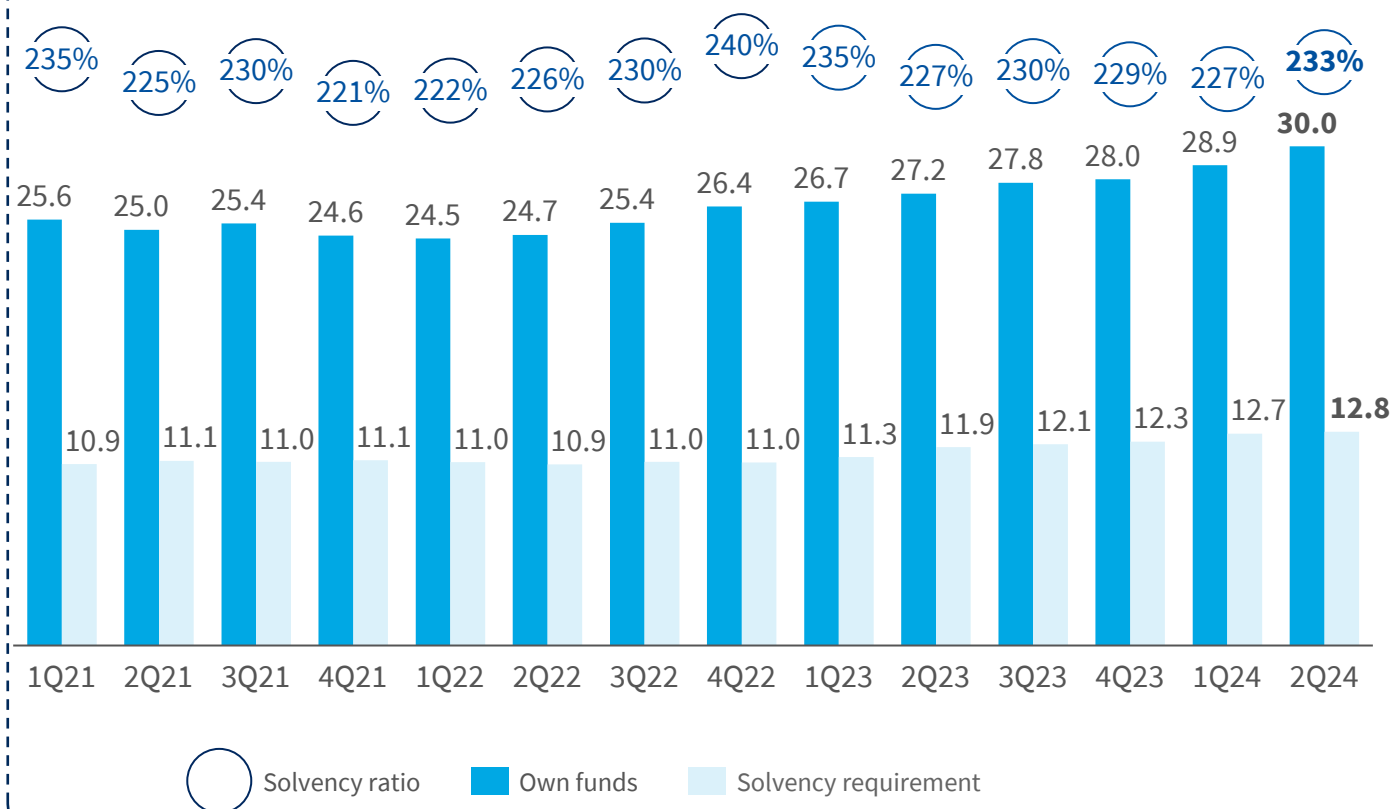
## Investment result allocated to insurance segments in relation to net insurance expenses and revenue\* (PLN m)



\* Excluding unit-linked and foreign operations

# High level of solvency of the Group

## Solvency II ratio<sup>1</sup>, 30 June 2024



## Increase in own funds in 2Q24 by PLN 1.1 bn

Main causes:

- 1 operating flows (PLN +0.5 bn)
- 2 investment results (PLN +0.6 bn) and lower bond valuation (PLN -0.3 bn)
- 3 dividends from banks in PZU Group and other bank-related valuation differences (PLN +1.1 bn)
- 4 higher expected dividends estimated at 80% of consolidated net profit (PLN -1.0 bn)

## SCR growth in 2Q24 by PLN 0.1 bn

The main drivers of the q/q decline:

- 1 increase in basic solvency capital requirement (BSCR, +0.1 bn), mainly as a result of an increase in planned premium from non-life insurance and foreign currency fixed-income investments (interest rate, currency and spread risks)
- 2 higher capital requirements of group banks, offset by higher DAC DT due to lower exposure to group companies after declaration of dividends by PZU Życie and group banks

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/en/investor-relations>. Other unaudited data.

1. Interim 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 Polish FSA'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.

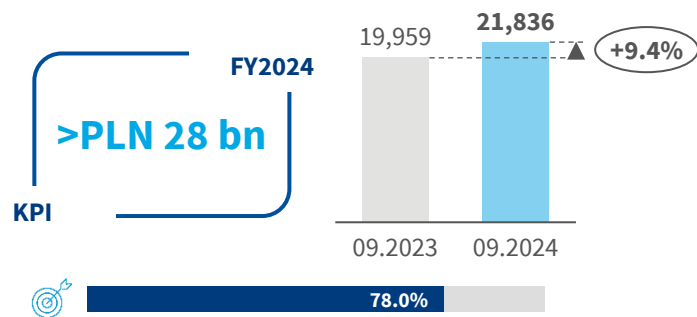


## 4. Strategy

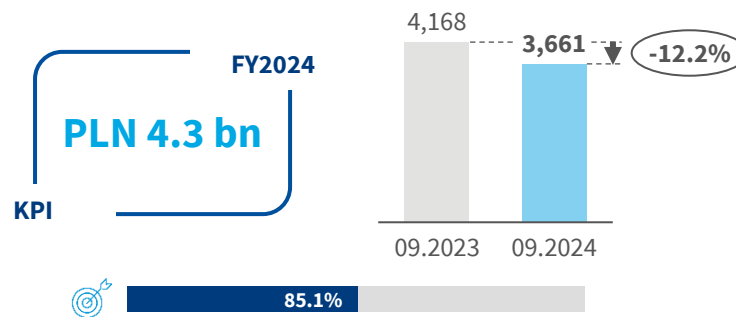


# Strategic goals until 2024 and their implementation in 3Q24

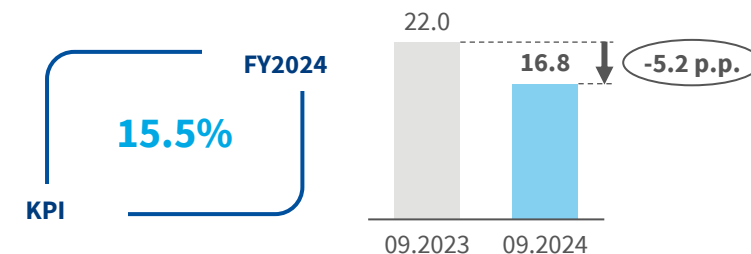
Gross insurance revenue<sup>1</sup> (PLN m)



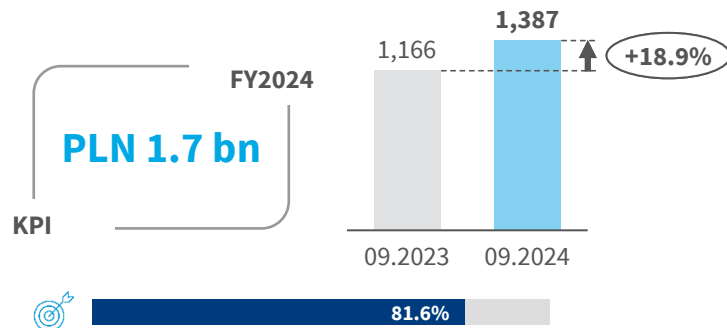
PZU Group net profit<sup>2</sup> (PLN m)



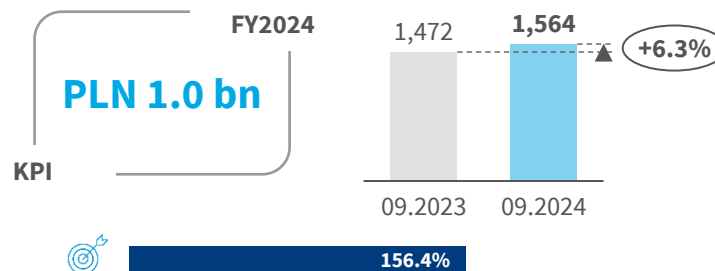
aROE<sup>3</sup> (%)



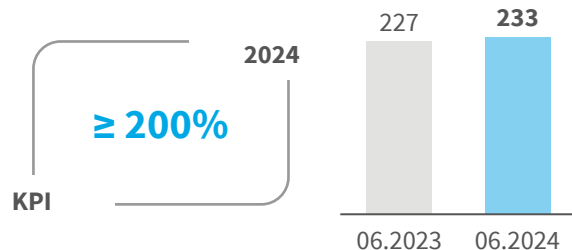
Health Pillar Revenue (PLN m)



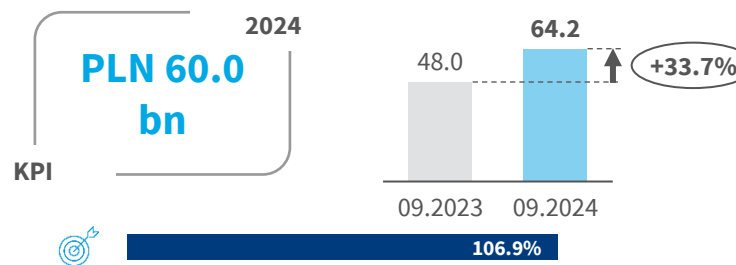
Banks' contribution to PZU Group's net results<sup>2</sup> (PLN m)



Solvency II ratio<sup>5</sup> (%)



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



1. Gross insurance revenues 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 the cumulative effect of change in discount rates for valuation of insurance liabilities
4. External customer assets under management of TFI PZU, Pekao TFI and Alior TFI
5. Excluding rules included in the KNF circular letter to insurance companies dated 16 April 2021. Value in line with new rules at 219% in 2Q24

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

[https://www.pzu.pl/\\_files/1545909](https://www.pzu.pl/_files/1545909)

# Sustainable development



## PZU aid for flood victims

PZU mobilized extraordinary forces, as quickly as possible, to provide aid and service to customers affected by the floods in southern Poland. The PZU Group implemented the following support measures:

- The PZU Group set up a special fund to finance the costs of fighting the floods. The funds will support local governments, firefighters, non-governmental organizations, and others. The value of the fund is PLN 26 m.
- As part of the prevention fund, PZU launched a psychological support hotline for those affected by the disaster.
- Free medical assistance was introduced at PZU Zdrowie's facilities. Any flood-affected patient suffering from a health emergency can benefit from *ad hoc* care.
- PZU Zdrowie launched a campaign to vaccinate those involved in helping flood victims against tetanus, hepatitis A and typhoid.

## Women (non-)investors

About Polish women who invest and about those who are prevented from investing by something



## Financial education – a study of attitudes and beliefs of Polish women

- Publication of the report “Women (non-)investors” as part of the 25th anniversary of TFI PZU and the Year of Economic Education.
- The aim of the study was to learn about factors influencing investment among women: attitudes and beliefs, experiences and knowledge, perceptions of self vs. others, and own barriers.
- The study provides data and conclusions on, among other things, the financial potential of Polish women, their propensity to invest, and the motivations and barriers associated with investing in the capital market.
- The report is available at <https://in.pzu.pl/klienci-indywidualni/kobiety-w-swiecie-inwestycji>



## Promotion of sport and active lifestyle

PZU became extensively engaged in promoting sports and supporting events that foster active lifestyles:

- PZU became the Official Sponsor of the 81st Tour de Pologne UCI World Tour 2024.
- PZU became the general sponsor of the nationwide soccer tournament „Z Orlika na Stadion”. The tournament is organized as part of the “Active School” („Aktywna Szkoła”) program of the Ministry of Sports and Tourism in cooperation with the Polish Football Association.
- PZU supported the 25th edition of the Run for New Life. This event promotes donation and transplantation. The relay nordic walking march is attended by post-transplant donors and recipients, as well as representatives of various supportive communities. The event was held under the patronage of the Minister of Health, Izabela Leszczyna.
- PZU is the main partner of the 12th edition of CITY TRAIL and a partner of the “Medics for the start” campaign (Polish: *Medycyna na start*). It is a series of cross-country events in Poland. PZU cares about safety on running paths.

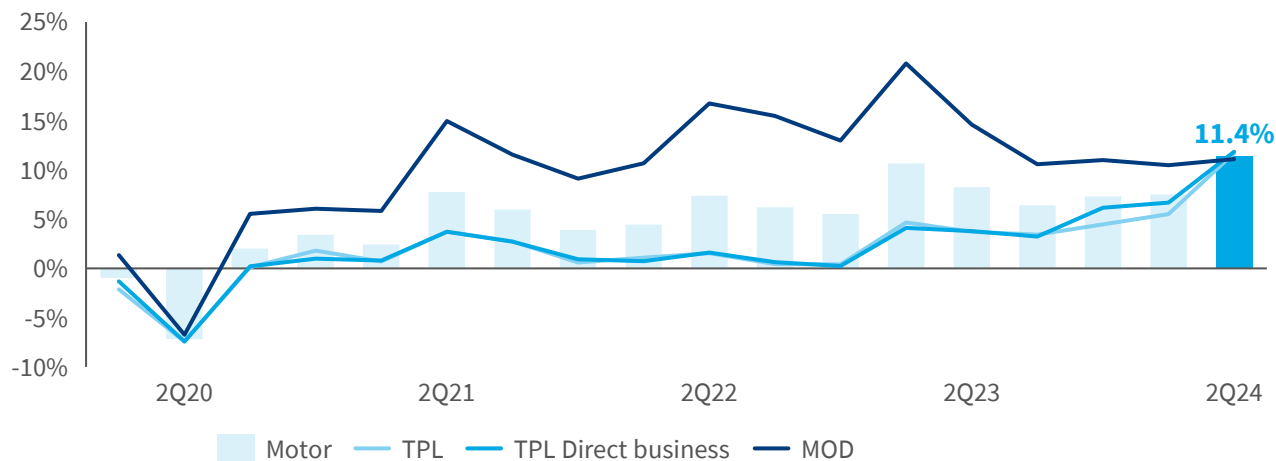


## **5. Annexes**

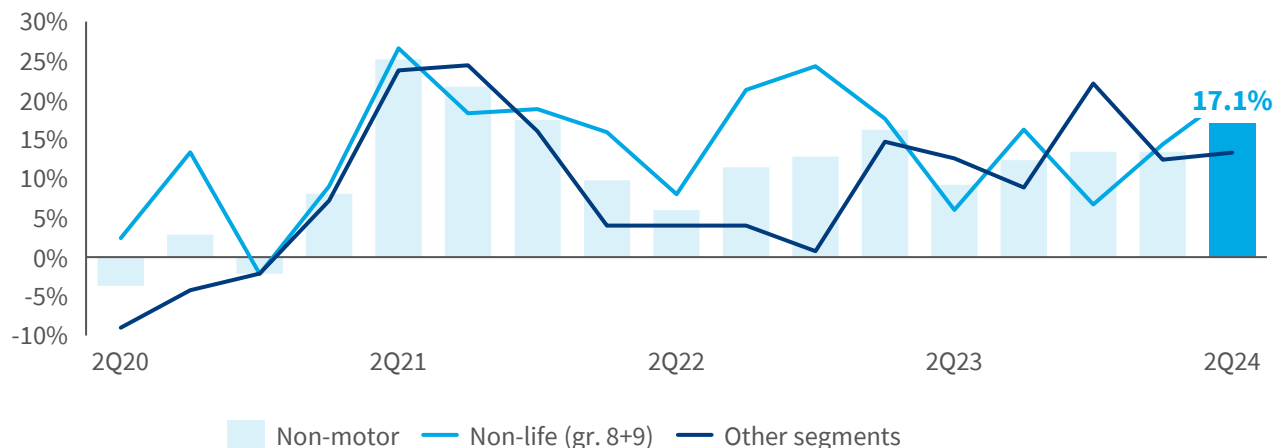


# Trends in the non-life insurance market in Poland

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

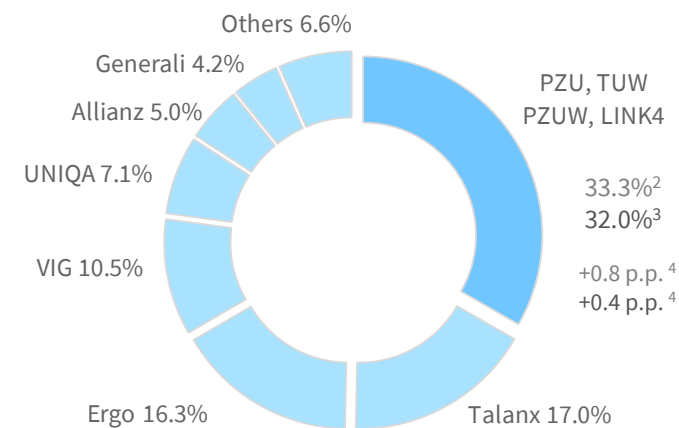


## Non-motor insurance market dynamics<sup>1</sup>, y/y



- 1 The fastest growth in motor and TPL insurance premium since 2017 (+11.4% and 11.7% y/y in 2Q, respectively).** TPL insurance premium growth, excluding reinsurance, of 11.8%, MOD growth of 11.1% y/y.
- 2 Accelerated growth in non-motor insurance (+17.1% y/y).** Non-life insurance (PLN +621.6 m, +20.9% y/y), general TPL insurance (PLN +118.9 m; +12.6% y/y) and Assistance insurance (PLN +113.5 m, +20.9% y/y) were the biggest contributors to growth in value terms.
- 3 PZU Group's market share in non-life insurance** (direct business) after 2Q24 was 32.0%.
- 4 High share of PZU Group's technical result in the technical result of the market at 48.1%<sup>1</sup>.**

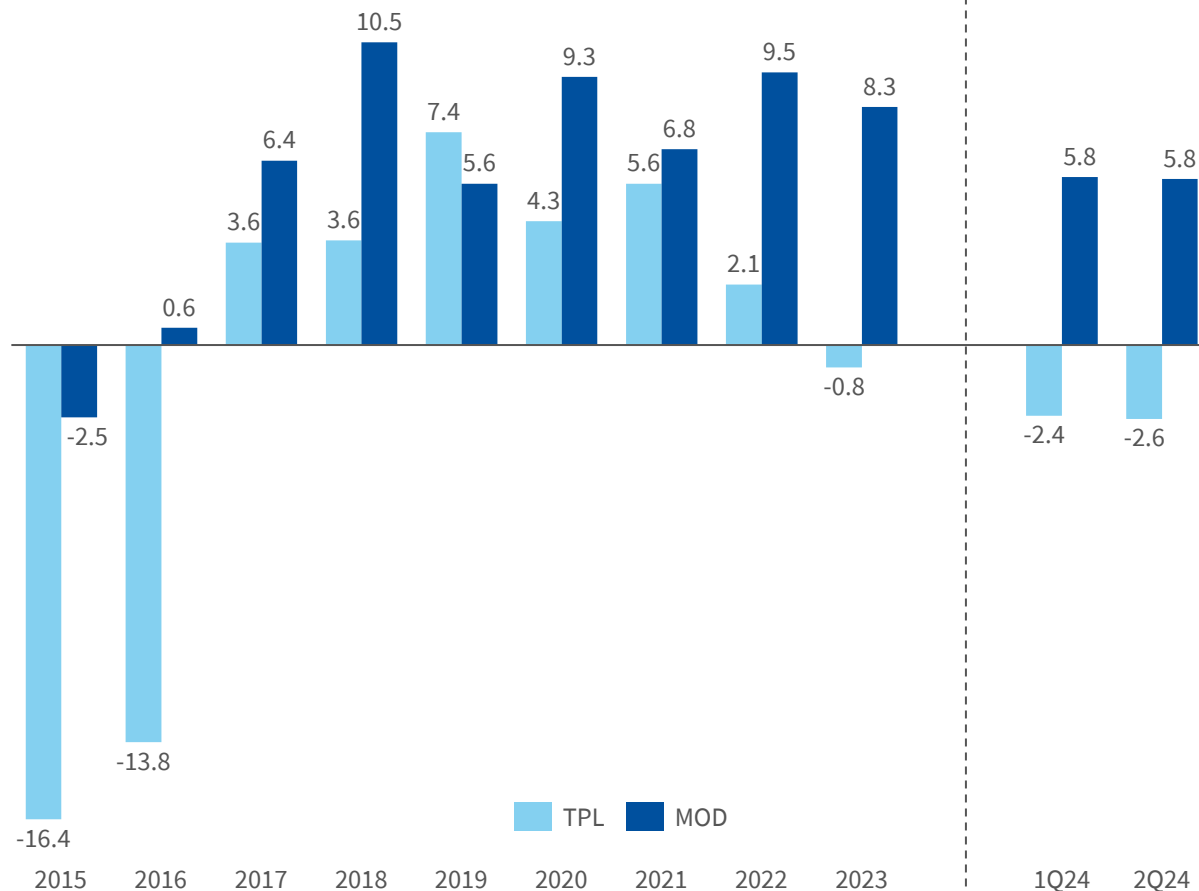
## Market shares after 2Q 24<sup>2</sup>



1. According to the KNF's report after 2Q24  
 2. According to the KNF's report after 2Q24; 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 2Q 24  
 4. Change in share y/y, respectively: including PZU's inward reinsurance to LINK4 and TUV PZUW and from direct business

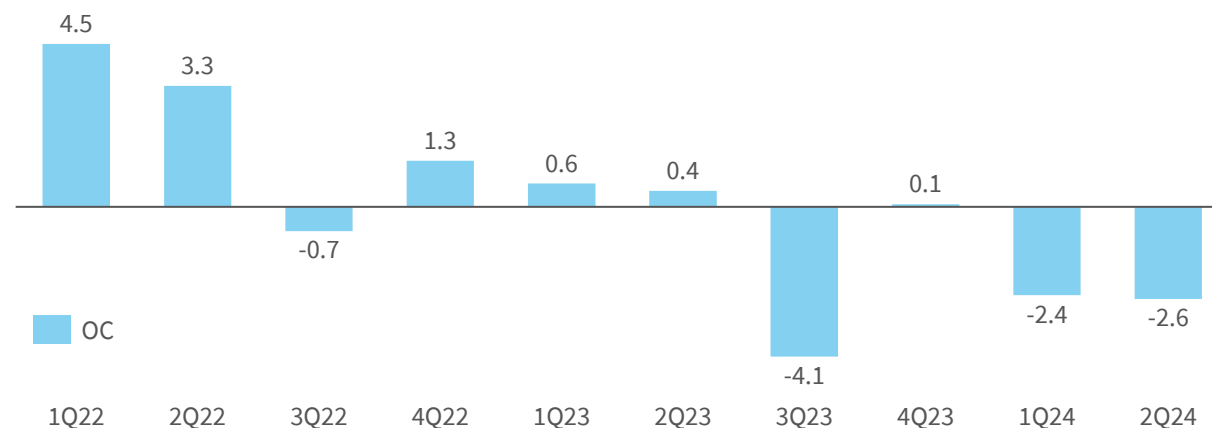
# Motor insurance market in Poland

**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 2024.
- 3 Maintaining MOD insurance profitability at a good high level (5.8% vs 6.8% in the same period of 2023)

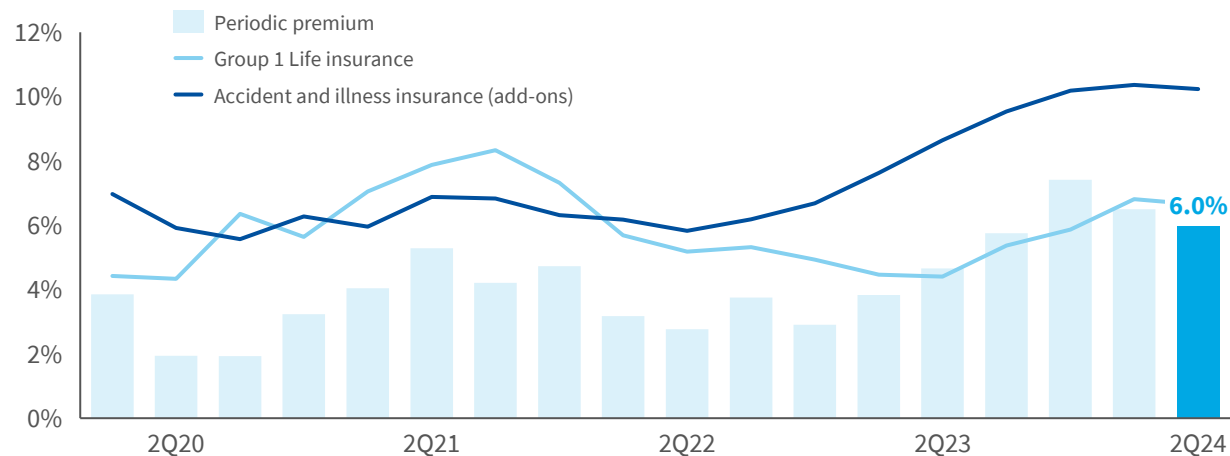
**TPL market insurance profitability, on a quarterly basis, %<sup>1</sup>**



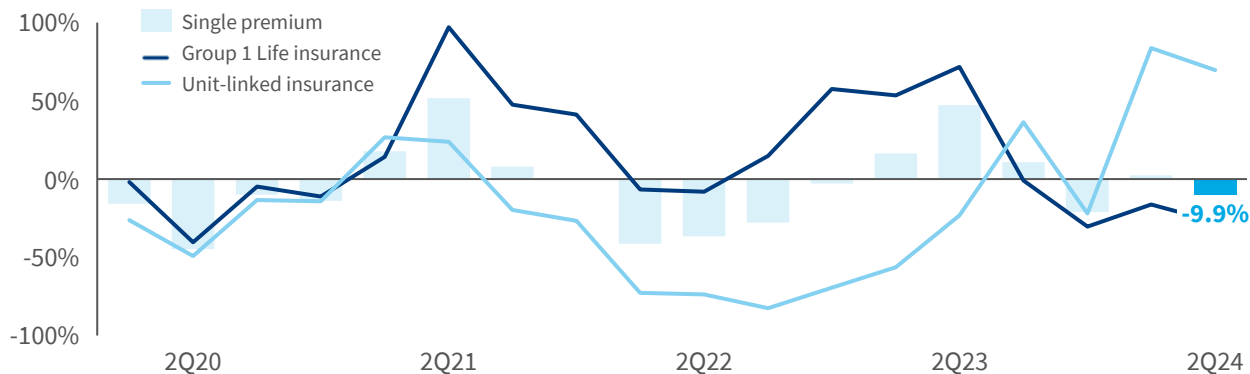
<sup>1</sup> Source: The Quarterly Bulletin of the Polish Financial Supervision Authority ([www.knf.gov.pl](http://www.knf.gov.pl)). Insurance Market 2/2024 direct business; Profitability as a quotient of technical result and net earned premium

# Life insurance market in Poland

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

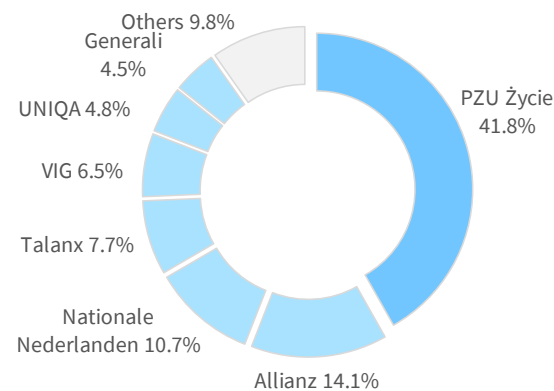


## Insurance market with single premium dynamics<sup>1</sup>, y/y



- Periodic premium insurance market** (86% of the market) **grew in 2Q at 6.0% y/y** - with the most profound impact (by value): Group V insurance – **accident and illness insurance (PLN +199 m, +10.2% y/y)** and Group I **life insurance (PLN +129 m, +6.6% y/y)**.
- Decline in insurance with single premium** (14% of the market) **- 9.9% y/y**. Largest positive impact by value of unit-linked insurance (**PLN +64 m, +69.8% y/y**), with a decrease in Group I – **life insurance (PLN -208 m, -27.3% y/y)**.
- PZU Group's growing share of the single-premium insurance market** (40.3% after 2Q24 vs. 25.9% after 2Q23) – impact of high sales of insurance offered in cooperation with the Group's banks, including: individual life and endowment insurance with guaranteed sums insured and insurance offered with mortgage loans and cash loans.
- PZU Group's share of the periodically paid insurance market declined after 2Q24 to **41.8%** (from 42.4% after 2Q23).

## Market shares in periodic premium<sup>2</sup> after 2Q 24



1. According to the KNF's report after 2Q 24

2. PZU Group's share of gross written premium from insurance premium paid periodically as reported by the KNF after 2Q 24

# Profitability by operating activities segments under IFRS 17

## Insurance segments

## Insurance revenue

## Result\*\*

## Combined ratio / Margin

### m PLN, IFRS17

	3Q23*	3Q24	Change y/y	3Q23*	3Q24	Change y/y	3Q23*	3Q24
Total non-life insurance – Poland	4,212	4,617	9.6%	757	179	(76.4%)	86.1%	98.6%
Mass insurance – Poland	3,150	3,421	8.6%	554	41	(92.6%)	86.6%	101.1%
Motor TPL	1,084	1,150	6.1%	53	(96)	x	95.1%	108.4%
MOD	847	940	11.0%	108	75	(30.6%)	87.2%	92.0%
Other products	1,219	1,331	9.2%	255	(17)	x	78.6%	101.3%
Net financial revenue	x	x	x	138	79	(42.8%)	x	x
Corporate insurance – Poland	1,062	1,196	12.6%	203	138	(32.0%)	83.9%	87.8%
Motor TPL	166	163	(1.8%)	12	2	(83.3%)	92.7%	98.8%
MOD	240	257	7.1%	48	45	(6.3%)	79.4%	82.0%
Other products	656	776	18.3%	57	48	(15.8%)	82.7%	86.8%
Net financial revenue	x	x	x	86	43	(50.0%)	x	x
Total life insurance – Poland	2,031	2,184	7.5%	568	646	13.7%	28.0%	29.6%
Group and individually continued insurance	1,848	1,968	6.5%	492	519	5.5%	26.6%	26.4%
Individual insurance	160	189	18.1%	72	110	52.8%	45.0%	58.2%
Investment insurance	23	27	17.4%	4	17	x	x	x
Total non-life insurance – Ukraine and Baltic States	685	723	5.5%	82	107	30.5%	90.3%	88.9%
Baltic countries	633	667	5.4%	71	101	42.3%	90.3%	87.3%
Ukraine	52	56	7.7%	11	6	(45.5%)	90.2%	107.5%
Total life insurance – Ukraine and Baltic States	18	17	(5.6%)	8	9	12.5%	44.4%	52.9%
Lithuania	10	11	10.0%	2	2	x	20.0%	18.2%
Ukraine	8	6	(25.0%)	6	7	16.7%	75.0%	116.7%

\* Restated data

\*\* Operating Result

Insurance service result



# PZU Group gross written premium

## Insurance segments

m PLN, local GAAP

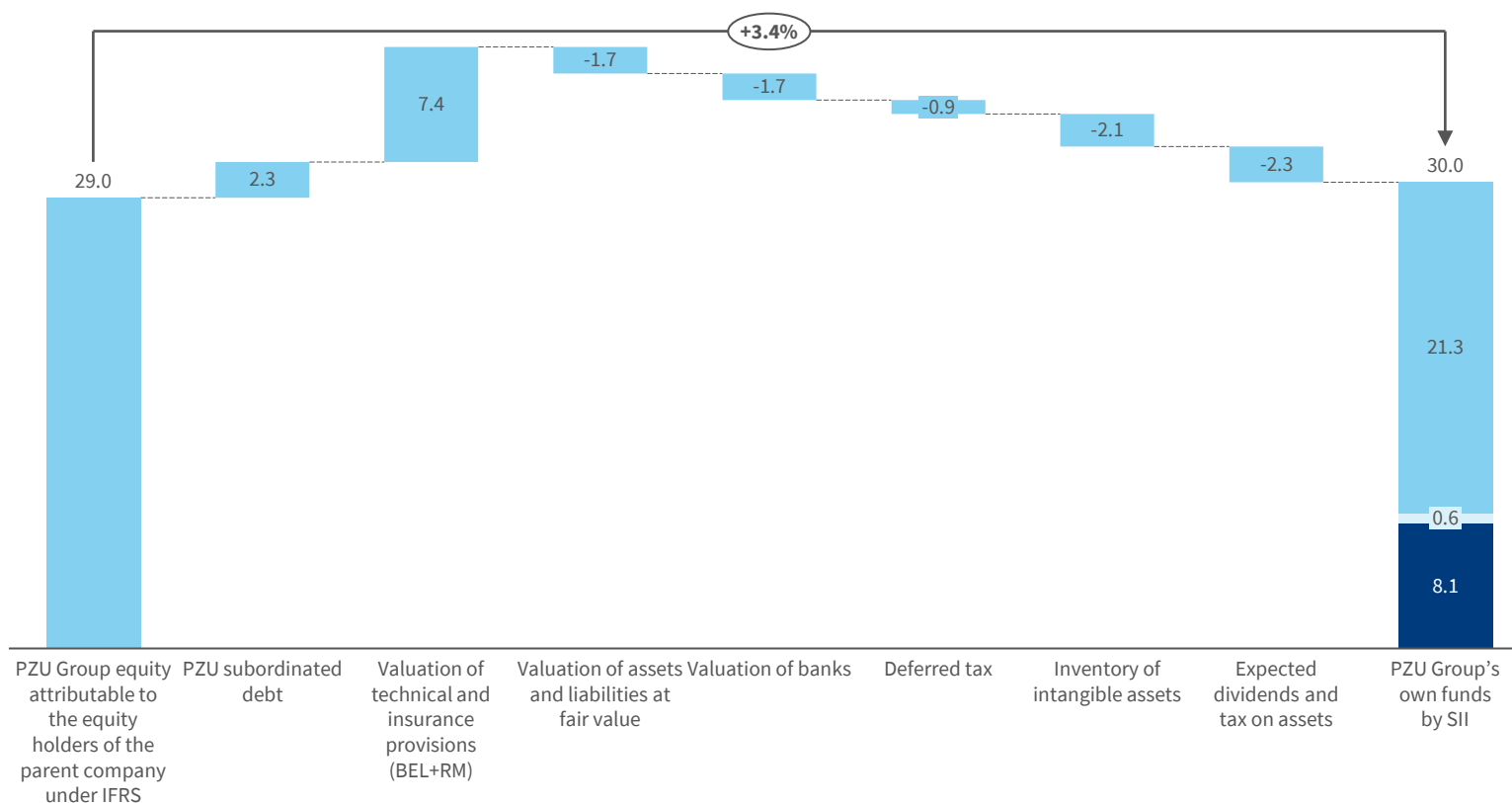
	3Q23	2Q24	3Q24	Change y/y	Change q/q
<b>External gross written premium</b>	<b>6,935</b>	<b>7,660</b>	<b>7,481</b>	7.9%	(2.3%)
<b>Total non-life insurance - Poland</b>	<b>3,907</b>	<b>4,532</b>	<b>4,286</b>	<b>9.7%</b>	<b>(5.4%)</b>
Mass insurance – Poland	2,975	3,408	3,274	10.1%	(3.9%)
Motor TPL	1,084	1,205	1,178	8.7%	(2.2%)
MOD	822	976	861	4.7%	(11.8%)
Other products	1,069	1,227	1,235	15.5%	0.7%
Corporate insurance – Poland	932	1,124	1,012	8.6%	(10.0%)
Motor TPL	141	165	151	7.1%	(8.5%)
MOD	212	261	223	5.2%	(14.6%)
Other products	579	698	638	10.2%	(8.6%)
<b>Total life insurance – Poland</b>	<b>2,249</b>	<b>2,351</b>	<b>2,432</b>	<b>8.1%</b>	<b>3.5%</b>
Group and individually continued insurance - Poland	1,856	1,904	1,920	3.4%	0.8%
Individual insurance – Poland	393	447	513	30.5%	14.8%
Premium on protection products	228	245	235	7.5%	x
Premium on periodic investment products	30	27	30	(10.3%)	x
Premium on single investment products	134	175	248	30.6%	x
<b>Total non-life insurance – Ukraine and Baltic States</b>	<b>742</b>	<b>739</b>	<b>727</b>	<b>(2.0%)</b>	<b>(1.6%)</b>
Baltic countries	678	680	672	(0.9%)	(1.2%)
Ukraine	64	59	55	(14.1%)	(6.8%)
<b>Total life insurance – Ukraine and Baltic States</b>	<b>35</b>	<b>39</b>	<b>35</b>	<b>x</b>	<b>(10.3%)</b>
Lithuania	24	31	26	8.3%	(16.1%)
Ukraine	11	8	9	(18.2%)	12.5%



# Own funds

PZU Group data in Solvency II as of 30 June 2024 (PLN bn)

## Comparison of own funds and consolidated equity under IFRS



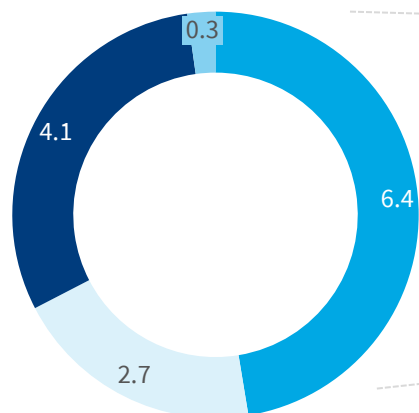
IFRS equity to SII own funds walk:

- 1 contractual service margin as the main reason for differences in technical provisions valuation
- 2 adjustment for anticipated dividends; in interim periods – 80% of the PZU Group's profit attributable to shareholders of the parent company
- 3 adjustment for 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)

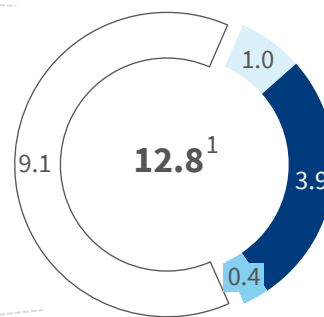
PZU Group data in Solvency II as of 30 June 2024 (PLN bn)

## Basic solvency capital requirement (BSCR)



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

## Solvency capital requirement (SCR)



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

Diversification effect -33%

Increase in solvency requirement in 2Q by PLN 0.1 bn.

Main reasons for SCR changes:

- 1 increase in insurance risk (PLN +0.1 bn<sup>2</sup>) due to higher planned premium and higher catastrophe risk exposures in non-life insurance, and the impact of discount curve changes and new products in life insurance
- 2 +PLN 0.04 bn increase in market risk<sup>2</sup> caused by:
  - higher exposure to foreign currency bonds (increase in rate, spread and currency risk); higher GBP gap after high personal injury
  - a decline in equity risk (systematic adjustment down 1.2 p.p.)
- 3 greater tax adjustment as a result of the increase in market risk, insurance requirements and operational risk, as well as the decline in the market valuation of Bank Pekao after the dividend declaration (negative value: PLN -0.06 bn)
- 4 increase in requirements of banks and investment entities (+PLN 0.04 bn<sup>2</sup>), mainly due to higher risk exposure at Bank Pekao

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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