## PZU GROUP | Factsheet 2021





#1

largest insurance and banking group in CEE



PLN 402 bn

assets



40 thousand

employees



22 mln

clients



99%

most recognizable brand in Poland



#### STRONG BALANCE SHEET

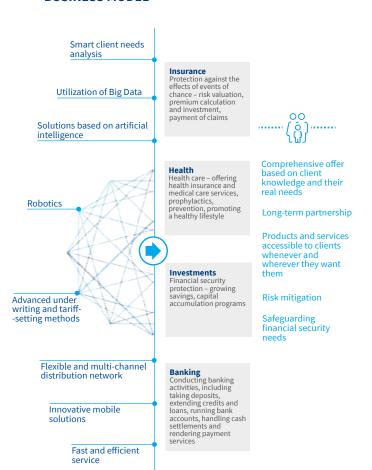
Solvency II ratio above average for insurance groups in Europe

**The Powszechny Zakład Ubezpieczeń Group** is the largest financial conglomerate in Poland and Central and Eastern Europe. The Group is headed by PZU, which has the status leading entity in the conglomerate. PZU's traditions dating back to 1803. PZU's stock are listed on the Warsaw Stock Exchange (WSE) being part of the WIG20 index and WIG ESG (sustainability) index. PZU is one of the most highly valued companies and heavily traded stocks on the Polish stock exchange. At the end of December 2021, PZU's market capitalization amounted to PLN 30.5 bn. The State Treasury with a 34.19% equity stake is PZU's main shareholder.

The Group companies offer not only in life, non-life and health insurance but also in banking, investment, pension and health care products. They also render assistance services to retail clients and businesses through strategic partnerships. The Group's operations are founded on clients' trust. The Group places the client in the center of attention and integrates all areas of activity around the client. The Group's strategic ambition is to develop ecosystems, which will provide comprehensive solutions to institutional as well as individual clients. They will create new opportunities to build long-lasting relations with clients in daily life. The key elements that contribute to building an entrenched technological advantage in integrated client service include further digitization, use of artificial intelligence (AI), big data and advanced analytics, as well as mobile and omni-channel solutions. The technological transition will be supported by the use of cloud computing.

The PZU Group is committed to the development of a responsible organization, strongly emphasizing the ESG (environment, social and governance) factors in its strategy. The priority for the PZU Group is to generate benefits for its shareholders and clients in a sustainable and responsible manner. The success of the PZU Group will be built based on contemporary business models widely incorporating ESG criteria. The Group supports the development of low-carbon economy, is committed to just energy transition and encourages communities to adopt sustainable and safe lifestyles and builds a modern, responsibly-managed organization.

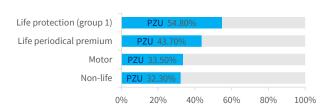
#### **BUSINESS MODEL**



## **MARKET POSITION**



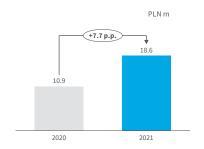
#### **MARKET SHARE in Poland** (4Q 2021)



#### **FINANCIAL HIGHLIGHTS**

PLN million	2018	2019	2020	2021	
A) PZU GROUP NET OF ALIOR BANK AND BANK PEKAO					
Gross written premiums	23,470	24,191	23,866	25,080	
Net result on investing activity including interest expenses	904	1 995	2 044	2 012	
Net insurance claims and benefits paid	(14,563)	(15,695)	(15,580)	(15,731)	
Acquisition expenses	(3,130)	(3,363)	(3,317)	(3,572)	
Administrative expenses	(1,637)	(1,739)	(1,801)	(1,734)	
Operating profit	3,298	3,606	3,941	3,635	
Net profit attributable to equity holders of the parent company	2,559	2,780	3,106	2,732	
B) Impairment attributable to equity holders of the parent company	-	-	(1,343)4	-	
C) BANKS: ALIOR BANK AND BANK PEKAO					
Net profit attributable to equity holders of the parent company	654	515	149	604	
(A+B+C) NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3,213	3,295	1,912	3,336	
Total assets	328,554	343,385	378,974	402,129	
Equity attributable to the owners of the parent company	14,925	16,169	18,777	17,080	

## **ROE** exceeding strategic ambitions







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

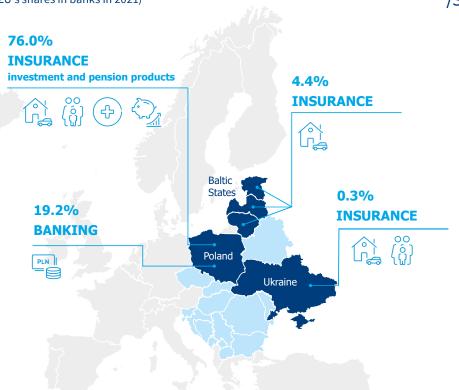


## **Gross Written Premium structure** (4Q 2021)



## Percentage share of business segments in the operating result

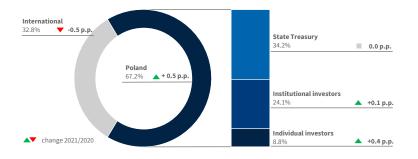
(adjusted for PZU's shares in banks in 2021)



#### **PZU'S STOCK**

Number of shares	863,523,000	P/E	9,2x	Average trading value per session	PLN 73.9 m
Free float (%)	65,81%	P/BV	1,8x	Average number of trades per session	5,391
Market capitalization	PLN 30.5 bn	D/Y	10,8%	Average trading volume per session	2,063,503 shares

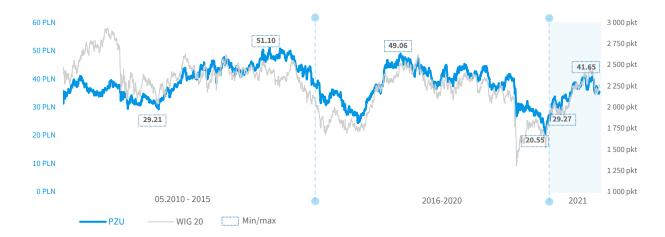
#### Shareholder structure (31 December 2021)



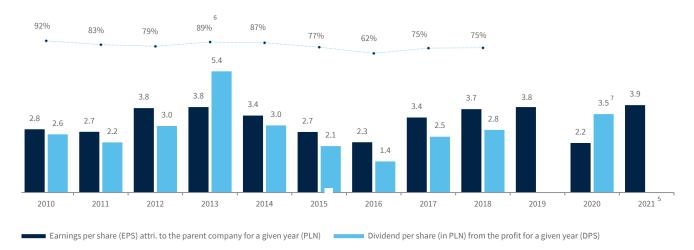
#### **Recommendations statistics** (31 December 2021)

23	▲ 8	Buy, Outperform
	14	Neutral, Hold
	<b>V</b> 1	Underperform, Reduce
Highest target price		PLN 50.0
Average target price		PLN 40.8
Lowest target price		PLN 37.0

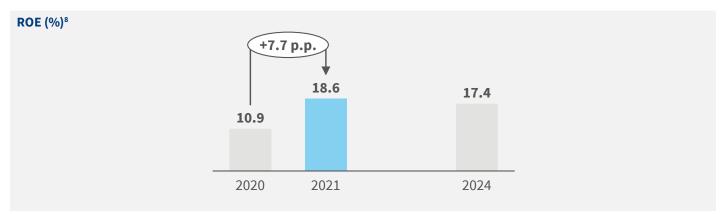
#### PZU's share performance - min/max share price at session closing



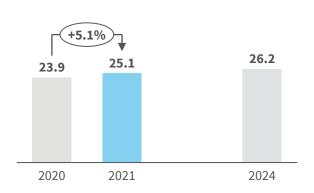
## PZU's earnings per share and dividend per share



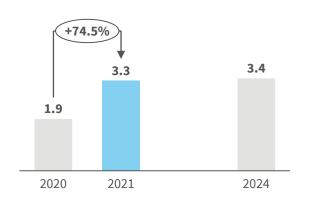
## STRATEGY EXECUTION- FINANCIAL MEASURES



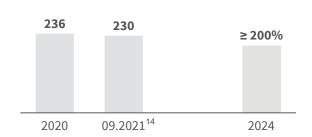
## PZU'S GROSS WRITTEN PREMIUM9 (BN PLN)



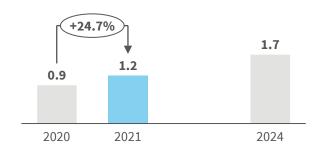
PZU'S NET PROFIT 10 (BN PLN)



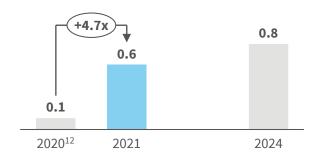
## **SOLVENCY II RATIO (%)**



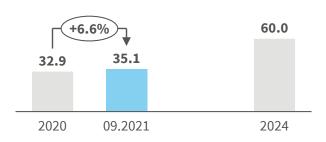
**PZU ZDROWIE'S REVENUES (BN PLN)** 



# BANKS' CONTRIBUTION TO PZU GROUP'S NET RESULT<sup>11</sup> (BN PLN)



ASSETS UNDER MANAGEMENT<sup>13</sup> (BN PLN)



#### STRATEGY EXECUTION- ESG INDICATORS

#### **Implementation 2021**



Giving consideration to ESG targets in the Company's strategic objectives and handing them over for execution by Senior Management

- Targets were allocated to all WKK involved in strategy execution
- Execution of 100%



ESG assessment of 55% of the biggest corporate insurance clients from sectors sensitive to ESG risks

- Assessment methodology developed
- The level of the indicator will be reported from 2022



Increase of the current exposureto investments supporting climate and energy transition by 500 m PLN in 2021-2024

An investment was made for 450 m PLN



Percentage of key procurement processes which give consideration to ESG criteria

- Supplier segmentation was conducted
- The level of the indicator will be reported from 2022



Reaching climate neutrality of own operations thanks to reduction of emissions, purchase of green energy and offsetting CO21 emissions<sup>15</sup>

- Reduced emissions<sup>16</sup>: 26,2%
- Electricity from RES (~80%)
- Offsetting 17 thousand tons of CO2 by purchasing carbon dioxide units from the State Forests



Percentage of employees covered by the #Well-being program

- The #DobryStan (#Well-being) strategy was developed and implemented
- The level of the indicator will be reported from 2022

10-15 m

Number of recipients of social activities in the area of safety and sustainable lifestyle during the year

- 10 million recipients
- Execution of 100%

#### ANNOTATION:

<sup>1)</sup>ROE attributed to equity holders of the parent company, annualized; <sup>2)</sup> Margin in 4Q20 and 4Q21 for the group and individually continued insurance segment; <sup>3)</sup> Non-life insurance in the PZU Group (Poland); <sup>4)</sup> including the impairment loss on goodwill arising from the acquisition of Alior Bank (PLN 746 million) and Bank Pekao (PLN 555 million) and the impairment loss on assets arising from the acquisition of Alior Bank (i.e. trademark and relations with clients, after incorporating the impact of deferred tax and minority interest) in the amount of PLN 42 million; <sup>5)</sup> The payout ratio net of the dividend payout from excess capital (PLN 2 per share); <sup>6)</sup> On 26 March 2020, the Polish Financial Supervision Authority (KNF) issued a decision prohibiting the disbursement of dividends in 2020 by insurance companies and banks from their 2019 profits. On 16 December 2020 the Polish Financial Supervision Authority (KNF) issued a decision allowing the disbursement of dividends in an amount equal to 100% of the 2019 profit and 50% of the 2020 profit. On 12 May 2021 the Supervisory Board issued a positive opinion on the Management Board's motion to the OGM for dividend payment of PLN 3.5 per share; <sup>7)</sup> Up to the date of preparing Report for 2021, the Management Board has not adopted a resolution concerning the proposed distribution of profit for 2021; <sup>8)</sup> Attributable to the holders of the parent company; <sup>9)</sup> PZU Group's gross written premium; <sup>10,11</sup> Net profit attributable to equity holders of the parent company; <sup>12)</sup> Net of the impairment loss for goodwill on the acquisition of Bank Pekao and Alior Bank; <sup>13)</sup> Third party assets under management TFI PZU, Pekao TFI and Alior TFI; <sup>14)</sup> Preliminary data - not subject to audit or review by a statutory auditor, calculation according to the current methodology. It does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings dated 16 April 2021; <sup>15)</sup> Climate neutrality in PZU and PZU Życie in terms of emissions unders scope 1



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