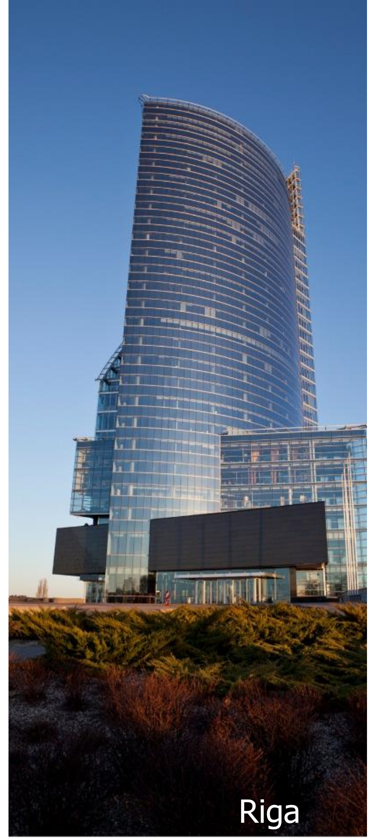
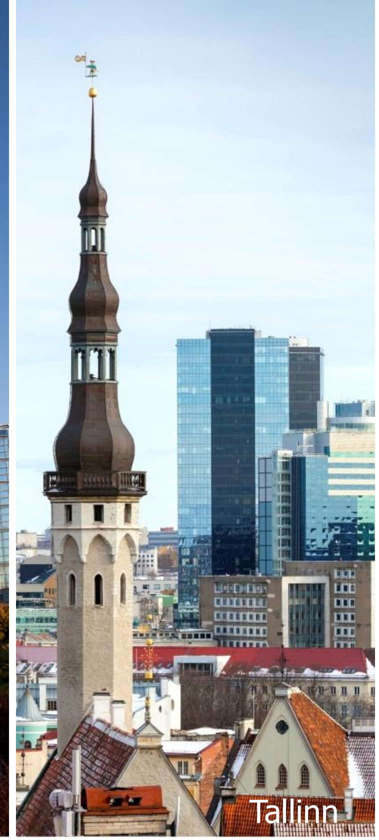




PZU Group’s financial results for 2016

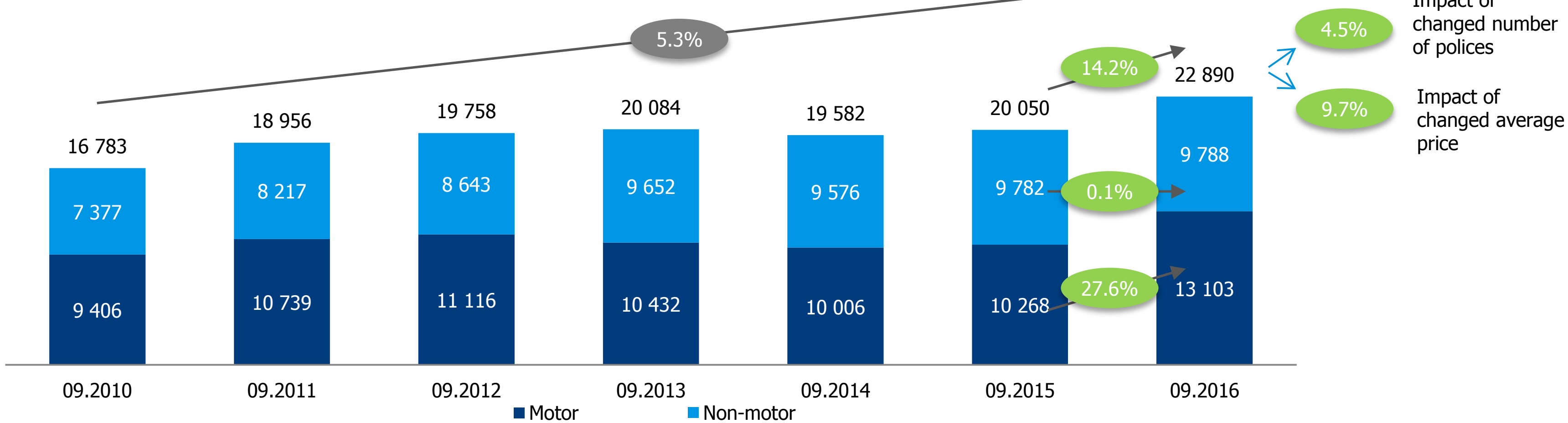
Warsaw, 15 March 2017

Agenda

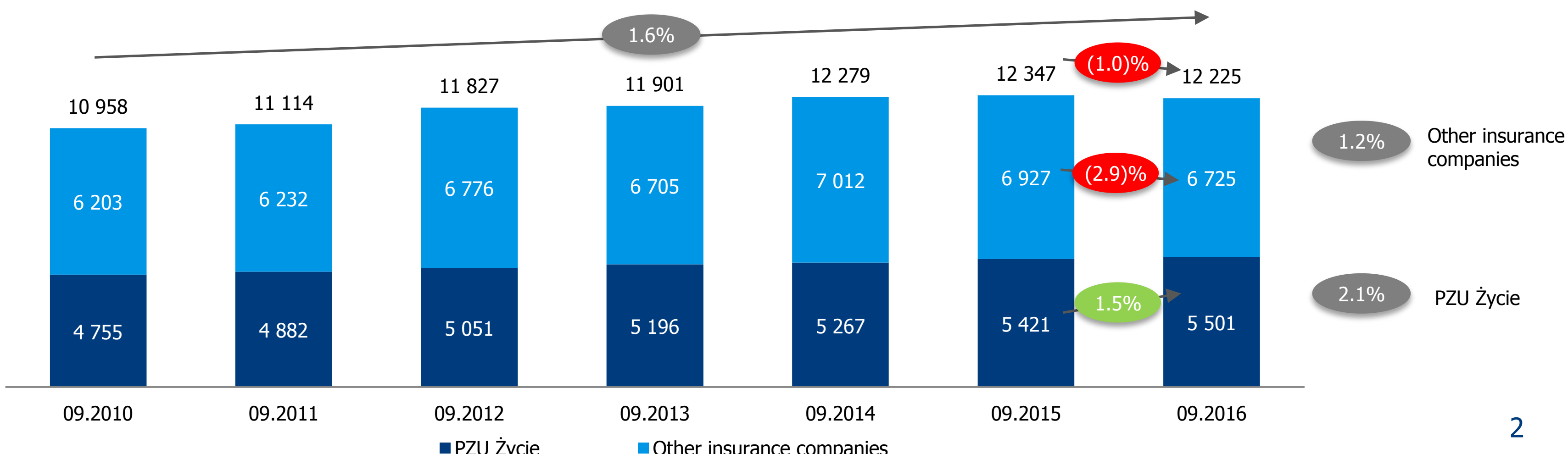
1. PZU Group's position on the changing insurance market
2. Execution of the Group's strategy for 2016-2020
3. Major drivers of the PZU Group's result in 2016
4. Recap of the PZU Group's financial results in 2016
5. Detailed financials
6. Group figures as at 30 September 2016 according to Solvency II

Insurance market in Poland

Gross written premium in non-life insurance (m PLN)



Gross written premium in life insurance (m PLN)

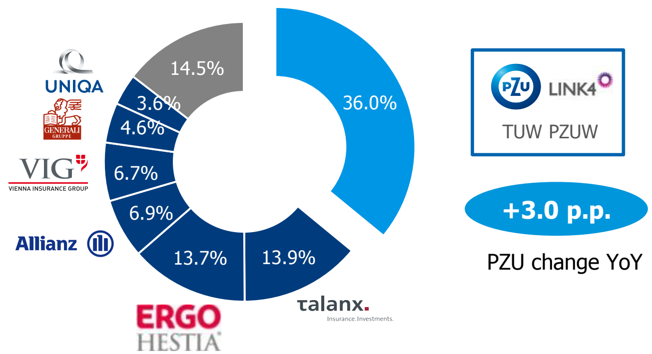


xx% - CAGR

x% - Change year to year

PLN 20,2 bn record level of PZU Group gross written premium and growing market shares

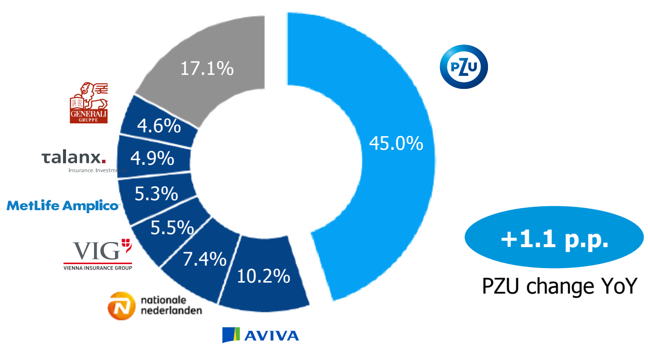
Non-life insurance



- PZU Group's strong market position in motor own damage insurance with a market share of **42.9%*** and motor TPL with a market share of **40.5%***.
- PZU Group's market share in non-life insurance in the first three quarters of 2016 at the level of **36.0%*** (including PZU: **33.3%***; Link4: **2.2%*** and TUW PZUW: **0.5%***).
- The PZU Group's technical result stated as a percentage of the overall market's technical result is **>100%*** (the PZU Group's technical result is 307.7 m PLN while the overall market's technical result is 196.5 m PLN).

** According to the Polish FSA's Q3 2016 report; the market and market shares including PZU's inward reinsurance of Link4 and the TUW mutual;*

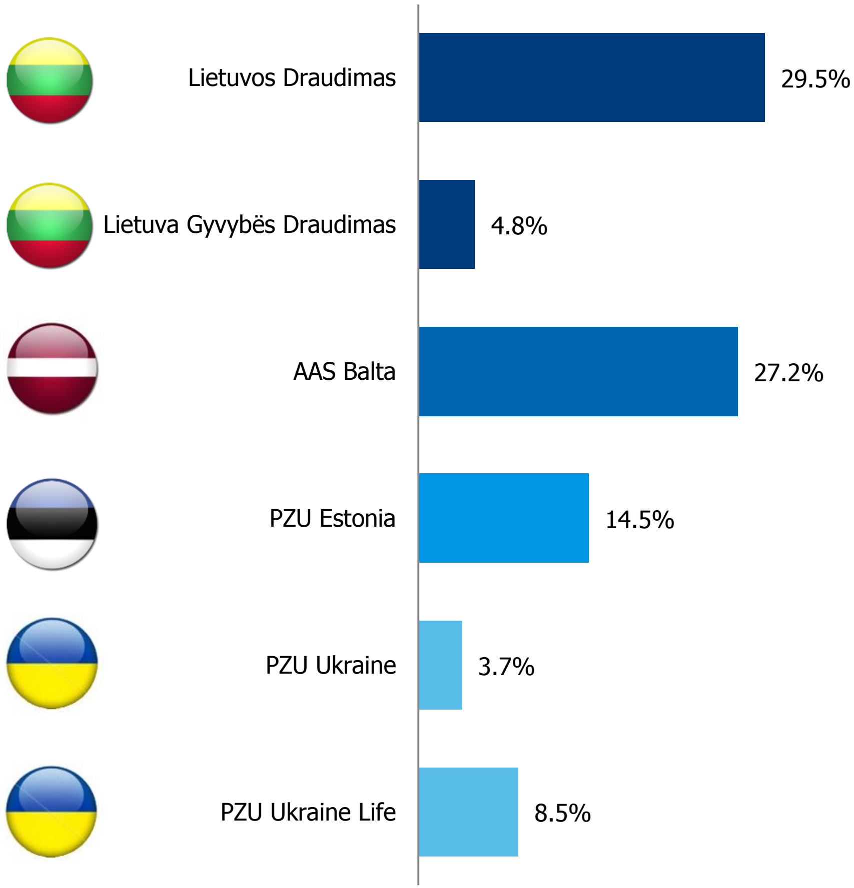
Life insurance (periodical premium)

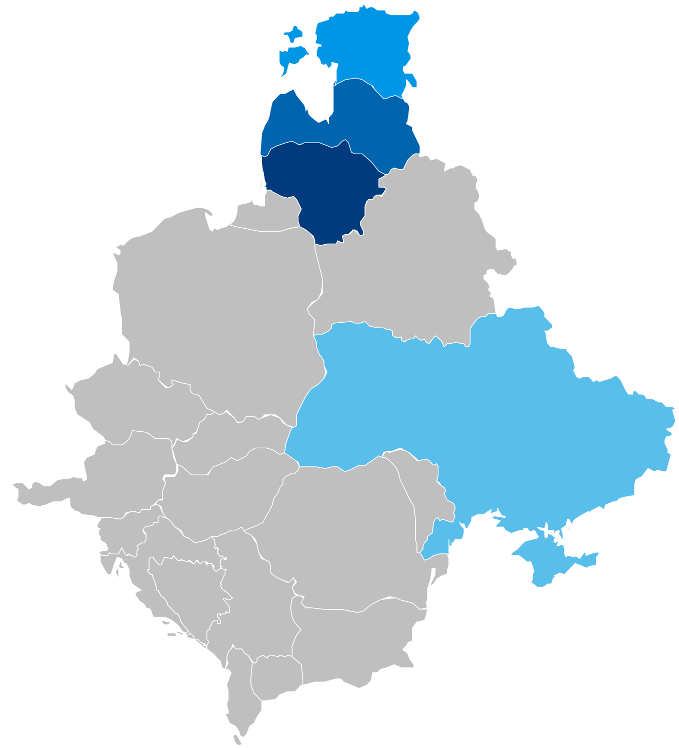


- In the first three quarters of 2016 the y/y decline in the periodical gross written premium generated by the overall market net of PZU was **-2.9%**, while in this same period PZU posted growth of **1.5%**.
- This translated into material growth in PZU Życie's periodical premium market share up to **45.0%** at the end of Q3 2016 (its highest level since 2010).
- At the same time, the information reported by the Polish FSA from the outset of 2016 made it possible to determine that PZU's market share of life insurance (class 1) periodical premium was **67.1%** at the end of Q3 2016 while for group insurance in the same class it was **66.7%.**
- PZU Życie posted high profitability in terms of its technical result in comparison to other market players – the margin commanded by PZU Życie was more than twice the average margin reported by its competitors – **20.0%** as opposed to the other insurers with **8.2%**.

PZU Group is the insurance leader in the Baltic States

PZU in the CEE region





* Market share in Ukraine and Latvia for Q3 2016

Agenda

1. PZU Group's position on the changing insurance market
2. Execution of the Group's strategy for 2016-2020
3. Major drivers of the PZU Group's result in 2016
4. Recap of the PZU Group's financial results for 2016
5. Detailed financials
6. Group figures as at 30 September 2016 according to Solvency II

KPI's of the Strategy for 2016-2020

ROE[1]	
2016	2020
15%	**18%**

BUSINESS SIZE

		2016	2020
NON-LIFE INSURANCE	PZU Group's market share[2]	**36%**	**35%**
LIFE INSURANCE	Number of clients in PZU Życie (million)	**11.2**	**11.0**
INVESTMENTS	Assets of third party clients under management (bn PLN)	**27.0**	**50**
HEALTH	Revenues (m PLN)[7]	**363.8**	**1,000**
BANKING	Assets (bn PLN) [10]	**61**	**140**

BUSINESS PROFITABILITY

		2016	2020
NON-LIFE INSURANCE	Combined ratio[3]	**95%**	**92%**
LIFE INSURANCE	Insurance margin in group and individual continuation	**25.8%**	**>20%**
INVESTMENTS	Net result on third party asset management (m PLN)	**83.8**	**200**
HEALTH	EBITDA Margin[8]	**7.2%**	**12%**
BANKING	Net financial result attributed to the PZU Group (m PLN) [10]	**193**	**450**

Cutting fixed expenses (m PLN)	
2016	2018
78	**400**

Surplus rate of return on its own portfolio above the RFR	
2016	2016-2020[4]
0.6 p.p.	**2.0 p.p.**

GROUP OBJECTIVES

Solvency II solvency ratio[5]	2016: **253%[9]**	2020: **>200%**
NPS for Retail Client vs. competitors	2016: **+9.1 p.p.**	2020: **> competitors**
Number of products per Retail Client	2016: **1.51**	2020: **1.64**
Employee commitment index	2014[6]: **49%**	2020: **55%**

1 ROE attributable to the parent company
2 Direct business
3 PZU jointly with PZUW TUW and Link4
4 Average from 2016 to 2020
5 Own funds after subtracting anticipated dividends and asset taxes
6 Last year audited
7 Annualized; Branches - including revenues from PZUZDR
8 Net of transaction costs
9 Data for the first 3 quarters of 2016
10 Data in accordance with Alior Bank's financial statements

Agenda

1. PZU Group's position on the changing insurance market
2. Execution of the Group's strategy for 2016-2020
3. Major drivers of the PZU Group's result in 2016
4. Recap of the PZU Group's financial results for 2016
5. Detailed financials
6. Group figures as at 30 September 2016 according to Solvency II

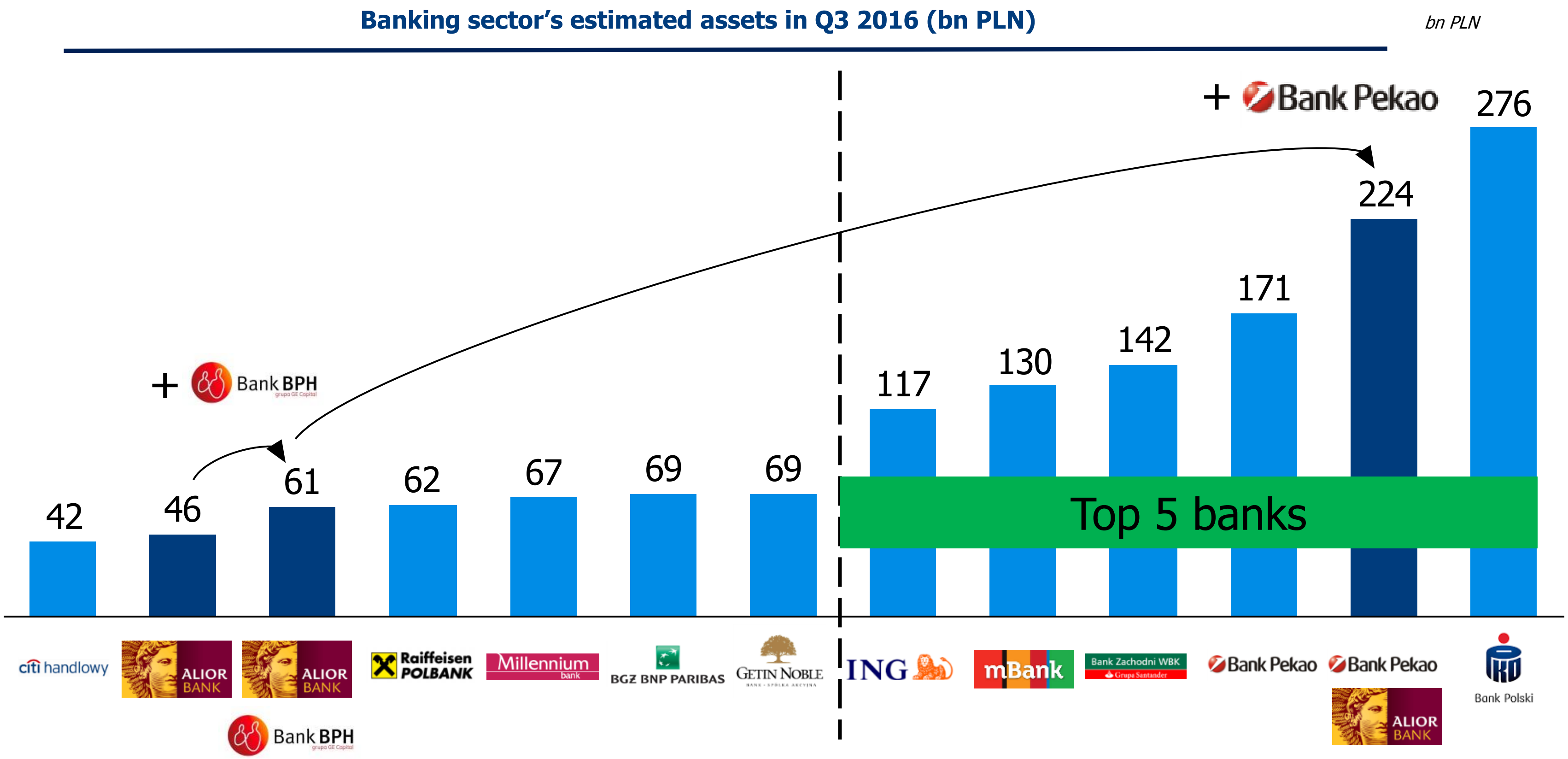
The most important events and drivers of the results in Q4 2016

- Signing of the agreement to acquire a 32.8% stake in Pekao SA by the PZU Group together with the Polish Development Fund
- Completion of the takeover process of the spun off part of Bank BPH
- High profitability in the group and individually continued insurance segment
- Enhancement of performance in motor insurance on materially rising market share
- High profitability in other non-life insurance - sales growth generated by TUW PZUW
- The higher result on equity instruments linked to better market conditions on the Warsaw Stock Exchange partially offset by the lower result on interest-bearing financial assets due to the shift in the outlook for global interest rates

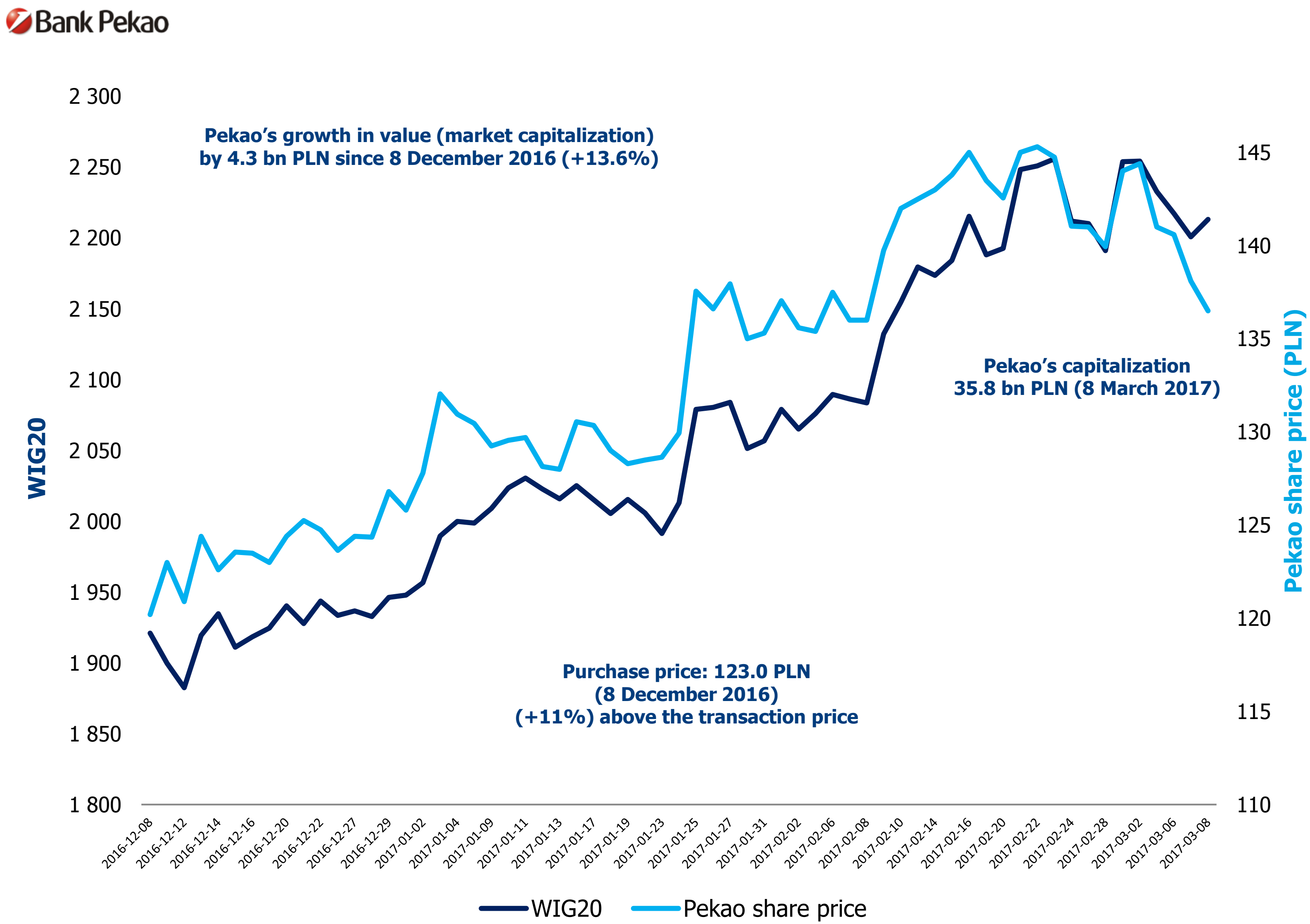
Acquiring Bank Pekao automatically placed the PZU Group among the market leaders

- Achieving the strategic objective of building a position in the banking sector (>140 billion PLN of assets)
- Since 8 December 2016 (i.e. PZU's signing of the agreement to acquire a 20% equity stake from UniCredit) Pekao's market valuation has climbed by **4.3 bn PLN**

Banking sector's estimated assets in Q3 2016 (bn PLN)

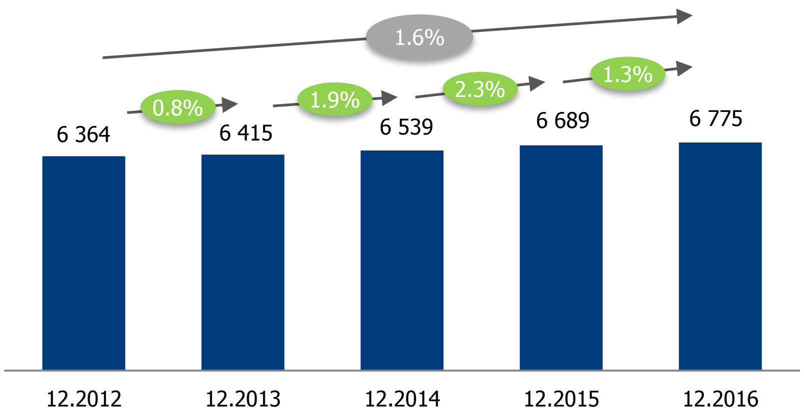


Growth in Pekao's capitalization from signing the agreement (8 Dec. 2016) – compared to the transaction price



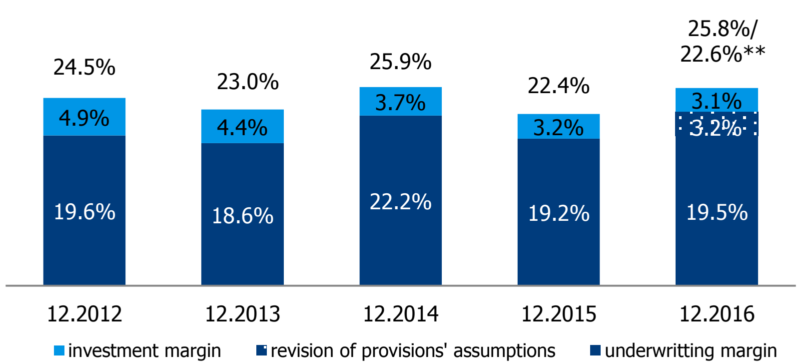
Higher profitability of group and individuallly continued insurance in Q4

Gross written premium (m PLN)



- Lessening the pressure on the premium growth rate making it possible to control the loss ratio.
- New riders to group and continued insurance and modification of existing policy terms and conditions exerting a positive impact on the growth rate and profitability.
- Rising share of health insurance premiums.
- Lower sales of protection insurance in the banking channel.

Margin (%)*



* margin net of the conversion effect

** margin net of the conversion effect and one-off factors

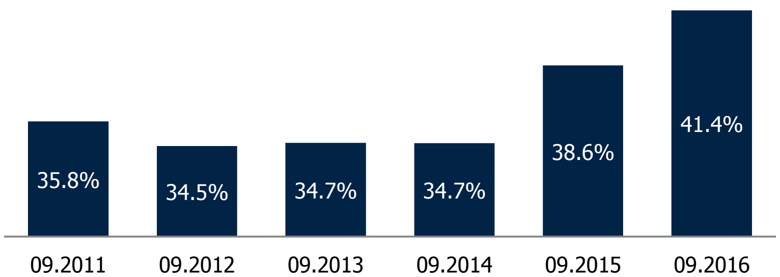
- The margin in Q4 2016 alone, net of the one-off factor described below, was 24.1%, signifying growth in comparison with Q4 2015 by 0.9 p.p. and in comparison with cumulative Q3 2016 by 2.0 p.p. despite dwindling profitability in investing activity and the constant pressure exerted by the competition.
- As a consequence of the level of benefits awarded for permanent health impairment falling in recent years, the assumptions were verified and updated for expected future payments for this purpose used to calculate provisions and this made it possible to reverse 216 m PLN in provisions in December 2016, mostly in continued insurance.
- Rising positive impact of new individual continuation.
- Enhanced profitability of protection insurance driven by new riders and containing the pace of growth in the loss ratio.
- Climbing contribution made by the health insurance margin.
- Cost discipline.

xx% - CAGR

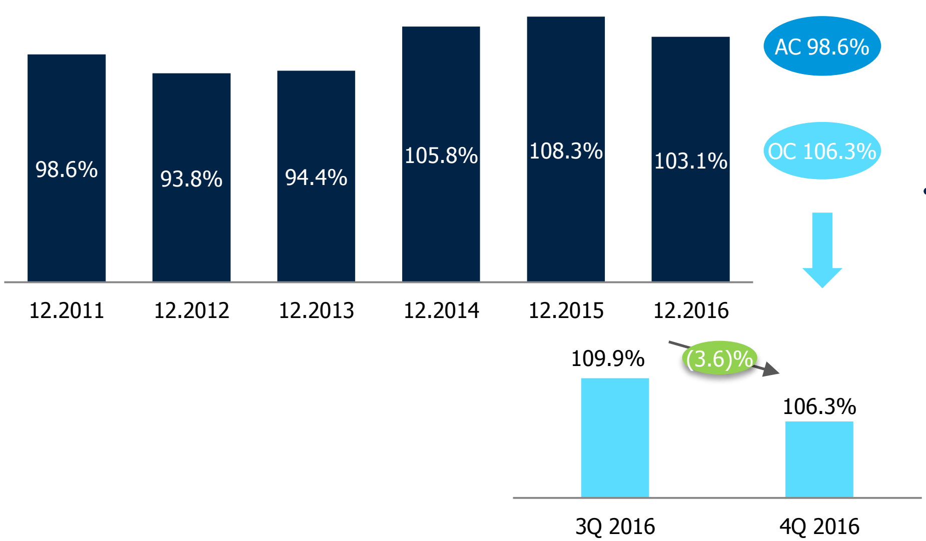
x% - Change year to year

Enhanced performance in motor insurance coupled with rising market share

PZU Group's motor insurance market share * (Poland)



PZU Group's combined ratio (COR) in motor insurance (Poland)

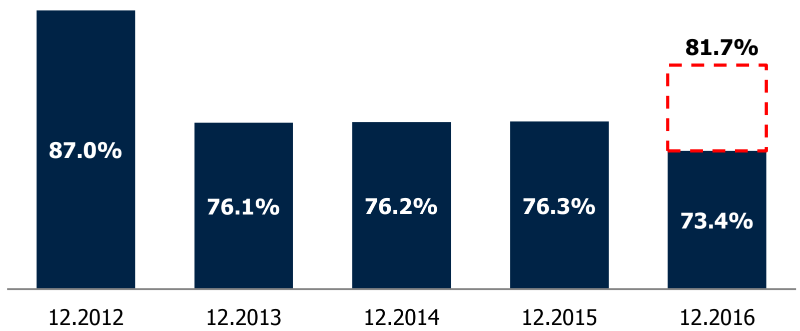


** According to the Polish FSA's Q3 2016 report; the market and market shares including PZU's inward reinsurance from Link4 and the TUW mutual;* PZU jointly with PZUW TUW and Link4 excl. intragroup transactions

- As the price war lasting from 2005 to 2010 ended (after the flood of 2010), the overall motor insurance sector's results started to improve. Another period of price competition commenced shortly thereafter. The results of recent years confirm that. The decline in the market's technical result by 212.4 m PLN y/y (after Q3 2016) is chiefly the outcome of deteriorating results in motor TPL insurance (decline in the technical result by 251.3 m PLN y/y), further exacerbated by the diminished profitability of agricultural insurance for property damages and caused by natural forces (technical result down by 200.9 m PLN y/y).
- The downturn in the result of motor TPL insurance on the market is chiefly the effect of higher claims and benefits (up 564.2 m PLN versus 2015 as a result among others of the Polish FSA's recommendations leading to a higher average claim value) coupled with a considerably lower growth rate of earned premiums (the effects of price hikes instigated at the end of 2015 still not being overly visible - gross written premium surged upward by 34.7% y/y while premium earned edged up by a mere 9.5% y/y).
- **PZU is in a more favorable position than its competitors** when facing these challenging market conditions (at the end of Q3 2016 the technical result in motor TPL was -231.5 m PLN while the rest of the market posted a result of roughly -616.1 m PLN). Nonetheless, PZU, just as the other competitors, bore the consequences of the Polish FSA's recommendations implemented in 2015 regarding the level of claim payments. These consequences are partially offset by the growth in earned premium (the rising number of insurance policies and the changes made to the average price, though the consequence of that will be more noticeable in subsequent periods).

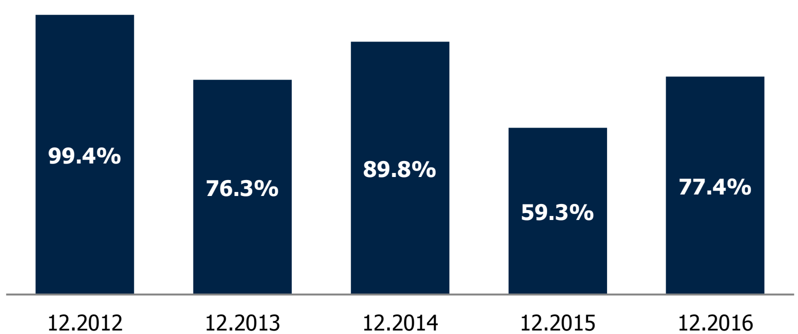
High profitability in other non-life insurance

Combined ratio (COR) in non-motor insurance – mass segment



- Significantly higher level of claims and benefits y/y in the agricultural insurance portfolio - consequence of higher than average high value claims concerning the adverse impact of ground frost (in Q1 2016) and hail (Q2 and Q3 2016).
- The claims for the adverse consequences of ground frost were more than 230 m PLN higher than the average for the last 3 years – if this were treated as a non-recurring event (transpiring once every few years), then the **normalized COR would be 73.4%, signifying improvement of roughly 2.9 p.p. y/y.**

Combined ratio (COR) in non-motor insurance – corporate segment

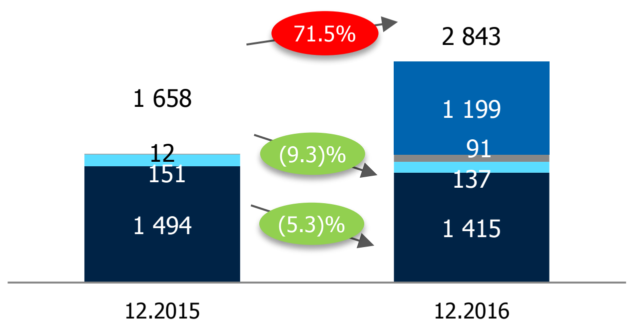


- **Active presence of TUW PZUW** on the insurance market from 29 February 2016 when the first policy was concluded. The mutual's rapid growth is confirmed by its market share of 0.5% during its first year of operation **with a total gross written premium of 137.8 m PLN**;
- The operations of **TUW PZUW** are conducive to strengthening the PZU Group's position among corporate clients and will contribute to sustaining high profitability, among others, through collaboration between TUW PZUW and **PZU LAB** in risk management.

Extensive cost discipline - lower administrative expenses in insurance business in Poland

mln zł

PZU Group's administrative expenses



- The y/y increase in the PZU Group's administrative expenses was driven by commencing the consolidation of Alior Bank.
- The decline in the costs of the insurance companies acquired in 2014 was due to lower costs (IT among others) posted by the Baltic companies and Link4.
- A positive effect was recorded in operations to date in comparison to the corresponding period of last year in the insurance activity segments in Poland in connection with maintaining high cost discipline - a drop in administrative expenses by 26 m PLN* offset by a change in presentation of the fee for performing administrative tasks in bancassurance agreements of roughly 78 m PLN y/y.

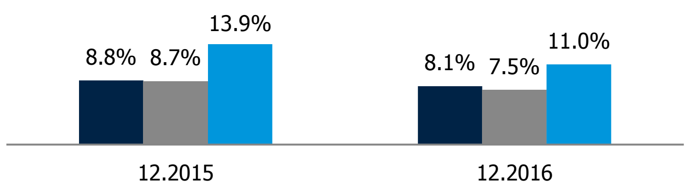
Activity to date net of service commissions

Impact exerted by the insurance companies acquired in 2014

Service commissions in the bancassurance channel of PZU and PZU Życie

Bank

Administrative expense ratio in the insurance business



- The declining administrative expense ratio in Poland was driven mainly by maintaining cost discipline coupled with the rapidly growing magnitude of business.
- The influence exerted by the change in presentation of the fee for performing administrative tasks in bancassurance agreements on the administrative expense ratio is +0.5 p.p. y/y. From 2016 these expenses are recognized in administrative expenses.
- At the same time, the improving administrative expense ratio in international companies chiefly as an offshoot of divesting from PZU Lithuania in H2 2015 and lower costs (IT among others) posted by the Baltic companies belonging to the PZU Group in 2016.

Polish insurance companies

Polish insurance companies net of the service commissions in the bancassurance channel

International insurance companies

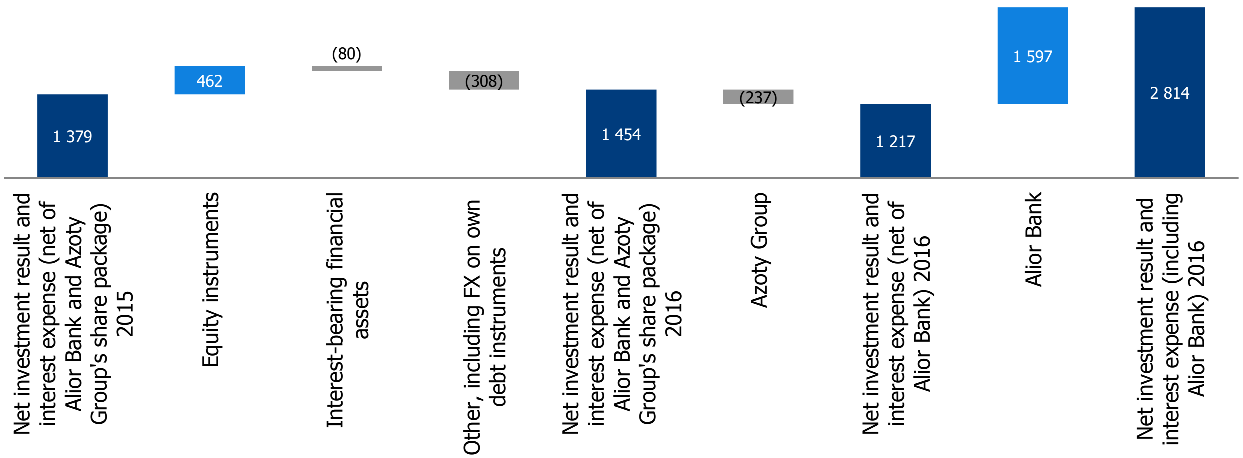
Administrative expense ratio calculated using the equation:
administrative expenses in the insurance segments / net earned premium

x% - Change year to year

*change in administrative expenses y/y of the insurance segments in Poland (according to PAS)

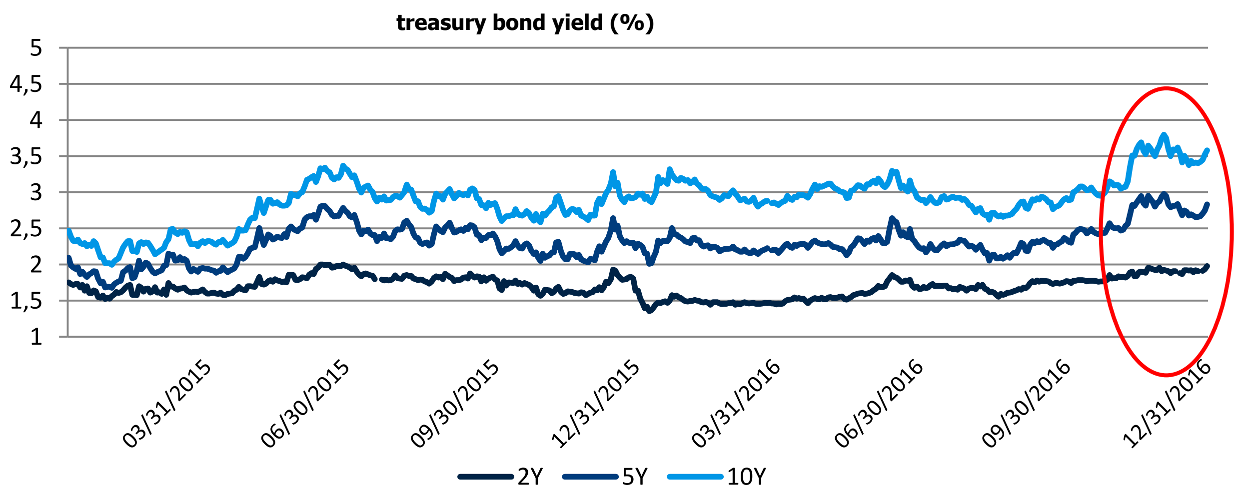
Better performance of equity instruments offset by the decline in the valuation of interest-bearing financial assets

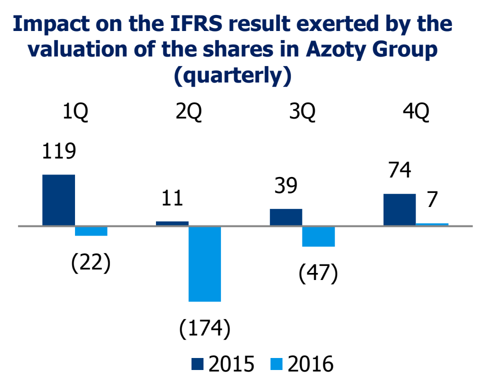
m PLN



The higher net investment result* net of the equity stake in the Azoty Group in 2016 is mostly the outcome of the following factors:

- better performance of equity instruments, chiefly due to improved market conditions on the Warsaw Stock Exchange – the WIG index is up 11.4% compared to its 9.6% decline last year;
- the decline in the valuation of interest-bearing financial assets due to the shift in the outlook for global interest rates.





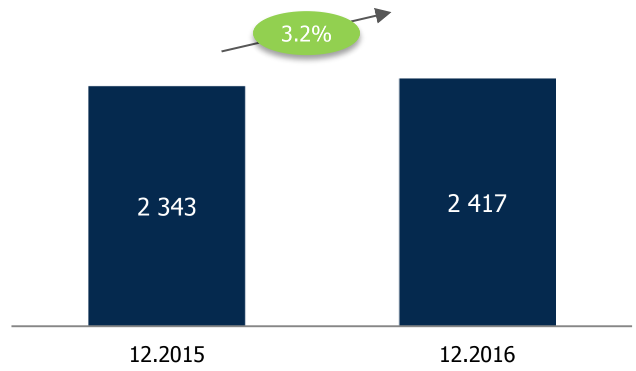
* *The net investment result (net investment income, net realized result and impairment losses and the net movement in the fair value of assets and liabilties measured at fair value) and interest expenses net of Alior Bank's impact.*

Agenda

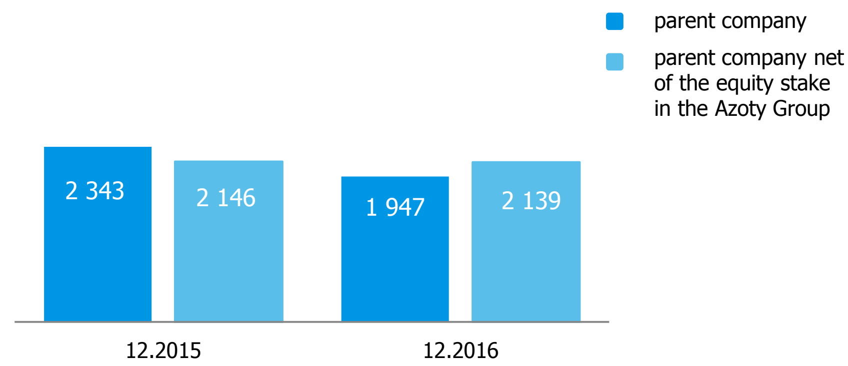
1. PZU Group's position on the changing insurance market
2. Execution of the Group's strategy for 2016-2020
3. Major drivers of the PZU Group's result in 2016
4. Recap of the PZU Group's financial results in 2016
5. Detailed financials
6. Group figures as at 30 September 2016 according to Solvency II

Net profit influenced by the revaluation of the equity stake in the Azoty Group

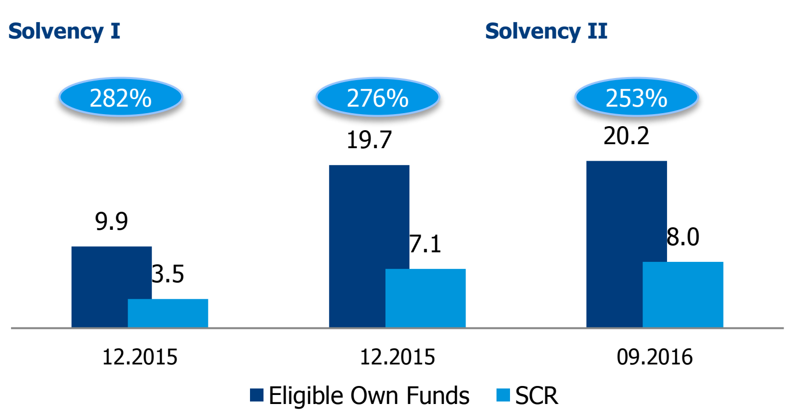
PZU Group's net profit (m PLN)



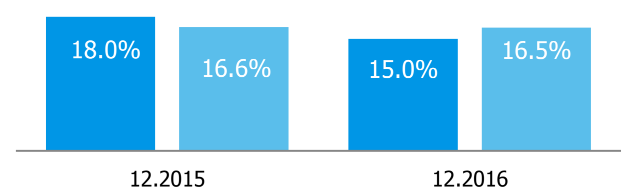
Net profit – parent company (m PLN)



Group solvency ratios**



Return on equity (ROE) (%)*



**Data according to Solvency II as at 30 September 2016

* Ratio computed using equity at the beginning and end of the reporting period. Computed for the parent company;

x% - Change year to year

Operating results in Q4 2016

Non-life insurance

- **Suppressed profitability due to the following:**
  - significantly higher y/y level of claims and benefits in the agricultural insurance portfolio as a consequence of the adverse consequences of ground frost in the first quarter and hail storms in the summer;
  - improved profitability in the motor insurance portfolio – despite the noticeable repercussions of fierce price competition in recent years (effect of the Polish FSA's guidelines under implementation since 2015 among others).

Life insurance

- **Maintenance of profitability** - profitability growth in the group and individually continued insurance segment compared to Q4 of last year even after excluding the one-off factor associated with updating the assumptions on expected future payments for permanent health impairment used to calculate provisions (reversal in December 2016 of 216 m PLN in provisions chiefly in continued insurance) – loss ratio down in protection insurance, cost discipline and measures concerning individual continuation to enhance current business profitability.

International companies

- **Sales growth** in all the insurance companies currently belonging to the PZU Group's portfolio - up by a total of +15.0% in the Baltic States segment and +24.3% in the Ukraine segment.
- Higher loss ratio in the Baltic States, chiefly in Lithuania and Estonia in motor insurance, the effect of growth in large claims and higher frequency (outcome of bad weather conditions in the winter of 2016).
- Non-recurring result of **165.5 m PLN** on the sale of PZU Lithuania in 2015.

Bank segment

- Alior Bank's **purchase** of a spunoff portion of **Bank BPH**
- **Alior Bank's rights offering** worth 2.2 bn PLN in June 2016 - the largest public offering on the Warsaw Stock Exchange since 2013.
- Alior Bank's contribution to the PZU Group's operating result equal to **691 m PLN**.

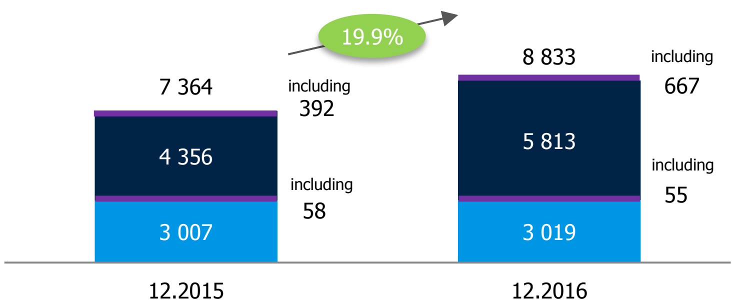
Investments

- **Better performance of equity instruments** in Q4, in particular due to improved market conditions on the Warsaw Stock Exchange in this period – the WIG index is up 9.9% compared to its 6.7% decline in the corresponding period of last year;
- **Decline in the valuation of Polish treasuries** in Q4 largely due to the shift in the outlook for global interest rates.

Non-life insurance
Growth in motor insurance sales

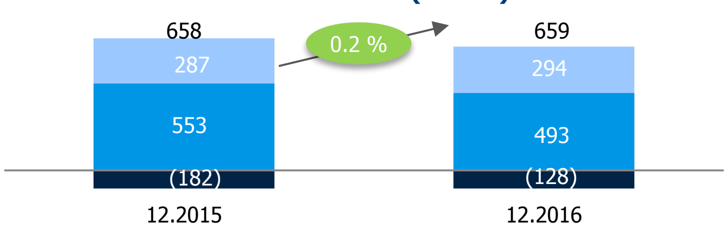
Mass segment

Gross written premium (m PLN)



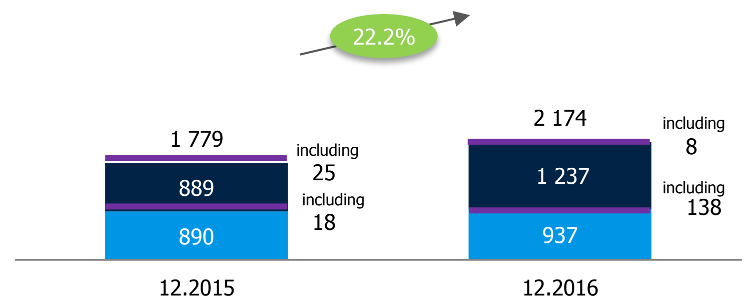
Combined ratio (%)

Insurance result (m PLN)

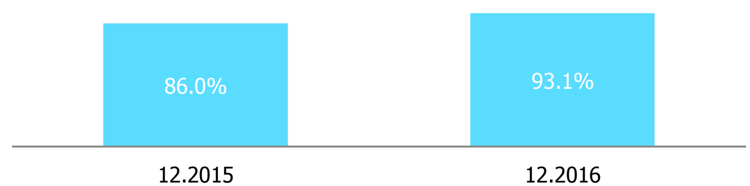


Corporate segment

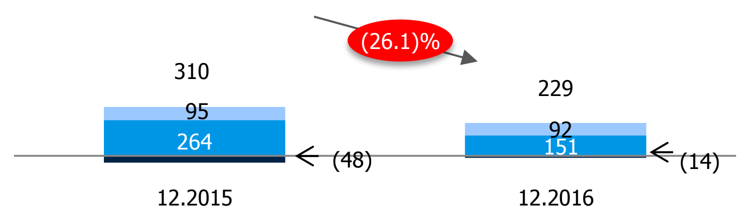
Gross written premium (m PLN)



Combined ratio (%)



Insurance result (m PLN)



- *Motor insurance*
- *Link4 + TUW PZUW (mutual)*
- *Non-motor insurance*
- *Impact exerted by investment income allocated from the Investment segment*
- *Combined ratio calculated jointly for motor and non-motor insurance*

x% - Change year to year

Recap – non-life insurance

Mass segment

Higher gross written premium y/y as an effect of the following:

- motor insurance sales (+33.4% y/y) up as an effect of the rising number of insurance policies and the growing average premium following from gradually introduced hikes (forming a response to the deteriorating results);
- upselling of riders, including the assistance offered primarily in a bundle with motor insurance;
- incremental growth in premiums for insurance of other damage to property and other TPL, including PZU DOM household insurance partially offset by lower sales of agricultural insurance.

Diminished insurance result chiefly a result of the following:

- higher level of claims and benefits in the insurance group:
  - for other damage to property, chiefly including insurance for subsidized crop insurance as an effect of the occurrence of numerous losses caused by the forces of nature (including the adverse effects of ground frost);
  - motor insurance, mainly due to the expanding insurance portfolio.
- higher insurance activity expenses as the outcome of the following:
  - rising acquisition expenses due to the growing direct acquisition expense (including the effect of the growing insurance portfolio);
  - lower administrative expenses driven by demonstrating cost discipline partially offset by amendments to group bancassurance agreements and as a result of recognizing the fee for performing administrative activities (previously recognized as acquisition expenses).

Corporate segment

Higher gross written premium y/y as an effect of the following:

- motor insurance sales growth (+39.1% y/y) to leasing companies and in fleet insurance as a consequence of the higher average premium and the number of insurance policies;
- higher non-motor insurance premium (+5.2% y/y) as the offshoot of signing several high unit value agreements, including several large entities from the coal and power sectors joining in TUW PZUW.

Diminished insurance result as the outcome of the following:

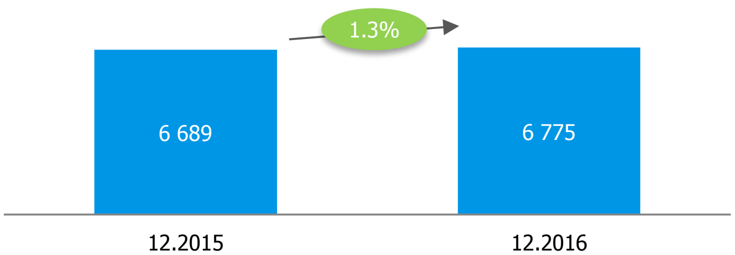
- incremental increase in net earned premium (+11.1%) – the result of higher sales;
- higher level of claims and benefits in general TPL insurance and various financial risks (reporting of single high value claims); Despite the rising value of claims, this effect is partially offset by the improved loss ratio in the motor TPL insurance group;
- higher insurance activity expenses as a consequence of the following:
  - rising acquisition expenses - due to the higher level of direct acquisition expense (including the effekt of the growing insurance portfolio);
  - lower administrative expenses driven by demonstrating cost discipline.

Life insurance

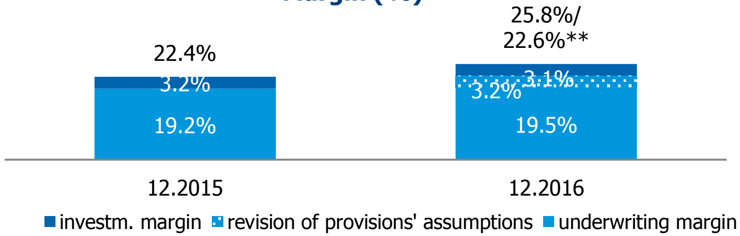
High margin in both segments

Group and continued insurance segment

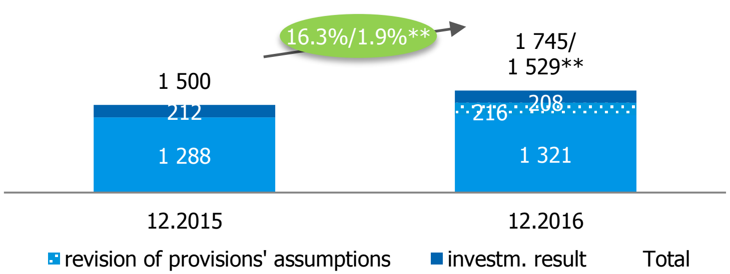
Gross written premium (m PLN)



Margin (%)*

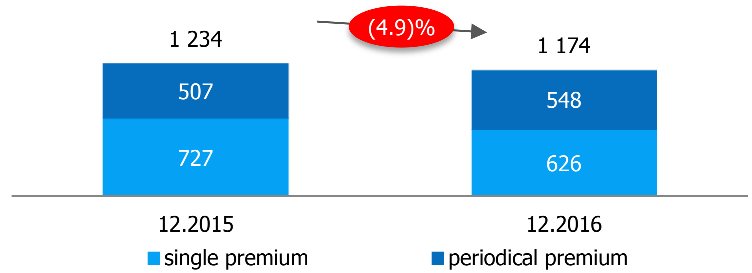


Insurance result* (m PLN)



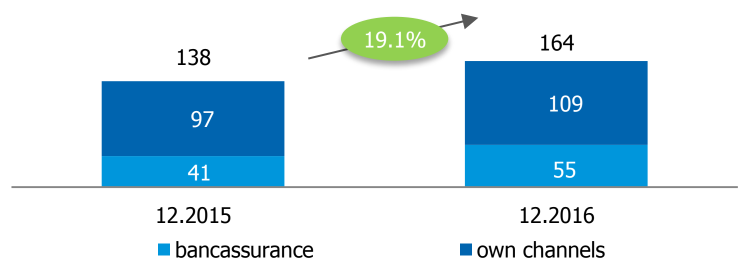
Individual insurance segment

Gross written premium (m PLN)



Margin (%)

Annual premium equivalent (m PLN)



* margin and insurance result net of the conversion effect

** margin and insurance result net of the conversion effect and one-off factors

x% - Change year to year

Recap – life insurance

Group and continued insurance segment

Drivers of higher gross written premium:

- growth in group protection insurance - higher average premium and average number of riders per insured;
- acquisition of premium in group health insurance products; PZU now insures roughly 1.3 million clients in these types of products;
- upholding the policy of up-selling riders while concurrently indexing premiums in the underlying main contracts in continued products.

Drivers of growth in the insurance result

- nominal growth in the size of the insurance portfolio;
- as a consequence of the level of benefits awarded for permanent dismemberment falling in recent years, the assumptions were checked and updated for expected future payments for this purpose used to calculate provisions and this made it possible to reverse 216 m PLN in provisions in December 2016, mostly in continued insurance;
- protection portfolio loss ratio down due to the lower frequency of deaths (confirmed by statistics published by the Central Statistics Office [GUS] on a similar effect in the entire population);
- movements in the composition of people enrolling in the individual continuation portfolio yielding lower growth in mathematical provisions;
- company's lower administrative expenses driven mainly by demonstrating cost discipline among others in real estate and sales support expenses.

Individual insurance segment

Gross written premium down driven by the following:

- suppressed subscriptions for the structured product in PZU Group branches compared to last year's record-breaking achievement;
- lower contributions to the *unit-linked* insurance accounts opened in previous years and offered jointly with Bank Millennium;
- continued decline in contributions in the *Plan na Życie* unit linked product, which was withdrawn from sale at the end of 2014.

In turn, the following factors produced a positive outcome:

- high level of contributions to IKE individual retirement accounts, especially in Q4 2016;
- high sales of individual protection products, especially in PZU Group branches;
- launch of a new unit-linked product called *Cel na Przyszłość [Goal for the Future]* at yearend 2015.

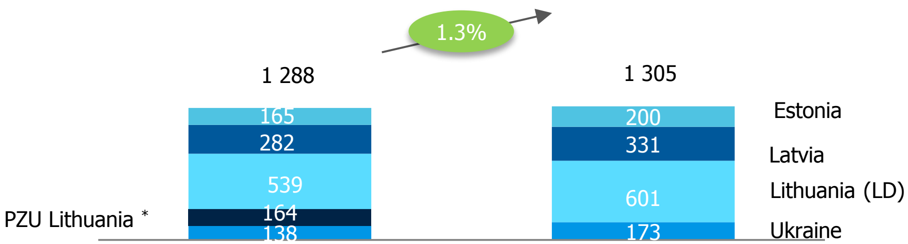
Sales channels:

- rising new sales in the bancassurance channel driven by the conversion effect of protection products from group into individual coupled with rising new unit-linked sales;
- growth in the traditional channel as a result of the launch of a new unit-linked product called *Cel na Przyszłość [Goal for the Future]* at the end of last year, the material upswing in contributions to the IKE individual retirement accounts in Q4 and higher sales of individual protection products, especially by Group branches partially offset by the lower sales of the structured product (record-breaking subscriptions during last year).

International business
Higher result driven by lower insurance activity expenses in the Baltic States

Non-life insurance

Gross written premium (m PLN)

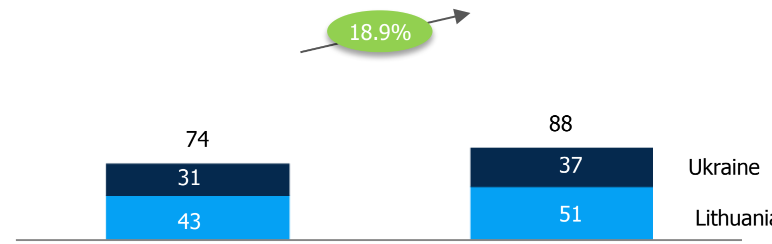


Combined ratio (%)

Insurance result (m PLN)

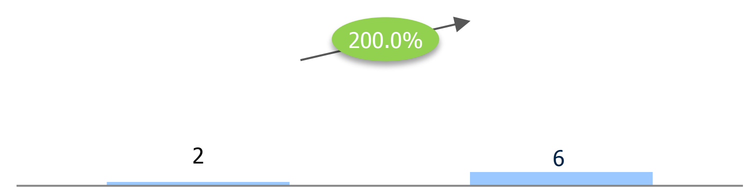
Life insurance

Gross written premium (m PLN)



Margin (%)

Insurance result (m PLN)



* PZU Lithuania net of the branches in Latvia and Estonia;

x% - Change year to year

Recap – international business

Gross written premium

Non-life insurance

- Premium growth in the Baltic companies acquired in 2014 following the introduction of higher rates for motor insurance in the region, activation of non-life insurance sales in Lithuania and the rising health insurance premium in Latvia:
  - Lithuanian market leader Lietuvos Draudimas: 601 m PLN (last year: 539 m PLN);
  - Latvian AAS Balta: 331 m PLN (last year: 282 m PLN);
  - Estonian branch of PZU Insurance: 200 m PLN (last year: 165 m PLN).
- Slight decrease in the total gross written premium of the Baltic States segment since PZU Lithuania made a material contribution to last year's gross written premium (the divesture of PZU Lithuania took place on 30 September 2015). Considering solely companies that are currently contributing to the result, premium growth would be 14.8% y/y.
- Gross written premium up 25.4% in Ukraine (40.2% in the functional currency). The higher gross written premium is driven chiefly by signing a contract with a new corporate partner.

Life insurance

- Gross written premium in Lithuania up 18.6% chiefly driven by higher endowment sales and cooperation with Lietuvos Draudimas;
- Sales in Ukraine up 19.4% in individual and group insurance.

Insurance results

Non-life insurance

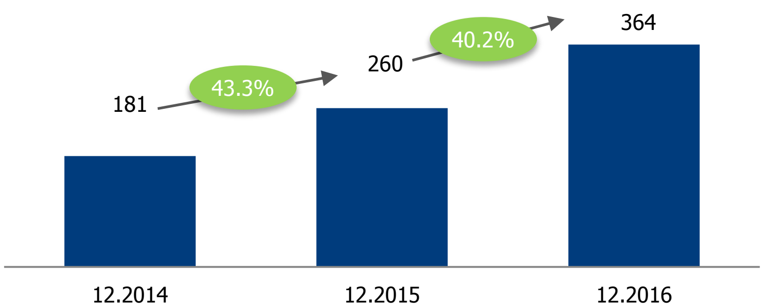
- Combined ratio decline as a result of the following:
  - savings chiefly in IT among the companies belonging to the Baltic States segment;
  - absence in 2016 of the adverse impact exerted by PZU Lithuania which was recorded last year;
  - higher loss ratio in Estonia and Lithuania caused by higher large claims and higher frequency (outcome of bad weather conditions in the winter of 2016) and in Ukraine as a result of international losses.
- Higher insurance result (27 m PLN) in non-life business thanks to the positive results generated by companies belonging to the PZU Group's portfolio accompanied by the absence in 2016 of PZU Lithuania's negative results.

Life insurance

- Higher operating result (up 4 m PLN) in life insurance thanks to the margin upswing in both insurance companies.

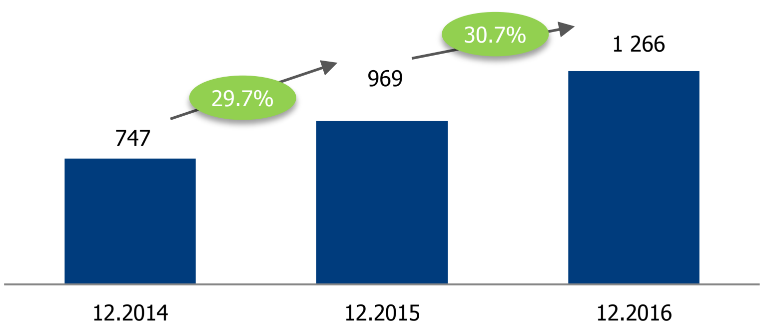
Health
Rapid growth in health care - roughly 1.3 million clients

Revenues in health (m PLN)*



- Another year of rapid health insurance expansion – the premium growth rate is 38.4%.
- Intensive growth of health subscriptions (2015).
- Development of its medical centers.
- New acquisitions of medical centers expanding geographic coverage and client accessibility to PZU's proprietary network.

Number of health insurance clients (000s)



- Rapid growth in this area – acquiring new clients and expanding participation among current clients.
- Enrolling more than 120 thousand police officers in this insurance.

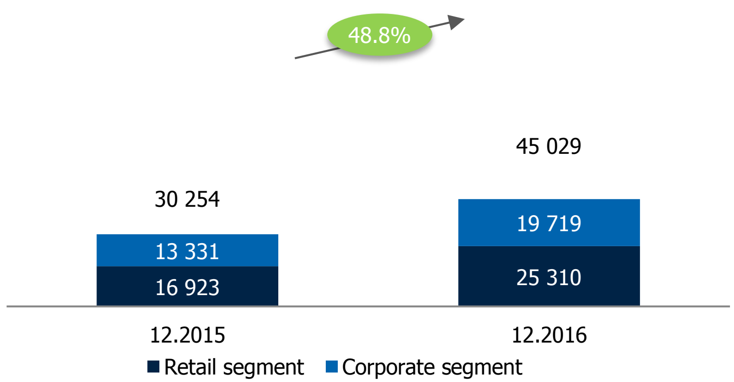
* Gross written premium and revenues from subscriptions and medical centers presented by market share (Proelmed 57.00% equity stake, Gamma 60.46% equity stake) and regardless of the time of the company's acquisition; the revenues of Branches - presented in managerial accounting in a corresponding manner to the other centers, i.e. including revenues from PZU Zdrowie

x% - Change year to year

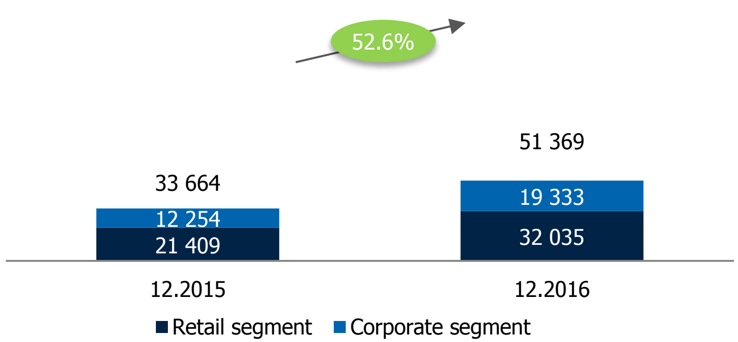
Alior Bank
Positive growth rate in credit receivables

Portfolio composition

Loan portfolio by segment (m PLN)

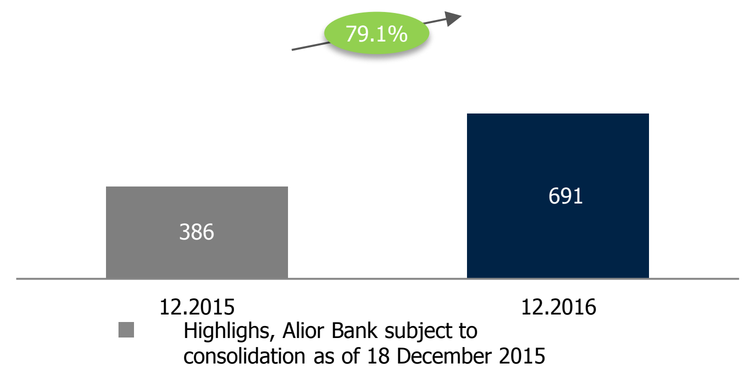


Liabilities to clients (Deposit base) by segment (m PLN)

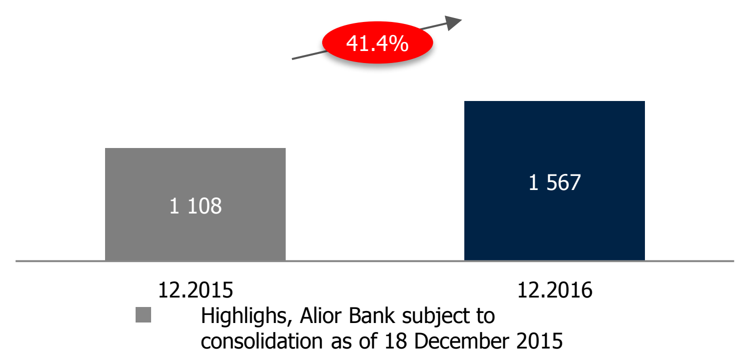


Banking segment

Operating profit (m PLN)



Alior Bank general administrative expenses (m PLN)



x% - Change year to year

Agenda

1. PZU Group's position on the changing insurance market
2. Execution of the Group's strategy for 2016-2020
3. Major drivers of the PZU Group's result in 2016
4. Recap of the PZU Group's financial results in 2016
5. Detailed financials
6. Group figures as at 30 September 2016 according to Solvency II

Key financial highlights

m PLN, IFRS	Q1-Q4 2015*	Q1-Q4 2016	*Change YoY*	Q3 2016	Q4 2016	*Change Q4 2016 over Q3 2016*
Profit and Loss Statement						
Gross Written Premium	18 359	20 219	*10.1%*	4 844	5 513	*13.8%*
Premium Earned	17 385	18 625	*7.1%*	4 799	4 841	*0.9%*
Net investment Result	1 739	3 587	*106.3%*	1 247	884	*(29.1)%*
Interest Expenses	(117)	(773)	*x*	(178)	(198)	*11.3%*
Operating Profit	2 940	3 034	*3.2%*	910	1 074	*18.0%*
Net Profit	2 343	2 417	*3.2%*	718	909	*26.6%*
Parent Company Net Profit	2 343	1 947	*(16.9)%*	649	638	*(1.6)%*
Balance Sheet						
Parent Company Equity	12 924	13 010	*0.7%*	12 377	13 010	*5.1%*
Total Assets	105 397	125 345	*18.9%*	112 914	125 345	*11.0%*
Principal Financial Ratios						
ROE**	18.0%	15.0%	*(3.0) p.p.*	21.5%	20.1%	*(1.4) p.p.*
Combined Ratio***	94.5%	94.9%	*0.4 p.p.*	99.0%	93.5%	*(5.5) p.p.*
Leverage ratio****	28.7%	28.1%	*(0.6) p.p.*	28.3%	28.1%	*(0.2) p.p.*

* Restated data

** Ratio computed using equity at the beginning and end of the reporting period. Computed for the parent company

*** Only for non-life insurance

**** PZU Group's leverage ratio – quotient of debt on long-term financial liabilities (excl. loan commitments) to the sum of the following: debt on long-term financial liabilities and the PZU Group's equity minus intangible assets, deferred acquisition expenses and deferred tax assets carried in the PZU Group's consolidated financial statements

Normalized operating profit

Operating profit

YTD, m PLN

m PLN, IFRS	2015	2016
Operating profit	**2 940**	**3 034**
including:		
1 Alior Bank's bargain purchase gain on the spunoff portion of Bank BPH	x	508
2 Restructuring provision for Alior Bank	x	(268)
3 Effect of commencing consolidation of Alior Bank	(176)	x
4 Conversion effect (PZU Życie)	75	40
5 Agricultural insurance	x	(237)
6 Update of assumptions to calculate provisions in PZU Życie	x	216
7 Result on the sale of PZU Lithuania	165	x
Operating profit net of one-off events	**2 875**	**2 774**
8 Financial institution tax	x	(395)
9 Contribution of Alior Bank	x	638
10 Revaluation of the equity portfolio in the Azoty Group, revaluation of assets in the Armatura	243	(290)
Normalized operating profit	**2 632**	**2 821**

1. The net value of identifiable assets and liabilities measured at fair value on the date of acquisition exceeds the sum of the remitted payment.
2. The restructuring provision designated for payments of severance pay and the costs of restructuring the bank network of the spunoff portion of BPH and Alior Bank.
3. The loss due to movement in the fair value of the shares acquired under tranche I between the date of purchase and the date when PZU took control of Alior Bank, i.e. 18 December 2015 is 175.8 m PLN.
4. Impact exerted by conversion of long-term policies into yearly renewable term agreements in type P group insurance.
5. Above average claims in agricultural insurance versus the last 3 years.
6. Updating the assumptions on the expected future payments for permanent health impairment used to calculate provisions for this risk in PZU Życie.
7. Sale of PZU Lithuania on 30 September 2015 for a total of 67 m EURO (280 m PLN). Transaction in conjunction with expanding operations in the Baltic States.
8. Implementation of the levy on financial institutions as of 1 February 2016.
9. Operating result of the consolidated Alior Bank plus adjustments by virtue of PZU's acquisition net of the levy on some financial institutions and the non-recurring events recognized above
10. Impact exerted by the revaluation of the portfolio of investments in Azoty and the revaluation of assets in the Armatura Group.

Profitability by insurance activity segment

Insurance Business Segments	Gross Written Premium			Operating Profit			Combined Ratio / Operating profit ratio*	
m PLN, local GAAP	**Q1-Q4 2015**	**Q1-Q4 2016**	*Change YoY*	**Q1-Q4 2015**	**Q1-Q4 2016**	*Change YoY*	**Q1-Q4 2015**	**Q1-Q4 2016**
Total Non-Life - Poland	**9 143**	**11 007**	***20.4%***	**968**	**888**	***(8.3)%***	**94.0%**	**95.0%**
Mass Insurance - Poland	**7 364**	**8 833**	***19.9%***	**658**	**659**	***0.2%***	**95.7%**	**95.4%**
Motor TPL Insurance	2 610	3 649	*39.8%*	(166)	(135)	*x*	113.3%	105.7%
Motor Own Damage	1 746	2 164	*23.9%*	(16)	7	*x*	101.1%	99.2%
Other products	3 007	3 019	*0.4%*	553	493	*(10.9)%*	76.3%	81.7%
Impact of investment segment allocation	x	x	*x*	287	294	*2.7%*	x	x
Corporate Insurance - Poland	**1 779**	**2 174**	***22.2%***	**310**	**229**	***(26.1)%***	**86.0%**	**93.1%**
Motor TPL Insurance	372	527	*41.5%*	(76)	(44)	*x*	124.6%	110.6%
Motor Own Damage	517	710	*37.3%*	28	30	*7.7%*	95.8%	96,7%
Other products	890	937	*5.2%*	264	151	*(42.8)%*	59.3%	77.4%
Impact of investment segment allocation	x	x	*x*	95	92	*(2.5)%*	x	x
Total Life - Poland	**7 923**	**7 949**	***0.3%***	**1 781**	**2 029**	***13.9%***	**22.5%**	**25.5%**
Group and Continued ** - Poland	**6 689**	**6 775**	***1.3%***	**1 500**	**1 745**	***16.3%***	**22.4%**	**25.8%**
Individual - Poland	**1 234**	**1 174**	***(4.9)%***	**206**	**244**	***18.4%***	**16.7%**	**20.8%**
Conversion effect	x	x	*x*	75	40	*(46.7)%*	x	x
Total Non-Life - Ukraine & Baltica	**1 288**	**1 305**	***1.3%***	**54**	**81**	***50.0%***	**97.6%**	**94.9%**
Baltic states Non-life	**1 150**	**1 132**	***(1.6)%***	**45**	**71**	***57.8%***	**97.4%**	**94.5%**
Ukraine Non-life	**138**	**173**	***25.4%***	**9**	**10**	***11.1%***	**98.6%**	**100.0%**
Total - Life - Ukraine & Baltica	**74**	**88**	***18.9%***	**2**	**6**	***200.0%***	**2.7%**	**6.8%**
Lithuania Life	**43**	**51**	***18.6%***	**(1)**	**1**	***x***	**(2.3)%**	**2.0%**
Ukraine Life	**31**	**37**	***19.4%***	**3**	**5**	***66.7%***	**9.7%**	**13.5%**
Total - banks	**-**	**-**	**x**	**x**	**691**	**x**	**x**	**x**

* Combined ratio (computed on net earned premium) presented for non-life insurance, operating profit margin (computed on gross written premium) presented for life insurance;

** Insurance result and margin net of conversion effects;

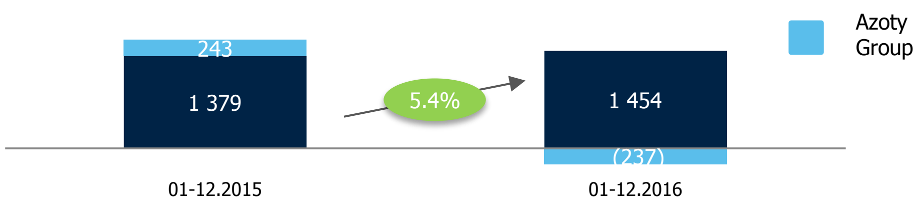
*** 2015 data restated.

Investments

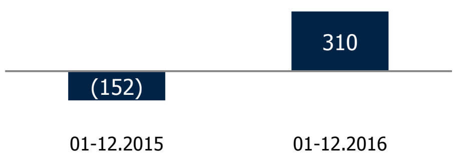
Better performance of equity instruments offset by the decline in the valuation of interest-bearing financial assets

m PLN

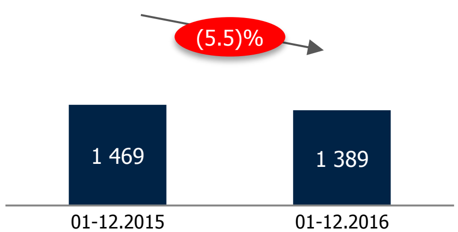
Net investment result
(net of the equity stake in the Azoty Group)



Equity instruments



Interest-bearing financial instruments

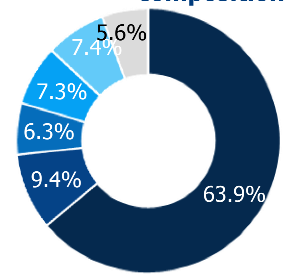


The net investment result net of the equity stake in the Azoty Group in 2016 is 1,454 m PLN. It was higher than last year's result by 74 m PLN, mostly due to the following factors:

- better performance of equity instruments in particular due to improved market conditions on the Warsaw Stock Exchange – the WIG index is up 11.4% compared to its 9.6% decline in the corresponding period of last year;
- lower result on interest-bearing financial assets measured at fair value due to the decline in the valuation of Polish treasuries – largely due to the shift in the outlook for global interest rates;
- smaller portfolio of bonds held to maturity due to the temporary curtailment of reinvestments in the low interest rate environment;
- high level of negative FX differences on own debt securities as the EUR appreciates against the PLN balanced by the concurrent growth in the measurement of the portfolio of assets denominated in EUR.

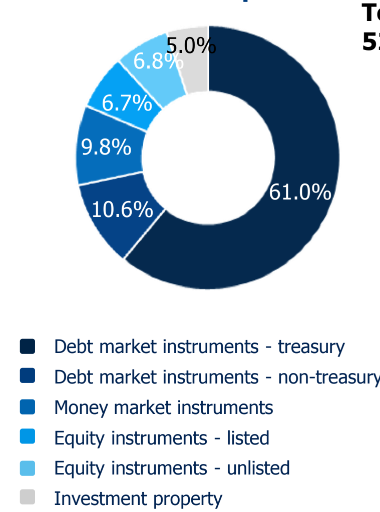
Dec. 2016 Investment portfolio composition*

Total: 50.4 bn PLN



Dec. 2015 Investment portfolio composition*

Total: 52.2 bn PLN



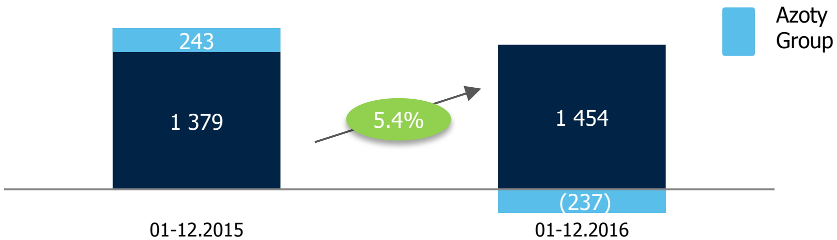
** The investment portfolio is presented net of Alior Bank and includes financial assets (including investment products net of loan receivables from clients), investment property (including the portion presented in the class of assets held for sale), the negative measurement of derivatives and liabilities for buy backs.*

Investments

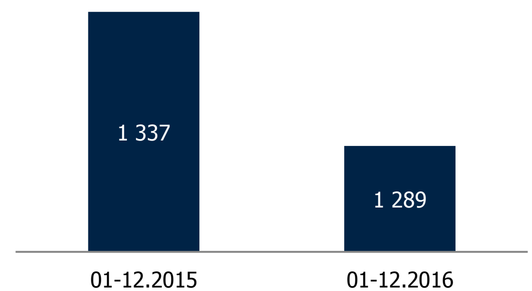
Better performance of unit-linked products, especially PPE (employee pension schemes), IKE and IKZE individual retirement accounts

m PLN

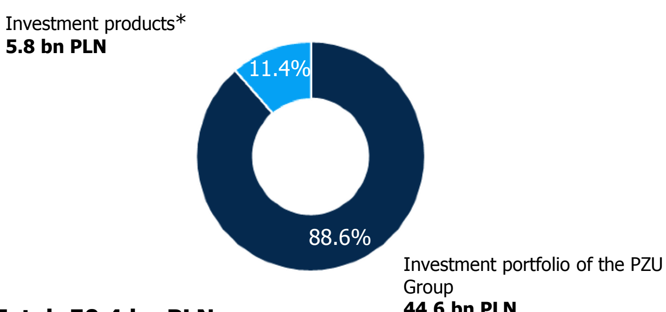
Net investment result
(net of the equity stake in the Azoty Group)



1 **PZU Group's net investment result**
(net of the equity stake in the Azoty Group)

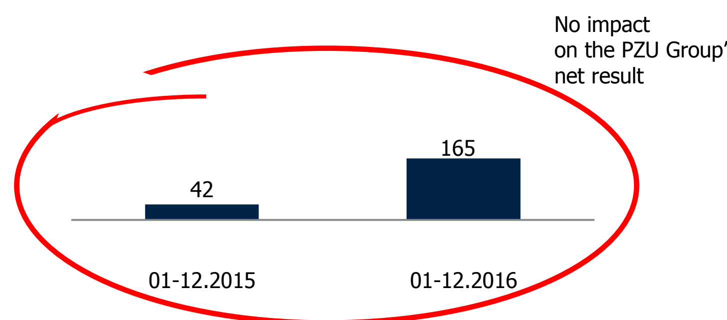


Investment portfolio composition as at Dec. 2016



Total: 50.4 bn PLN

2 **Net investment result in investment products***



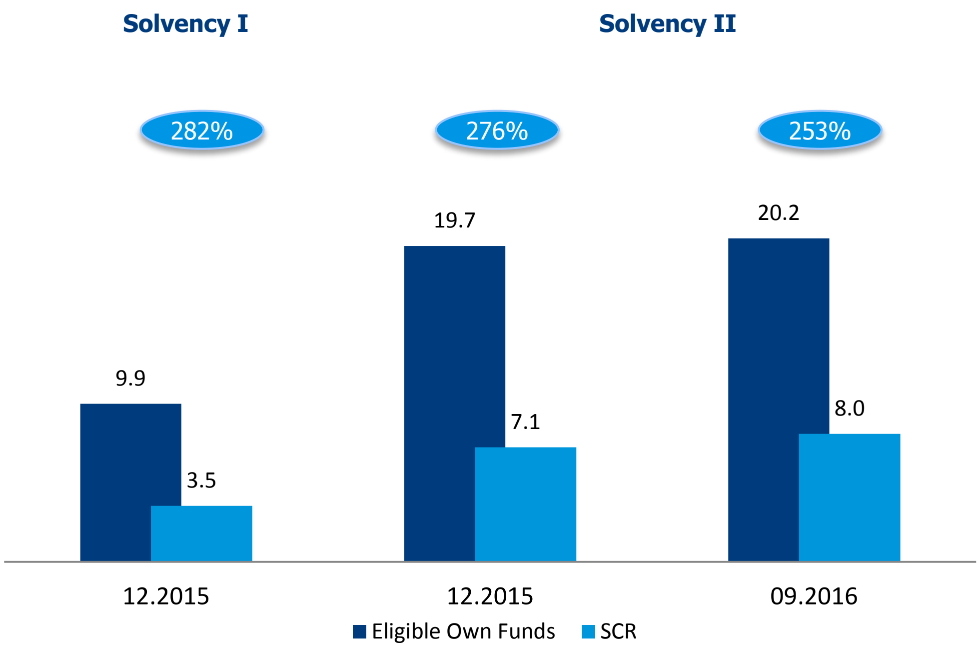
* Unit-linked products, structured products and term deposits in the form of insurance products.

Agenda

Group solvency ratios

Solvency II data as at 30 September 2016

bn PLN, unaudited data



- Starting from 1 January 2016 the basis for assessing the Group's capital adequacy is Solvency II; the Group does not calculate Solvency I requirements.
- In the first 9 months of 2016 own funds according to Solvency II grew 0.5 bn PLN, i.e. 2.4%. Own funds at yearend 2015 includes the dividend paid by PZU SA from 2015 profit in the amount of 1.8 bn PLN. Data as at 30 September 2016 do not incorporate a corresponding adjustment. The adjustment for anticipated dividends will be recognized based on the Management Board's recommendation regarding the distribution of the result.
- The PZU Group's own funds are of very high quality. More than 99% of own funds is classified as Tier 1.
- In comparison with yearend 2015 the solvency requirement under Solvency II is higher by 0.9 bn PLN, i.e. 12%.

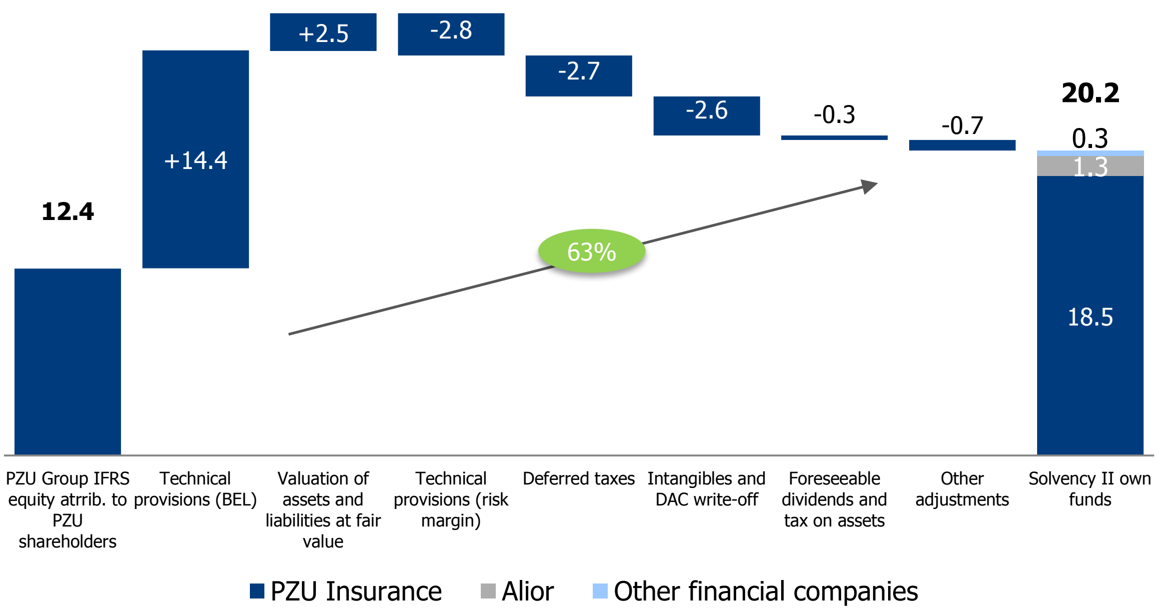
- Own funds to solvency margin / SCR coverage

Group's own funds

Solvency II data as at 30 September 2016

bn PLN, unaudited data

Comparison of own funds and consolidated equity according to IFRS



Own funds according to Solvency II ("SII") are calculated using the net assets carried in the Group's economic balance sheet. For the purpose of SII, the data of the insurance entities and entities rendering auxiliary activity such as Centrum Operacji, PZU Pomoc and PZU Zdrowie are subject to consolidation. The data of credit institutions (Alior Bank) and financial institutions (TFI, PTE) are not subject to consolidation.

According to SII regulations:

- technical provisions are measured using the expected discounted cash flow (best estimate liability, BEL) adjusted for the risk margin;
- shares in entities belonging to other financial sectors (Alior Bank, TFI, PTE) are measured using the group's percentage of the regulatory capital of these entities prescribed according to a given sector's regulations;
- other assets and liabilities are measured at fair value*;
- deferred tax is calculated on the temporary differences between the valuation of assets and liabilities according to SII and IFRS.
- the following is subtracted from own funds according to SII:
  - the amount of anticipated dividends**;
  - the forecasts of the amount of tax on assets expected to be paid by insurance undertakings over the 12 months after the balance sheet date (according to the letter from the Polish FSA).

* Intangible assets and deferred acquisition costs whose value for the purposes of SII is zero are an exception;

** The adjustment for anticipated dividends will be recognized based on the Management Board's recommendation regarding the distribution of the result.

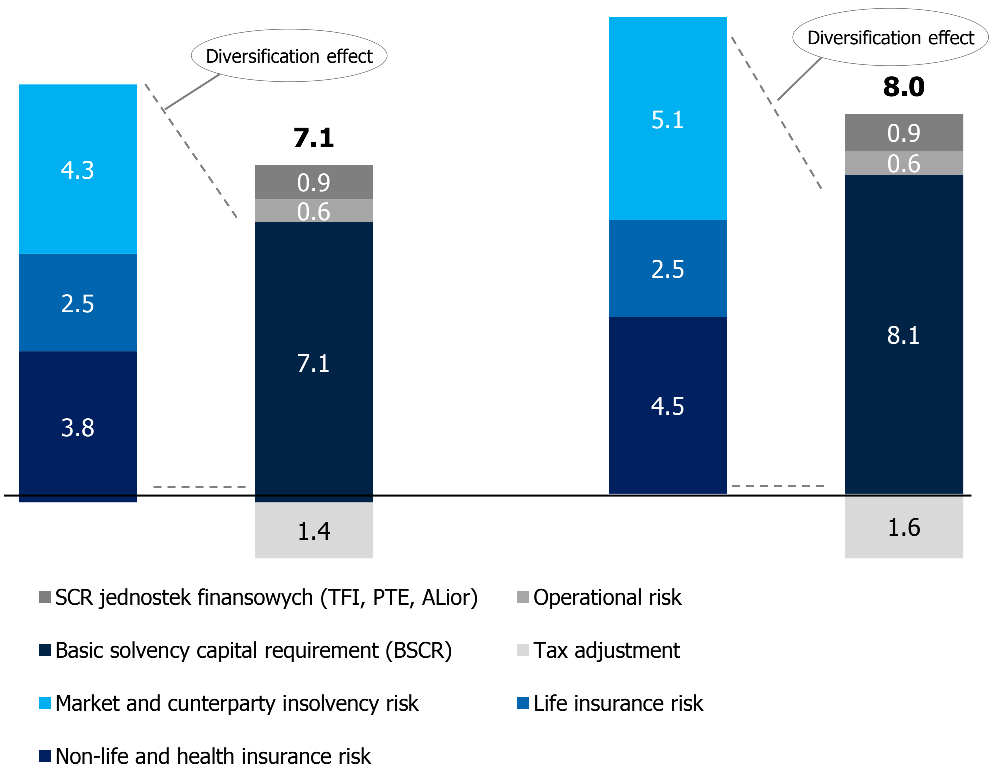
x% - Percentage change

Group's solvency capital requirement

Solvency II data as at 31 December 2015 and 30 September 2016

bn PLN, unaudited data

SII 12.2015 **SII 09.2016**



The Solvency Capital Requirement (SCR) is calculated using the standard formula and it includes, among others, the following risks: actuarial, market, counterparty solvency and operating. In the SCR calculation the PZU Group does not take advantage of the temporary regulations that in the case of some European entities "soften" the consequences of switching over to the new regime.

The requirements of financial entities (TFI, PTE, Alior Bank and Pekao in the future) are depicted according to the rules for a given sector and are not adjusted for diversification.

The solvency requirement grew in Q3 by 0.36 bn PLN. The main drivers of the Group's SCR growth were as follows:

- requirement for premium risk and provisions (growth by 0.29 bn PLN before diversification effects), which is responsible for 43% of the growth in the Group's solvency capital requirement in Q3 2016;
- PZU's net growth in the Alior Bank requirement following the upward movement in financial assets as a result of the rights offering by 0.08 bn PLN, i.e. 21% (this element is not subject to diversification).

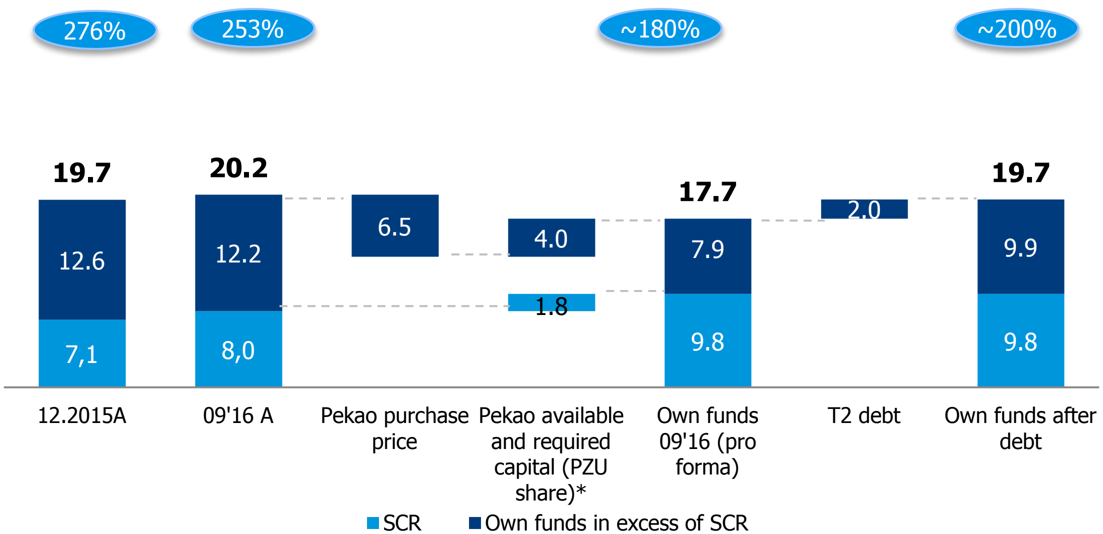
Compared to yearend 2015 the solvency requirement climbed by 0.9 bn PLN, i.e. 12% The main drivers behind these changes were as follows:

- requirement for non-life insurance risk up by 0.6 bn PLN – related to the higher premium level, following rising tariffs and greater net exposure in products subject to natural catastrophic risk; reinsurance treaties executed in Q4 2016 contributed to a significant reduction in catastrophic risk;
- increase in market and counterparty insolvency risk - stemming from the higher amount of investments in funds managed by PZU TFI and not being consolidated under look-through under Solvency II, and increase in settlements concerning operations on securities;
- effect of diversification (-0.5 bn PLN).

Impact exerted by the acquisition of Bank Pekao SA

Pro forma Solvency II data as at 30 September 2016

bn PLN, unaudited data



- PZU Group's solvency ratio will diminish as a consequence of the acquisition of Pekao:
  - the surplus acquisition price above PZU's share of Pekao's own funds will reduce own funds;
  - PZU's share in Pekao's capital requirements specified in accordance with banking regulations will be recognized in the PZU Group's solvency capital requirement.
- To alleviate the decline in the solvency ratio the PZU Group is considering an issue of Tier 2 subordinated debt and efforts to reduce the SCR:
  - more profound reinsurance, in particular catastrophic reinsurance;
  - reduction in selected market exposures with high capital charges;
  - optimization of exposure to investment funds whose capital charges are currently high since the look-through approach cannot be applied.
- The Pekao acquisition will affect the PZU Group's solvency starting from the closing date. The presented estimates were prepared based on data as at 30 September 2016; the estimates do not include future economic results or dividends.
- We expect that the transaction's impact on PZU SA's standalone solvency level will be limited.

- Own funds to solvency margin / SCR coverage

* Pekao SA data on the basis of the financial statements as of 2016 years.

Piotr Wiśniewski – IRO
tel.: (+48 22) 582 26 23
ir@pzu.pl
www.pzu.pl/ir

PZU
Al. Jana Pawła II 24
00-133 Warsaw, Poland
www.pzu.pl
https://twitter.com/GrupaPZU

Disclaimer

This Presentation has been prepared by PZU SA ("PZU") and is purely informational in nature. Its purpose is to present selected data concerning the PZU Group ("PZU Group"), including its growth prospects.

PZU does not undertake to publish any updates, changes or adjustments to information, data or statements set forth in this PZU Presentation in the event of modifying PZU's strategy or intentions or the occurrence of facts or events that will exert an impact on PZU's strategy or intentions unless such a reporting duty stems from the prevailing legal regulations.

The PZU Group is not liable for the consequences of decisions made after reading this Presentation.

At the same time, this Presentation cannot be treated as part of an invitation or an offer to acquire securities or to make an investment. Nor does it constitute an offer or an invitation to execute other securities-related transactions.