



PZU Group's Financial Results

for 1Q22

Warsaw, 19 May 2022



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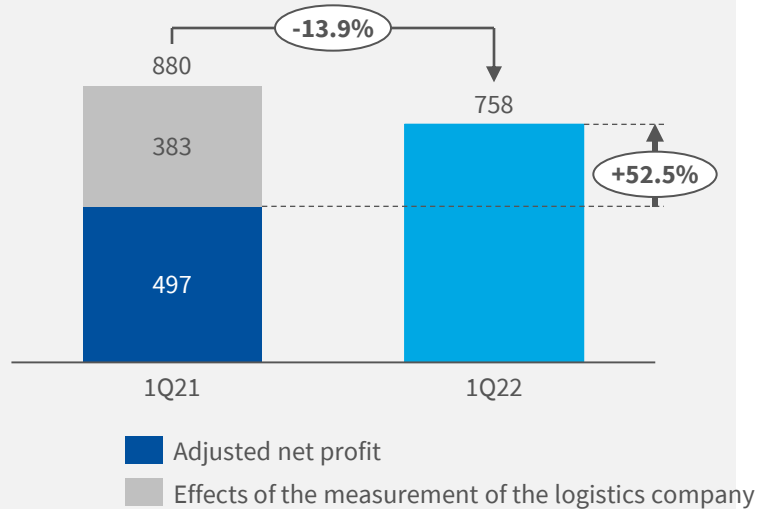
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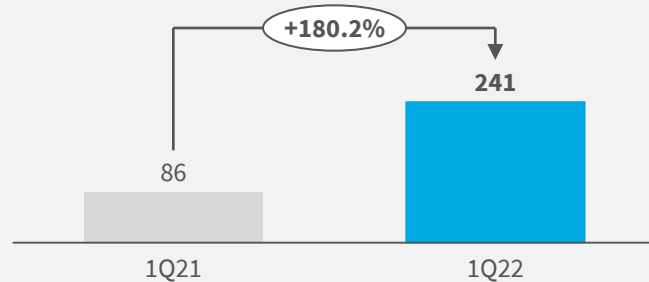
1. PZU Group's main accomplishments

Robust net result in challenging market conditions

PZU Group's net profit¹



Contribution of banking activity to net profit¹



Diversified model

Diversifying the business model builds resilience to market turbulence



High profitability

Return on equity of 17.8% - above strategic ambitions

- ✓ high profitability of **non-life insurance**
- ✓ regaining profitability in **life insurance** following COVID
- ✓ high profitability of **banking activity**



Positive impact of interest rates

Rising contribution made by the banking business to the result
 Market environment positively verifies the adopted investment strategy
Optimum conditions for reinvesting the long-term bond portfolio



Stability and security

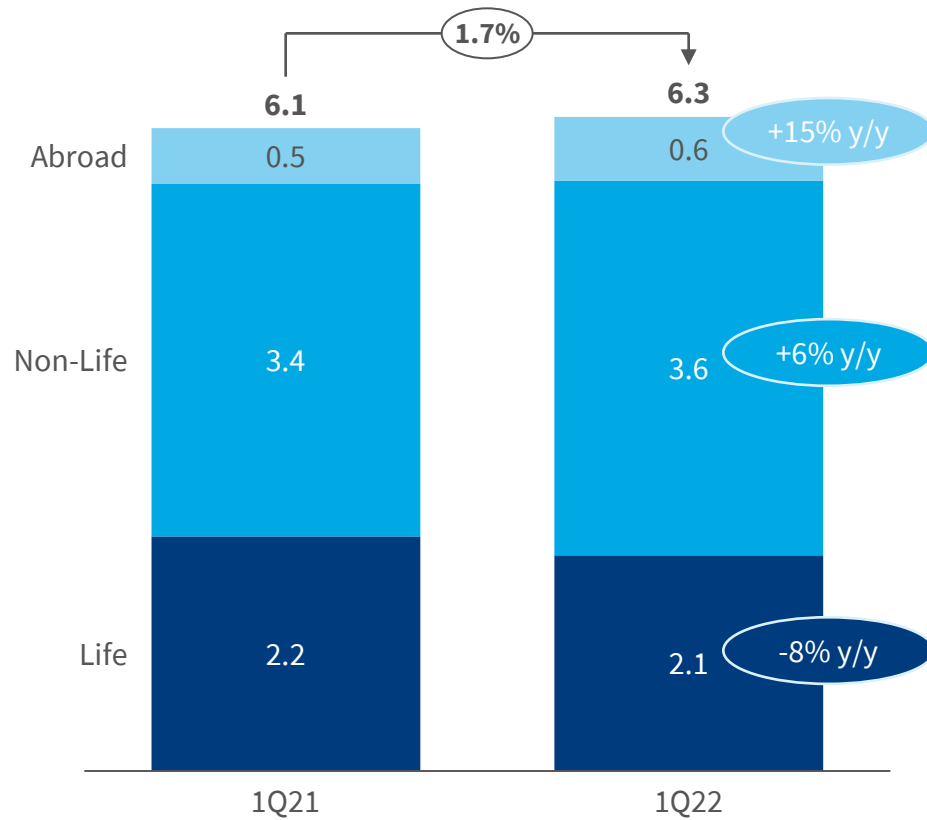
A- rating

High solvency ratios, **solvency ratio substantially better than posited in the strategy, safe and diversified investment portfolio**

1. Net profit and equity attributable to equity holders of the parent company

Another sales record

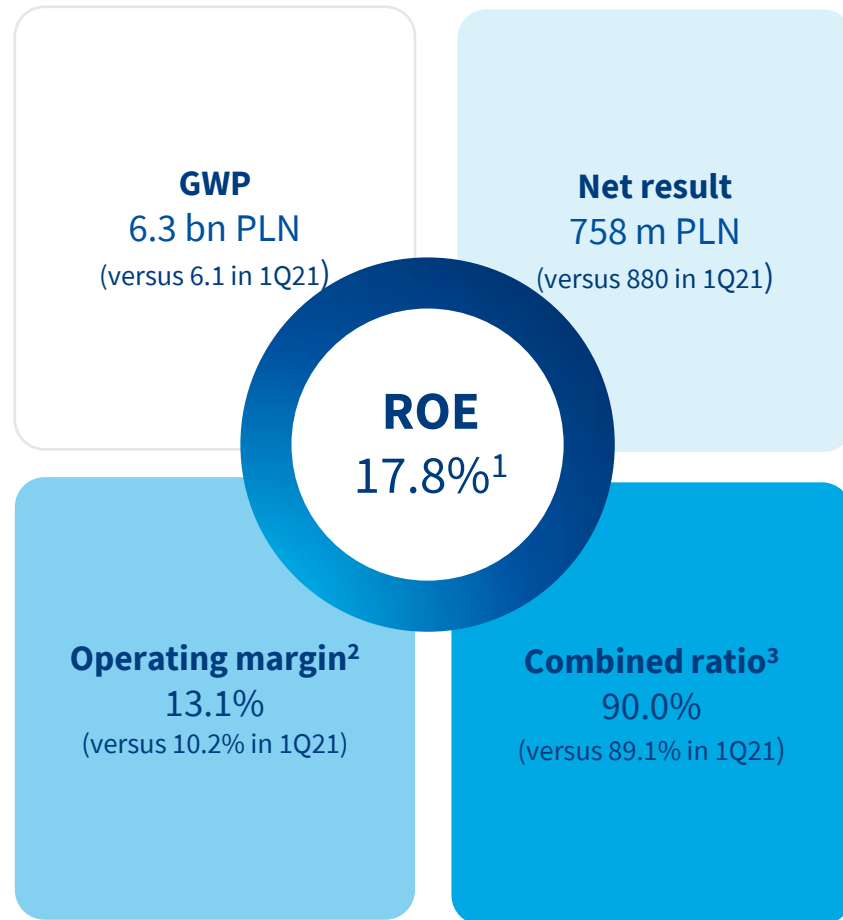
Gross written premium and its growth in 1Q22 (bn PLN)



- In 1Q22 gross written premium reached the level of 6.3 bn PLN, the highest level generated in the first quarter of a year
- Significant growth in non-motor insurance (+12.1% y/y), especially in mass insurance (+12.6% y/y).
- Acceleration in MOD – growth of gross written premium of +9.8% y/y. Despite dwindling prices the gross written premium in motor insurance was up +2.3% y/y
- Ongoing dynamic **growth in the demand for private medical services; Health pillar revenue up 14.7%¹ y/y** in 1Q22, high growth in revenue generated by medical centers (+19.2% y/y) and in insurance and subscriptions alike
- **Investment pillar – TFI PZU’s position on the challenging market is getting stronger** – PZU TFI has the largest sales growth versus net outflows on the market of 13 bn PLN
- **Net Asset Value in PPK at 1.7 bn PLN** up nearly three times from a year ago. First place in terms of the number of acquired companies and second place measured by assets

1. Data presented for the centers for the period from the beginning of the year regardless of the time of acquisition

Business profitability surpasses strategic ambitions – ROE of 17.8% in 1Q22



- **Return on equity¹ of 17.8% in 1Q22** - above strategic objectives. PZU consistently among the insurers generating the highest ROE in Europe
- **Visible improvement in the operating margin in group and individually continued insurance – to 13.1% in 1Q22 versus 10.2% in 1Q21 and 7.4% in 4Q21**
- High profitability of non-life insurance – combined ratio of **90.0% in 1Q22 with no significant changes y/y** despite the loosening of COVID-19 restrictions, substantially higher frequency of claims and claim-side inflation
- **Very strong investment result**, the return on the portfolio exceeded **4.1% in 1Q22**. Higher net interest income, favorable levels of interest rates coupled with refinancing the maturing tranches of treasury bonds
- **Costs under strict control**; despite pressure to raise wages the cost ratio⁴ was 7.29% in 1Q22, improvement q/q, no change y/y

1. ROE attributed to equity holders of the parent company, annualized

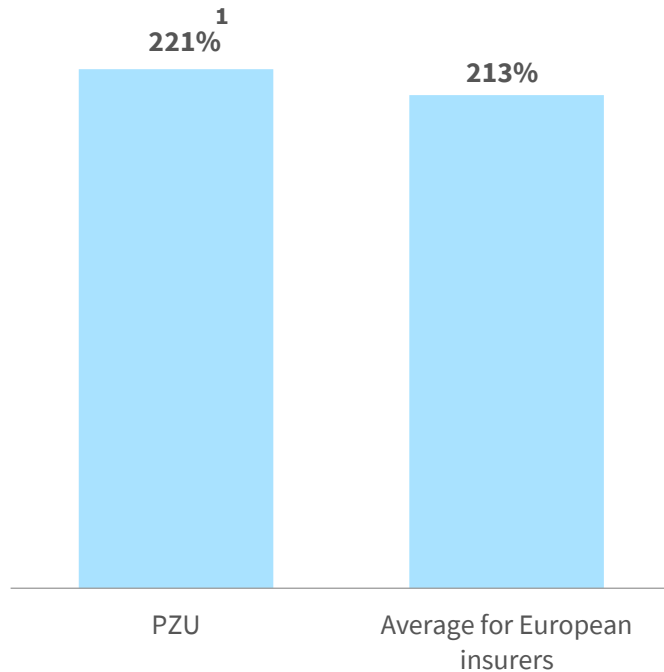
2. Margin in 1Q21 and 1Q22 for the group and individually continued insurance segment

3. Non-life insurance in the PZU Group (Poland)

4. PZU and PZU Życie

High level of safety in the business conducted, A- rating

Solvency II ratio for the PZU Group compared to the average for European insurers ²



- Solvency II ratio as at 31 December 2021 at very high levels across Europe: 221%¹ at the Group level
- S&P Global Ratings gave an **A-** rating with a stable outlook
- **Safe and diversified investment portfolio:** greater share of portfolios securing a high level of profitability, including corporate debt with an investment-grade rating
- **Solid preparation to face market turbulence:**
 - ✓ high percentage of bonds measured at amortized cost
 - ✓ low equity exposure
 - ✓ closed FX position

1. Data as at 31 December 2021. Dividend adjustment reduced by the limits resulting from the Polish Financial Supervision's standpoint on the dividend policy in 2022 of December 9, 2021, i.e. by PLN 2.27 per share.

2. Average for 15 European insurers, data as at yearend 2021

The PZU Group's multidimensional assistance to Ukraine exceeded 12 m PLN

Support for PZU employees from Ukraine

- aid offered to approximately 800 families of Group employees:
 - accommodation
 - medical care
 - psychological support
 - necessary means of sustenance

Support for people crossing the border

- 30-day motor TPL insurance for Ukrainians fleeing the war – more than 54 thousand border TPL policies (from 28 February to 24 April), the cost of the financed premiums exceeds 7.5 m PLN
- free-of-charge medical care in more than 50 of PZU Zdrowie's medical centers rendering services under the National Health Fund
- purchase of sets of sheets, mattresses, thermal blankets and sanitary items, provision of other tangible assistance, including the supply of 15,000 charged powerbanks – a total of 4.5 m PLN for tangible and financial aid for Ukraine and refugees from that country
- setup of mobile medical points on the border crossing in Medyka and at the Przemyśl train station
- PZU Zdrowie physicians on duty in medical centers in the Lublin region

PZU volunteerism activities

- PZU Foundation set up a special account to which contributions can be made to benefit refugees
- collections of physical donations
- funding selected initiatives run by employees who are helping Ukraine on their own
- reimbursing the fuel costs incurred by PZU volunteers involved in providing assistance



#SolidarnizUkrainą
#СолідарнізУкраїною

First Contact Center Platform

The PZU Group is the operator of the First Contact Center Platform set up by the Ministry of Health, which also operates in the Ukrainian language (gov.pl/tpk). It gives the citizens of Ukraine arriving in Poland at all times of the day access to the professional assistance offered by the insurer's consultants and physicians - during the night, on weekends and on holidays, i.e. after the working hours of the basic health care centers

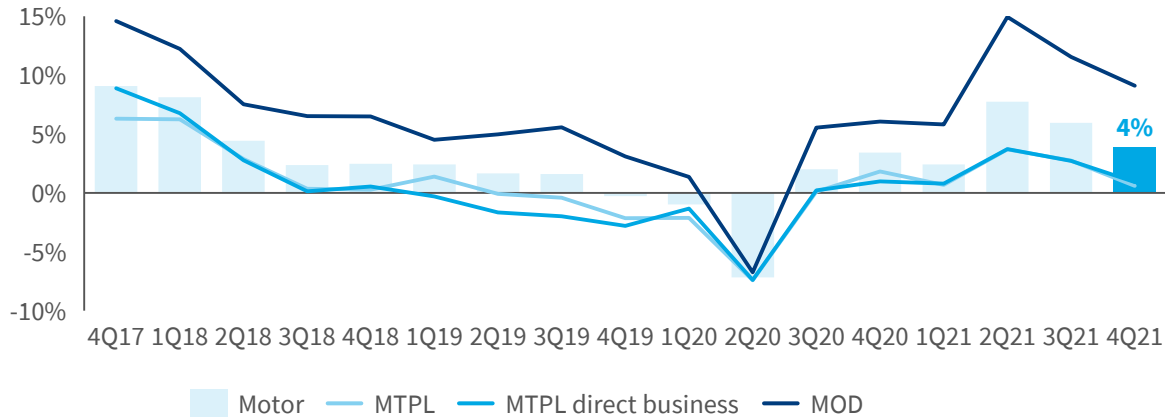


2. Business development



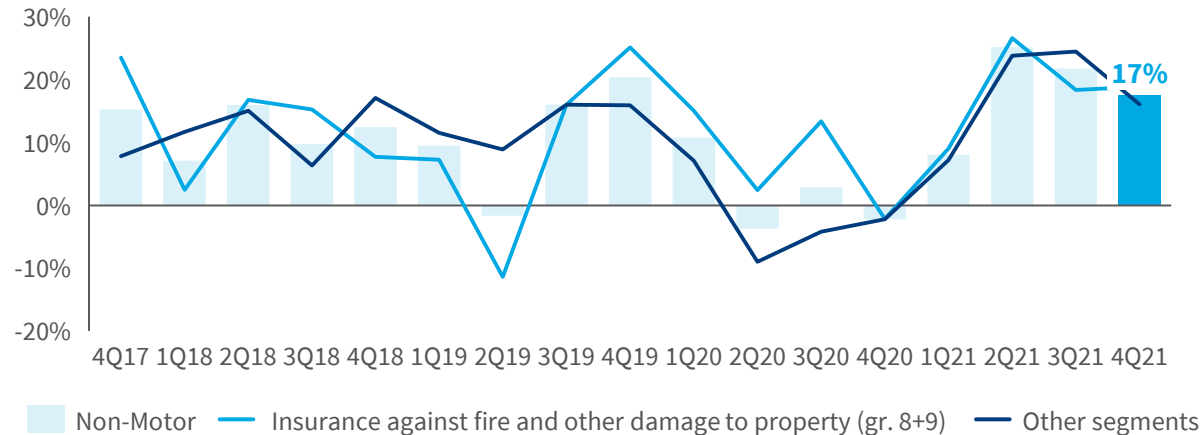
Trends on the non-life insurance market in Poland

Growth rate of the motor insurance market¹, y/y

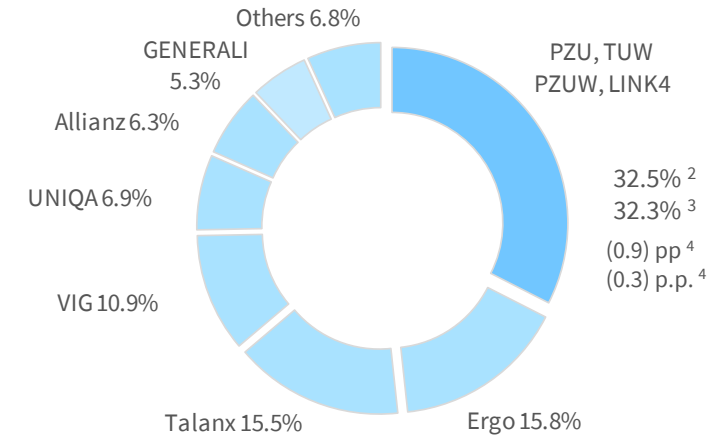


- **Pace of sales growth in motor insurance in 4Q21 (+3.9% y/y)** slower than in prior quarters with sales of MOD up 9.1% and motor TPL up 0.6%. Rising number of policies in TPL (+1.4% y/y) and **declining average prices (-0.5% y/y)**¹
- **Persistent double-digit growth on the non-motor insurance market (+17.5% y/y)**. Largest contribution to growth in terms of value provided by property insurance (+18.9% y/y) and accident insurance (+24.6% y/y)
- **The PZU Group's market share in non-life insurance** (direct business) in 2021 was 32.3%
- **PZU Group's high percentage of the market's technical result at 44.0%**¹

Growth rate of the non-motor insurance market¹, y/y



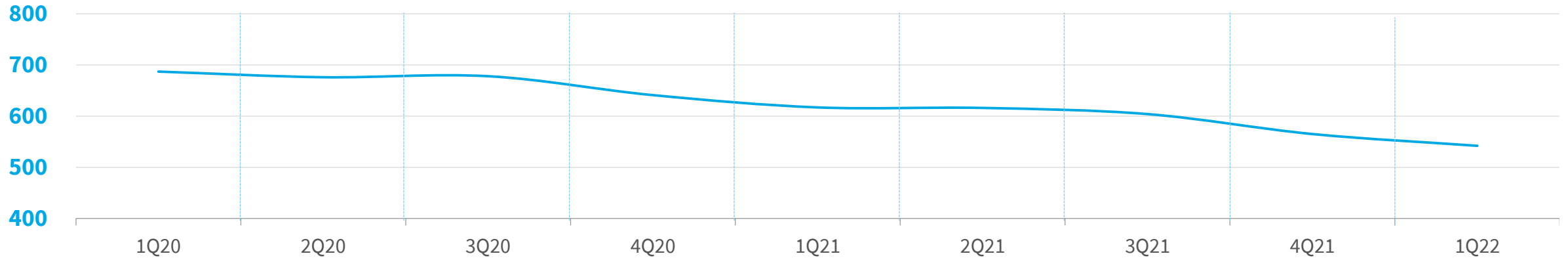
Market shares²



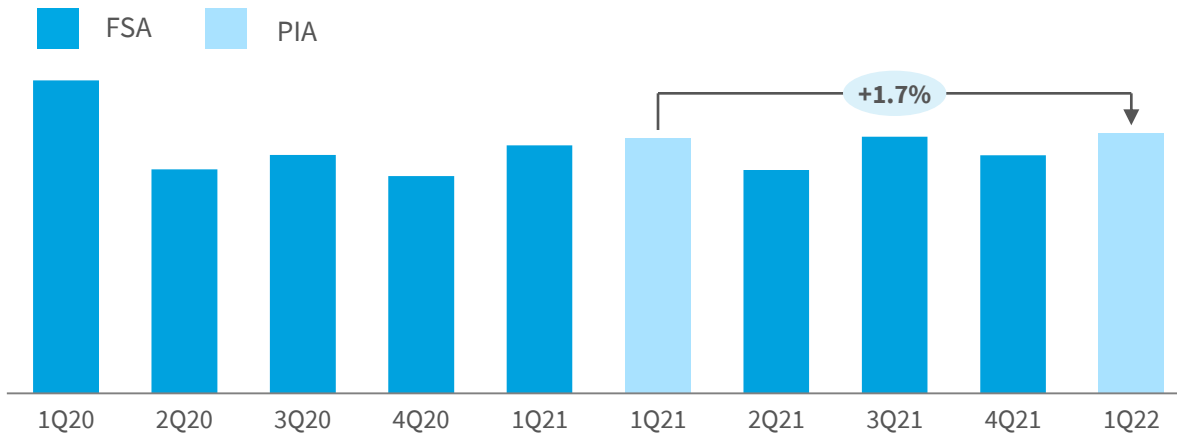
1. According to the Polish FSA's 4Q21 report
 2. According to the Polish FSA's 4Q21 report; the market and market shares including PZU's inward reinsurance from LINK4 and TUW PZUW
 3. PZU Group's market share in non-life insurance on direct business in 4Q21
 4. Movement in market share y/y on PZU's inward reinsurance from LINK4 and TUW PZUW and direct activity, respectively.

Motor insurance – change in the average price and claims frequency

Change in the average market price for motor TPL¹



Change in claims frequency in motor insurance²



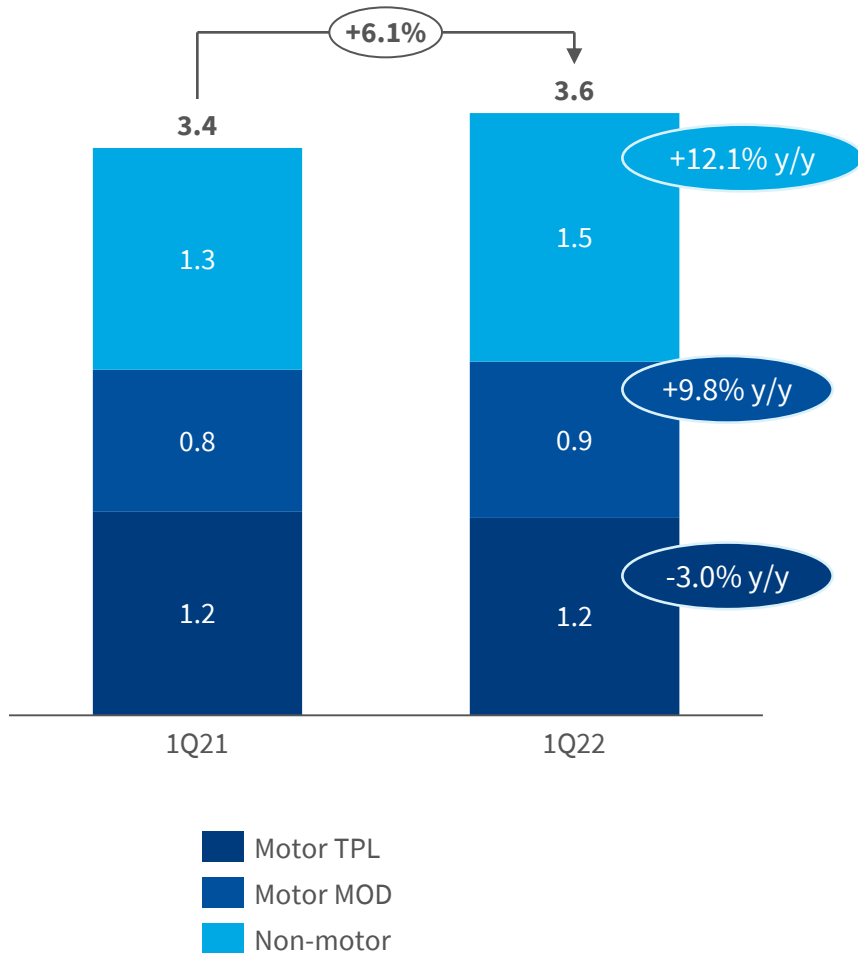
- **Increase in claims frequency** in 1Q22 by 1.7% y/y
- In the first 3 months of 2022 the market's **downward trend in the average premium for motor TPL** continued to persist despite the clear warnings issued by the Polish FSA and the Polish Insurance Association about this possibly destabilizing this segment's profitability
- Recent **attempts at rationalizing price policy** by select insurance companies, albeit without any lasting effects in 1Q, effects visible as of 2Q
- **Leading role played by the regulator in sustaining profitability** and price adequacy

1. Based on data taken from internet comparison engines, without Link4; loss-free client - client with at least a 3-year insurance history, loss-free in the last 3 years, without young drivers

2. Data on the basis of the Polish FSA's Quarterly Bulletin, 1Q22/1Q21 growth rate based on estimated data

Non-life insurance in Poland

Gross written premium PZU Group in 1Q22, amount (bn PLN) and growth rate



Growth in gross written premium in the non-motor insurance class of 12.1% y/y:

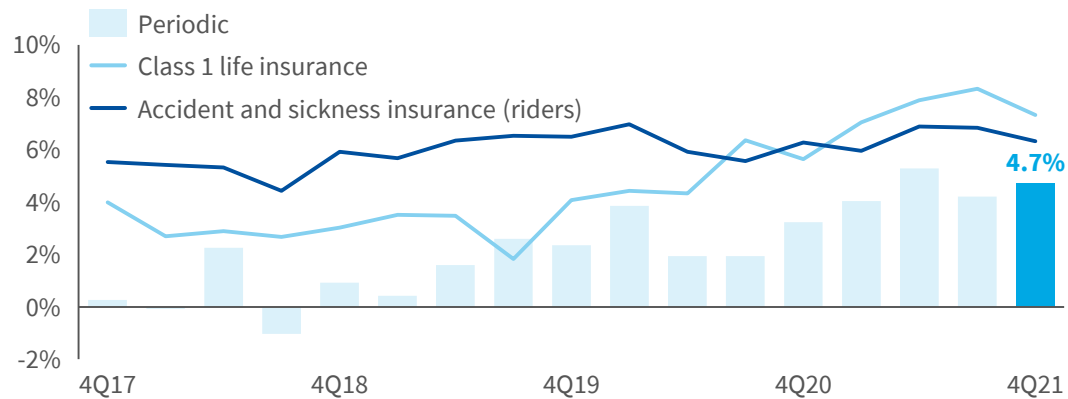
- Higher sales of **residential and SME insurance**, machine and construction equipment insurance
- Growth in **agricultural insurance**, including subsidized crop insurance, partially offset by the decline in the premium on mandatory insurance of buildings on a farm
- Diminishing sales of insurance sold in combination with **banking** products (accident)

Motor insurance premium up 2.3%, including growth in the sales of motor own damage insurance of +9.8% y/y

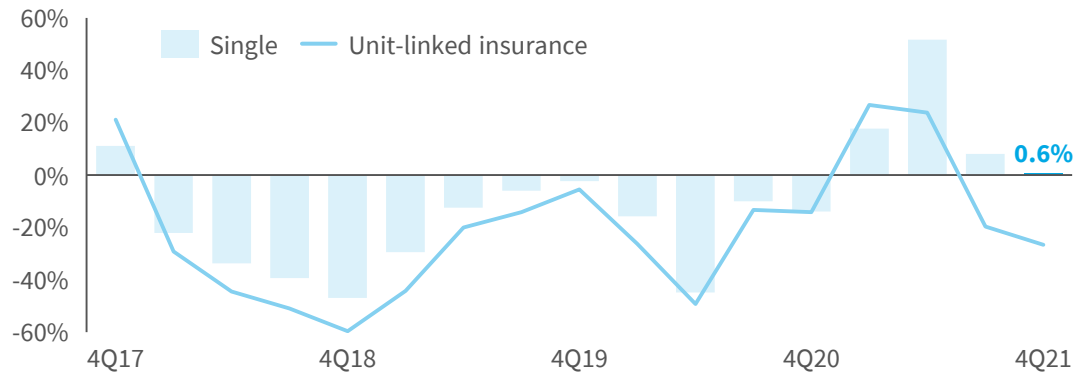
- High growth rate of **renewals** and new sales **coupled with a higher average premium**
- Continued price pressure and unrelenting competition for clients in motor TPL insurance

Trends on the life insurance market

Growth rate of periodic premium insurance¹ y/y

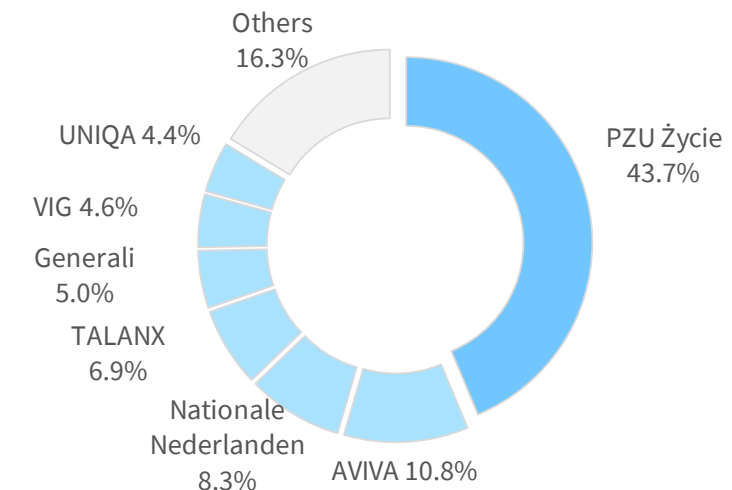


Growth rate of single premium insurance¹ y/y



- The **periodic premium insurance market** (83% of the market) is **expanding at a growth rate of 4.7% y/y** – the largest driver: the growth rate of **class 1 life insurance (+7.3% y/y)** and **accident and sickness insurance (+6.3% y/y)**, negative growth rate of unit-linked (-2.0% y/y)
- The **growth rate of single premium insurance** (17% of the market) was a **mere 0.6%**. **Falling unit-linked sales** (-26.6% y/y) offset by the strong growth of sales in class 1 life insurance (+41.2% y/y) and accident insurance (+36.7% y/y)
- The PZU Group’s market share in periodic insurance in 2021 was 43.7%

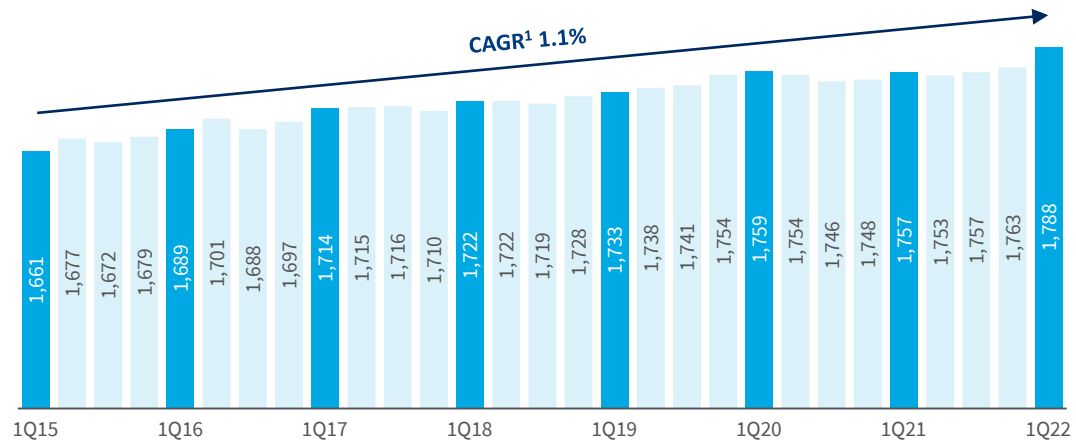
Periodic premium market shares² in 2021



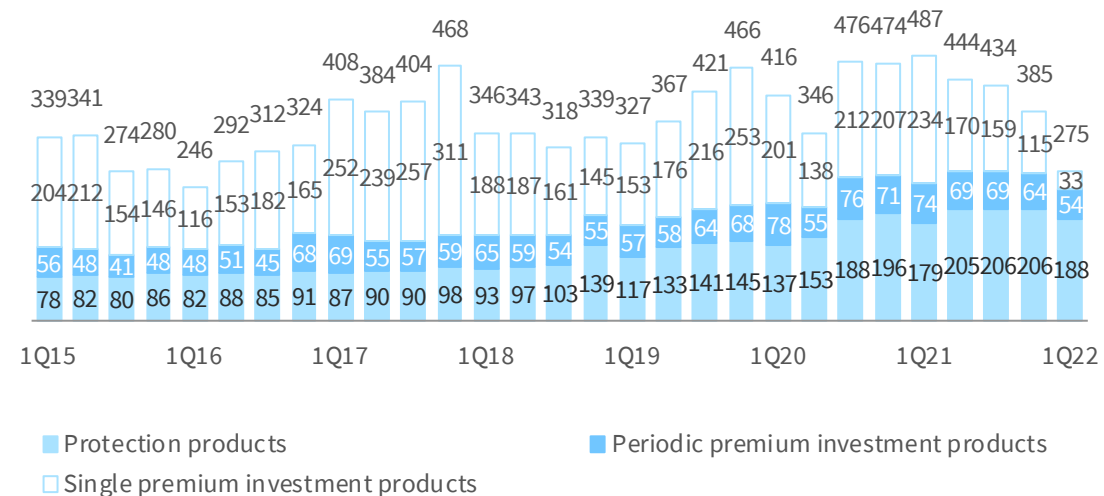
1. According to the Polish FSA’s 4Q21 report
 2. PZU Group’s share of gross written premium on periodic premium insurance according to the 4Q21 Polish FSA report

Life insurance

PZU Życie's gross written premium on group and individually continued insurance (m PLN)



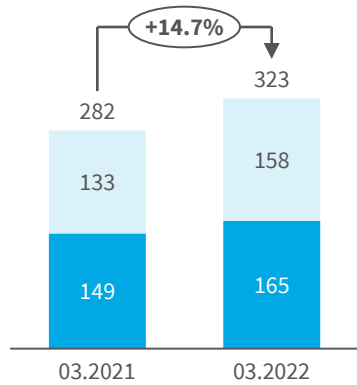
PZU Życie's gross written premium on individual insurance (m PLN)



- PZU Group's premium growth in **group and individually continued life insurance in 1Q22 y/y** in Poland despite the adverse consequences of the pandemic
- **Expanding portfolio of health insurance**, which has once again posted record-breaking results measured by collected premium, especially for ambulatory contracts. At the end of 1Q22, PZU Życie had **more than 2.5 million health insurance contracts in force** in its portfolio
- Steadily rising revenue generated by riders to individual continuation, including the addition in 2Q of this year of the **malignant neoplasm rider** to this class of insurance
- Increase in sales of **riders to group protection products**
- **Growth in the sales of individual protection products** with periodic and single premium offered in own channels
- **Lower level of single contributions to unit-linked** accounts in insurance offered jointly with banks – due to the limitation of cooperation with one of the distributors and lower sales of these products in cooperation with the other banks

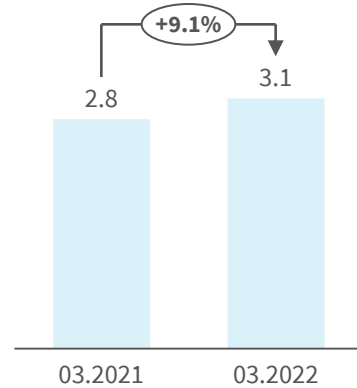
Development of the scale of operations in the health pillar

Revenues (m PLN)



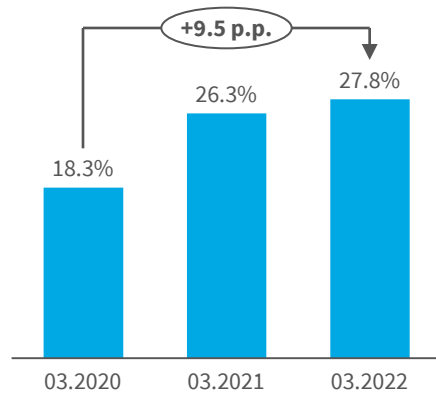
■ Medical centers*
■ Insurance / subscription plans

Number of contracts at end of period (m)

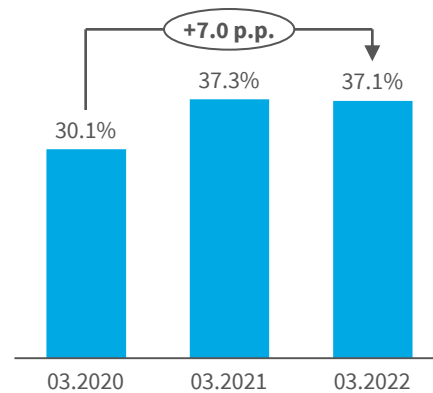


- **High growth rate of revenue** (mainly on **ambulatory** contracts and **riders to continued insurance**)
- **Steady increase in the number of health product agreements in 2022** driven by the sales of more health riders to protection products (offering among others access to specialist physicians, ambulatory rehabilitation, selected tests and procedures)
- Dynamic **construction of the subscription portfolio** through PZU Zdrowie's **own sales network**
- **Further growth in the revenue of medical centers** based on organic growth

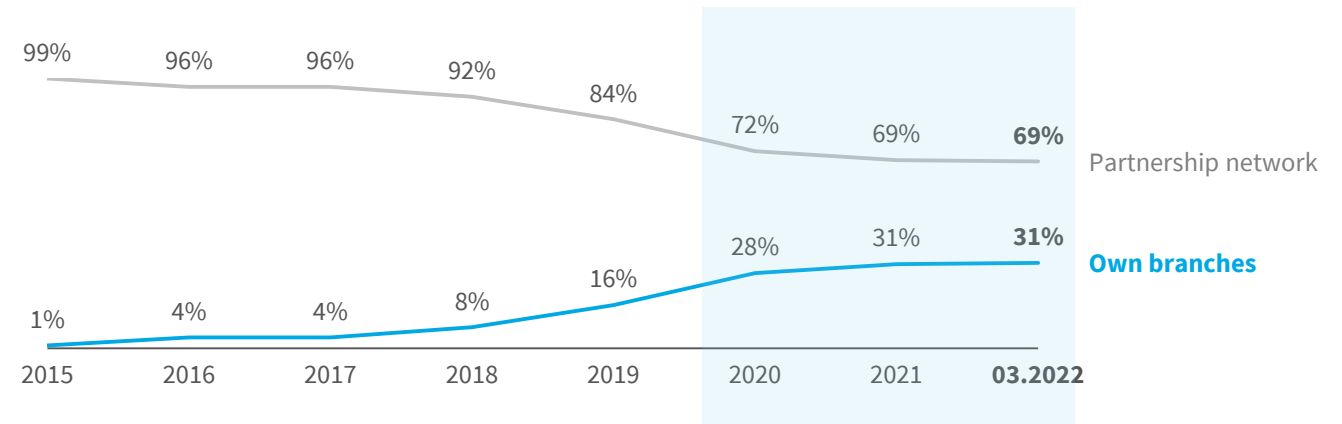
Appointments scheduled on-line through myPZU



Number of telemedicine consultations (versus total consultations)



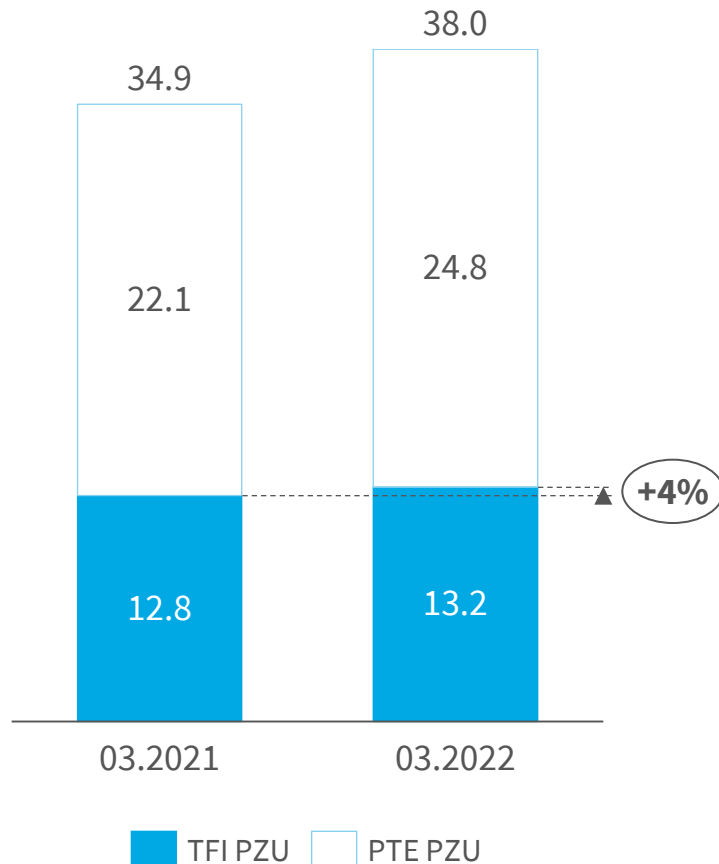
Services (subscription plans and health insurance) rendered in own and partnership network centers



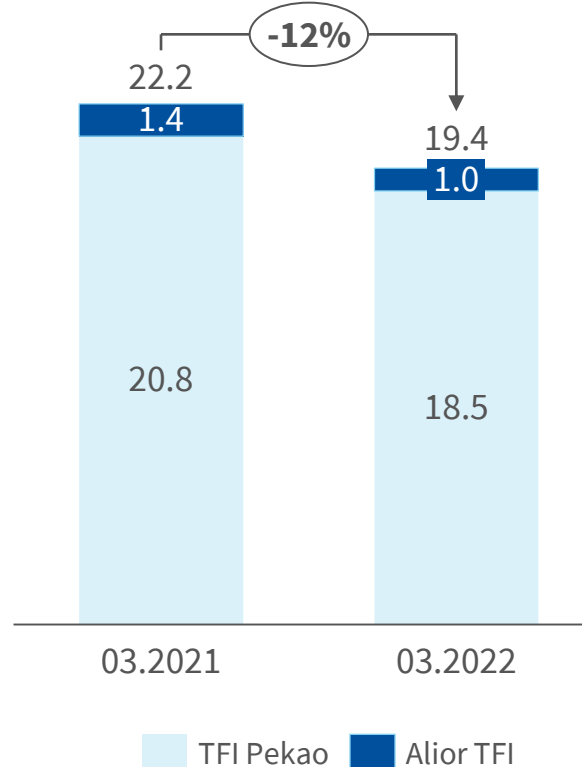
* Data presented for the centers for the period from the beginning of the year regardless of the time of acquisition

Assets under management

Assets of third party clients of TFI and PTE PZU clients¹ (bn PLN)



Assets of third party clients of the TFIs of the PZU Group's banks (bn PLN)



• **PZU TFI**

- #1 in terms of net sales in 1Q22
- Only TFI with positive net sales in every month of 1Q22
- Net outflows of 13 bn PLN from the unit-linked fund market in 1Q22

- Favorable mix of assets under management in TFI PZU – percentage of assets linked to the third pension pillar (PPE and PPK) prevalent

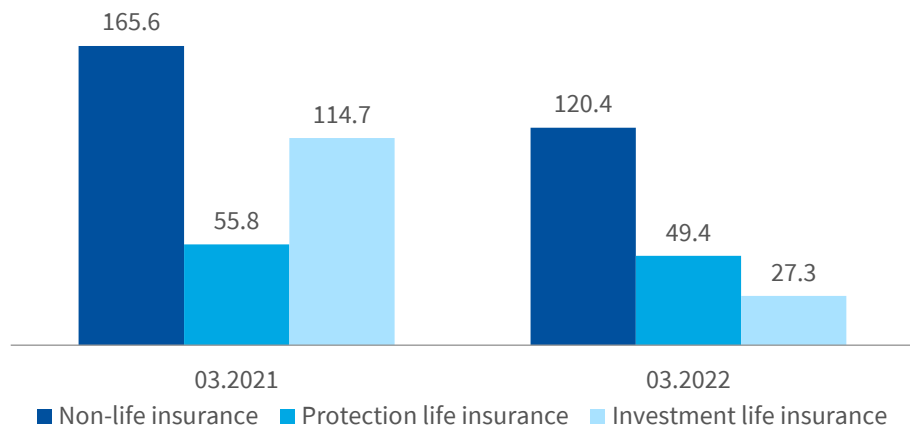
- PPK assets (1.7 bn PLN) almost 3 times higher vs. last year

- First place with a 34.7% market share of PPK measured by the number of acquired companies and second place measured by assets as at the end of 1Q22

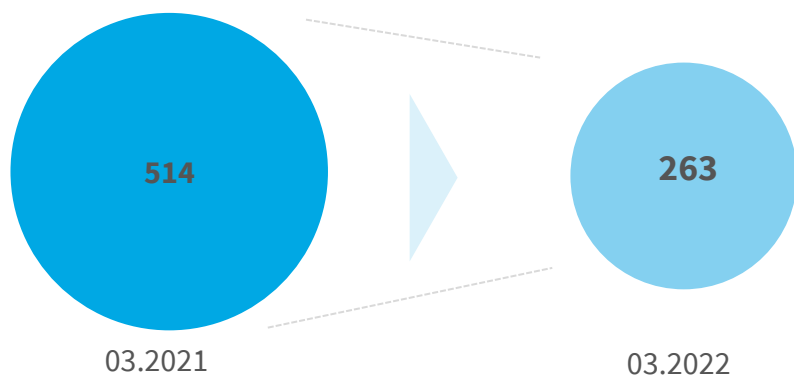
1. Assets managed by PTE PZU are not recognized as a objective in the new PZU Group's strategy for 2021-2024
 2. According to the PZU Group strategy's new strategy in 2021-2024, third party assets under management in TFI PZU, Pekao TFI and Alior TFI

Development of the product offering in bancassurance and assurbanking

Gross written premium attracted in collaboration with Bank Pekao and Alior Bank (m PLN)



Gross written premium attracted in collaboration with banks (m PLN)



Environment:

- Sales affected by the unfavorable geopolitical situation and volatility on the financial markets
- The postponing of decisions by clients to invest money into investment solutions is limiting the gross written premium generated by investment products
- Unfavorable market conditions (inflation, interest rates, war, Polish Financial Supervision Authority's guidelines in force as of 1 April 2022) have contributed to diminishing sales of products linked to loans

Bancassurance:

- PZU Group's products are present in all of the major product lines of the PZU Group's banks
- Continuation of work to roll out standalone products in the banks' offerings (travel insurance, assistance, ADD)
- Multichannel access to PZU's products for the banks' clients
- Planned actions to support sales in 2022 in light of the declining demand for mortgage loans

Assurbanking:

- **Bank Pekao:**
 - PZU is **one of the largest external partners of Bank Pekao** in the sales of transaction accounts (ROR) via the bank's Pekao360 app
 - 113 of PZU's Own Branches and 58 Partner Branches participated in the Auto plus Account (bank account) promotion and the launch of the sales pilot for two banking products in the Tied Agent network, namely the transaction bank account in the Auto plus Account promotion and a cash loan - a total of 25 Agents and OFWCA
 - Sum total of loans and client deposits secured by PZU for the bank in February 2022 exceeded 971 m PLN

Alior Bank

Development of the Cash Portal:

- Expansion of reach to more than 100 thousand employees of large companies and 200 thousand employees in the SME sector
- Implementing a new mortgage loan product
- Implementing the MiniCash and Consolidation Loan products in more companies
- Work is underway on further expanding the Portal's reach and the product portfolio

Taking the necessary adjustments in unit-linked products for product intervention: **only products meeting all of the criteria defined by the regulatory authority's decision were rolled out in the offer modified in January 2022.**



3. Financial results



PZU Group's results

m PLN	1Q21*	4Q21*	1Q22	change y/y	change q/q
PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO¹					
Gross written premium	6,148	6,830	6,253	1.7%	(8.4%)
Net earned premium	5,686	5,860	5,760	1.3%	(1.7%)
Net insurance claims and benefits paid	(3,926)	(3,767)	(3,690)	(6.0%)	(2.0%)
Net investment result (ex banking activities)	720	420	105	(85.4%)	(75.0%)
Administrative expenses	(437)	(473)	(437)	0.1%	(7.6%)
Acquisition expenses	(837)	(947)	(917)	9.6%	(3.2%)
Operating profit (loss)	1,035	1,092	675	(34.8%)	(38.2%)
Net profit (loss) attributable to equity holders of the parent company	794	786	517	(34.9%)	(34.3%)
BANKS: ALIOR AND PEKAO					
Net profit (loss) attributable to equity holders of the parent company	86	177	241	180.3%	36.5%
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	880	963	758	(13.9%)	(21.3%)
MAIN FINANCIAL RATIOS (%)					
ROE ²	18.5	22.4	17.8	(0.7)p.p.	(4.6)p.p.
Combined ratio ³	89.1	87.7	90.0	0.9p.p.	2.3p.p.
Margin ⁴	10.2	7.4	13.1	2.9p.p.	5.7p.p.
Administrative expense ratio of PZU, PZU Życie	7.2	7.9	7.3	0.1p.p.	(0.6)p.p.
Acquisition expense ratio of PZU, PZU Życie	14.2	16.2	16.0	1.8p.p.	(0.2)p.p.

1. PZU Group net of the data for Bank Pekao and Alior Bank
2. Annualized ratio, attributable to equity holders of the parent company
3. Only for non-life insurance in the PZU Group in Poland
4. Margin for the group and individually continued insurance segment

*Restated data. To reflect better the economic nature of the acquisition expenses incurred at the PZU Group level, the presentation of some of the costs incurred by banks belonging to the PZU Group has been changed in the condensed interim consolidated financial statements and the model for deferring acquisition expenses at the PZU Group level has been adjusted, which led to the transfer of some administrative expenses to acquisition expenses and to the reduction in deferred acquisition expenses in correspondence with acquisition expenses in the profit and loss account.

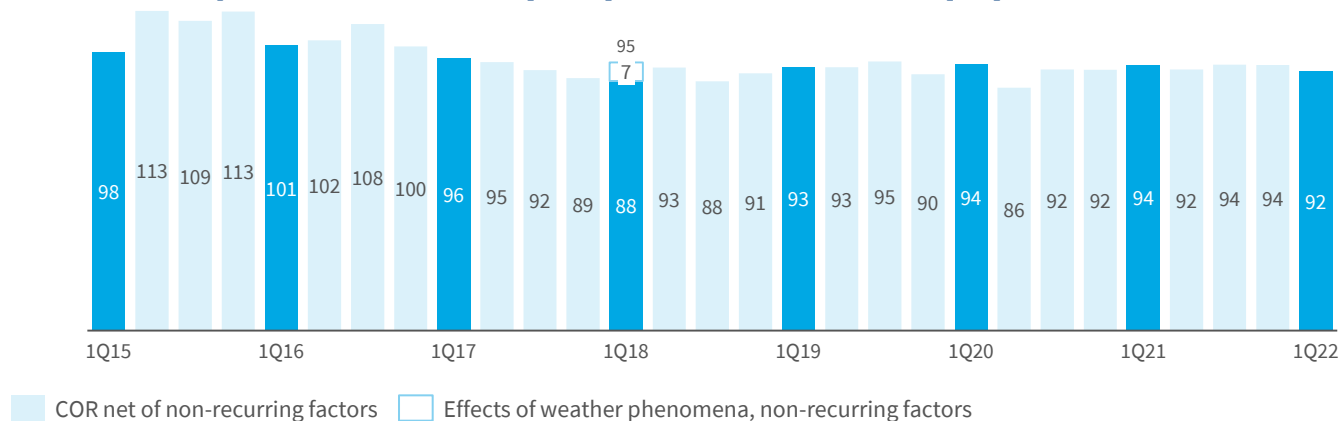
Profitability by operating segments

Insurance segments

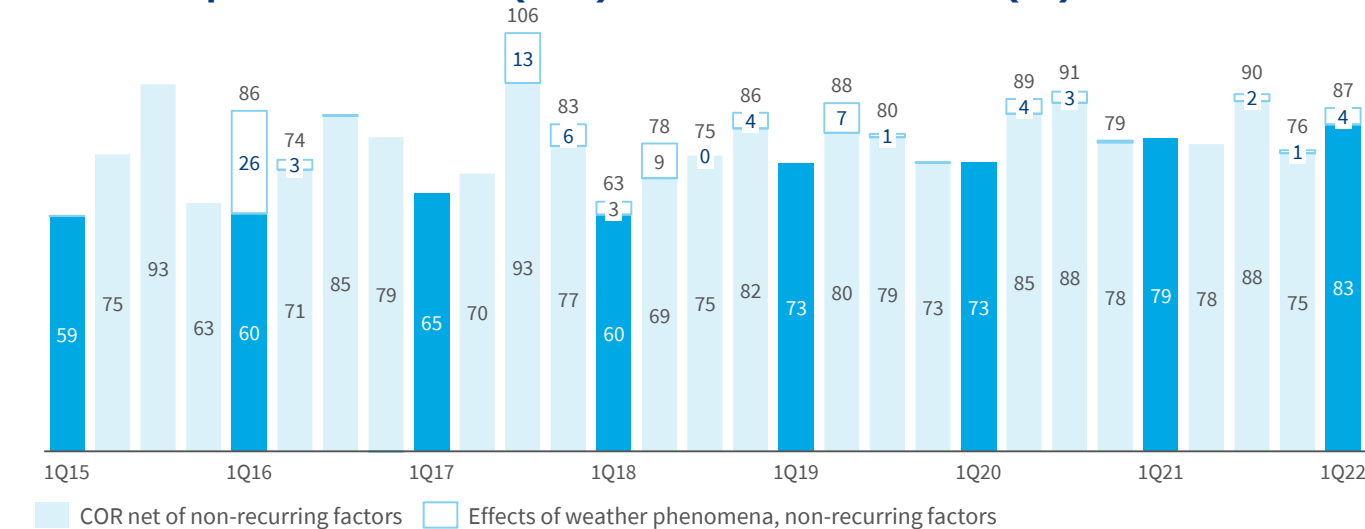
m PLN, local GAAP	Gross written premium			Insurance result / operating result			Combined ratio / Margin	
	1Q21	1Q22	Change y/y	1Q21	1Q22	Change y/y	1Q21	1Q22
Total non-life insurance – Poland	3,398	3,590	5.7%	387	368	(4.9%)	89.1%	90.0%
Mass insurance – Poland	2,722	2,900	6.5%	326	284	(12.9%)	88.6%	90.6%
Motor TPL	1,045	1,033	(1.1%)	64	75	17.6%	94.9%	93.6%
MOD	675	753	11.6%	55	69	27.0%	91.0%	89.1%
Other products	1,002	1,114	11.2%	153	87	(43.3%)	78.4%	88.0%
Impact of allocation to the investment segment	x	x	x	54	52	(3.3%)	x	x
Corporate insurance – Poland	676	690	2.1%	61	84	37.7%	90.8%	87.7%
Motor TPL	163	144	(11.7%)	4	5	34.0%	97.6%	97.8%
MOD	171	175	2.3%	8	24	211.9%	95.2%	85.9%
Other products	342	371	8.5%	34	36	5.8%	81.7%	82.6%
Impact of allocation to the investment segment	x	x	x	16	19	20.7%	x	x
Total life insurance – Poland	2,244	2,063	(8.1%)	257	310	20.6%	11.5%	15.0%
Group and individually continued insurance - Poland	1,757	1,788	1.8%	180	235	30.6%	10.2%	13.1%
Individual insurance – Poland	487	275	(43.5%)	77	75	(2.6%)	15.8%	27.3%
Total non-life insurance – Ukraine and Baltic States	488	568	16.4%	55	38	(30.9%)	88.3%	92.5%
Baltic States	441	524	18.8%	50	21	(58.0%)	88.0%	95.7%
Ukraine	47	44	(6.4%)	5	17	240.0%	92.9%	56.4%
Total life insurance – Ukraine and Baltic States	41	42	2.4%	4	(4)	x	9.8%	-9.5%
Lithuania	21	23	9.5%	0	(1)	x	0.0%	-4.3%
Ukraine	20	19	(5.0%)	4	(3)	x	20.0%	-15.8%
Banks	x	x	x	572	1,516	165.0%	x	x

Non-life insurance

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



PZU Group's combined ratio (COR) in non-motor insurance (%)



Motor insurance

- **The non-life insurance market**, following the slowdown precipitated by the COVID pandemic **continues to be under pressure from the economic crisis** caused by the Russian-Ukrainian conflict
- After a period of recovery on the market for new car sales and financing by lease companies, **the growth rate has decelerated again** (decline in the number of car registrations¹ by 13.3% y/y; the decline in lease² financing for cars of 3.9% y/y) due to down time in deliveries and the considerable increase in car prices
- Despite the portfolio's low profitability (falling technical result on the market's direct activity in 2021 by 5.3% y/y), the **trend of falling prices has persisted**
- **Rising exchange rates and high inflation** translate into higher costs of claims and benefits, **signifying further erosion of profitability** (especially painful to smaller players)
- The expected **changes to tariff rates for motor insurance**, including the short quotation path based on CEPIK data (policyholder's history) and aligning the price to the quantity and type of penalty points **make it possible to match the offer to client risk as best as possible**

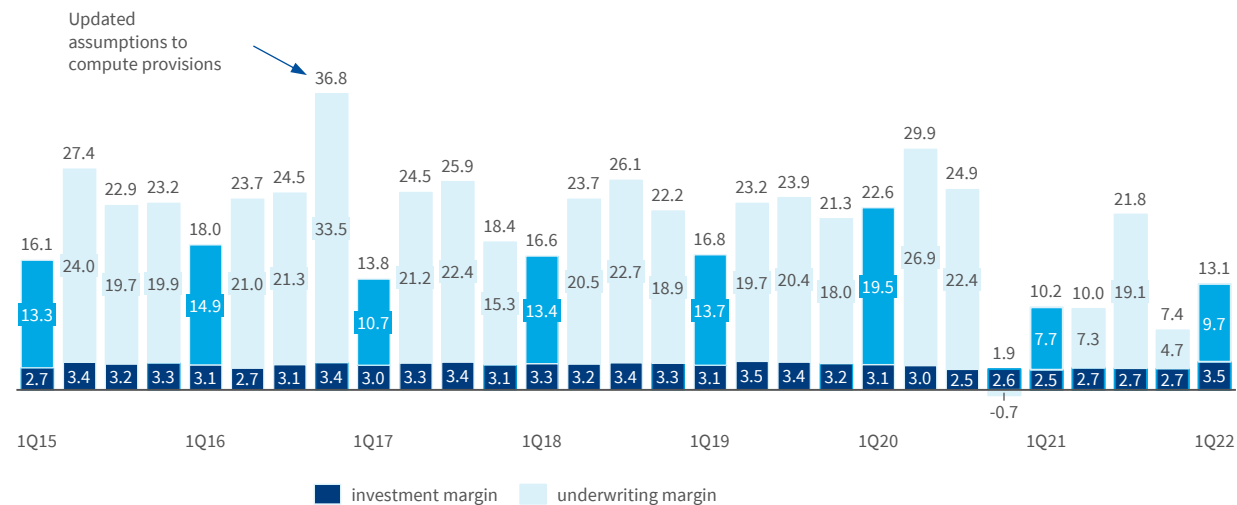
Non-motor insurance

- Higher level of claims triggered by atmospheric events, chiefly cyclones and gusty wind
- Higher insurance activity expenses, including acquisition expenses as the outcome of the shift in the sales channel mix (higher share held by the multi-agent and banking channels)

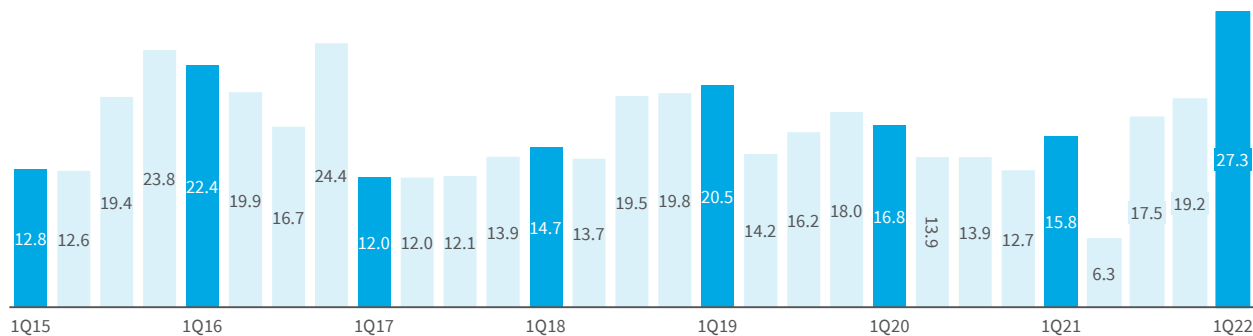
1. passenger and delivery vehicles up to 3.5 tons in January-March
 2. according to the statistical report of the Polish Leasing Association for the period of January - February 2022

Life insurance

Margin in group and individually continued insurance¹ (%)



Margin in individual insurance (%)



Margin in group and individually continued insurance in 1Q22 up 2.9 p.p. y/y at the level of 13.1%.

Key drivers:

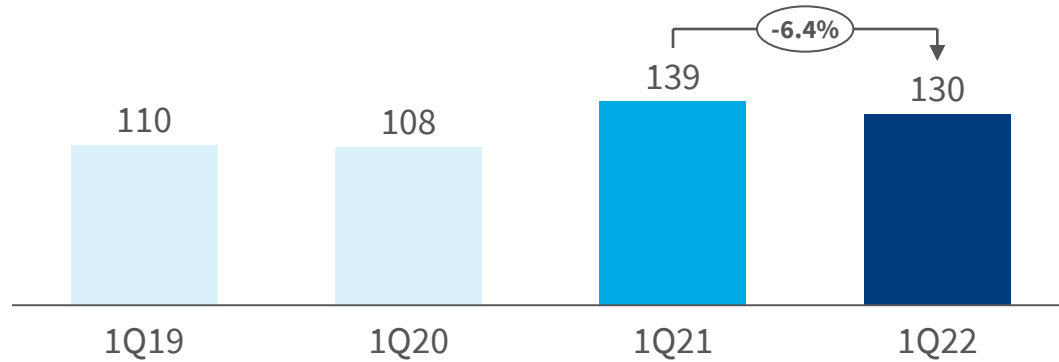
- **lower mortality linked to the COVID-19 pandemic** in line with the falling frequency of deaths observed in the overall population (according to the Central Statistics Office)
- lower mortality forecasts in subsequent periods, in 1Q22 **25.1 m PLN was derecognized from the provision for unexpired risk**
- **lower childbirth** benefits which is correlated with the frequency of these events in the overall population according to the data published by the Central Statistics Office
- higher allocated investment income at the risk-free rate
- **higher loss ratio of paramedical risks** (mainly hospital treatment, surgical operations, critical illnesses) and permanent dismemberment - higher numbers of reported benefits
- **adverse impact on the individual continuation portfolio from previous years** – lower than last year’s decline in the mathematical provisions in the portfolio as a result of smaller attrition in individual continuation (also by virtue of fewer deaths of insureds), coupled with the simultaneous increase in the average mathematical provision
- **higher benefits in ambulatory insurance (coupled with simultaneous portfolio growth**, which means that the utilization rate in health products remains at the same level y/y)
- higher operating expenses

Margin in the individual insurance segment in 1Q22 up 11.5 p.p. y/y at the level of 27.3% – minor change to the nominal result despite the decline in gross written premium by 43.5%. Shift in product mix (lower sales of low-margin investment products, mostly bank products).

1. Margin in group and individually continued insurance until 4Q19 net of the conversion effect, as of 1Q20 the conversion effect is no longer disregarded
 2. The provision for unexpired risk aims to cover any possible deficit of future premiums due to higher expectations regarding mortality caused by the COVID-19 pandemic in subsequent quarters

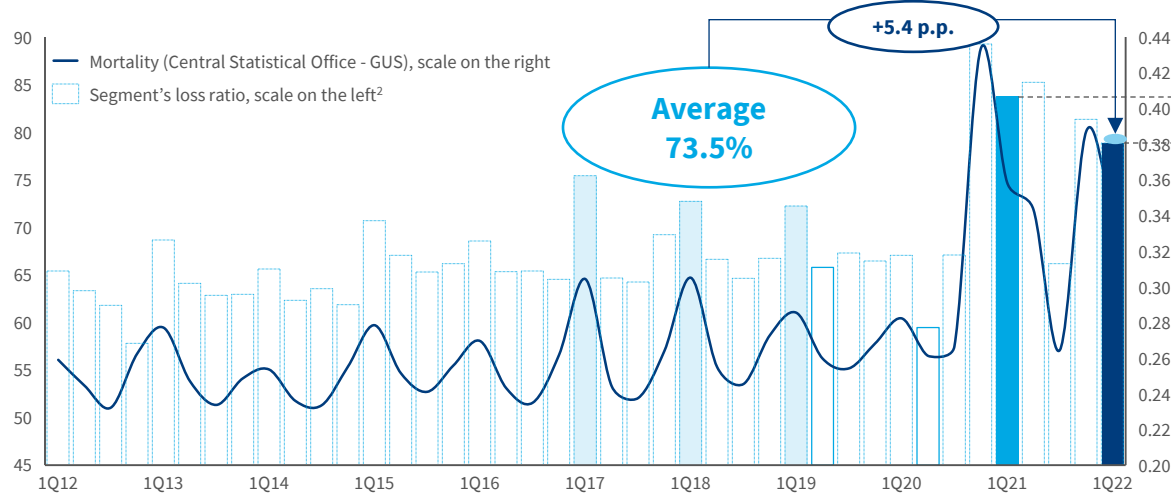
The pandemic and loss ratio in the group and individually continued segment in 1Q22

Number of deaths on a quarterly basis in Poland in 2019 - 2022¹

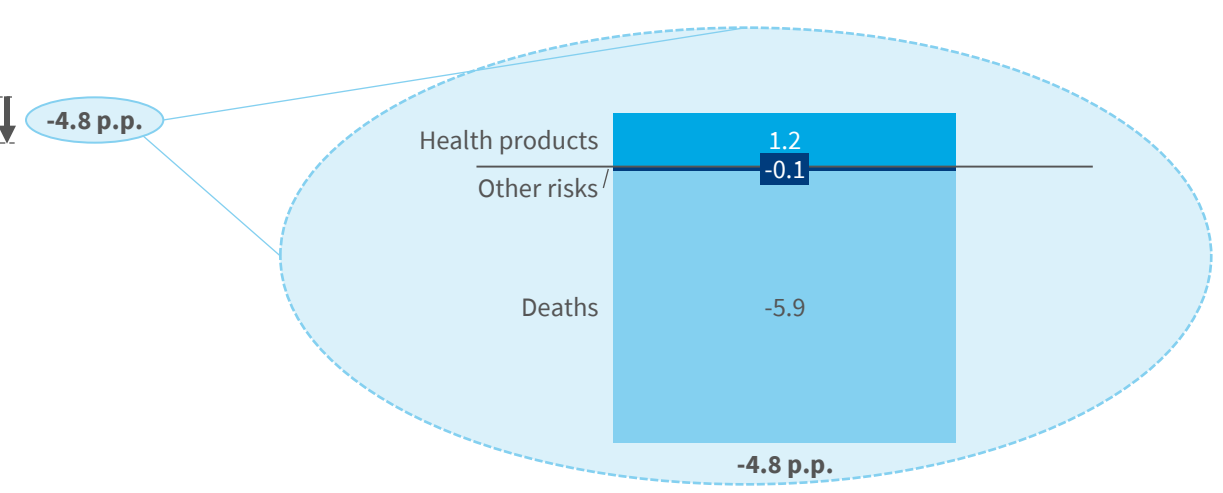


- Number of deaths in Poland in 1Q22 **substantially lower than in 1Q21**, however, it was still above the average figures in the first quarter
- Loss ratio in the group and individually continued insurance segment² **down 4.8 p.p. y/y**. Loss ratio substantially above pre-pandemic standards, i.e. **+5.4 p.p. above the average for the first quarters of 2017-2019**
- The **lower frequency of deaths (-5.9 p.p.)** and the falling value of childbirth benefits were **the main contributors** to the decline in the loss ratio in 1Q22 y/y. In turn, the higher utilization of health products and the higher loss ratio in paramedical riders raised the loss ratio y/y

The frequency of deaths in Poland and the loss ratio of the group and individually continued insurance segment



Impact exerted by the various risks on the change to the segment's loss ratio y/y



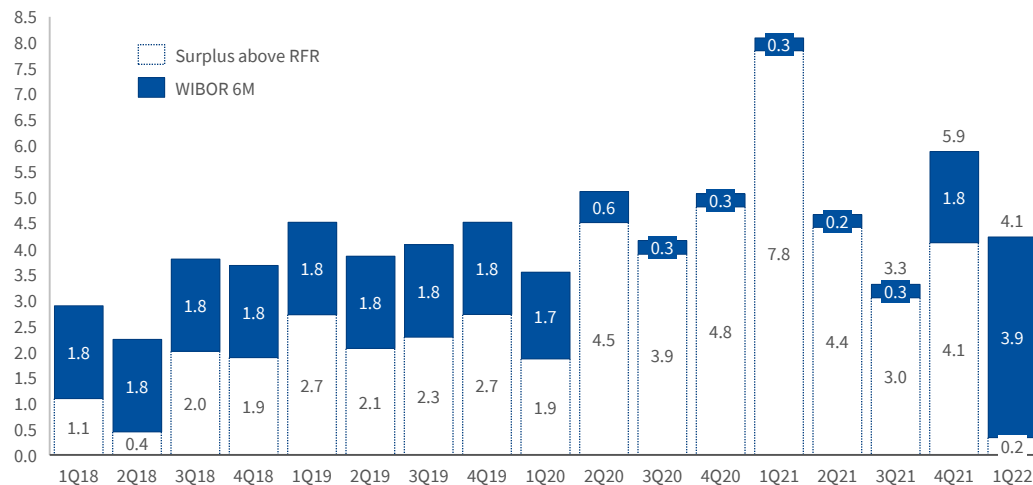
1. According to the Central Statistical Office's data (GUS)
 2. Incorporates only protection products, benefits paid, the utilization of health products and the change in claims provisions

Investment result

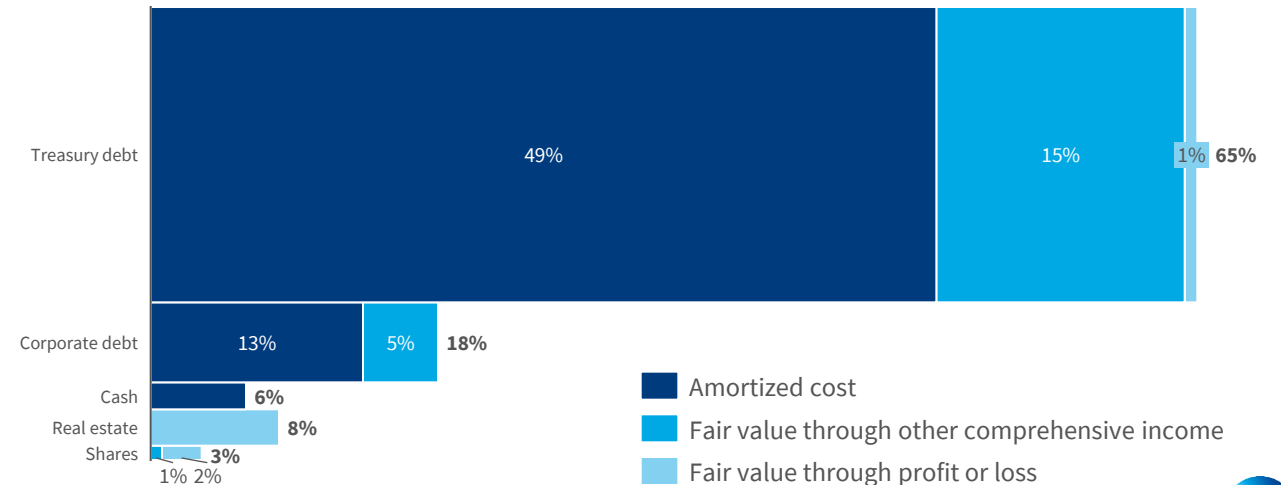
IFRS, m PLN	1Q21	4Q21	1Q22	change y/y	change q/q
Net investment result	2,406	2,347	2,800	16.4%	19.3%
Insurance and other activities	720	420	105	(85.4%)	(75.0%)
Main portfolio	859	649	445	(48.2%)	(31.4%)
Debt instruments - interest	321	322	351	9.2%	9.0%
Debt instruments - revaluation and execution	(5)	(7)	(5)	x	x
Equity instruments	519	29	48	(90.8%)	65.5%
Real estate	24	305	51	116.3%	(83.3%)
-	-	-	-	x	x
Investment products	(40)	(179)	(208)	x	x
Other	(99)	(50)	(132)	x	x
Banking activities	1,686	1,927	2,695	59.9%	39.9%

- **Safe portfolio composition:** debt instruments account for 83% of the portfolio, treasury debt accounts for 65% of the portfolio
- **0,2 p.p. surplus profitability** in the main portfolio on FX on liabilities above the risk-free rate in 1Q22
- **Higher net interest income y/y** – especially due to the better results on floating coupon bonds
- **Lower result of the portfolio of equity instruments**, chiefly in the logistics sector partially offset by the higher measurement of Private Equity funds due to better circumstances on the technological market where portfolio funds primarily invest

Return on the main portfolio with FX on liabilities

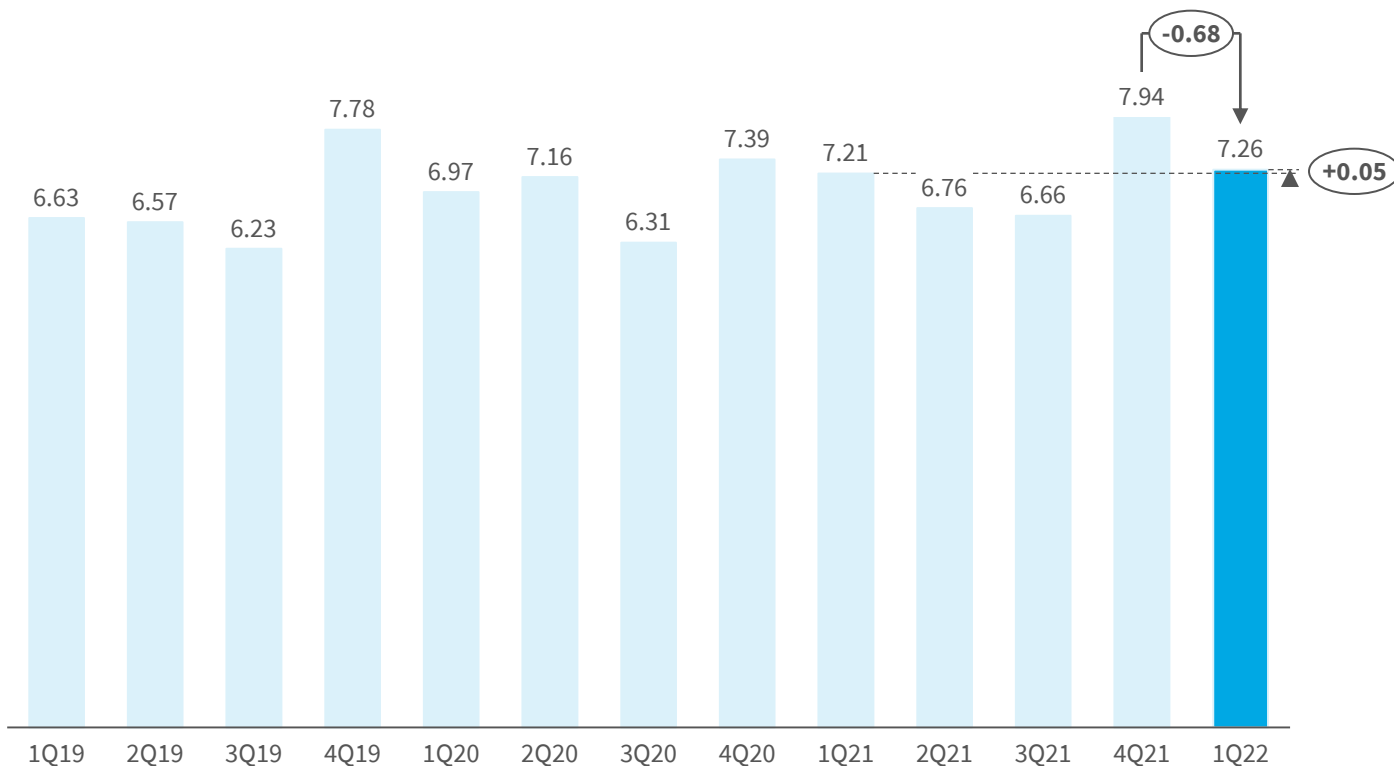


Main portfolio composition by asset classes and methods of their measurement



Maintaining cost effectiveness

Administrative expense ratio (%)



Administrative expense ratio calculated using the equation:
 administrative expenses in PZU and PZU Życie in the quarter / net earned premium in PZU and PZU Życie in the quarter

The movement in the administrative expense ratio in **1Q22 versus 1Q21** is the outcome of the following:

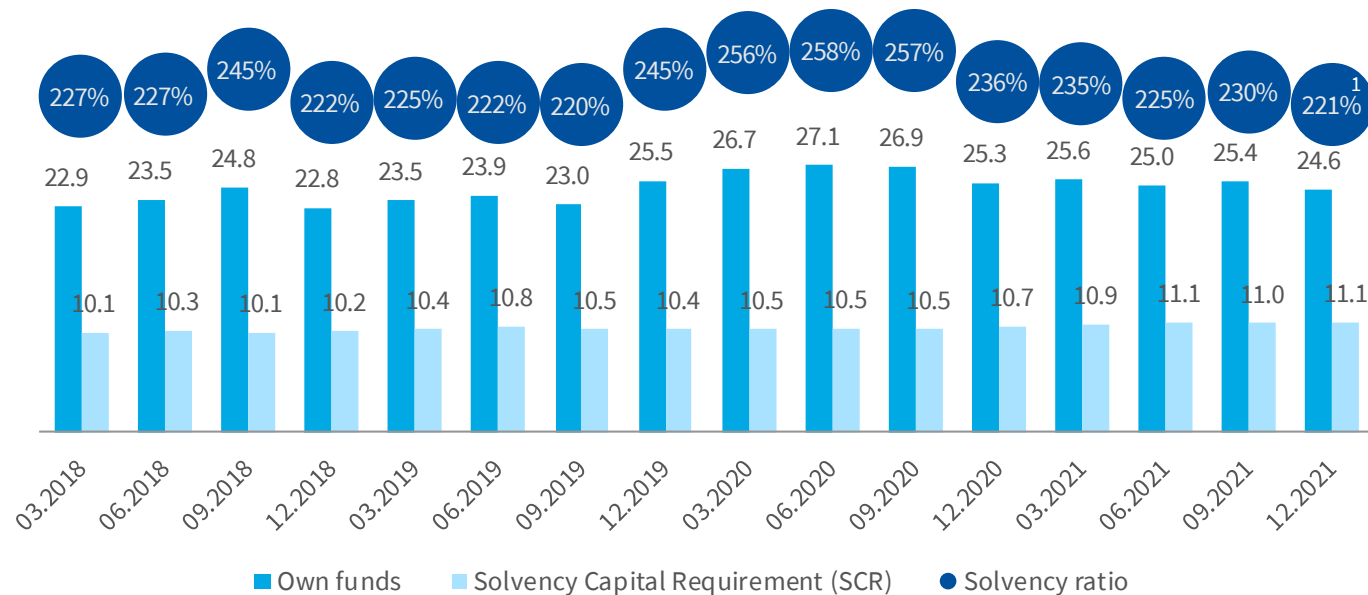
- intensifying advertising (motor products) and sponsoring efforts
- aid related to the situation in Ukraine
- increase in real estate maintenance expenses due to the indexation of lease rates and the prices for utilities
- implementing the New Organization Model and IT Work Tools
- completion of the depreciation of some IT systems
- lower costs of advisory services (IFRS17 project and Distribution)
- maintenance of cost discipline in other areas

The change in the administrative expense ratio in **1Q22 versus 4Q21** is due to the following:

- lower intensity of marketing efforts, including advertising and sponsoring activities
- declining demand for advisory services chiefly related to the company's strategic projects
- lower spend on training activities
- decline in the costs of renovation and upkeep
- lower costs of group work tools
- growth in provisions related to employees taking holiday leave
- rising personnel costs as a result of wage pressure

Group's high level of solvency

Solvency ratio II, 31 December 2021



Solvency ratio calculated using the equation:
Own funds / solvency requirement.

Annual data based on the audited standalone and consolidated solvency and financial condition reports (SFCR) available on the following website <https://www.pzu.pl/relacje-inwestorskie>. Other unaudited data.

1. Adjusted dividend restricted by the limits ensuing from the Polish FSA's stance on dividend policy in 2022 dated 9 December 2021, i.e. by 2.27 PLN/share.

In 4Q21 **decline in own funds of 0.7 bn PLN**. Major reasons:

- operating cash flow (+0.4 bn PLN) and investment results (+0.4 bn PLN)
- impact exerted by the growth in the yield curve on own funds (-0.8 bn PLN):
 - decline in the measurement of treasury bonds (-3.0 bn PLN)
 - decline in the measurement of technical provisions (+2.2 bn PLN)
- reduction in the own funds of credit institutions (-0.2 bn PLN)

SCR growth in 4Q21 by **0.1 bn PLN**.

Major growth drivers q/q:

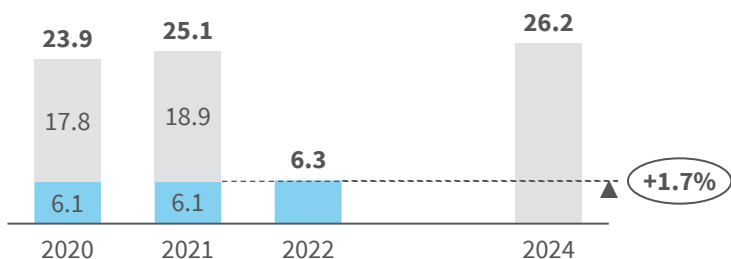
- higher market risk (+0.16 bn PLN)
- lower non-life insurance risk of -0.15 bn PLN
- higher banking sector requirements of +0.08 bn PLN



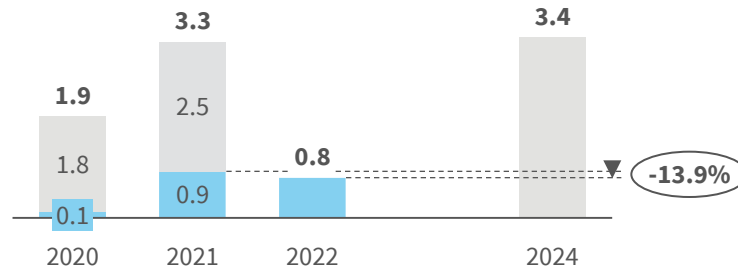
4. Strategy

Strategic objectives in 2021-2024 and fulfillment

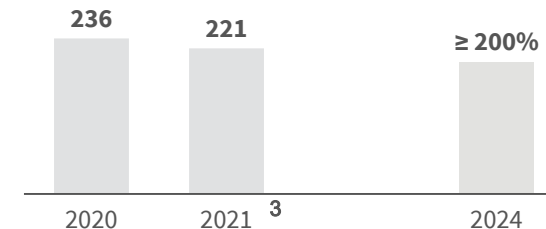
PZU's gross written premium¹ (bn PLN)



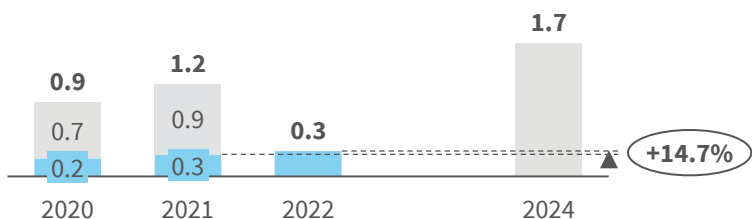
PZU Group's net profit² (bn PLN)



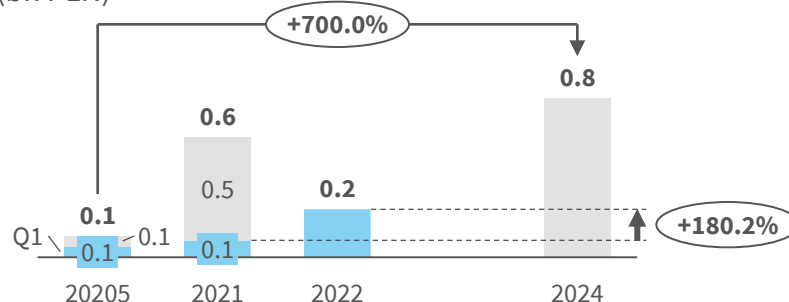
Solvency II ratio (%)



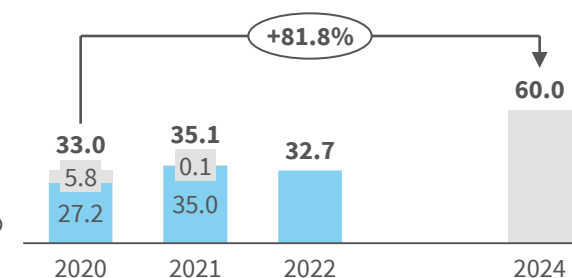
Health Pillar Revenue (bn PLN)



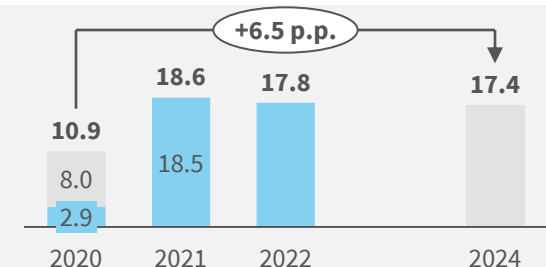
Banks' contribution to PZU Group's net result² (bn PLN)



Assets under management⁴ (bn PLN)



Return on equity (ROE)



1Q

1. PZU Group's gross written premium
2. Net profit attributable to equity holders of the parent company

3. It does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings dated 16 April 2021
4. Third party assets under management TFI PZU, Pekao TFI i Alior TFI

5. Net of the impairment loss for goodwill on the acquisition of Bank Pekao and Alior Bank

War between Russia and Ukraine – significant issues for the PZU Group’s operations

Crisis Management Team

A **crisis management team** with the participation of senior managers and representatives of the Ukrainian subsidiaries is operating **in the Polish head office of PZU, it is monitoring the situation on an ongoing basis** and making **decisions** on management and preventive measures and aid for **Ukraine’s** citizens.

Impact on the PZU Group’s business continuity

In the opinion of the PZU Management Board, the conflict in Ukraine **does not affect** the PZU Group’s **going concern assumption**; however, determining the capability of the PZU Group’s Ukrainian companies to maintain business continuity is subject to uncertainty.

No impairments

The Ukraine segment wrapped up 1Q22 with a result that does not imply the necessity of taking impairment losses. The PZU Group analyzes the changing situation on an ongoing basis and examines forward-looking scenarios for the run of events. Credible assessment of future and prospective impairment losses on assets and measurement of technical provisions and other liabilities is not possible at present.

Assets of the Ukrainian companies belonging to the PZU Group

As at 31 March 2022 the net total assets¹ of the three companies operating in Ukraine (PZU Ukraine, PZU Ukraine Life oraz LLC SOS Services Ukraine) **was 79 m PLN.**

The assets¹ of companies subject to consolidation totaled **537 m PLN**, including:

- investment financial assets of **279 m PLN**, of which 143 m PLN in instruments issued by the government of Ukraine and 136 m PLN in term deposits
- **117 m PLN** was the **reinsurers’** share in technical provisions, with **PZU’s** share accounting for **41 m PLN.**

Exposure to markets affected by war-time operations or sanctions

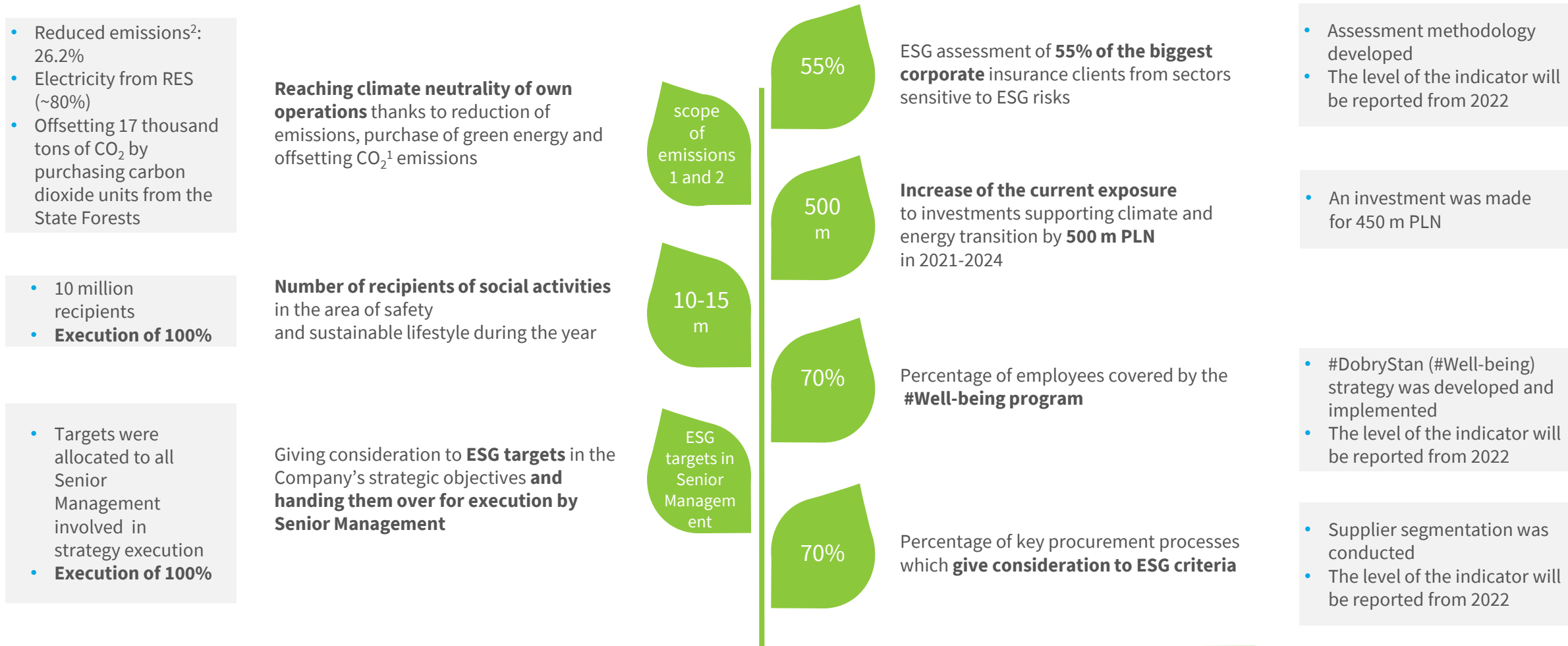
- All of the bonds held on 31 December 2021 issued by the governments of Russia (90 m PLN), Belarus (1.6 m PLN) and Ukraine (4 m PLN) **were sold** by 3 March 2022 (the realized loss was 13 m PLN).
- As at 31 March 2022 the banks in the PZU Group held 320 m PLN in bank credit exposures and 211 m PLN bank off-balance sheet exposures to entities that are residents of Ukraine, Russia or Belarus.

Operating activities in Ukraine

- PZU Group’s Ukrainian companies are operating on an emergency basis
- Sales processes are conducted to a limited extent: (i) PZU Ukraine branches are closed wherever acts of war are conducted, sales are limited mainly to mandatory TPL, travel insurance and Green Card insurance; (ii) sales in PZU Ukraine Life have been suspended in all channels until martial law ends
- Claims handling processes in PZU Ukraine Life are limited – payouts are made with thorough documentation providing there are no indications of fraud; in PZU Ukraine the functionality of the full claims handling cycle is ensured, while losses incurred after 24 February 2022 are paid up to a defined cap (50 thousand UAH), where the declaration of martial law across the nation excludes the insurer’s liability for losses incurred due to acts of war
- The National Bank of Ukraine banned the purchase of foreign currencies, the trading of bonds issued by the government of Ukraine and international transfers






1. minus liabilities and adjusted for cross holdings between PZU Ukraine and PZU Ukraine Life

Execution of PZU and PZU Życie's ESG Sustainable Development Strategy in 2021 - 2024



1. Climate neutrality in PZU and PZU Życie in terms of emissions under scope 1 and scope 2
 2. PZU and PZU Życie, location-based method

PZU SA's rating in the ESG rankings conducted in 2021 by international rating agencies

Rating Agency	Score	Date of the assessment
	Score: D (Disclosure) / A Scale of CDP scores from the highest: A/A- (Leadership); B/B- (Management); C/C- (Awareness); D/D- (Disclosure)	December 2021
	Score: 40/100 points in the corporate sustainability assessment conducted by S&P Global in 2021. This score is 19 points higher than in 2020. <u>Centile</u> : 57th centile in the insurance sector.	12 November 2021
	Score: 37/100 PZU's score in 2021 (37 points) was 6 points higher than in 2020 (31 points) and 2019 (31 points). <u>Average score in the sector</u> : 44	August 2021 The ESG assessment was originally conducted by V.E, which is now a part of Moody's ESG Solutions
	Score: 3.3/5. PZU improved its score by 0.2 versus 2020. <u>Centile</u> : 41	September 2021
	ESG MSCI Rating: BBB MSCI ESG Research gives ESG ratings to public and privately-held companies across the world. MSCI rating scale: from AAA (Leader) to CCC (Laggard), depending on the exposure to industry-specific ESG risks and the capacity to manage these risks compared to other companies.	2020 <u>DISCLAIMER STATEMENT</u> The use by PZU SA of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of PZU SA by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

We will develop business ecosystems for new and current clients (1/2)

ECOSYSTEM BENEFITS

Convenient space to manage benefits unrelated to salary

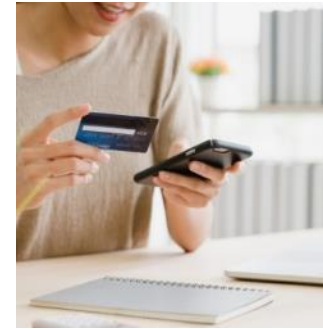


- Set of advanced digital tools facilitating employers' comprehensive management of benefits

Extensive offering of the PZU Group's benefits



- Many benefits in one venue – ranging from cafeterias and sport cards to insurance and financial products and all the way to health products
- Contact with a single supplier of multiple services for employees: time savings, unifying processes, convenience and lower administrative expenses



Building a community



- An ecosystem offers new opportunities to build relations with clients in daily life

New to the market and attractive products



- PZU Sport – sport and recreation subscription
- CASH – loans with attractive terms involving direct salary-based repayment
- Combined sport, recreation and medical packages and other packaged solutions involving insurance, physical activity and health blended with the services of external partners

Institutional clients obtain a comprehensive offering consisting of various types of benefits unrelated to salary for their employees

Individual clients have accessible services and tools enhancing their comfort in life, activity, lifestyle, etc.

We will develop business ecosystems for new and current clients (2/2)

ECOSYSTEM FOR DRIVERS

We will prepare an ecosystem addressing clients' various needs...



- We will help **buy and sell** a car
- We will provide support **in financing purchases**
- We will provide **insurance products**



- We will check the vehicle's state of repair
- We will organize its repair**
- We will provide legal support



- We will organize road assistance and a replacement vehicle
- We will propose a **repair workshop**



- We will remind clients of important dates
- We will made the **history of repairs** available



- We will prepare a **loyalty program**
- We will offer **additional discounts** on our partners' services

...in which the driver is at the center of attention. We provide comfort and safety of use to...



... **widespread access to services** and the usage of the relevant digital technologies.



Services accessible in a single venue without leaving home, 100% online



The ecosystem will be accessible for everyone, even if he or she does not have insurance



Hotline accessible 24 hours a day, 7 days a week



Jointly with our clients we will develop our services and constantly improve their quality



We will furnish **safe and user-friendly** digital tools

Not every driver is an expert in vehicle maintenance and that is why we want to provide support to him or her and act as a partner to care about comfort and safety



5. Attachments



Gross written premium of the PZU Group

Insurance segments m PLN, local GAAP	1Q21	4Q21	1Q22	Change y/y	Change q/q
External gross written premium	6,148	6,830	6,253	1.7%	(8.4%)
Total non-life insurance – Poland	3,374	4,087	3,581	6.1%	(12.4%)
Mass insurance – Poland	2,707	2,942	2,892	6.8%	(1.7%)
Motor TPL	1,049	1,055	1,032	(1.6%)	(2.2%)
MOD	675	729	753	11.6%	3.3%
Other products	983	1,158	1,107	12.6%	(4.4%)
Corporate insurance – Poland	667	1,145	689	3.3%	(39.8%)
Motor TPL	162	184	143	(11.7%)	(22.3%)
MOD	170	205	175	2.9%	(14.6%)
Other products	335	756	371	10.7%	(50.9%)
Total life insurance – Poland	2,244	2,148	2,063	(8.1%)	(4.0%)
Group and individually continued insurance - Poland	1,757	1,763	1,788	1.8%	1.4%
Individual insurance – Poland	487	385	275	(43.5%)	(28.6%)
Premium on protection products	179	206	188	5.0%	(8.7%)
Premium on periodic investment products	74	64	54	(27.0%)	(15.6%)
Premium on single investment products	234	115	33	(85.9%)	(71.3%)
Total non-life insurance – Ukraine and Baltic States	488	548	568	16.4%	3.6%
Baltic States	441	480	524	18.8%	9.2%
Ukraine	47	68	44	(6.4%)	(35.3%)
Total life insurance – Ukraine and Baltic States	41	49	42	2.4%	(14.3%)
Lithuania	21	24	23	9.5%	-4.2%
Ukraine	20	25	19	(5.0%)	(24.0%)

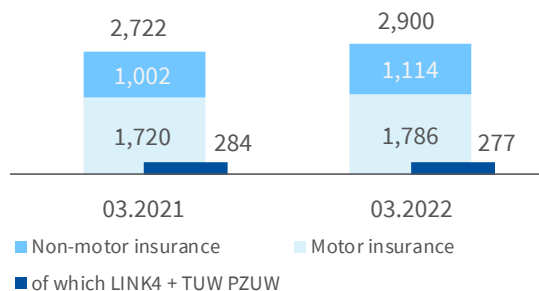


Non-life insurance

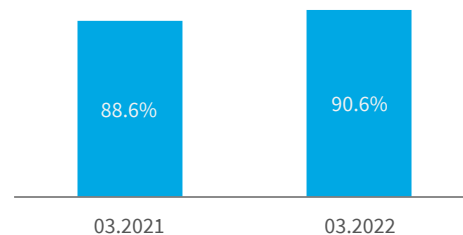
High growth rate of non-motor insurance. Motor insurance under the pressure posed by lower TPL prices in Poland

Mass segment

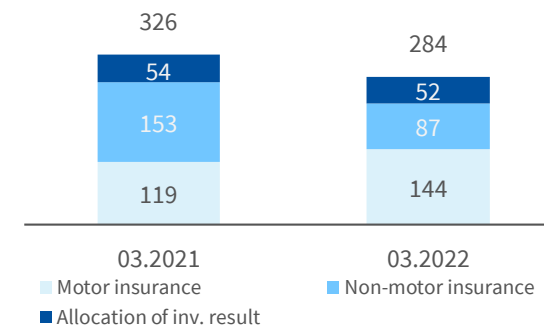
Gross written premium (m PLN)



Combined ratio (%)

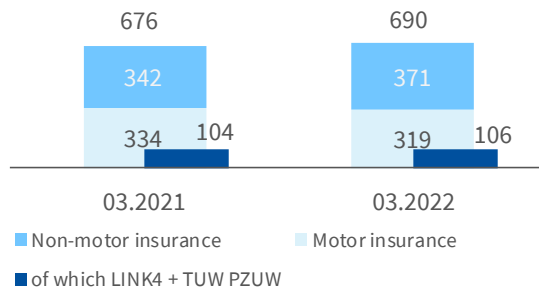


Insurance result (m PLN)

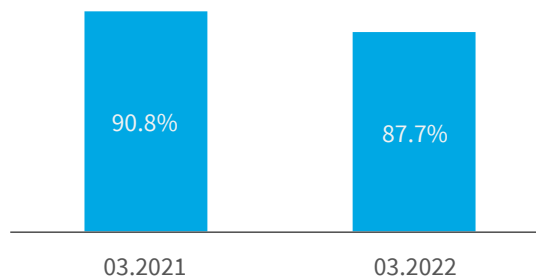


Corporate segment

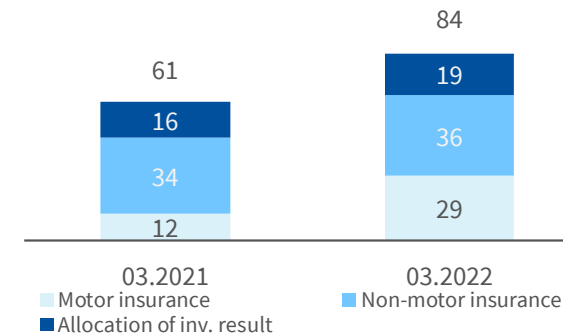
Gross written premium (m PLN)



Combined ratio (%)



Insurance result (m PLN)

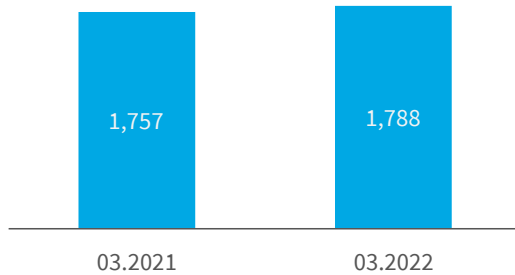


Life insurance

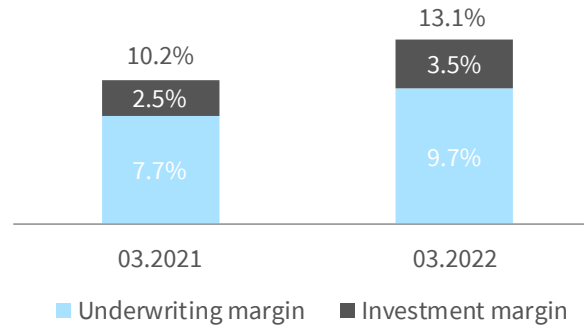
Rising premium on group and individually continued products. Enhanced profitability in both segments

Group and individually continued insurance

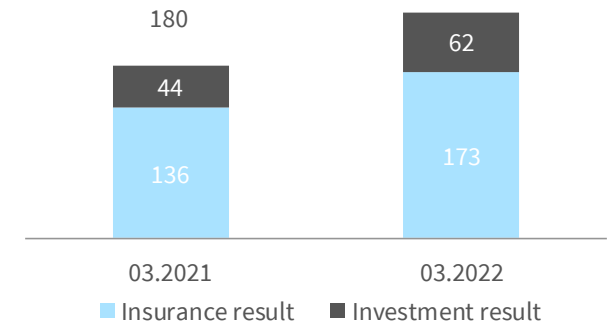
Gross written premium (m PLN)



Margin (%)

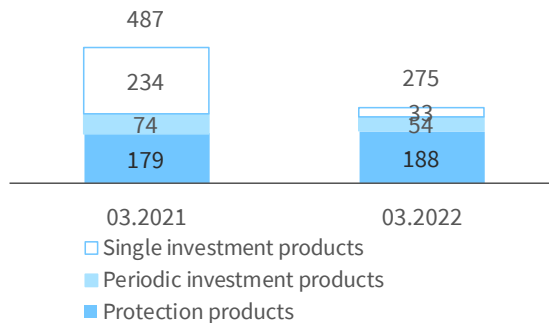


Insurance result (m PLN)

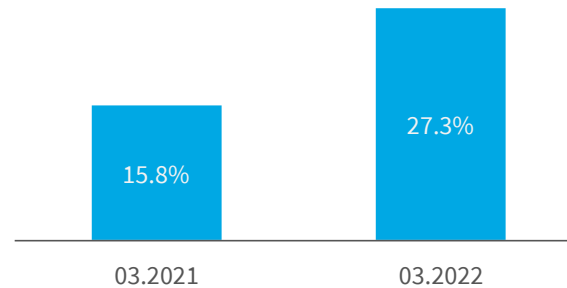


Individual insurance

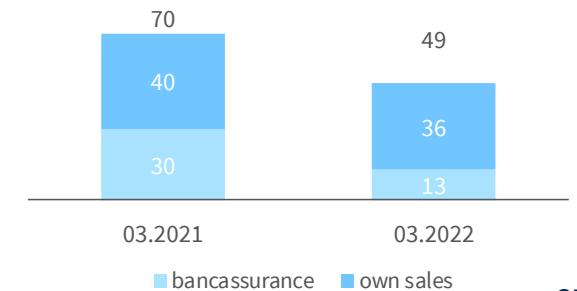
Gross written premium (m PLN)



Margin (%)



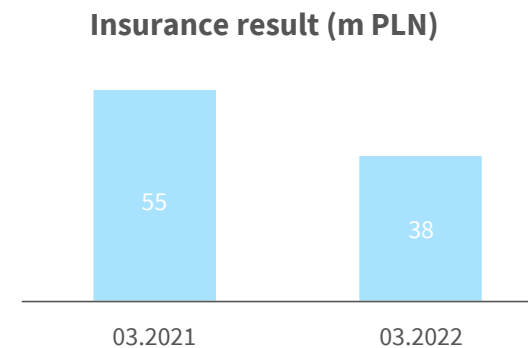
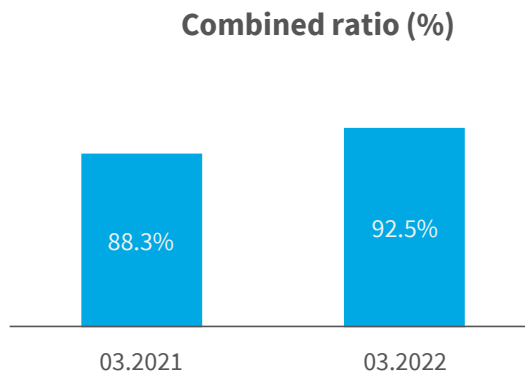
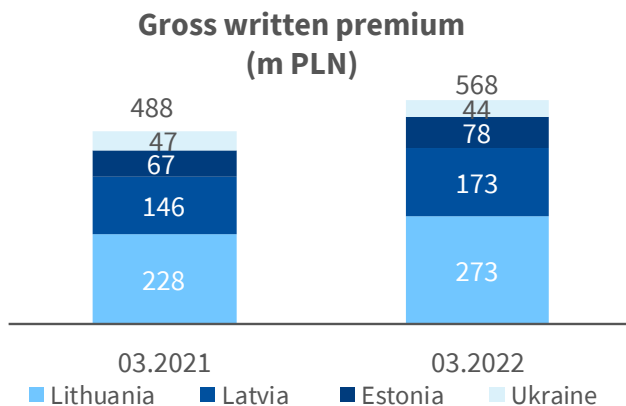
Annual Premium Equivalent (m PLN)



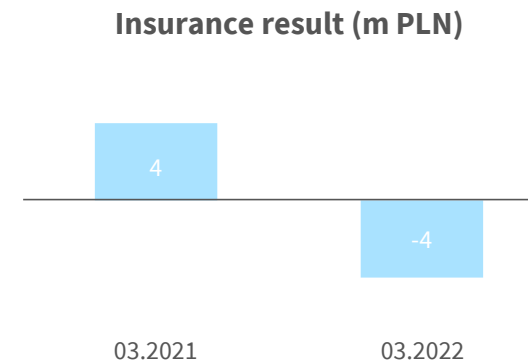
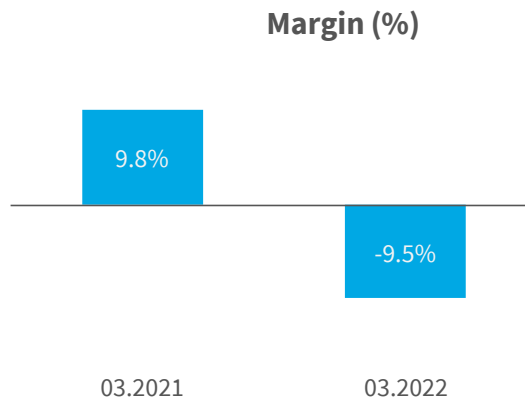
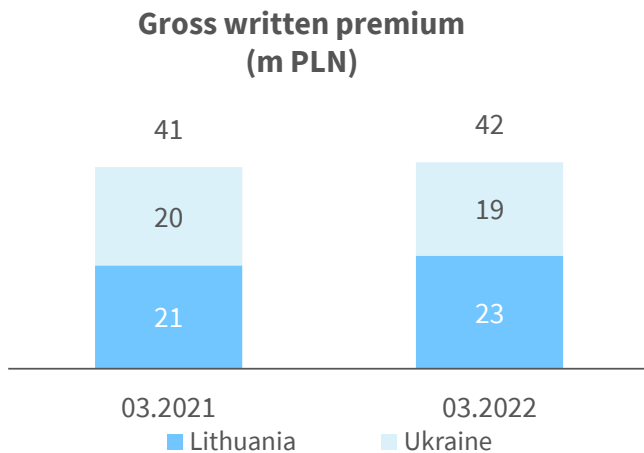
Foreign operations

Fierce price competition in motor insurance

Non-life insurance



Life insurance

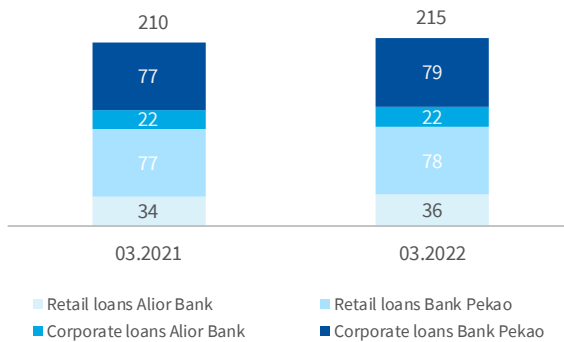


Banking activity

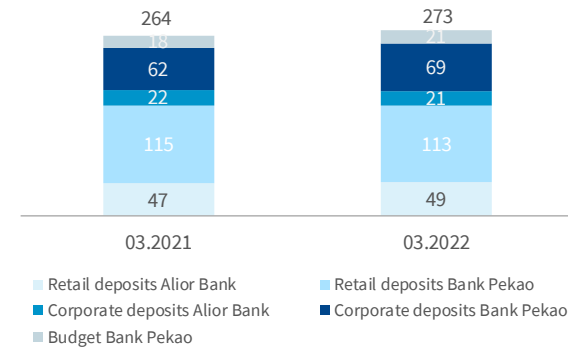
Strong growth in the banks' operating result

Volumes

Loans (bn PLN)

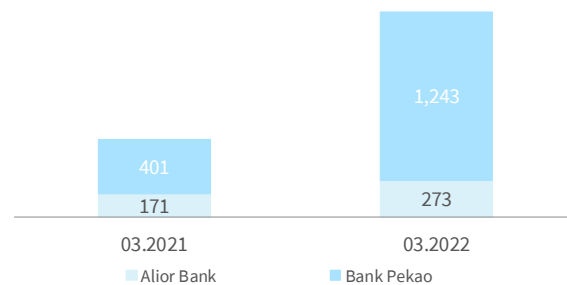


Liabilities (bn PLN)³

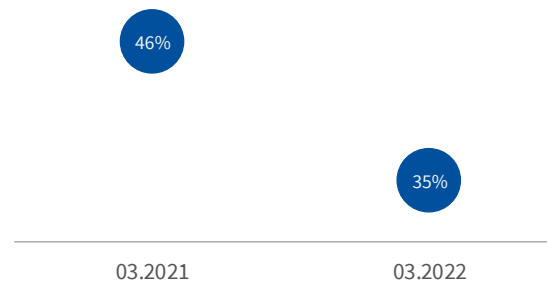


Results / ratios

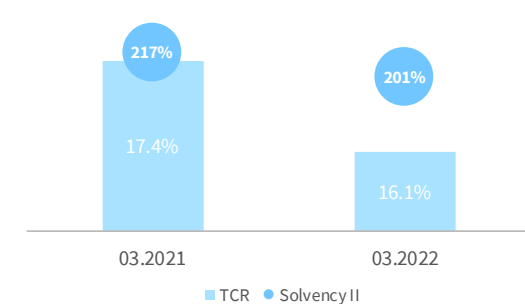
Operating result¹ (m PLN)



Cost / Income¹ (%)



Capital adequacy²



1. Data in accordance with the Financial Statements of PZU, net of the impairment loss for goodwill and intangible assets

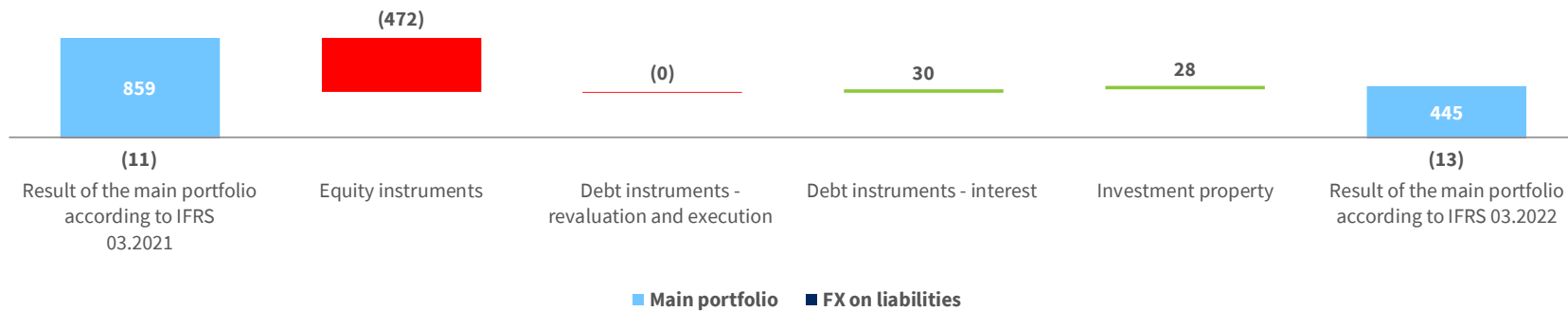
2. Total data for Bank Pekao and Alior Bank in proportion to their holdings

3. Data in accordance with the financial statements of Bank Pekao and Alior Bank

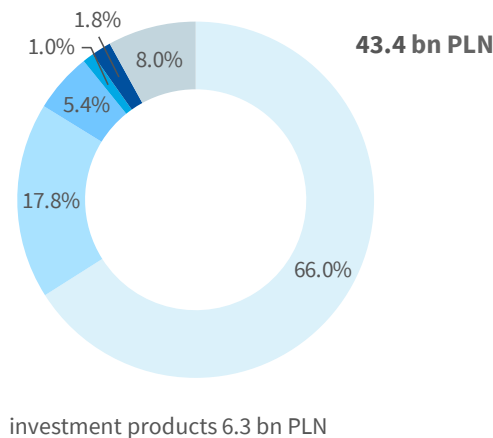
Investments

Quarterly results and portfolio composition

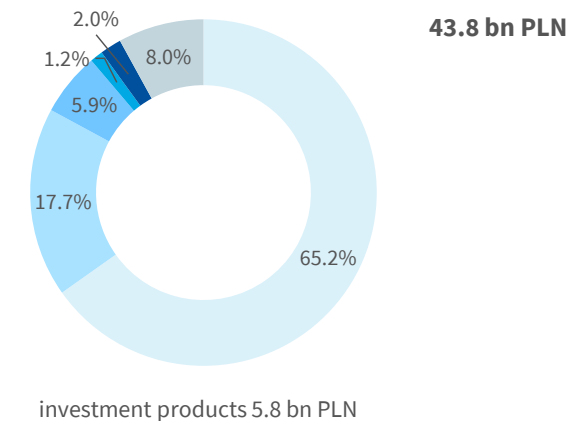
Net investment result (m PLN)



December 2021 main portfolio investment composition



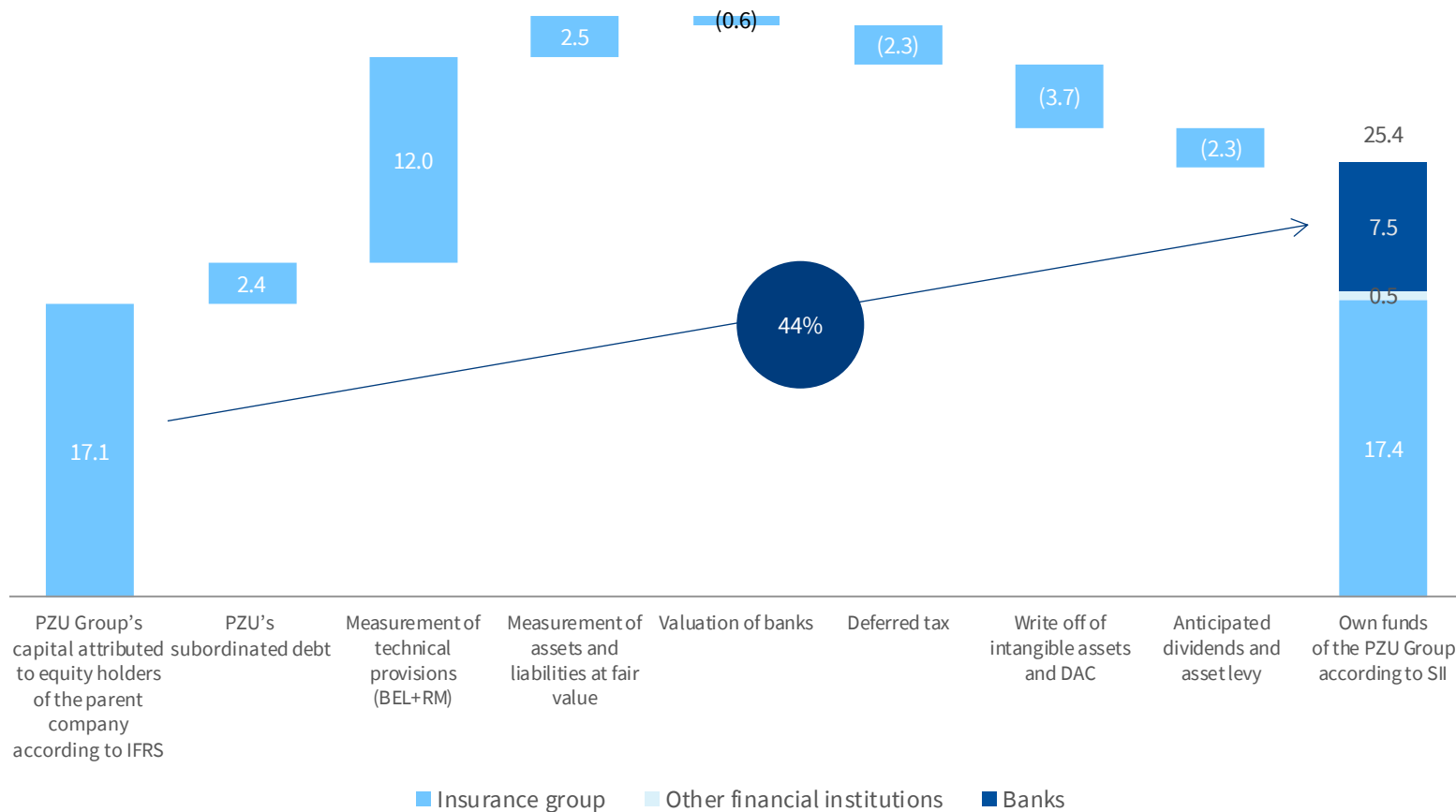
March 2022 main portfolio investment composition



Own funds

PZU Group's data in Solvency II as at 31 December 2021 (bn PLN)

Comparison of own funds and consolidated equity according to IFRS



Own funds according to SII minus:

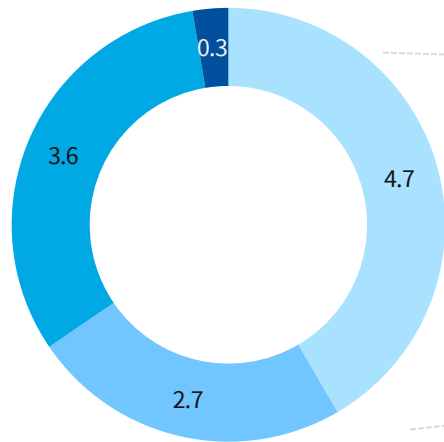
- dividend for the previous year (if not included in liabilities)
- dividend adjustment limited by the limits resulting from the stance of the Polish Financial Supervision Authority on the dividend policy in 2022 from 9 December 2021, i.e. by PLN 2.27 per share
- the forecasts of the asset levy to be paid by insurance undertakings in the 12 months after the balance sheet date (according to the letter from the Polish FSA)

1. The exception pertains to intangible assets and deferred acquisition costs whose value for the purposes of SII is zero

Solvency capital requirement (SCR)

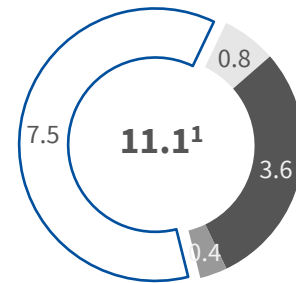
PZU Group's data in Solvency II as at 31 December 2021 (bn PLN)

Basic solvency capital requirement (BSCR)



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

Solvency capital requirement (SCR)



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

Solvency requirement moved up in 4Q21 by 0.1 bn PLN.

The main reasons for the movement in SCR:

- increase in market risk of 0.16 bn PLN² triggered by:
 - higher interest rate risk of +0.15 bn PLN² (change in the item from short position in previous periods to long)
 - higher equity price risk of +0.17 bn PLN² caused by the modification to the group of unit-linked products subject to modeling
 - higher risk after acquisition of property (up +0.13 bn PLN²)
 - higher FX risk of 0.11 bn PLN² following the sale of some FX assets
- lower non-life insurance risk -0.15 bn PLN² caused by the decline in catastrophic risk
- banking sector's higher capital requirements due to higher exposure (+0.08 bn PLN²) and lower adjustment for deferred taxes (-0.05 bn PLN²).

1. Difference between SCR and the total of the following: BSCR, operational risk, the requirement of the banking sector and other financial institutions ensues from a tax adjustment (LAC DT).

2. Prior to the effects of diversification.

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.

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Thank you

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