



PZU Group's Financial Results

in 2Q22

Warsaw, 25 August 2022





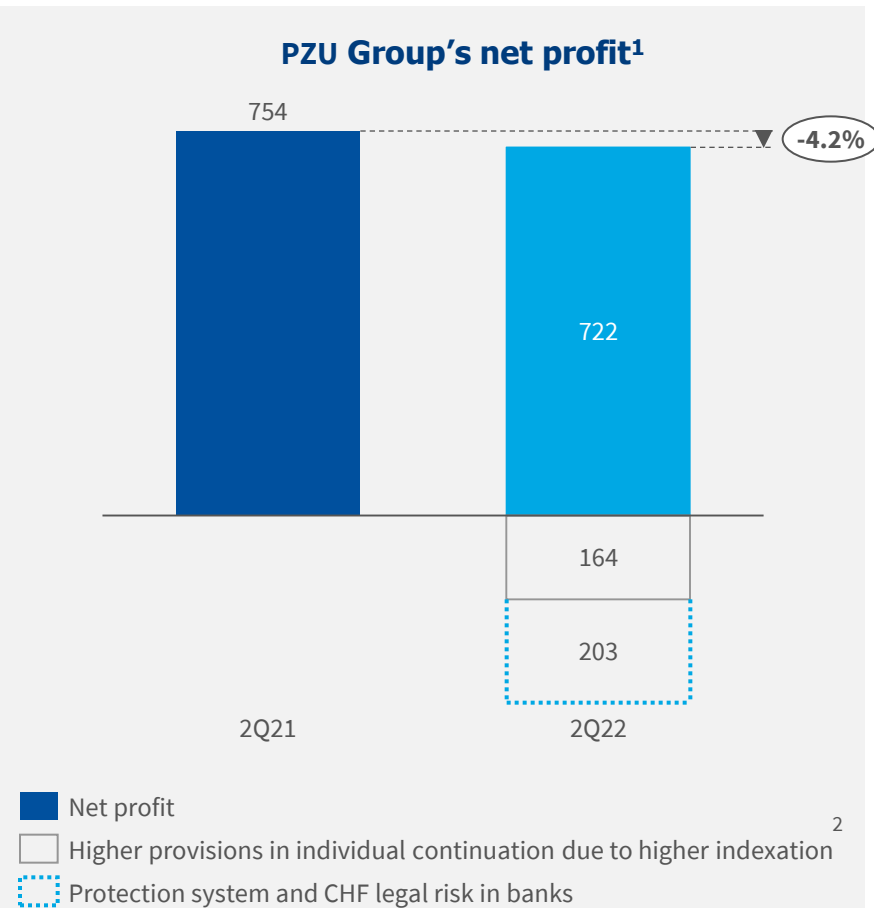
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1. PZU Group's main accomplishments

Robust net result in challenging market conditions



Diversified model

Diversifying the business model builds resilience to economic and market turbulence



High profitability

Return on equity of 18.1% - 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

Optimum conditions for reinvesting the long-term bond portfolio
 Rising interest margin in the banking business
 Market environment positively verifies the adopted investment strategy



Stability and security

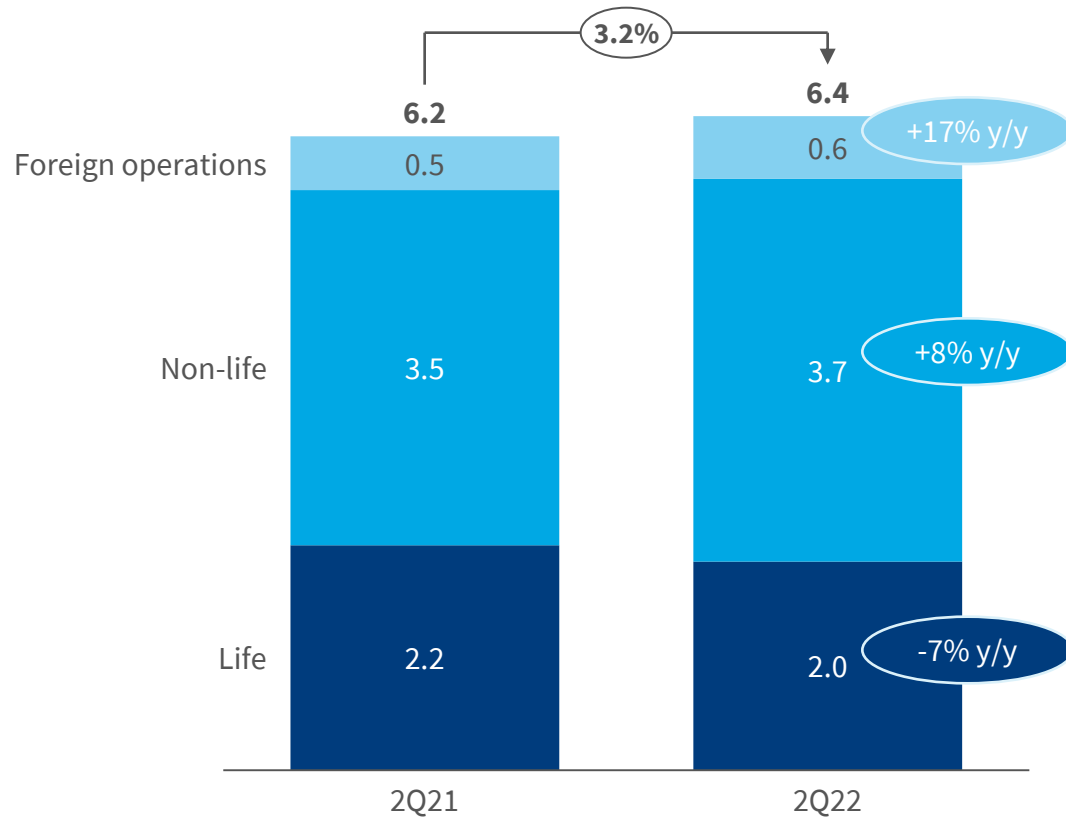
Rating A-

High 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, 2Q21 net profit adjusted
 2. Recognition in the mathematical provisions of the impact exerted by higher indexation rates on the sums insured in the individually continued portfolio in the next 12 months (impact exerted by rising inflation)

Stable business development

Gross written premium and its growth in 2Q22 (bn PLN)

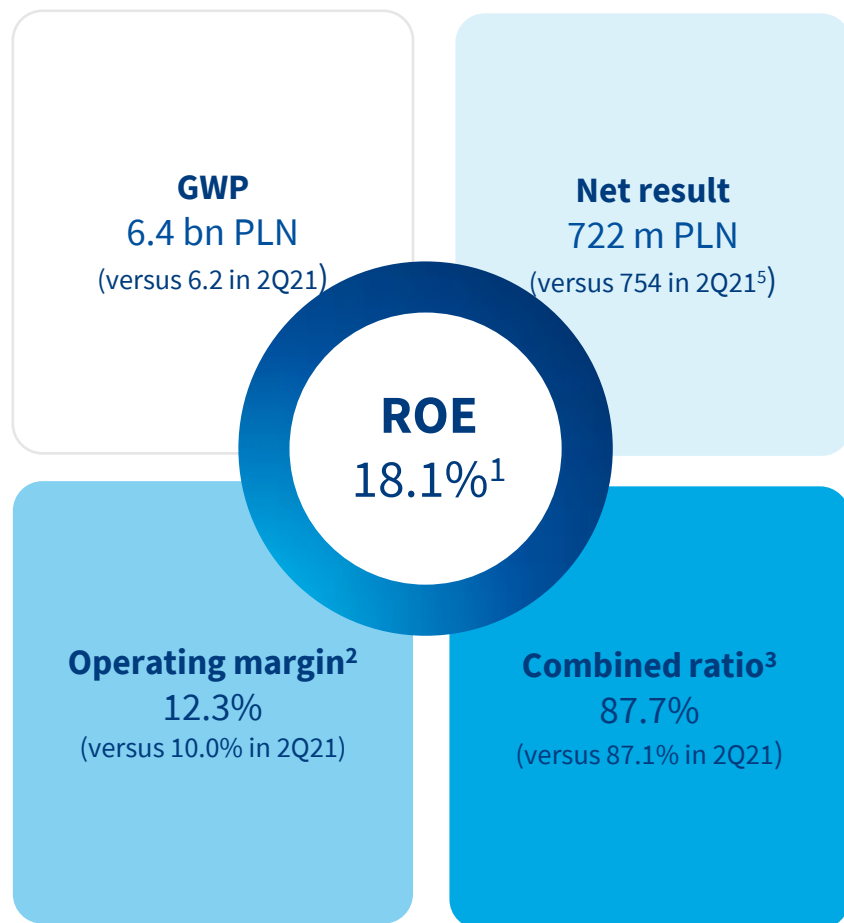


- In 2Q22 gross written premium reached the level of 6.4 bn PLN, stable growth in strategic business lines
- Further growth in non-motor insurance sales in 2Q22 (+8.0% y/y), especially in the corporate insurance segment (+24.0% y/y)
- **Acceleration in MOD – growth of gross written premium of +16.4% y/y.** Thanks to that, the gross written premium in motor insurance was up 7.5% y/y despite falling prices
- Further dynamic **growth in the demand for private medical services; Health pillar revenue up 15.6%¹ y/y** in 1H22, high growth in revenue generated by medical centers (+16.9% y/y) and in insurance and subscriptions alike (+14.4% y/y)
- **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 20 bn PLN
- **Net Asset Value in PPK at 1.8 bn PLN** up by more than 100% in the last 12 months. First place in terms of the number of acquired companies and second place measured by assets

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

Business profitability surpasses strategic ambitions

ROE of 18.5% in 1H and 18.1% in 2Q22

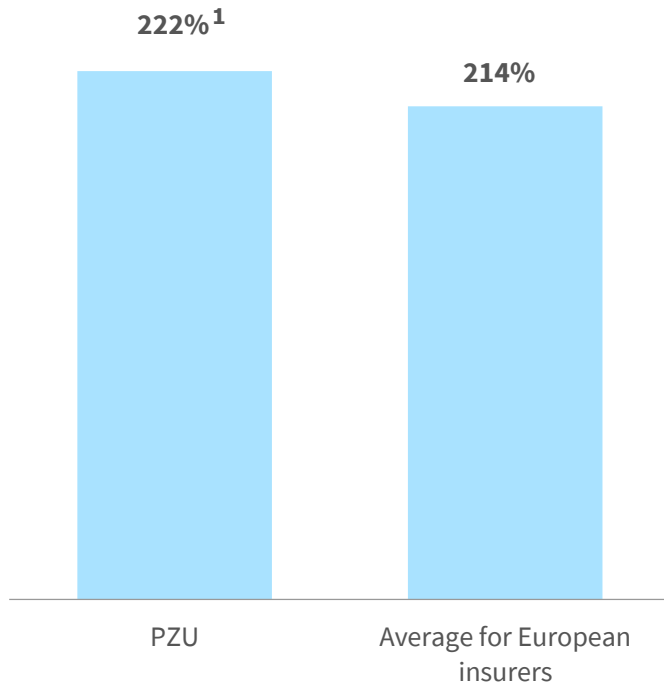


- **Return on equity¹ in 2Q22** of 18.1% - above strategic objectives. PZU consistently among the insurers generating the highest ROE in Europe
- **Improvement in the operating margin in group and individually continued insurance – to 12.3% in 2Q22 versus 10.0% in 2Q21** - despite establishing provisions for the indexation of sums insured due to inflation (impact of roughly 11.4 p.p.)
- High profitability of non-life insurance – combined operating ratio of **87.7% in 2Q22 with no significant changes y/y** despite the loosening of COVID-19 restrictions, substantially higher frequency of claims and claims inflation
- **Very robust investment result**, the return on the portfolio exceeded **4.4% in 2Q22**. 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 7.4% in 2Q22 with no substantial changes q/q

1. ROE in 2Q22 attributed to equity holders of the parent company, annualized
2. Margin in 2Q21 and 2Q22 for the group and individually continued insurance segment
3. Non-life insurance in the PZU Group (Poland)
4. PZU and PZU Życie
5. Adjusted result

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 March 2022 at very high levels across Europe: 222%¹ at the Group level
- S&P Global Ratings rating at **A- 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. Calculation according to the current methodology, i.e. own funds are adjusted by the dividend computed on the basis of the interim result. It does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings dated 16 April 2021, according to which as of 1Q21 there is a new element in the solvency calculation of the undertaking and the group in interim periods being the adjustment for the entire amount of the anticipated dividend for a given year

2. Average for 14 European insurers, data as at 31 March 2022

The PZU Group's multidimensional assistance to Ukraine

Assistance for PZU employees from Ukraine

- aid offered to approximately 800 families of Group employees

Support for people crossing the border from the early days of the war

- 54 thousands 30-day motor TPL insurance policies for Ukrainians fleeing the war (from 28 February until 24 April)
- 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
- free-of-charge medical care in more than 50 of PZU Zdrowie's medical centers that provide services under the National Health Fund
- 15 thousand powerbanks and other physical assistance for a total amount of 4.5 m PLN

PZU volunteerism

- special account set up by PZU Foundation to make contributions 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

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



#SolidarnizUkrainą
#СолідарнізУкраїною

Other aid-related activities

- PZU was the main sponsor of the "Iga Świątek and Friends for Ukraine" charitable tennis match that took place on 23 July in Cracow. During this event 2.5 m PLN was collected to be transferred to provide assistance to the victims of the war in Ukraine
- PZU Good Summer Camps (7 camps during the summer vacation) for roughly 300 Polish and Ukrainian children from the PZU Good Team and for children of PZU employees in Ukraine

PZU is consistently implementing innovations

“One Minute for Your Skin” prevention program

- ✓ Application to administer screen tests in terms of skin cancer with the support of artificial intelligence
- ✓ Testified and certified medical service
- ✓ Detection of tumorous changes at an early stage makes a positive contribution to process of treatment and reduces its costs



Agro Lab – new prospective in agricultural insurance

- ✓ The synergy of artificial intelligence and cosmic technology augments precision in estimating agricultural losses caused by extreme weather phenomena
- ✓ Thanks to the high level of standardization in claims assessment and streamlining the process, claims are paid roughly 25% faster

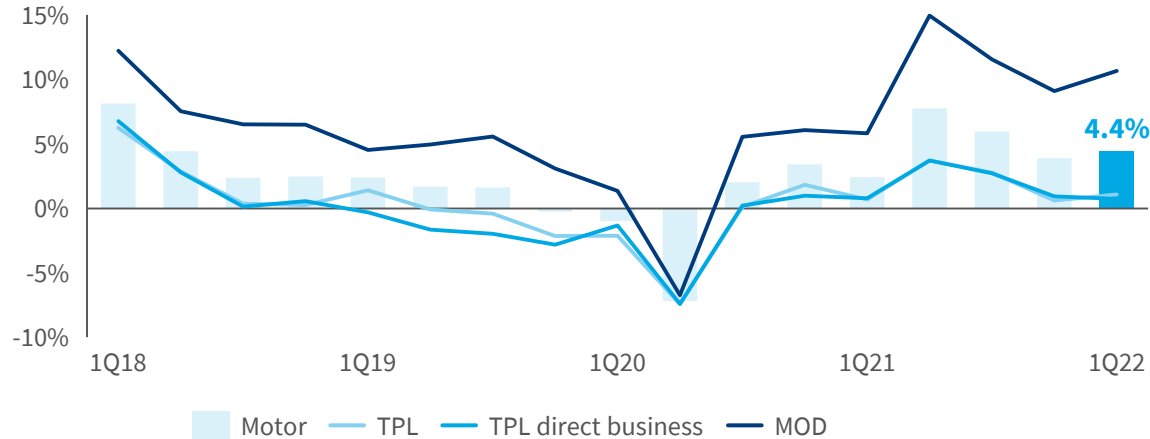


2. Business development

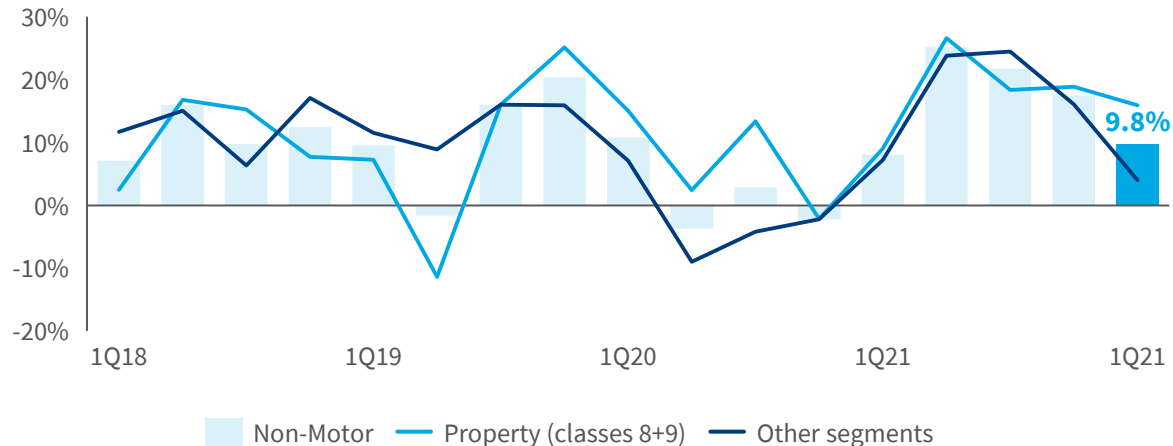


Trends on the non-life insurance market in Poland

Growth rate of the motor insurance market¹, y/y

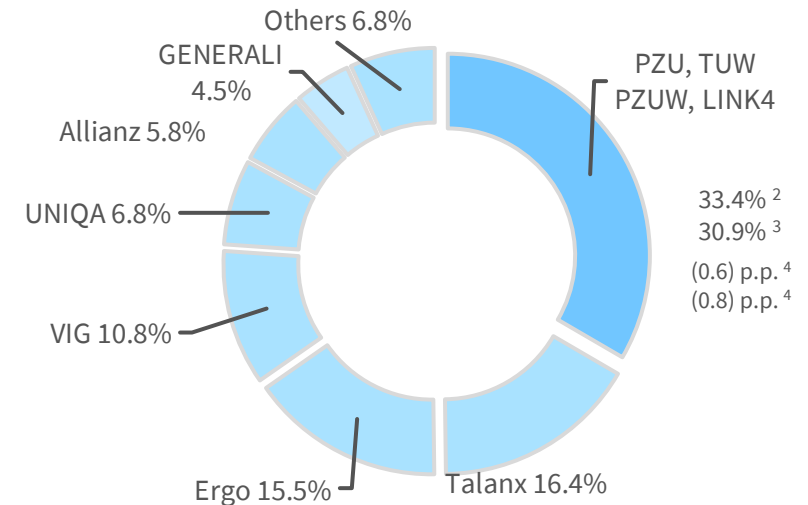


Growth rate of the non-motor insurance market¹, y/y



- **Pace of sales growth in motor insurance in 1Q22 (+4.4% y/y)** faster than in prior quarters, chiefly due to the higher growth rate of MOD (+10.7% y/y) while motor TPL sales edged up by a mere 1.1%. The growth in the number of policies in TPL has been steady (+1.9% y/y, direct business) and is accompanied by a **decline of average prices (-1.1% y/y)¹**
- **Growth on the non-motor insurance market is slowing down (+9.8% y/y)**. The largest contribution to growth in terms of value provided by property insurance (+15.9% y/y), overall TPL and assistance
- **The PZU Group's market share in non-life insurance** (direct business) in 1Q22 was 30.9%
- **PZU Group's high percentage of the overall market's technical result at 50.9%¹**

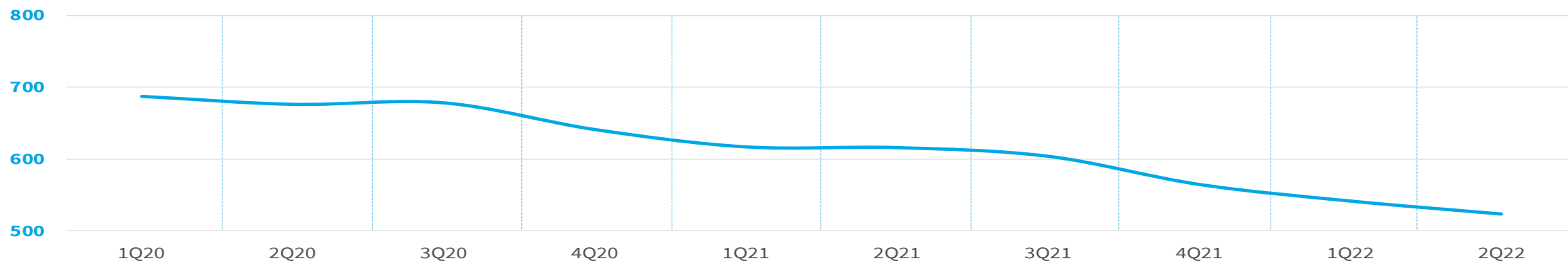
Market shares in 1Q22²



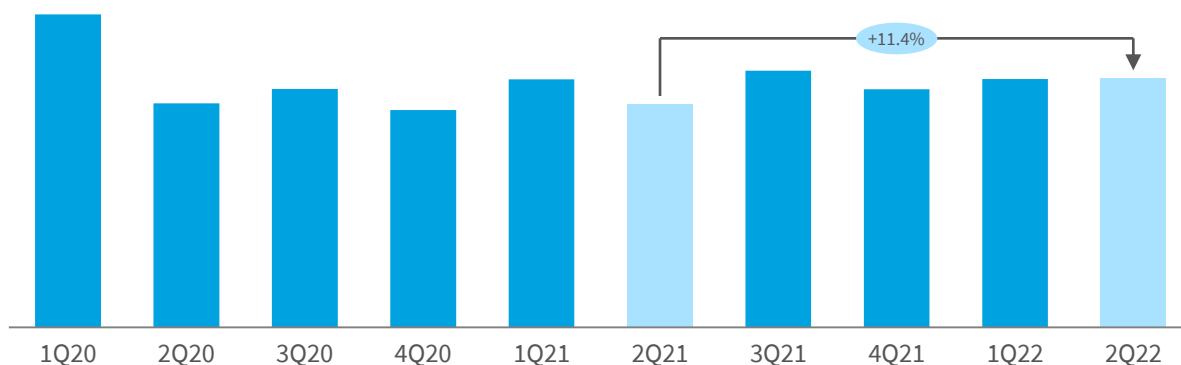
1. According to the Polish FSA's 1Q22 report
 2. According to the Polish FSA's 1Q22 report; i.e. the market and market shares including PZU's inward reinsurance from LINK4 and TUV PZUW
 3. PZU Group's market share in non-life insurance on direct business in 1Q22
 4. Movement in market share y/y on PZU's inward reinsurance from LINK4 and TUV PZUW and direct activity, respectively.

Motor insurance market in Poland – change in the average price and claims frequency

Change in the average market price for motor TPL¹



Change in claims frequency in motor insurance²



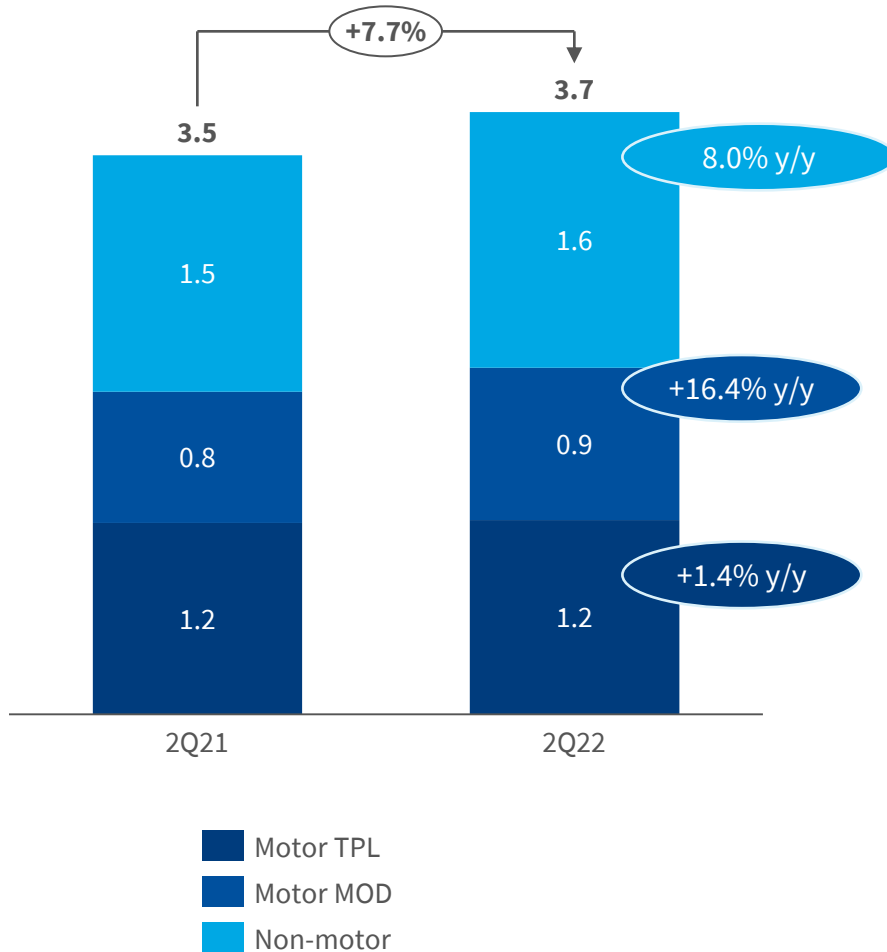
- The **downward market trend in terms of the average motor TPL premium continued in 2Q22**
- Continued declines in motor TPL prices could threaten sector's profitability going forward
- Despite claims frequency increases, it remains below the pre-pandemic levels, and **the sector is still profitable** – combined ratio in motor insurance sector stood at 93% in 1Q22

1. Based on data taken from internet comparison engines, net of LINK4; loss-free client - client with at least a 3-year insurance history, loss-free in the last 3 years, net of young drivers

2. Data based on KNF Biuletyn Kwartalny [PFSa Quarterly Bulletin], 2Q22/2Q21 growth rate based on estimates

PZU Group - non-life insurance in Poland

Gross written premium of the PZU Group in 2Q22, value (bn PLN) and growth rate



Growth in gross written premium in the non-motor insurance of 8.0% y/y as a consequence of the following:

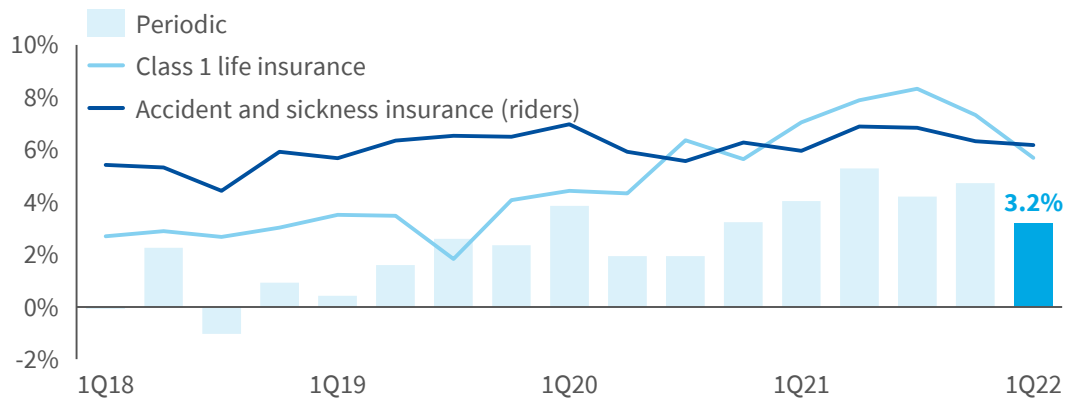
- higher premium in **construction and assembly** and machine **insurance** for damages and failures in the corporate segment
- higher sales of **residential and SME insurance**
- diminishing sales of insurance offered in combination with **banking** products (accident)

Motor insurance premium up 7.5%, including growth in the sales of motor own damage insurance of +16.4% y/y:

- High growth rate of **renewals** and new sales **coupled with a higher average premium** (including in MOD the impact exerted by the higher value of vehicles translating into growth in the sum insured)
- Continued price pressure and unrelenting competition for clients in motor TPL insurance

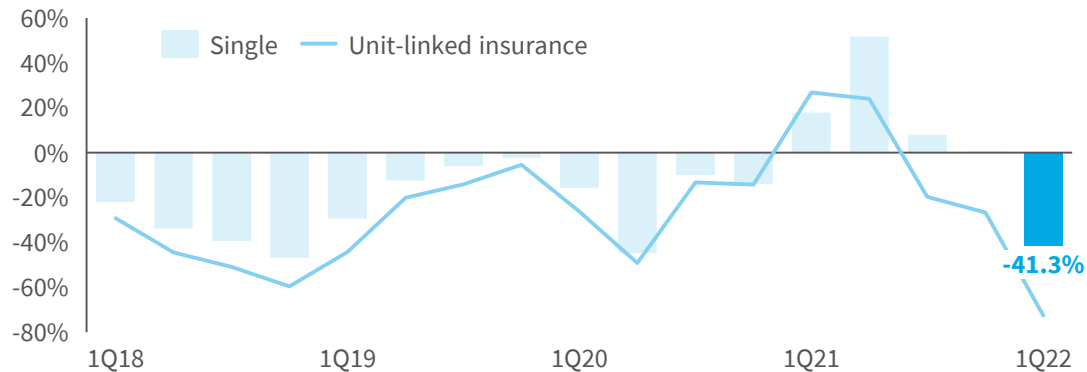
Trends on the life insurance market

Growth rate of periodic premium insurance¹ y/y

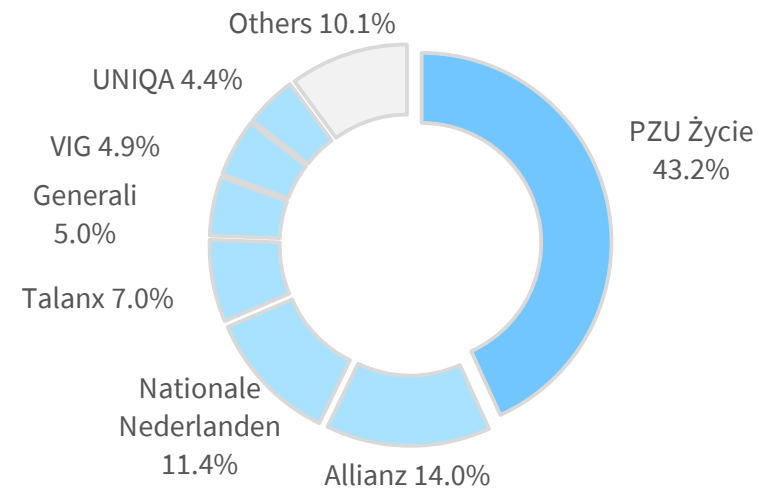


- **Periodic premium insurance market** (88% of the market) **is expanding at a growth rate of 3.2% y/y** – the largest value driver: **accident and sickness insurance (+6.2% y/y)** and **class 1 life insurance (+5.7% y/y)**; negative growth rate of unit-linked (-6.0% y/y)
- **Decline of the single premium insurance market** (12% of the market) **of 41.3% y/y**. **Falling unit-linked sales (-72.6% y/y)**, growth solely in accident insurance (+24.8% y/y)
- The PZU Group’s market share in periodic insurance in 1Q22 was **43.2%**

Growth rate of single premium insurance¹ y/y



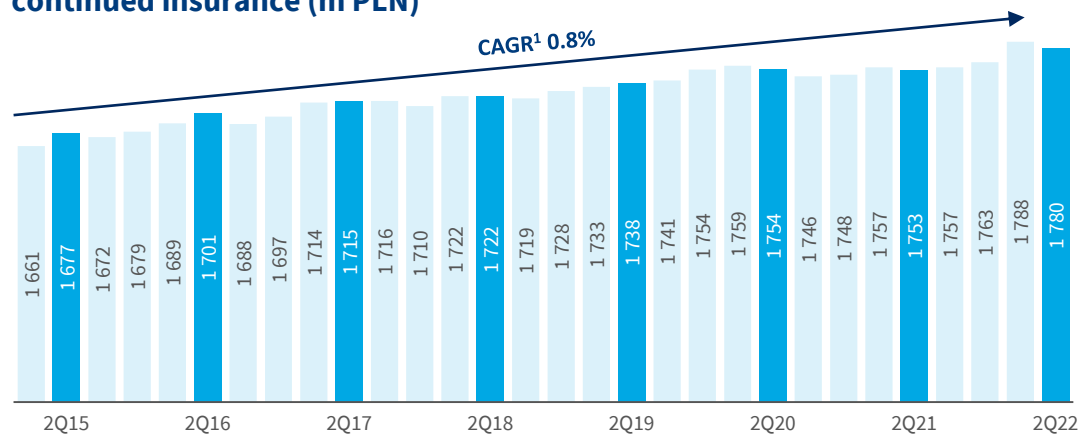
Market shares in periodic premium² in 1Q22



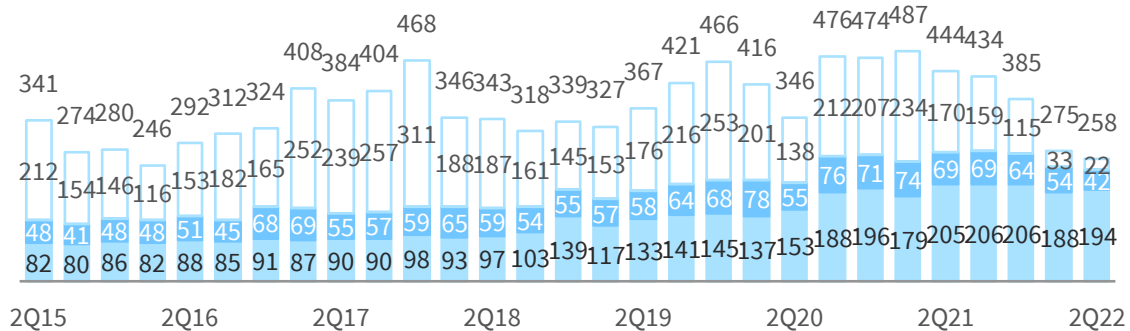
1. According to the Polish FSA’s 1Q22 report
 2. PZU Group’s share of gross written premium on periodic premium insurance according to the 1Q22 Polish FSA report

PZU Group - 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)



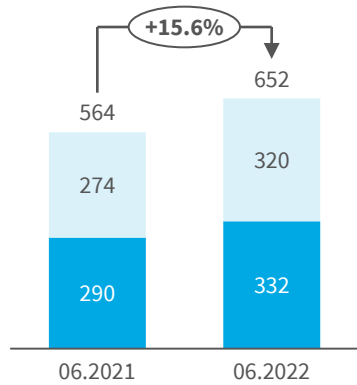
■ Protection products
 ■ Single premium investment products
 ■ Periodic premium investment products

1. 2Q15 - 2Q22

- PZU Group's premium growth in **group and individually continued life insurance in 2Q22 y/y** in Poland despite the negative effects of the pandemic
- **Growing portfolio of health insurance**, which has once again posted record-breaking results measured by collected premium, especially for ambulatory contracts. At the end of 2Q22, 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
- Higher sales of **riders to group protection products**
- **Growth in the sales of individual protection products** with a periodic premium and a single premium offered through proprietary channels
- **Falling sales of bank protection products** offered in cooperation with the Group's banks
- **Lower level of single contributions to unit-linked** accounts in insurance offered in through proprietary channels and jointly with banks – due to the limitation of cooperation with one of the distributors and lower sales of these products in cooperation with other banks

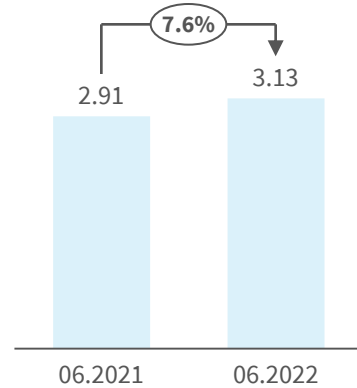
Development of the scale of operations in the health pillar

Revenues (m PLN)



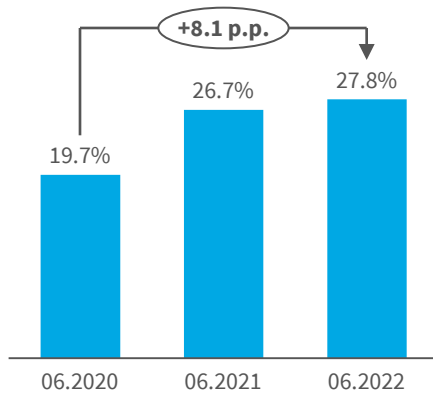
Medical centers *
Insurance / subscription plans

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

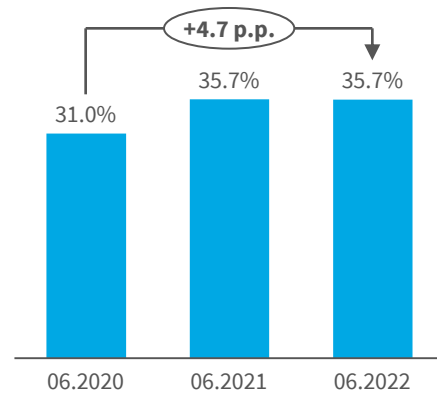


- **High growth rate of revenue** (mainly on **ambulatory** contracts and **riders to continued insurance**)
- **Steady increase in the number of health product agreements in 2022** driven by the sales of more health riders to protection products (offering among others access to specialist physicians, 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

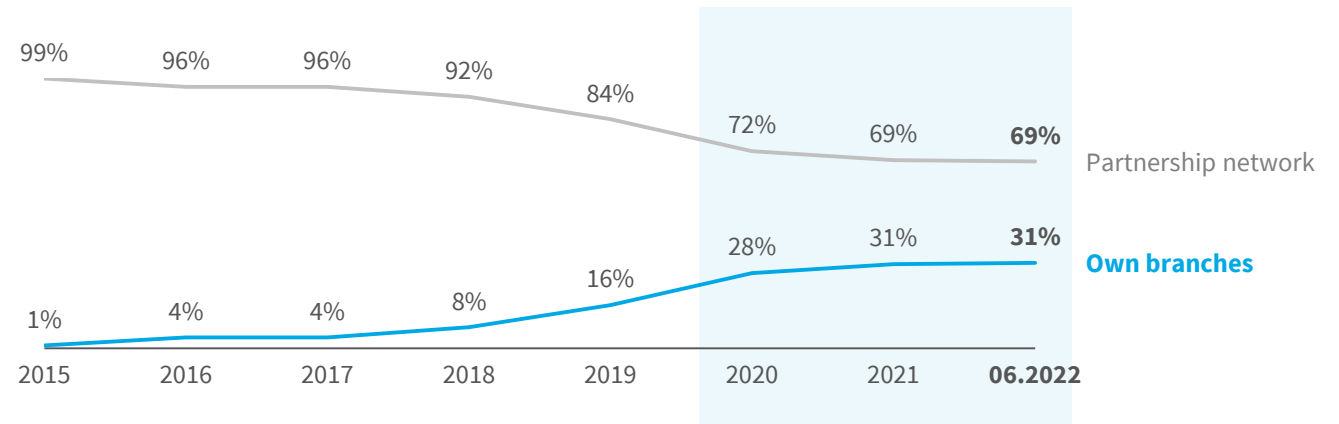
Appointments scheduled on-line through myPZU



Number of telemedicine consultations (versus total consultations)



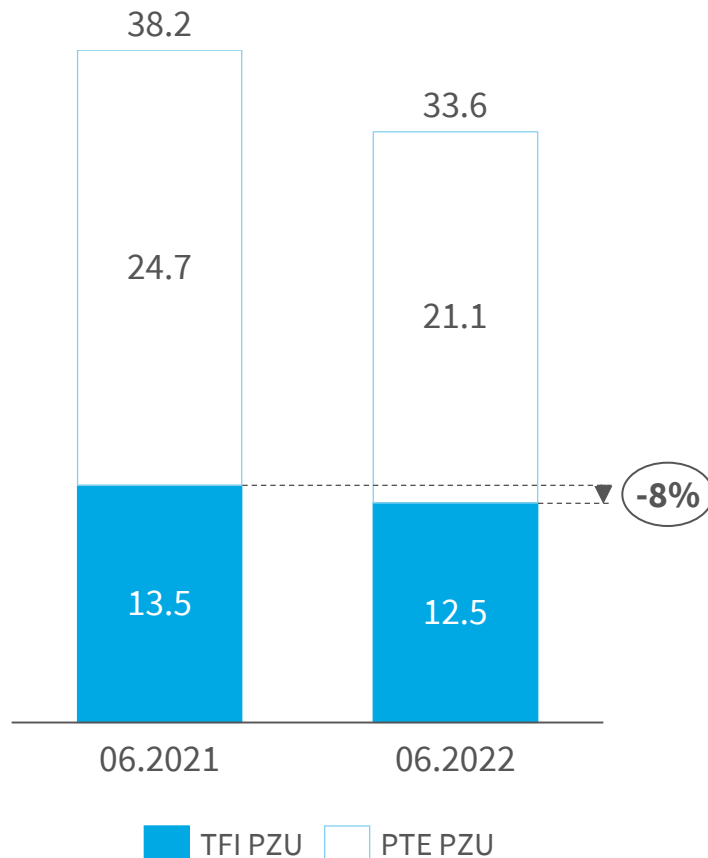
Services (subscription plans and health insurance) rendered in own and partnership network centers



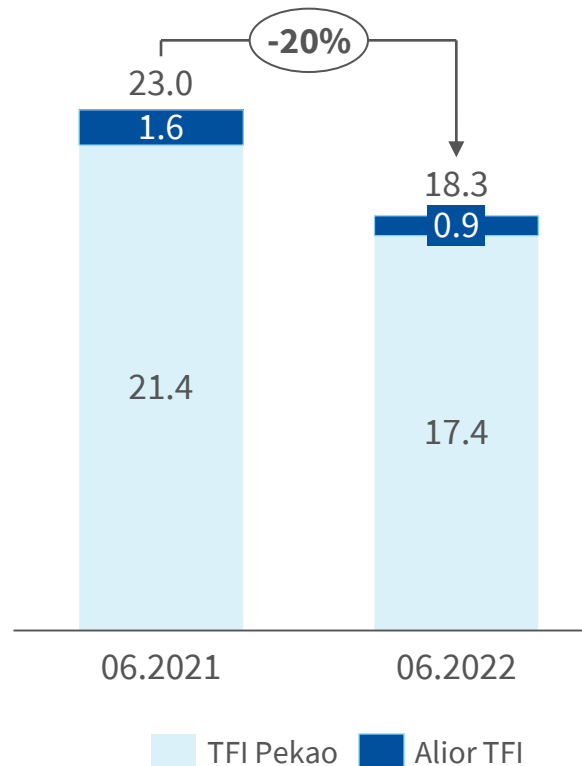
* Data presented for the centers for the period from the beginning of the year regardless of the time of acquisition

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)



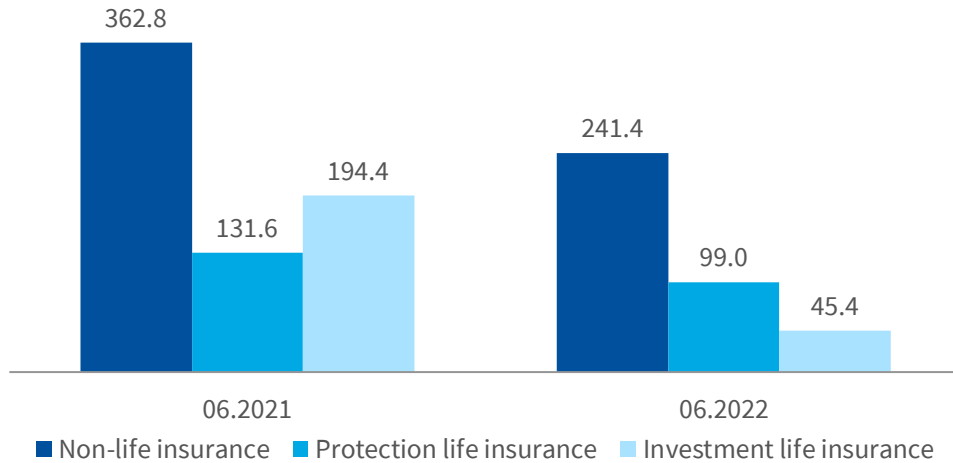
PZU TFI

- **#1 in terms of net sales** in 1H22, net **inflows of nearly 340 m PLN**
- **The only TFI with positive net sales in every month of 1H22**
- **Net outflows of 20 bn PLN** on the unit-linked fund market in 1H22
- **Favorable mix of assets under management in TFI PZU** – percentage of assets linked to the **third pension pillar** (PPE and PPK) prevalent
- **Net Asset Value in PPK** (1.77 bn PLN) **more than 100% growth** in the last 12 months
- **First place with a 35% market share of PPK measured by the number of acquired companies** and second place measured by assets with a share of nearly 20% as at the end of 2Q22

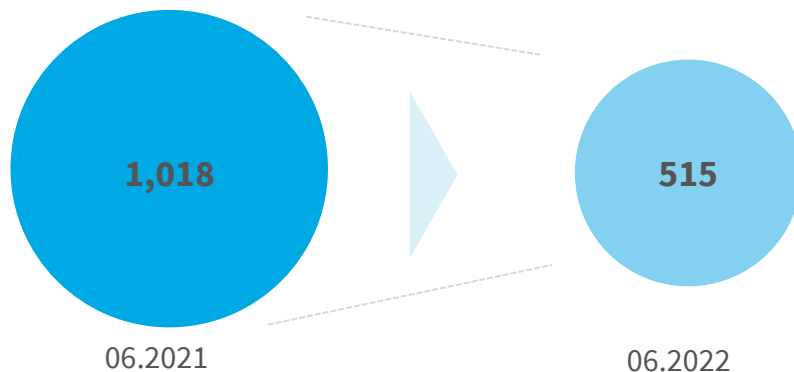
1. Assets managed by PTE PZU are not recognized as a objective in the new PZU Group's strategy for 2021-2024
 2. According to the PZU Group strategy's new strategy in 2021-2024, third party assets under management in TFI PZU, Pekao TFI and Alior TFI

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 macroeconomic 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
- Cooperation with Bank Pekao and Alior Bank has allowed PZU to continue to expand the offering of sales of insurance products linked to bank products, including insurance coverage for cash loans and mortgage loans and standalone products
- Multichannel access to PZU's products for the banks' clients
- Over the term of the strategy, the Group plans to generate 3 bn PLN of cumulative gross written premium on insurance and banking collaboration with Bank Pekao and Alior Bank

Assurbanking:

- **Bank Pekao:**
 - The Auto plus Account promotion campaign involved 120 of PZU's Own Branches, 70 Partner Branches and 14 Regular Branches
 - Pilot sales of two banking products in the tied agent network are still in progress: the account in the Auto plus Account (ROR) and the cash loan promotional campaign – a total of 25 agents and their employees (OFWCA)
 - Sum total of loans and client deposits secured by PZU for the bank exceeded 1 bn PLN in June 2022
- **Alior Bank**
- **Development of the Cash Portal:**
 - Expansion of reach to more than 100 thousand employees of large companies
 - Implementing the Alior Bank's MiniCash and Consolidation Loan products
 - 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	2Q21*	1Q21	2Q22	change y/y	change q/q
PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO¹					
Gross written premium	6,194	6,253	6,394	3.2%	2.3%
Net earned premium	5,831	5,760	5,923	1.6%	2.8%
Net insurance claims and benefits paid	(4,144)	(3,690)	(3,426)	(17.3%)	(7.2%)
Net investment result (ex banking activities)	597	105	(157)	x	x
Administrative expenses	(420)	(437)	(456)	8.4%	4.2%
Acquisition expenses	(867)	(917)	(959)	10.6%	4.6%
Operating profit (loss)	751	675	795	5.9%	17.9%
Net profit (loss) attributable to equity holders of the parent company	589	517	556	(5.6%)	7.5%
BANKS: ALIOR AND PEKAO					
Net profit (loss) attributable to equity holders of the parent company	165	241	166	0.7%	(31.1%)
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	754	758	722	(4.2%)	(4.7%)
MAIN FINANCIAL RATIOS (%)					
ROE ²	16.6	17.8	18.1	1.5p.p.	0.3p.p.
Combined ratio ³	87.1	90.0	87.7	0.6p.p.	(2.3)p.p.
Margin ⁴	10.0	13.1	12.3	2.3p.p.	(0.8)p.p.
Administrative expense ratio of PZU, PZU Życie	6.8	7.3	7.4	0.6p.p.	0.1p.p.
Acquisition expense ratio of PZU, PZU Życie	14.9	16.0	16.6	1.7p.p.	0.6p.p.

1. PZU Group excluding 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

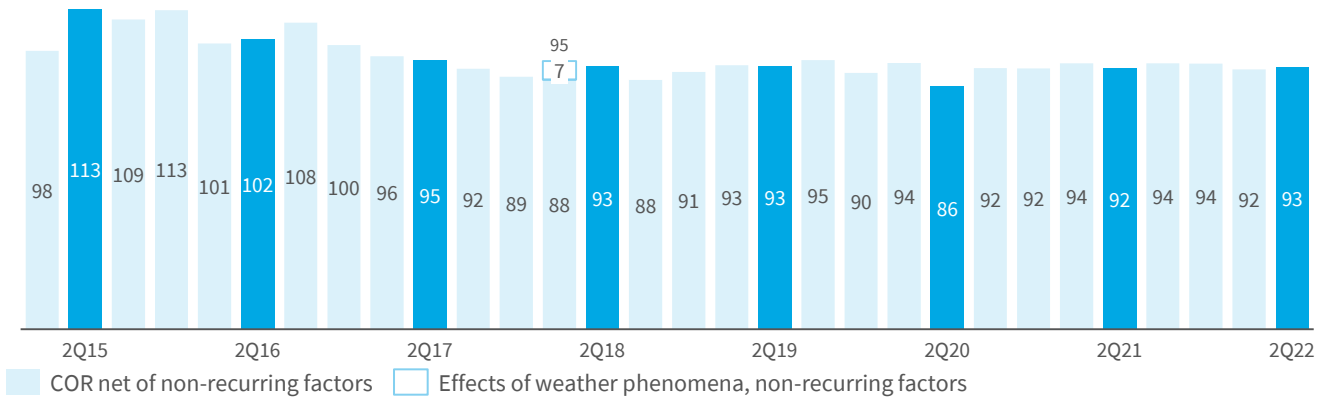
Profitability by operating segments

Insurance segments

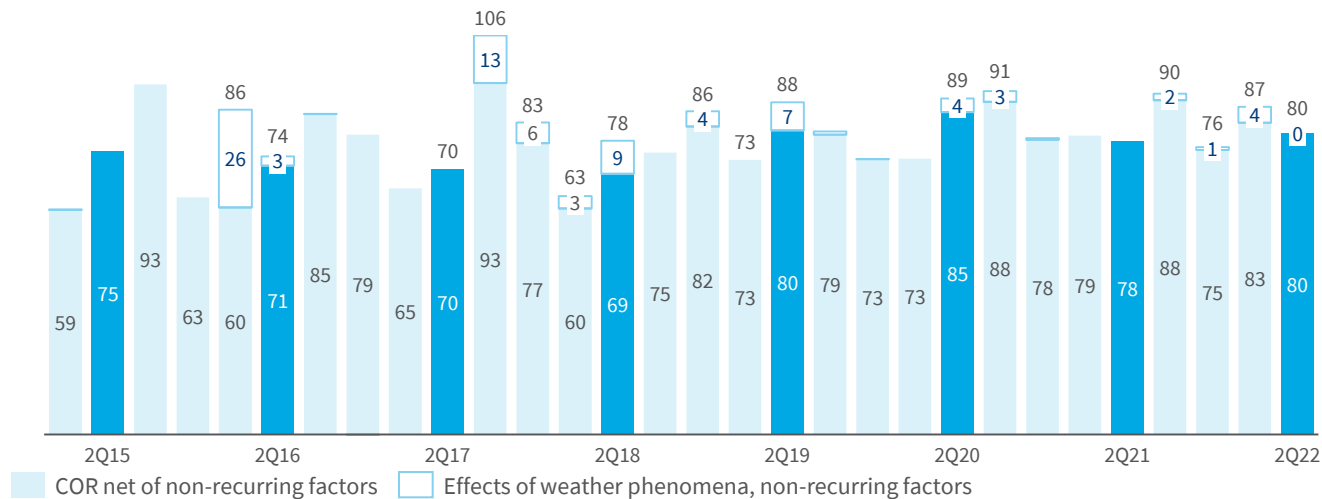
m PLN, local GAAP	Gross written premium			Insurance result / operating result			Combined ratio / Margin	
	2Q21	2Q22	Change y/y	2Q21	2Q22	Change y/y	2Q21	2Q22
Total non-life insurance – Poland	3,454	3,752	8.6%	427	504	18.0%	87.1%	87.7%
Mass insurance – Poland	2,655	2,820	6.2%	359	396	10.3%	86.9%	88.2%
Motor TPL	1,038	1,061	2.2%	81	44	(45.8%)	92.9%	95.7%
MOD	635	749	18.0%	59	71	21.2%	90.5%	88.9%
Other products	982	1,010	2.9%	190	194	2.0%	76.9%	80.0%
Impact of allocation to the investment segment	x	x	x	29	87	197.2%	x	x
Corporate insurance – Poland	799	932	16.6%	68	108	58.8%	87.8%	85.4%
Motor TPL	152	146	(3.9%)	15	7	(52.9%)	94.3%	97.5%
MOD	179	198	10.6%	14	30	112.0%	92.7%	84.3%
Other products	468	588	25.6%	42	50	19.9%	80.1%	79.4%
Impact of allocation to the investment segment	x	x	x	(2)	21	x	x	x
Total life insurance – Poland	2,197	2,038	(7.2%)	204	247	21.1%	9.3%	12.1%
Group and individually continued insurance - Poland	1,753	1,780	1.5%	176	219	24.4%	10.0%	12.3%
Individual insurance – Poland	444	258	(41.9%)	28	28	x	6.3%	10.9%
Total non-life insurance – Ukraine and Baltic States	482	580	20.3%	67	32	(52.2%)	86.8%	85.8%
Baltic States	424	541	27.6%	61	49	(19.7%)	86.8%	88.9%
Ukraine	58	39	(32.8%)	6	(17)	x	87.5%	92.1%
Total life insurance – Ukraine and Baltic States	44	34	(22.7%)	0	(39)	x	0.0%	-114.7%
Lithuania	23	23	x	(2)	2	x	-8.7%	8.7%
Ukraine	21	11	(47.6%)	2	(41)	x	9.5%	x
Banks	x	x	x	984	1,061	7.8%	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 recession precipitated by the pandemic **continues to be under pressure from the economic crisis** caused by the Russian-Ukrainian conflict and rising interest rates and inflation
- **The growth rate in the sales of new vehicles has decelerated again** (decline in the number of car registrations¹ by 12.3% y/y; decline in lease² financing for cars of 8.4% y/y) due to down time in deliveries and the considerable increase in vehicle prices
- **Fall in motor TPL market profitability** (drop in technical result of MTPL market (excluding reinsurance) by 28.4% y/y in 1Q22, coupled with the simultaneous increase in the overall motor insurance technical result by +4.8% y/y), intensified by further price erosion and claims ratio increase, however, as a whole motor market remains profitable with COR of 93% in 1Q22
- **Changes to tariff rates, including the short quotation path based on CEPIK data** (policyholder's history) and **aligning the price to the quantity and type of traffic tickets and penalty points** (access to information since 17 June 2022) make it possible to match the offer to client risk as best as possible and justify the increase in the premium due to the insurer

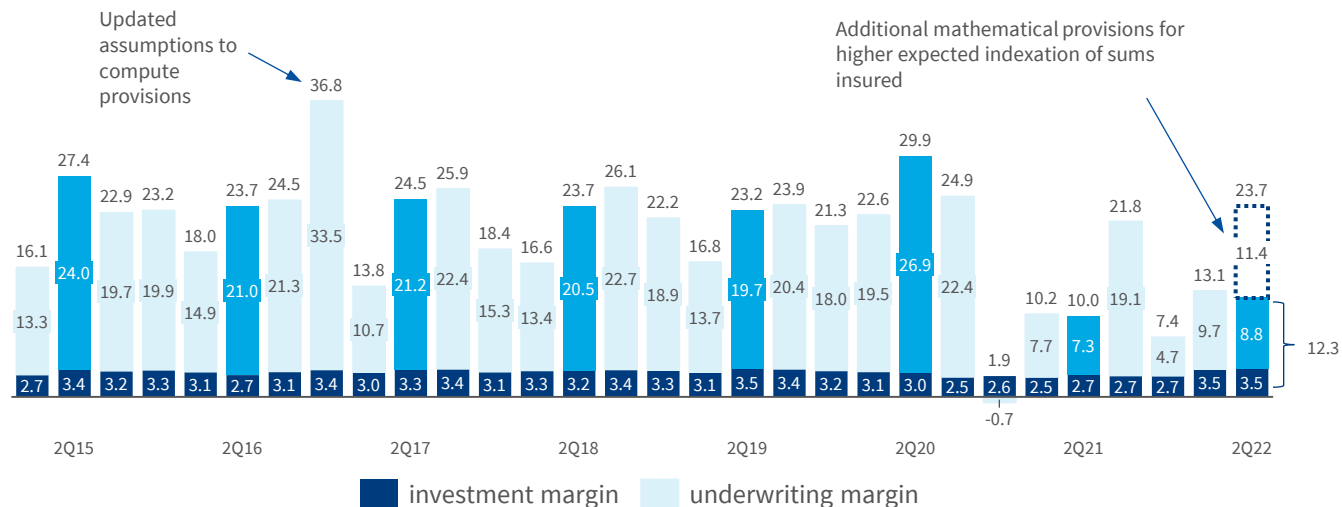
Non-motor insurance

- Numerous claims caused by weather-related events, mostly cyclones, spring ground frosts and hail
- Higher insurance activity expenses, including mainly acquisition expenses as the outcome of the shift in the sales channel mix

1. passenger cars from January to June
 2. according to the statistical report of the Polish Leasing Association for the period of January - June 2022

Life insurance

Margin in group and individually continued insurance¹ (%)

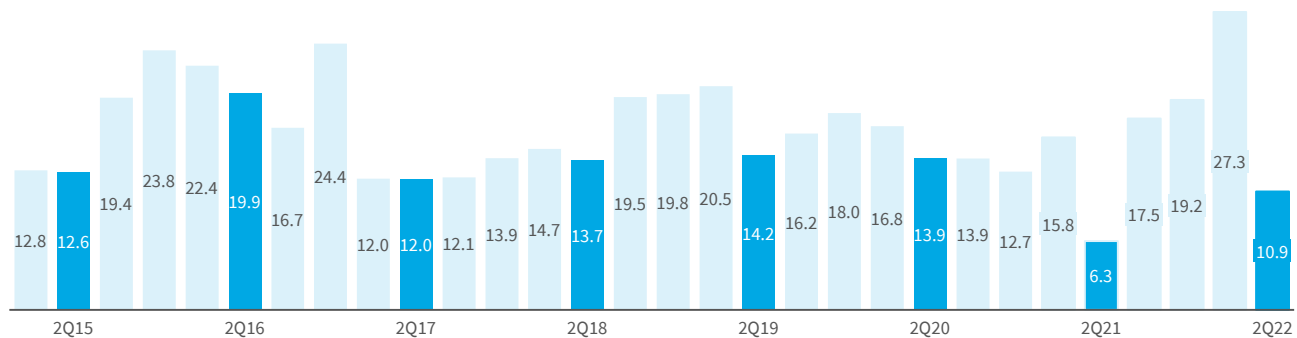


Margin in group and individually continued insurance in 2Q22 at the level of **12.3%**, up 2.3 p.p. y/y.

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)
- **higher mathematical provisions - recognition of the impact exerted by the higher indexation rates** on sums insured in the individual continuation portfolio in the next 12 months of 203.4 m PLN
- **rising costs of utilization of benefits in ambulatory insurance**
- higher allocated investment income at the risk-free rate
- higher operating expenses
- partial reversal of the provision for unexpired risk in 2Q of last year as there was no release of the reserve the current quarter (improvement in the loss ratio made it possible to reverse the entire provision in 1Q22)

Margin in individual insurance (%)

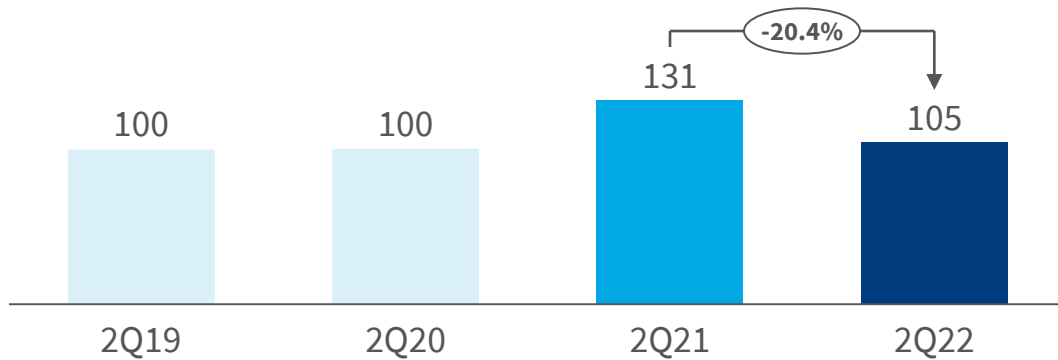


Margin in the individual insurance segment in 2Q22 at the level of **10.9%**, up 4.5 p.p. y/y – nominal result unchanged y/y despite the decline in gross written premium by 41.9%. Shift in product mix (lower sales of low-margin investment products, mostly bank products)

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

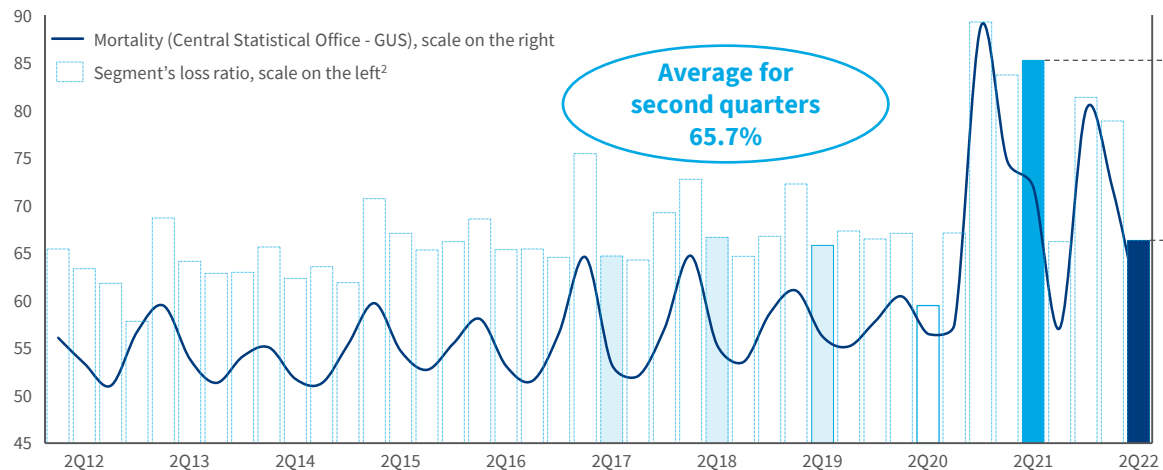
The pandemic and loss ratio in the group and individually continued segment in 2Q22

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

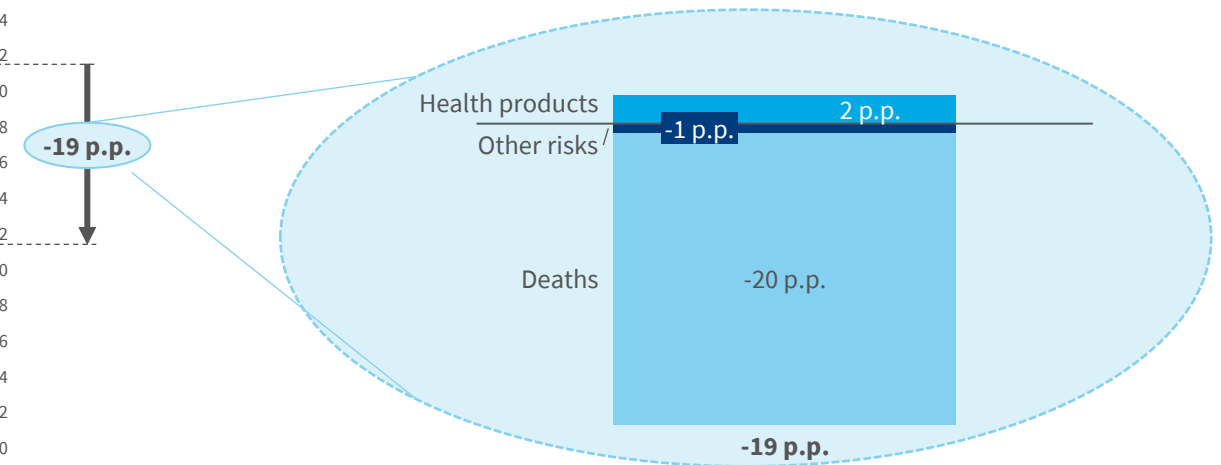


- **Decline in the number of deaths** in Poland by 19.7% versus the previous quarter and by 20.4% versus 2Q21
- **In 2Q22 decline in the loss ratio on protection products in the group and individually continued segment** versus the prior quarter, the target and 2Q of last year
- Lower loss ratio in 2Q22 y/y is the outcome of the **lower death frequency (-20 p.p.)** and the higher costs of utilizing ambulatory benefits

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



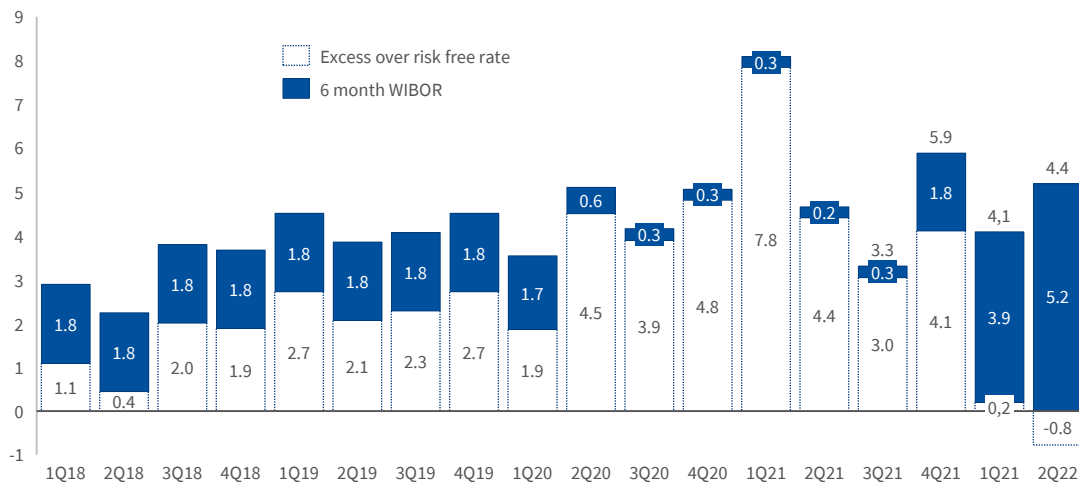
1. According to the Central Statistical Office's data (GUS)
 2. Incorporates only protection products, benefits paid, the utilization of health products and the change in claims provisions

Investment result

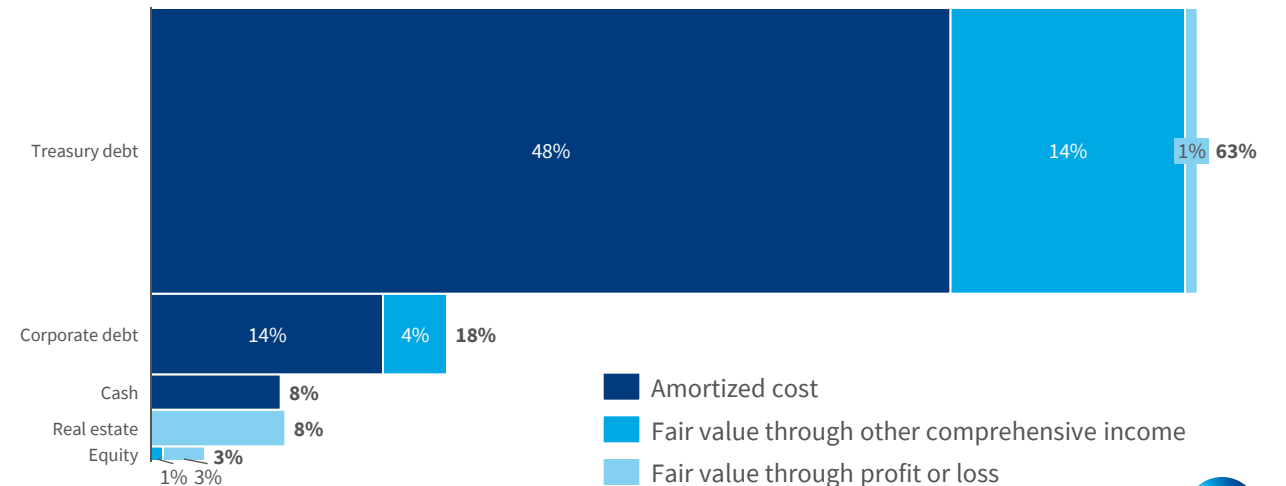
IFRS, m PLN	2Q21	1Q22	2Q22	change y/y	change q/q
Net investment result	2,349	2,800	2,641	12.4%	(5.7%)
Insurance and other activities	597	105	(157)	x	x
Main portfolio	465	445	516	11.0%	16.1%
Debt instruments - interest	323	351	404	25.2%	15.1%
Debt instruments - revaluation and execution	(25)	(5)	15	x	x
Equity instruments	131	48	18	(86.2%)	(62.5%)
Real estate	37	51	80	118.1%	56.9%
Investment products	155	(208)	(491)	x	x
Other	(23)	(132)	(183)	x	x
Banking activities	1,752	2,695	2,798	59.7%	3.8%

- **Safe portfolio composition:** debt instruments account for 81% of the portfolio, treasury debt accounts for 63% of the portfolio
- **Profitability in the main portfolio** on FX on liabilities **at 4.4%** in 2Q22
- **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
- Higher return on the **real estate** portfolio mainly **due to the valuation increases** in the property appraisals

Return on the main portfolio with FX on liabilities

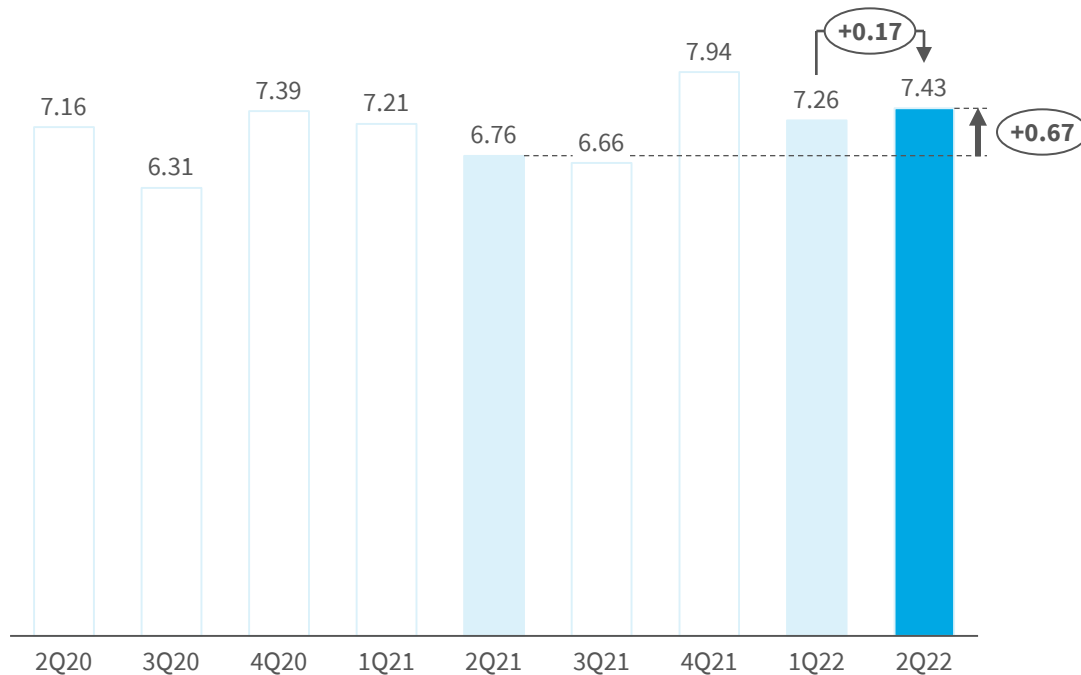


Main portfolio composition by asset classes and the methods of their measurement



Maintaining cost effectiveness

Administrative expense ratio (%)



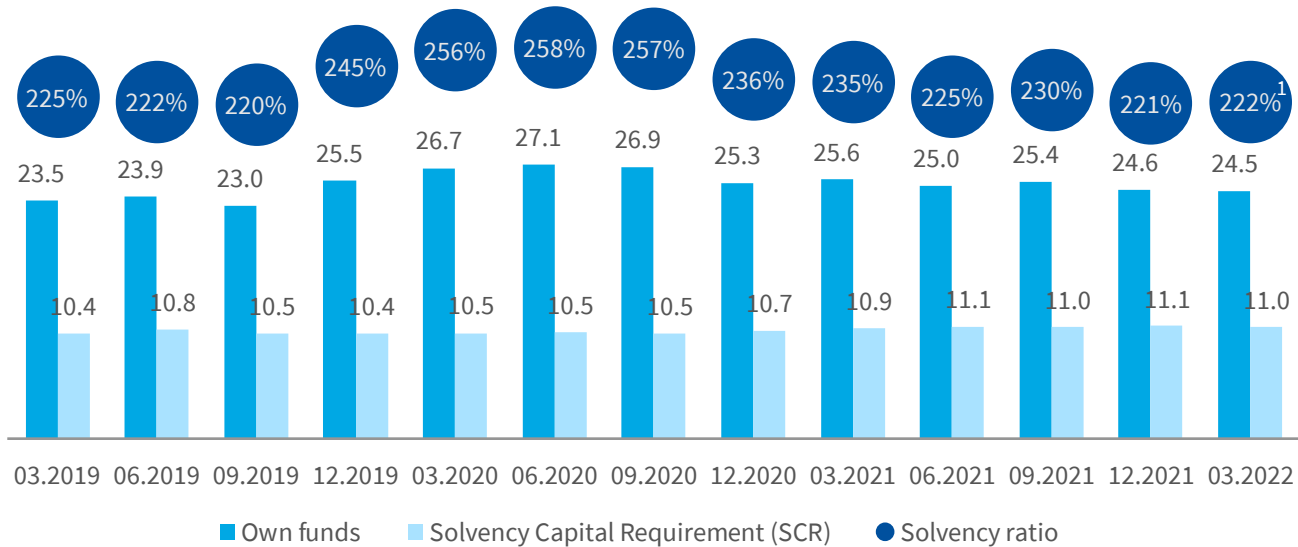
Administrative expense ratio calculated using the equation:
 administrative expenses in PZU and PZU Życie in the quarter / net earned premium in PZU and PZU Życie in the quarter

- The movement in the administrative expense ratio in **2Q22 versus 2Q21** was the outcome of the following:
 - wage pressure
 - increase in real estate maintenance expenses due to the indexation of lease rates and the prices for utilities and relocation to the new head office
 - intensification of sponsorship activities and activities to strengthen brand image
 - purchase of materials related to the new registered office
 - completion of some project work – modernization of IT systems
 - implementing the New Organization Model and IT Work Tools
 - aid related to the situation in Ukraine
 - lower costs of advisory services
 - maintenance of cost discipline in other areas

- The change in the level of the administrative expense ratio in **2Q22 versus 1Q22** was the outcome of the following:
 - wage pressure
 - intensification of sponsorship activities and activities to strengthen brand image
 - higher real estate maintenance expenses dues to the relocation to the new head office
 - purchase of materials related to the new registered office
 - greater demand for advisory services related mainly to regulatory projects (IFRS 17)
 - higher utilization of holiday time, including holiday time from past years, by employees
 - rising by 3% of earned premium

Group's high level of solvency

Solvency II ratio, 31 March 2022



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. Calculation according to the current methodology. It does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings dated 16 April 2021, according to which starting as of 1Q21 there is a new element in the solvency calculation of the undertaking and the group in interim periods being the adjustment for the entire amount of the anticipated dividend for a given year

Decline in own funds of 0.1 bn PLN in 1Q22. Major reasons:

- operating cash flows and investment result (+0.4 bn PLN)
- impact exerted by the growth in the yield curve on own funds (-0.1 bn PLN):
 - decline in the measurement of treasury bonds (-2.2 bn PLN)
 - decline in the measurement of technical provisions (+2.3 bn PLN)
- increase in the own funds of financial institutions (+0.05 bn PLN)
- diminishment of own funds by 80% of the Group's profit in 1Q22 attributed to the equity holders of the parent company (-0.6 bn PLN)

Decline in SCR of 0.1 bn PLN in 1Q22.

Major decline drivers q/q:

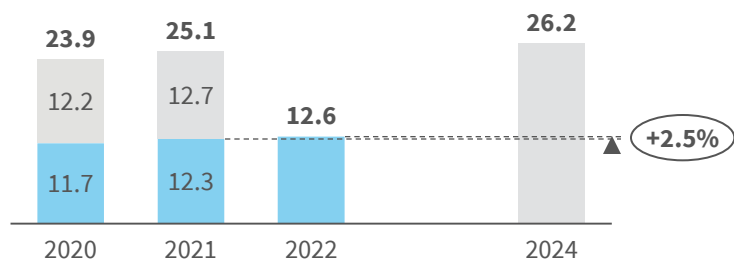
- lower market risk (-0.05 bn PLN)
- lower insurance risk (-0.04 bn PLN)
- decline in PTE requirements (-0.08 bn PLN)



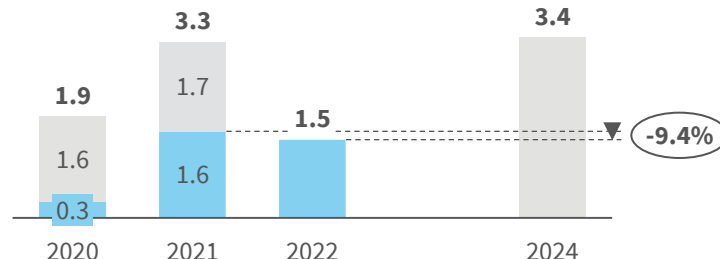
4. Strategy

Strategic objectives in 2021-2024 and fulfillment

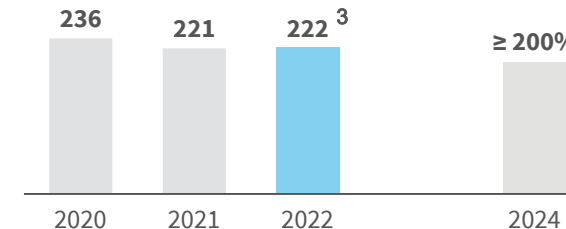
PZU's gross written premium¹ (bn PLN)



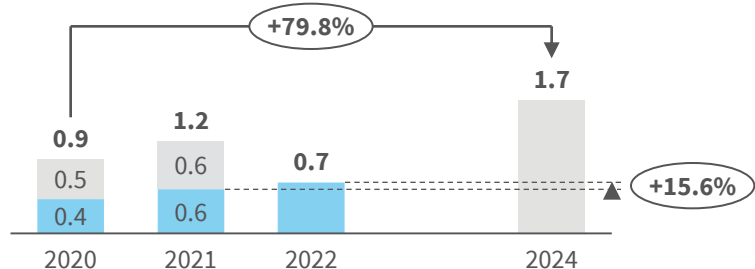
PZU Group's net profit² (bn PLN)



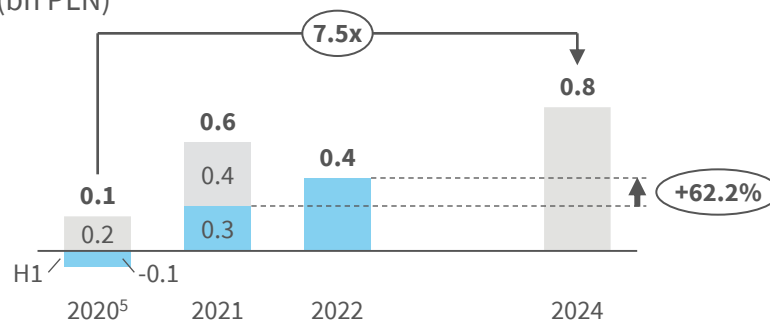
Solvency II ratio (%)



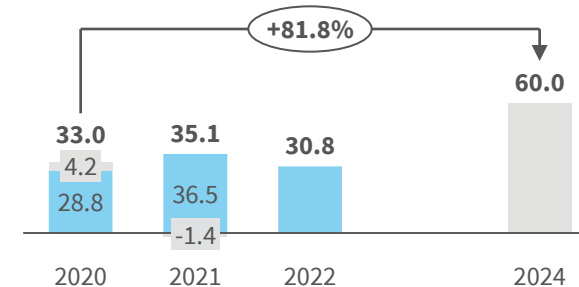
Health Pillar Revenue (bn PLN)



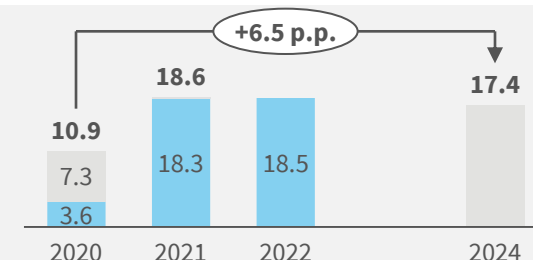
Banks' contribution to PZU Group's net result² (bn PLN)



Assets under management⁴ (bn PLN)



Return on equity (ROE)



1H

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

3. 1Q data. Ratio does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings of 16 April 2021

4. Third party assets under management TFI PZU, Pekao TFI and 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

<p>Impairment loss</p>	<p>As a result of analyzing the war’s impact on the Group’s business and on account of Ukraine’s rating being reduced, the PZU Group made the decision to recognize impairment losses in the consolidated result for the assets held by companies in Ukraine: higher impairment losses for expected credit losses for investment financial assets (53 m PLN) and impairment losses for receivables (41 m PLN)</p>
<p>Assets of the Ukrainian companies belonging to the PZU Group</p>	<p>As at 30 June 2022 the net total assets¹ of the three companies operating in Ukraine (PZU Ukraine, PZU Ukraine Life oraz LLC SOS Services Ukraine) was 4 m PLN (79 m PLN as at 31 March 2022). The assets¹ of these companies subject to consolidation totaled 464 m PLN, including:</p> <ul style="list-style-type: none"> investment financial assets of 270 m PLN, of which 113 m PLN in instruments issued by the government of Ukraine and 157 m PLN in term deposits 106 m PLN was the reinsurers’ share in technical provisions, with PZU’s share accounting for 38 m PLN
<p>Exposure to markets affected by war-time operations or sanctions</p>	<ul style="list-style-type: none"> 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 30 June 2022 the Banks in the PZU Group held 324 m PLN in bank credit exposures and 174 m PLN in bank off-balance sheet exposures to entities that are residents of Ukraine, Russia or Belarus
<p>Operating activities in Ukraine</p>	<ul style="list-style-type: none"> PZU Group’s Ukrainian companies are operating on an emergency basis PZU Ukraine’s sales processes are conducted to a limited extent: (i) branches have been closed wherever acts of war are taking place; (ii) sales of new and renewed insurance are active in all three main business lines (motor, property and personal insurance) in all of the channels. Most restrictions have been introduced in property insurance. PZU Ukraine Life's sales processes were initially halted in all sales channels, but the company resumed sales through the banking channel of short-term products with limited risk from June 2022, and resumed sales of new business policies not requiring underwriting from July 2022, with limited risk and sums insured through the agency and brokerage channels; The full claims handling cycle functionality is provided for - PZU Ukraine Life makes payouts subject to complete documentation; PZU Ukraine makes payments on motor own damage and third party liability insurance (only if it has a complete set of documents; however, 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 (resumed on 8 August 2022) and international transfers
<p>Crisis Management Team</p>	<p>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</p>
<p>Impact on the PZU Group’s business continuity</p>	<p>In the opinion of the PZU Management Board, the conflict in Ukraine does not affect the assumption that the PZU Group will continue as a going concern; however, determining the capability of the PZU Group’s Ukrainian companies to maintain business continuity is subject to uncertainty</p>

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

ESG Strategy’s key performance indicators reported annually and with other non-financial data. As at 31 December 2021

- Reduced emissions²: 26.2%
- Electricity from RES (~80%)
- Offsetting 17 thousand tons of CO₂ by purchasing carbon dioxide units from the State Forests

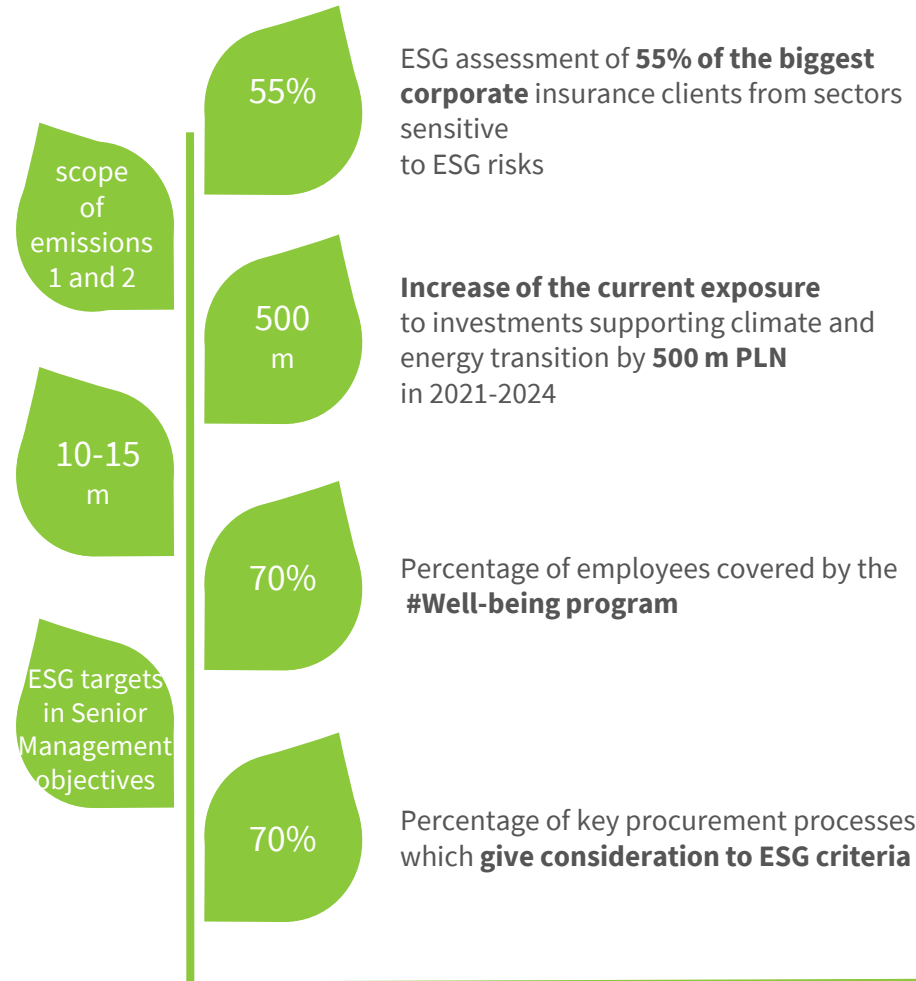
Reaching climate neutrality of own operations thanks to reduction of emissions, purchase of green energy and offsetting CO₂¹ emissions

- 10 million recipients
- **Execution of 100%**

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

- ESG objectives as part of the objectives assigned to directors responsible for executing the ESG Strategy
- **Execution of 100%**

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



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







- 450 m PLN – investment commitment in 3 investments for RES projects and to purchase ESG bonds

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

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

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 and 2022 by international rating agencies

Rating Agency	Rating result	Rating publication
	Rating: D (Disclosure) / A Scale of CDP ratings from the highest: A/A- (Leadership); B/B- (Management); C/C- (Awareness); D/D- (Disclosure)	December 2021 (in July 2022 the rating survey for 2021 was expanded – waiting for the rating)
	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.	November 2021 (in June 2022 the rating survey for 2021 was expanded – waiting for the rating)
	Score: 37/100 PZU's result 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
	Rating: 18.6 - means a low risk category. In 2021 PZU received a result that was better by 4.3 than in 2020 whereby the company has moved up to the category of low risk companies in terms of ESG issues.	February 2022
	Overall score: 3.4/5. PZU improved its score by 0.1 versus 2021. Centile result: 55th centile which means an increase of 14 points versus the 41st centile in 2021	July 2022
	ESG MSCI Rating: BBB Overall rating in 2022 upheld at the level of BBB. The detailed score is slightly higher - average score (weighted-average key issue score): 5.0 versus 4.8 in 2021 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	July 2022 <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.

Initiatives supporting the execution of the ESG strategy “Balanced Growth”

#trusted partner in green transformation

- PZU and TFI PZU are investing in the development of onshore wind power. Thus far the Companies have invested nearly PLN 420 million in projects to build or expand wind power plants
- PZU is developing methodologies for evaluating corporate clients in terms of ESG issues
- The PZU Group develops product-related programs that support clients in sustainable business development. The PZU LAB EST system is a tool that monitors selected parameters related to the environmental impact of enterprises. The System is currently being expanded with additional sensors to monitor, among other things, greenhouse gas emissions
- To mitigate its direct environmental impact, the PZU Group is moving its Head Office to the greenest building in Warsaw.

#Better quality of life

- PZU runs PZU's Good Team Program, which promotes activity among children and young people. 352 entities joined the program in 2022 that received co-financing in 43 disciplines. More than 70,000 children from across Poland represent the PZU Good Team's colors
- In 2022 PZU joined the Healthy Life program initiated by the President of the Republic of Poland

#responsible organization

- Since 2021, PZU and PZU Życie directors responsible for the execution of the ESG Strategy have ESG objectives included in their annual objectives. The degree of attainment of these goals translates into the value of their variable compensation for a given year. By assigning ESG goals the entire organization is involved in pursuing the targets laid down in the ESG strategy. ESG goals are also assigned to the Management Boards of subsidiaries
- PZU expects its suppliers to adhere to sustainable standards and principles. To reinforce the importance of ESG in supplier relations, the scope of supplier audits is being expanded to include topics related to human rights, employee rights and environmental protection
- The PZU Group is an active participant in sustainable development initiatives. PZU is a member of the United Nations Global Compact i.e. the largest UN initiative bringing together sustainable business. PZU joined the UNEP/GRID-Warsaw “Together for the Environment” Partnership and the Climate Leadership program for climate leaders

The PZU Group is monitoring its progress on the road to sustainability. The measurable result of these efforts is its participation in ESG ratings and the ratings it has obtained.

In June 2022, PZU's actions were recognized in the 16th edition of the Ranking of Responsible Companies. This year, PZU scored 94 out of 100 points in total, giving it third place in the overall and industry classification.

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

ECOSYSTEM BENEFITS

Convenient space to manage benefits unrelated to salary

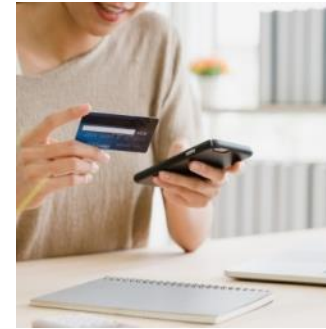


- Set of advanced digital tools facilitating employers' comprehensive management of benefits

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's 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	2Q21	1Q22	2Q22	Change y/y	Change q/q
External gross written premium	6,194	6,253	6,394	3.2%	2.3%
Total non-life insurance – Poland	3,472	3,581	3,740	7.7%	4.4%
Mass insurance – Poland	2,677	2,892	2,819	5.3%	(2.5%)
Motor TPL	1,039	1,032	1,061	2.1%	2.8%
MOD	635	753	749	18.0%	(0.5%)
Other products	1,003	1,107	1,009	0.6%	(8.9%)
Corporate insurance – Poland	795	689	921	15.8%	33.7%
Motor TPL	151	143	146	(3.3%)	2.1%
MOD	178	175	197	10.7%	12.6%
Other products	466	371	578	24.0%	55.8%
Total life insurance – Poland	2,197	2,063	2,038	(7.2%)	(1.2%)
Group and individually continued insurance - Poland	1,753	1,788	1,780	1.5%	(0.4%)
Individual insurance – Poland	444	275	258	(41.9%)	(6.2%)
Premium on protection products	205	188	194	(5.4%)	3.2%
Premium on periodic investment products	69	54	42	(39.1%)	(22.2%)
Premium on single investment products	170	33	22	(87.1%)	(33.3%)
Total non-life insurance – Ukraine and Baltic States	482	568	580	20.3%	2.1%
Baltic States	424	524	541	27.6%	3.2%
Ukraine	58	44	39	(32.8%)	(11.4%)
Total life insurance – Ukraine and Baltic States	44	42	34	(22.7%)	(19.0%)
Lithuania	23	23	23	x	0.0%
Ukraine	21	19	11	(47.6%)	(42.1%)

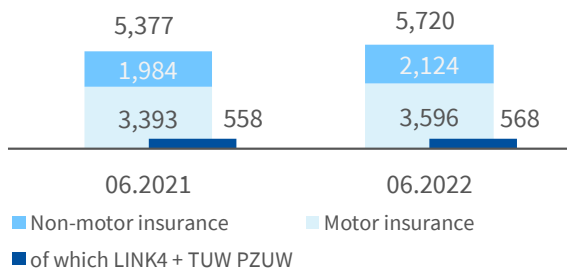


Non-life insurance

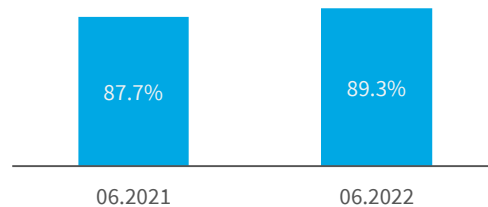
Motor insurance under the pressure posed by lower TPL prices in Poland

Mass segment

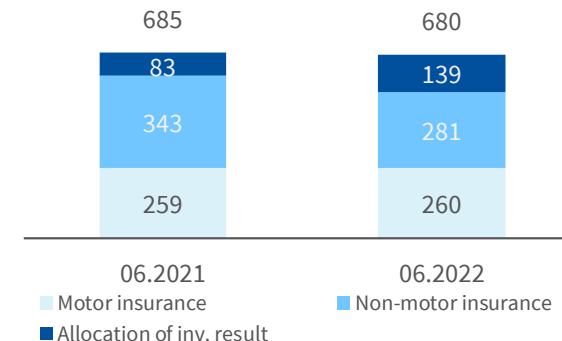
Gross written premium (m PLN)



Combined ratio (%)

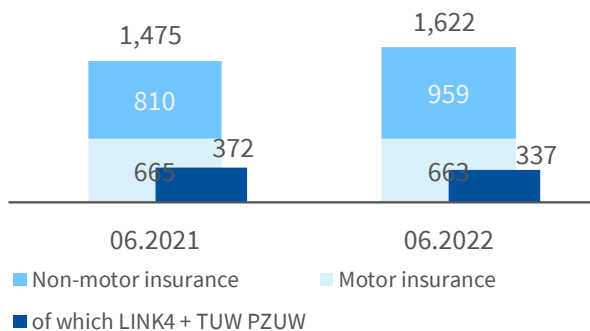


Insurance result (m PLN)

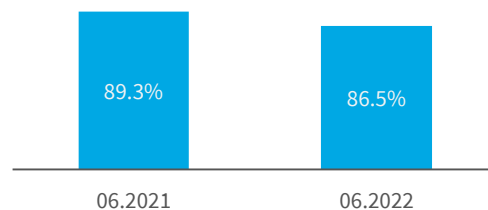


Corporate segment

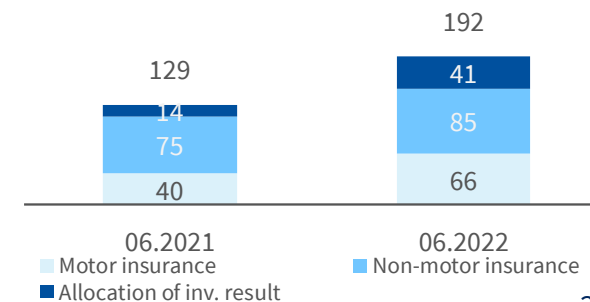
Gross written premium (m PLN)



Combined ratio (%)



Insurance result (m PLN)

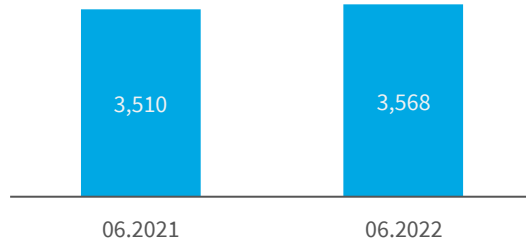


Life insurance

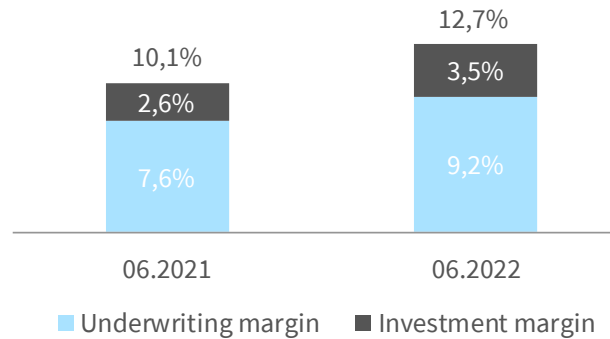
Rising premium on group and individually continued products. Enhanced profitability in both segments

Group and individually continued insurance

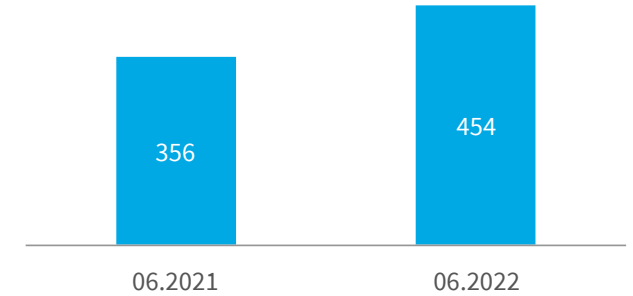
Gross written premium (m PLN)



Margin (%)

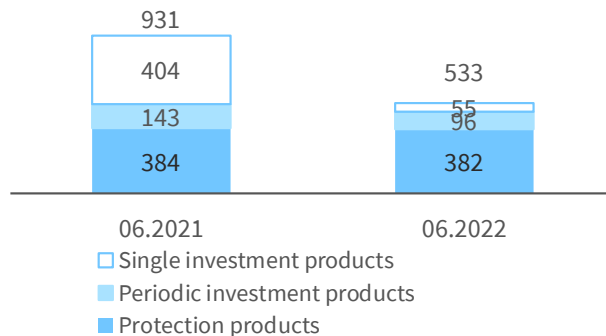


Insurance result (m PLN)

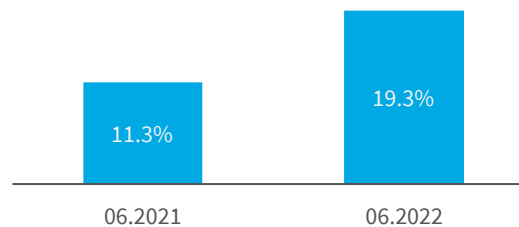


Individual insurance

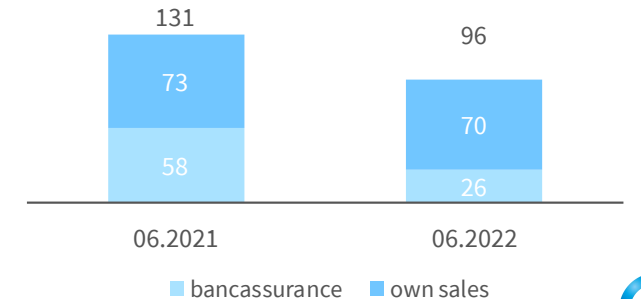
Gross written premium (m PLN)



Margin (%)



Annual Premium Equivalent (m PLN)

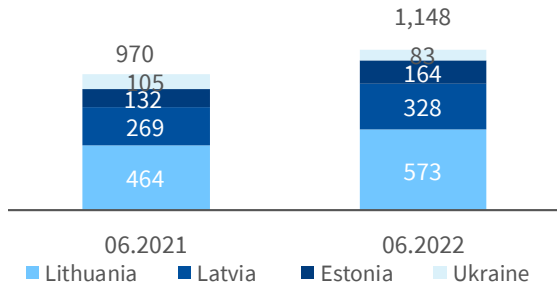


Foreign operations

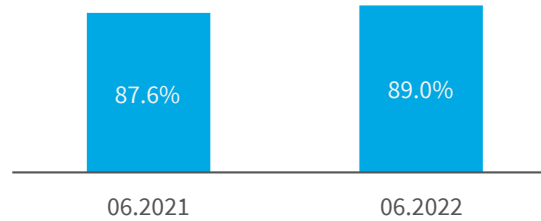
Decline in Ukraine's rating – impairment losses

Non-life insurance

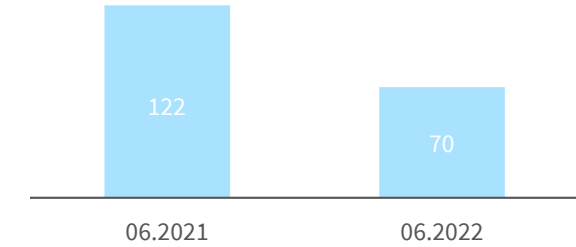
Gross written premium (m PLN)



Combined ratio (%)

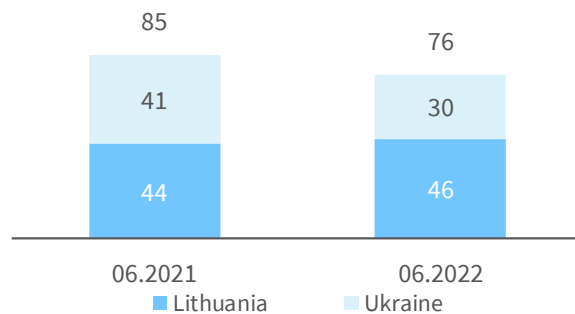


Insurance result (m PLN)

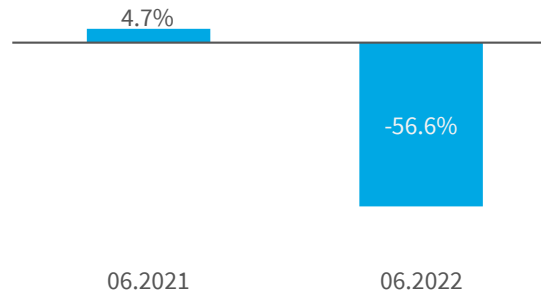


Life insurance

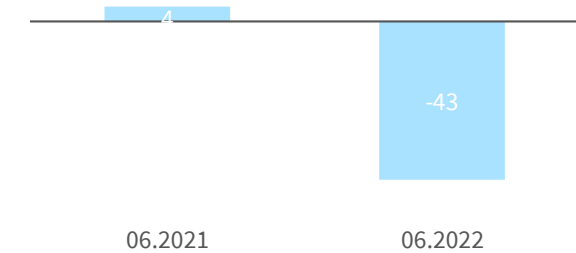
Gross written premium (m PLN)



Margin (%)



Insurance result (m PLN)

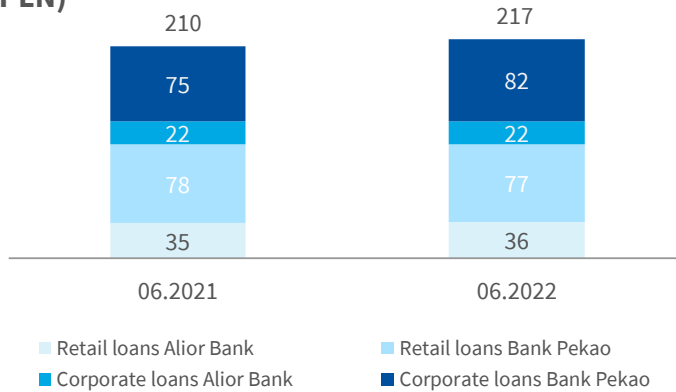


Banking activity

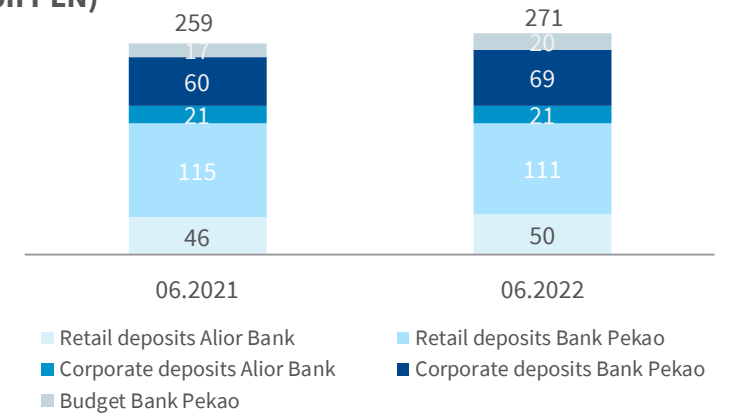
Strong growth in the banks' operating result

Volumes

Loans (bn PLN)

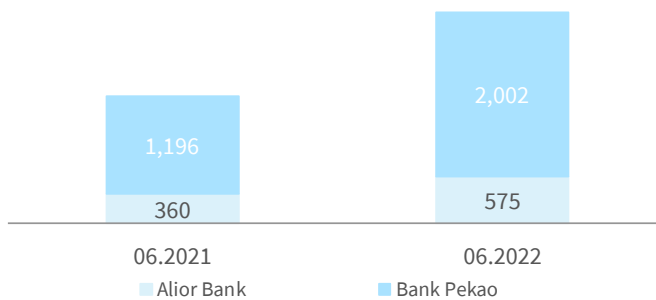


Liabilities (bn PLN)³

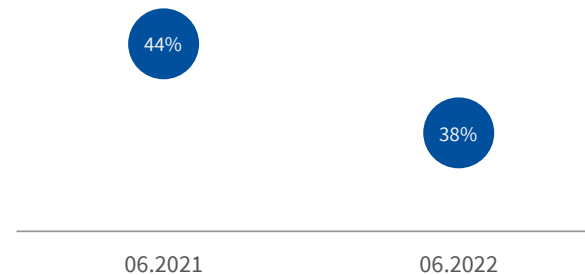


Results / ratios

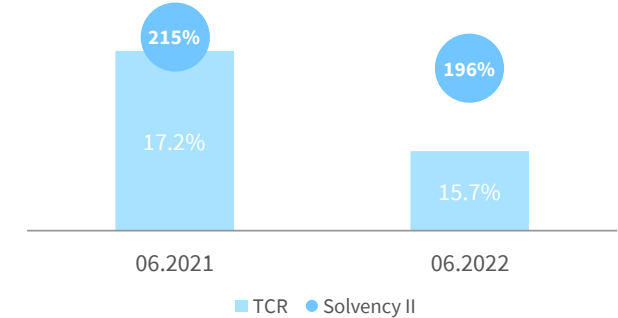
Operating result¹ (m PLN)



Cost / Income¹ (%)



Capital adequacy²



1. Data in accordance with PZU's financial statements, net of the impairment for goodwill and intangible assets

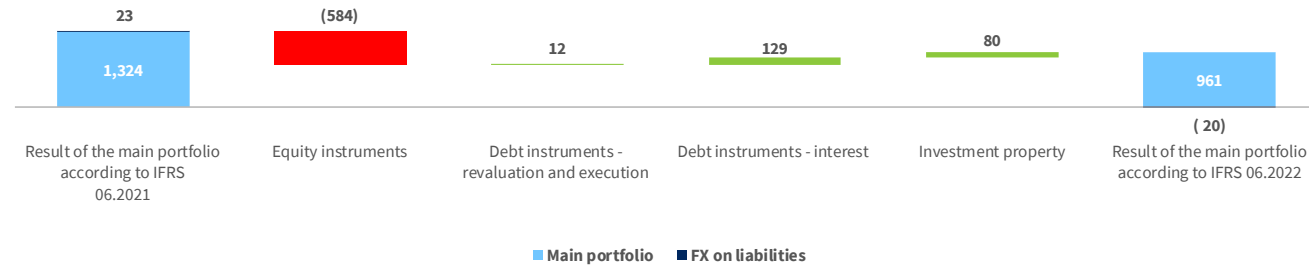
2. Data jointly for Bank Pekao and Alior Bank pro rata to the equity stakes held

3. Data in accordance with Bank Pekao and Alior Bank's financial statements

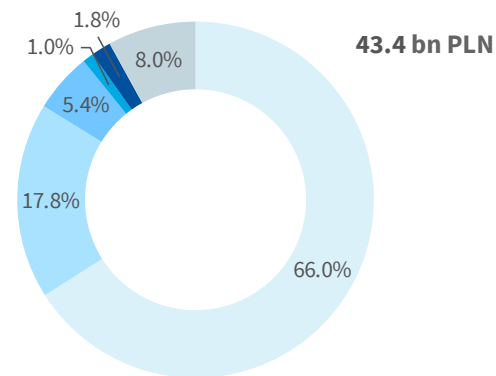
Investments

Results and portfolio composition

Net investment result (m PLN)

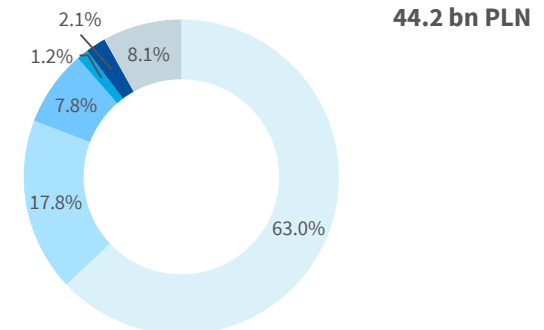


December 2021 main portfolio investment composition



investment products 6.3 bn PLN

June 2022 main portfolio investment composition

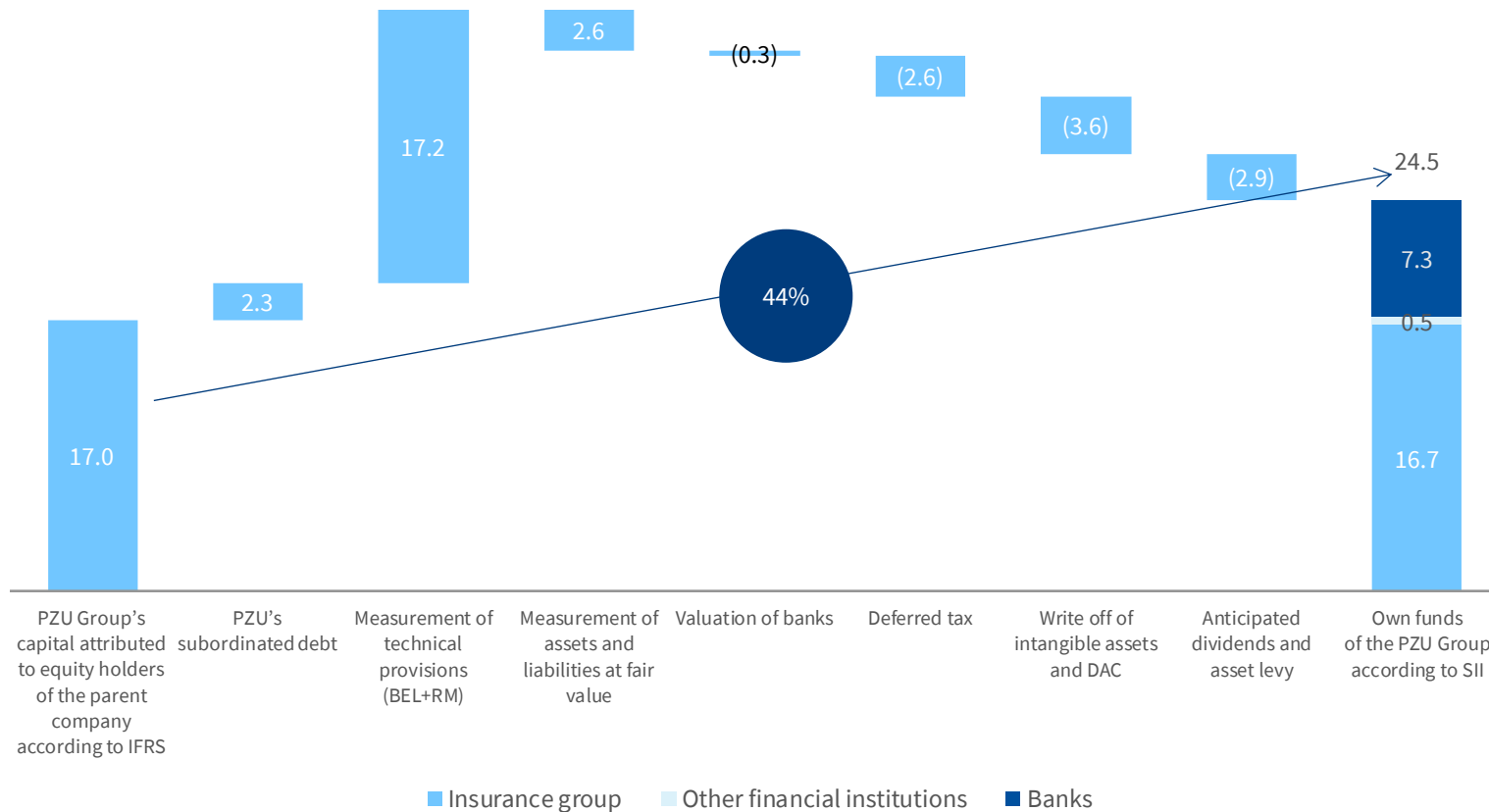


investment products 5.1 bn PLN

Own funds

PZU Group's data in Solvency II as at 31 March 2022 (bn PLN)

Comparison of own funds and consolidated equity according to IFRS



Own funds according to SII minus:

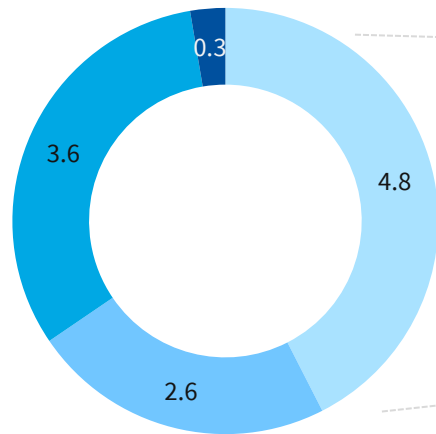
- dividend for 2021 ratified by the Shareholder Meeting (1.96 bn PLN) and 80% of the Group's profit in 1Q22 attributed to the equity holders of the parent company (-0.6 bn PLN)
- the forecasts of the asset levy to be paid by insurance undertakings in the 12 months after the balance sheet date (according 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)

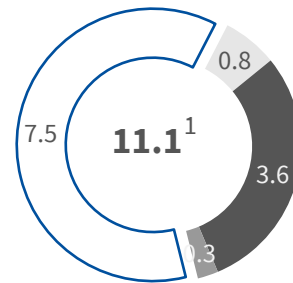
PZU Group's data in Solvency II as at 31 March 2022 (bn PLN)

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)

Effect of diversification
-34%

Solvency requirement declined in 1Q22 by 0.1 bn PLN.

The main reasons for the movement in SCR:

- decrease in market risk of 0.05 bn zł² driven by the following:
 - decline in equity price risk and the credit spread following the decline in the exposure (-0.15 bn PLN²)
 - higher currency risk, chiefly following the appreciation of the EUR/PLN exchange rate (+0.08 bn PLN²)
 - higher interest rate risk following the growth in the yield curve for Polish bonds (+0.13 bn PLN²)
 - greater effect of market risk diversification
- decline of life insurance risk due to lower exposure following the increase in interest rates (-0.01 bn PLN²)
- higher catastrophic risk in non-life insurance (+0.06 bn PLN²)
- decline in PTE's requirement following the decline in OFE's net assets and the diminished capital markup from 1.25% to 1% (-0.08 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.

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.



Thank you

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