



# PZU Group's Financial Results

in 1Q23

Warsaw, 25 May 2023





## Table of contents

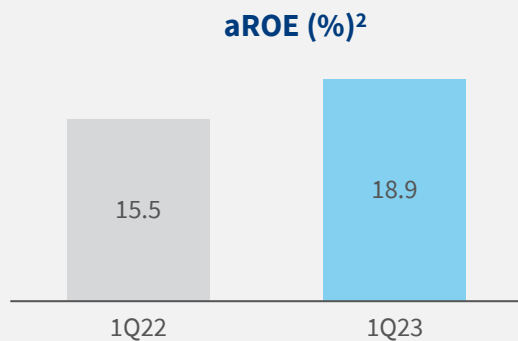
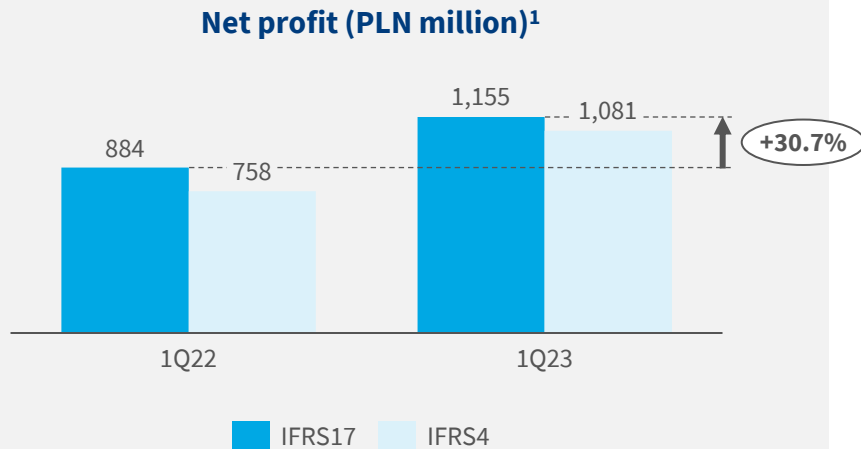
●	PZU Group's main accomplishments	3
●	Business development	11
●	Financial results	23
●	PZU Group Strategy for 2021- 2024	34
●	Attachments	37



# 1. PZU Group's main accomplishments



# New IFRS 17. Follow-up of the strategy and value building



Business growth

**Premium growth outpacing market growth**  
Growing sales of health and investment products



High profitability

**Converted to the new standard**

- ✓ maintained high profitability of **non-life insurance**
- ✓ improved profitability in **life insurance**
- ✓ high return on the investment portfolio



Positive effect of interest rates

**High interest rates drive the demand for insurance and investment products**  
**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

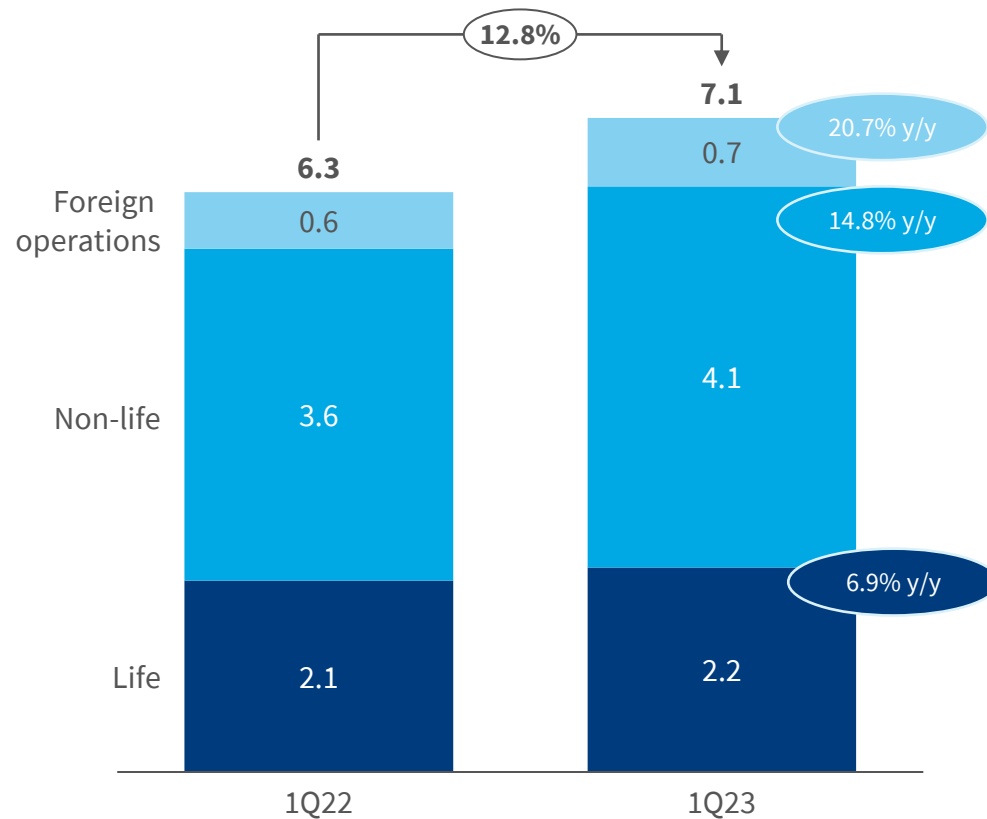
S&P Rating for PZU at A-/stable

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

1. Net profit and return on equity attributable to equity holders of the parent company  
2. aROE - adjusted return on equity calculated on a capital basis excluding accumulated other comprehensive income relating to financial income and expenses from insurance and reinsurance. Net result and equity attributable to equity holders of the parent company, annualized

# Rising premium growth rate, growth of market shares

## Gross written premium (PLN billion)

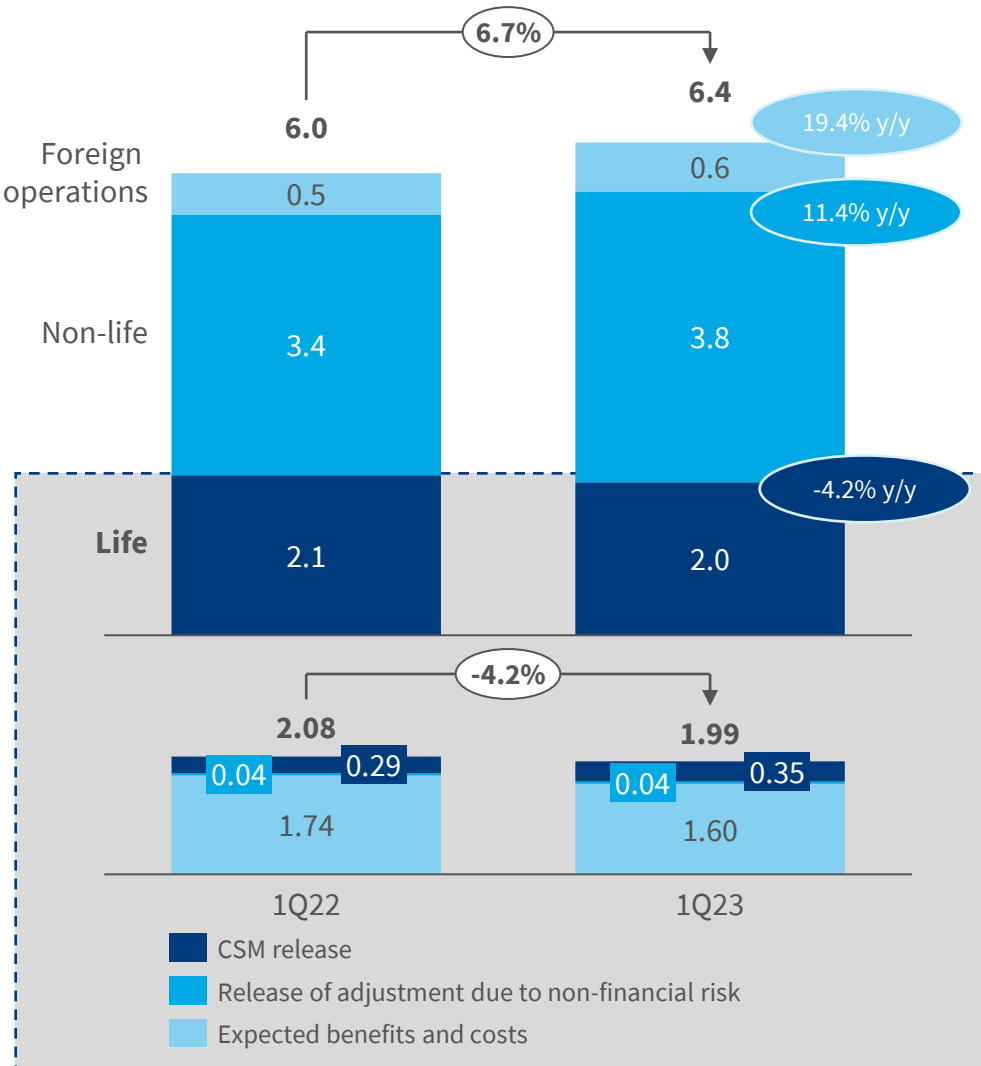


- Gross written premium at a level of PLN 7.1 billion, +12.8% y/y, growth exceeding market growth rate, **growth in estimated market share**
- **Motor insurance is the main driver of growth:** growth rate of motor insurance sales (+PLN 346 million, +16.5% y/y), driven mainly by **acceleration in MOD** (+23.3% y/y) and MTPL (+11.1%), owing to the growth in the number of policies and average premiums
- **High premium growth from non-motor insurance** (+ PLN 184 million, +12.4% y/y), especially corporate insurance (+30.7% y/y)
- Further dynamic **growth in sales of life assurance with guaranteed sum insured**, offered in own channels and in cooperation with banks - gross written premium above PLN 150 million in 1Q23
- **Higher foreign sales, particularly in the Baltic States companies** (+25.8% y/y) due to rate increases in the region and higher sales of health and non-life insurance
- Improved market situation and **continued strengthening of position in the asset management market** - net sales of investment funds of almost PLN 0.5 billion. PPK assets growth of 75% y/y
- **Revenue in the health pillar grow by 31% y/y<sup>1</sup>** – including sales of insurance and subscription plans at a level of 37.3% y/y

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

# Growth in sales of the last several quarters supports the growth in insurance revenue in 1Q23

## Gross insurance revenue according to IFRS 17 (PLN billion)



## Year-on-year increase in insurance revenue to PLN 6.4 billion (+6.7% y/y)

### Non-life insurance

- **The y/y growth in insurance revenue to 3.8 billion (+11.4% y/y)** reflects **much higher growth rate of non-life insurance sales in the second half of 2022 and, to a lesser extent, current year premiums** (mainly motor own damage insurance and non-motor insurance)
- **Motor own damage insurance (+16.5% y/y): growth in the number of agreements** (recovery in the lease market, better availability of vehicles) and **a higher value** of vehicles insured
- An increase in **non-motor insurance revenues (+16.7% y/y)**, effect of the acquisition of several large agreements, mainly in the corporate segment

### Life insurance

- **Higher release of contractual service margin (CSM):** PLN 352 million vs. PLN 293 million in the comparable period
- **A decline in the recognised premium required to cover expected claims and benefits:** significantly lower mortality expected in 1Q23 (recovery of levels before the COVID-19 pandemic). 1Q22 took into account the expected high level of anticipated claims under the annual renewable group agreements

# Sound results also in new standard, return on equity exceeds strategic ambitions

Net profit  
**PLN 1.16 bn**  
(vs. PLN 0.88 bn in 1Q22)

aROE<sup>1</sup>  
**18.9%**  
(vs. 15.5% in 1Q22)

---

Insurance service result  
**PLN 854 million**  
(COR<sup>2</sup> 85.7%, Margin<sup>3</sup> 15.3%)

---

Result on investment portfolio  
**PLN 600 million**  
(+35% vs. 1Q22)

---

Banks' contribution to the Group's  
result  
**PLN 412 million**  
(vs. PLN 241 million in 1Q22)

---

- High profitability of non-life insurance retained in the new reporting standard - combined ratio of **85.7%**
- **Margin in group and individually continued insurance 15.3%**

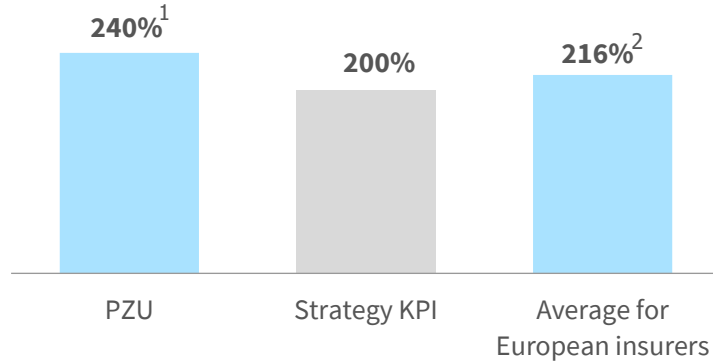
- **High return on the investment portfolio, growth of interest result by 44.2%**
- Favourable levels of interest rates when refinancing the maturing tranches of treasury bonds, very good result of real estate portfolio

- Growth of interest income as a result of a series of interest rate increases in 2022

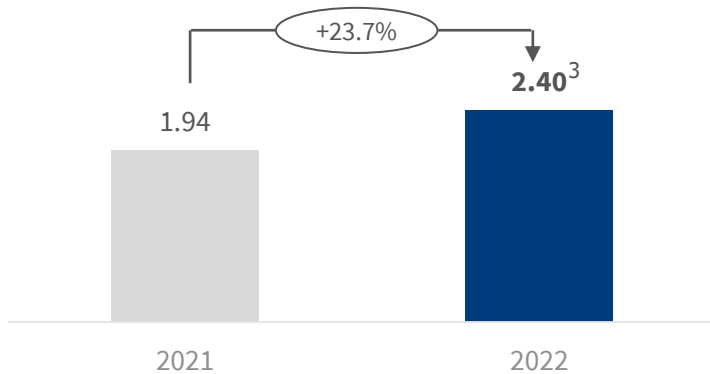
1. aROE in 1Q23 attributable to equity holders of the parent company, annualized, return on equity excluding the cumulative effect of changes in discount rates for the valuation of insurance liabilities  
2. Non-life insurance in the PZU Group (Poland)  
3. Margin for the group and individually continued insurance segment

# High security of operations, „A-” rating by S&P

## The Solvency II ratio for the PZU Group compared to the average for European insurers (%)



## Dividend per share (PLN)



- Solvency II ratio as at 31 December 2022 at very high levels - significantly higher than assumed in the strategy substantially above the target in the strategy: 240%<sup>1</sup>
- Rating of S&P Global Ratings at **A- / stable** affirmed on 24 April 2023
- The **dividend** proposed by the Management Board and positively assessed by the Supervisory Board at **PLN 2.40 per share**<sup>3</sup>, translates into a 6% dividend rate
- **Safe and diversified investment portfolio:**
  - ✓ increased share of portfolios securing a high level of profitability, including corporate debt with an investment grade rating
  - ✓ high percentage of bonds measured at amortized cost
  - ✓ low equity exposure
  - ✓ closed FX position

1. As at 31 December 2022. Calculation according to the current methodology, i.e. own funds are adjusted for 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 starting as of 1Q21 there is a new element in the solvency

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

3. In accordance with the PZU Management Board's proposal to the PZU General Meeting dated of 4 May 2023 on the distribution of regarding the distribution of PZU SA's net profit for 2022 plus the amount transferred from the supplementary capital created from the profit generated in 2021. The proposal was positively assessed by the PZU Supervisory Board on 10 May 2023. The proposed dividend date is 7 September 2023 and the proposed dividend payment date is 28 September 2023. PZU's AGM has been convened for 7 June 2023.



# Corporate Social Responsibility



## Moc naszych miast

Kompedium wiedzy na temat proekologicznych i prospołecznych rozwiązań, technologii i inicjatyw budujących bezpieczeństwo cywilizacyjne i poprawiających jakość życia ludzi dziś i w przyszłości.



**"PZU Good Team "** - the call for applications for funding in the 2<sup>nd</sup> edition of the PZU prevention program has been launched

- Qualified entities will receive grants in the amount of: PLN 5,000, PLN 10,000 or PLN 15,000
- Funding for conducting activities or covering the costs of participation in competitions can be granted to foundations, associations, folk sports teams, student sports clubs and sports unions that are active in the field of sport for children and young people.
- In 2022, grants were awarded to 352 entities involved in organising activities for young sport enthusiasts.

**"Healthy Life"** - the second edition of the project dedicated to preventive health care


- "Healthy Life" is a nationwide project prepared in cooperation between the Ministry of Health, the Ministry of State Assets, the National Health Fund, PZU and under the honorary patronage of the Presidential Couple. The Ministry of Education and Science has also joined the project.
- In 2023, the project will reach 22 towns and cities across Poland. A range of medical consultations and tests will be available in the Mobile Health Area, including mammography, spirometry and lung ultrasound.
- In the first edition of the project, nearly 34.5 thousand tests and consultations were carried out in eleven cities. During the campaign, more than 14.5 thousand free medical tests and consultations were carried out and nearly 19.9 thousand preventive services were provided.

**"The Power of Our Cities"** - a compendium on the best trends and practices in sustainable urban development

- The compendium prepared and made available by PZU Group, presents contemporary challenges in the area of sustainable development affecting cities, as well as examples of best practices in this area - both from large metropolises and smaller centres, from Poland and worldwide.
- The Compendium is divided into five thematic areas. It addresses the issues of organising inclusive urban space, management of energy, water resources, transport and waste management and recycling.
- The publication can be downloaded at [pzu.pl/grupa-pzu/zrownowazony-rozwój](https://pzu.pl/grupa-pzu/zrownowazony-rozwój)

# Digital dimension of the PZU Group – mojePZU (myPZU portal)

Observing digitalisation trends, we consistently implement the PZU Group’s Strategy by constantly implementing digital solutions in sales, service and communication processes and holistically developing the digital space for the development of customer relationships. We are gradually embedding the PZU Group's comprehensive offering combining financial and non-financial services. mojePZU - one of the most extensive platforms in the insurance market, is the core of this approach.

▶ Easy registration of the mojePZU account, regardless of the platform (moje.pzu.pl and mojePZU mobile) 

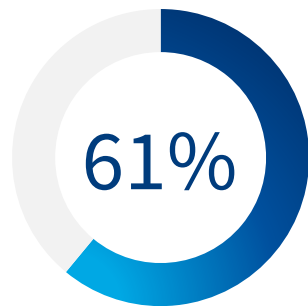
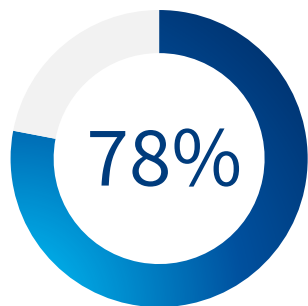
▶ Purchase of the PZU Group products and services (insurance, medical, investment and savings, loyalty)

▶ View and one-stop shop for products at a single place

## The mojePZU channel on the top!

Sales growth in the online channel only - increase in written premium\*

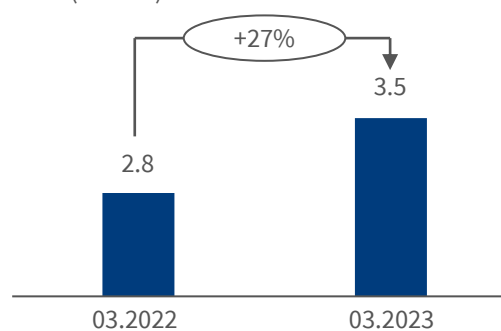
Growth in the number of payment transactions performed through mojePZU\*



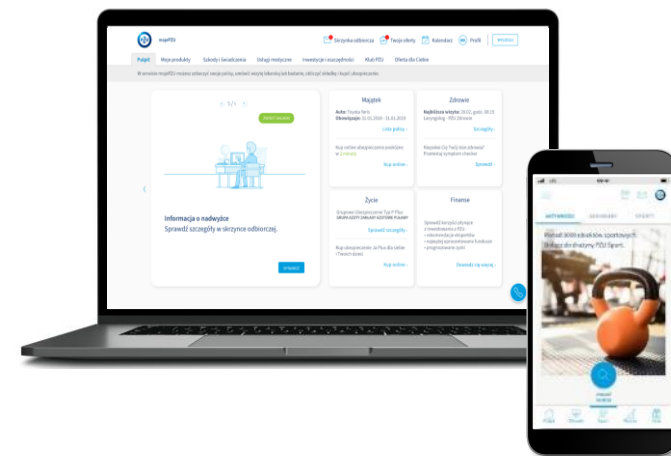
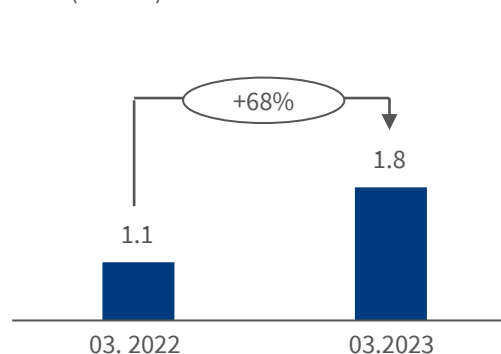
\*growth rate Q123 to Q122

## Development of the #mojePZU portal

Number of mojePZU accounts (million) - as at:



Number of application downloads (million) - as at:



# 3.5 million

of accounts created in mojePZU

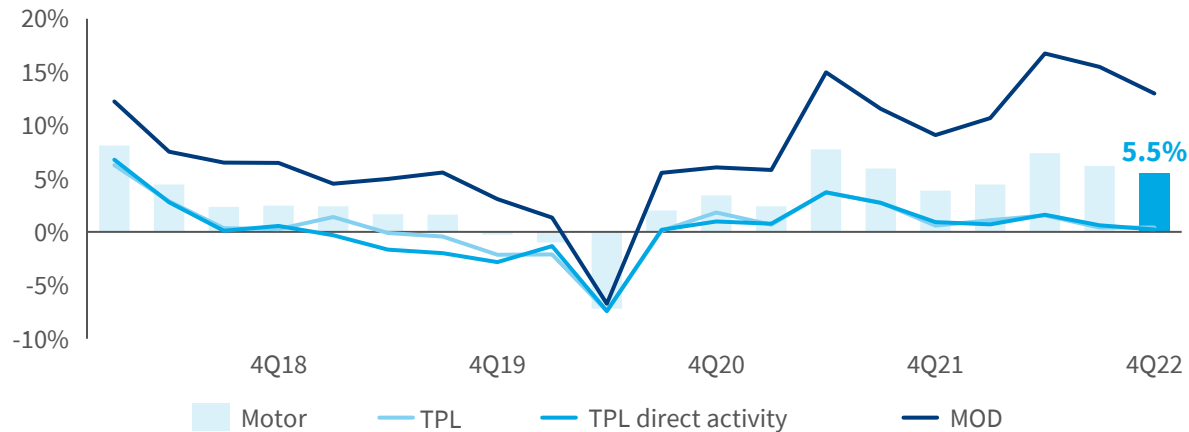


## 2. Business development



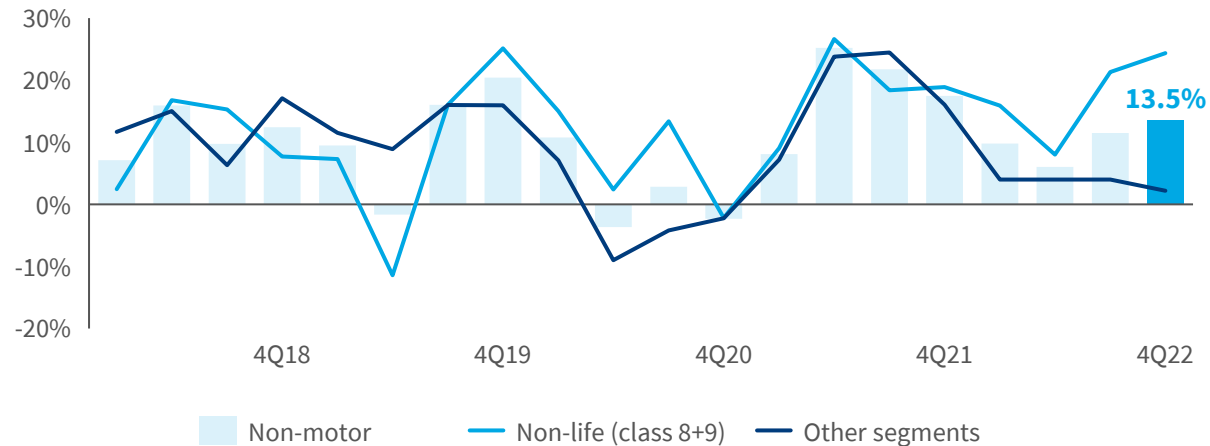
# Trends on the non-life insurance market in Poland

## Growth rate of the motor insurance market<sup>1</sup>, y/y

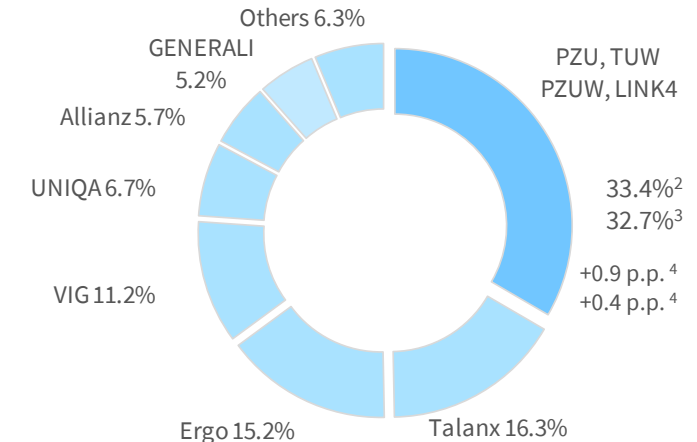


- **High growth rate of motor insurance sales in 4Q22 (+5.5% y/y)**, mainly due to a fast growth of motor own damage premium (+13.0% y/y). Slight growth in MTPL sales (+0.4% y/y). Slight growth in the number of policies maintained in MTPL (+0.8% y/y, direct business) **with declining prices (-0,6%/y/y)<sup>1</sup>**
- **Further growth in non-motor insurance (+13.5% y/y)**. Property insurance (+24.3% y/y), general TPL and assistance insurance had the greatest impact on growth in terms of value
- **The PZU Group's market share in non-life insurance** (direct business) in 2022 increased to **32.7%**
- **High share of the PZU Group's technical result in the technical result of the market at the level of 46.9%<sup>1</sup>**

## Growth rate of the non-motor insurance market<sup>1</sup>, y/y



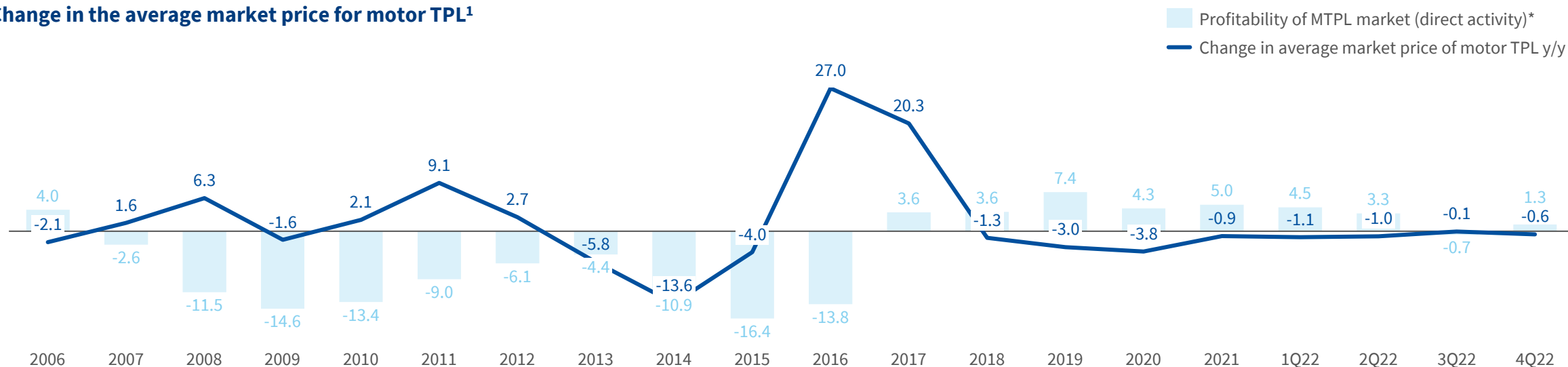
## Market shares in 2022<sup>2</sup>



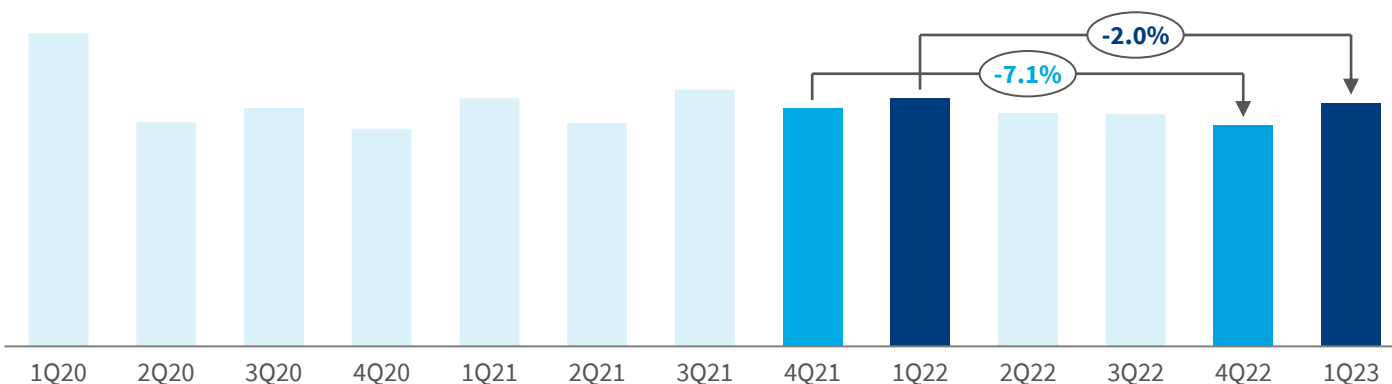
1. According to the Polish FSA's Q4 2022 report  
 2. According to the Polish FSA's Q4 2022 report; the market and market shares including PZU's inward reinsurance from LINK4 and TUV PZUW  
 3. PZU Group's market share in non-life insurance on direct business after Q4 2022  
 4. Movement in market share 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 TPL<sup>1</sup>



## Change in claims frequency in motor insurance<sup>1</sup>



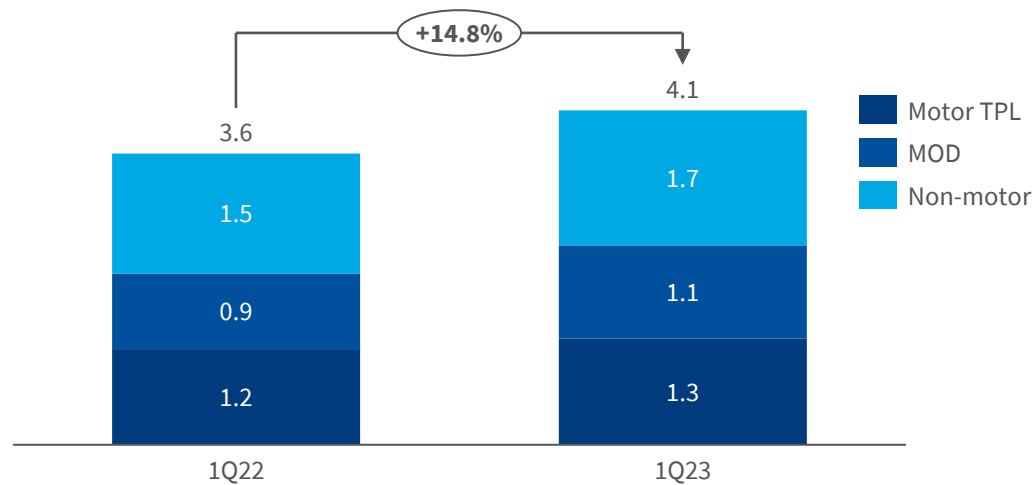
- **A noticeable stabilisation of the average motor TPL premium** after 3Q22 (slight decrease y/y), accompanied by an increase in insurers' profitability in the motor TPL market in 4Q22
- Maintaining low prices in the MTPL market, accompanied by a continued increase in the value of an average claim, indicates **the need for an upward trend** in the pricing policy of companies
- **Lower claim frequency**, which can be linked with the permanent change in the working model (popularisation of hybrid solutions) and changes in the tariff of fines and penalty points translating into greater caution among drivers

1. Data based on KNF Biuletyn Kwartalny [PFS Quarterly Bulletin], 1Q23/1Q22 growth rate based on estimated data

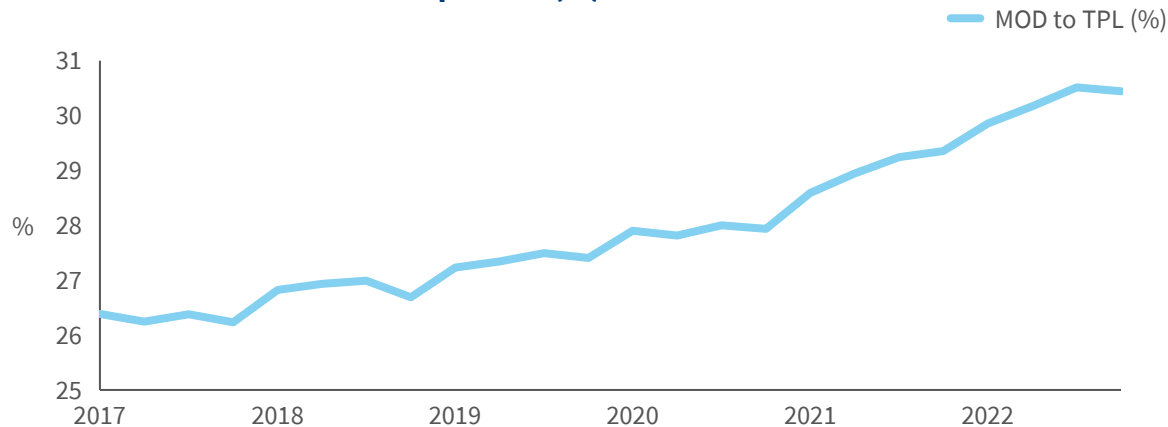
\* Profitability calculated as Technical result of non life insurance premiums

# PZU Group non-life insurance in Poland

## Gross written premium<sup>1</sup> of the PZU Group in 1Q23, value (bn PLN) and growth rate



## Ratio of number MOD to TPL policies (%) - the market in Poland<sup>2</sup>

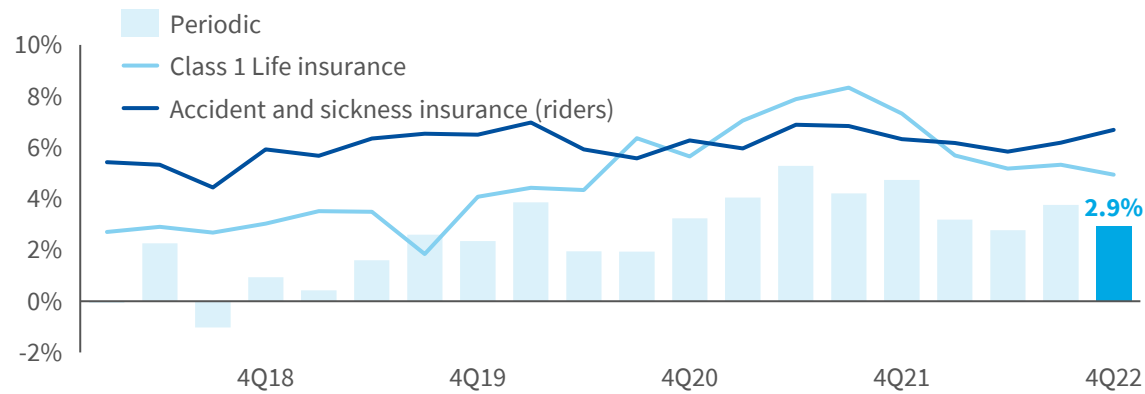


- **Motor insurance was the main driver of growth (+16.5% y/y)**, in particular due to **motor own damage** insurance - an increase in premium written of 23.3% y/y **as a result of an increase in average premium** (the impact of the rising value of vehicles translating into higher sums insured) **with a higher contract number**
- **Increase in motor TPL insurance premiums (+11.1% y/y)** - both in the mass and corporate segments - a result of the growing supply of new vehicles, a recovery in the lease market with a simultaneous increase in average premiums
- **Maintained high premium growth in non-motor insurance (+12.4% y/y)**, especially in **corporate** insurance (30.7% y/y increase in sales)

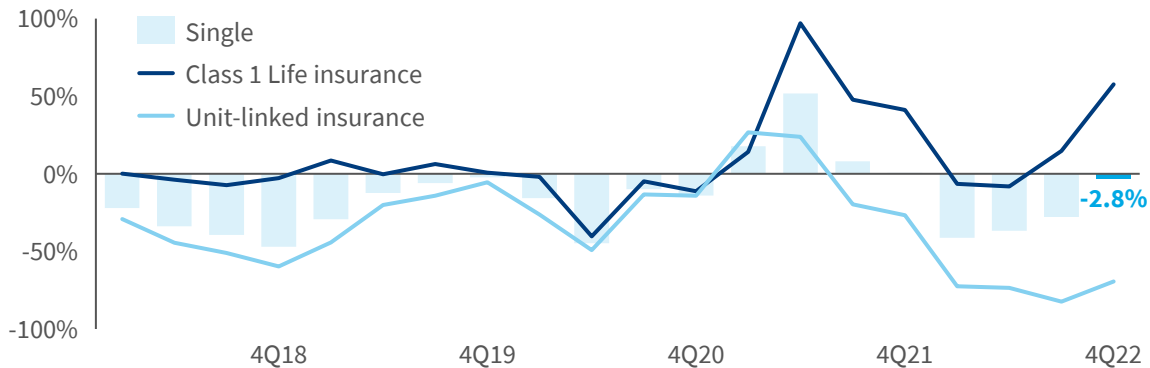
1. Gross premium written externally  
2. KNF data, active policies

# Trends on the life insurance market in Poland

## Growth rate of periodic premium insurance<sup>1</sup> y/y

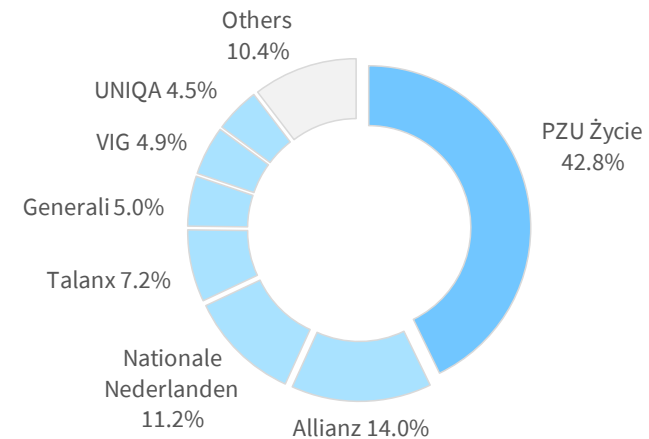


## Growth rate of single premium insurance<sup>1</sup> y/y



- **The periodic premium insurance market** (86% of the market) **in 4Q is expanding at a growth rate of 2.9% y/y** – the largest driver: Class V **accident and sickness insurance (+6.7% y/y)** and **class 1 life insurance (+4.9% y/y)**; still negative growth rate of unit-linked (-7.4% y/y)
- **Significantly smaller declines in single premium insurance** (14% of the market) with a deceleration in 4Q to **-2.8% y/y, in q/q terms an increase for the third consecutive quarter**. Decline in unit-linked sales (PLN -286 million y/y, -69.4% y/y) almost entirely offset by growth in Class I life insurance written premiums (PLN +270 million y/y, +57.6%).
- **PZU Group's growing share of the single premium insurance market** (36.2% in 4Q22, **23.5% in 2022**; up 0.5 p.p. y/y) - impact of the introduction of a new individual life and endowment insurance with a guaranteed sum insured in the second half of 2022; product offered in PZU branches and in cooperation with PZU Group banks
- Stable market share of PZU Group in the market for periodic insurance in 2022 at the level of **42.8%**

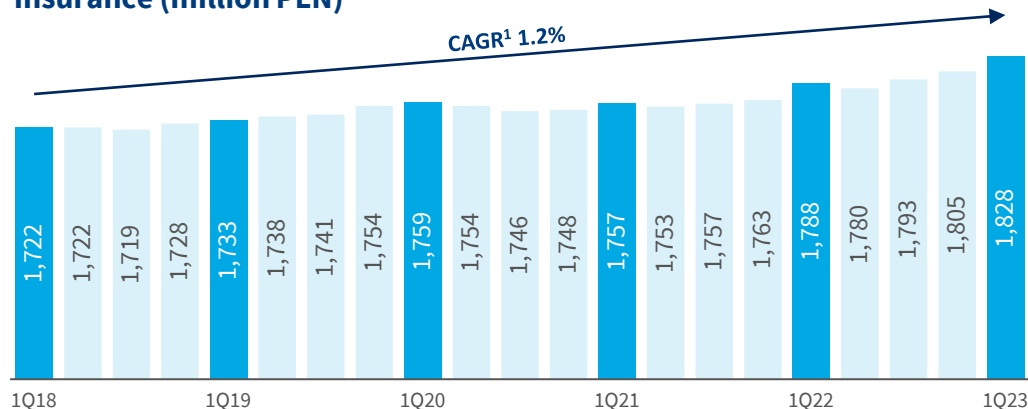
## Periodic premium market shares<sup>2</sup> in 2022



1. According to the Polish FSA's 4Q22 report  
 2. PZU Group's share of gross written premium on periodic premium insurance according to the 4Q22 Polish FSA report

# PZU Życie – life insurance

## PZU Życie gross written premium on group and individually continued insurance (million PLN)



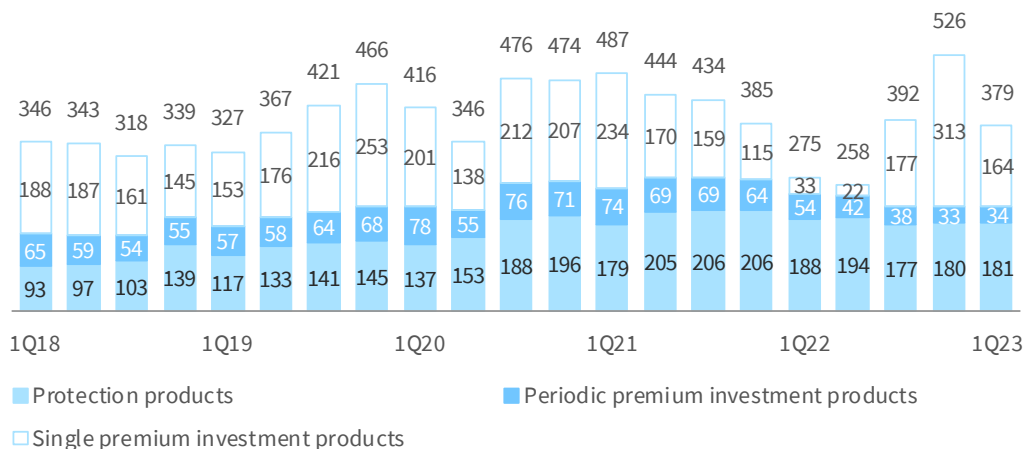
### Group and individually continued insurance

- Further **development of the health insurance portfolio**, as a consequence of the acquisition of new entities while average premiums increase
- Continued growth in revenue **from additional agreements** to continued insurance, including a malignant neoplasm rider
- **Increase in sales of Type P group insurance with riders**

### Individual insurance

- **Growth in the portfolio of individual protection insurance**, mainly Type J (+ PLN 13.7 million y/y)
- **High sales, introduced in the second half of 2022, of individual life and endowment insurance with guaranteed sums insured** available in PZU **Bezpieczny Zysk** branches and offered in cooperation with PZU Group banks **Pewny Profit** and PZU **Bezpieczne Jutro**
- **Decrease in premiums from bank protection products, mainly insurance offered for mortgage loans in cooperation with Alior Bank**
- **Slowdown in sales of individual investment banking products - impact of factors related to volatility in financial markets** and competitiveness of bank deposit/treasury bond interest rates
- Lower written premium from individual investment insurance in own channels (PLN -20.2m y/y) as a result of significantly lower sales of IKE and withdrawal of the Cel na Przyszłość product from the offer (impact of product interventions of the PFSA)

## PZU Życie gross written premium on individual insurance (million PLN)

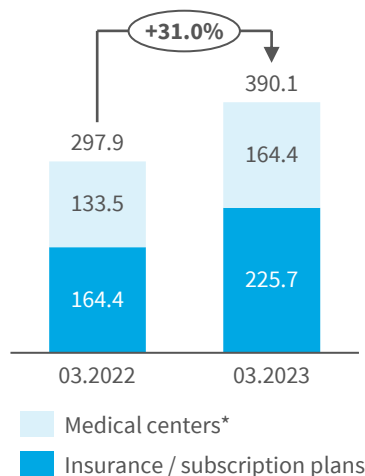


1. 1Q18 – 1Q23  
 2. Banks' SPE in 3Q22 presented in protection products; transfer to single investment products took place in 4Q22, also for the previous period

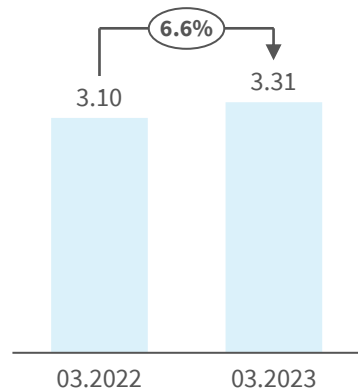


# Development of the scale of the health pillar activities

Revenue (million PLN)

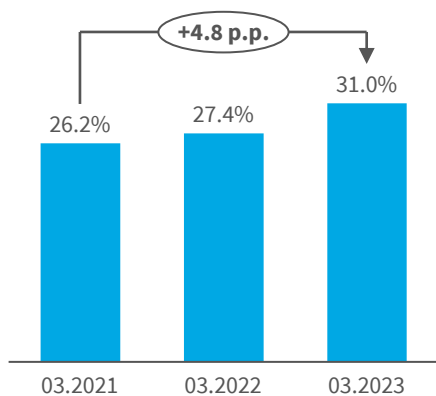


Number of contracts at the end of the period (million)

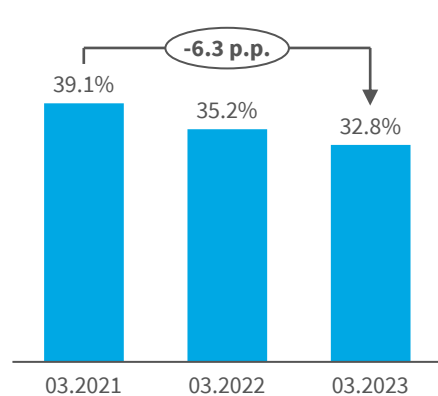


- Construction of further **modern and comprehensive in-house facilities** (more than 11 specialisations in each facility including diagnostics)
- **High revenue growth rate** (mainly in terms of **outpatient** agreements and **riders to continuing insurance**)
- **Systematic increase in the number of health product agreements in 1Q23**, owing to the sale of further health additions to protection products (enabling, among others, access to specialists, outpatient rehabilitation, selected tests and treatments)
- Health insurance price rises due to high inflation in the health area

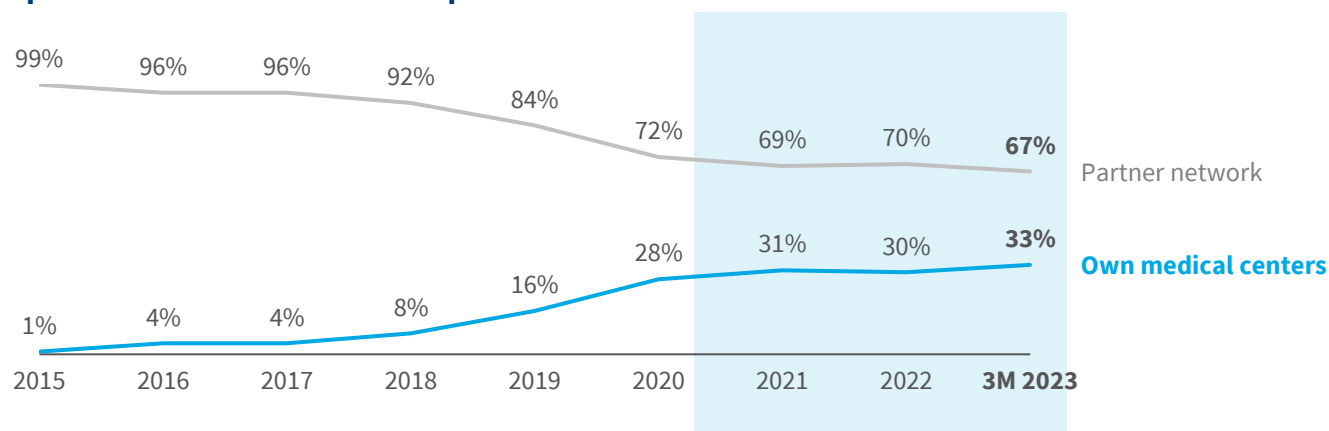
Online appointments via mojePZU



Number of telemedicine consultations (% of total consultations)



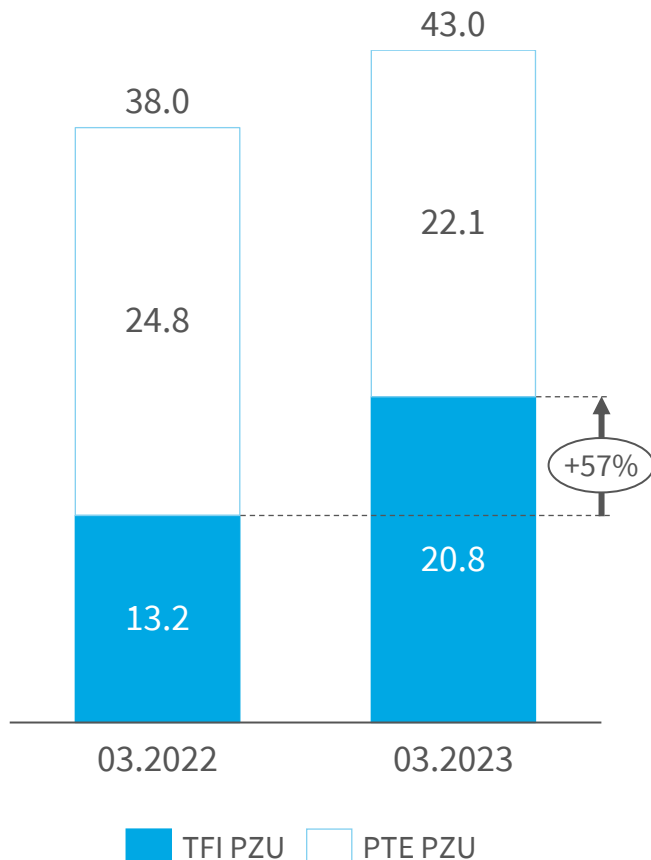
Services (subscriptions and health insurance) provided in own facilities and partner network



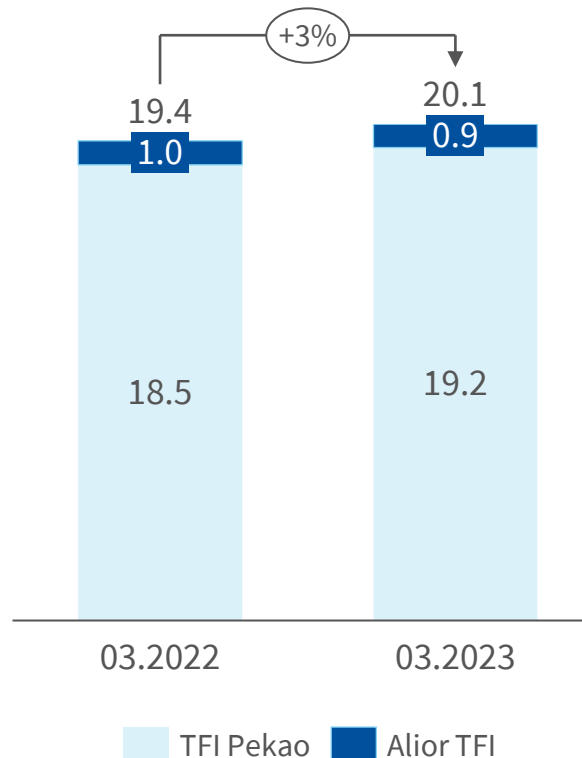
\* Data presented for the centres for the period from the beginning of the year regardless of the time of acquisition

# Assets under management

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



**Assets of external customers of TFI banks of PZU Group (PLN bn)**

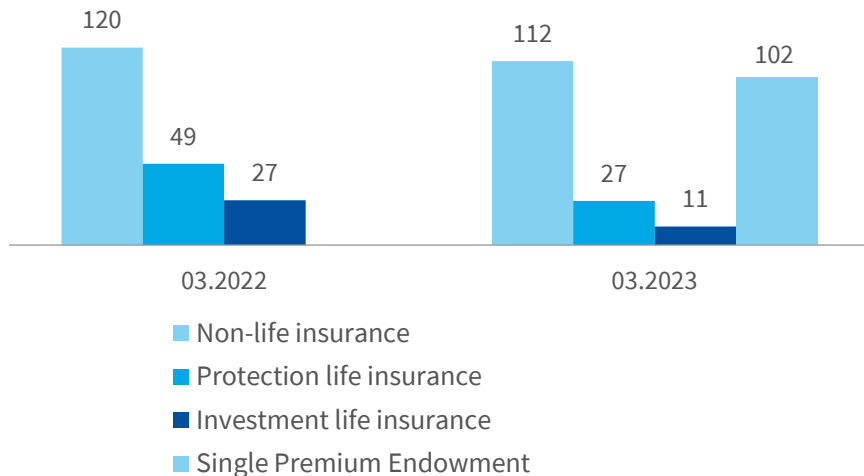


- **TFI PZU**
  - **#4 in terms of net sales** in 1Q23; net sales of funds amounted to **PLN 476 million**, (additionally TFI acquired **new assets** from an external client **to the portfolio management service worth nearly PLN 150 million**)
  - in the first three months of 2023, market inflows to funds amounted to PLN +2.77 bn - **share of TFI PZU at a level of 17.2%**
- **PPK assets** at the end of 1Q23 amount to **PLN 2.89 bn. Growth of 18.9%** in 1Q23.
- **Stable second place of TFI PZU in the PPK market** in terms of value of assets under management **with the share at a level of 20.8%** as at the end of 1Q23 - almost double advantage over the next entity

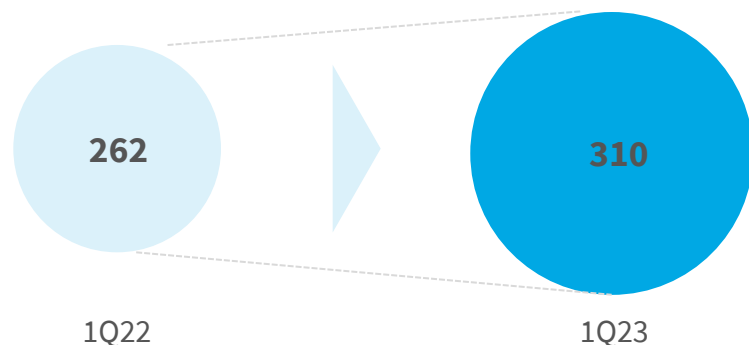
1. Assets managed by PTE PZU are not included as a target in the PZU Group's new strategy for 2021-2024. Assets jointly with TFI Energia, until the end of October 2022 TFI Energia operated as a separate entity

# Product offering in bancassurance and assurbanking ...

## Gross written premium acquired in cooperation with Bank Pekao and Alior Bank (PLN million)



## Gross written premium acquired in cooperation with banks (PLN million)



### Environment:

- Sales affected by adverse macroeconomic situation and financial market volatility
- Postponing of decisions by clients to invest money in investment solutions limits premiums written from investment products
- Unfavourable market conditions (inflation, interest rates, war) have affected the decline in sales of credit and loan related products

### Bancassurance:

- As of 1 August 2022, the **new SPE products have been implemented** (*Single Premium Endowment*) at Alior Bank and Bank Pekao - **exploiting the current market potential associated with high interest rates**. In 1Q23, an SPE product was enacted for **another VeloBank distributor** - planned launch of sales from 22 May 2023
- PZU Group products present in all significant product lines of PZU Group banks - insurance linked to banking products (cash loan and mortgage collateral) and stand alone (travel, motor insurance)
- **Multi-channel access** to PZU products for bank customers
- **Maintained strategic plan for 2020 - 2024 to acquire PLN 3 bn of cumulative gross premium written** from insurance and banking cooperation with Pekao Bank and Alior Bank

### Assurbanking:

- **Sales of banking products in the PZU stationary network**
  - As part of the Auto plus Account promotion, 201 PZU branches were implemented
  - Auto Plus Account promotion (joint sales offer of ROR Pekao with OC PZU) extended until the end of July 2023
  - **Continuation of pilot sales of two banking products** in the Exclusive Agent network - ROR under the Auto plus Account promotion and a cash loan - the total of 25 Agents and their employees (OFWCA)
  - Total loans and client deposits acquired by PZU for the bank at the end of March 2023 **amounted nearly to PLN 1.5 billion**
- **Cash Portal**
  - Extension of the reach of the Cash Portal to a total of more than **million people**
  - First mortgage loan sales recorded
  - The portal offer on PZU.pl has been made available
  - Work is underway to prepare a pilot in the exclusive agent network

## ... adapted to the volatile market situation

**Pewny Profit in Bank Pekao, Bezpieczne Jutro in Alior Bank** and the new **Stabline Jutro** product in **VeloBank-PZU** Życie guaranteed rate of return products in the bancassurance channel exploiting the potential of high interest rates:

- Life and endowment insurance
- **Guaranteed sum insured** throughout the term of insurance
- **Insurance Cover** in the event of the death of the policyholder
- Age of the policyholder: **18-72 years of age** - on the date of on the date of submitting the insurance application
- **Term of insurance:** 24 month or 36 months
- Option of single premium payment - in advance for the entire insurance period



- **Minimum premium of PLN 25 thousand**
- **Maximum premium of PLN 2 million**  
(for all insurance agreements of a given client)



- **Minimum premium of PLN 30 thousand**
- **Maximum premium of PLN 2 million**  
(for all insurance agreements of a given client)



- **Minimum premium of PLN 10 thousand**
- **Maximum premium of PLN 2 million**  
(for all insurance contracts of a given client)

# PZU Życie - Product initiatives for own channels



## **New additional insurance for IK clients**

Insurance for hospital treatment due to heart attack, stroke or malignant neoplasm  
02.2023

- Scope of insurance: hospital treatment or heart attack, stroke or malignant neoplasm
- Distribution: PZU branches
- Agreements concluded (03.2023): 20.3 thousand
- APE (03.2023) PLN 1.95 million

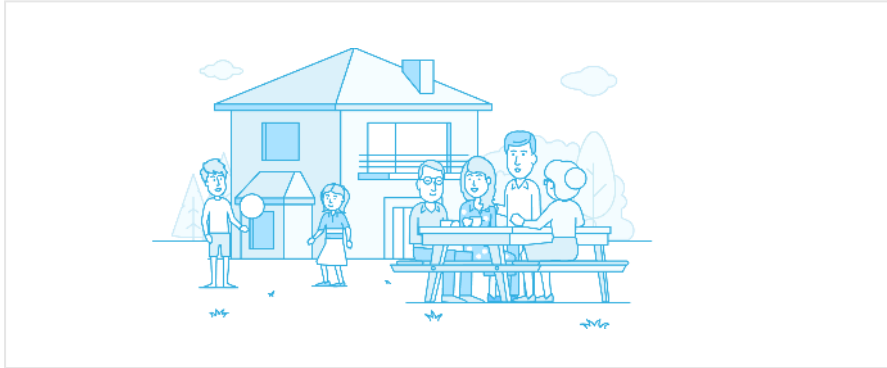


## **In protection and unit-linked insurance with a higher share in profit**

03.2023

- Taking advantage of the current macroeconomic situation, PZU purchased favourable interest-bearing bonds to secure capital insurance reserves
- As a result, we offer customers products with higher (than before) profit-sharing potential and thus higher benefit values

# PZU Życie - Product initiatives in the bancassurance channel



## Guaranteed return product for another Stabilne Jutro distributor - VeloBank S.A.

- 1Q23 - product enactment
- Implementation for sale from 22.05.2023
- The product takes advantage of the high interest rate environment
- The customer receives a guaranteed interest rate with an option for 2 or 3 years, i.e. for a period not available for deposits in most banks in Poland



## Further tranches of the products Pewny Profit in Bank Pekao S.A. and Bezpieczne Jutro in Alior Bank S.A.

- Products with a guaranteed rate of return
- Available for sale since August 2022
- **102 million in premiums written in 1Q23**



### **3. Financial results**



# PZU Group results according to IFRS 17

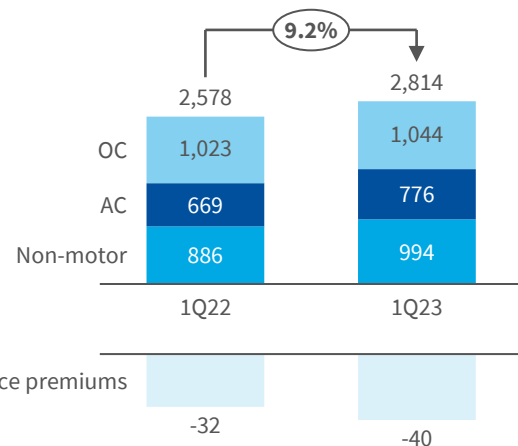
mn PLN	1Q22	1Q23	Change y/y
<b>PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO<sup>1</sup></b>			
Gross insurance revenue	5,999	6,401	6.7%
Net insurance revenue	5,751	6,035	4.9%
Insurance service expenses (net)	(4,892)	(5,181)	5.9%
Net insurance claims and benefits <sup>2</sup>	(3,491)	(3,561)	2.0%
Administrative expenses	(477)	(551)	15.5%
Acquisition expenses	(918)	(1,030)	12.2%
Loss component amortization	295	308	4.4%
Recognition of the loss component	(301)	(347)	15.3%
Insurance service result	859	854	(0.6%)
Net financial revenue	110	285	159.1%
Insurance and outward reinsurance finance income or expenses	(32)	(461)	x
Result from investment activities - allocated to insurance segments	142	746	x
Operating profit	969	1,139	17.5%
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>643</b>	<b>743</b>	<b>15.5%</b>
<b>BANKS: ALIOR AND PEKAO</b>			
Net profit (loss) attributable to equity holders of the parent company	241	412	71.0%
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>884</b>	<b>1,155</b>	<b>30.7%</b>
<b>MAIN FINANCIAL RATIOS (%)</b>			
aROE <sup>3</sup>	15.5	18.9	3.4 p.p.
Claims ratio (with net loss component)	60.8	59.7	(1.1) p.p.
Administrative expense ratio	8.3	9.1	0.8 p.p.
Acquisition expense ratio	16.0	17.1	1.1 p.p.
Combined ratio <sup>4</sup>	83.0	85.7	2.7 p.p.
Margin <sup>5</sup>	14.1	15.3	1.2 p.p.

1. PZU Group excluding data of Bank Pekao and Alior Bank
2. Excluding the investment component
3. aROE– adjusted return on equity calculated on a capital basis excluding accumulated other comprehensive income relating to financial income and expenses from insurance and reinsurance. Net result and equity attributable to equity holders of the parent company, annualized
4. Only for non-life and other personal insurance in the PZU Group in Poland
5. Margin for group and individually continued insurance

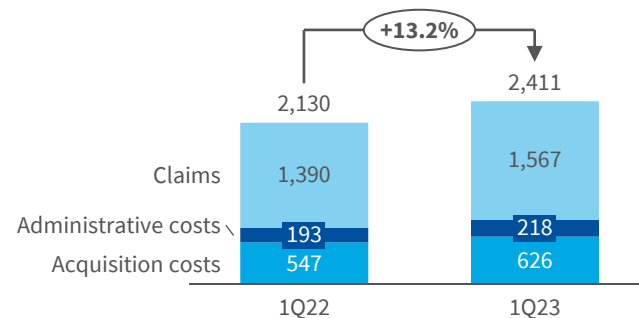


# Non-life insurance according to IFRS 17 - mass segment

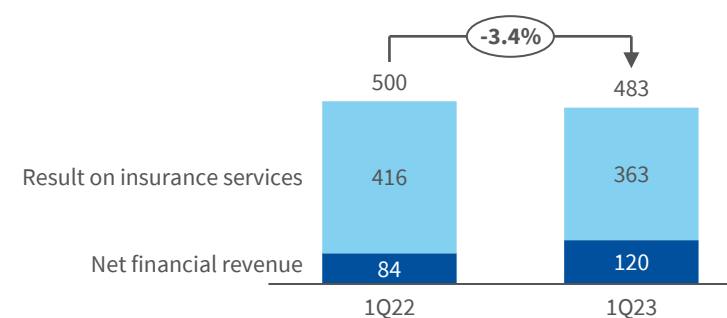
**Insurance revenue (PLN million)**



**Insurance service expenses (net, PLN million)**



**Operating result (million PLN)**



Growth in insurance revenues, as a result of:

- higher amortisation of liabilities (LRC) as a consequence of higher sales growth in the second half of 2022 and to a lesser extent, of current year premiums - mainly applies to motor own damage insurance and TPL insurance (also on the LINK4 portfolio) and non-motor insurance. In motor own damage (MOD) insurance, it is mainly the impact of the increase in average premiums resulting from the increasing value of vehicles (which translates into an increase in sums insured) and tariff changes. Effect on both MOD and Motor TPL portfolio compounded by a higher number of agreements - impact of higher vehicle availability than last year
- an increase in premiums to cover acquisition costs as a consequence of increasing sales, with a simultaneous increase in commission costs (change in the mix of products and sales channels)

Growth in the net insurance service expenses is a result of:

- higher y/y claim liabilities of the current year and costs, including acquisition costs (impact of the increasing share of the multiagency and dealer channel in the portfolio) and administrative costs attributable to the insurance business. The increase in administrative costs is mainly the result of higher personnel and real estate costs (indexation of rental prices, utilities, costs of the new head office and IT expenses for group work tools)
- recognition of the loss component for policies from the Q1 2023 cohort, including on the active reinsurance portfolio with PZU Group companies as a consequence of increased claim inflation. The total excess of the loss component over depreciation from the opening balance sheet amounted to PLN 29 million, with both motor and non-motor losses continuing to be positive

COR 1Q22

83.7%

80.0%

90.1%

COR 1Q23

86.9%

92.1%

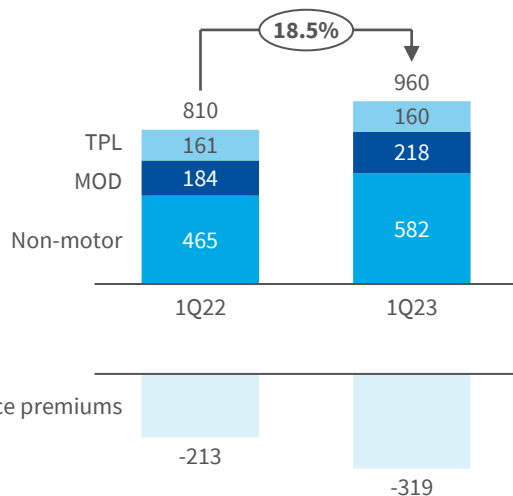
78.2%

The fall in operating profit is a result of:

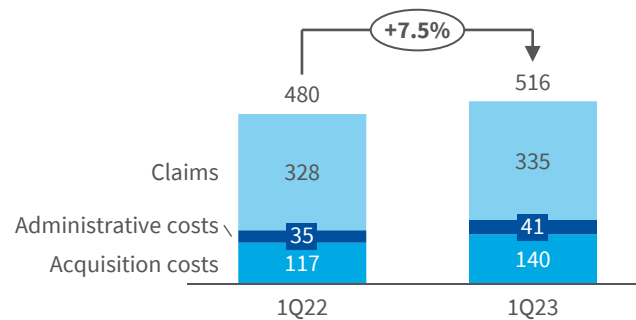
- deterioration in profitability on insurance services;
- a y/y increase of PLN 50 million in investment result - in particular an increase in income from floating coupon instruments as a result of a higher level of Polish interest rates (mainly in debt and money market portfolios)

# Non-life insurance according to IFRS 17 - corporate segment

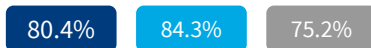
### Insurance revenue (PLN million)



### Insurance service expenses (net, PLN million)



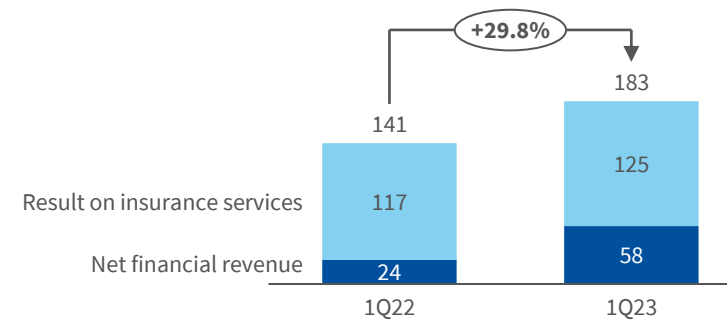
COR 1Q22



COR 1Q23



### Operating result (million PLN)



Growth in insurance revenues, as a result of:

- an increase in the amortisation of liabilities (LRC) as a consequence of higher sales growth mainly in MOD and, to a lesser extent, non-motor insurance. In motor own damage (MOD) insurance, it is mainly the impact of the increase in average premiums resulting from the increasing value of vehicles (which translates into an increase in sums insured) and tariff changes. Effect compounded by higher number of agreements - impact of recovery in highly competitive leasing market
- a higher y/y level of premium to cover acquisition costs as a consequence of increasing sales, with a simultaneous increase in commission costs (change in the distribution of sales across channels)

Growth in net insurance service expenses is an effect of:

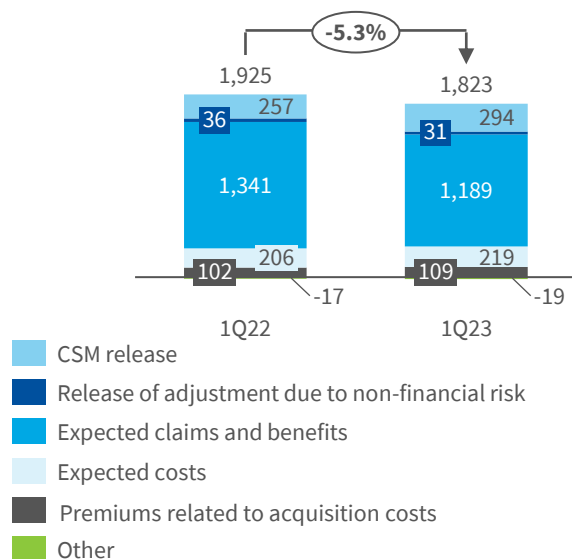
- lower y/y claim liabilities of the current year and higher costs, including acquisition and administrative costs attributable to the insurance policy business. The increase in administrative costs is primarily the result of higher personnel and real estate costs
- release of a lower y/y surplus of net provisions for claims from previous years over the current projected value of payments (takes into account the effect of a one-off event concerning reinsurance cessions in claims with an impact on the result of approx. PLN 28.5 million)
- the exclusion of the one-off reinsurance cession event would increase COR for the corporate segment and for motor insurance within the corporate segment by 4.4 p.p. and 7.7 p.p., respectively

The increase in operating profit as a consequence of:

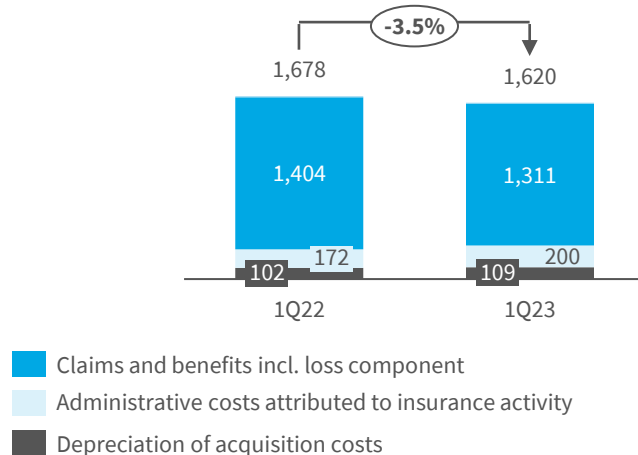
- a higher investment result - an increase of income from floating coupon instruments as a result of a higher level of Polish interest rates particular in debt and money market portfolios
- improvement in the net result from insurance services. At the same time, after 1Q23, the segment achieved a gross loss from insurance services of PLN 895 million, which was affected by an increase in the provision to the loss from previous years by more than PLN 1.2 billion (loss of a customer from the fuel sector), however due to the high level of reinsurance (more than 98%) without a significant impact on the net result from insurance services, which amounted to + PLN 125.0 million

# Life insurance under IFRS 17- group and individually continued

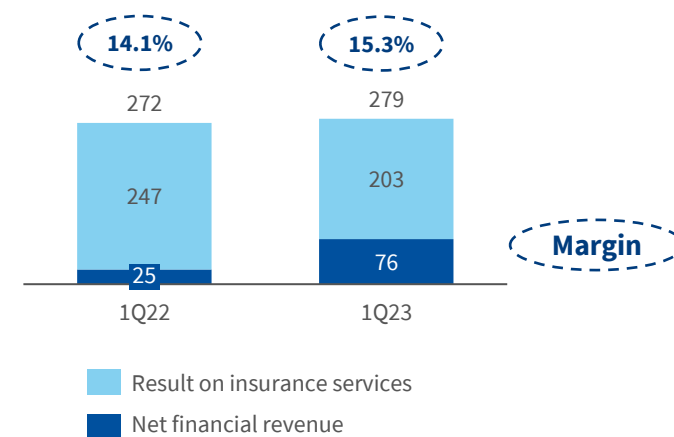
Insurance revenue (PLN million)



Insurance service expenses (PLN million)



Operating result (million PLN)



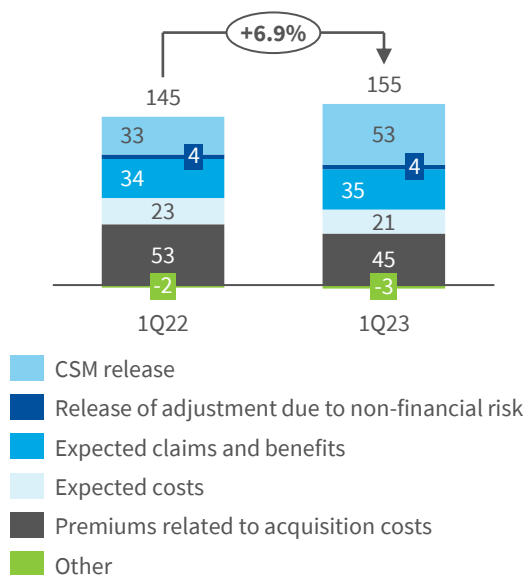
- Profit shifting forward as a result of longer expected portfolio duration (measured by coverage units) due to lower COVID-19 mortality forecasts in group and individually continuing portfolios translating into lower insurance income in 1Q23, compared to 1Q22
- Growth of contractual service margin release allocated to 1Q mainly due to lower expected mortality in connection with the COVID-19 pandemic recovery
- Higher expected administrative costs as a consequence of increased staff costs (inflationary pressure)
- Slightly higher level of revenue to cover rising acquisition costs - impact of increasing share of intermediary remuneration

- Lower claims and benefits as a result of the post-pandemic COVID-19 mortality decline (portfolio particularly vulnerable to the impact of increased pandemic and civilization disease mortality - ageing of the portfolio)
- Higher administrative costs as a consequence of increased personal costs and real estate costs)

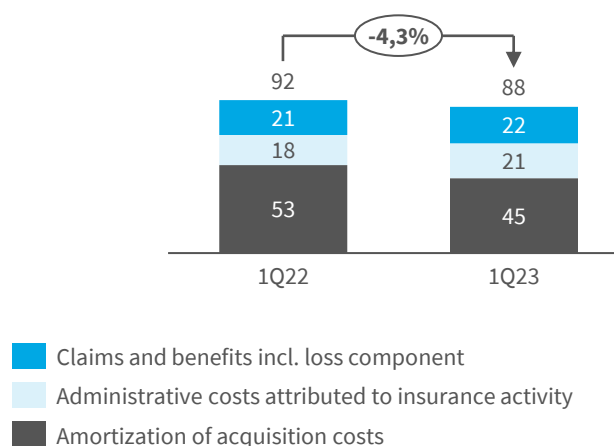
- Increase in margins in group and individually continued insurance as a result of a decrease in claims due to death of insured persons and co-insureds, lower childbirth benefit payments and higher allocated investment income. Effect partially offset by higher benefit utilisation costs in outpatient insurance and an increase in operating expenses
- Higher investment result y/y caused by the growth of income from floating coupon instruments as a result of a higher level of Polish interest rates, in particular in debt and money growth market portfolios
- A y/y decline in insurance service result due to the assumed high level of expected claims in 2022, which was not reflected in the actual level of realized claims

# Life insurance according to IFRS 17- individual protection

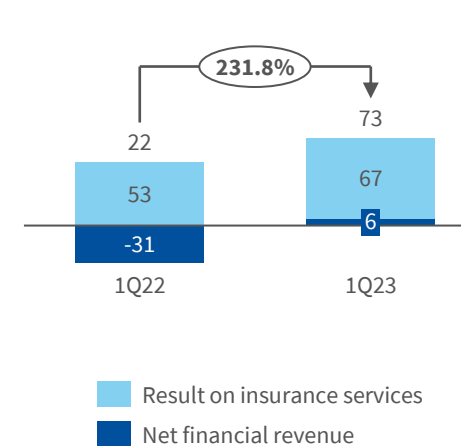
### Insurance revenue (PLN million)



### Insurance services expenses (PLN million)



### Operating result (million PLN)



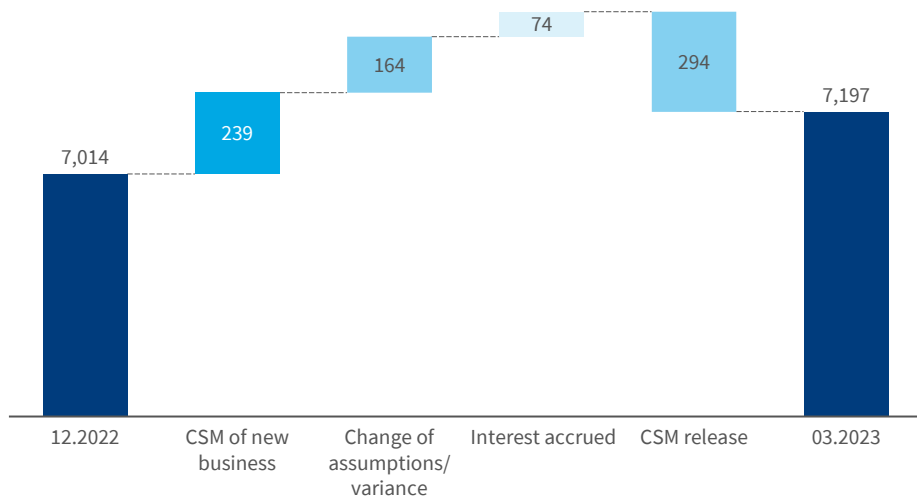
- Higher levels of contractual service margin release resulting from changes in operational assumptions for liability valuations, including lower mortality and morbidity rates and lower lapses contributed to the increase in CSM (y/y) and therefore an increase in the level of contractual margin release)
- Lower premiums written to cover acquisition costs with equal levels of expected claims as a result of a decrease on the bancassurance portfolio and an increase in life and endowment insurance (Type J) in own channels.

- Decline in the insurance service expenses as a result of lower amortisation of acquisition costs due to a decrease on the bancassurance portfolio and an increase in life and endowment insurance (Type J) in own channels
- Higher administrative costs as a consequence of increased personal costs and real estate costs
- The level of claims and benefits, together with the loss component and the development of prior years' loss reserves, at a similar y/y level

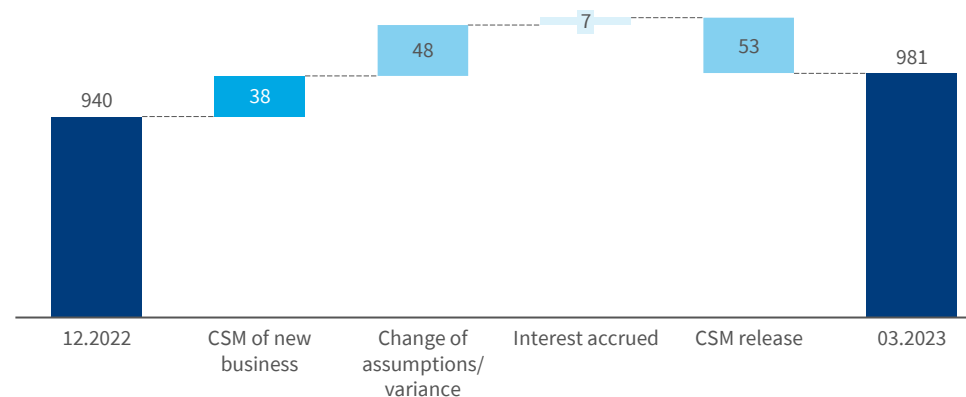
- Investment result slightly lower y/y (PLN -2 million) following lower portfolio assets to cover liabilities
- Financial costs from insurance amounted to PLN -22 million, a decrease in cost of PLN 39 million y/y
- Increase in insurance revenue and a slight decrease in the insurance services expenses translated into an increase in the result from insurance services. In addition, the significant decrease in financial expenses resulted in an over doubling of operating profit in the individual protection insurance segment

# Life insurance in Poland under IFRS 17- the evolution of the contractual margin

**Group and individually continued insurance - CSM (PLN million)**



**Individual protection insurance - CSM (PLN million)**



Change in the contractual service margin (CSM) (profits to be recognised over time) between balance sheet dates results from:

- additional CSM from the sale of new business in the amount of PLN 239 million (agreements where profit is recognised on conclusion)
- updating of assumptions for the valuation of liabilities (the largest effect being lower assumed inflation for premium indexation) and variance in the development of the policyholder portfolio, including the up-sale of riders increasing future profits recognised in the CSM (PLN 103 million)
- increase of the CSM by the change in the value of money over time - accrued interest
- CSM release of PLN 294 million (profit attributed to the current period on the basis of expectations from the beginning of the period in proportion to the insurance service provided)

Change in the contractual service margin (CSM) (profits to be recognised over time) between balance sheet dates results from:

- additional CSM from the sale of new business in the amount of PLN 38 million (agreements where profit is recognised on conclusion)
- updating of assumptions for the valuation of liabilities and variance in the development of the policyholder portfolio, including the up-sale of riders increasing future profits recognised in the CSM (PLN 25 million)
- increase of the CSM by the change in the value of money over time - accrued interest
- CSM release of PLN 53 million (profit attributed to the current period on the basis of expectations from the beginning of the period in proportion to the insurance service provided)

# Profitability by operating segments according to IFRS 17

Insurance segments	Insurance revenue			Result*			Combined ratio / Margin	
	1Q22	1Q23	Zmiana r/r	1Q22	1Q23	Zmiana r/r	1Q22	1Q23
<b>mn PLN, IFRS17</b>								
Total non-life insurance – Poland	3,388	3,774	11.4%	641	666	3.9%	83.0%	85.7%
Mass insurance – Poland	2,578	2,814	9.2%	500	483	(3.4%)	83.7%	86.9%
Motor TPL	1,023	1,044	2.1%	196	47	(76.0%)	80.6%	95.5%
MOD	669	776	16.0%	129	90	(30.2%)	78.9%	87.2%
Other products	886	994	12.2%	91	226	148.4%	90.1%	78.2%
Net financial revenue	x	x	x	84	120	42.9%	x	x
Corporate insurance – Poland	810	960	18.5%	141	183	29.8%	80.4%	80.5% <sup>1</sup>
Motor TPL	161	160	(0.6%)	19	22	15.8%	87.9%	86.4% <sup>1</sup>
MOD	184	218	18.5%	34	46	35.3%	81.1%	78.3%
Other products	465	582	25.2%	64	57	(10.9%)	75.2%	78.8%
Net financial revenue	x	x	x	24	58	141.7%	x	x
Total life insurance – Poland	2,076	1,988	(4.2%)	301	359	19.3%	14.5%	18.1%
Group and individually continued insurance	1,925	1,823	(5.3%)	272	279	2.6%	14.1%	15.3%
Individual insurance	145	155	6.9%	22	73	231.8%	15.2%	47.1%
Investment insurance	6	10	66.7%	7	7	x	x	x
Total non-life insurance – Ukraine and Baltic States	508	618	21.7%	27	101	274.1%	95.2%	84.6%
Baltic States	458	576	25.8%	5	81	x	99.6%	86.1%
Ukraine	50	42	(16.0%)	22	20	(9.1%)	56.9%	64.3%
Total life insurance – Ukraine and Baltic States	27	21	(22.2%)	0	13	x	x	61.9%
Lithuania	9	10	11.1%	0	4	x	x	40.0%
Ukraine	18	11	(38.9%)	0	9	x	x	81.8%

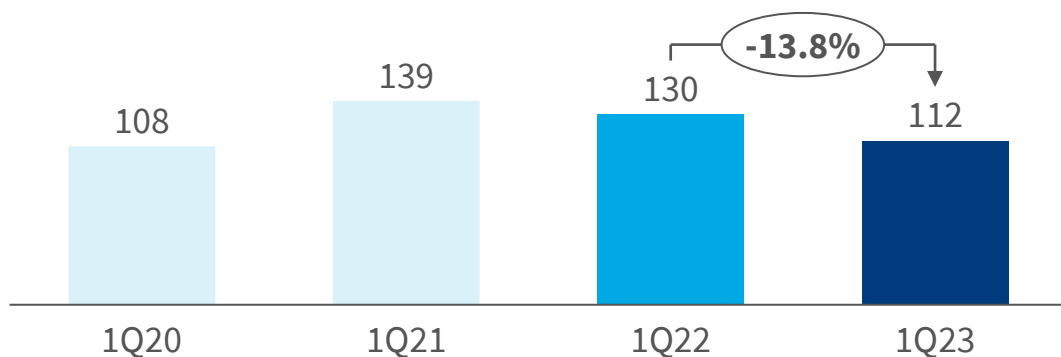
\* Operating result  
Insurance service result

<sup>1</sup> In 1Q23 a one-off reinsurance cession in claims with an impact on the result of approx. PLN 28.5 million; excluding this effect would increase COR for corporate insurance and corporate MTPL by 4.4 p.p. and 18.0 p.p., respectively.

<sup>2</sup> Includes a one-off reinsurance settlements from previous years of approx. PLN 21 million; excluding this effect would reduce COR for non-life insurance in Ukraine plus Baltic States and Baltics by 4.2 p.p. and 4.6 p.p., respectively.

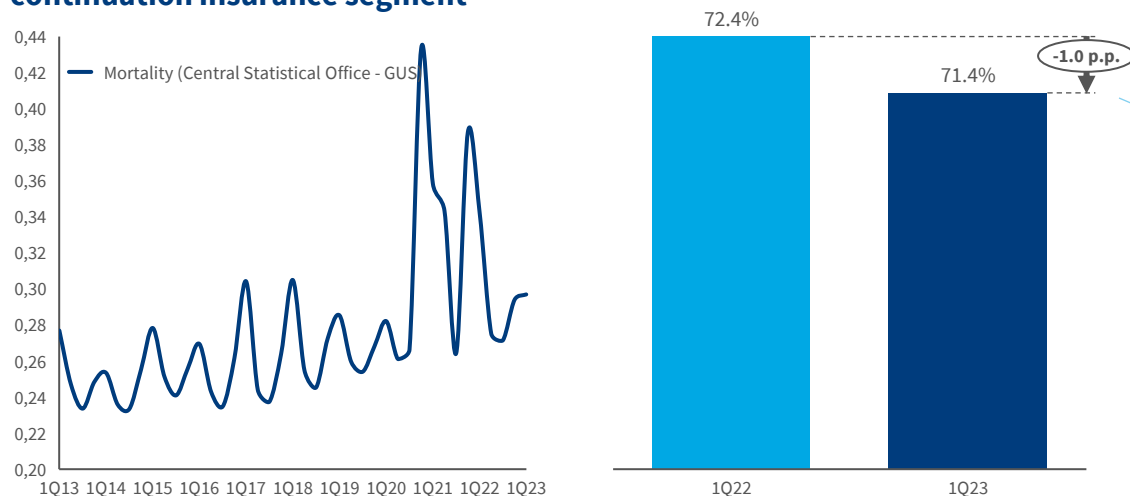
# Pandemic vs. claims in the group insurance and IK segment in 1Q23

Number of deaths per quarter in Poland from 2020 to 2023<sup>1</sup>

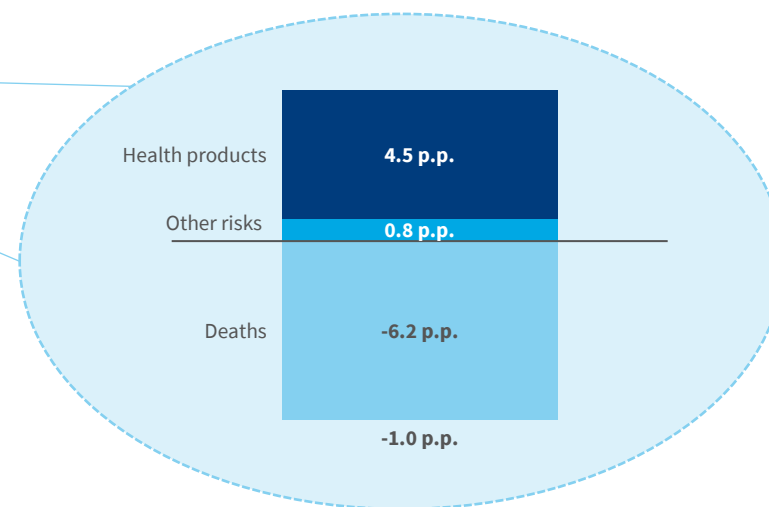


- **Number of deaths** in Poland in 1Q significantly lower than a year ago, at a level similar to 1Q20, declining impact of pandemic events
- **In 1Q23, claims for group and individual segment protection products continued at significantly lower levels** compared to 1Q last year, at levels consistent with standard seasonality
- Lower claim rate related to deaths as the main reason for lower claim rate y/y. Increase in costs of outpatient benefits used (impact on claim rate +4.5 p.p.)

Frequency of deaths in Poland and claims ratio<sup>2</sup> in the group and individual continuation insurance segment



Impact of individual risks on the y/y change in the claims ratio

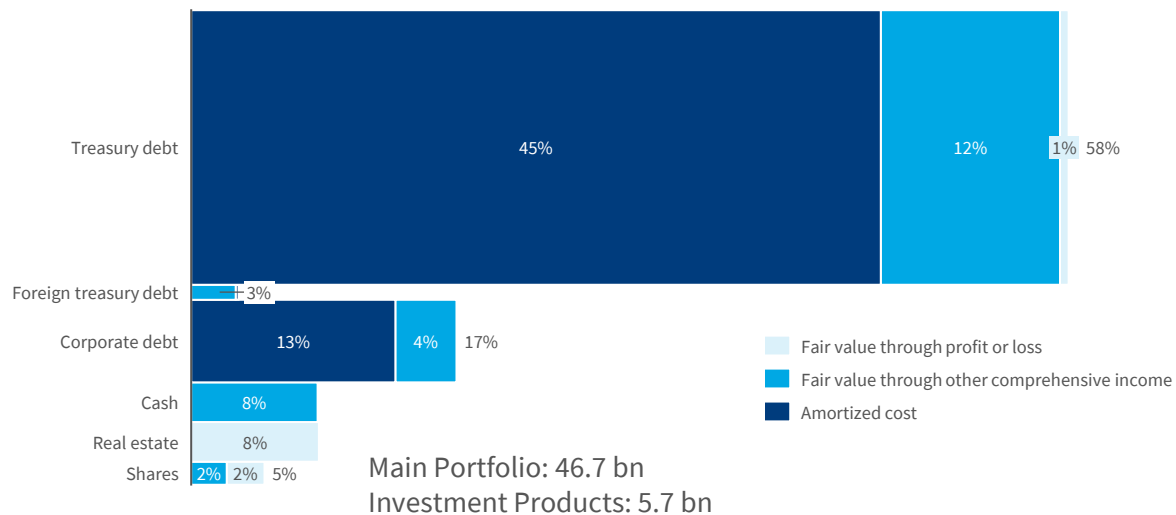


1. According to the GUS data  
 2. Claims ratio under IFRS17 - the quotient of net insurance claims and benefits and insurance revenue. Includes only protection products.

# Investment result

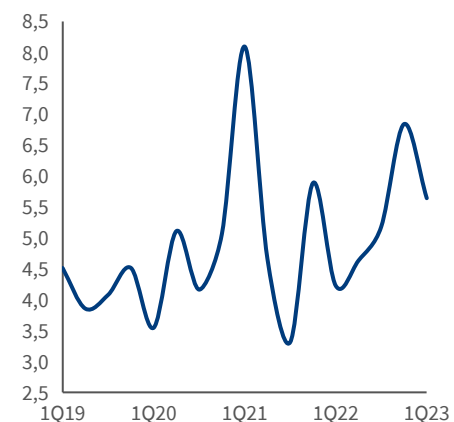
IFRS, m PLN	1Q21	1Q23	change y/y
<b>Investment income less interest expenses</b>	<b>2,827</b>	<b>4,527</b>	<b>60.1%</b>
Investment result allocated to insurance segments	142	746	425.4%
Investments and other activities	29	85	193.1%
Banking activities	2,656	3,696	39.2%
<b>Total, insurance segments, investment activities and other</b>	<b>171</b>	<b>831</b>	<b>386.0%</b>
Main portfolio	445	600	35.0%
Debt instruments - interest	351	507	44.2%
Debt instruments - revaluation and execution	(5)	8	x
Equity instruments	48	(16)	x
Real estate	51	101	97.9%
Investment products	(201)	212	x
Other	(73)	19	x

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

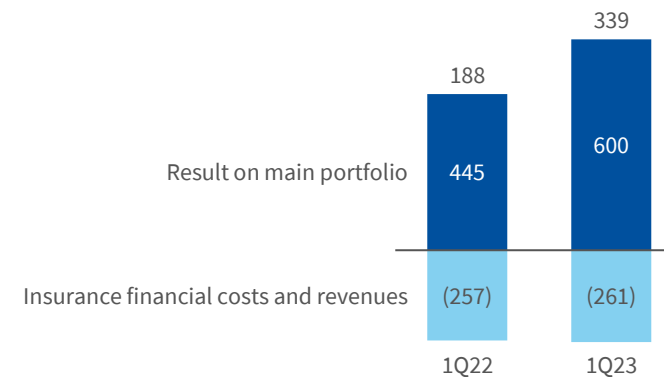


- **Secure portfolio structure:** debt instruments account for 78% of the portfolio, government debt is 58% of the portfolio
- **Return on the main portfolio with FX on liabilities at a level of 5.4 %** in 1Q23
- **Higher interest result y/y** - in particular as a result of better performance of floating-coupon instruments as well as inflation instruments
- **Decrease in equity instruments portfolio result y/y** primarily in **Private Equity funds** as a result of a deteriorated technology market situation measured based on data as at the end of 2022
- better y/y result of the **real estate** portfolio mainly due to higher swap point income from FX hedging instruments as well as an increase in rental rates

## Return on the main portfolio with FX on liabilities



## Result on the main portfolio in relation to insurance costs and revenues\*

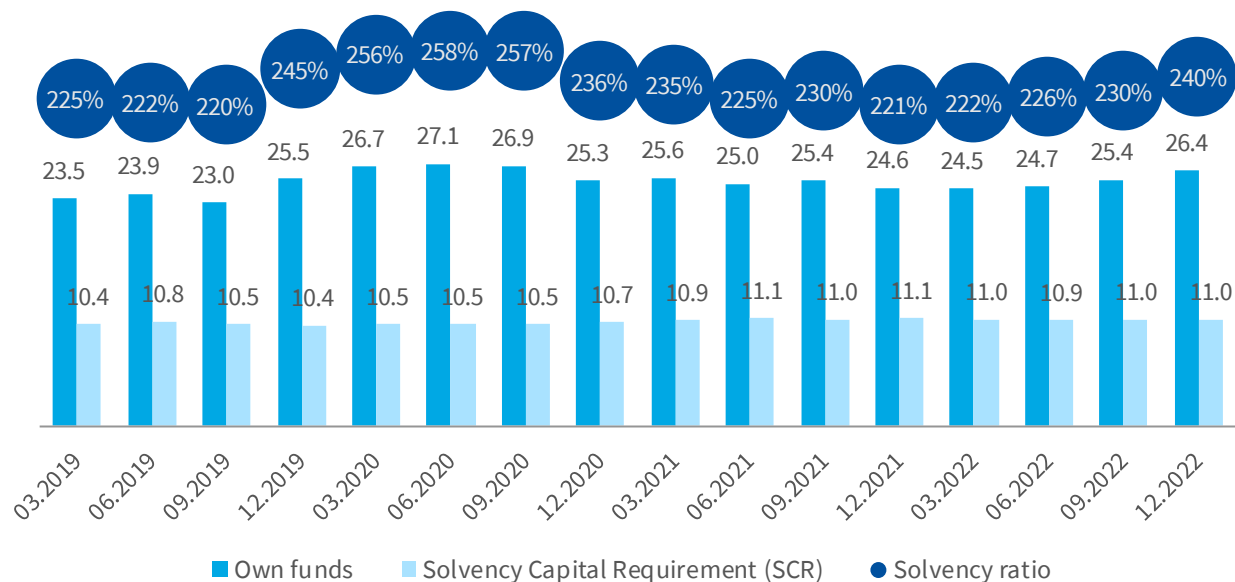


\* Excluding unit-linked and Baltic states



# High level of Group's solvency

## Solvency II ratio<sup>1</sup>, 31 December 2022



Solvency ratio calculated according to the formula:  
Own funds / solvency requirement.

Annual data on the basis of audited reports on solvency and financial condition (SFCR) available at <https://www.pzu.pl/relacje-inwestorskie>. Other unaudited data

1. Quarterly data for 2021-2022 presented in accordance with the previous 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.  
2. Before the effects of diversification

### Increase of own funds in 4Q22 by PLN 1.0 bn

Main reasons:

- operating cash flow (PLN +1.3 bn)
- investment results (PLN +1.0 bn)
- increase in the best estimate of provisions (PLN -1.0 bn)
- reduction of own funds by the expected dividend in the amount recommended by the Management Board, i.e. PLN 2.40 per share (change of estimate in relation to Q3 2022 by PLN +0.4 bn)

### Decline in SCR in 4Q22 by PLN 0.03 bn

Key drivers of the q/q decline:

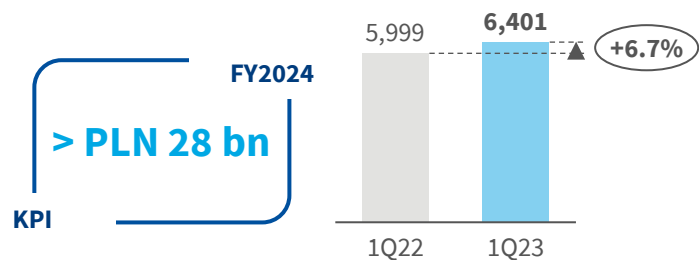
- decrease in market risk (PLN -0.06 bn<sup>2</sup>)
- increase in non-life insurance risk (PLN + 0.17 bn<sup>2</sup>)
- decrease in banking sector risk (PLN -0.08 bn)



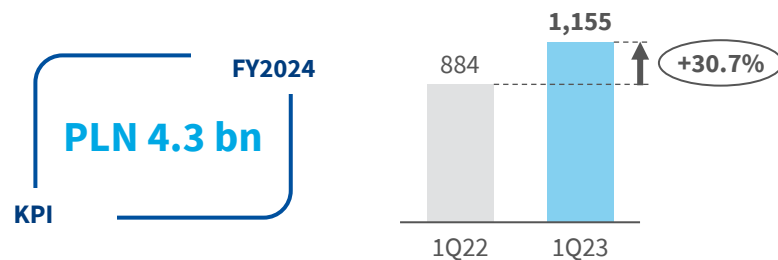
## 4. Strategy

# Strategic objectives until 2024 and their implementation

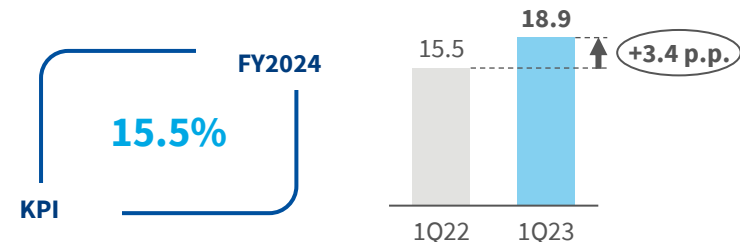
Gross insurance revenue<sup>1</sup> (PLN million)



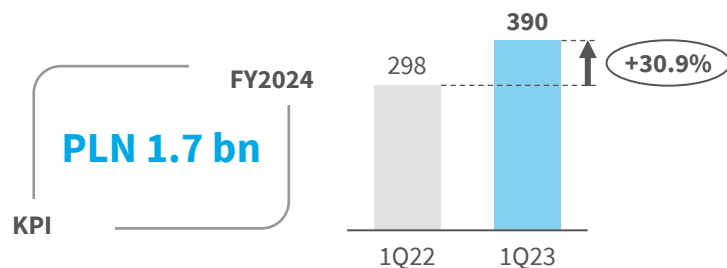
PZU Group net profit<sup>2</sup> (PLN million)



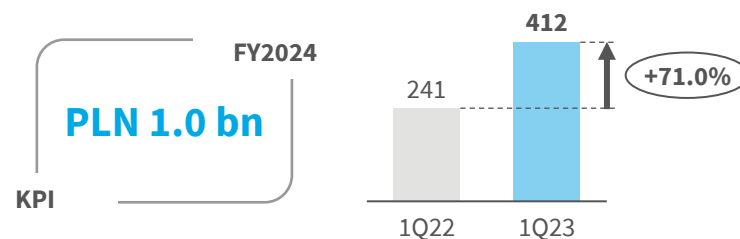
aROE<sup>3</sup> (%)



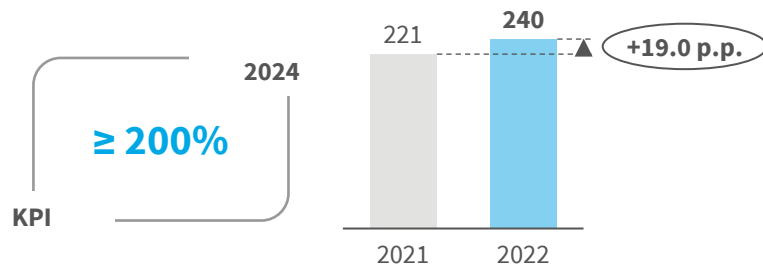
Health Pillar revenue (PLN million)



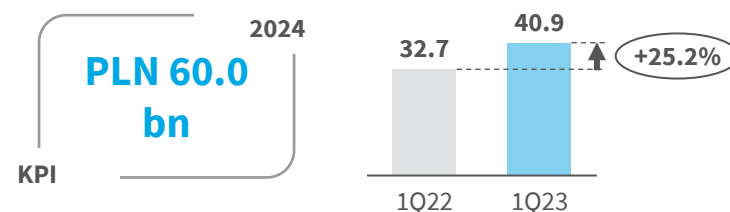
Banks' contribution to the net result of PZU Group<sup>2</sup> (PLN million)



Solvency II ratio<sup>4</sup> (%)



Assets under management<sup>5</sup> (PLN billion)



1. PZU Group's gross insurance revenue
2. Net profit attributable to the equity holders of the parent company
3. Adjusted return on equity (aROE %). Calculated on the equity basis excluding other comprehensive income from insurance operations (being the impact of changes in the macroeconomic environment on the PZU Group's capital base).
4. With the exception of the rules included in the circular letter of the KNF to insurance companies dated 16.04.2021
5. External client assets under the management of TFI PZU, Pekao TFI and Alior TFI.

27.04.2023 - Presentation "Impact of IFRS 17 implementation and changes in the macroeconomic environment on the measures of the PZU Group Strategy 2021-2024"

<https://www.pzu.pl/fileserver/item/1545909>

# Implementation of the ESG Strategy "Development in balance" 2021 - 2024

## Key performance indicators of the ESG Strategy reported on an annual basis together with other non-financial data. Status as at 31 December 2022

- Reduced emissions<sup>2</sup>: 25.5%
- Electricity from RES (~81%)
- Offsetting 17,508 thousand tons of CO<sub>2</sub> by purchasing CERs, UN Carbon Offset Platform (compensation for 2021)

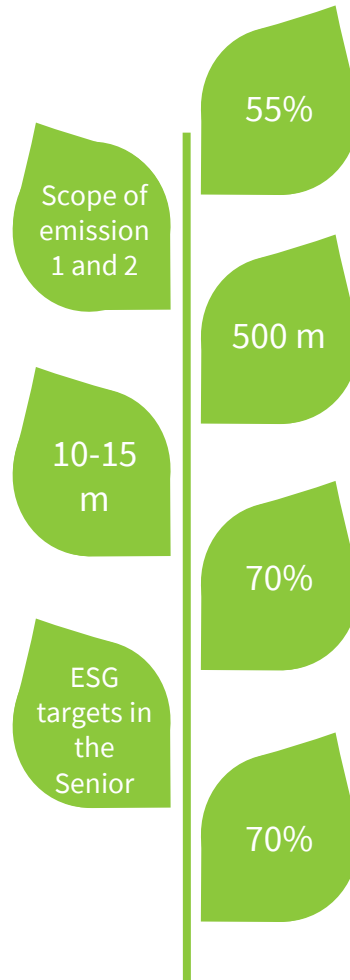
**Reaching climate neutrality of own operations** by reducing emissions, purchasing green energy and offsetting CO<sub>2</sub><sup>1</sup> emissions

- 12 million recipients of social action

**Number of recipients of community activities** in the area of safety and sustainable lifestyles during the year

- ESG goals assigned to directors responsible for the pursuit of the ESG strategy as part of their annual objectives

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



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

- Top 20% of corporate insurance clients in ESG-sensitive sectors assessed for ESG factors

**Increase in current exposure** to investments supporting climate and energy transition **by PLN 500 million in 2021-2024**

- 716,7 m PLN – increased involvement of PZU and TFI PZU in investments supporting the climate-energy transition (from 2021)

Percentage of Employees covered by the **#Well being programme**

- 39% of employees taking advantage of the #DobryStan (**#Well being**) offer

Percentage of key procurement processes which **give consideration to ESG criteria**

- Consideration of ESG criteria in 46% of key purchasing processes

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



## 5. Attachments



# PZU Group results according to IFRS 4

<b>PZU Group, mn PLN</b>	<b>1Q22</b>	<b>4Q22</b>	<b>1Q23</b>
Gross written premiums	6,253	7,668	7,053
Net earned premiums	5,760	6,376	6,261
Revenues from commissions and fees	1,223	1,271	1,285
Gross investment income	3,168	6,156	6,693
Net insurance claims and benefits	-3,690	-4,497	-4,382
Costs of commissions and fees	-304	-405	-376
Interest expenses	-368	-1,920	-2,196
Acquisition expenses	-917	-1,021	-1,051
Administrative expenses	-1,781	-2,012	-2,083
Other operating income and expenses	-882	-755	-812
Share of the FS of entities measured by the equity method	-11	-3	-2
Profit before tax	2,198	3,190	3,338
Income tax	-588	-985	-835
Net profit	1,610	2,205	2,503
Net profit (loss) attributed to holders of non-controlling interests	852	971	1,422
<b>Net profit (loss) attributable to the equity holders of the parent company</b>	<b>758</b>	<b>1,234</b>	<b>1,081</b>

# PZU Group results according to IFRS 4 by business type

m PLN	1Q22	4Q22	1Q23	change y/y	change q/q
<b>PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO<sup>1</sup></b>					
Gross written premium	6,253	7,668	7,053	12.8%	(8.0%)
Net earned premium	5,760	6,376	6,261	8.7%	(1.8%)
Net insurance claims and benefits paid	(3,690)	(4,497)	(4,382)	18.7%	(2.6%)
Net investment result (ex banking activities)	112	1,053	753	x	(28.5%)
Administrative expenses	(437)	(546)	(546)	24.8%	0.0%
Acquisition expenses	(917)	(1,021)	(1,051)	14.6%	2.9%
Operating profit (loss)	675	1,209	890	31.9%	(26.4%)
Net profit (loss) attributable to equity holders of the parent company	517	937	669	29.5%	(28.6%)
<b>BANKS: ALIOR AND PEKAO</b>					
Net profit (loss) attributable to equity holders of the parent company	241	297	412	71.0%	38.7%
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>758</b>	<b>1,234</b>	<b>1,081</b>	<b>42.6%</b>	<b>(12.4%)</b>
<b>MAIN FINANCIAL RATIOS (%)</b>					
ROE <sup>2</sup>	17.8	29.9	23.6	5.8p.p.	(6.3)p.p.
Combined ratio <sup>3</sup>	90.0	91.4	91.8	1.8p.p.	0.4p.p.
Margin <sup>4</sup>	13.1	21.7	16.3	3.2p.p.	(5.4)p.p.
Administrative expense ratio of PZU, PZU Życie	7.3	8.2	8.3	1.0p.p.	0.1p.p.
Acquisition expense ratio of PZU, PZU Życie	16.0	16.1	17.1	1.1p.p.	1.0p.p.

1. PZU Group excluding data of Bank Pekao and Alior Bank
2. Annualized indicator, attributable to the 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

# Profitability by operating segments according to IFRS 4/ local GAAP

## Insurance segments

Insurance segments	Gross written premium			Insurance result / operating result			Combined ratio / Margin	
	1Q22	1Q23	Change y/y	1Q22	1Q23	Change y/y	1Q22	1Q23
	m PLN, local GAAP							
Total non-life insurance – Poland	3,590	4,152	15.7%	368	493	34.0%	90.0%	91.8%
Mass insurance – Poland	2,900	3,242	11.8%	284	362	27.3%	90.6%	91.9%
Motor TPL	1,033	1,148	11.1%	75	16	(78.5%)	93.6%	99.8%
MOD	753	917	21.8%	69	49	(28.9%)	89.1%	93.3%
Other products	1,114	1,177	5.7%	87	161	85.2%	88.0%	82.2%
Impact of allocation to the investment segment	x	x	x	52	135	158.1%	x	x
Corporate insurance – Poland	690	911	32.1%	84	131	56.0%	87.7%	91.3%
Motor TPL	144	159	10.7%	5	(17)	x	97.8%	113.2%
MOD	175	227	29.5%	24	35	44.8%	85.9%	84.3%
Other products	371	525	41.6%	36	43	19.9%	82.6%	84.1%
Impact of allocation to the investment segment	x	x	x	19	71	264.3%	x	x
Total life insurance – Poland	2,063	2,206	6.9%	310	368	18.8%	15.0%	16.7%
Group and individually continued insurance - Poland	1,788	1,828	2.2%	235	297	26.5%	13.1%	16.3%
Individual insurance – Poland	275	378	37.5%	75	71	(5.5%)	27.3%	18.7%
Total non-life insurance – Ukraine and Baltic States	568	700	23.2%	38	55	44.7%	92.5%	92.2%
Baltic States	524	663	26.5%	21	48	128.6%	95.7%	92.3%
Ukraine	44	37	(15.9%)	17	7	(58.8%)	56.4%	91.9%
Total life insurance – Ukraine and Baltic States	42	36	(14.3%)	(4)	7	x	(9.5%)	19.4%
Lithuania	23	25	8.7%	(1)	0	x	(4.3%)	0.0%
Ukraine	19	11	(42.1%)	(3)	7	x	(15.8%)	63.6%

\* investment result allocated to segments according to actual IFRS investment income from RTU assets (group allocation); 2022 data restated



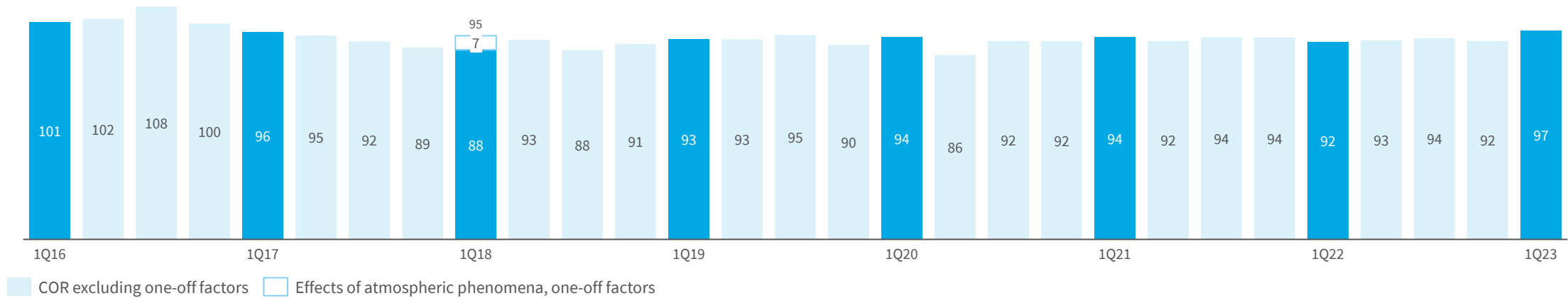
# Gross written premium of the PZU Group

Insurance segments m PLN, local GAAP	1Q22	4Q22	1Q23	Change y/y	Change q/q
<b>External gross written premium</b>	<b>6,253</b>	<b>7,668</b>	<b>7,053</b>	<b>12.8%</b>	<b>(8.0%)</b>
<b>Total non-life insurance – Poland</b>	<b>3,581</b>	<b>4,641</b>	<b>4,111</b>	<b>14.8%</b>	<b>(11.4%)</b>
Mass insurance – Poland	2,892	3,075	3,240	12.0%	5.4%
Motor TPL	1,032	1,082	1,146	11.0%	5.9%
MOD	753	821	917	21.8%	11.7%
Other products	1,107	1,172	1,177	6.3%	0.4%
Corporate insurance – Poland	689	1,566	871	26.4%	(44.4%)
Motor TPL	143	188	159	11.2%	(15.4%)
MOD	175	238	227	29.7%	(4.6%)
Other products	371	1,140	485	30.7%	(57.5%)
<b>Total life insurance – Poland</b>	<b>2,063</b>	<b>2,331</b>	<b>2,207</b>	<b>7.0%</b>	<b>(5.3%)</b>
Group and individually continued insurance - Poland	1,788	1,805	1,828	2.2%	1.3%
Individual insurance – Poland	275	526	379	37.8%	(27.9%)
Premium on protection products	188	180	181	(3.7%)	0.6%
Premium on periodic investment products	54	33	34	(37.0%)	3.0%
Premium on single investment products	33	313	164	397.0%	(47.6%)
<b>Total non-life insurance – Ukraine and Baltic States</b>	<b>568</b>	<b>656</b>	<b>700</b>	<b>23.2%</b>	<b>6.7%</b>
Baltic States	524	612	663	26.5%	8.3%
Ukraine	44	44	37	(15.9%)	(15.9%)
<b>Total life insurance – Ukraine and Baltic States</b>	<b>42</b>	<b>41</b>	<b>36</b>	<b>(14.3%)</b>	<b>(12.2%)</b>
Lithuania	23	27	25	8.7%	-7.4%
Ukraine	19	14	11	(42.1%)	(21.4%)

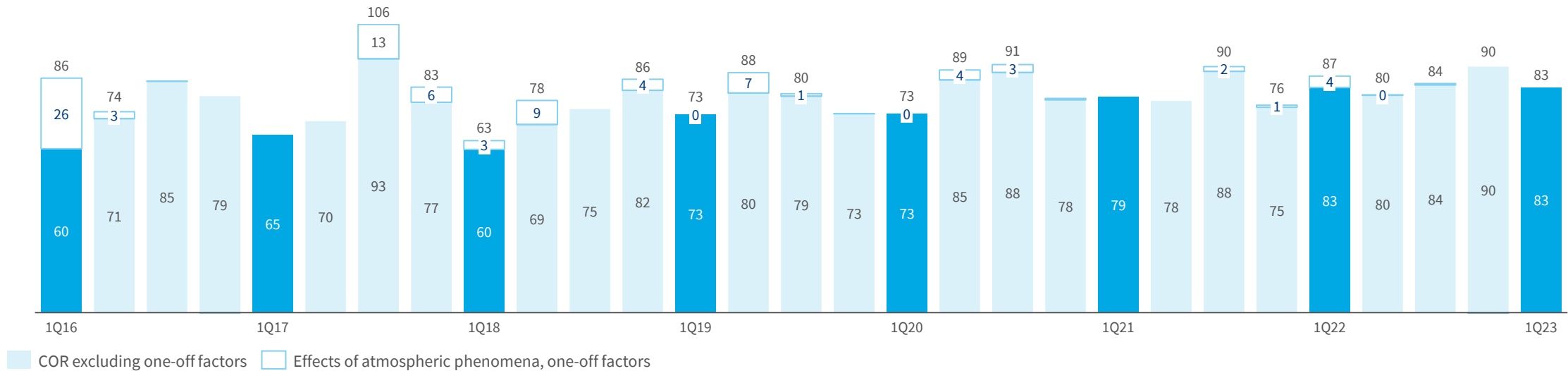


# Non-life insurance according to IFRS 4

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

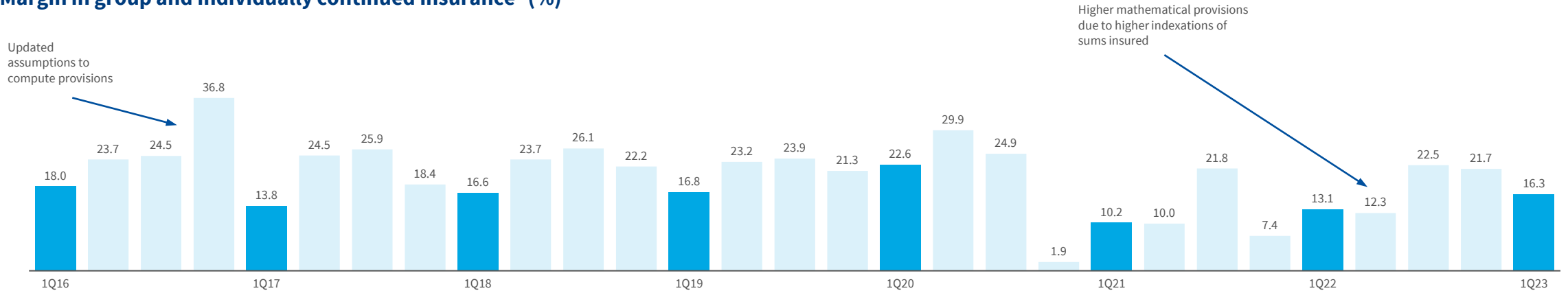


**PZU Group's combined ratio (COR) in non-motor insurance (%)**

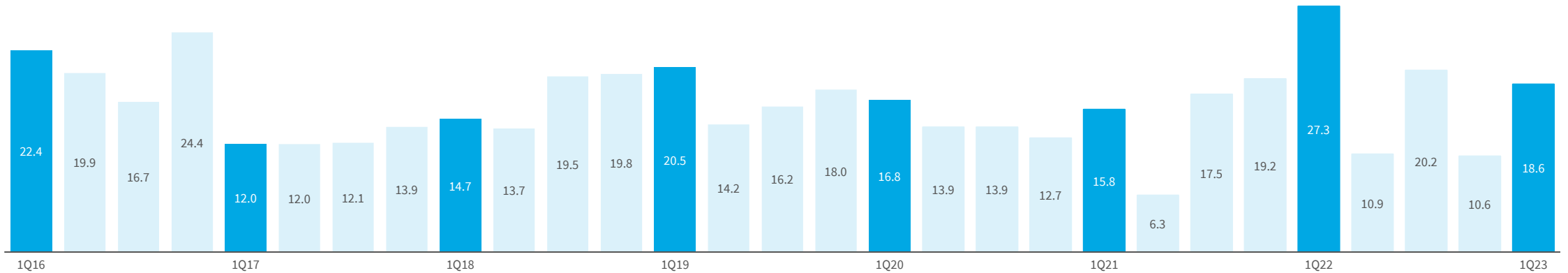


# Life insurance according to IFRS 4

## Margin in group and individually continued insurance<sup>1</sup> (%)



## Margin in individual insurance (%)

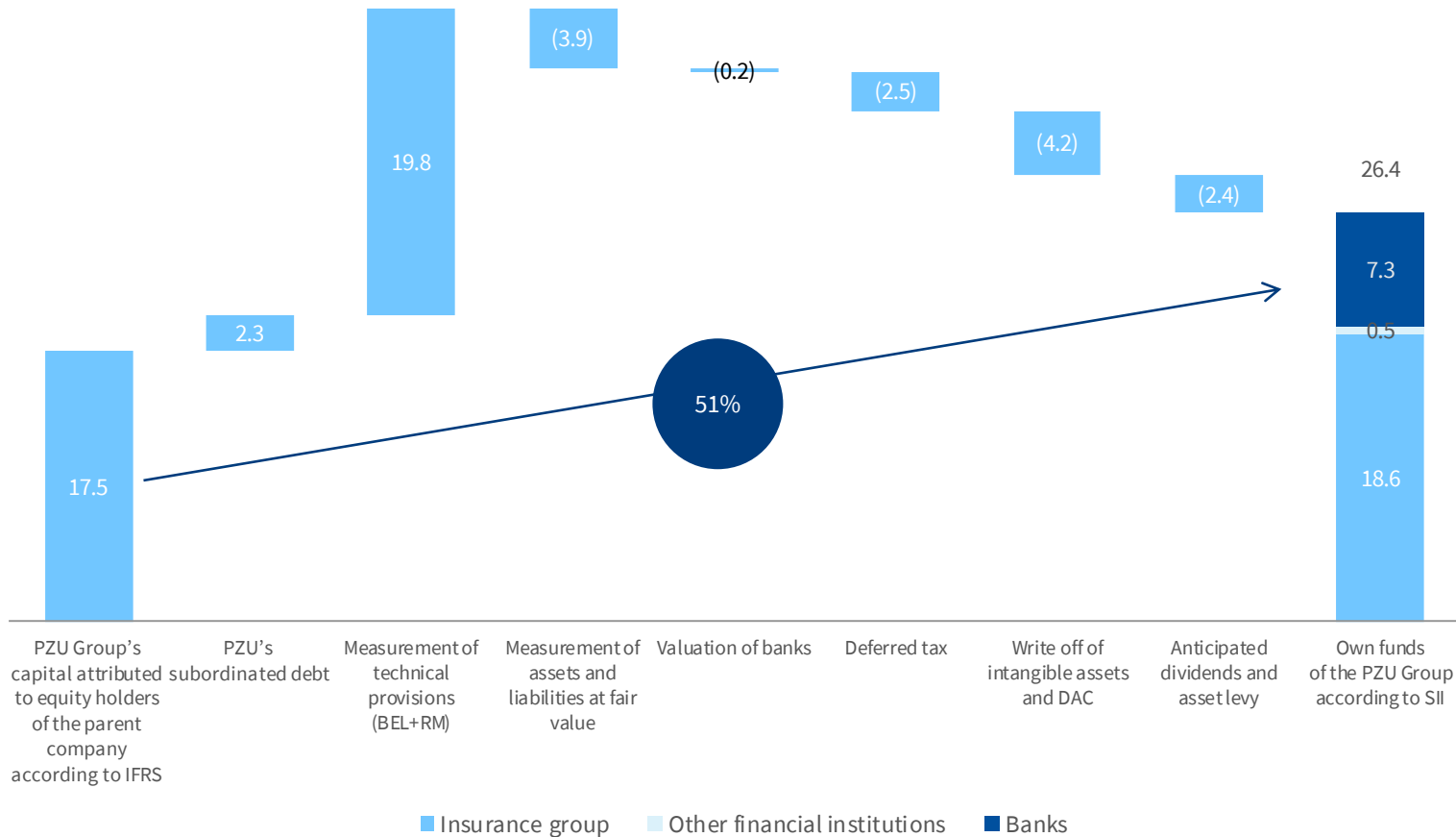


1. Margin in group and individually continued insurance until 4Q19 net of the conversion effect, as of 1Q20 the conversion effect is no longer disregarded  
 2. The provision for unexpired risk aims to cover any possible deficit of future premiums due to higher expectations regarding mortality caused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

# Own funds

PZU Group's data in Solvency II as at 31 December 2022 (PLN billion)

## Comparison of own funds and consolidated equity under IFRS



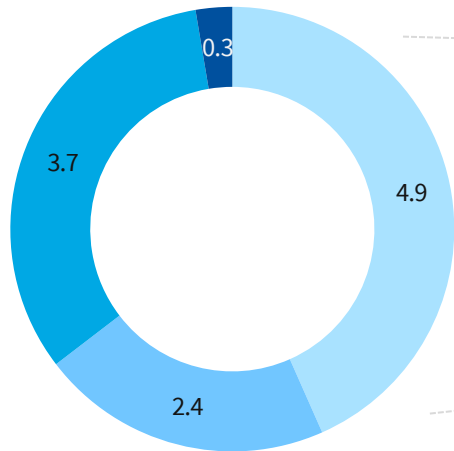
Own funds according to WII reduced at the end of Q4 2022 by:

- anticipated dividend as recommended by the Management Board (PLN 2.40 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)

# Solvency capital requirement (SCR)

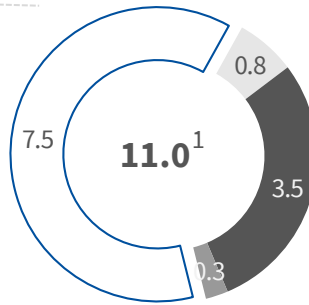
PZU Group's data in Solvency II as at 31 December 2022 (PLN billion)

## 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)

Diversification effect -34%

Decline in solvency requirement in Q4 2022 by PLN 0.03 bn.

### Main reasons for SCR changes:

- decrease in market risk by PLN 0.06 bn<sup>2</sup> caused by:
  - decrease in rate risk by 0.29 bn<sup>2</sup> and currency risk by PLN 0.33 bn<sup>2</sup> - due to a more detailed allocation of currencies to exposures; lower rate risk following the fall in yield curves
  - increase in equity price risk (PLN +0.24 bn<sup>2</sup>) following an increase in stock market valuations and an increase in the capital charge (symmetric adjustment increase of 5 pp)
- increase in risk in non-life insurance (PLN +0.17 bn<sup>2</sup>) - caused by an increase in planned vehicle insurance premiums, an increase in catastrophic exposures and changes in the reinsurance programme.
- increase in tax adjustment due to the increase in requirements and as a result of the increase in the market value of bank shares (non-tax items, PLN -0.06 billion<sup>2</sup>)
- decline in banking requirements (PLN -0.08 bn<sup>2</sup>) following loan repayment holidays and lower credit exposures.

1. The difference between SCR and the sum of: BSCR, operational risk, the requirement of the banking sector and other financial institutions results from the tax adjustment (LAC DT).

2. Before 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

Contact: Magdalena Komaracka, CFA



+48 22 582 22 93



mkomaracka@pzu.pl

[www.pzu.pl/ir](http://www.pzu.pl/ir)

Contact: Piotr Wiśniewski



+48 22 582 26 23



pwisniewski@pzu.pl

[www.pzu.pl/ir](http://www.pzu.pl/ir)