



# PZU Group's Financial Results

In 2Q23

Warsaw, 31 August 2023





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# 1. PZU Group's main accomplishments



# Growth in sales, development of the scale, high profitability

Insurance revenue - 2Q23

**PLN 4.0 bn** (+10.2%)  
non-life insurance in Poland

**PLN 2.0 bn** (+5.4%)  
life insurance in Poland

**PLN 0.7 bn** (+14.9%)  
foreign operations

**Growth in sales**

**Very good sales results**

Dynamically growing sales of non-life insurance, health and investment products



Assets under management  
2Q23

**PLN 45.4 bn** (+47.4% y/y)

**Strengthening position in asset management market**

Net sales of investment funds by TFI PZU  
PLN **1.3 billion** in 1H23

Employee Capital Schemes (ECS) assets  
doubled y/y



Result on the main investment  
portfolio - 2Q23

**PLN 606 m** (+17.3% y/y)


**Positive impact of interest rates**

**Optimal conditions for reinvestment**  
of a long term bond portfolio

**High interest margin** of banking  
business

**Positive** impact of interest rate  
movement on **PZU's standalone result**

Higher interest rates create demand for  
insurance and investment products




Health Pillar revenue  
1H23

**PLN 760 m** (+26.6% y/y)

**Development of the Health Pillar**

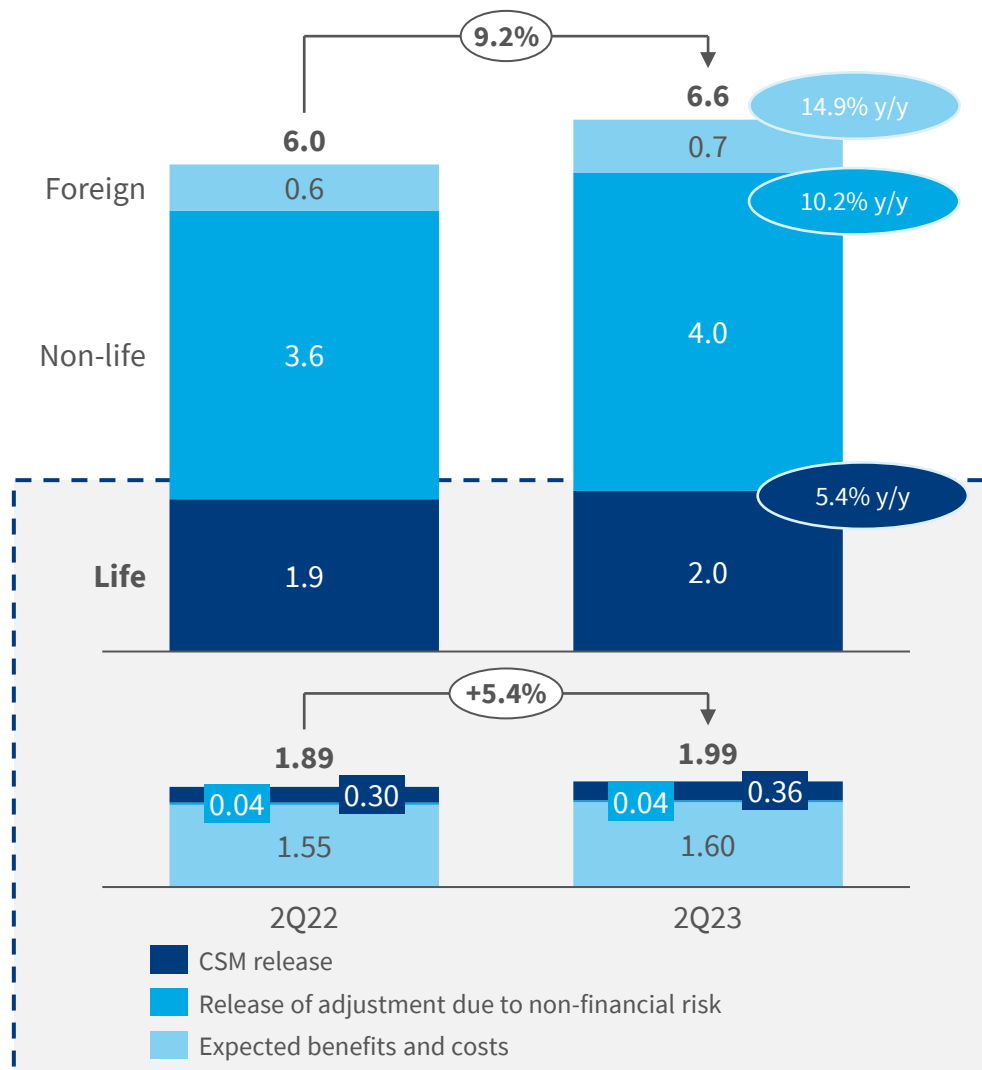
**Growth of revenues by 26.6% y/y**,  
including a 31.0% year-on-year increase  
in insurance and subscription sales

**Systematic increase in the number of  
contracts** in 2Q23 - 3.37 million (+7.7%)  
at the end of June 2023



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

Gross insurance revenue according to IFRS 17 (PLN billion)



## Year on year increase in insurance revenue to PLN 6.6 billion (+9.2% y/y)

### Non-life insurance<sup>1</sup>

- The y/y growth in insurance revenue to 4.0 billion (+10.2% 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 MOD insurance and non-motor insurance)
- MOD insurance (+16.8% y/y): growth in the number of contracts (recovery in the lease market, better availability of vehicles) and a higher value of vehicles insured
- An increase in non-motor insurance revenues (+11.8% y/y) as a result of the acquisition of several large contracts, mainly in the corporate segment

### Life insurance<sup>1</sup>

#### Year on year increase in insurance revenue (+5.4% y/y) results from:

- Higher release of contractual service margin (CSM): PLN 357 m vs. PLN 300 m in the comparable period (growth of expected profits as a result of a significantly lower mortality - recovery of levels before the COVID-19 pandemic).
- higher remuneration for insurance services covering administrative expenses and acquisition expenses affected by high inflation

1. in Poland

# Sound results. Return on equity exceeds strategic ambitions

Net profit  
**PLN 1.54 bn**

(vs. PLN 0.95 bn in  
2Q22)

aROE<sup>1</sup>

**24.6%**

(vs. 17.3% in 2Q22)

Insurance service result

**PLN 1.12 bn**

(COR<sup>2</sup> 82.7%, Margin<sup>3</sup> 23.8%)

Result on investment portfolio

**PLN 606 m**

(+17.3% vs. 2Q22)

Banks' contribution to the Group's result

**PLN 506 m**

(vs. PLN 166 m in 2Q22)

- High profitability of non-life insurance retained in the new reporting standard combined ratio of **82.7%**
- **Margin in group and individually continued insurance: 23.8%** - recovery to pre-pandemic levels

- **High return on the investment portfolio, growth of interest result by 31.6% and on own real estate portfolio by 29.9%**
- Favourable levels of interest rates when refinancing the maturing tranches of treasury bonds

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

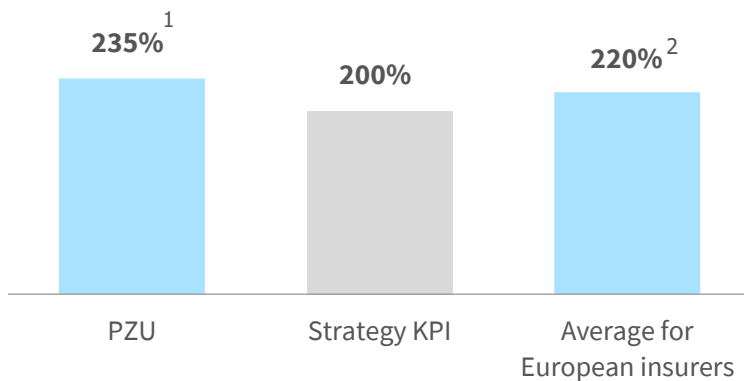
1. aROE in 2Q23, attributable to equity holders of the parent company, annualized, excluding the cumulative effect of changes in discount rates for the measurement of insurance liabilities

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

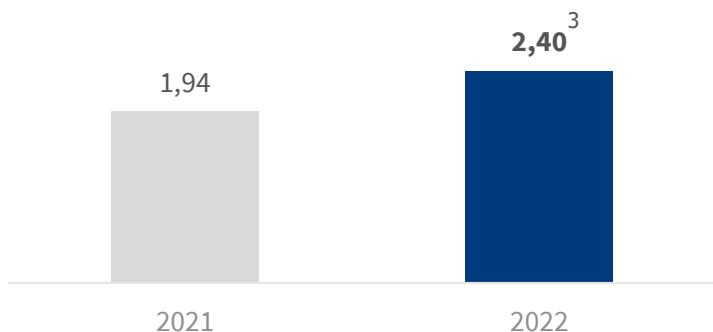
3. Margin for the group and individually continued insurance segment

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

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



## Dividend per share (PLN)



- Solvency II ratio as at 31 March 2023 at very high levels significantly higher than assumed in the strategy: **235%**<sup>1</sup>
- Rating of S&P Global Ratings at **A -/ stable** affirmed on 27 June 2023
- **The dividend** approved by the Shareholder Meeting **at PLN 2.40 per share**<sup>3</sup>, translates into a **6% dividend rate**
- **Growth in PZU’ standalone result to PLN 2.7 billion** (99.5% of the consolidated result) – due to the positive impact of interest rate movements on banks’ valuation
- **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 March 2023. Calculation according to the existing methodology, i.e. own funds are adjusted by the dividend calculated on the basis of the interim result. It does not take into account the new rules included in the KNF's circular letter to insurance companies of 16 April 2021, according to which, starting from 1Q21 a new element in the calculation of company and group solvency in interim periods is an adjustment for the entire amount of dividends expected for the year. The ratio compliant with the new rules and financial statements reached 226% in 1Q 2023

2. Average for 11 European insurers, data as at 31 March 2023.

3. In accordance with the proposal of the PZU Management Board of 4 May 2023 regarding the distribution of the profit for 2022 increased by 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. On 7 June 2023, the Ordinary Shareholder Meeting of PZU adopted a resolution on distribution of PZU’s net profit, in which it decided to distribute the profit generated in 2022 increased by the amount transferred from the supplementary capital created from the net profit generated in 2021. The amount of PLN 2.1 bn was designated for the dividend payment. The dividend record date was set for 7 September 2023 and the dividend payout date was set for 28 September 2023.



# Corporate Social Responsibility



## “PZU Good Team” - the 2nd edition of the programme

- As part of the second edition of the prevention programme, the PZU Good Team granted the support to 450 entities involved in organising activities, tournaments and sports competitions for children and young people, mainly from smaller towns and villages.
- Consequently, the PZU Good Team will be joined by more than 52 thousand children and young people from clubs, associations and sports unions from all over Poland.
- The PZU Team already gathers more than 122 thousand players. Its captain is the best world tennis player, invariably sponsored by PZU - Iga Świątek.



## PZU Park office building - the “Barrier-free Facility”

- The new PZU headquarters - PZU Park at the Daszyńskiego roundabout - has been awarded the "Barrier-free Facility" certificate by the Integration Foundation. This is a confirmation that the building is fully adapted in terms of its architectural features for use by everyone, including people with disabilities, limited mobility, parents with children or the elderly.
- PZU Park, a 37-storey skyscraper that forms a part of the Generation Park, is the largest building in Poland in terms of office space and has received an accessibility certificate from the Integration Foundation. The uniqueness of the “Barrier-free Facility” certificate is also confirmed by the fact that only slightly more than 400 architectural facilities in Poland out of more than 1,500 audited have received it.



## “Application of IoT, AI and Big Data” webinar

- As part of the PZU partnership in the “Eco-City” project, implemented by UNEP/GRID-Warsaw, a webinar was held for representatives of local governments and municipal companies on how artificial intelligence (AI), the internet of things (IoT) and big data can be used in the sustainable management of cities.
- The webinar presents examples of smart solutions that are used on a daily basis in certain cities, the benefits for citizens, as well as the challenges they face in this field.
- The webinar is available online <https://www.youtube.com/watch?v=u2bJmTitgvM>



## “Vademecum of health” – free guide for patients

- The guide suggests what tests should be done, at what age and at what frequency. It describes disorders that may be the symptoms of serious illnesses. It indicates the symptoms of heart attack and stroke, as well as cancer, diabetes and other serious diseases. It instructs what to do when such symptoms develop. It explains how to prepare for an appointment with the doctor, for examinations and hospital stay. The aim is to support treatment and recovery by providing practical information on how to take medication to ensure that it is effective and what diet should be followed for different disorders.
- This guide, which is innovative on the market, was published at the initiative of TUW PZUW and under the professional auspices of its Scientific Council. It is available on the website: [tuwpzuw.pl](http://tuwpzuw.pl)



# Generative artificial intelligence - we exploit the opportunities offered by new technologies

One of the main assumptions of the PZU Group's strategy is **to use new technologies in all areas of the company operations**. We are regularly increasing the number of processes in which PZU has already made use of artificial intelligence. In fulfilling our strategic ambitions, **we want to build the necessary competence and test the opportunities to use generative artificial intelligence** in our business.



## GPT Team

We have established a GPT Lab team to analyze the methods of secure use of generative artificial intelligence in the PZU activities and to test the first pilot projects based on this technology.



## Secure use of generative artificial intelligence

The GPT Lab team's tasks will be carried out within the dedicated cloud resources created for PZU. The adequate selection of topics and ensuring continuous human control over the results of artificial intelligence operations will also be important. Through this approach, we will implement the first experiments with this technology in a safe, reliable manner ensuring the highest regulatory and ethical standards.



## Consistent improvement of our customers' experience

As a leader in technology transformation in the insurance sector, we want to use new technologies consistently, including generative artificial intelligence in order to enhance the experience of our customers, as well as to improve our employees' daily work.





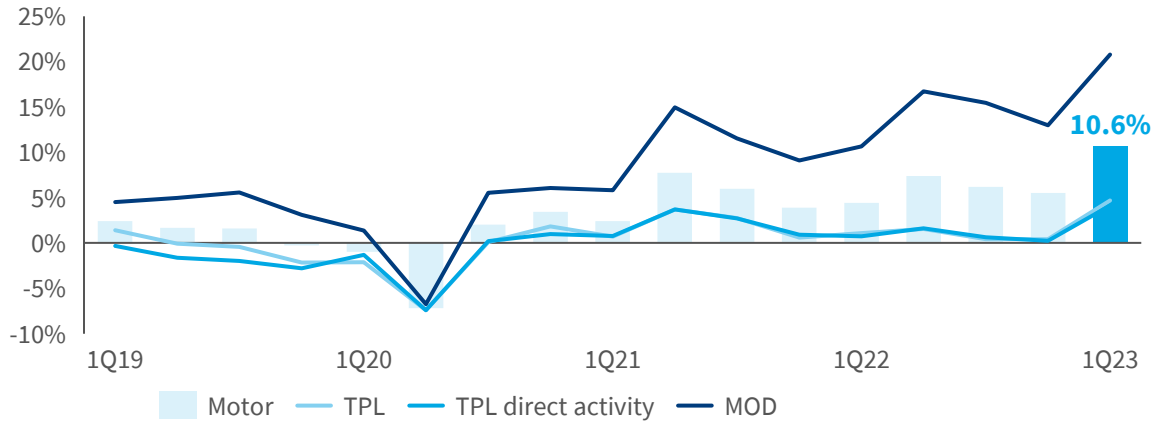
## 2. Business development



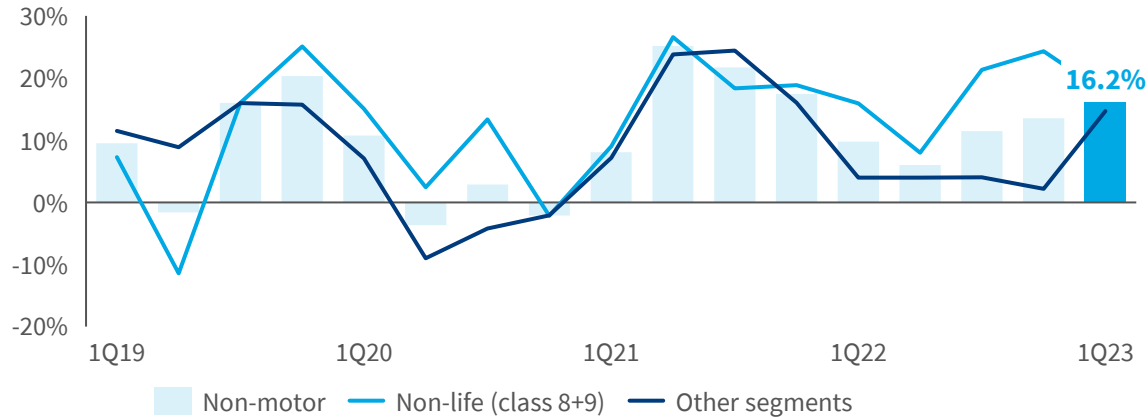


# Trends on the non-life insurance market in Poland

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

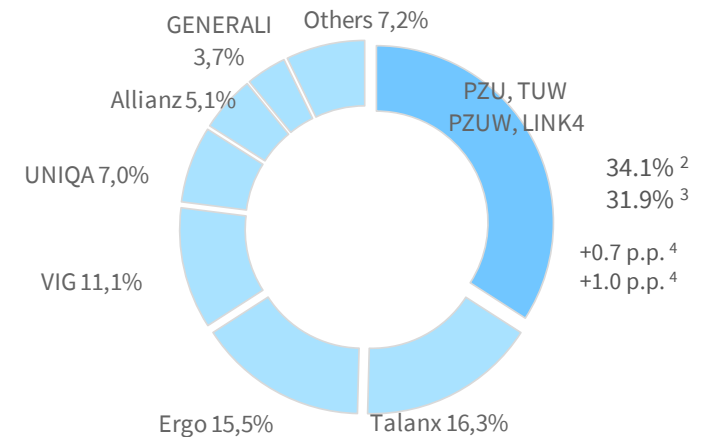


## Growth rate of the non-motor insurance market<sup>1</sup>, y/y



- **Strong beginning of the year on the motor insurance market in 1Q23 (gross written premium +10.6% y/y)**, mainly due to the acceleration in MOD (+20.8% y/y). The highest growth in TPL sales since 2018 (+4.7% y/y, +4.1% direct business). The premium increases due to the rise in the number of TPL policies (+1.8% y/y), **a growth in prizes appears (+2.3% y/y)<sup>1</sup>**
- **Further growth in non-motor insurance (+16.2% y/y)**. Property insurance (+17.7% y/y) had the greatest impact on growth in terms of value, strong rise in general TPL (+17.2% y/y) and assistance insurance (+20.3%)
- **Growth of the PZU Group's market share in non-life insurance** (direct business) in 1Q23 up to **31.9%**.
- **High share of the PZU Group's technical result in the technical result of the market at the level of 43.5%<sup>1</sup>**

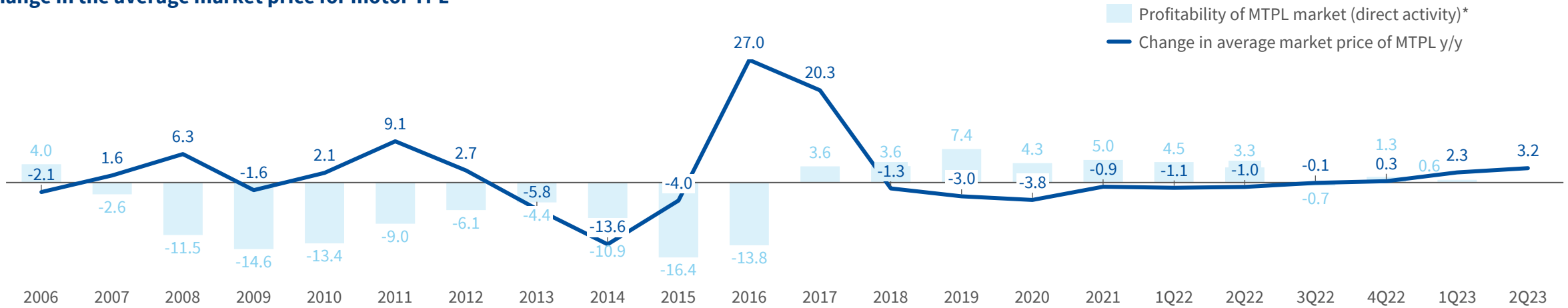
## Market shares in 1Q23<sup>2</sup>



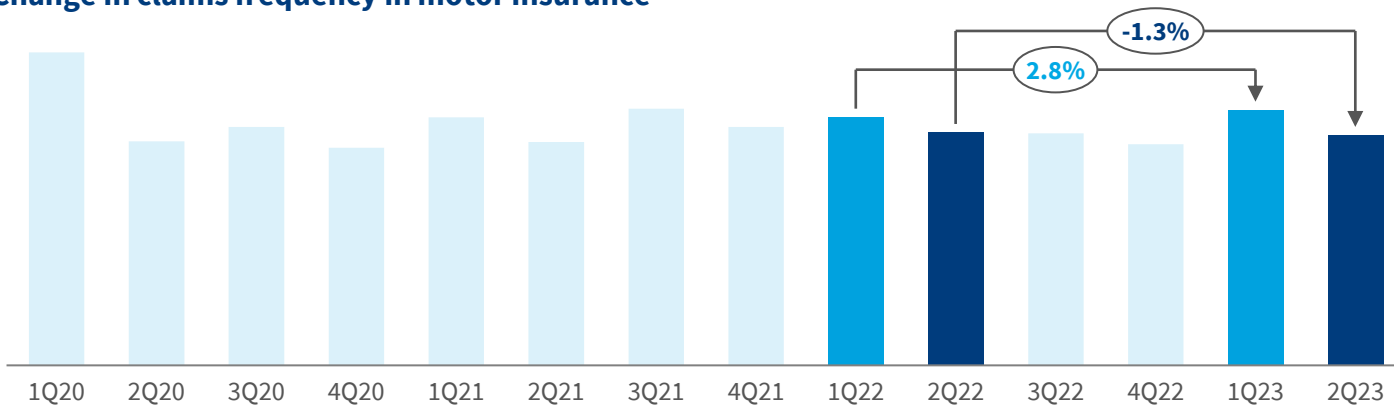
1. According to the KNF report after 1Q23  
 2. According to the KNF report after 1Q23; i.e., the market and market shares including PZU's inward reinsurance from LINK4 and TUW PZUW  
 3. PZU Group's market share in non-life insurance on direct business after 1Q23  
 4. Movement in market share y/y, including PZU's inward reinsurance from LINK4 and TUW 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>



- 2Q23 marks **the first visible increase in the average price of MTPL** since 2017, accompanied by a lower frequency of claims observed for a long time
- **Continuing lower claims frequency** (compared to the pre-pandemic period), which can be associated with a 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

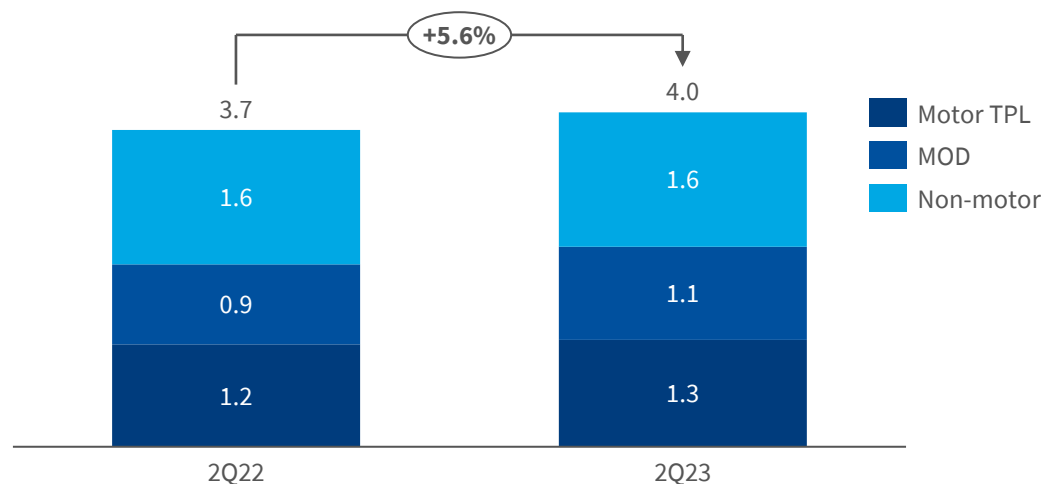
1. Data based on KNF Biuletyn Kwartalny [PFSa Quarterly Bulletin], 2Q23/2Q22 growth rate based on estimated data

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

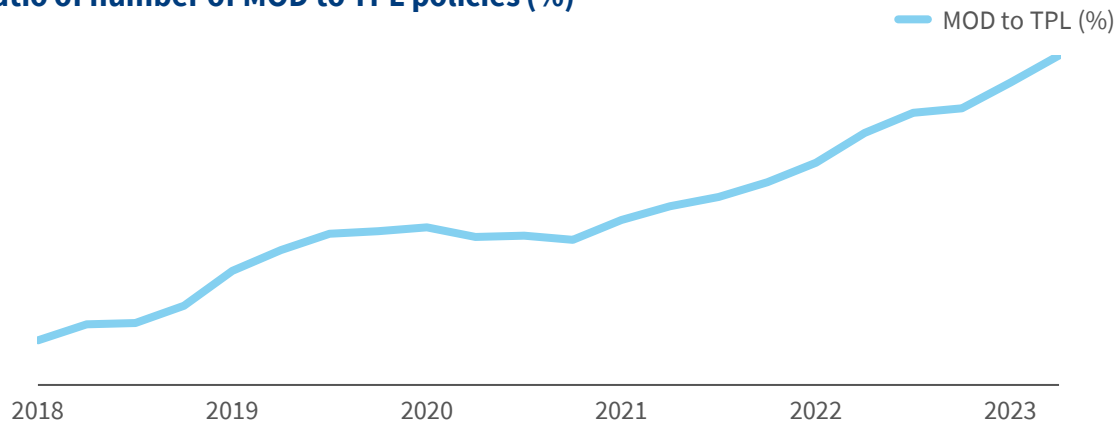


# PZU Group non-life insurance in Poland

## Gross written premium<sup>1</sup> of the PZU Group in 2Q23, value (PLN bn) and growth rate



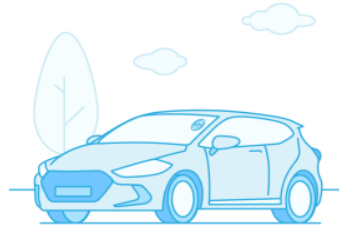
## Ratio of number of MOD to TPL policies (%)<sup>2</sup>



- **Motor insurance was the main driver of growth (+9.7% y/y)**, in particular due to **motor own damage insurance** - an increase in premium written of 16.2% 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 number of contracts**
- **Increase in motor TPL insurance premiums (+4.6% 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 premium
- **Maintained high premium growth in non-motor insurance (+0.1% y/y)**, observed growth in mass insurance area (by +8.0% y/y)

1. Gross premium written externally  
2. PZU, based on active policies

# PZU - Product and service initiatives: non-life insurance



## Integration with the Central Register of Vehicles and Central Register of Drivers (CEPiK)

- Integration with the Central Register of Vehicles and Central Register of Drivers (CEP and CEK)
- Use of reference data on vehicles, owners and drivers from the CEPiK database in the PZU Auto motor insurance sales process:
  - vehicle data is automatically downloaded on sales trails
  - vehicle and driver data (including information on entitlements and traffic offences) used in increasingly sophisticated tariff models
- Simplified sales trails for agents

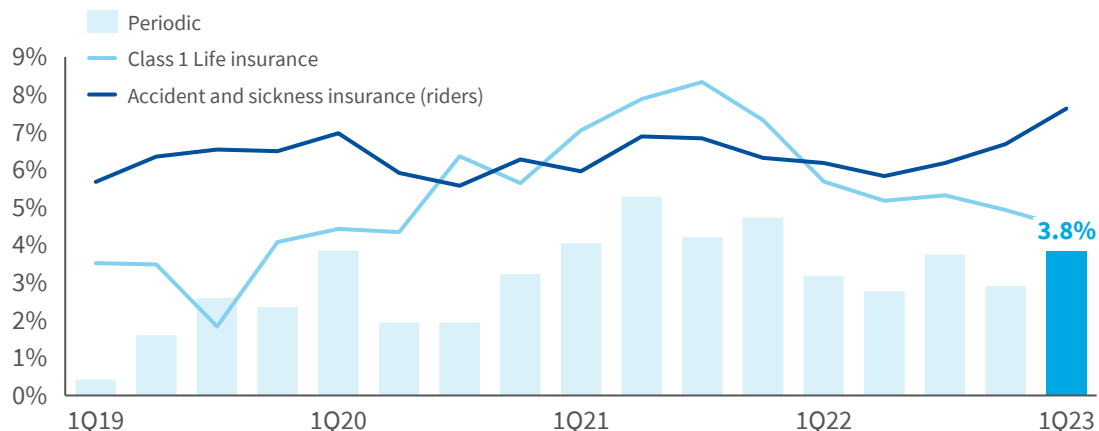


## Changes in products: PZU Dom, PZU Wojażer and PZU Edukacja

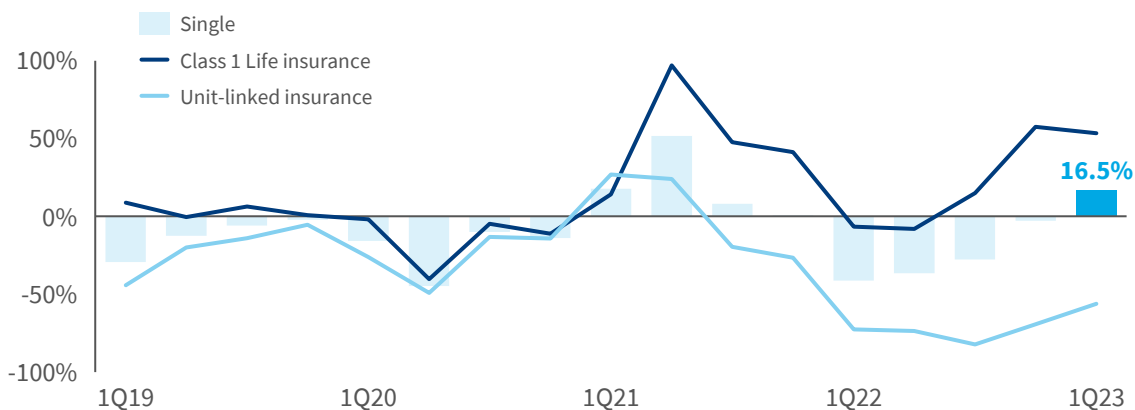
- Introduction of a 30-day grace period for flood risk and higher limits for assistance services in PZU Dom - reduced flood risk for PZU and broader scope of assistance for the customer
- Introduction of a degressive tariff for movables in PZU Dom - increasing the attractiveness of PZU's price offer on the market
- Change in the proposed sums insured in PZU Wojażer, including guaranteed sums in TPL in private life, on the mojePZU sales portal - more protection for the customer, higher premium for PZU
- The new PZU Education offer - a simple offer in a ready formula, with a choice of 9 proposals with different sums insured and online contract conclusion

# Trends on the life insurance market in Poland

**Growth rate of periodic premium insurance market<sup>1</sup>, y/y**



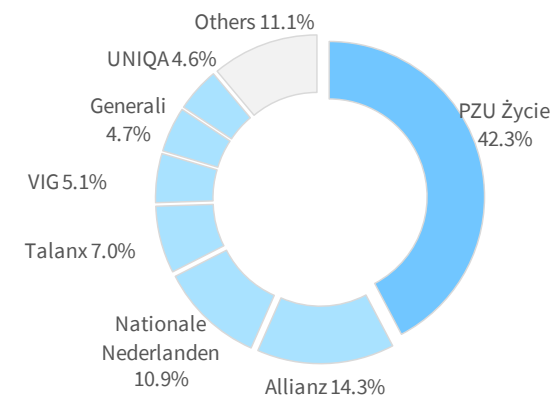
**Growth rate of single premium insurance market<sup>1</sup>, y/y**



1. According to the KNF report after 1Q23  
 2. PZU Group's share of gross written premium on periodic premium insurance according to the FSA's report after 1Q23

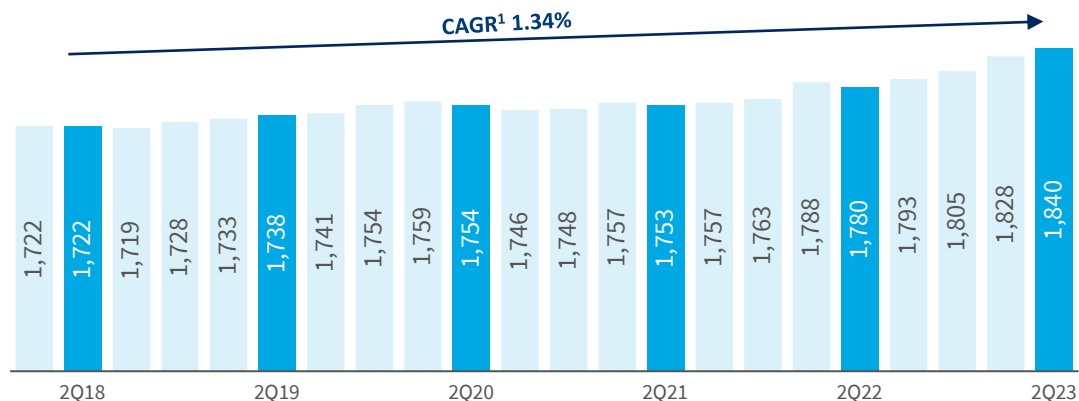
- **The periodic premium insurance market (87% of the market) in 1Q is expanding at a growth rate of 3.8% y/y** - the largest driver in terms of value: Class V - accident and sickness insurance (PLN +135 m, +7.6% y/y) and Class 1 life insurance (PLN +83 m, +4.5% y/y); still negative growth rate of unit-linked insurance (PLN 40 m, -4.3% y/y)
- **Reversing declines in single premium insurance (13% of the market) with a growth rate of +16.5% y/y after a year of declines.** Growth in Class I life insurance written premiums (PLN +212 m y/y, +53.4% y/y) offsets further declines in unit-linked insurance (PLN -92 m y/y, -56.2% y/y)
- **PZU Group's growing share of the single premium insurance market (26.0% in 1Q 2023, 13.0% in 1Q 2022)** - 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 periodic insurance market in 1Q23, at a level of **42.3%**

**Periodic premium market shares<sup>2</sup> in 1Q23**

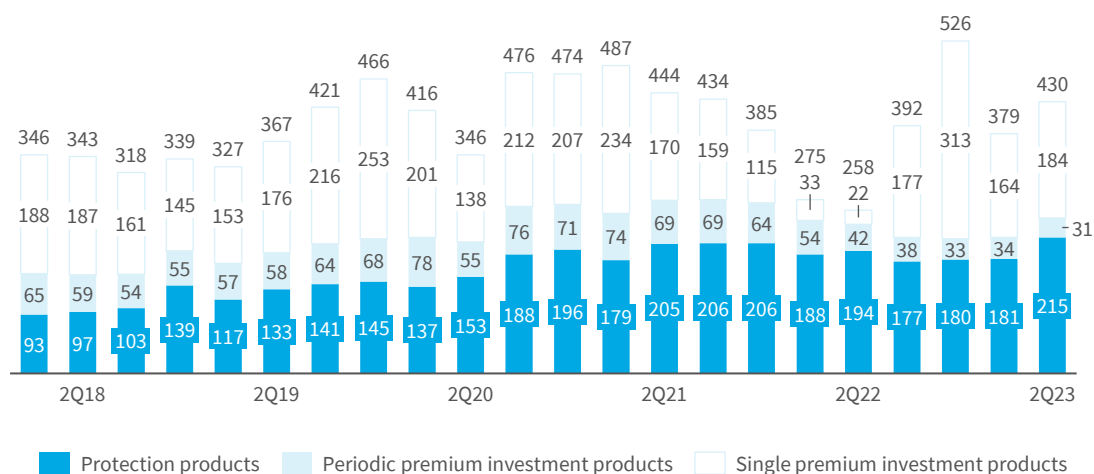


# PZU Życie - life insurance

## PZU Życie gross written premium on Group and individually continued insurance (PLN m)



## PZU Życie gross written premium on individual insurance<sup>2</sup> (PLN m)



### Group and individually continued insurance

- Further **development of the health insurance portfolio**, as a consequence of acquiring new entities while increasing average premiums
- **Continued growth in revenue from riders to individually 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**
- **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.** From May 2023, the product is also sold in partnership with VeloBANK - **Stabilne 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 as a result of significantly lower sales of IKE (The Individual Retirement Account) and withdrawal of the Cel na Przyszłość product from the offer (impact of product interventions of the KNF)

1. 2Q18 - 2Q23  
 2. Banks' SPE in Q3 2022 presented in protection products; transfer to single investment products took place in Q4 2022, also for the previous period



# PZU Życie – Product initiatives for own channels



## Individual protection and unit-linked insurance with a higher share in profit; change in minimum premium 1Q23

- Taking advantage of the current macroeconomic situation, PZU purchased favourable interest bearing bonds to secure unit-linked insurance reserves. As a result, we offer customers products with higher (than before) profit sharing potential and thus higher benefit values.
- The increase in minimum premium is one of the elements that gradually allow to reflect the inflation growth.

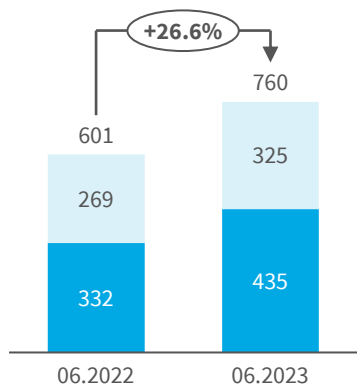


## New additional packages for group insurance PZU Na Życie Plus and process improvements 1Q/2Q 2023

- 3 new add-on packages to PZU Na Życie Plus:
  - Recepta na Twoje Zdrowie [Prescription for Your Health]
  - Recepta na Twoje Zdrowie Plus [Prescription for Your Health Plus]
  - W Razie Wypadku [In Case of Accident]
- New system solutions to streamline the sales process and handling of insurance contracts and enabling the migration of insurance contracts, significantly facilitating the salesperson to carry out changes for the client.

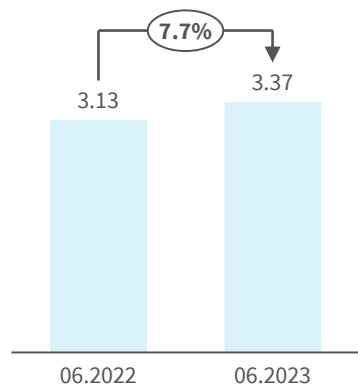
# Development of the scale of the health pillar activities

Revenue (PLN m)

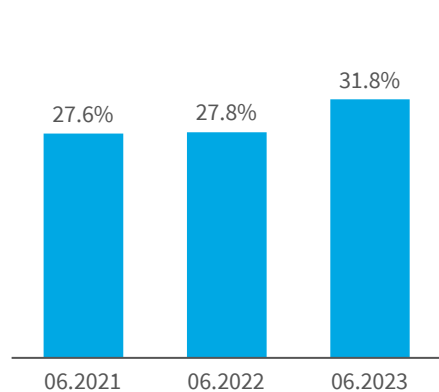


Medical centers\*  
Insurance / subscription plans

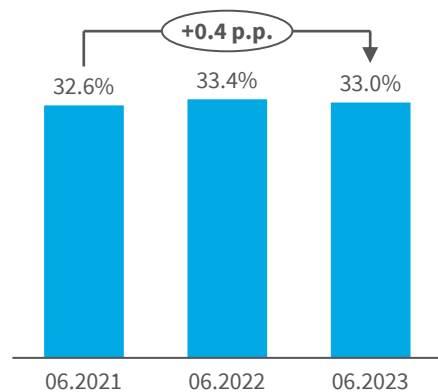
Number of contracts at the end of the period (m)



Online appointments via mojePZU

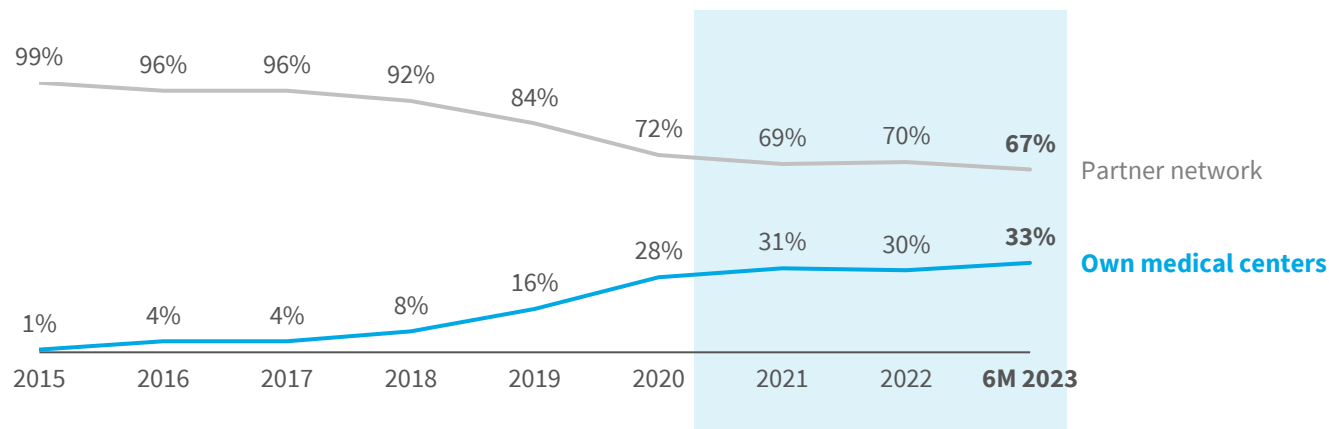


Number of telemedicine consultations (% of total consultations)



- Planned opening of 16 new own centres (more than 11 specialisations in each facility including diagnostics)
- **High revenue growth** (mainly in terms of **outpatient agreements** and **riders to individually continued insurance**)
- **Systematic increase in the number of health product agreements in 2Q23**, owing to the sale of further health riders 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

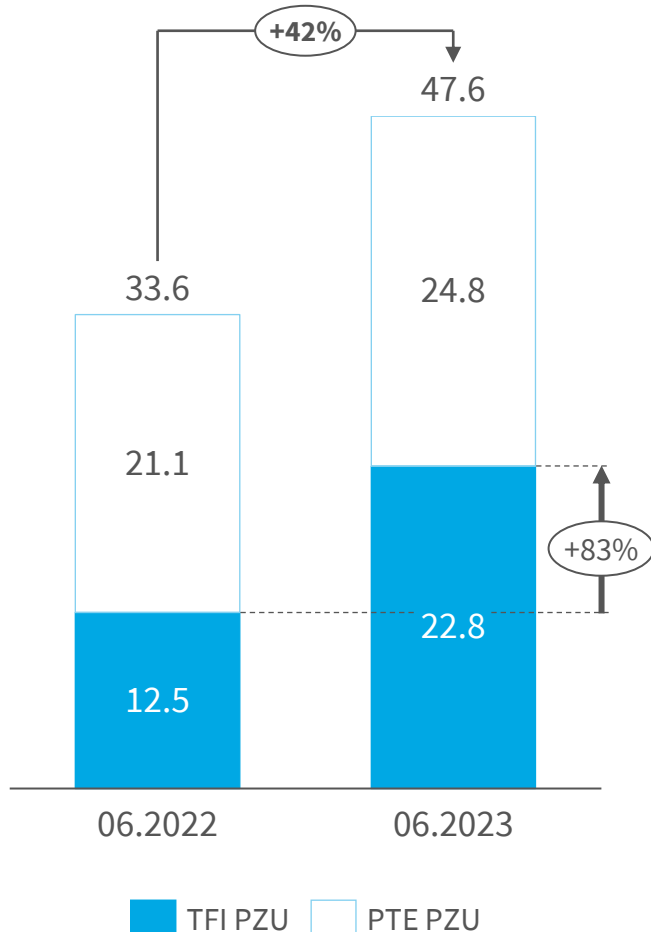
Services (subscriptions and health insurance) provided in own facilities and partner network



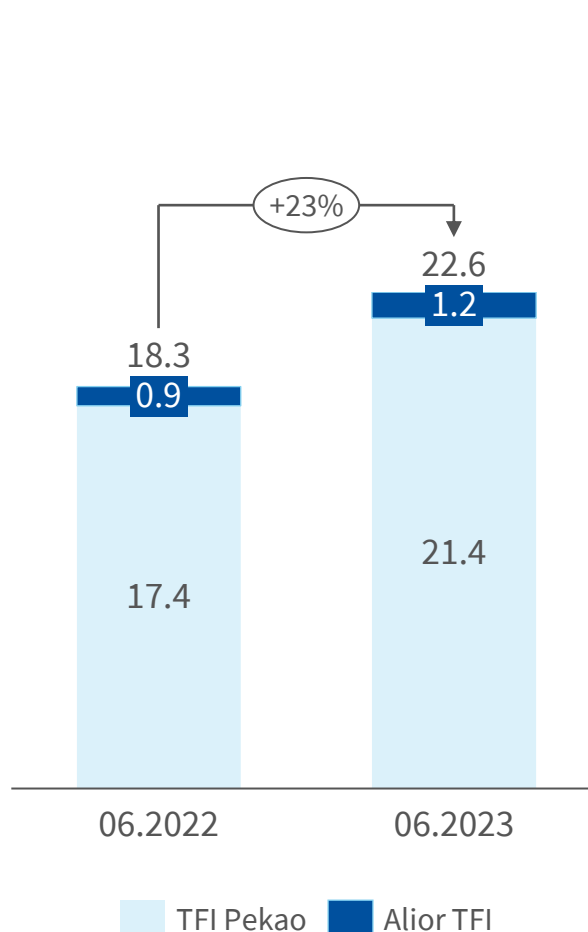
\* Data presented for the centres for the period from the beginning of the year regardless of the time of acquisition

# Assets under management

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



**Assets of external clients of bank's TFI of the PZU Group (PLN bn)**



- TFI PZU**

- **#3 in terms of net sales**

in 1H23, net sales of funds amounted to **PLN 1.34 bn** (additionally TFI acquired **new assets** from an external client **to the portfolio management service worth nearly PLN 180 m)**

- in the first six months of 2023, market inflows to funds amounted to PLN +8.56 billion - **share of TFI PZU at a level of 15.6%**

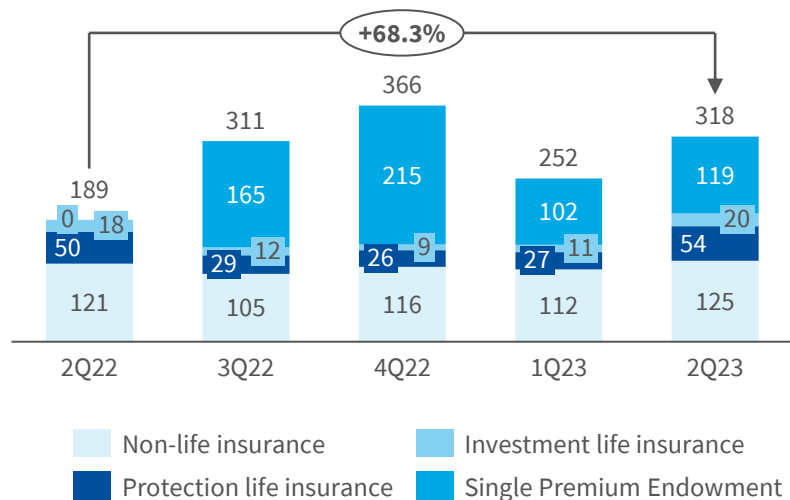
- **PPK assets** at the end of 2Q23 amount to **PLN 3.46 billion, an increase of 95.7% y/y**

- **Stable second place of TFI PZU in the PPK market** in terms of value of assets under management **with 20.8% share** as at the end of 2Q23 - almost double advantage over the next entity

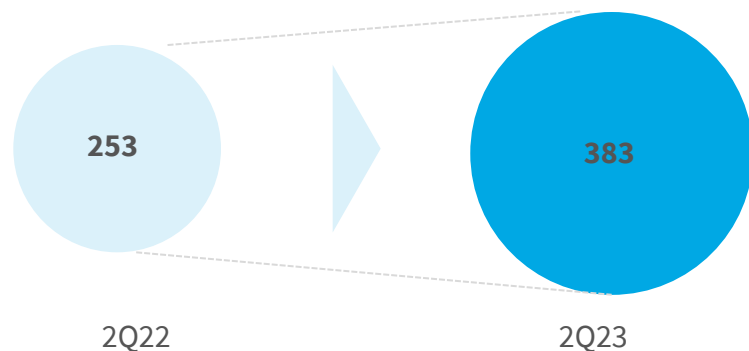
1. Assets managed by PTE PZU are not included as a target in the PZU Group's new strategy for 2021-2024. Assets together with TFI Energia, until the end of October 2022 TFI Energia operated as a separate entity

# Product offering in the area of bancassurance and assurbanking ...

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



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



### 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 product
- Planned launch of the government programme “2% Safe Credit” and work on amendment to Recommendation U

### Bancassurance:

- As a result of the stabilisation of macroeconomic indicators, a gradual **increase is recorded in sales of insurance products linked to loans and mortgage loans**
- **Maintained strategic plan for 2021-2024 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, 222 PZU branches were implemented
  - 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 June 2023 **nearly PLN 1.56 billion**
- **Cash Portal**
  - Development of the mortgage loan offer
  - Making an offer available on [moje.pzu.pl](http://moje.pzu.pl) portal



## ... adapted to the volatile market situation

### The PZU Group's products are present in all major product lines of the Group's banks

- Cooperation with the banks allows to consistently expand the sales of insurance products linked to bank products, including insurance for loans and credits (ADD, unemployment insurance, property insurance)
- Implementation and ongoing development of stand-alone product sales (motor and travel insurance)
- Bank clients have a multi-channel access to PZU products
- Work is currently underway to adapt CPI-linked products to the revised Recommendation U

### Further tranches of SPE products - Pewny Profit at Bank Pekao, Bezpieczne Jutro at Alior Bank and Stabilne Jutro at VeloBank

- PZU Życie guaranteed rate of return products in the bancassurance channel exploiting the potential of high interest rate
- Available for sale from August 2022 at Bank Pekao and Alior Bank and from May 2023 at VeloBank
- Term of insurance: 24 months or 36 months, additional 12-month period implemented in VeloBank from 18 August 2023
- Option of single premium payment in advance for the entire insurance period
- Minimalna składka 25 tys. w Banku Pekao, 30 tys. w Alior Banku i 10 tys. w VeloBanku
- Maximum premium of PLN 2 million (for all insurance contracts of a given client)

**PLN 228 m** of premium written in 1H23





### **3. Financial results**



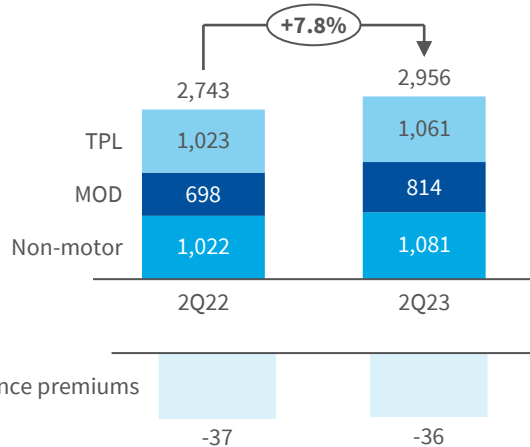
# PZU Group results according to IFRS 17

m PLN	2Q22	1Q23	2Q23	Change y/y	Change q/q
<b>PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO<sup>1</sup></b>					
Gross insurance revenue	6,046	6,401	6,601	9.2%	3.1%
Net insurance revenue	5,757	6,035	6,240	8.4%	3.4%
Insurance service expenses (net)	(4,715)	(5,181)	(5,119)	8.6%	(1.2%)
Net insurance claims and benefits <sup>2</sup>	(3,270)	(3,561)	(3,545)	8.4%	(0.4%)
Administrative expenses	(485)	(551)	(563)	16.1%	2.2%
Acquisition expenses	(976)	(1,030)	(1,102)	12.9%	7.0%
Loss component amortization	279	308	315	12.9%	2.3%
Recognition of the loss component	(263)	(347)	(224)	(14.8%)	(35.4%)
Insurance service result	1,042	854	1,121	7.6%	31.3%
Net financial revenue	122	285	296	142.6%	3.9%
Insurance and outward reinsurance finance income or expenses	281	(461)	(401)	x	(13.0%)
Result from investment activities - allocated to insurance segments	(159)	746	697	x	(6.6%)
Operating profit	1,164	1,139	1,417	21.7%	24.4%
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>783</b>	<b>743</b>	<b>1,039</b>	<b>32.7%</b>	<b>39.9%</b>
<b>BANKS: ALIOR AND PEKAO</b>					
Net profit (loss) attributable to equity holders of the parent company	166	412	506	204.8%	22.8%
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>949</b>	<b>1,155</b>	<b>1,545</b>	<b>62.8%</b>	<b>33.8%</b>
<b>MAIN FINANCIAL RATIOS (%)</b>					
aROE <sup>3</sup>	17.3	18.9	24.6	7.3 p.p.	5.7 p.p.
Claims ratio (with net loss component)	56.5	59.7	55.4	(1.1) p.p.	(4.3) p.p.
Administrative expense ratio	8.4	9.1	9.0	0.6 p.p.	(0.1) p.p.
Acquisition expense ratio	17.0	17.1	17.7	0.7 p.p.	0.6 p.p.
Combined ratio <sup>4</sup>	81.9	85.7	82.7	0.8 p.p.	(3.0) p.p.
Margin <sup>5</sup>	18.7	15.3	23.8	5.1 p.p.	8.5 p.p.

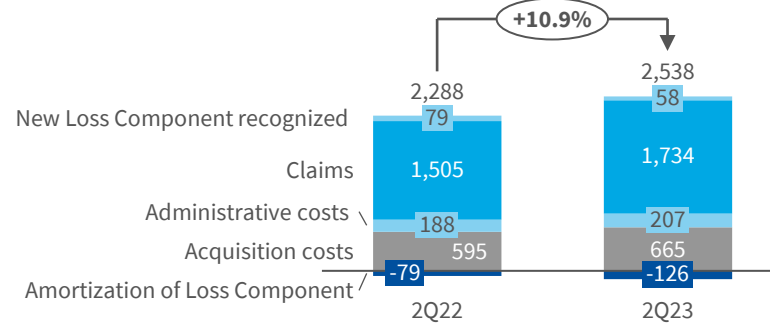
1. PZU Group excluding data of Bank Pekao and Alior Bank
2. Excluding the investment component (mainly relates to unit-linked)
3. aROE adjusted return on equity calculated on a capital basis excluding accumulated other comprehensive income relating to finance income and expenses from insurance and reinsurance. 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 the group and individually continued insurance segment

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

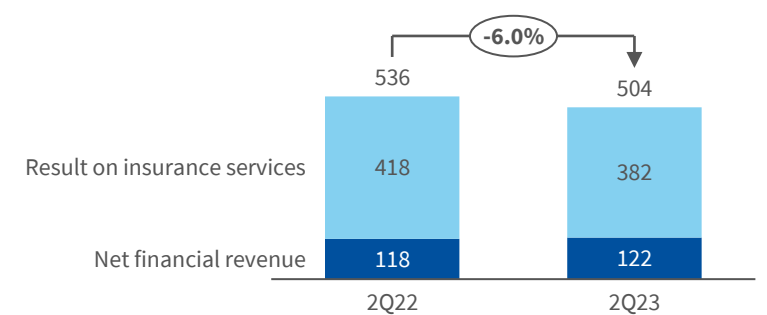
**Insurance revenue (PLN m)**



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



**Operating result (PLN m)**



Growth in insurance revenues, mainly as a result of growth on MOD (+16.6% y/y), as an outcome of:

- higher amortization of liabilities (LRC) as a consequence of a higher sales growth in 2H22 and, to a lesser extent, of current year premium - applies mainly to MOD and TPL insurance (primarily in the LINK4 portfolio) and to non-motor insurance. In motor own damage (MOD) insurance, it mainly means the impact of the rise in the average premium as a consequence of a growing value of vehicles (which translates into an increase in sums insured) and a higher number of agreements (the effect of a higher availability of vehicles than a year ago and, as a consequence, better adjustment of the offer to the risk). The increase in LRC amortisation in non-motor insurance is mainly a consequence of the growth of the PZU Dom portfolio, PZU Firma and the recovery of high sales growth in travel insurance
- an increase in y/y premiums to cover acquisition costs as a consequence of increasing sales, with a simultaneous growth in commission costs resulting from the change in the sales of products in different channels

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

- higher y/y liabilities for current year claims and costs, including acquisition costs resulting from the increasing share of the multiagency and dealer channel in the portfolio and administrative costs attributable to the insurance activity. 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 a loss component for the 2023 cohort of contracts, including on the active reinsurance portfolio with the PZU Group companies representing the resulting increase in inflation of claims and an update of assumptions regarding the expected level of indirect costs. The total excess of the amortization over amortization of loss component amounted to PLN 68 m, maintaining positive results from motor and non-motor
- the release of a lower y/y surplus of net claim provisions of previous years over the current projected value of payouts

**COR 2Q22**



**COR 2Q23**

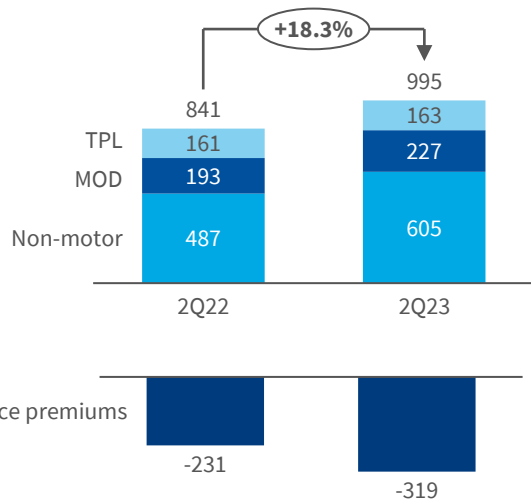


The fall in operating profit is a result of:

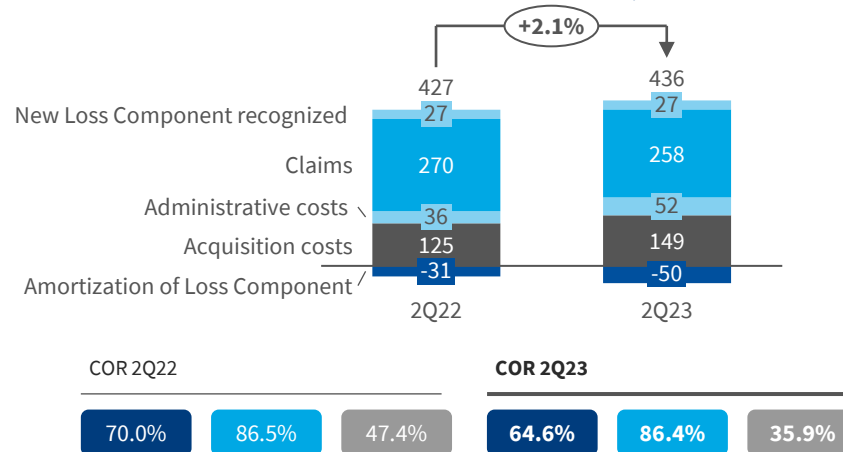
- deterioration in insurance service result, mainly non-motor (-10.1% y/y), with a declining share of the loss component
- an increase in the level of net finance income as a result of:
  - a y/y decrease of PLN 6 m in investment income due to the negative impact of exchange rate differences partly offset by higher interest rates. At the level of the PZU Group's overall net result, this currency effect was partly offset by the changed level of insurance liabilities covered by foreign currency assets
  - PLN 10 m y/y lower net finance costs

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

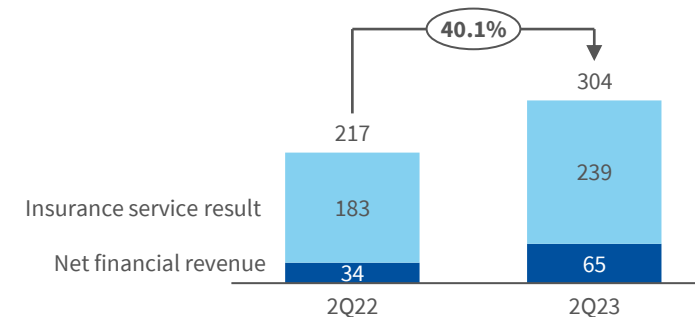
### Insurance revenue (PLN m)



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



### Operating result (PLN m)



Growth in insurance revenues, as a result of:

- increase in the amortisation of liabilities (LRC) as a consequence of higher sales growth mainly in non-motor insurance and to a lesser extent MOD insurance. The increase in LRC amortisation in non-motor insurance is mainly a consequence of portfolio growth, including the acquisition of several large contracts in the second half of 2022 and, to a lesser extent, the current period. In MOD, it is mainly the impact of an increase in average premiums following the rising value of vehicles (which translates into an increase in sums insured). An effect compounded by the higher availability of vehicles than a year ago and the consequent recovery in the leasing market, which translated into an increase in the number of contracts
- a higher y/y level of premium allocated for covering acquisition costs due to growing sales while commission costs increased, which mainly results from a change in the distribution of sales by channel

The growth in net insurance service costs results, among others, from:

- higher y/y net liabilities for current year claims and higher costs, including acquisition and administrative expenses attributable to insurance activity. The increase in administrative expenses is mainly the result of higher personnel costs (as a result of wage increases) and real estate costs - indexation of rental prices, utilities, costs of the new headquarters and IT expenses for group work tools,
- release of a higher net surplus of claim provisions from previous years over the current projected payout value (including the effect of the reversal of the provision without payout in the contractual guarantee and reinsurance settlement at aggregate value of PLN 84 m)

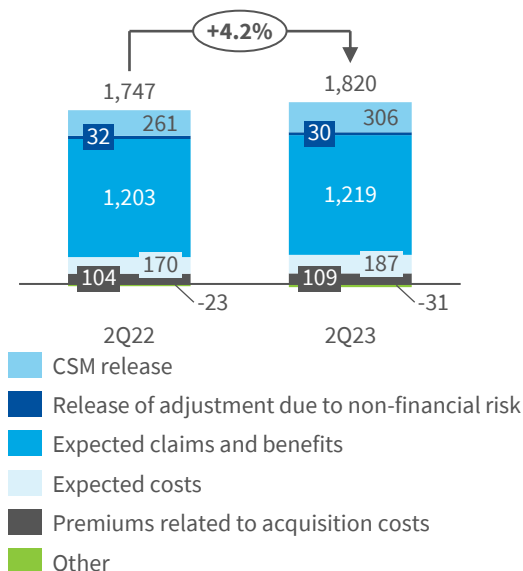
The increase in operating profit is an effect of:

- a higher level of net finance income as a result of:
  - increase in net result on investments by PLN 31 m y/y, in particular following a higher level of interest rates as well as a higher balance of assets to cover liabilities offset partly by negative exchange rate differences; at the level of the PZU Group's total net result, the FX effect was offset by a change in the level of insurance liabilities covered by FX assets
  - stable level of y/y net finance costs
- improvement in the net result on insurance services.

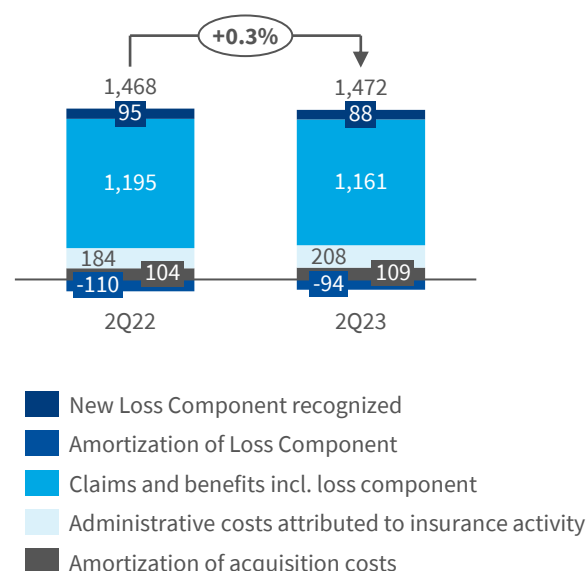


# Life insurance according to IFRS 17- group and individually continued

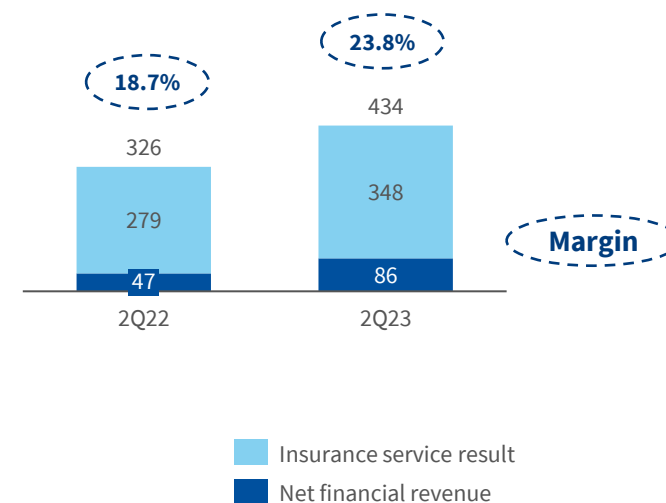
### Insurance revenue (PLN m)



### Insurance service expenses (PLN m)



### Operating result (PLN m)



- Higher release of contractual service margin in 2Q23 comparing to 2Q22 mainly in connection with the positive impact on contractual service margin of lower expected mortality due to the recovery from the COVID-19 pandemic
- Higher expected administrative costs as a consequence of increased personal costs (inflation pressure)
- Slightly higher level of premium allocated to cover rising acquisition costs (growth from 9.7% in 2Q22 to 10.3% in 2Q23 calculated to insurance revenues)

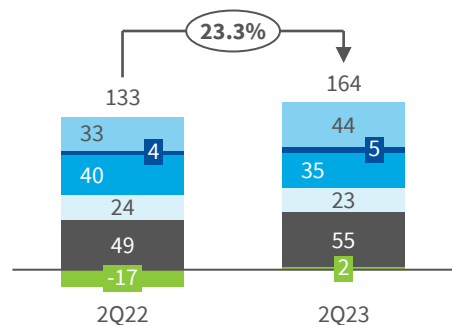
- Lower claims and benefits as a result of the post-pandemic COVID-19 mortality decline (portfolio particularly vulnerable to the impact of increased pandemic and civilization disease mortality - ageing of the portfolio)
- Lower benefit payments for childbirth
- Higher utilization costs for health insurance benefits
- Higher administrative costs as a consequence of increased personal and IT costs, mainly as a result of high inflation and increased real estate maintenance costs

- Increase in the level of net finance income as a resultant of:
  - PLN 53 m higher investment result y/y caused by the growth of income from floating coupon instruments as a result of a higher level of interest rates as well as a higher level of the portfolio of assets to cover liabilities
  - PLN 14 m y/y higher finance costs

\* Net finance income - result on investment activity less insurance finance expenses

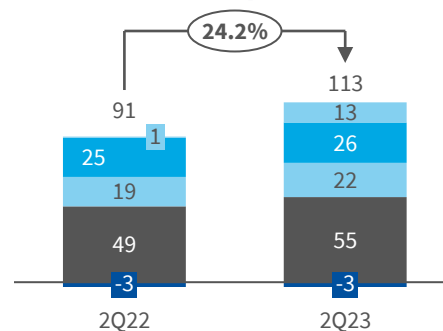
# Life insurance according to IFRS 17- individual protection

### Insurance revenue (PLN m)



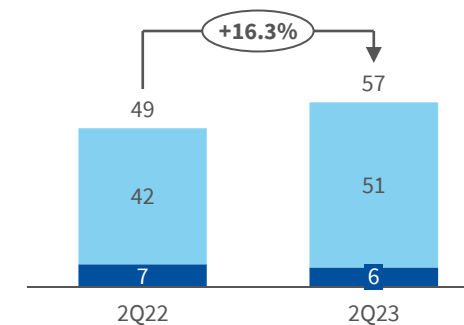
- CSM release
- Release of adjustment due to non-financial risk
- Expected claims and benefits
- Expected costs
- Premiums related to acquisition costs
- Other

### Insurance service expenses (PLN m)



- New Loss Component recognized
- Amortization of Loss Component
- Claims and benefits incl. loss component
- Administrative costs attributed to insurance activity
- Amortization of acquisition costs

### Operating result (PLN m)



- Insurance service result
- Net financial revenue

- Higher level of contractual service margin release resulting from changes in assumptions concerning liability measurement, including lower mortality and morbidity rates and lower lapse rates contributed to the increase in CSM (y/y) and therefore an increase in the level of contractual margin release
- The higher level of insurance revenue is also the result of an increase in “other income” (+18 m y/y) - which in 2022 includes the negative effect of a high level of cancellations of bancassurance contracts (the effect of an increase in the cost of loans granted) translating into a growth in credit insurance premium refunds mainly from single-premium contracts

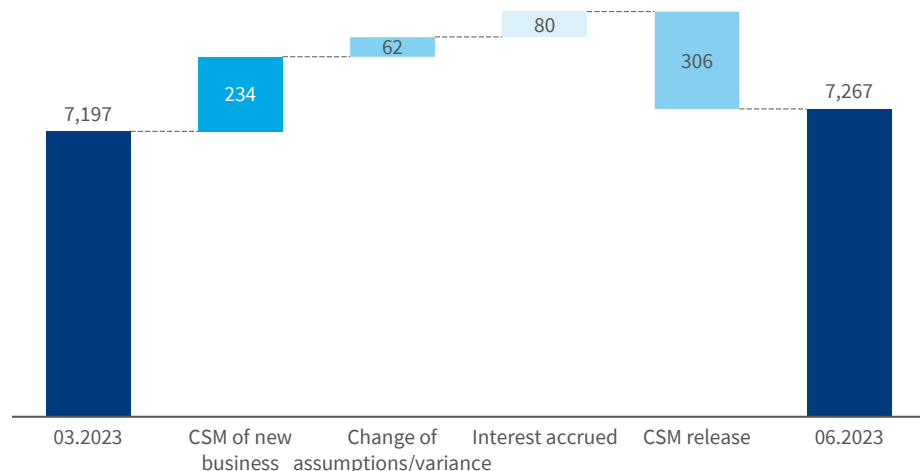
- Realization of claims, benefits and expenses in 2Q2023 below the value recognized in insurance income (remuneration for these components) - PLN 48 m vs. PLN 58 m, the above offset by subsidizing the loss component
- Higher administrative costs as a consequence of increased personal and IT costs, mainly as a result of high inflation and increased real estate maintenance costs

- A 16.3% increase in operating profit as a result of a 21.4% increase in insurance revenue and
- Maintaining net financial revenue at a similar level as a result of:
  - higher y/y investment result (PLN 1 m) as a result of a higher level of interest rates
  - change in net financial expenses by PLN 2 m y/y commensurate with change in CSM

\* Net finance income - result on investment activity less insurance finance expenses

# Life insurance in Poland according to IFRS 17- the evolution of the contractual service margin

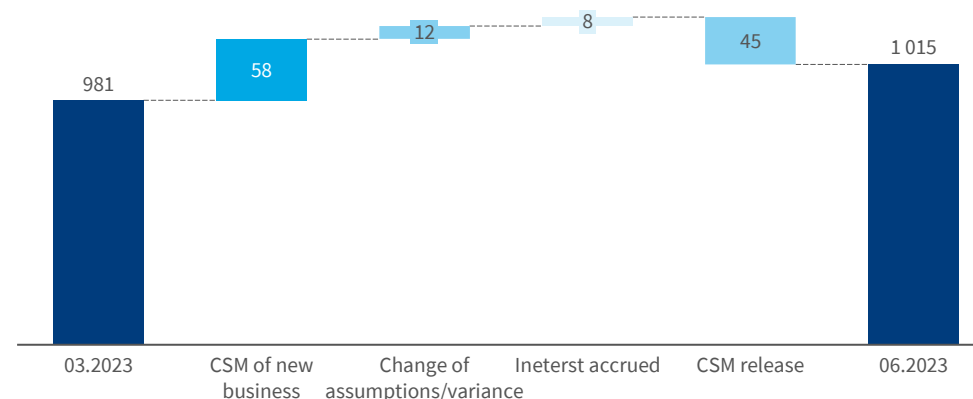
## Group and individually continued insurance- CSM (PLN m)



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 234 m (contracts where profit is recognised on conclusion)
- updating of assumptions for the valuation of liabilities and variance in the development of the policyholder portfolio (PLN 62 m), including the up sale of riders increasing future profits recognised in the CSM (PLN 35 m)
- increase of the CSM by the change in the value of money over time - accrued interest
- CSM release of PLN 306 m (profit attributed to the current period on the basis of expectations from the beginning of the period in proportion to the insurance service provided)

## Individual protection insurance - CSM (PLN m)



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 58 m (contracts where profit is recognised on conclusion)
- updating of assumptions for the valuation of liabilities and variance in the development of the policyholder portfolio (PLN 12 m), including the up-sale of riders increasing future profits recognised in the CSM
- increase of the CSM by the change in the value of money over time - accrued interest
- CSM release of PLN 45 m (profit attributed to the current period on the basis of expectations from the beginning of the period in proportion to the insurance service provided)

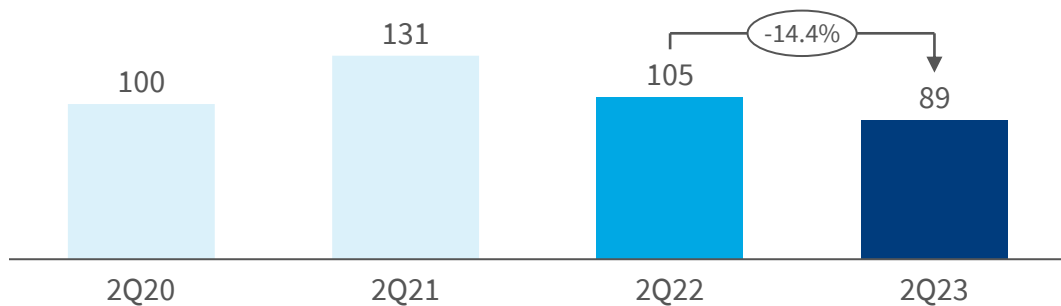
# Profitability by operating segments under IFRS 17

Insurance segments	Insurance revenue			Result*			Combined ratio / Margin	
	m PLN, IFRS17	2Q22	2Q23	Change y/y	2Q22	2Q23	Change y/y	2Q22
Total non-life insurance – Poland	3,584	3,951	10.2%	753	808	7.3%	81.9%	82.7%
Mass insurance – Poland	2,743	2,956	7.8%	536	504	(6.0%)	84.6%	86.9%
Motor TPL	1,023	1,061	3.7%	48	54	12.5%	95.2%	94.8%
MOD	698	814	16.6%	83	70	(15.7%)	88.9%	92.1%
Other products	1,022	1,081	5.8%	287	258	(10.1%)	69.4%	73.9%
Net financial revenue	x	x	x	118	122	3.4%	x	x
Corporate insurance – Poland	841	995	18.3%	217	304	40.1%	70.0%	64.6%
Motor TPL	161	163	1.2%	13	18	38.5%	92.3%	88.6%
MOD	193	227	17.6%	34	34	x	82.3%	84.5%
Other products	487	605	24.2%	136	187	37.5%	47.4%	35.9%
Net financial revenue	x	x	x	34	65	91.2%	x	x
Total life insurance – Poland	1,891	1,994	5.4%	375	504	34.4%	19.8%	25.3%
Group and individually continued insurance	1,747	1,820	4.2%	326	434	33.1%	18.7%	23.8%
Individual insurance	133	164	23.3%	49	57	16.3%	36.8%	34.8%
Investment insurance	11	10	(9.1%)	0	13	x	x	x
Total non-life insurance – Ukraine and Baltic States	549	634	15.5%	74	98	32.4%	82.6%	85.9%
Baltic countries	488	596	22.1%	85	91	7.1%	86.5%	85.8%
Ukraine	61	38	(37.7%)	(11)	7	x	41.3%	86.8%
Total life insurance – Ukraine and Baltic States	22	22	x	(37)	8	x	(168.2%)	36.4%
Lithuania	8	10	25.0%	7	1	(85.7%)	x	10.0%
Ukraine	14	12	(14.3%)	(44)	7	x	x	58.3%

\* Operating result  
Insurance service result

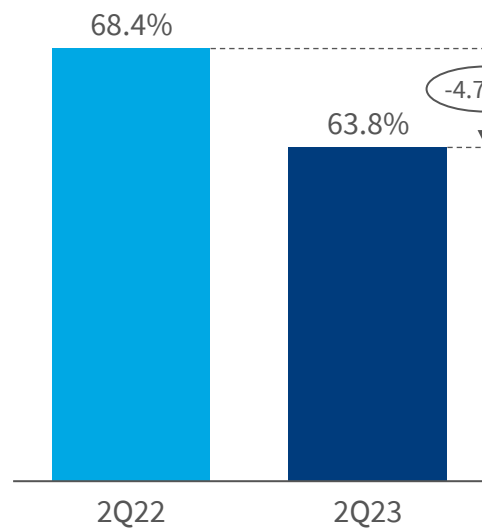
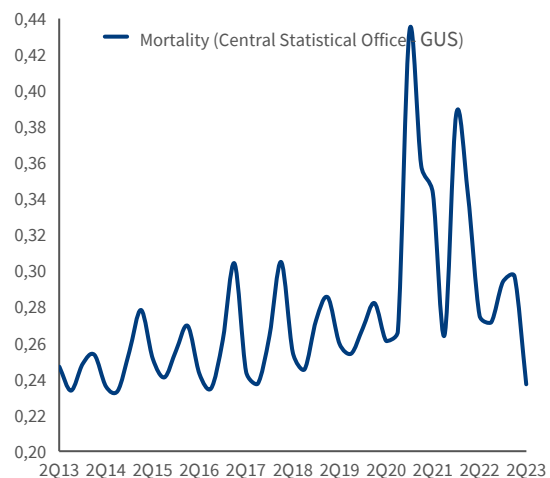
# Pandemic vs. claims in group insurance and individual continuation (IC) in 2Q23

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

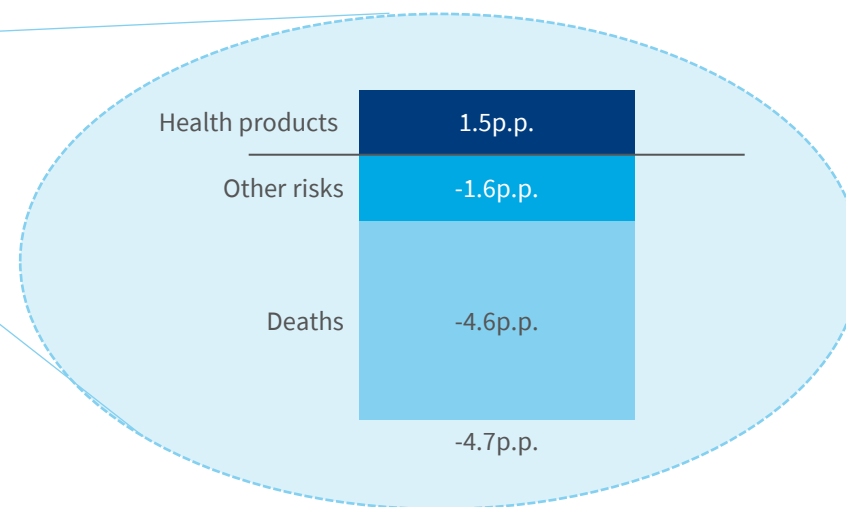


- **Number of deaths** in Poland in 2Q23 was significantly lower than a year ago returning to pre-pandemic levels
- **In 2Q23, claims for protection products from group and individual continuation segment was at a significantly lower level** compared to 2Q22
- Lower claims are the resultant of a decline in death benefits partially offset by higher outpatient benefits (impact on claims +1.5 pp.)

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



Impact of individual risks on the change in claims<sup>2</sup> of the segment y/y



1. According to Statistics Poland's data  
 2. Claims ratio under IFRS17 - the quotient of net insurance claims and benefits and insurance revenues. Includes only protection products.

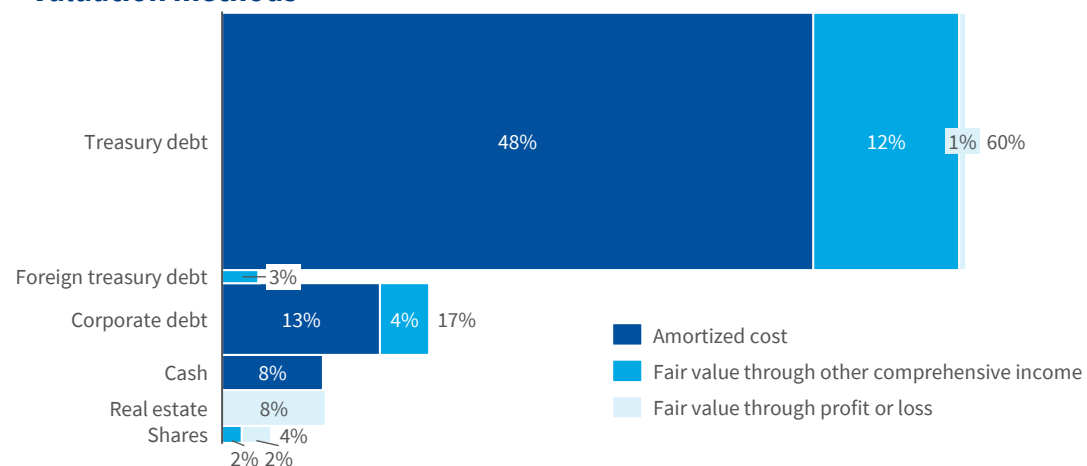


# Investment result

IFRS, m PLN	2Q22	1Q23	2Q23	Change y/y	Change q/q
<b>Investment income less interest expenses</b>	<b>2,690</b>	<b>4,527</b>	<b>4,691</b>	74.4%	3.6%
Investment result allocated to insurance segments	(157)	746	699	x	(6.3%)
Investments and other activities	49	45	52	6.1%	15.6%
Banking activities	2,750	3,696	3,905	42.0%	5.7%
PPA (banking)	48	40	35	(27.1%)	(12.5%)
<b>Total, insurance segments, investment activities and other</b>	<b>(108)</b>	<b>791</b>	<b>751</b>	x	<b>(5.1%)</b>
Main portfolio	516	600	606	17.3%	0.9%
Debt instruments - interest	404	507	531	31.6%	4.9%
Debt instruments - revaluation and execution	15	8	(33)	x	x
Equity instruments	18	(16)	5	(74.0%)	x
Real estate	80	101	103	29.9%	1.9%
Investment products	(474)	212	185	x	(12.7%)
Other	(150)	(21)	(40)	x	x

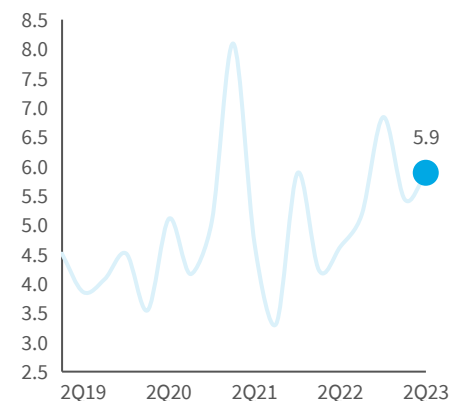
- **Secure portfolio structure:** debt instruments account for 80% of the portfolio, treasury debt is 63% of the portfolio
- **Return on the main portfolio** from FX on liabilities is **at 5.9%** in 2Q23
- **Higher interest result y/y** in view of better performance of floating-coupon instruments as well as purchase of high yield instruments to the portfolio
- **Improvement in equity instruments portfolio result y/y** in particular, as a result of the improvement on the market situation
- **Better y/y result of the real estate portfolio** mainly due to higher income from foreign currency hedging instruments as well as an increase in rental rates

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

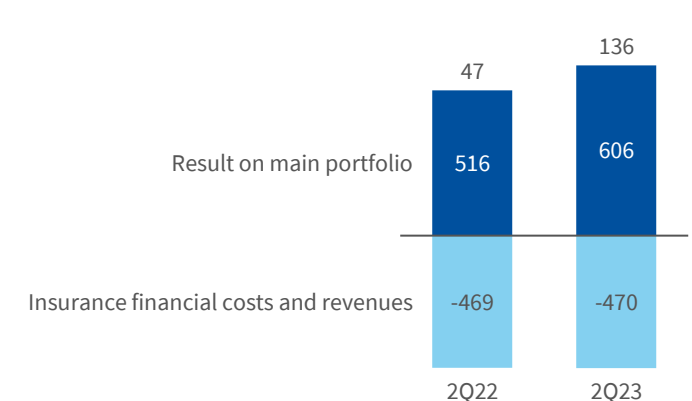


Main portfolio PLN 48.0 billion  
Investment products PLN 6.0 billion

## Return on main portfolio with FX on liabilities (%)



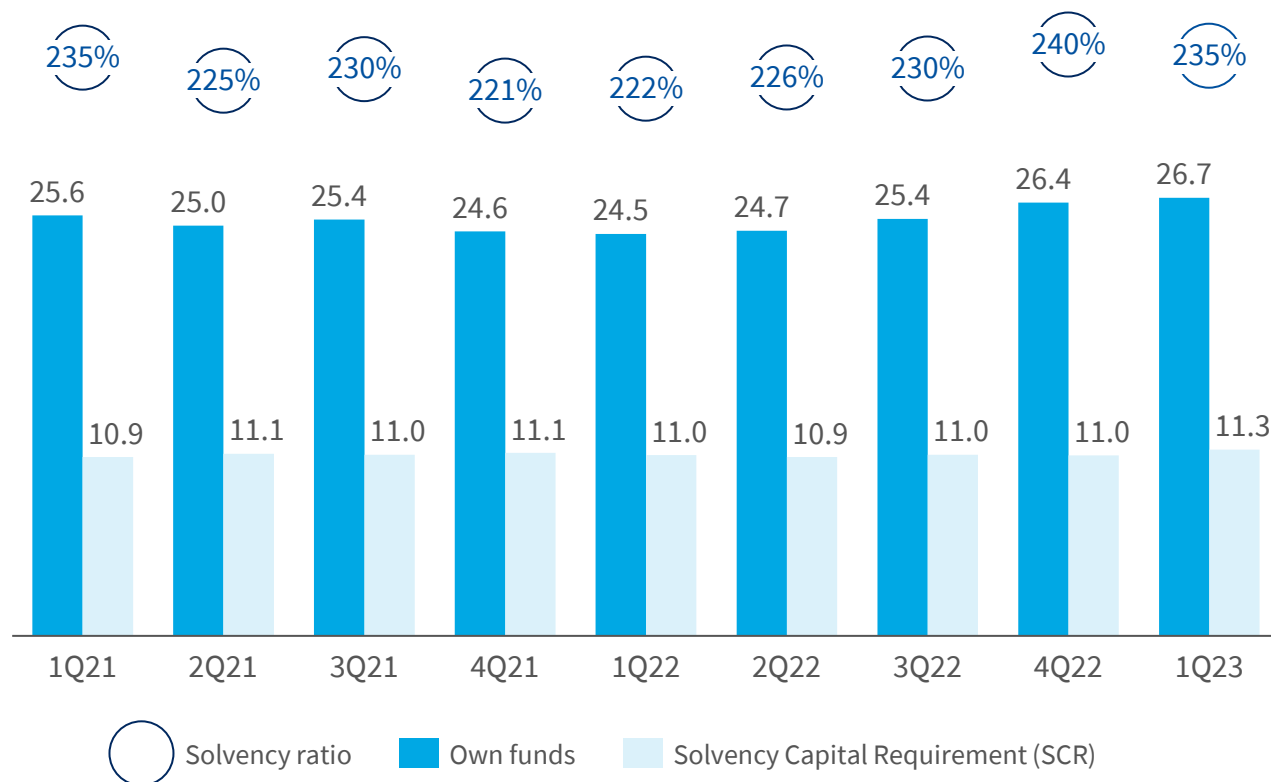
## Result on the main portfolio in relation to insurance costs and revenues\* (m PLN)



\* Excluding unit-linked and Baltic countries

# High level of Group's solvency

## Solvency II ratio<sup>1</sup>, 31 March 2023



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

Annual data based on audited Solvency and Financial Condition Reports (SFCR) available at <https://www.pzu.pl/relacje-inwestorskie>. Other data were unaudited.

1. Quarterly data for 2021-2023 are presented in accordance with the previous methodology. They do not take into account the new rules included in the circular letter of the Polish Financial Supervision Authority (UKNF) to insurance companies dated April 16, 2021, according to which, starting from Q1 2021, a new element in the calculation of the company's and group's solvency in interim periods is an adjustment for the entire amount of expected dividend for the year. Value in line with new rules at 226% in Q1 2023, according to financial statements.  
2. Before the effects of diversification

### Increase in own funds in 1Q23 by PLN 0.3 billion

Main reasons:

- operating cash flow (PLN +1.2 billion)
- investment results (PLN +0.6 billion) and bond valuation (PLN +1.2 billion)
- increase in the best estimate of reserves and reinsurance receivables (PLN -1.2 billion)
- deduction of own funds by 80% of the group's profit attributable to shareholders of the parent company (PLN -0.9 billion PLN)

### SCR growth by 0.3 billion in 1Q23

The main drivers of the q/q decline:

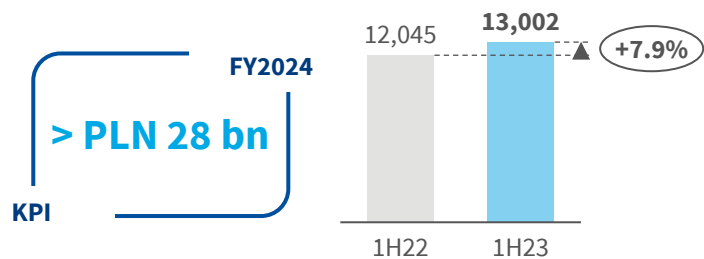
- increase in market risk (PLN +0.2 billion<sup>2</sup>)
- increase in the risk of non-life insurance (PLN +0.3 billion<sup>2</sup>) and of life insurance (PLN +0.1 billion<sup>2</sup>)
- decline in banking sector risk (PLN -0.1 billion)
- increase in income tax adjustment (PLN -0.1 billion)



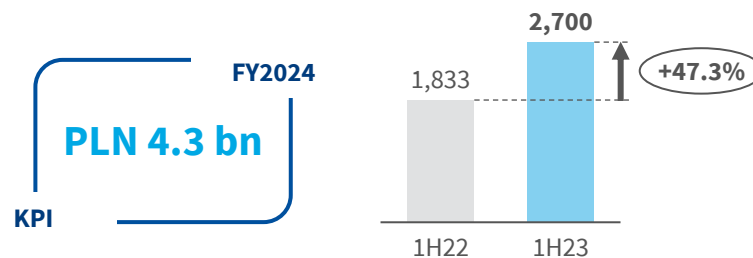
## 4. Strategy

# Strategic goals until 2024 and their implementation

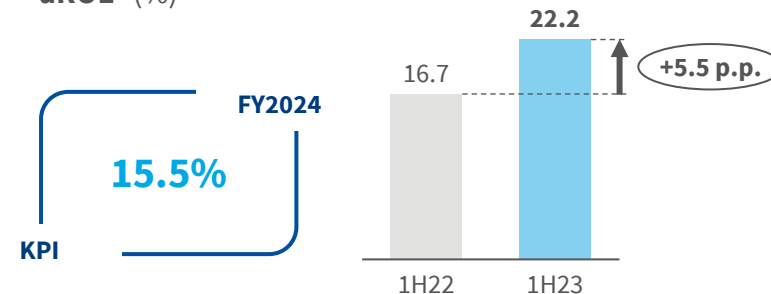
Gross insurance revenue<sup>1</sup> (PLN m)



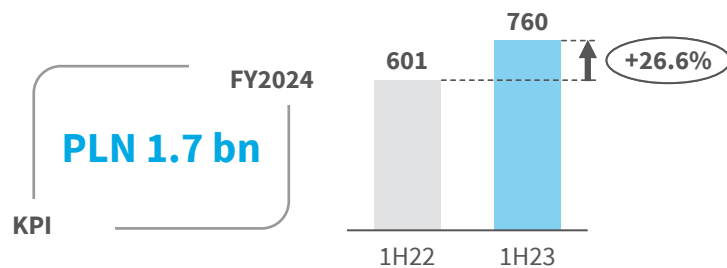
PZU Group's net profit<sup>2</sup> (PLN m)



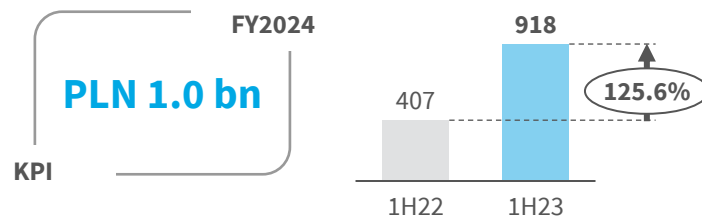
aROE<sup>3</sup> (%)



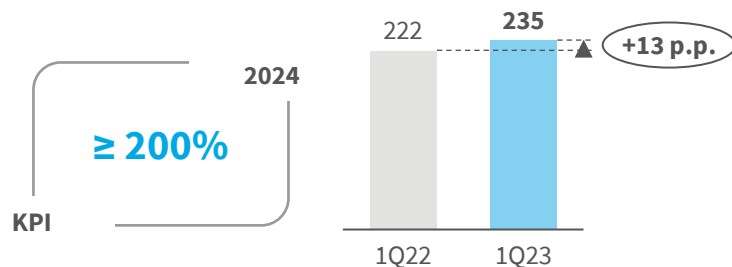
Health Pillar revenue (PLN m)



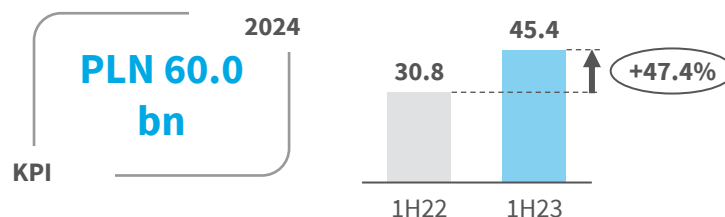
Bank's contribution to PZU Group's net result<sup>2</sup> (PLN m)



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



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



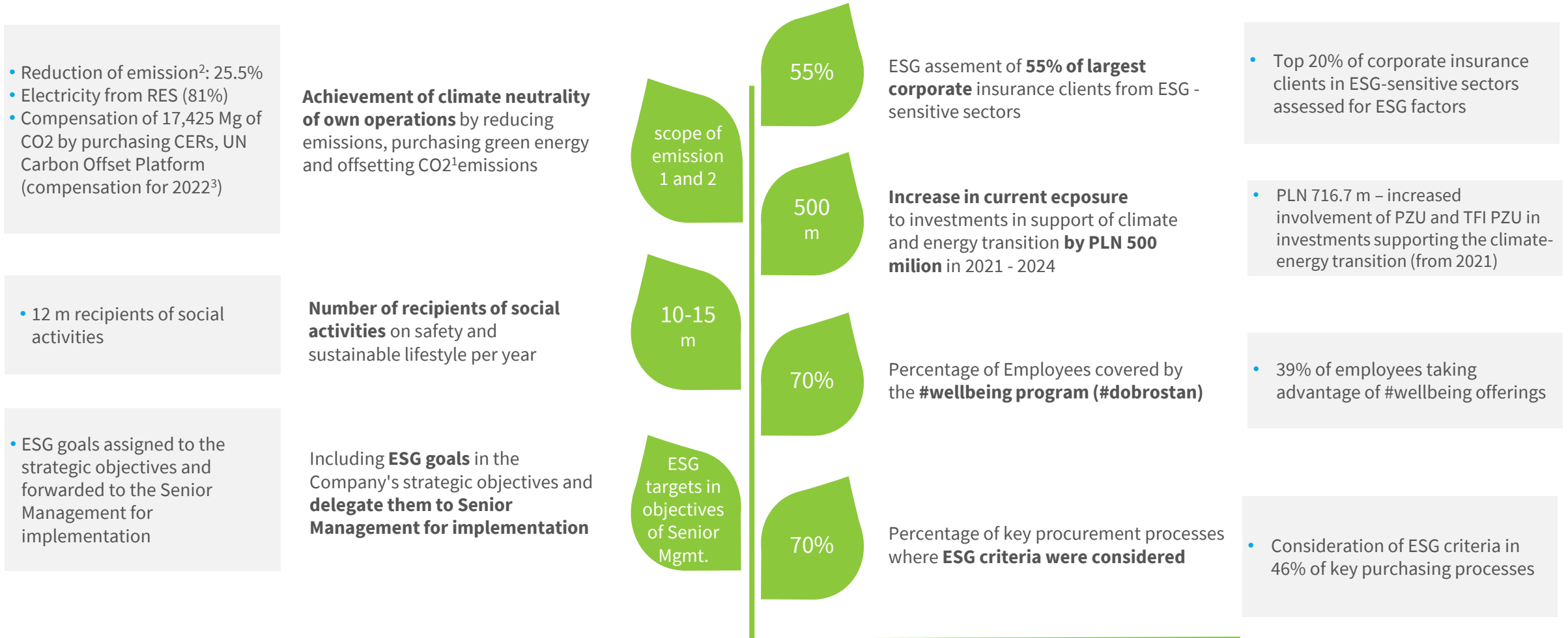
1. PZU Group's gross insurance revenue
2. Net profit attributable to the shareholders of the parent company
3. Adjusted return on equity (aROE %). Calculated on the equity basis excluding other comprehensive income from insurance operations (being the impact of changes in the macroeconomic environment on the PZU Group's capital base)
4. To the exclusion of the rules included in the Polish FSA's circular letter to insurance undertakings dated April 16, 2021. Value in line with new rules at 226% in 1Q23.
5. External client assets under management of TFI PZU, Pekao TFI and Alior TFI

**April 27, 2023** - Presentation titled "The impact of IFRS 17 implementation and changes in the macroeconomic environment on the measures of the PZU Group's Strategy for 2021-2024"

[https://www.pzu.pl/\\_files/1545908](https://www.pzu.pl/_files/1545908)

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

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



1. Climate neutrality of PZU and PZU Life in the area of Scope 1 and Scope 2 emissions  
 2. PZU and PZU Life, location-based method  
 3. As of June 30, 2023.





## 5. Attachments



# PZU Group's results according to IFRS 4

<b>PZU Group, m PLN</b>	<b>2Q22</b>	<b>1Q23</b>	<b>2Q23</b>
Gross written premiums	6,394	7,053	<b>6,961</b>
Net earned premiums	5,923	6,261	<b>6,545</b>
Revenues from commissions and fees	1,326	1,285	<b>1,363</b>
Gross investment income	3,524	6,693	<b>6,960</b>
Net insurance claims and benefits	-3,429	-4,382	<b>-4,278</b>
Costs of commissions and fees	-359	-376	<b>-418</b>
Interest expenses	-883	-2,196	<b>-2,290</b>
Acquisition expenses	-959	-1,051	<b>-1,130</b>
Administrative expenses	-1,938	-2,083	<b>-2,282</b>
Other operating income and expenses	-1,329	-812	<b>-475</b>
Share of the FS of entities measured by the equity method	-6	-2	<b>6</b>
Profit before tax	1,873	3,338	<b>4,002</b>
Income tax	-615	-835	<b>-865</b>
Net profit	1,258	2,503	<b>3,137</b>
Net profit (loss) attributed to holders of non-controlling interests	536	1,422	<b>1,714</b>
<b>Net profit (loss) attributable to the equity holders of the parent company</b>	<b>722</b>	<b>1,081</b>	<b>1,423</b>

# PZU Group's results according to IFRS 4 by business type

mn PLN	2Q22	1Q23	2Q23	Change y/y	Change q/q
<b>PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO<sup>1</sup></b>					
Gross written premium	6,394	7,053	6,961	8.9%	(1.3%)
Net earned premium	5,923	6,261	6,545	10.5%	4.5%
Net insurance claims and benefits paid	(3,426)	(4,382)	(4,278)	24.9%	(2.4%)
Net investment result (ex banking activities)	(157)	753	739	x	(1.8%)
Administrative expenses	(456)	(546)	(559)	22.8%	2.5%
Acquisition expenses	(959)	(1,051)	(1,130)	17.8%	7.5%
Operating profit (loss)	795	890	1,152	44.8%	29.4%
Net profit (loss) attributable to equity holders of the parent company	556	669	917	64.9%	36.9%
<b>BANKS: ALIOR AND PEKAO</b>					
Net profit (loss) attributable to equity holders of the parent company	166	412	506	204.8%	22.8%
<b>NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>722</b>	<b>1,081</b>	<b>1,423</b>	<b>97.1%</b>	<b>31.6%</b>
<b>MAIN FINANCIAL RATIOS (%)</b>					
ROE2	18.1	23.6	30.1	12.0 p.p.	6.5 p.p.
Combined ratio <sup>3</sup>	87.7	91.8	88.4	0.7 p.p.	(3.4) p.p.
Margin <sup>4</sup>	12.3	16.0	26.7	14.4 p.p.	10.7 p.p.
Administrative expense ratio of PZU, PZU Życie	7.4	8.3	8.1	0.7 p.p.	(0.2) p.p.
Acquisition expense ratio of PZU, PZU Życie	16.6	17.1	17.0	0.4 p.p.	(0.1) p.p.

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

# Profitability by operating segments according to IFRS 4 / PAS

Insurance segments	Gross written premium			Insurance result / operating result			Combined ratio / Margin		
	m PLN, local GAAP	2Q22	2Q23	change y/y	2Q22	2Q23	change y/y	2Q22	2Q23
<b>Total non-life insurance – Poland</b>		3,752	3,950	5.3%	504	588	16.7%	87.7%	88.5%
Mass insurance – Poland		2,820	3,054	8.3%	396	334	(15.5%)	88.2%	92.3%
Motor TPL		1,061	1,103	4.0%	44	(11)	x	95.7%	101.4%
MOD		749	857	14.4%	71	62	(13.5%)	88.9%	91.6%
Other products		1,010	1,094	8.3%	194	169	(12.7%)	80.0%	83.5%
Impact of allocation to the investment segment <sup>1</sup>		x	x	x	87	115	32.0%	x	x
<b>Corporate insurance – Poland</b>		932	897	(3.8%)	108	254	135.2%	85.4%	72.4%
Motor TPL		146	161	10.0%	7	1	(86.2%)	97.5%	100.0%
MOD		198	243	22.9%	30	39	29.3%	84.3%	81.7%
Other products		588	493	(16.2%)	50	138	176.4%	79.4%	51.3%
Impact of allocation to the investment segment <sup>1</sup>		x	x	x	21	77	258.7%	x	x
<b>Total life insurance – Poland</b>		2,038	2,270	11.4%	247	512	107.4%	12.1%	22.6%
<b>Group and individually continued insurance - Poland</b>		1,780	1,840	3.4%	219	492	124.5%	12.3%	26.7%
Individual insurance – Poland		258	430	66.5%	28	21	(26.2%)	10.9%	4.8%
<b>Total non-life insurance – Ukraine and Baltic States</b>		580	707	21.9%	32	91	184.4%	85.8%	87.6%
Baltic countries		541	657	21.4%	49	81	65.3%	88.9%	87.2%
Ukraine		39	50	28.2%	(17)	10	x	92.1%	92.5%
<b>Total life insurance – Ukraine and Baltic States</b>		34	36	5.9%	(39)	11	x	(114.7%)	30.6%
Lithuania		23	25	8.7%	2	0	x	8.7%	x
Ukraine		11	11	0.0%	(41)	11	x	(372.7%)	100.0%

<sup>1</sup> Investment result allocated to segments by real investment income from investments according to IFRS from assets to cover RTU (group allocation); 2022 data restated

# Gross written premium of the PZU Group

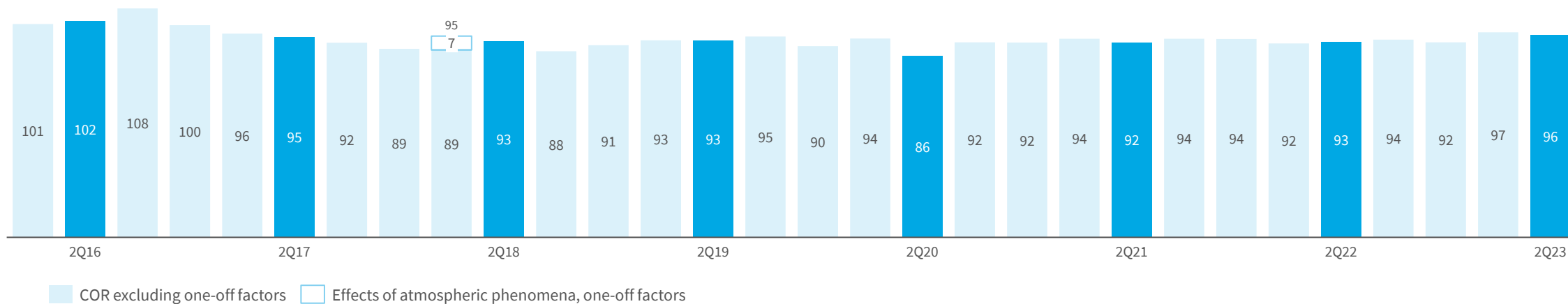
Insurance segments m PLN, local GAAP	2Q22	1Q23	2Q23	Change y/y	Change q/q
<b>External gross written premium</b>	<b>6,394</b>	<b>7,053</b>	<b>6,961</b>	8.9%	(1.3%)
<b>Razem ub. majątkowe i osobowe - Polska</b>	<b>3,740</b>	<b>4,111</b>	<b>3,950</b>	<b>5.6%</b>	<b>(3.9%)</b>
Mass insurance – Poland	2,819	3,240	3,050	8.2%	(5.9%)
Motor TPL	1,061	1,146	1,103	4.0%	(3.8%)
MOD	749	917	857	14.4%	(6.5%)
Other products	1,009	1,177	1,090	8.0%	(7.4%)
Corporate insurance – Poland	921	871	900	(2.3%)	3.3%
Motor TPL	146	159	160	9.6%	0.6%
MOD	197	227	242	22.8%	6.6%
Other products	578	485	498	(13.8%)	2.7%
<b>Total life insurance – Poland</b>	<b>2,038</b>	<b>2,206</b>	<b>2,270</b>	<b>11.4%</b>	<b>2.9%</b>
Group and individually continued insurance - Poland	1,780	1,828	1,840	3.4%	0.7%
Individual insurance – Poland	258	378	430	66.5%	13.6%
Premium on protection products	194	181	215	10.8%	18.8%
Premium on periodic investment products	42	34	31	(26.2%)	(8.8%)
Premium on single investment products	22	164	184	736.4%	12.2%
<b>Total non-life insurance – Ukraine and Baltic States</b>	<b>580</b>	<b>700</b>	<b>707</b>	<b>21.9%</b>	<b>1.0%</b>
Baltic countries	541	663	657	21.4%	(0.9%)
Ukraine	39	37	50	28.2%	35.1%
<b>Total life insurance – Ukraine and Baltic States</b>	<b>34</b>	<b>36</b>	<b>36</b>	<b>5.9%</b>	<b>0.0%</b>
Lithuania	23	25	25	8.7%	x
Ukraine	11	11	11	x	x



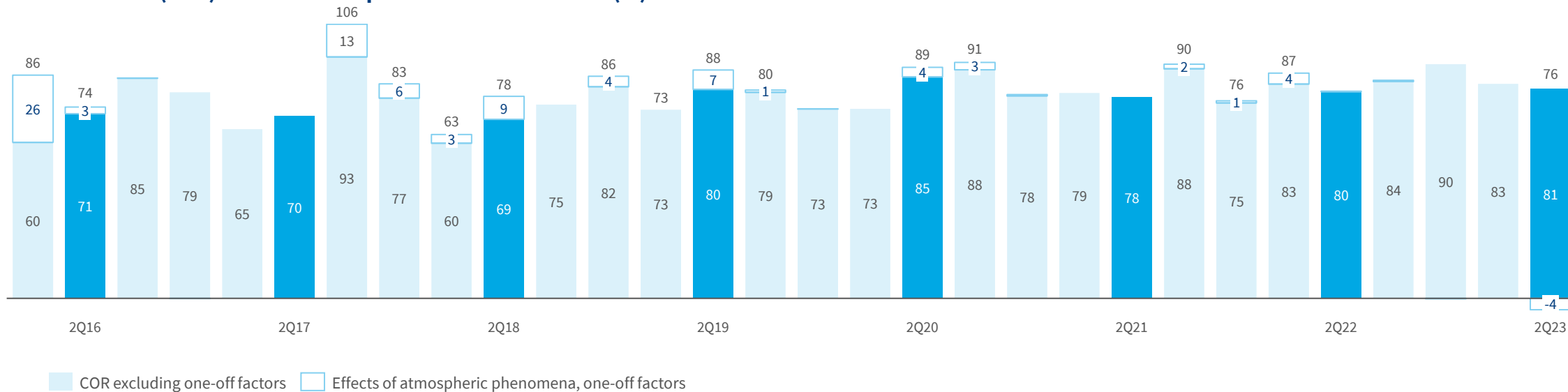


# Non-life insurance under IFRS 4

**Combined Ratio (COR) from PZU Group's motor insurance (%)**

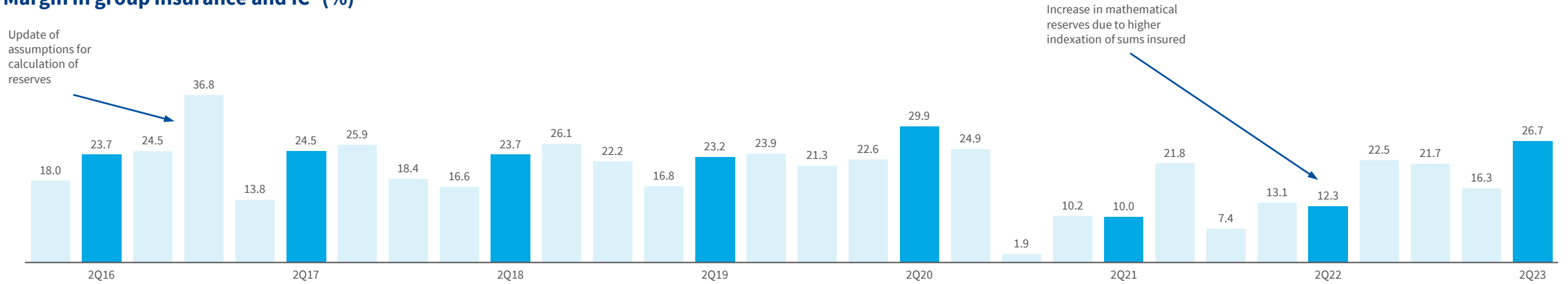


**Combined Ratio (COR) from PZU Group's non-motor insurance (%)**

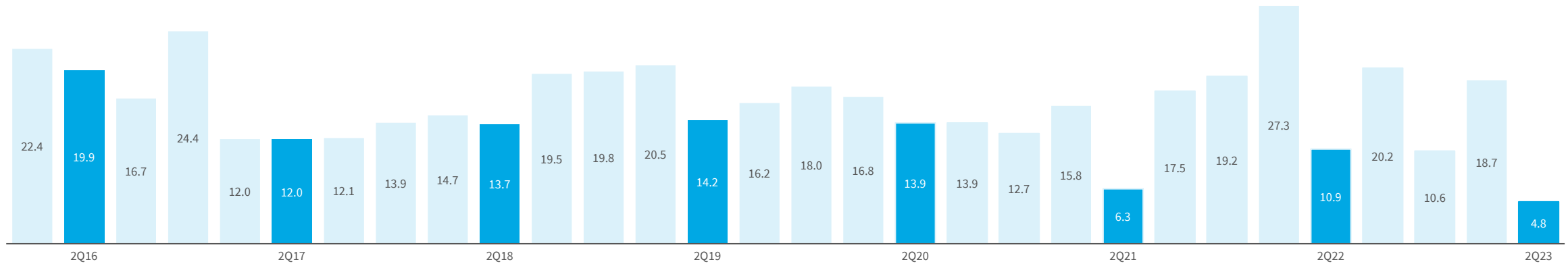


# Life insurance under IFRS 4

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



## Margin in individual insurance (%)

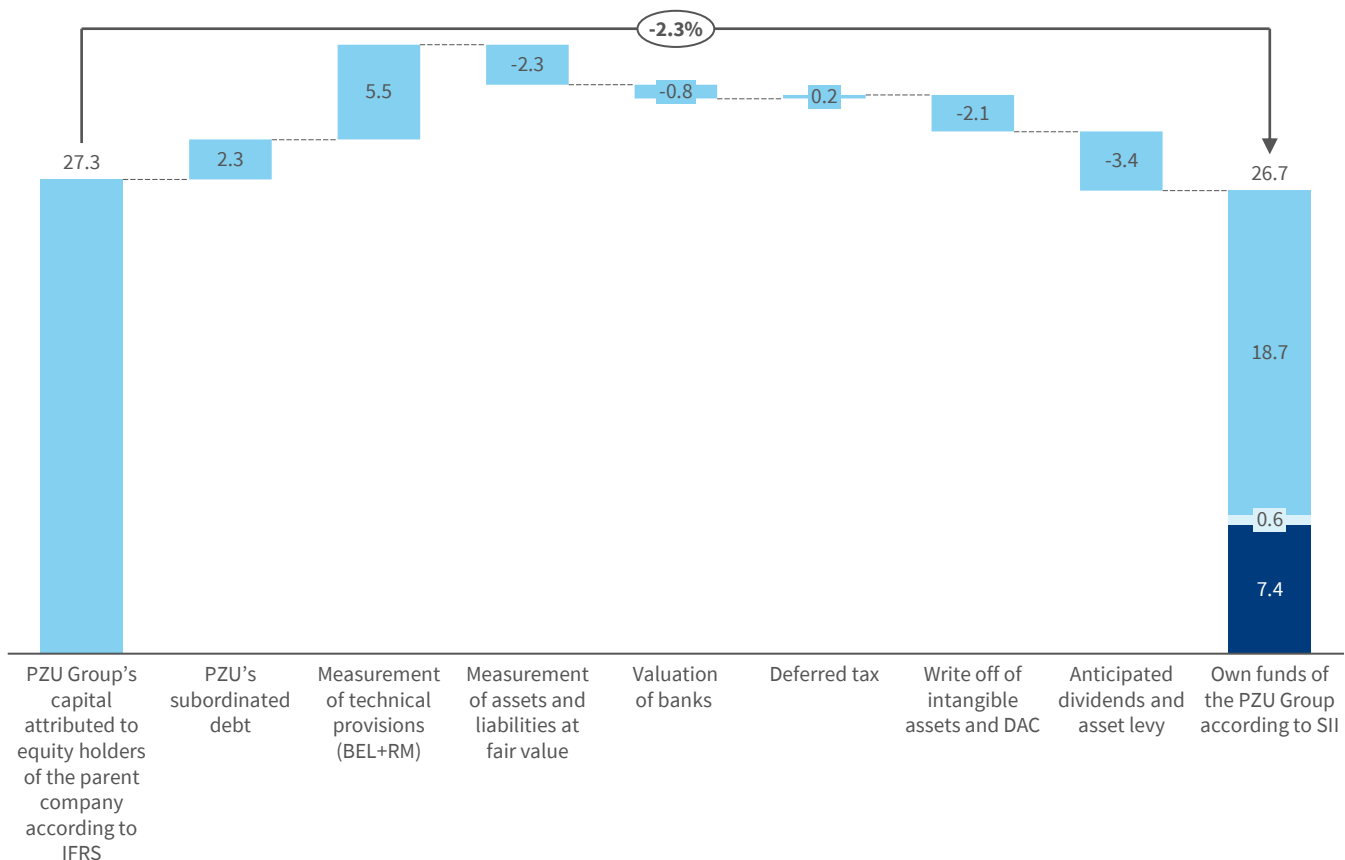


1. Margin in group insurance and CI until Q4 2019 excluding conversion effect; from Q1 2020 without excluding conversion effect  
 2. The reserve for unexpired risks is intended to cover a possible deficit in future premiums as a result of higher mortality expectations due to the COVID-19 pandemic in the subsequent quarters

# Own funds

PZU Group's data in Solvency II as of March 31, 2023 (PLN billion)

## Comparison of equity and consolidated according to IFRS



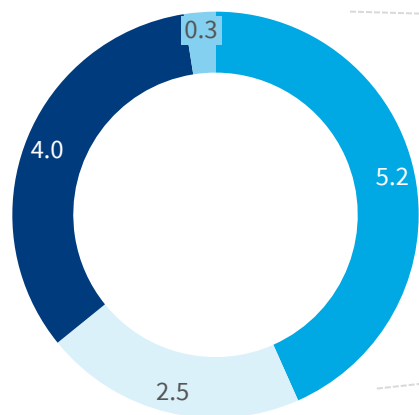
### Own funds according to WII:

- contractual service margin is the main reason for differences in valuation of the technical insurance provisions
- reduced by the expected dividend as recommended by the Management Board (PLN 2.40 per share) and 80% of PZU Group's profit attributable to shareholders of the parent company
- reduced by projections of the amount of tax on assets foreseen to be paid by insurance companies within 12 months after the balance sheet date (according to the letter from the Polish FSA)

# Solvency capital requirement (SCR)

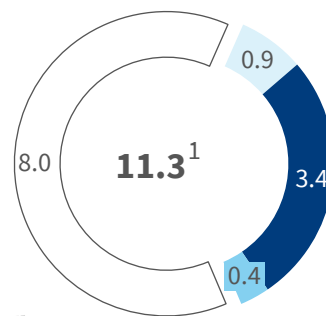
PZU Group's data in Solvency II as of 31 March 2023 (PLN billion)

## 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)

Increase of solvency requirement of PLN 0.34 billion in 1Q23.

Main reasons for SCR changes:

- PLN 0.23 billion increase in market risk<sup>2</sup> caused by:
  - PLN 0.31 billion increase in rate risk<sup>2</sup> due to the acquisition of long-term bonds
  - an increase in share price risk (PLN +0.09 billion<sup>2</sup>) after an increase in the capital charge (increase in the *symmetric adjustment* by 4 p.p.)
  - an increase in currency risk following the withdrawal of ratings for the collateral issuer (PLN +0.07 billion<sup>2</sup>)
- an increase in risk in non-life insurance (+ PLN 0.29 billion<sup>2</sup>) - driven by an increase in scheduled premiums for vehicle insurance and an increase in catastrophe exposures
- an increase in tax adjustment due to increase in requirements and as a result of increase in market value of bank shares (non-tax items, PLN -0.09 billion<sup>2</sup>)
- a decline in bank requirements (PLN -0.07 billion<sup>2</sup>) following a decline in credit exposures and establishing of reserves.

1. The difference between SCR and total: BSCR, operational risk, the requirement of the banking sector and other financial institutions is due to the tax adjustment (LAC DT).  
 2. Before the effects of diversification

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# Thank you

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