



PZU Group's Financial Results

in 4Q21 and 2021

Warsaw, 24 March 2022

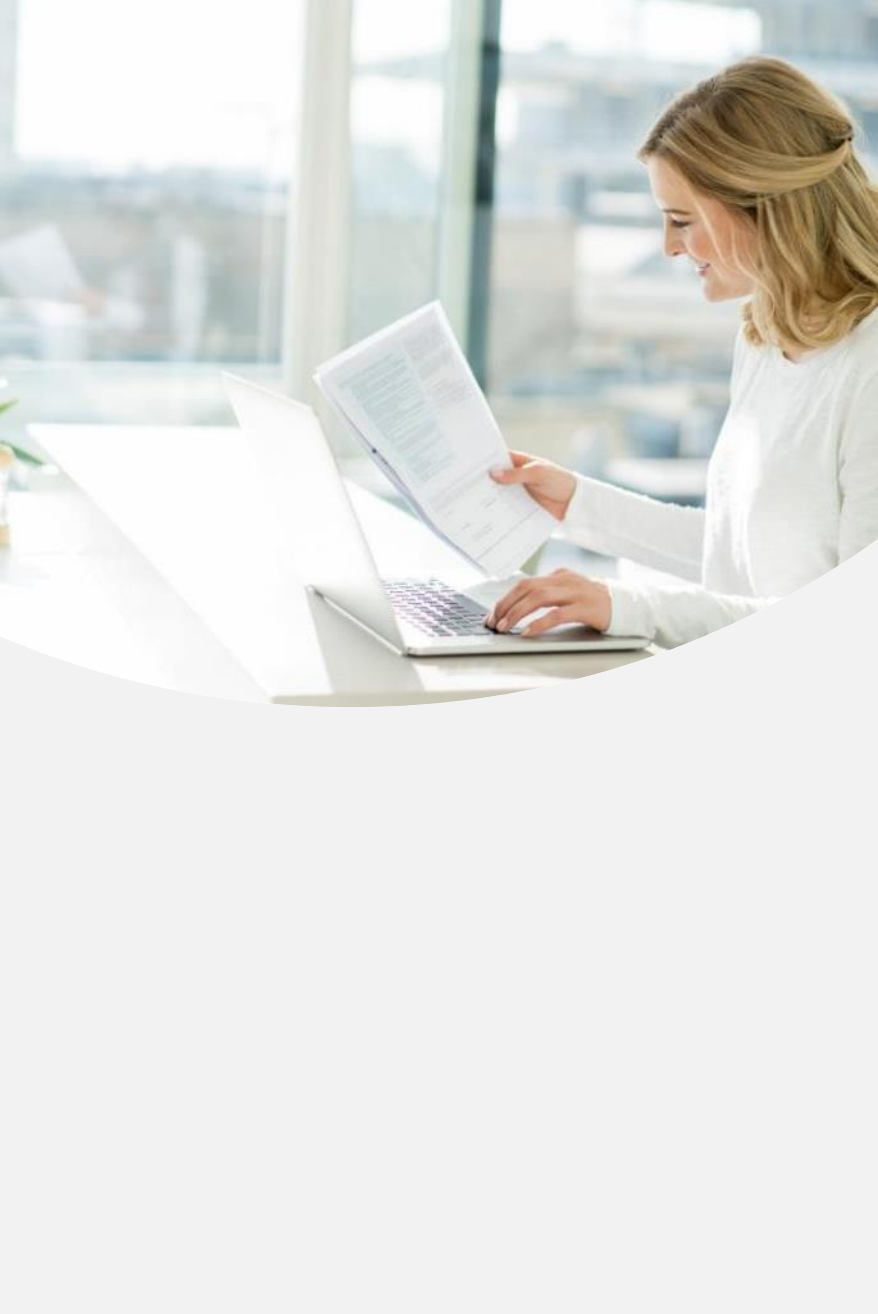


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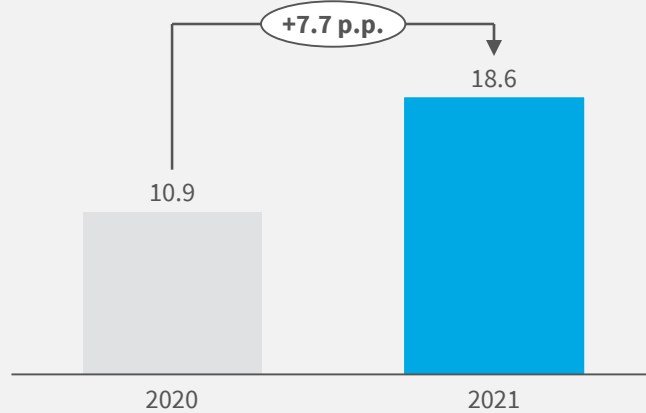
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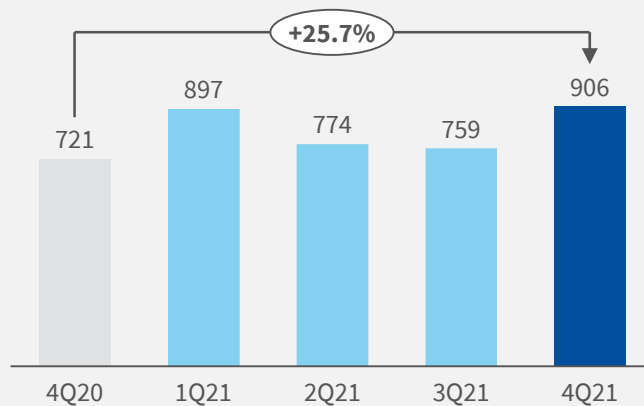
1. PZU Group's main accomplishments

Record-breaking result since the IPO in challenging market conditions

PZU Group's ROE (%)¹



PZU Group's net profit



Diversified model

Business model diversification as the recipe for recurring robust results: **high profitability of non-life insurance, rebuilding banking income**



High profitability

ROE of 21.0% in 4Q and 18.6% in the full year of 2021 – above the targets set in the strategy



Stability and security

A- rating, high solvency ratios, capacity to generate a high recurring capital, **solvency ratio substantially better than posited in the strategy, safe and diversified investment portfolio**



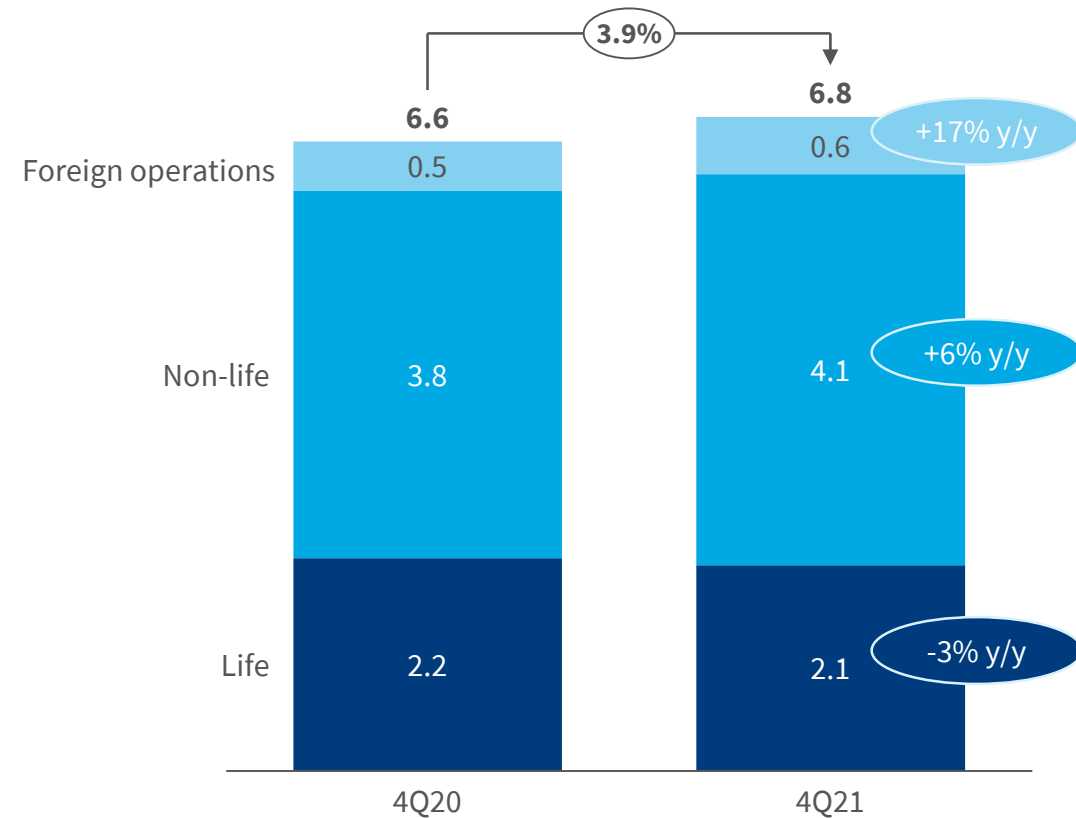
Sustainable growth

Reducing carbon footprint, strengthening initiatives advancing the green energy transition – observed by rating agencies – **improved ESG ratings**

1. Net profit and equity attributable to equity holders of the parent company
 2. 3Q21 data
 3. Dividend yield: dividend per share of 3.5 PLN paid in reference to the closing share price on the day before the dividend cutoff date

Highest sales in history on an annual and quarterly basis

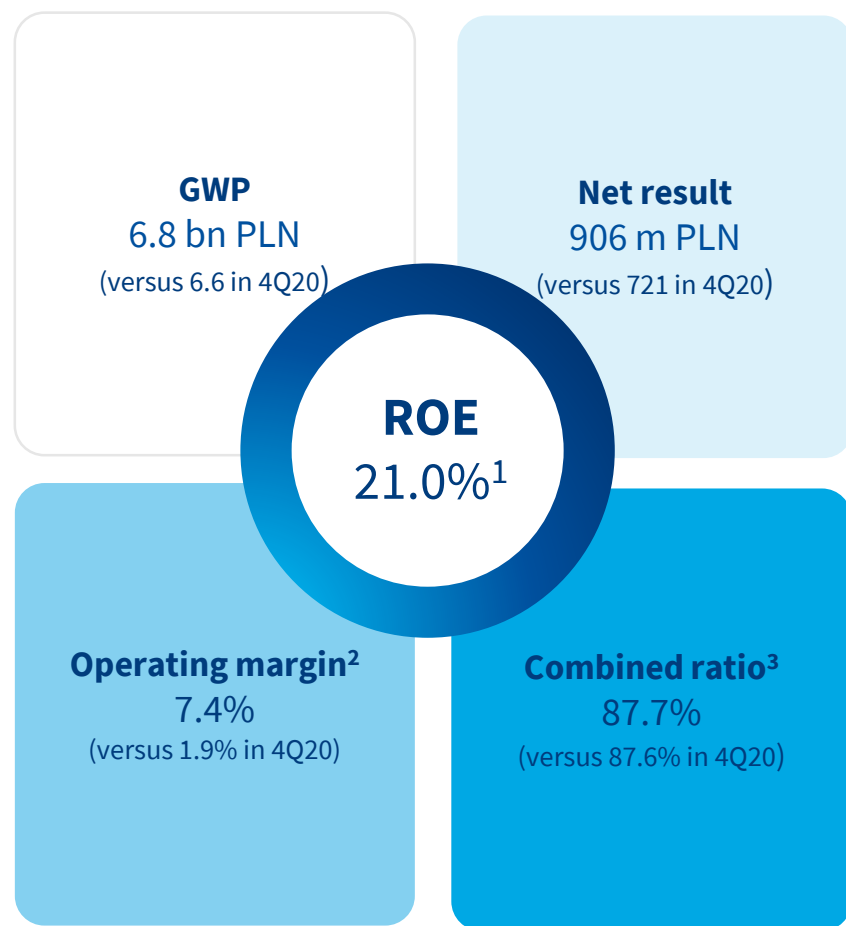
Gross written premium and its growth in 4Q21 (bn PLN)



- **Premium in 2021 up 5.1% achieved a record-breaking level of 25.1 bn PLN. Revenue in 4Q21 also record-breaking at 6.8 bn PLN**
- Strong **demand for non-motor insurance** (+11.1% y/y), especially in mass insurance (+30.7% y/y). Growth in gross written premium in motor insurance by 2.5% y/y despite greater market competitiveness and price contraction
- Intensive sales growth in the bancassurance channel: gross written premium **attracted in collaboration with the PZU Group's banks +75.6% y/y**
- Ongoing dynamic **growth in the demand for private medical services; health revenue up 24.7%¹ y/y** in 2021, high growth in revenue generated by medical centers (+29.2% y/y) in insurance and subscriptions
- Intensive development of the **investment pillar** – assets under management grew by 6.6% to 35.1 bn PLN at the end of 2021, with assets held by TFI PZU seeing incremental growth of 9.1% y/y. TFI PZU among the top players in terms of sales in 2021
- **Net Asset Value in PPK at 1.4 bn PLN** – assets up 3.5 times from a year ago. First place in terms of the number of acquired companies and second place measured by assets

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

Business profitability surpasses strategic ambitions – ROE of 18.6% in 2021 and 21.0% in 4Q21



- **Return on equity¹ in 4Q21 of 21.0% and 18.6% year-to-date** – above the strategic objectives in both cases. PZU consistently among the insurers generating the highest ROE in Europe
- High profitability of non-life insurance – combined operating ratio of **87.7% in 4Q21 with no significant changes versus 4Q20** despite the loosening of COVID-19 restrictions, substantially higher frequency of claims and claim-side inflation
- Improved profitability **in non-motor insurance** – the combined operating ratio in 4Q21 moved down 2.4 p.p. y/y
- **Very strong investment result** in a low interest rate environment, the return on the portfolio exceeded the risk-free rate by **4.1 p.p. in 4Q21** and by **4.8 p.p. in 2021**
- **Operating margin in group and individually continued insurance at 7.4% in 4Q21 and 12.4% in the full year of 2021** - influenced by the fourth wave of COVID-19, albeit to a substantially lesser degree than a year ago (1.9% in 4Q20).
- **Costs under strict control;** despite pressure to raise wages and other costs related to the COVID-19 pandemic, the cost ratio⁴ was 7.1% in 2021 and 7.9% in 4Q21 (versus 7.0% in 2020 and 7.4% in 4Q20)

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

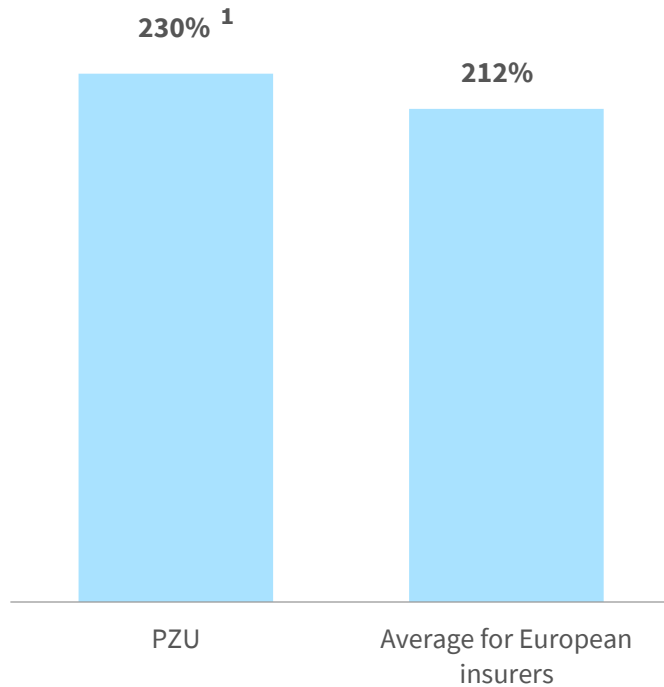
2. Margin in 4Q20 and 4Q21 for the group and individually continued insurance segment

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

4. PZU and PZU Życie

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

The Solvency II ratio for the PZU Group compared to the average for European insurers²



- Solvency II ratio as at 30 September 2021 at very high levels across Europe: **230%¹ at the Group level**
- S&P Global Ratings upheld the **A-** rating with a stable outlook in November 2021
- **Safe and diversified investment portfolio:** greater share of portfolios securing a high level of profitability, including corporate debt with an investment-grade rating
- **Solid preparation to face market turbulence:** low equity exposure, closed FX position

1. Data as at 30 September 2021. Calculation according to the current methodology. It does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings dated 16 April 2021, according to which starting as of 1Q21 there is a new element in the solvency calculation of the undertaking and the group in interim periods being the adjustment for the entire amount of the anticipated dividend for 2021

2. Average for 15 European insurers, data as at 3Q21

Multifaceted measures to respond to the war between Russia and Ukraine

Support for PZU employees from Ukraine

- aid offered to more than 700 families of Group employees
 - accommodation
 - medical care
 - psychological support
 - means of sustenance

Material support for people crossing the border

- 30-day motor TPL insurance for Ukrainians fleeing the war
- free-of-charge medical care in more than 50 of PZU Zdrowie's medical centers

PZU volunteerism activities

- collections of physical donations
- funding selected initiatives run by employees who are helping Ukraine on their own
- reimbursing the fuel costs incurred by PZU volunteers involved in helping refugees
- providing other physical assistance, among others, delivering more than 15,000 power banks
- collection for refugees



#SolidarnizUkrainą
#СолідарнізУкраїною

First Contact Center Platform

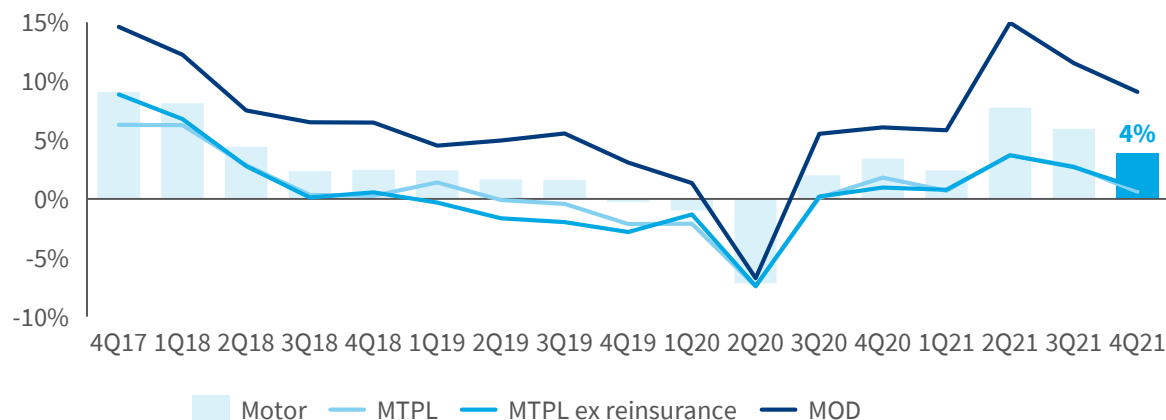
The PZU Group is the operator of the First Contact Center Platform set up by the Ministry of Health, which also operates in the Ukrainian language (gov.pl/tpk). It gives the citizens of Ukraine arriving in Poland at all times of the day access to the professional assistance offered by the insurer's consultants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



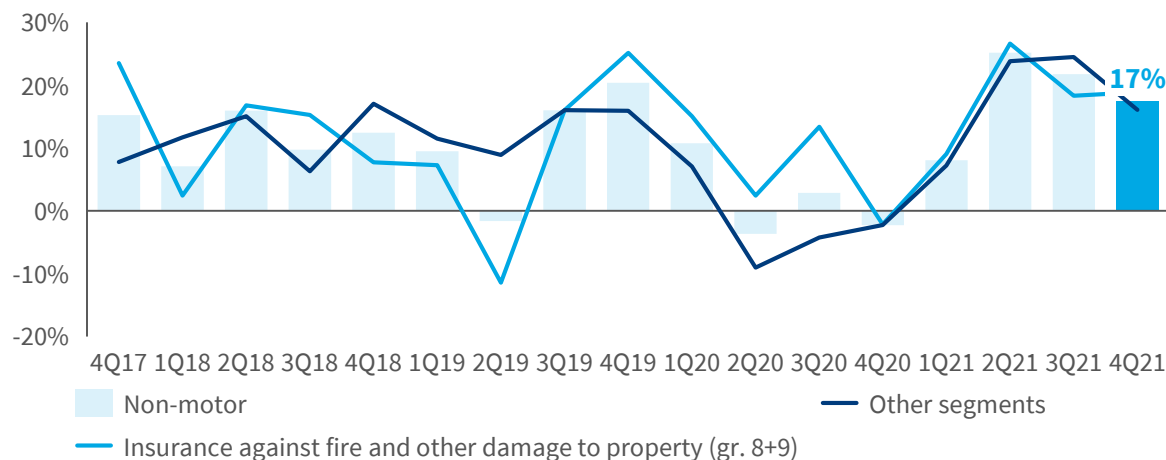
2. Business development

Trends on the non-life insurance market in Poland

Growth rate of the motor insurance market¹, y/y

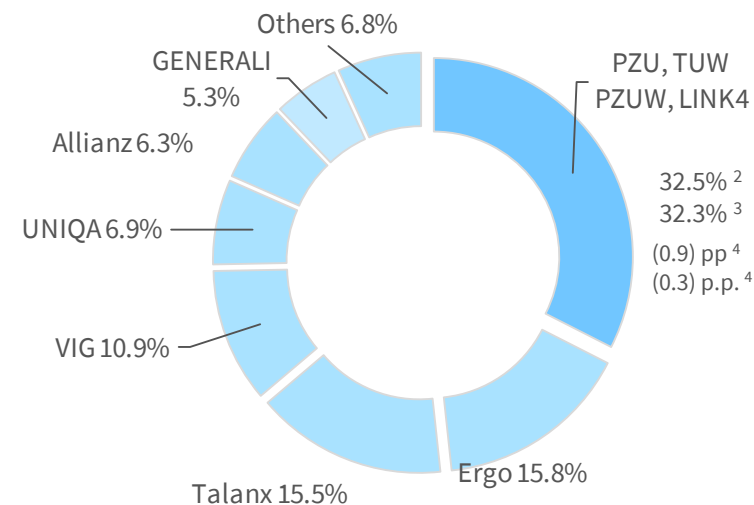


Growth rate of the non-motor insurance market¹, y/y



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

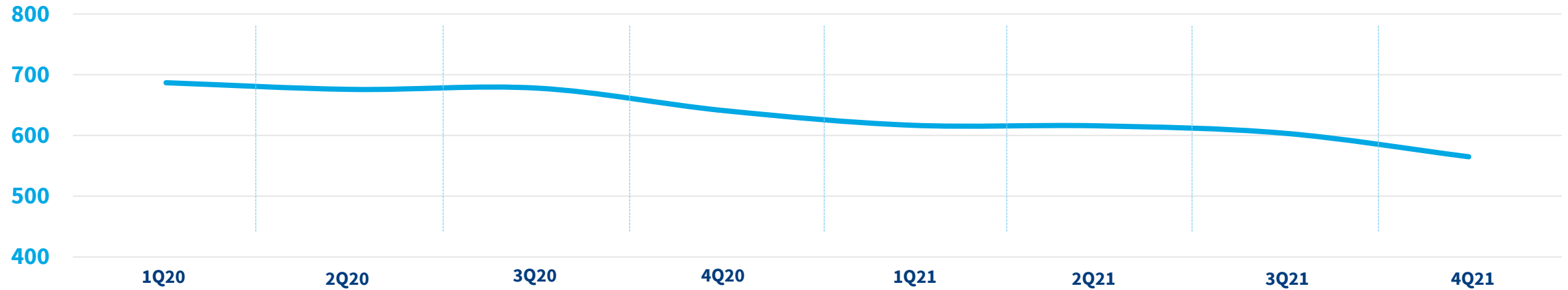
Market shares²



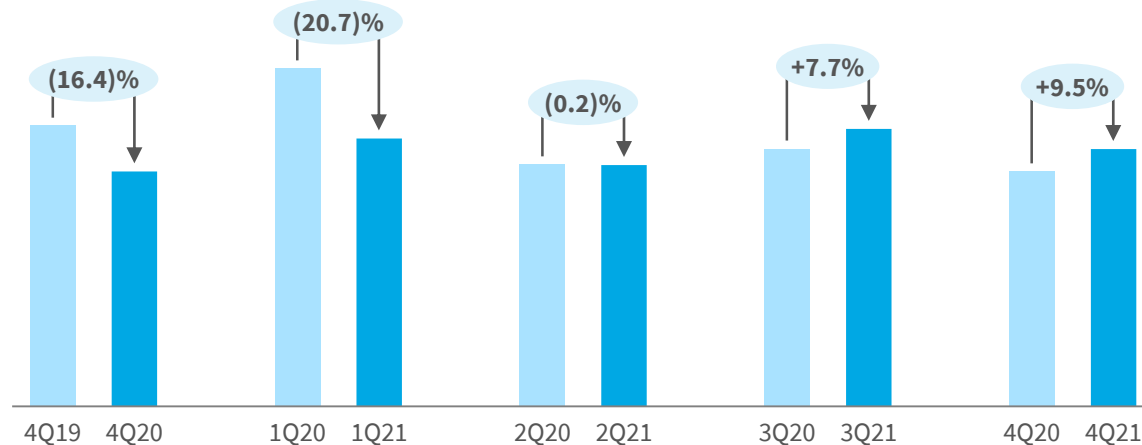
1. According to the Polish FSA's 4Q21 report
 2. According to the Polish FSA's 4Q21 report; the market and market shares including PZU's inward reinsurance from LINK4 and TUW PZUW
 3. PZU Group's market share in non-life insurance on direct business in 4Q21
 4. Movement in market share y/y on PZU's inward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

Motor insurance – change in the average price and claims frequency

Change in the average market price for motor TPL



Change in claims frequency in motor insurance¹



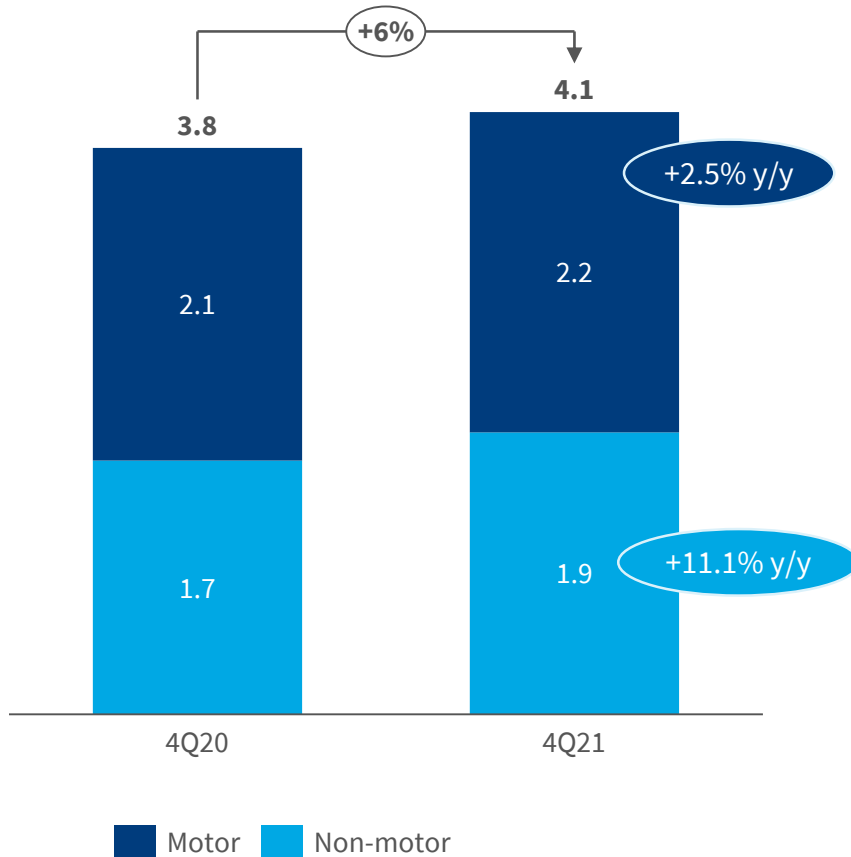
- **Gradual return of claims frequency** to pre-pandemic levels on a market exhibiting declining prices, high inflation and a rising EUR exchange rate is exerting an adverse impact on the results generated by the market
- In 2021 the market's technical result in motor insurance fell -11.3% y/y, with MOD at -22.7% y/y. Technical result in motor TPL insurance in 4Q21 negative at -83.4 m PLN
- **Stemming the diminishing price trend in December 2021** when prices climbed for the first time in many months even though the full fourth quarter had the lowest average price in the full year of 2021²

1. Data based on KNF Biuletyn Kwartalny [PFSA Quarterly Bulletin]

2. Point's proprietary report – insurance comparison engine

Non-life insurance

PZU Group's gross written premium in 4Q21, amount (bn PLN) and growth rate

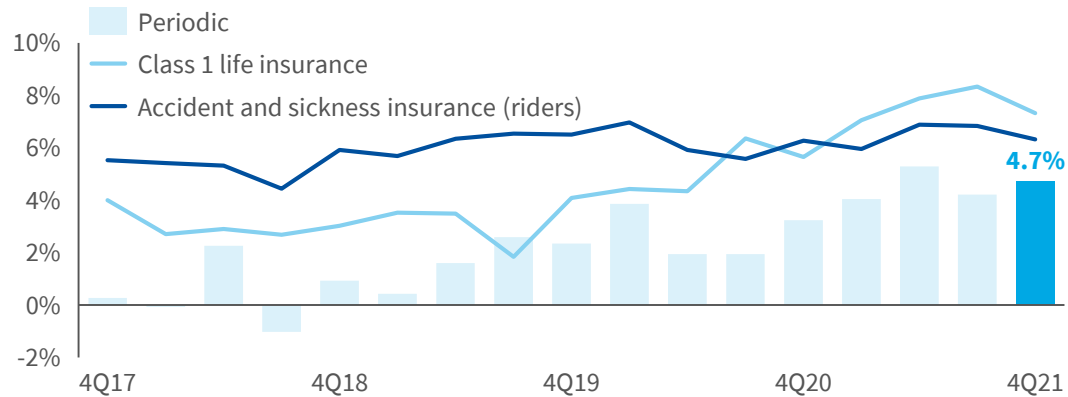


Growth in gross written premium in the non-motor insurance class of 11.1% y/y and in motor of 2.5% y/y, of which:

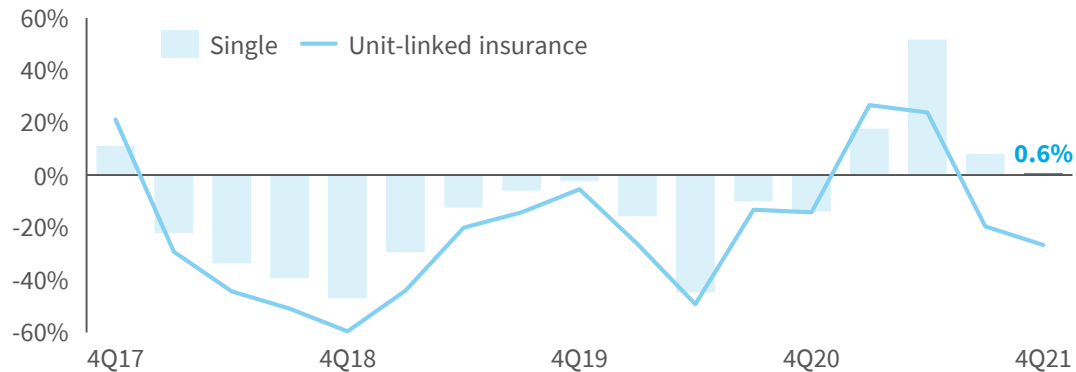
- sales of **non-motor mass insurance** were up **30.7% y/y**, mostly on crop insurance and insurance offered in collaboration with the PZU Group's banks. Effect bolstered by the high premium generated on household and SME insurance;
- lower premium in **corporate non-motor** insurance (**-9.7% y/y**), including construction insurance;
- **incremental growth in motor insurance premium (+2.5% y/y)** in a high price pressure environment featuring unabated rivalry for clients.

Trends on the life insurance market

Growth rate of periodic premium insurance¹ y/y

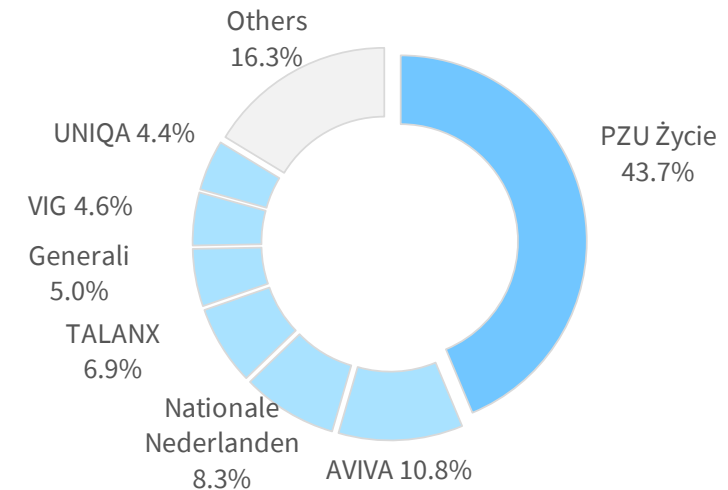


Growth rate of single premium insurance¹ y/y



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

Periodic premium market shares² in 2021

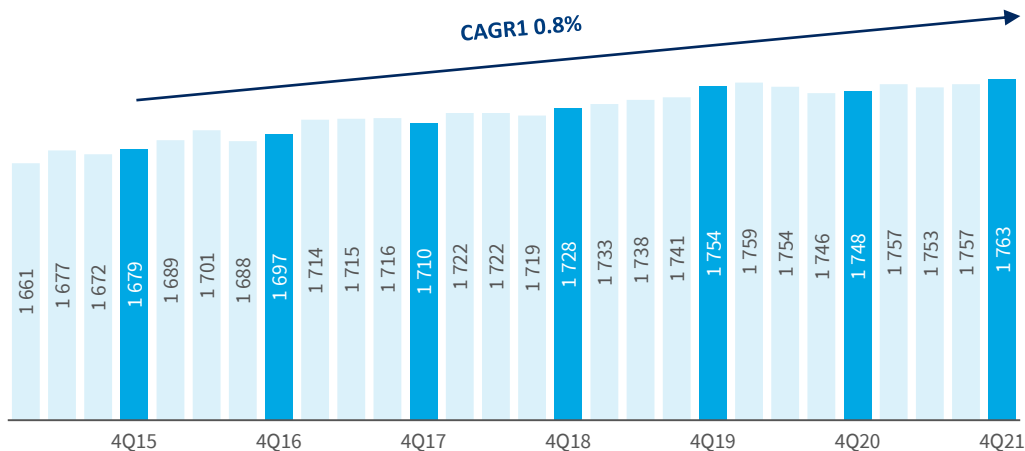


1. According to the Polish FSA's 4Q21 report

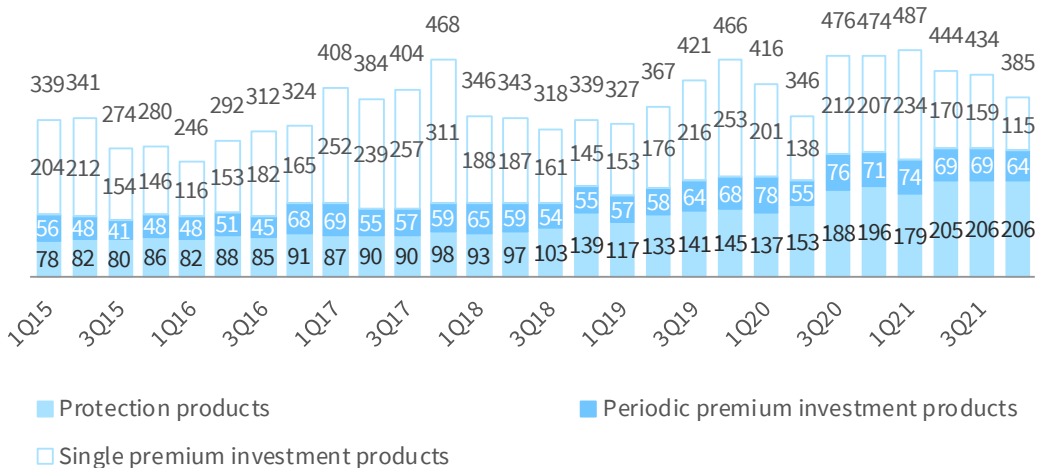
2. PZU Group's share of gross written premium on periodic premium insurance according to the 4Q21 Polish FSA report

Life insurance

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



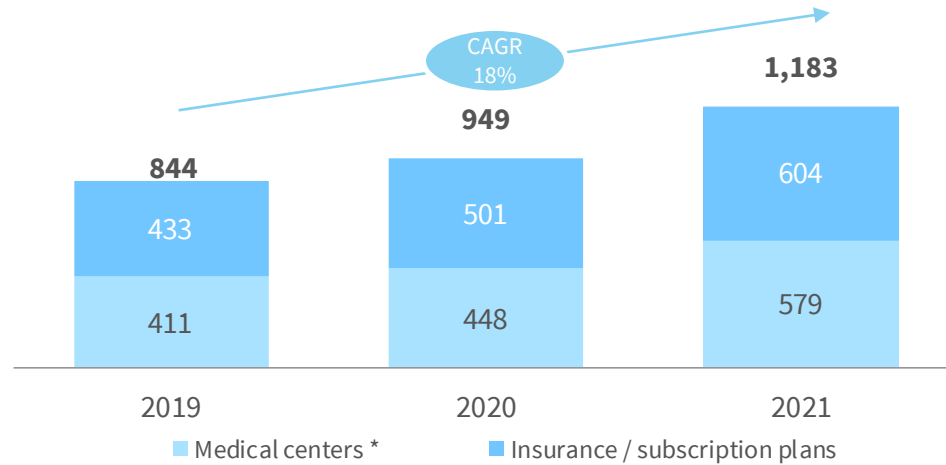
PZU Życie's gross written premium on individual insurance (m PLN)



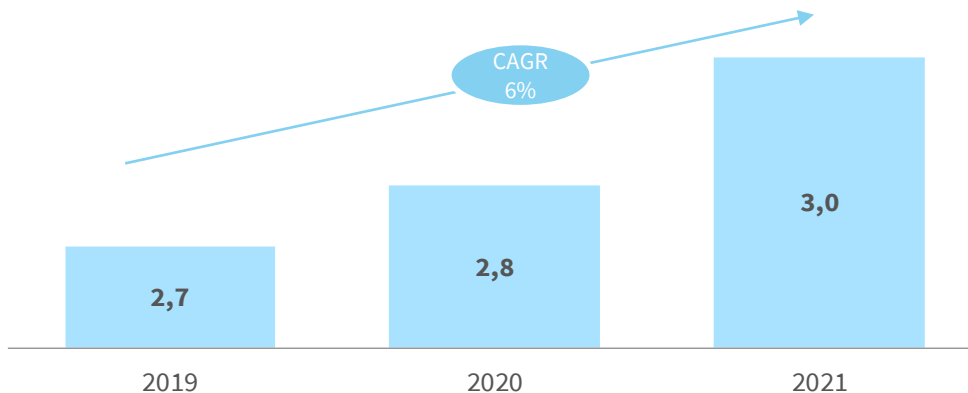
- PZU Group's stable premium in **group and individually continued life insurance in 4Q21 y/y** in Poland despite the adverse consequences of the pandemic
- Expanding portfolio of health insurance**, which has posted record-breaking results measured by collected premium, especially for ambulatory contracts. At the end of 4Q21, PZU Życie had **2.5 million health insurance contracts in force** in its portfolio.
- Steadily rising revenue generated by riders to individual continuation, including the addition in 2Q of this year of the **malignant neoplasm rider** to this class of insurance
- High level of sales of individual protection products in 4Q** driven by the development of the portfolio of term insurance offered in proprietary channels and in **cooperation with Bank Pekao** to offer single premium individual life insurance to clients taking out cash loan
- Lower level of single contributions in 4Q21 to **unit-linked** accounts in insurance offered jointly with banks – limitation of cooperation with one of the distributors

Development of the scale of operations in health

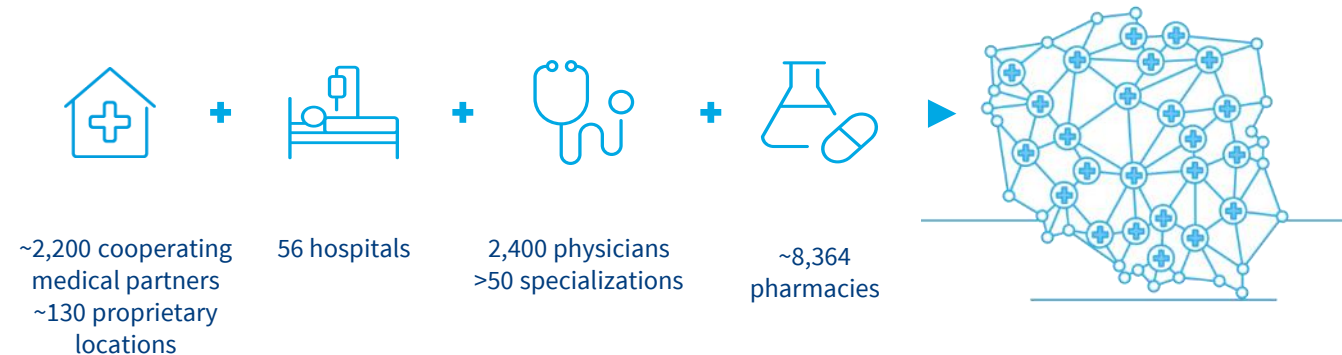
Revenues (m PLN)



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



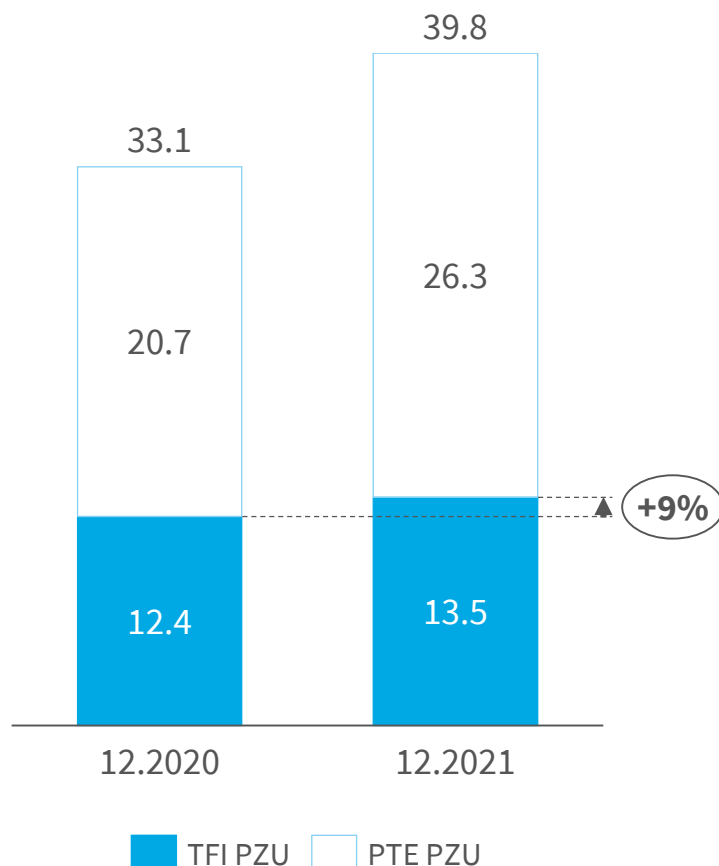
- **High growth rate of revenue** (mainly on **ambulatory** contracts and **riders to continued insurance**)
- **Steady increase in the number of health product agreements in 2021** driven by the sales of more health riders to protection products (offering among others access to specialist physicians, ambulatory rehabilitation, selected tests and procedures)
- Dynamic **construction of the subscription portfolio** through PZU Zdrowie's **own sales network**
- **Further growth in the revenue of medical centers** based on organic growth



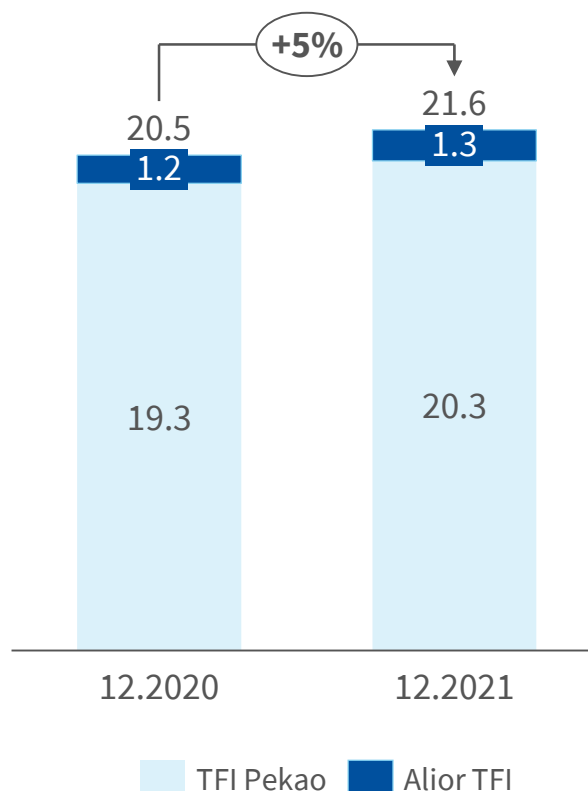
* Data presented for the centers for the period from the beginning of the year regardless of the time of acquisition

Assets under management

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



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

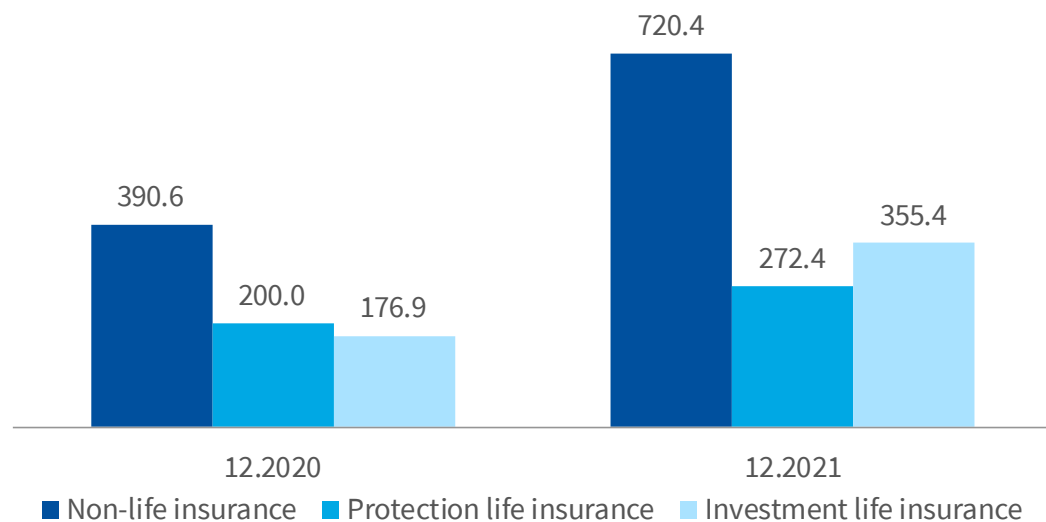


- **Growth in assets under management** – up 6.6% y/y to 35.1 bn PLN², including growth in assets under management in **TFI PZU of 9.1% y/y**
- **Assets in PPK (1.4 bn PLN) managed by TFI PZU 3.5 times higher than last year**
- **First place with a 35.9% market share of PPK** measured by the number of acquired companies and second place measured by assets as at the end of 2021
- **PZU TFI in third place measured by net sales for the full year of 2021** on the Unit-linked Market
- **Favorable mix of assets under management in TFI PZU** – percentage of assets linked to the third pension pillar (PPE and PPK) prevalent
- Optimization of the asset management structure - **migration of the assets held by the PZU Group's Baltic companies worth 775 m PLN to be managed by TFI PZU**
- New: **PWE** (Higher Pension Program) involving **regular savings** entirely based on inPZU passive funds and lifecycle funds and **7 new strategies** based on sector index funds

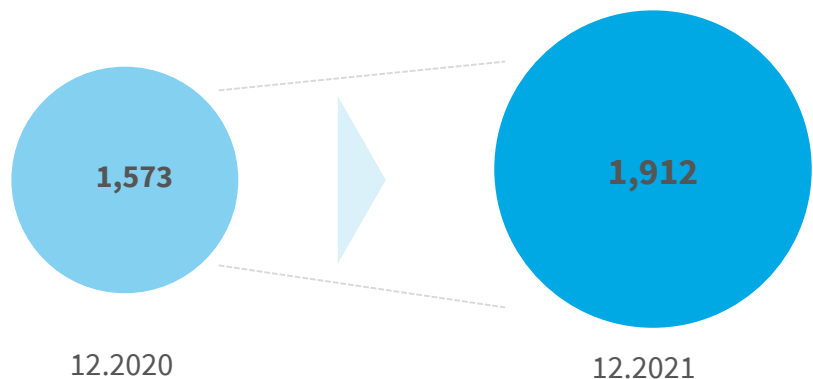
1. Assets managed by PTE PZU are not recognized as a objective in the new PZU Group's strategy for 2021-2024
 2. According to the PZU Group strategy's new strategy in 2021-2024, third party assets under management in TFI PZU, Pekao TFI and Alior TFI

Development of cooperation with banks

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



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



Bancassurance:

- Dynamic growth of insurance sales y/y by banks belonging to the PZU Group, +75.6% y/y in 2021
- PZU Group's products are present in all of the major product lines of the PZU Group's banks
- Continuation of work to roll out standalone products in the banks' offerings
- Multichannel access to PZU's products for the banks' clients

Assurbanking:

Bank Pekao:

- PZU is **one of the largest external partners** of Bank Pekao in the sales of transaction accounts (ROR) via the bank's Pekao360 app
- As part of the Auto plus Account (ROR) promotion campaign, 113 Partner Branches were added by the end of 4Q. Pilot sales of two banking products in the tied agent network: the account in the Auto plus Account (ROR) and cash loan promotional campaign - 25 agents and their employees (OFWCA)
- **Sum total of loans and client deposits secured by PZU for the bank exceeded 939 m PLN at the end of December 2021**

Alior Bank

Development of the Cash Portal:

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

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



3. Financial results

PZU Group's results

m PLN	4Q20	3Q21	4Q21	change y/y	change q/q
PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO					
Gross written premium ¹	6,575	5,908	6,830	3.9%	15.6%
Net earned premium	5,707	5,855	5,860	2.7%	0.1%
Net insurance claims and benefits paid	(4,228)	(3,894)	(3,767)	(10.9%)	(3.3%)
Net investment result (ex banking activities)	729	275	420	(42.4%)	52.7%
Administrative expenses ⁵	(486)	(429)	(493)	1.5%	14.7%
Acquisition expenses ⁵	(851)	(875)	(912)	7.2%	4.2%
Operating profit (loss)	812	777	1,035	27.3%	33.1%
Net profit (loss) attributable to equity holders of the parent company	633	582	729	15.3%	25.2%
BANKS: ALIOR AND PEKAO					
Net profit (loss) attributable to equity holders of the parent company	88	177	177	100.7%	0.1%
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	721	759	906	25.7%	19.4%
MAIN FINANCIAL RATIOS (%)					
ROE ²	15.7	17.7	21.0	5.3p.p.	3.3p.p.
Combined ratio ³	87.6	92.6	87.7	0.1p.p.	(4.9)p.p.
Margin ⁴	1.9	21.8	7.4	5.5p.p.	(14.4)p.p.
Administrative expense ratio of PZU, PZU Życie	7.4	6.7	7.9	0.5p.p.	1.2p.p.
Acquisition expense ratio of PZU, PZU Życie	15.1	15.6	16.2	1.1p.p.	0.6p.p.

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

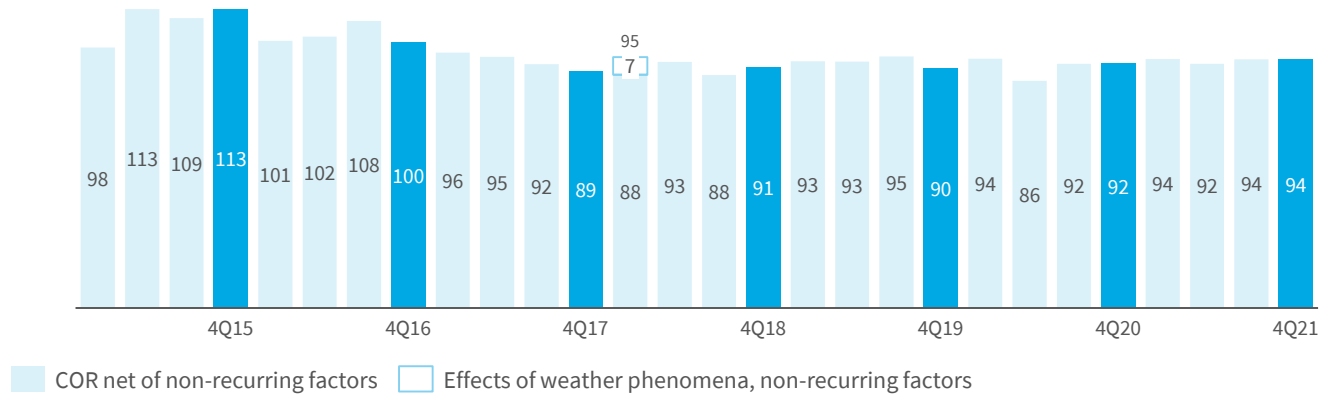
Profitability by operating segments

Insurance segments

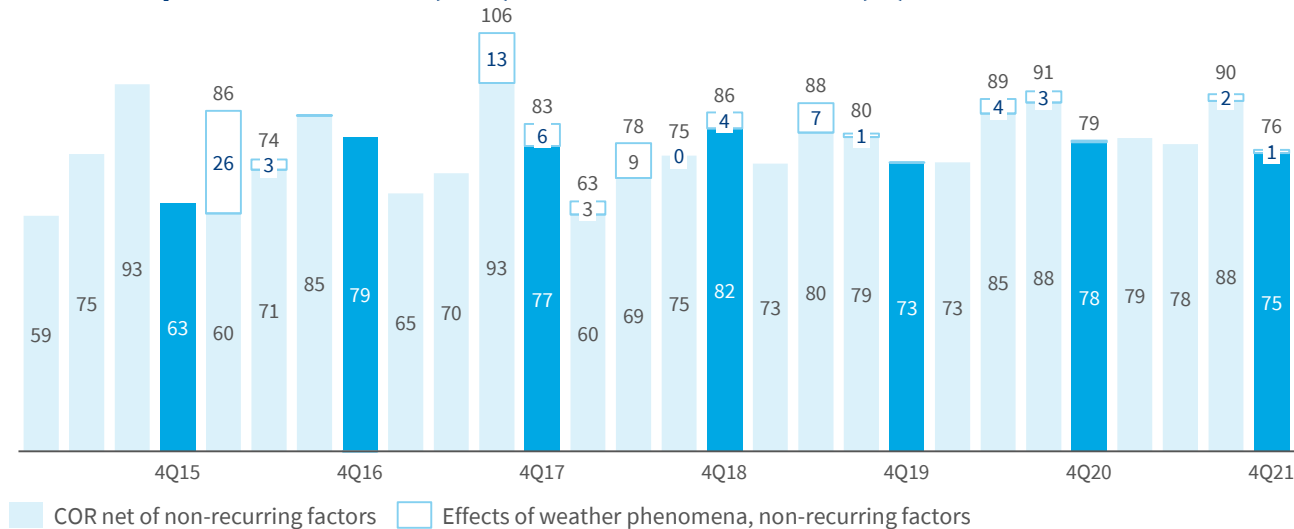
m PLN, local GAAP	Gross written premium			Insurance result / operating result			Combined ratio / Margin	
	4Q20	4Q21	Change y/y	4Q20	4Q21	Change y/y	4Q20	4Q21
Total non-life insurance – Poland	3,921	4,162	6.1%	570	390	(31.6%)	87.6%	87.7%
Mass insurance – Poland	2,642	2,960	12.0%	476	332	(30.3%)	86.6%	86.9%
Motor TPL	1,073	1,064	(0.8%)	21	21	(0.9%)	96.1%	97.7%
MOD	676	730	8.0%	91	77	(14.8%)	84.8%	87.7%
Other products	893	1,166	30.6%	305	185	(39.6%)	75.4%	73.3%
Impact of allocation to the investment segment	x	x	x	59	49	(16.1%)	x	x
Corporate insurance – Poland	1,279	1,202	(6.0%)	94	58	(38.3%)	92.0%	91.1%
Motor TPL	197	184	(6.6%)	2	6	139.8%	98.9%	99.3%
MOD	197	206	4.6%	10	24	138.8%	88.2%	89.5%
Other products	885	812	(8.2%)	56	15	(72.7%)	89.7%	85.9%
Impact of allocation to the investment segment	x	x	x	25	13	(48.5%)	x	x
Total life insurance – Poland	2,222	2,148	(3.3%)	93	205	120.4%	4.2%	9.5%
Group and individually continued insurance - Poland	1,748	1,763	0.9%	33	131	297.0%	1.9%	7.4%
Individual insurance – Poland	474	385	(18.8%)	60	74	23.3%	12.7%	19.2%
Total non-life insurance – Ukraine and Baltic States	470	548	16.6%	77	29	(62.3%)	83.7%	92.6%
Baltic States	420	480	14.3%	75	49	(34.7%)	82.5%	89.6%
Ukraine	50	68	36.0%	2	(20)	x	100.0%	125.6%
Total life insurance – Ukraine and Baltic States	41	49	19.5%	3	5	66.7%	7.3%	10.2%
Lithuania	22	24	9.1%	0	(1)	x	0.0%	-4.2%
Ukraine	19	25	31.6%	3	6	100.0%	15.8%	24.0%
Banks	x	x	x	535	1,161	117.0%	x	x

Non-life insurance

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



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



Motor insurance

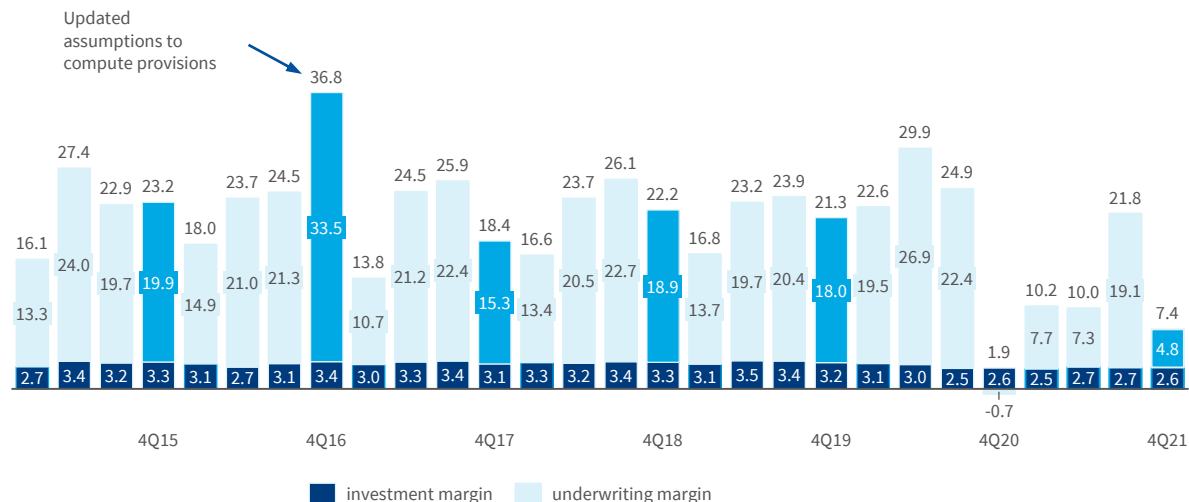
- The **non-life insurance market** following a slowdown due to the economic crisis precipitated by the COVID-19 pandemic is consistently **revisiting its pre-pandemic growth rate**. Revival observed on the lease market (financing up 30.7%) and higher new car sales during the year while the growth rate decelerated in the final months of the year due to the lack of availability of new cars
- Despite the market's suppressed profitability** (8.6% decline y/y in the technical result on direct motor insurance in the four quarters of 2021), **the falling price trend has continued**
- The **rising Euro exchange rate and high inflation** translate into higher costs of claims and benefits, **signifying gradual erosion of profitability**

Non-motor insurance

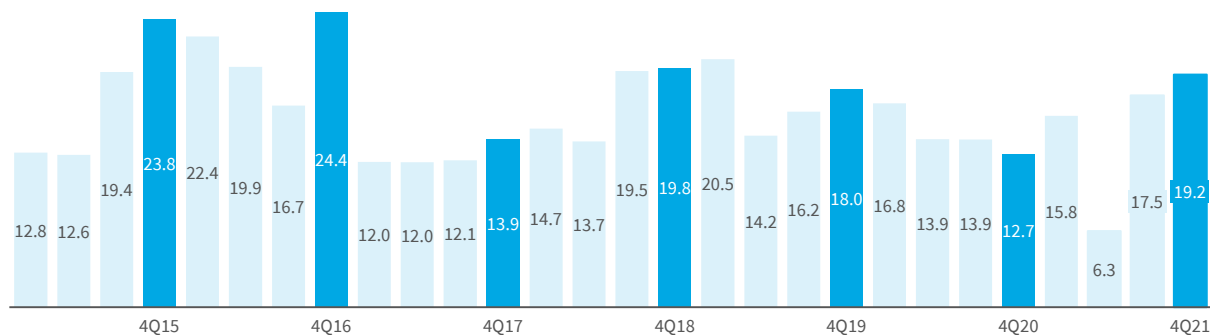
- Improved profitability in both insurance segments** despite the occurrence of many mass claims
- Higher insurance activity expenses, including acquisition expenses as the outcome of the shift in the sales channel mix (higher share held by the multi-agent and banking channels)

Life insurance

Margin in group and individually continued insurance¹ (%)



Margin in individual insurance (%)



Margin in group and individually continued insurance in 4Q21 up 5.5 p.p. y/y at the level of 7.4%.

Key drivers:

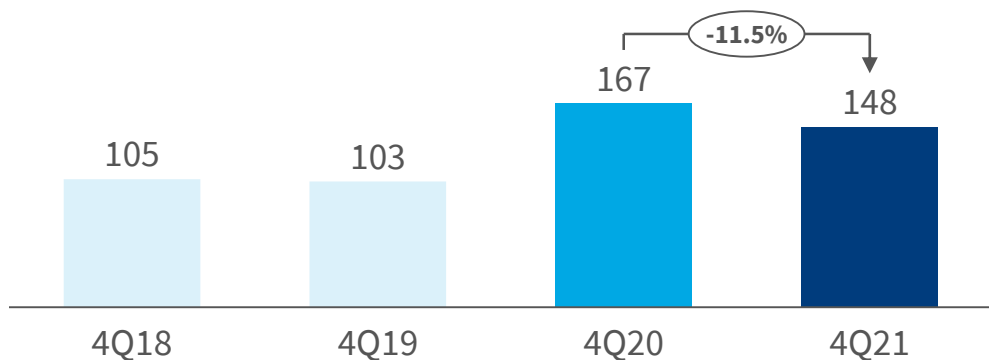
- **lower mortality linked to the COVID-19 pandemic** in line with the falling frequency of deaths observed in the overall population reported by the Central Statistics Office
- due to lower mortality forecasts in subsequent periods, in 4Q **16.2 m PLN was derecognized from the provision for unexpired risk**. The provision at the end of 2021 was 25.1 m PLN
- **higher loss ratio of paramedical risks** (mainly hospital treatment and critical illnesses) and permanent dismemberment - higher numbers of reported benefits
- higher payments for child birth.

In the individual insurance segment the margin in 4Q21 was 19.2%, up 6.5 p.p. y/y as a result of the change in the product mix (rising percentage of high margin protection products) and higher profitability in the portfolio of investment insurance (mainly banking)

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

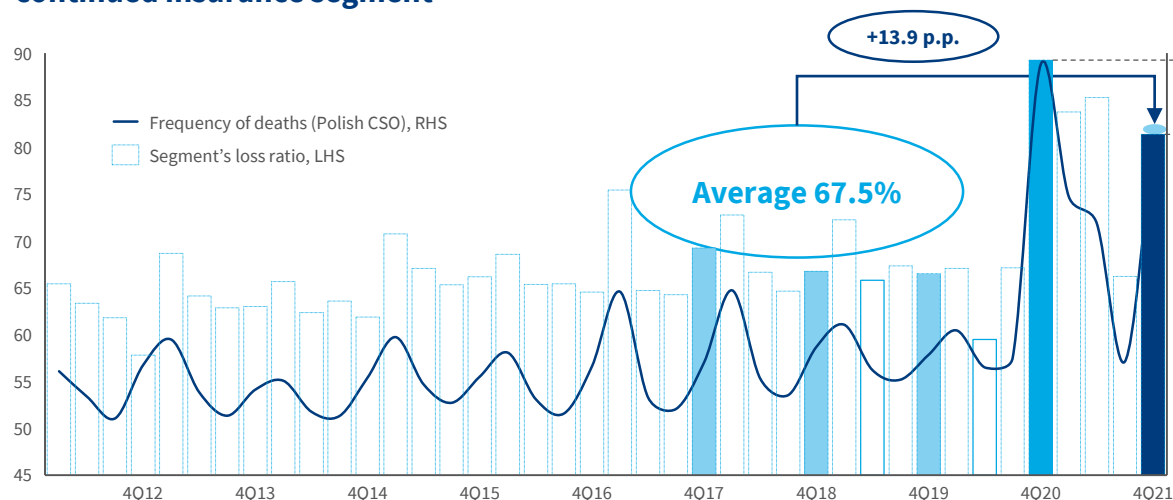
The pandemic and loss ratio in the group and individually continued segment in 4Q21

Number of deaths on a quarterly basis in Poland in 2018 - 2021¹

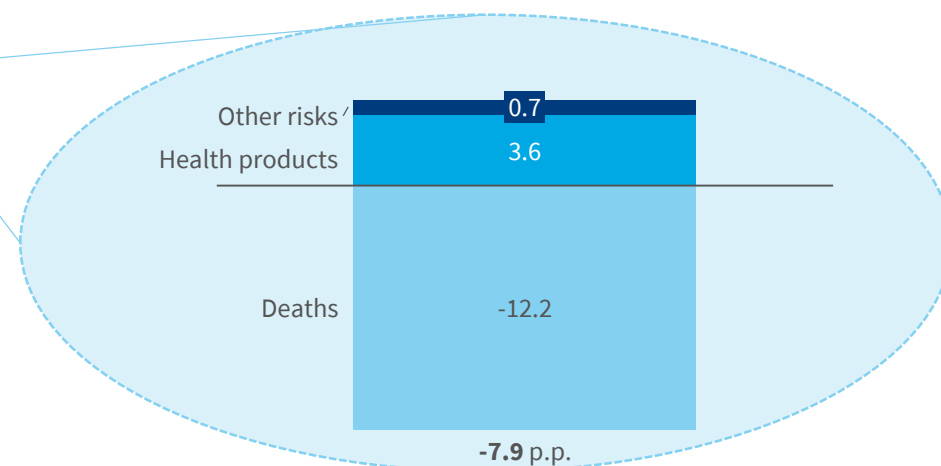


- Number of deaths in Poland in 4Q21 **substantially lower than in 4Q20**, however, it was still above the average figures in the fourth quarter
- Loss ratio in the group and individually continued insurance segment² **down 7.9 p.p. y/y**. Loss ratio substantially above pre-pandemic standards, i.e. **+13.9 p.p. above the average for the fourth quarters of 2017-2019**
- The **lower frequency of deaths (-12.2 p.p.)** was the **main contributor** to the decline in the loss ratio in 4Q21 y/y. In turn, the higher utilization of health products and the higher loss ratio in paramedical riders raised the loss ratio y/y

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



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



1. According to the Central Statistical Office's data (GUS)

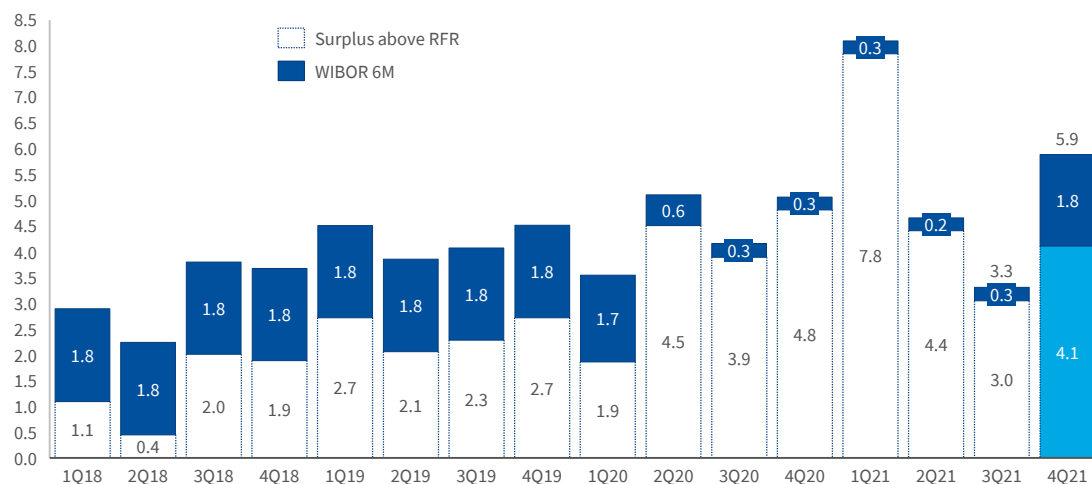
2. Incorporates only protection products, benefits paid, the utilization of health products and the change in claims provisions

Investment result

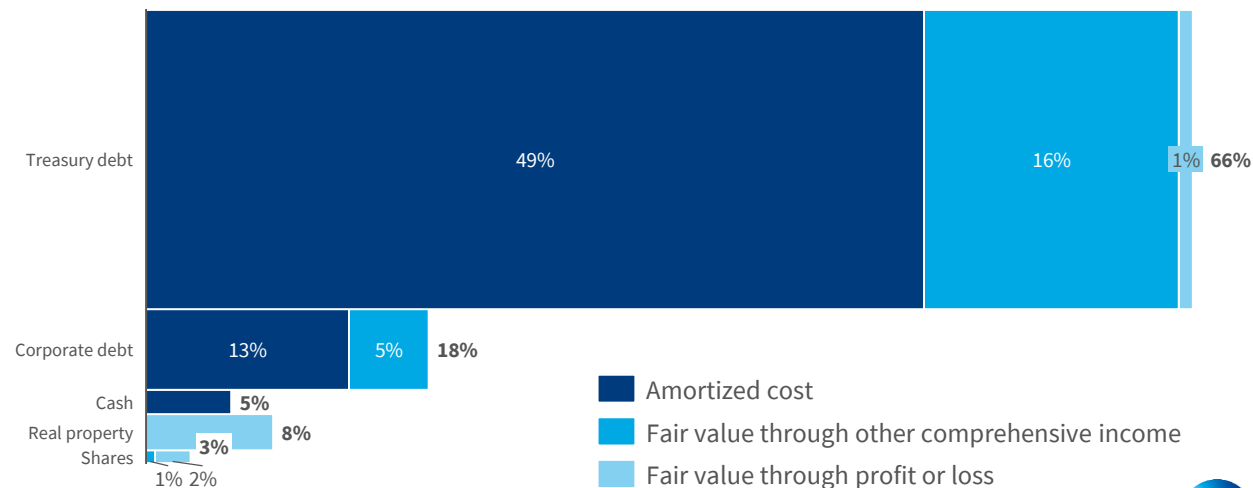
MSSF, m PLN	4Q20	3Q21	4Q21	change y/y	change q/q
Net investment result	2,083	2,035	2,347	12.7%	15.3%
Insurance and other activities	729	275	420	(42.4%)	52.7%
Main portfolio	550	392	649	17.8%	65.6%
Debt instruments - interest	301	305	322	7.0%	5.6%
Debt instruments - revaluation and execution	62	18	(7)	x	x
Equity instruments	143	48	29	(79.8%)	(39.6%)
Real estate	44	20	305	587.7%	x
	-	-	-	x	x
Investment products	246	(19)	(179)	x	x
Other	(68)	(98)	(50)	x	x
Banking activities	1,354	1,760	1,927	42.3%	9.5%

- **Safe portfolio composition:** debt instruments account for 84% of the portfolio, treasury debt accounts for 66% of the portfolio
- **4.1 p.p. surplus profitability** in the main portfolio on FX on liabilities above the risk-free rate in 4Q21
- **Higher net interest income** - in previous periods a portio of the portfolio matured, this factor was amortized by the high level of commissions on pre-payments in BIS portfolios that are replaced by transactions with a thinner margin
- **Lower result on valuation and realization of debt instruments y/y**, in particular due to higher profitability versus the decline in the comparable period; **lower result versus the previous quarter** due to the EUR exchange rate decline versus the growth in the third quarter of 2021
- **Lower result of the portfolio of equity instruments**, chiefly in the logistics sector **partially offset by the higher measurement of Private Equity funds** due to better circumstances on the technological market where portfolio funds primarily invest
- **Higher result in the real estate portfolio** chiefly due to the settlement of the margin generated on property development projects

Return on the main portfolio with FX on liabilities

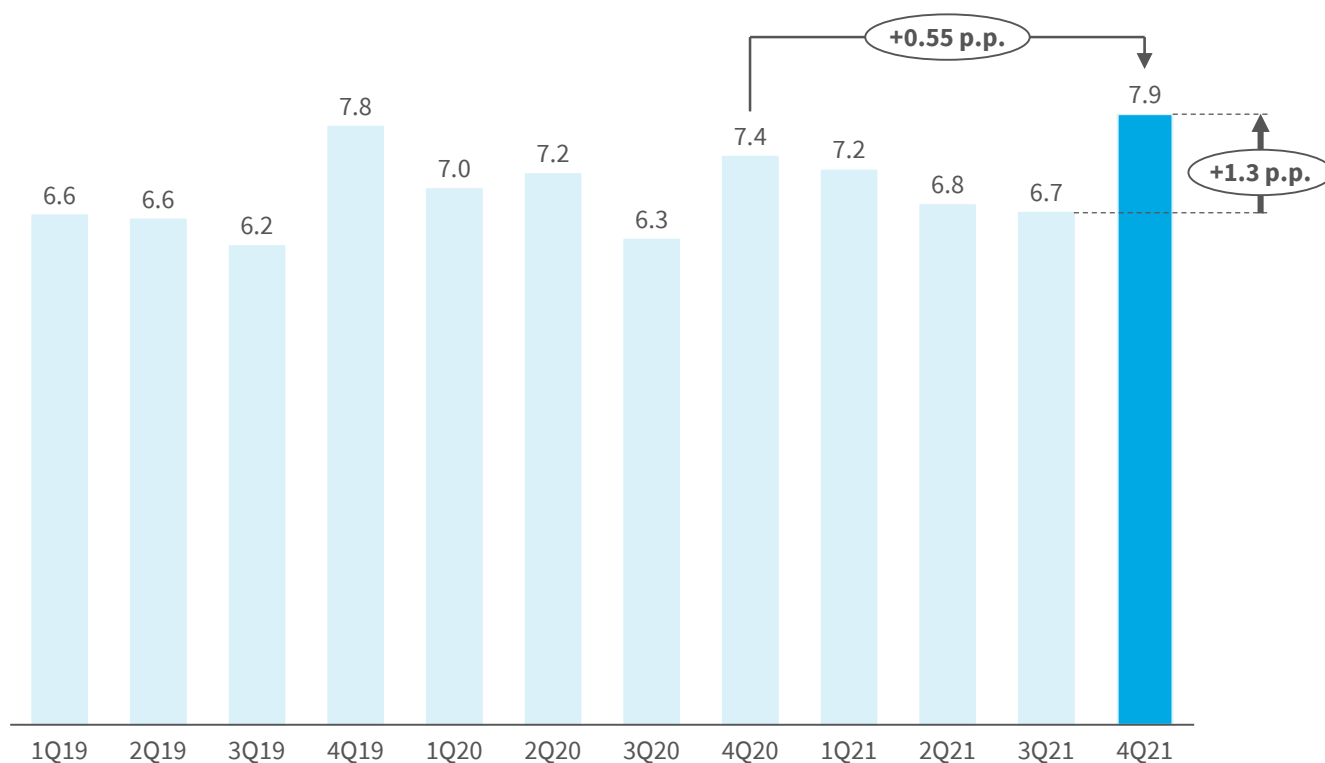


Main portfolio composition by asset classes and the methods of their measurement



Cost effectiveness

Administrative expense ratio (%)



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

Change in the administrative expense ratio in **4Q21 versus 4Q20** due to the following:

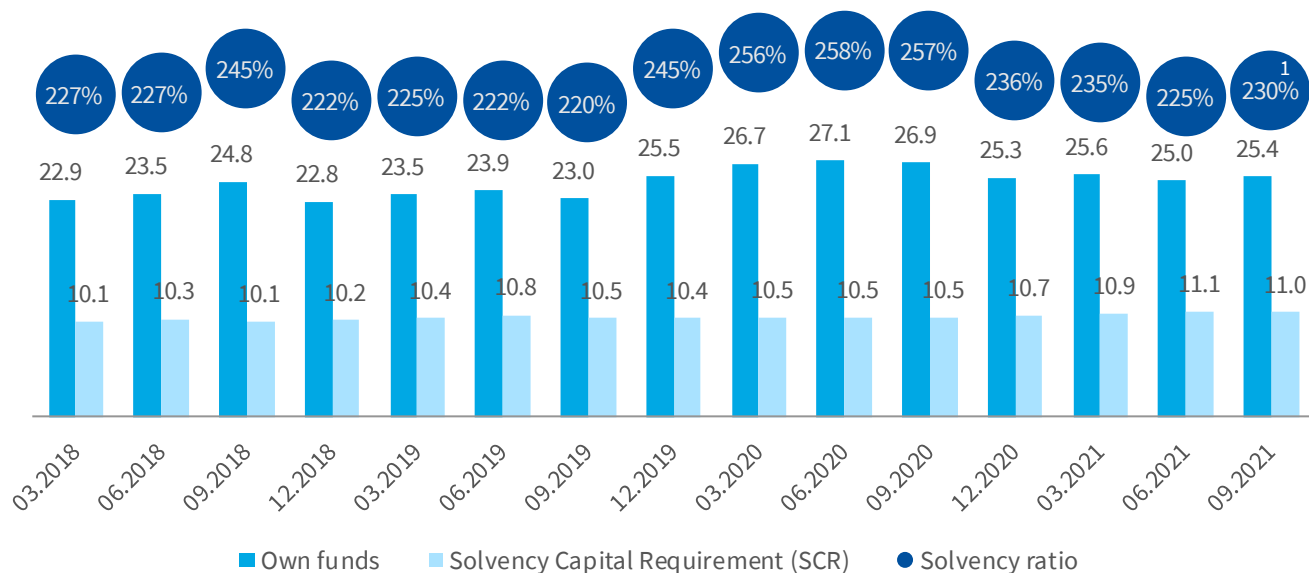
- rising personnel costs as a result of wage pressure partially offset by lower provisions for retirement and disability severance pay
- intensification of marketing activities
- higher costs of group work tools
- rising real estate maintenance expenses due to the indexation of lease rates and the prices for utilities,
- higher net earned premium in PZU
- lower demand for consulting services related to the strategy and regulatory projects

The change in the administrative expense ratio in **4Q21 versus 3Q21** was due to the following:

- higher provisions related to employees taking holiday leave partially offset by lower provisions for retirement and disability severance pay
- intensification of marketing activities
- higher spend on training activities in 4Q
- greater demand for advisory services related mainly to strategic projects for the company

Group's high level of solvency

Solvency II ratio, 30 September 2021



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

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

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

Own funds up in 3Q21 of 0.4 bn PLN. Major reasons:

- operating cash flow (+0.4 bn PLN) and investment results (+0.4 bn PLN)
- net impact exerted by the growth in the yield curve on the measurement of technical provisions and investments (+0.1 bn PLN)
- higher recognition of the 0.6 bn PLN adjustment of own funds to include the anticipated dividend - PZU reduced its own funds by 80% of the profit in the first 3 quarters of 2021, i.e. by 1.9 bn PLN¹.

Decline in SCR of -0.1 bn PLN in 3Q21.

Major growth drivers q/q:

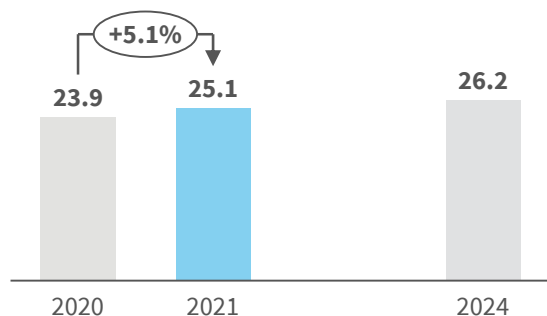
- dip in the risk of non-life and life insurance by -0.09 bn PLN
- higher banking sector requirements of +0.06 bn PLN
- lower operational risk requirement and lower adjustment of deferred tax.



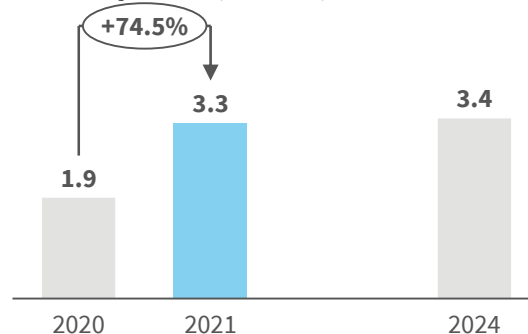
4. Strategy

Strategic objectives in 2021-2024 and fulfillment

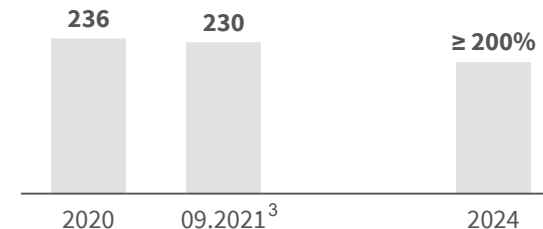
PZU's gross written premium¹ (bn PLN)



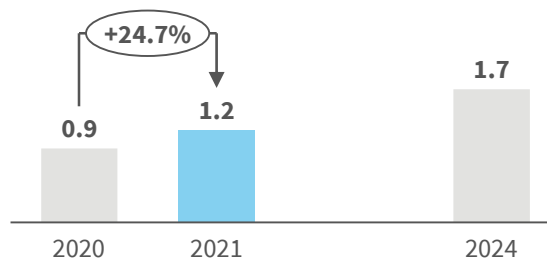
PZU's net profit² (bn PLN)



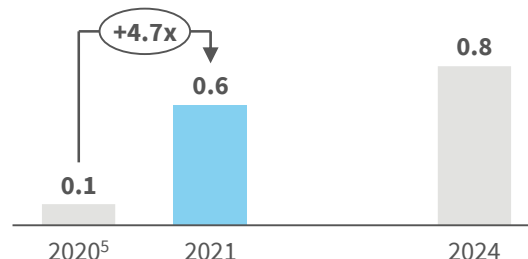
Solvency II ratio (%)



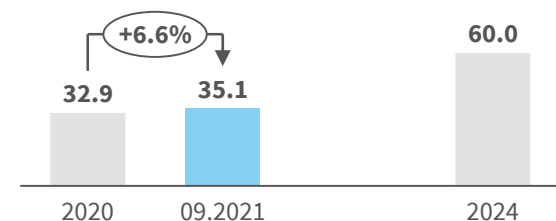
PZU Zdrowie's revenues (bn PLN)



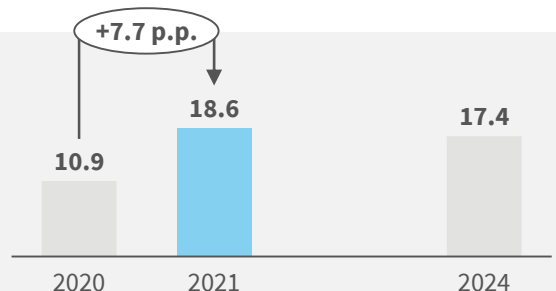
Banks' contribution to PZU Group's net result² (bn PLN)



Assets under management⁴ (bn PLN)



return on equity (ROE)



1. PZU Group's gross written premium

2. Net profit attributable to equity holders of the parent company

3. Preliminary data - not subject to audit or review by a statutory auditor, calculation according to the current methodology.

It does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings dated 16 April 2021

4. Third party assets under management TFI PZU, Pekao TFI i Alior TFI

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

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

Crisis Management Team

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

Assets of the Ukrainian companies belonging to the PZU Group

As at 31 December 2021 the net total assets¹ of the three companies operating in Ukraine (PZU Ukraine, PZU Ukraine Life oraz LLC SOS Services Ukraine) **was 70 m PLN.**

The assets¹ of companies subject to consolidation totaled **554 m PLN**, including:

- investment financial assets of 322 m PLN, of which 159 m PLN in instruments issued by the government of Ukraine and 163 m PLN in term deposits
- **134 m PLN** was the **reinsurers'** share in technical provisions, with **PZU's** share accounting for **47 m PLN.**

Exposure to markets affected by war-time operations or sanctions

On 31 December 2021 the PZU Group had the following exposures to the markets affected by wartime activities / sanctions (according to the measurement as at that date):

- bonds issued by the governments of Russia (90 m PLN), Belarus (1.6 m PLN) and Ukraine (4 m PLN) (**exposures sold by 3 March 2022**)
- 335 m in banking credit exposures and 317 m in off-balance sheet banking exposures (0.16% loan receivables from clients and 0.47% contingent liabilities, respectively)

Operating activities in Ukraine

- PZU Group's Ukrainian companies are operating on an emergency basis
- Sales processes are conducted to a limited extent – closed branches, sales of mandatory TPL, tourist insurance and Green Card
- Claims handling processes in PZU Ukraine Life have been suspended; in PZU Ukraine the functionality of the full claims handling cycle is ensured, while the declaration of martial law across the nation excludes the insurer's liability for losses incurred due to acts of war
- The National Bank of Ukraine banned the purchase of foreign currencies, the trading of bonds issued by the government of Ukraine and international transfers

Impact on the PZU Group's business continuity

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

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

PZU is taking an active role in energy transition through its innovative products

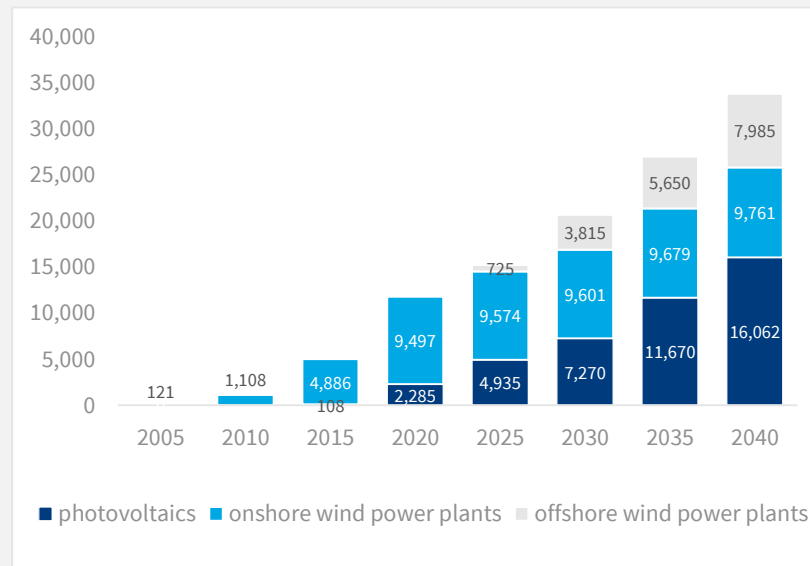
Two new Eco Products, namely, PZU Wind Power and PZU Solar Power are our response to the evolving circumstances in the power sector. They are offered to corporate clients whose operations are related to the generation of electricity from renewable energy sources (RES). They make it possible to ensure an entire wind power plant or a photovoltaic installation plus energy storage units, auxiliary infrastructure and cabling. What's more, they also protect clients against civil liability and the loss of profit caused by material damages.



Situation on the Polish energy market

- Forecasts regarding the generation of electricity contemplate constant growth in the percentage of total production generated by PV and wind farms
- In 2020 coal's share of Poland's energy mix slipped below 70% for the first time in history (65%)
- Energy coming from RES already constitutes roughly 17.7% of the capacity generated in Poland, with nearly 90% of that energy generated by the sun and wind

Net achievable power of electricity generation sources (MW)

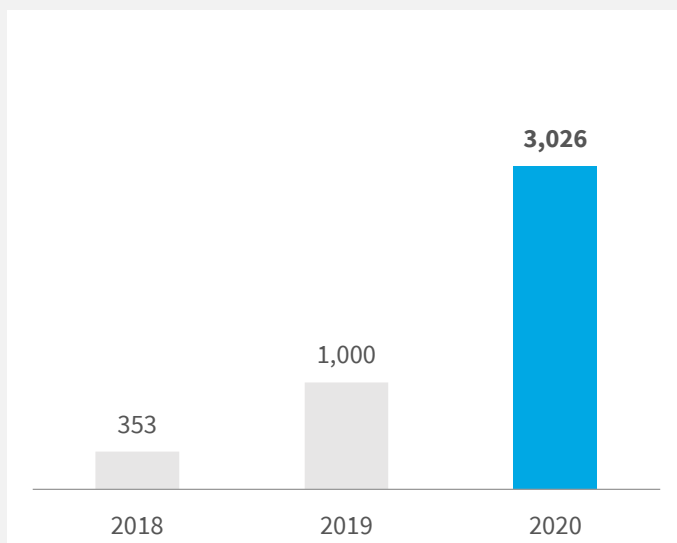


Source: Poland's Energy Policy until 2040 – attachment 2, part 1

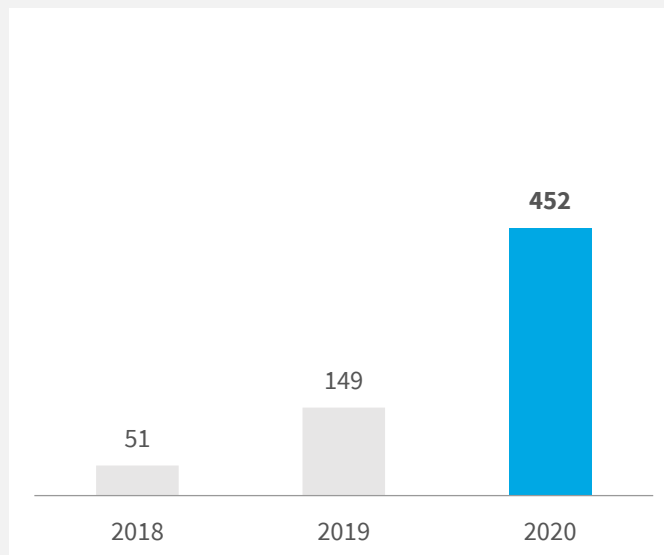
The Eko Energia policy addresses the needs of the rapidly growing RES market

The PZU Eko Energia policy is another product offered by PZU to individual clients (and to SMEs and farms) who use PV cells, solar collectors or heat pumps to generate energy for their own consumption. It protects PV installations from all risks, including loss, damage, devastation and even the risk of interruption or reduced performance in electricity generation.

Capacity installed in RES micro installations (MW)



Number of prosumer micro installations (000s)



Source: Energy Regulatory Office

Energy generation from micro installations up three times

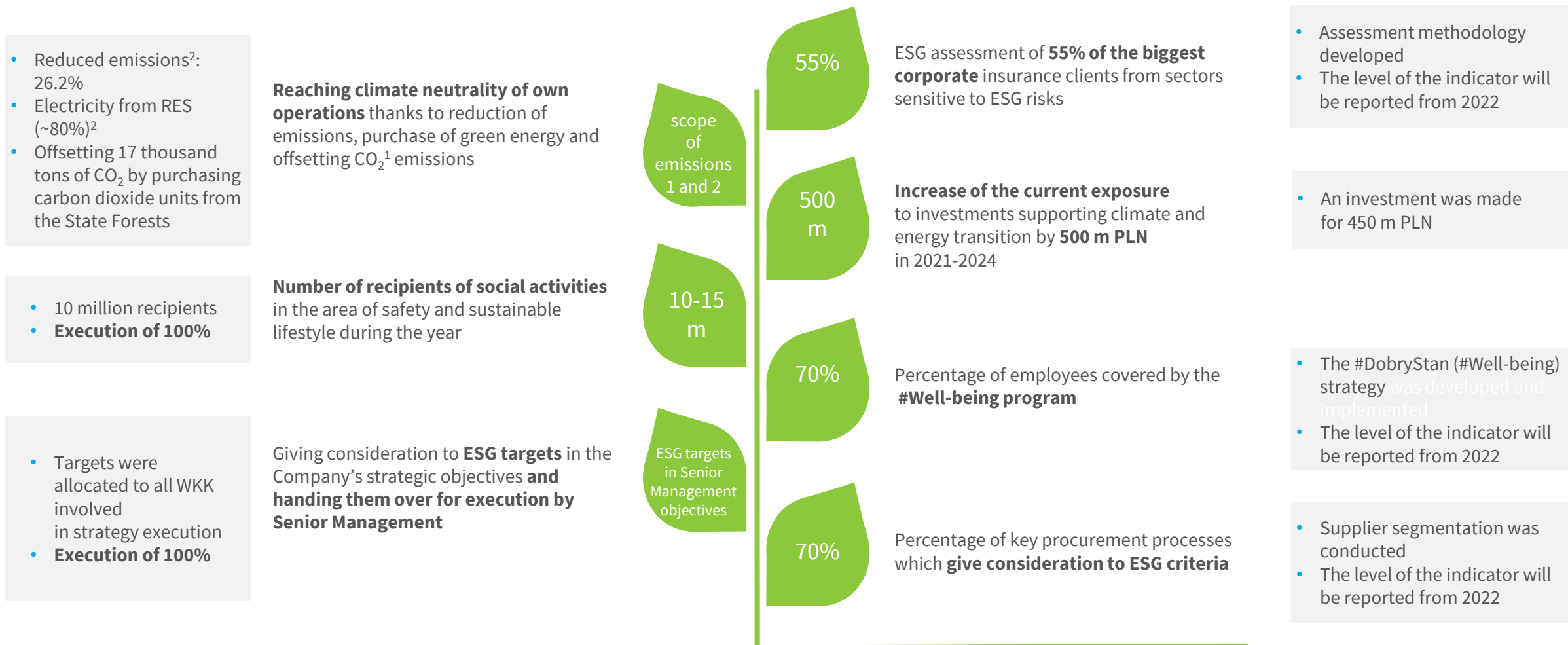
The PV market is one of the fastest growing segments in the renewable energy source industry in Poland

The Energy Regulatory Office's report points to the electricity generated from RES in micro installations tripling in 2020 (compared to the previous year)

Most competitive insurers offer insurance for RES equipment only as part of real estate insurance. The product offered by PZU fills a gap on the market.






Marketing the PZU Eko Energia insurance product is part of PZU pursuing its ESG strategy.

Execution of the ESG Sustainable Development Strategy in 2021 - 2024



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

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

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

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

ECOSYSTEM BENEFITS

Convenient space to manage benefits unrelated to salary



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

Extensive offering of the PZU Group's benefits



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



Building a community



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

New to the market and attractive products



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

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

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

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

ECOSYSTEM FOR DRIVERS

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



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



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



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



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



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

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



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



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



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



Hotline accessible 24 hours a day, 7 days a week



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



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

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



5. Attachments



Gross written premium of the PZU Group

Insurance segments m PLN, local GAAP	4Q20	3Q21	4Q21	Change y/y	Change q/q
External gross written premium	6,575	5,908	6,830	3.9%	15.6%
Total non-life insurance – Poland	3,843	3,161	4,087	6.3%	29.3%
Mass insurance – Poland	2,613	2,569	2,942	12.6%	14.5%
Motor TPL	1,056	1,056	1,055	(0.1%)	(0.1%)
MOD	671	649	729	8.6%	12.3%
Other products	886	864	1,158	30.7%	34.0%
Corporate insurance – Poland	1,230	592	1,145	(6.9%)	93.4%
Motor TPL	197	148	184	(6.6%)	24.3%
MOD	196	165	205	4.6%	24.2%
Other products	837	279	756	(9.7%)	171.0%
Total life insurance – Poland	2,222	2,191	2,148	(3.3%)	(2.0%)
Group and individually continued insurance - Poland	1,748	1,757	1,763	0.9%	0.3%
Individual insurance – Poland	474	434	385	(18.8%)	(11.3%)
Premium on protection products	196	206	206	5.1%	x
Premium on periodic investment products	71	69	64	(9.9%)	(7.2%)
Premium on single investment products	207	159	115	(44.4%)	(27.7%)
Total non-life insurance – Ukraine and Baltic States	470	508	548	16.6%	7.9%
Baltic States	420	432	480	14.3%	11.1%
Ukraine	50	76	68	36.0%	(10.5%)
Total life insurance – Ukraine and Baltic States	41	46	49	19.5%	6.5%
Lithuania	22	22	24	9.1%	9.1%
Ukraine	19	24	25	31.6%	4.2%

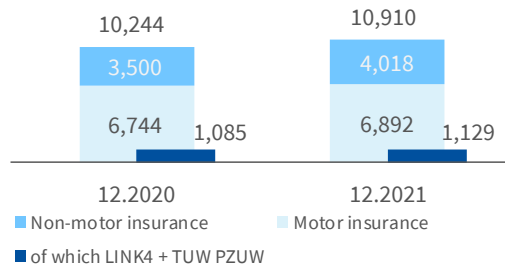


Non-life insurance

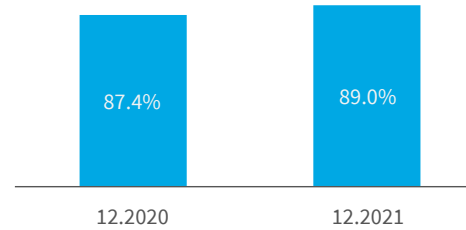
High growth rate of non-motor insurance. Motor insurance under the pressure posed by lower TPL prices in Poland

Mass segment

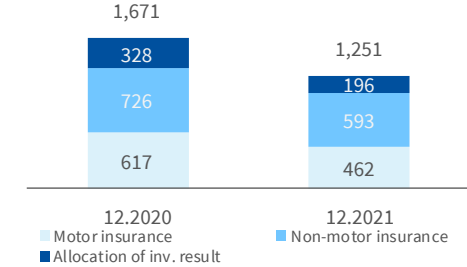
Gross written premium (m PLN)



Combined ratio (%)

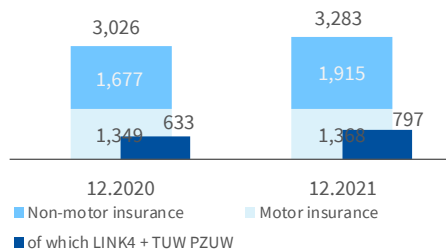


Insurance result (m PLN)

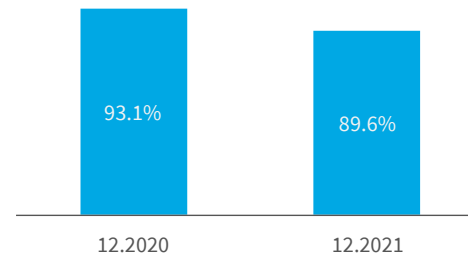


Corporate segment

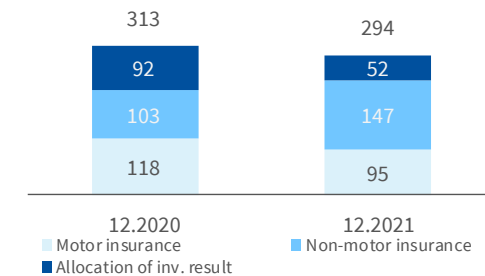
Gross written premium (m PLN)



Combined ratio (%)



Insurance result (m PLN)

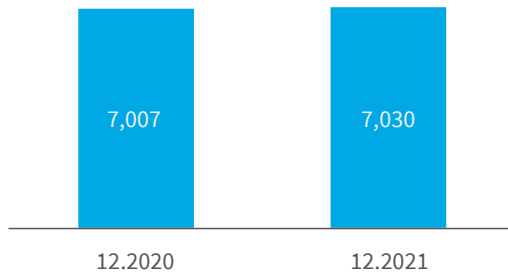


Life insurance

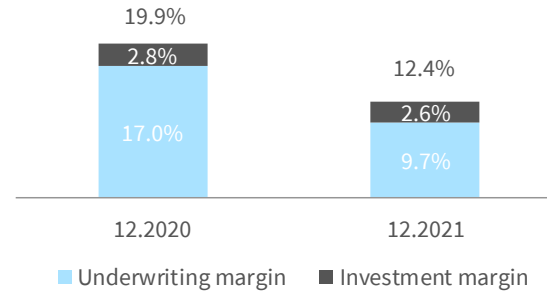
Rising premium on individual protection products. Profitability in the group and individually continued insurance segment affected by the COVID-19 pandemic

Group and individually continued insurance

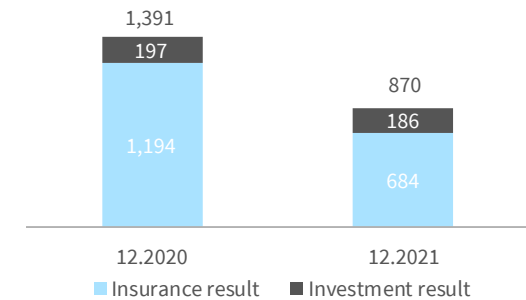
Gross written premium (m PLN)



Margin (%)

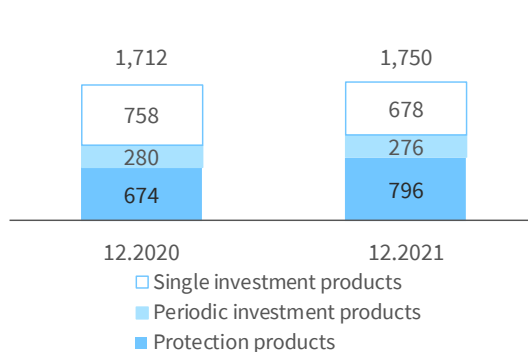


Insurance result (m PLN)

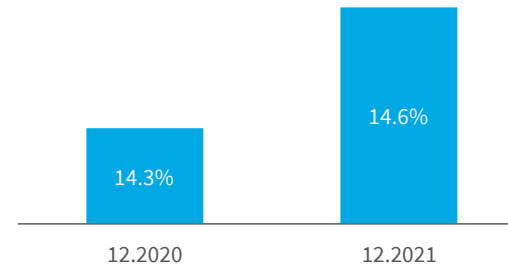


Individual insurance

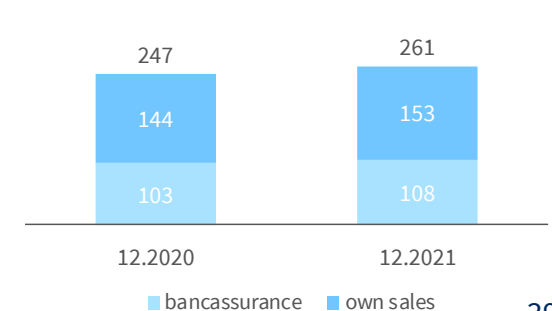
Gross written premium (m PLN)



Margin (%)



Annual Premium Equivalent (m PLN)

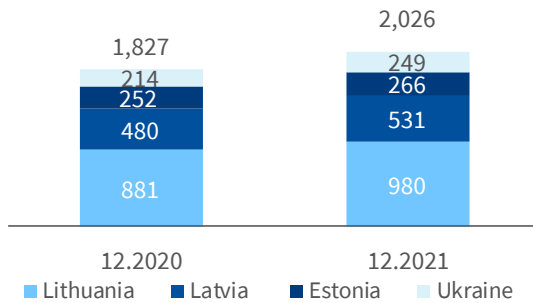


Foreign operations

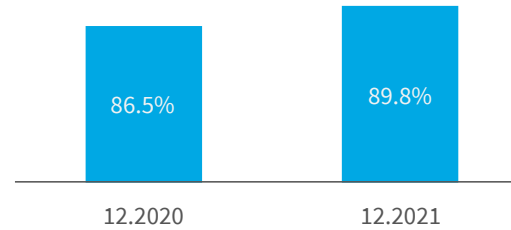
Fierce price competition in motor insurance

Non-life insurance

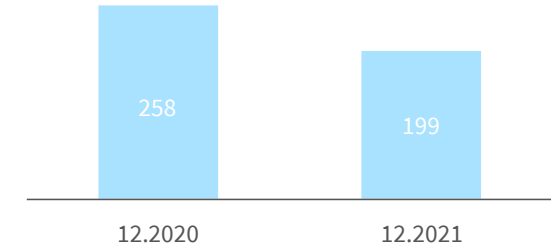
Gross written premium (m PLN)



Combined ratio (%)

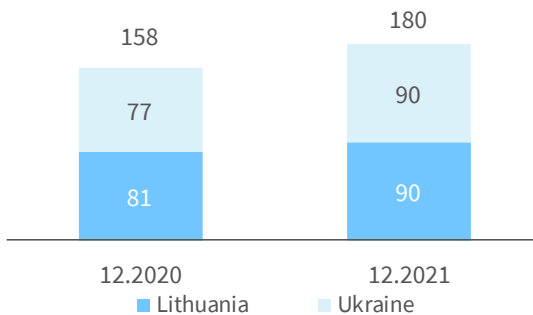


Insurance result (m PLN)

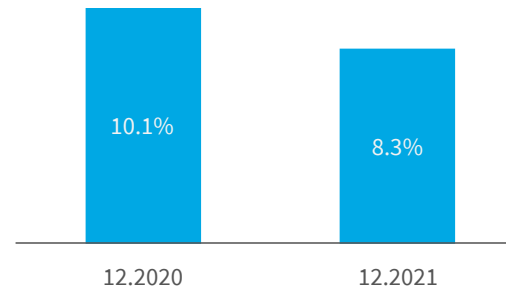


Life insurance

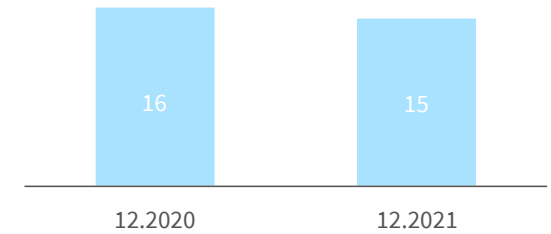
Gross written premium (m PLN)



Margin (%)



Insurance result (m PLN)

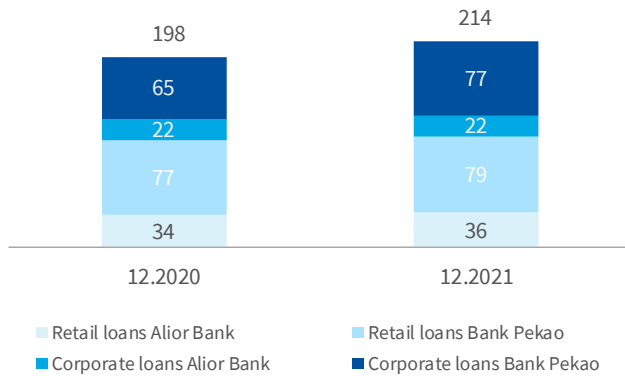


Banking activity

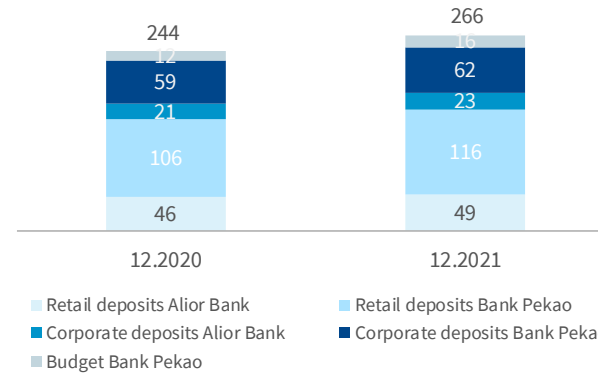
Rebounding growth in the banks' operating result

Volumes

Loans (bn PLN)

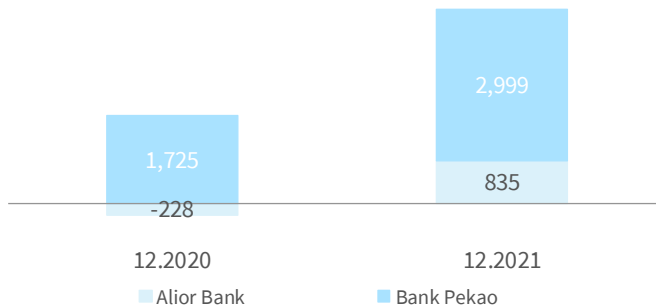


Liabilities (bn PLN)¹

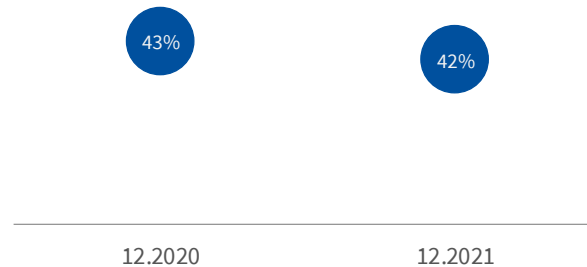


Results / ratios

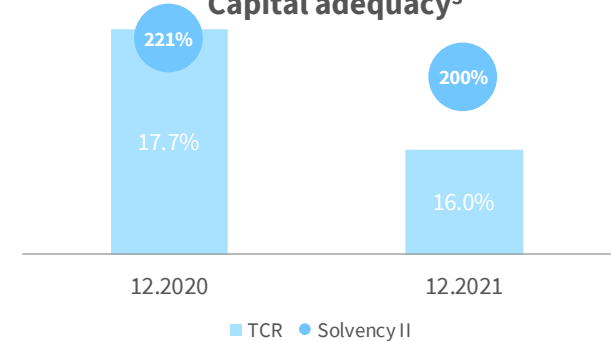
Operating result¹ (m PLN)



Cost / Income² (%)



Capital adequacy³

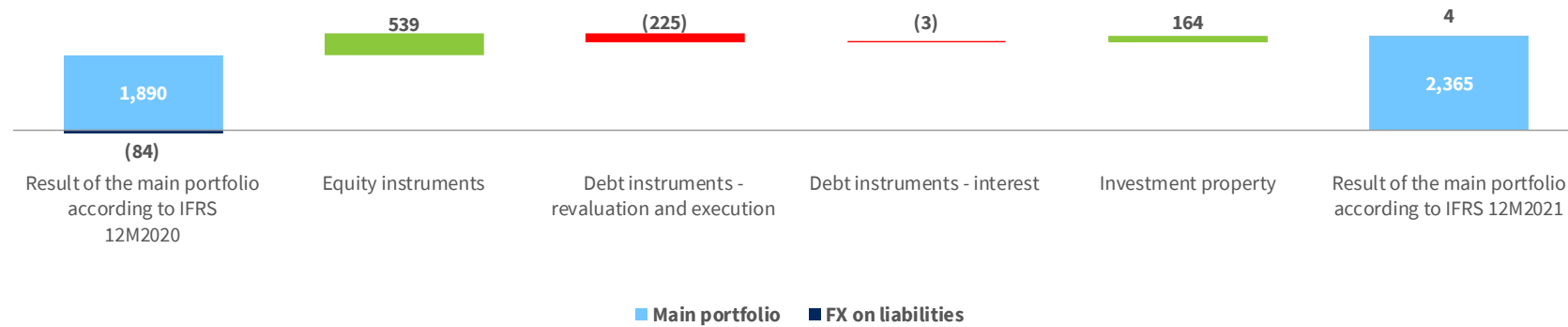


1. Data in accordance with Bank Pekao and Alior Bank's financial statements
 2. Data in accordance with PZU's financial statements, net of the impairment for goodwill and intangible assets
 3. Data jointly for Bank Pekao and Alior Bank pro rata to the equity stakes held

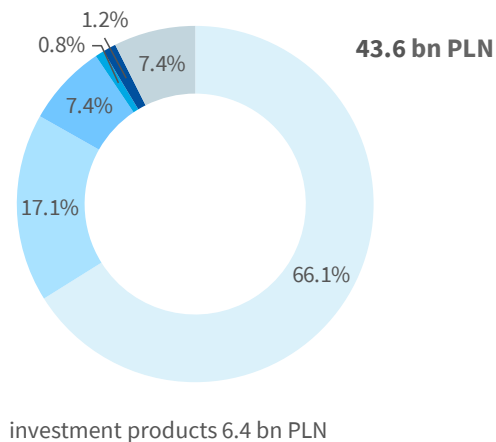
Investments

Quarterly results and portfolio composition

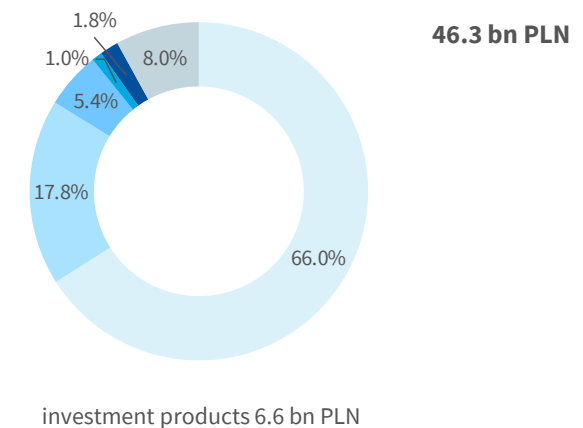
Net investment result (m PLN)



December 2020 main portfolio investment composition



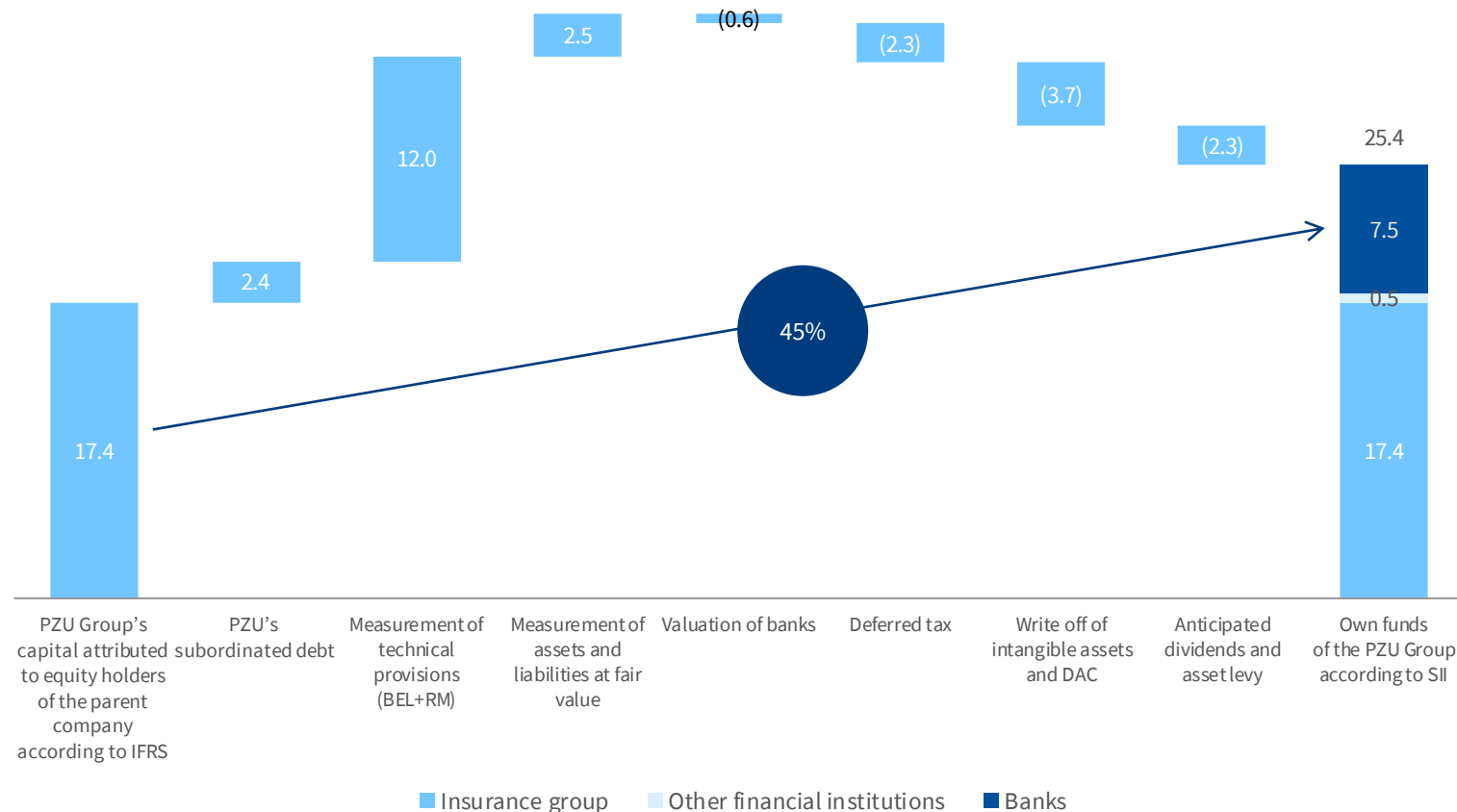
December 2021 main portfolio investment composition



Own funds

PZU Group's data in Solvency II as at 30 September 2021 (bn PLN, unaudited data)

Comparison of own funds and consolidated equity according to IFRS



Own funds according to SII minus:

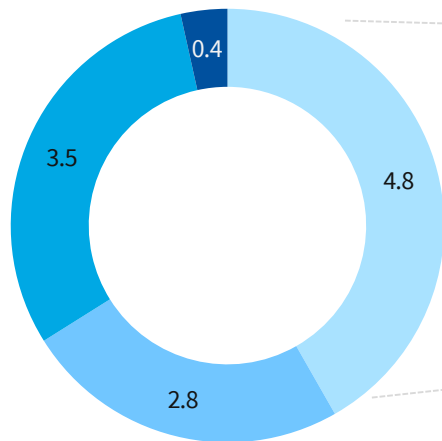
- dividend for the previous year (if not included in liabilities)
- dividend at 80% of the net profit earned in the current year²
- the forecasts of the asset levy to be paid by insurance undertakings in the 12 months after the balance sheet date (according to the letter from the Polish FSA)

1. The exception pertains to intangible assets and deferred acquisition costs whose value for the purposes of SII is zero
 2. Calculation according to the current methodology. It does not incorporate the new rules set forth in the Polish FSA's circular to insurance undertakings dated 16 April 2021

Solvency capital requirement (SCR)

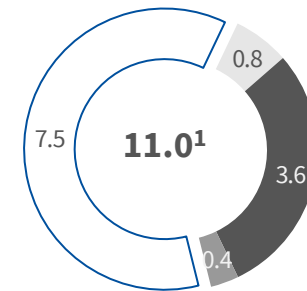
PZU Group's data in Solvency II as at 30 September 2021 (bn PLN, unaudited data)

Basic solvency capital requirement (BSCR)



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

Solvency capital requirement (SCR)



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

Effect of diversification
-34%

Solvency requirement down in 3Q21 by 0.1 bn PLN.

The main reasons for the movement in SCR:

- non-life insurance risk down -0.07 bn PLN² caused by lower provisions (seasonality of the provision for unearned premiums), lower requirement for surrenders (higher loss ratio) and the decline in catastrophic risk
- banking sector's higher capital requirements due to higher exposure in the Pekao Group (+0.06 bn PLN²)
- decline in operational risk due to the lower level of provisions (-0.03 bn PLN)
- smaller interest rate gap in market risk offset by the higher FX mismatch and the growth in real estate price risk and the credit spread.

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

2. Prior to the effects of diversification.

Disclaimer

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

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

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Thank you

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