



PZU Group's Financial Results

in 1Q21

Warsaw, 27 May 2021



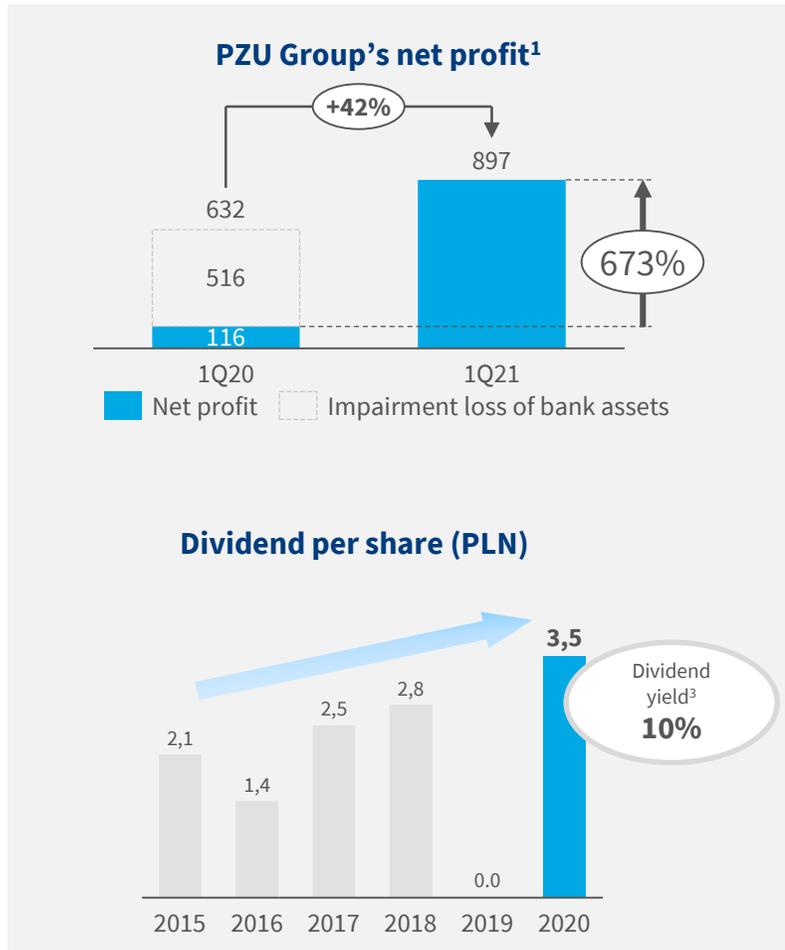
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1. PZU Group's main accomplishments

Strong start of the year. We keep our dividend promises



Profit distribution

The proposed dividend is **3.5 PLN per share**, which translates into a **dividend yield of 10%³**



Stability and security

High solvency ratios, capacity to generate high capital, **solvency ratio of 236%²**



High profitability

Net profit up eight times y/y, net of the goodwill impairment loss last year profit up 42% y/y **return on equity of 18.8%**



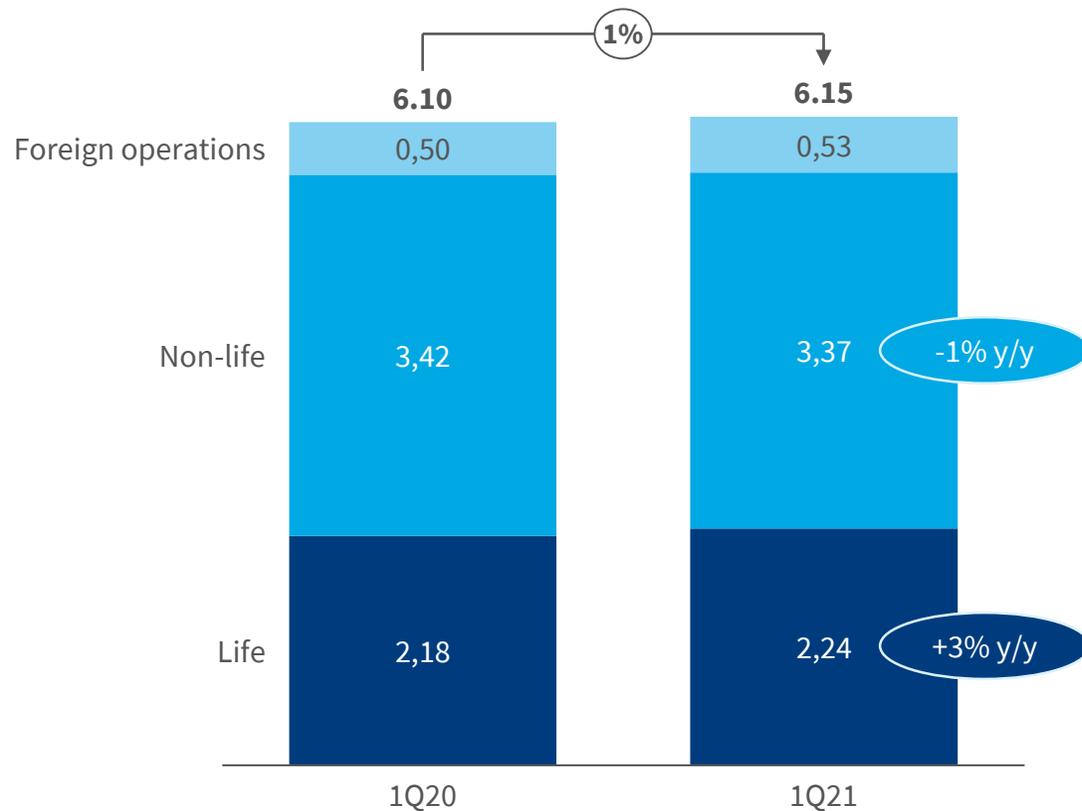
Diversified model

Business model diversification as the recipe for recurring results: **high profitability of non-life insurance**, excellent performance of the **investment portfolio** outpaces the adverse impact exerted by the pandemic

1. Net profit attributable to equity holders of the parent company
 2. 2020 data
 3. Dividend yield: the proposed dividend per share of 3.5 PLN in reference to the closing share price on 26 May 2021

Sales of 6.1 bn PLN in 1Q21, higher share of the life insurance market

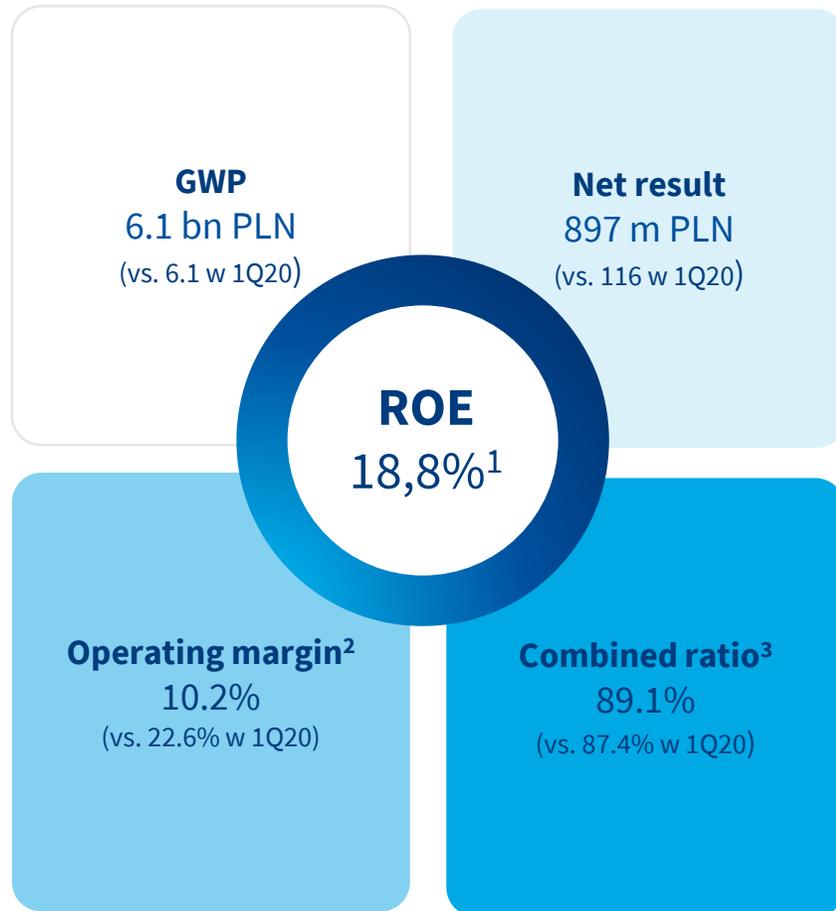
Gross written premium and its growth in 1Q21 (bn PLN)



- Further improvement of the market position in life insurance; **PZU Życie's life insurance market share in Poland at 42.2%, up 1.8 p.p. y/y (2020 data)**¹
- Record-high share of **individual** products (**increase y/y of 2.7 p.p., 2020 data**)¹
- Stable premium in **group and individually continued life insurance in 1Q21** in Poland despite the limitation of employee benefits
- **The high gross written premium on individual insurance in 1Q21 (487 m PLN), with life protection insurance as the driver (gross written premium up +31% y/y)**
- Strong demand for **corporate insurance. Motor insurance** under pressure from the market's expanding competitiveness and falling prices
- Ongoing dynamic growth in the demand for private medical services; PZU Zdrowie's revenue up **22%**² y/y in 1Q21
- Intensive development of the **investment pillar** - TFI PZU one of the leaders in the sales of funds and market share in ECS, funds continue to attract incoming investments with interest rates at continued record-low levels
- ECS market share of 39%³, including: net asset value of 569.9 m PLN (>65 thousand companies acquired)
- **Collaboration with banks continues to strengthen** leading to significant growth in new sales of life protection insurance in the bank channel, the number of insureds and gross premium written

1. 2020 data, source: own calculations based on KNF's Quarterly Bulletin Rynek ubezpieczeń 4/2020
 2. Data presented for the centers for the period from the beginning of the year regardless of the time of acquisition
 3. By the number of companies

High business profitability in 1Q21

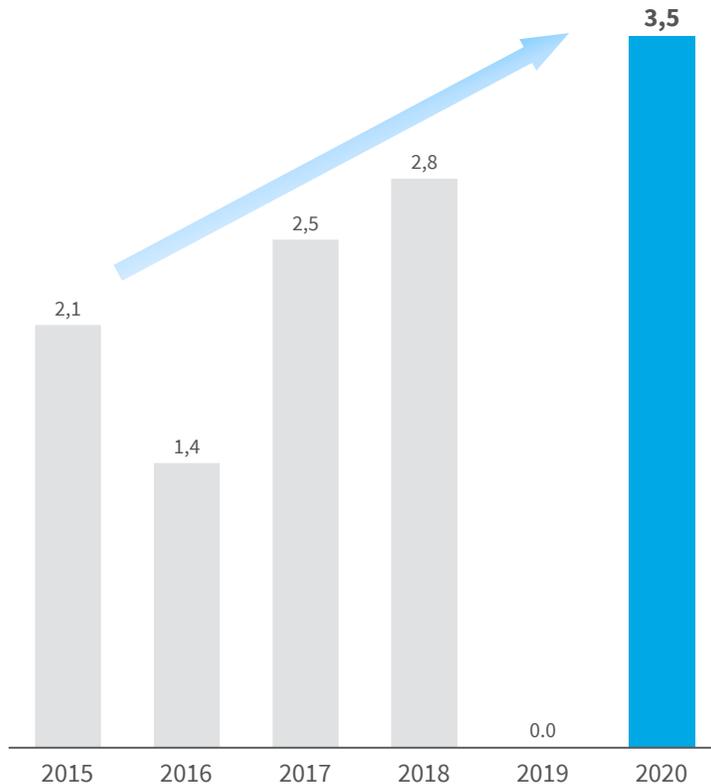


- High profitability in non-life insurance – combined ratio of **89.1%** in 1Q21 (**87.4%** in 1Q20)
- Return on the main portfolio: **8.1%** in 1Q21 (**3.5% in 1Q20**), positive impact exerted by the results on the equity portfolio
- Operating margin in group and individually continued insurance in 1Q21 affected by the pandemic at **10.2%**; margin adjusted (**16.5%**) for the deviation resulting mainly from the occurrence of the pandemic at levels comparable to the margins realized in the first quarters of the year
- **Costs under strict control**; despite pressure to raise wages and other costs related to the COVID-19 pandemic, the cost ratio was 7.2% in 1Q21 (7.0% in 1Q20)
- **Return on equity of 18.8% in 1Q21**; PZU among the insurers generating the highest ROE in Europe

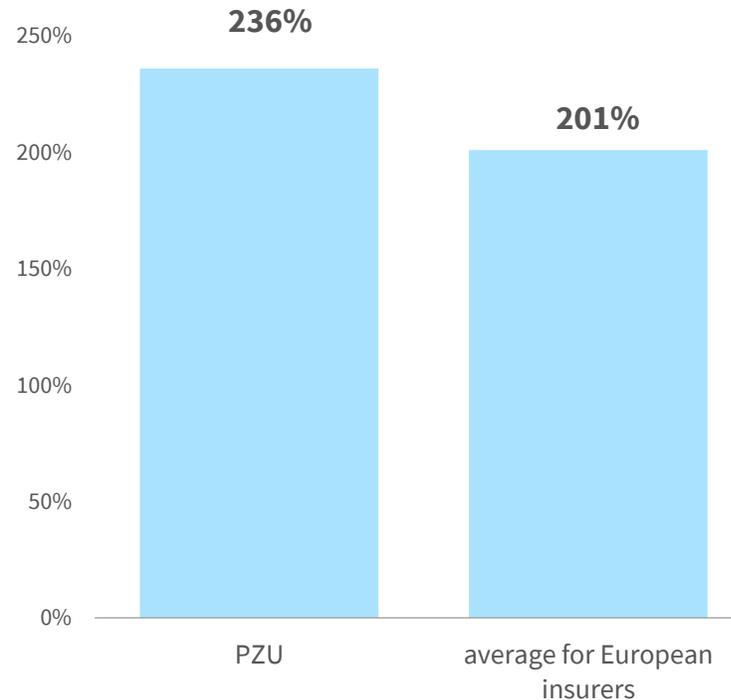
1. Annualized ratio, attributable to equity holders of the parent company
2. Margin in 1Q20 and 2021 for the group and individually continued insurance segment
3. Non-life insurance in the PZU Group (Poland)

High level of safety in the conducted business makes it possible to disburse cumulative dividends for 2019-20 in line with the regulator's recommendation

Dividend per share (PLN)



Solvency II ratio for the PZU Group compared to the average for European insurers (4Q20)



- The **dividend of 3.5 PLN** per share proposed to the Ordinary Shareholder Meeting by the Management Board has been endorsed by the Supervisory Board and translates into a **10% dividend yield**
- Solvency II as at 31 December 2020 at very high levels on a European scale: **236%¹ for the Group, 268%¹ for PZU, 348%¹ for PZU Życie**
- S&P rating of **A-** with a stable outlook with a capital strength rating of **AAA**, affirmed on 27 August 2020
- **Safe and diversified investment portfolio:** augmented share of portfolios securing a high level of profitability versus the low level of market interest rates, including corporate debt with an investment-grade rating

1. Data as at 31 December 2020

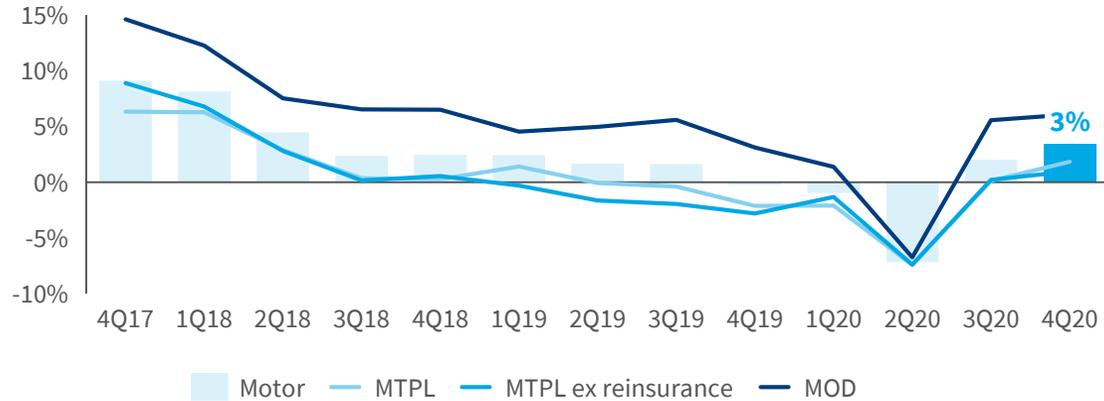


2. Business development



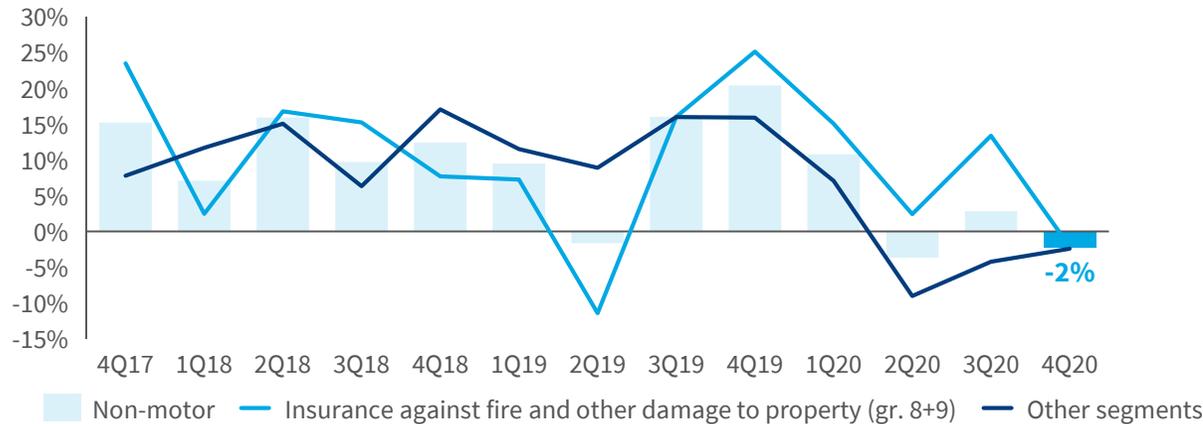
Trends on the non-life insurance market in Poland

Growth rate of the motor insurance market¹, y/y

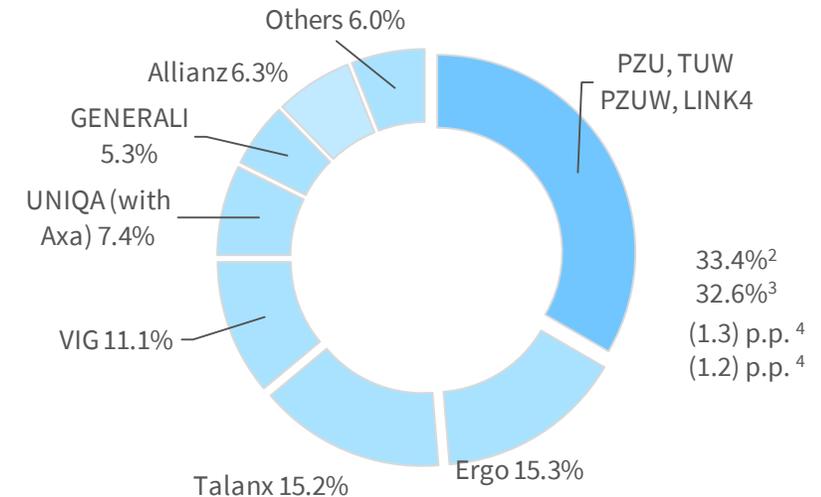


- **Sales growth in motor insurance in 4Q20 (+3.4% y/y)**, coupled with sales growth in MOD of 6.1% and in motor TPL of 1.8%
- Rising number of policies in TPL (+3.7% y/y) in conjunction with a **decline of average prices (-2.6% y/y)¹**
- **The non-motor insurance market has reverted to downward movement (-2.2% y/y).** Accident (-11.1% y/y) and property (-2.1%) insurance made the largest contribution to this contraction. Growth in other TPL insurance group (+5.0% y/y)
- **The PZU Group's market share in non-life insurance** (direct business) at the end of 2020 was 32.6%
- **PZU Group's high percentage of the market's technical result at 50%¹**

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



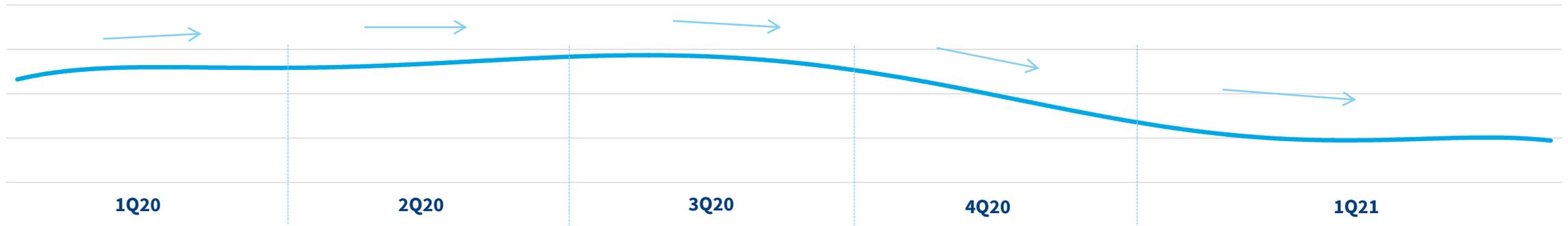
Market shares²



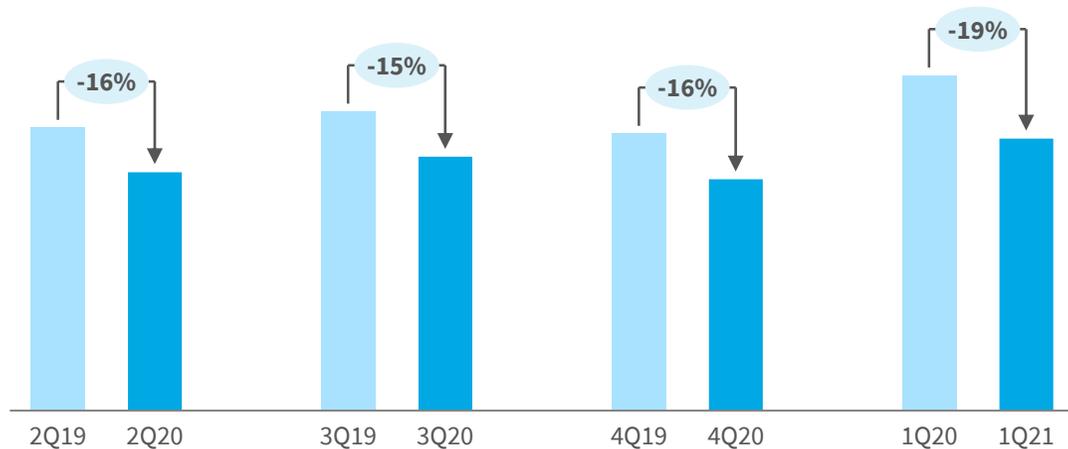
1. according to the Polish FSA's report at the end of 2020
 2. according to the Polish FSA's at the end of 2020; the market and market shares including PZU's inward reinsurance from LINK4 and TUV PZUW
 3. PZU Group's market share in non-life insurance on direct business at the end of 2020
 4. movement in market share y/y on PZU's inward reinsurance from LINK4 and TUV PZUW and direct activity, respectively.

Motor insurance – change in average price and decline in claims frequency

Change in the average market price for motor TPL



Change in claims frequency in motor insurance¹

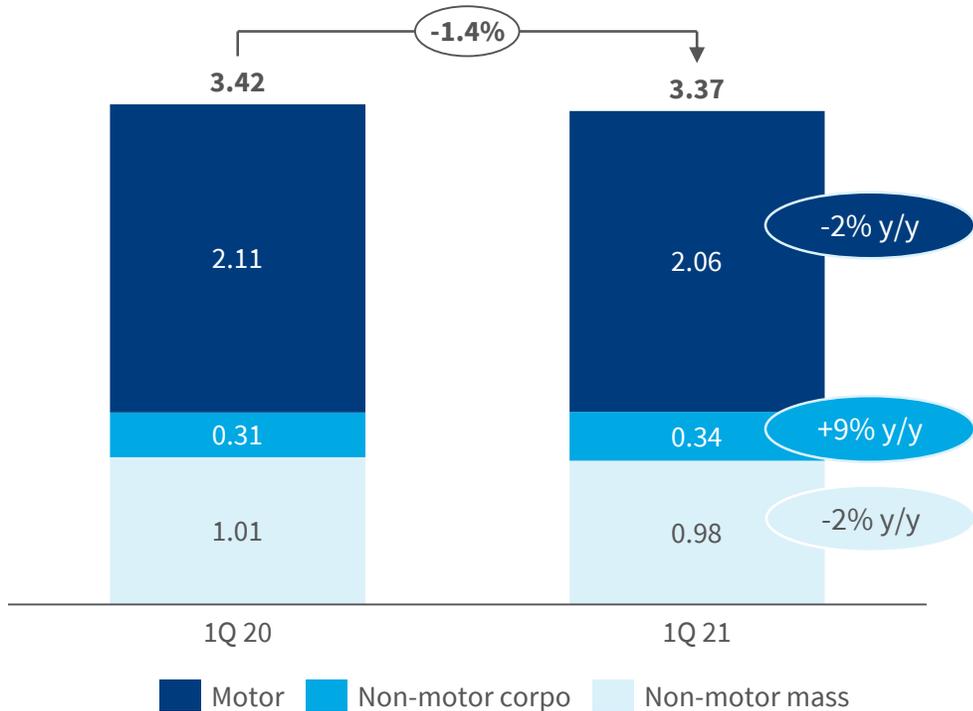


- **Decline in claims frequency** (leading to the portfolio's improved profitability) **inclines the market** to pursue an **active pricing policy**, translating into the continued price decline in 1Q21
- **Market of falling insurance prices**, inflation and the **rising euro exchange rate** translating into higher costs of claims paid, in the longer run (after returning to natural loss experience) **may impede** the ability to continue **doing profitable business**

1. data 2Q19 – 4Q20 on the basis of the Polish FSA's Quarterly Bulletin, 1Q21/1Q20 growth rate based on estimated data

Non-life insurance

PZU Group's gross written premium in 1Q21, amount (bn PLN) and dynamics



Rising cross-sell

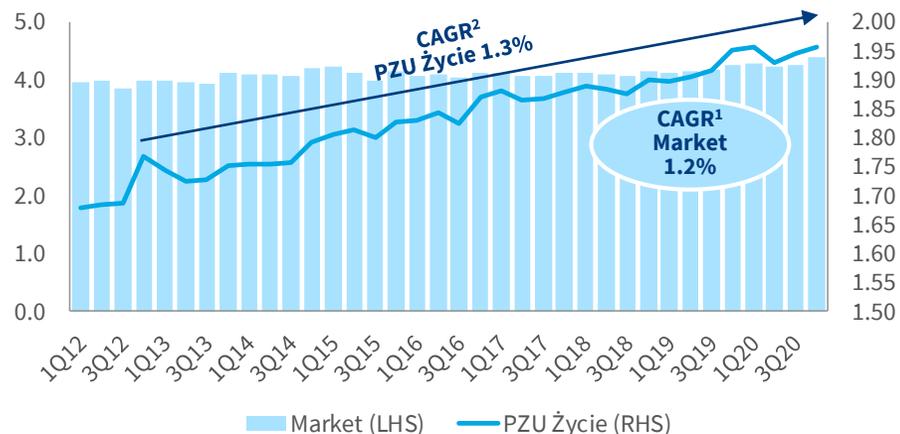


Rising MOD policies /motor TPL policies ratio

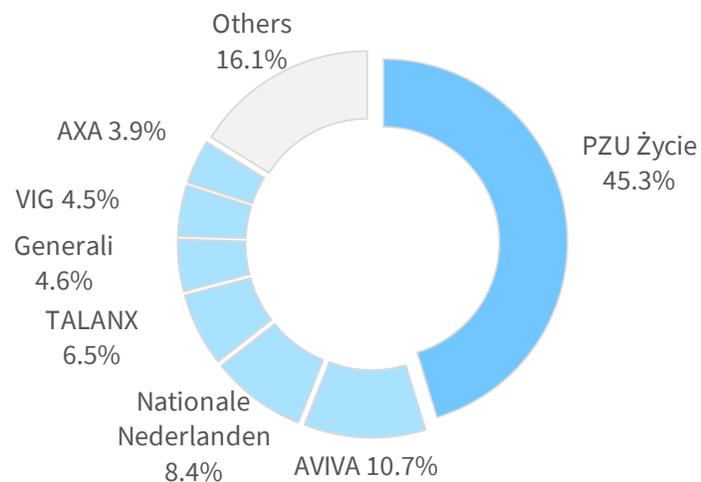
- **Growth** in the premium on **corporate non-motor** insurance of **9%**, mainly in property and electronic equipment, machinery and general TPL insurance
- In **mass non-motor** insurance: higher premium in ADD and other insurance mainly as a result of the growing sales of insurance **offered in cooperation with the Group's banks** for cash loans and mortgage loans, continuation of the growth in the **sales of home insurance**, declines in agricultural insurance
- Persistently **high level of competitiveness and mounting price pressure**, visible especially in **motor insurance**

Trends on the life insurance market

Periodic gross written premium, quarterly (bn PLN)



Market shares in periodic premium in 2020



Life insurance market in 2020

- Sales growth y/y in PZU Życie of 2% versus the overall market's negative rate of growth in gross written premium (-2.4% y/y)
- Increase in the market share held by PZU Życie by 1.8 p.p. y/y to 42.2% in total gross written premium in 2020

Insurance with a periodic premium:

- PZU's key market share of periodic premium stayed high at 45.3% in 2020, also for protection contracts (class I of life insurance); its market share was 59%

Single premium insurance:

- Higher single premium insurance sales (+51 m PLN y/y), translating into market share expansion in single premium life products – market share up 6.9 p.p. y/y
- Market share held by single premium products at its highest since 2008

Group insurance:

- PZU Życie's premium in group insurance up 19 m PLN y/y in 2020, the Group has the fifth highest premium growth

Individual insurance:

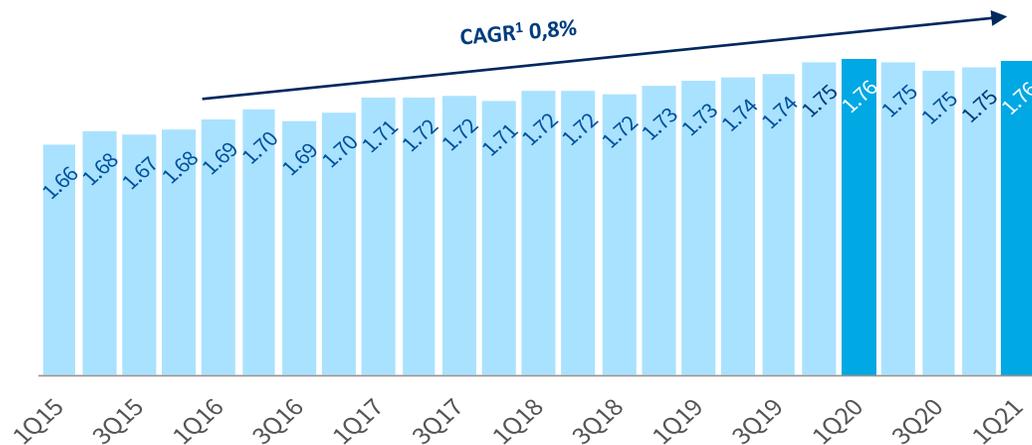
- Individual insurance continues to see PZU taking up market share (+2.7 p.p. y/y) in a shrinking market (-4.9% y/y)

The **profitability of the technical result** at PZU Życie in 4Q20 is higher than the average for the competition – 18.2% versus 11.5%; the share held by PZU Życie of the sector's overall technical result was almost 54%

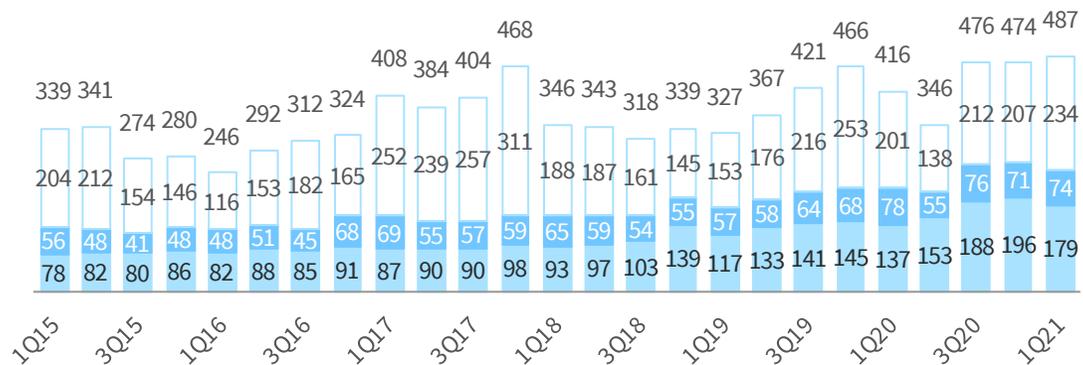
1. Market's periodic gross written premium 4Q20 to 4Q12
 2. PZU Życie's periodic gross written premium 4Q20 to 4Q12

Life insurance

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



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



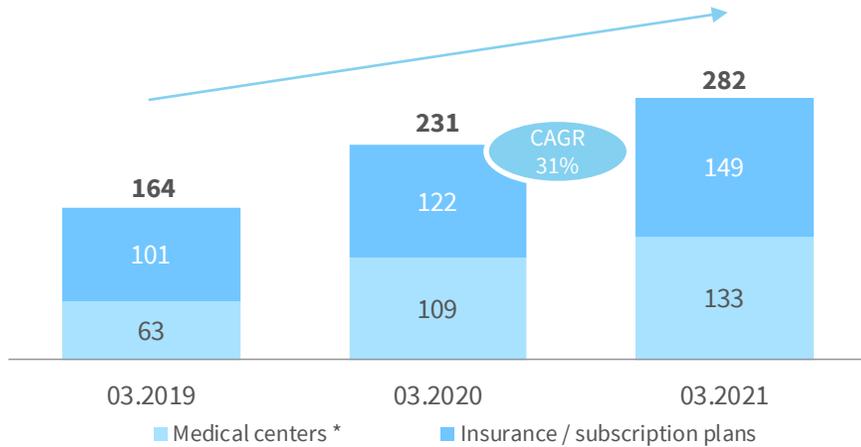
■ Protection products
 ■ Single premium investment products
 ■ Periodic premium investment products

1. 1Q16 - 1Q21

- PZU Group's stable premium in **group and individually continued life insurance in 1Q21 y/y** in Poland despite the limitation of employee benefits and higher attrition in work establishments
- **Expanding portfolio of health insurance**, which has posted record-breaking results measured by collected premium, especially for ambulatory contracts. At the end of 1Q21, PZU Życie had **nearly 2.3 million health insurance contracts in force** in its portfolio.
- Steadily rising revenue generated by riders to individual continuation, including the recently added **accident rider to individual continuation**
- **High level of sales of individual protection products in 1Q21** driven by the development of **cooperation with Alior Bank** to offer single premium individual life insurance to clients taking out mortgage loans
- Higher level in 1Q21 of single contributions to **unit-linked** accounts in insurance offered jointly with banks

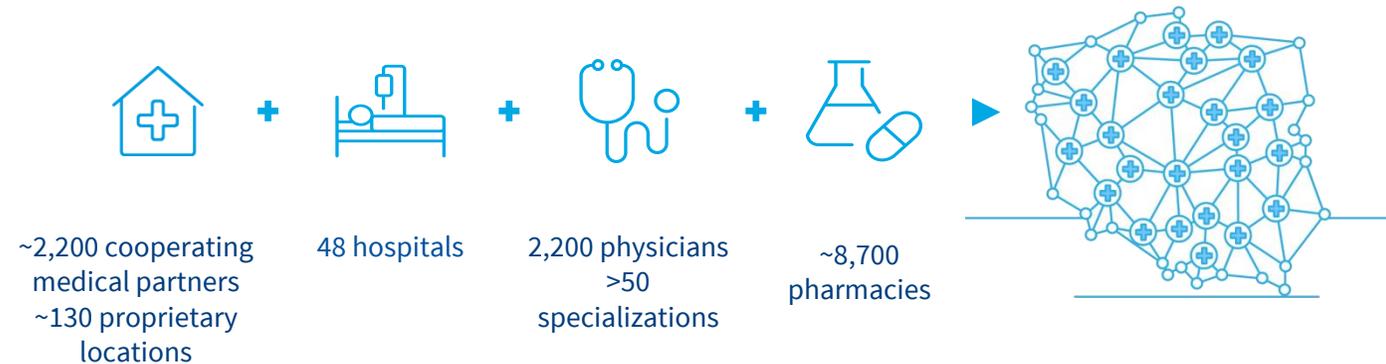
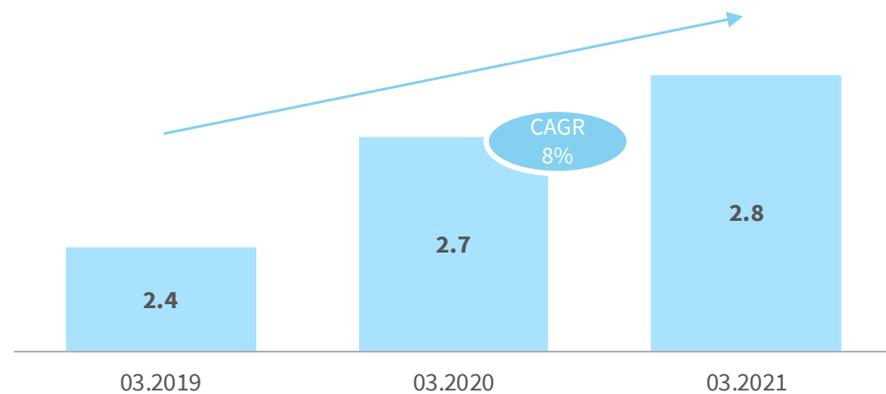
Development of the scale of operations in health

Revenues (m PLN)



- **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

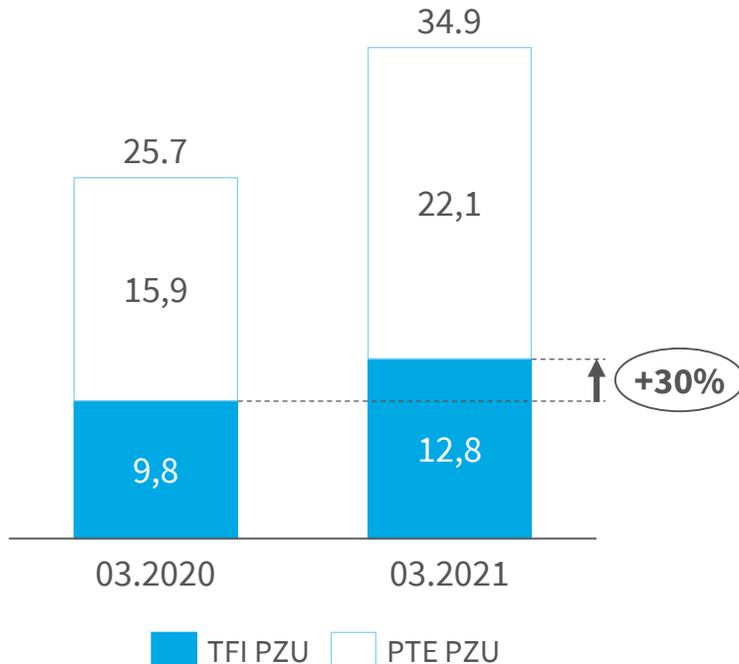
Number of contracts at the end of the period (m)



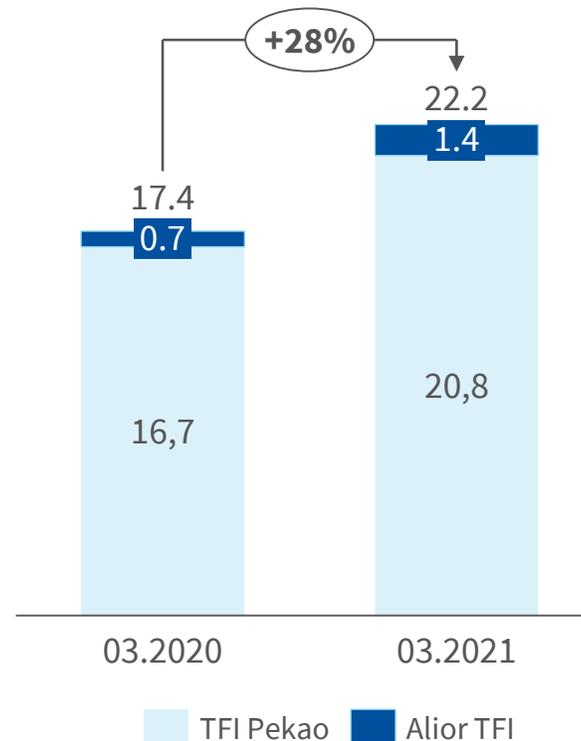
* Data presented for the centers for the period from the beginning of the year regardless of the time of acquisition

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)



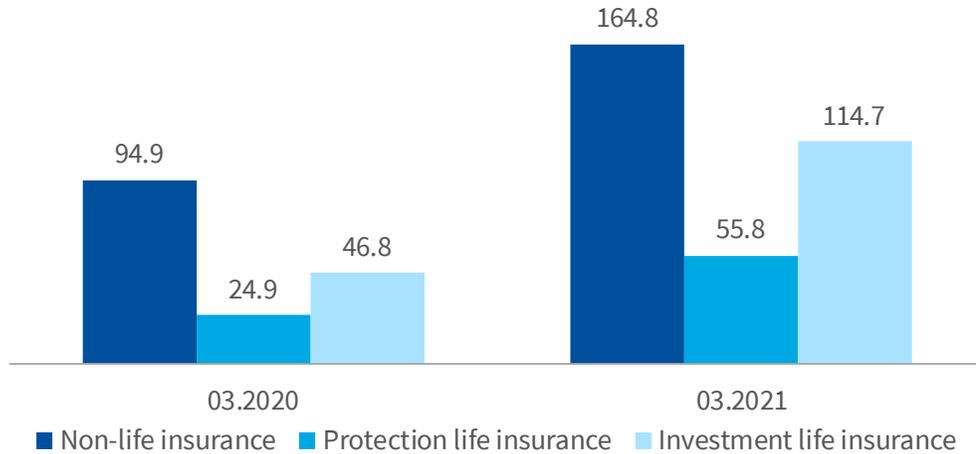
Asset management:

- Significant **increase in assets under management** – up 29% y/y to 35 bn PLN²
- **Increase in assets under management at TFI PZU of 30% y/y**, including growth of seven times in Employee Capital Schemes (ECS)
- **Net inflows into TFI PZU's funds** of 577 m PLN (including 164 m PLN of net inflows under the ECS product)
- **Favorable mix of assets under management in TFI PZU** – percentage of assets linked to the third pension pillar (EPS and ECS) prevalent
- **Market share in ECS measured by the number of firms at 39%**, including the net asset value of 569.9 m PLN (>65 thousand companies acquired)

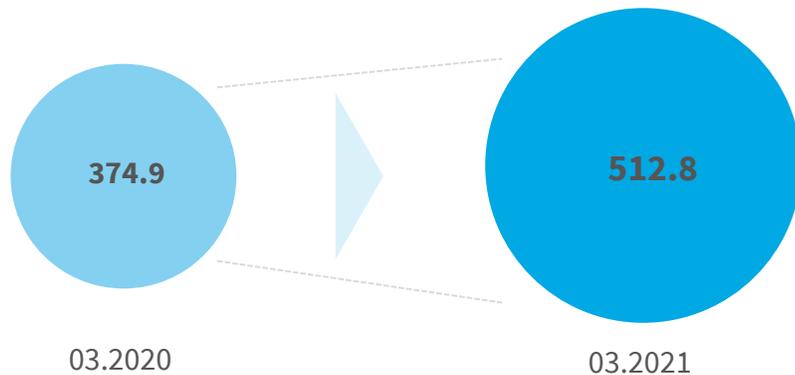
1. Assets managed by PTE PZU are not recognized as a KPI in the new PZU Group's strategy for 2021-2024
 2. According to the PZU Group strategy's new strategy in 2021-2024, third party assets under management in TFI PZU, Pekao TFI and Alior TFI

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:

- in 1Q21 the bancassurance market share climbed 4.6 p.p.
- doubling of insurance sales by the PZU Group banks in 1Q21 y/y
- presence of the PZU Group's products in all of the major product lines of the PZU Group's banks
- work on implementing standalone products in the banks' offer
- implementing 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
 - after completing the deployment of 113 own branches in November 2020 a pilot was launched in November 2020 in 6 of PZU's partner branches with a joint insurance and banking offer in the Auto Plus Account Promotion Another 16 Partner Branches was implemented in 1Q21 and the pilot implementation of 21 Tied Agents was prepared
 - **growth in the sum of loans and deposits** secured by PZU for the Bank in 1Q21 by **45% y/y**
- **Alior Bank:**
 - **Development of the Cash Portal** – implementation of the program outside the PZU Group and work on extending the offer of products available on the Cash Portal - Mini Cash Loan, consolidation loan. The Cash Portal has been implemented in the SME segment (the range among small and medium enterprises spans more than 3 thousand companies employing more than 200 thousand employees)
- Continuation of cost savings initiatives
- Growth rate of insurance-based investment products curtailed by lower client activity during the COVID-19 pandemic



3. Financial results



PZU Group's results – contribution of activity to date and banking activity

m PLN	1Q20	4Q20	1Q21	change y/y	change q/q
PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO					
Gross written premium ¹	6,097	6,575	6,148	0.8%	(6.5%)
Net insurance claims and benefits paid	(3,281)	(4,228)	(3,926)	19.7%	(7.1%)
Net investment result (ex banking activities)	(276)	729	720	x	(1.2%)
Administrative expenses ¹	(448)	(486)	(460)	2.6%	(5.3%)
Acquisition expenses ¹	(835)	(851)	(798)	(4.4%)	(6.2%)
Operating profit (loss)	758	812	1,052	38.9%	29.5%
Net profit (loss) attributable to equity holders of the parent company	577	633	811	40.5%	28.2%
BANKS: ALIOR AND PEKAO					
Net profit (loss) attributable to equity holders of the parent company	55	88	86	57.2%	(2.3%)
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	116	721	897	673.3%	24.4%
Impairment of goodwill	(516)	0	0	x	x
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY excluding impairment of goodwill and intangibles	632	721	897	41.9%	24.4%
MAIN FINANCIAL RATIOS					
ROE ²	2.9%	15.7%	18.8%	15.9p.p.	3.1p.p.
Combined ratio ³	87.4%	87.6%	89.1%	1.7p.p.	1.5p.p.
Margin ⁴	22.6%	1.9%	10.2%	(12.4)p.p.	8.3p.p.
Administrative expense ratio of PZU, PZU Życie	7.0%	7.4%	7.2%	0.2p.p.	(0.2)p.p.
Acquisition expense ratio of PZU, PZU Życie	14.3%	15.1%	14.2%	(0.1)p.p.	(0.9)p.p.

1. PZU Group net of data from 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

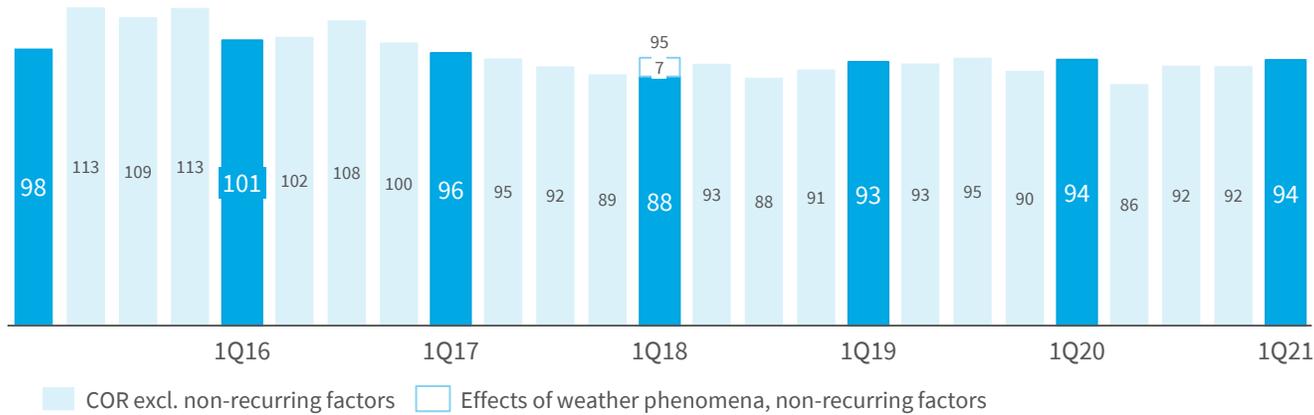
Profitability by operating segments

(1Q21)

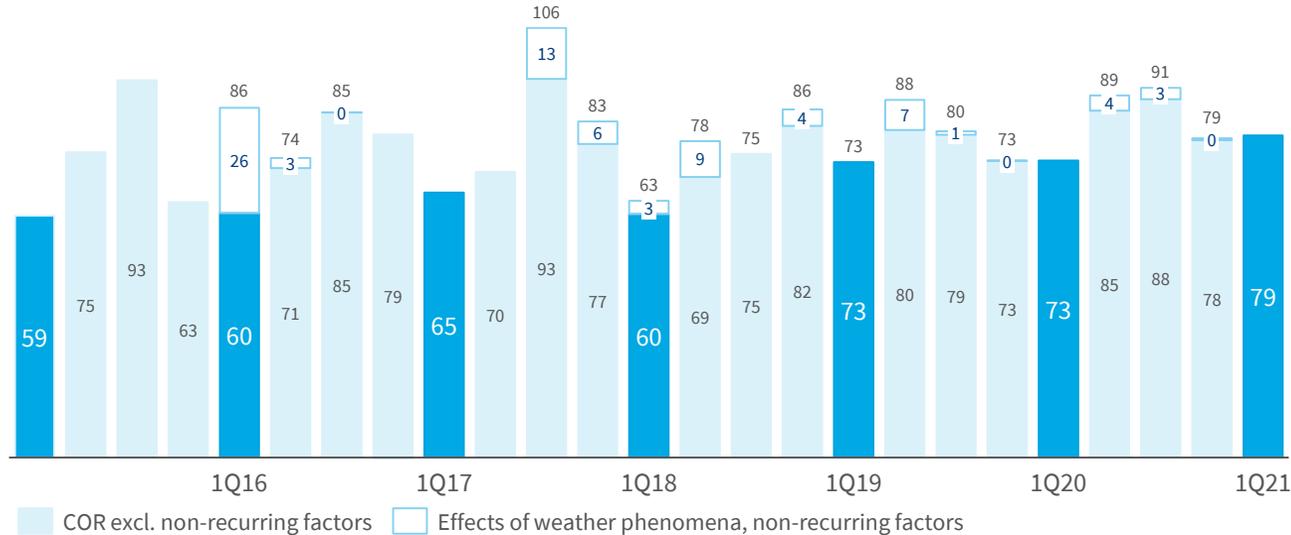
Insurance segments	Gross written premium			Insurance result / operating result			Combined ratio / Margin	
	1Q20	1Q21	Change y/y	1Q20	1Q21	Change y/y	1Q20	1Q21
m PLN, local GAAP								
Total non-life insurance – Poland	3,435	3,398	(1.1%)	527	387	(26.6%)	87.4%	89.1%
Mass insurance – Poland	2,762	2,722	(1.4%)	421	326	(22.6%)	86.8%	88.6%
Motor TPL	1,088	1,045	(4.0%)	43	64	49.7%	96.7%	94.9%
MOD	665	675	1.5%	58	55	(5.4%)	90.3%	91.0%
Other products	1,009	1,002	(0.7%)	209	153	(26.9%)	70.5%	78.4%
Impact of allocation to the investment segment	x	x	x	111	54	(51.3%)	x	x
Corporate insurance – Poland	673	676	0.4%	106	61	(42.5%)	90.0%	90.8%
Motor TPL	181	163	(9.9%)	8	4	(56.7%)	97.0%	97.6%
MOD	179	171	(4.5%)	23	8	(65.6%)	89.5%	95.2%
Other products	313	342	9.3%	39	34	(13.9%)	83.0%	81.7%
Impact of allocation to the investment segment	x	x	x	36	16	(55.5%)	x	x
Total life insurance – Poland	2,175	2,244	3.2%	468	257	(45.1%)	21.5%	11.5%
Group and individually continued insurance - Poland*	1,759	1,757	(0.1%)	398	180	(54.8%)	22.6%	10.2%
Individual insurance – Poland	416	487	17.1%	70	77	10.0%	16.8%	15.8%
Total non-life insurance – Ukraine and Baltic States	460	488	6.1%	51	52	2.0%	88.8%	88.8%
Baltic States	404	441	9.2%	38	50	31.6%	89.0%	88.0%
Ukraine	56	47	(16.1%)	13	2	(84.6%)	86.1%	100.0%
Total life insurance – Ukraine and Baltic States	42	41	(2.4%)	4	4	x	7.1%	9.8%
Lithuania	19	21	10.5%	(1)	0	x	(5.3%)	-
Ukraine	23	20	(13.0%)	5	4	(20.0%)	21.7%	20.0%
Banks	x	x	x	(61)	572	x	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 market is gradually revisiting the growth rate seen prior to the pandemic – this is visible on the new car sales and leasing market
- **high profitability** chiefly the outcome of the frequency of claims staying at low levels due to limited mobility
- ongoing price pressure on the market
- **rising euro exchange rate and inflation** are translating into significant growth of the average claims and benefits paid
- the consequences of the pandemic and economic slowdown, including the recession on the insurance market may be noticeable with a lag (most contracts are executed for a year), i.e. over the upcoming three or four quarters

Non-motor insurance

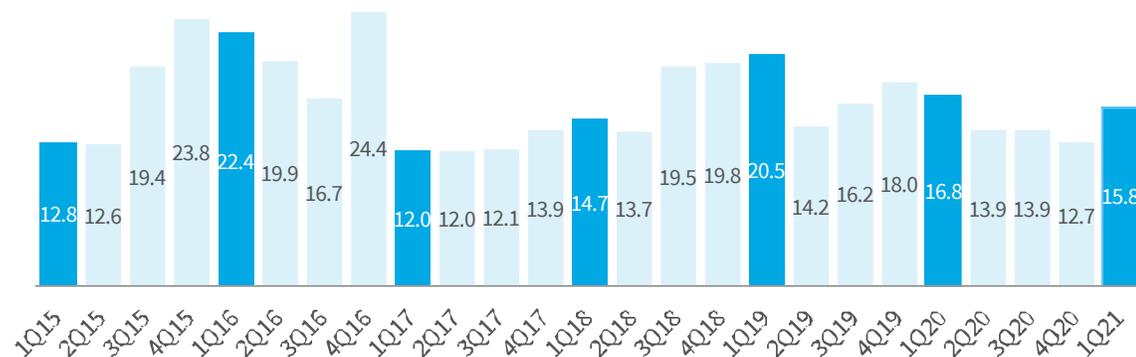
- **profitability maintained in corporate non-motor insurance** despite the occurrence of several large losses. Improved profitability in the portfolio of other TPL insurance products
- **lower profitability of mass non-motor insurance** mainly due to the higher loss ratio in the portfolio of home and agricultural insurance

Life insurance

Margin in group and individually continued insurance¹ (%)



Margin in individual insurance (%)



Margin in group and individually continued insurance in 1Q21 down 12.4 p.p. y/y to 10.2 percent

- the major driver contributing to the margin contraction y/y was the **heightened mortality linked to the COVID-19 pandemic** in line with the climbing frequency of deaths observed in the overall population reported by the Central Statistics Office
- due to lower mortality forecasts in subsequent periods, **11.9 m PLN was derecognized from the provision for unexpired risk**. This provision of 51 m PLN was established at the end of last year to cover the possible shortfall of future premiums due to the heightened mortality caused by the COVID-19 pandemic
- at the same time a **lower loss ratio of paramedical risks** (mainly hospital treatment and surgical operations) is still being observed due to the lower number of reported benefits and **lower disbursements related to child birth**

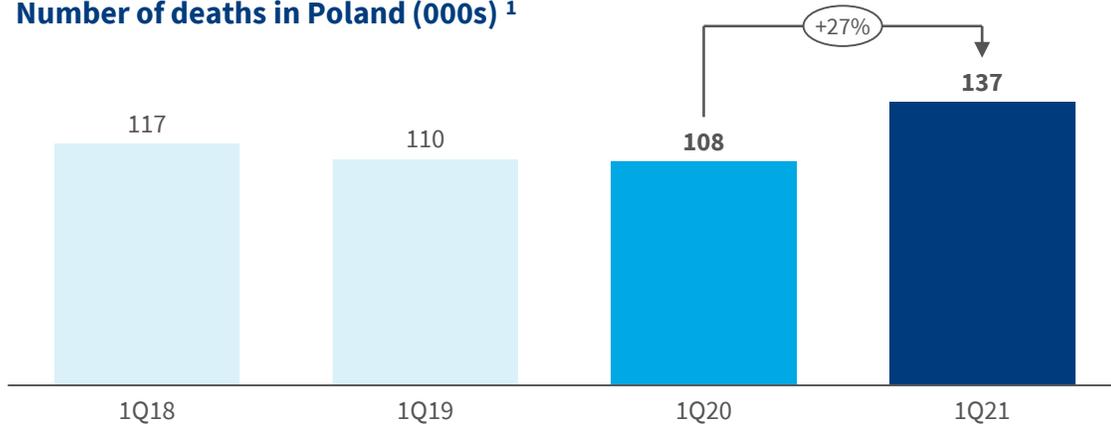
In the individual insurance segment the margin in 1Q21 of 15.8%, down 1.0 p.p. y/y was the outcome of the following:

- further **development of protection products in the banking channel** and of term products sold in the own network
- decrease in income from investments allocated** using transfer prices

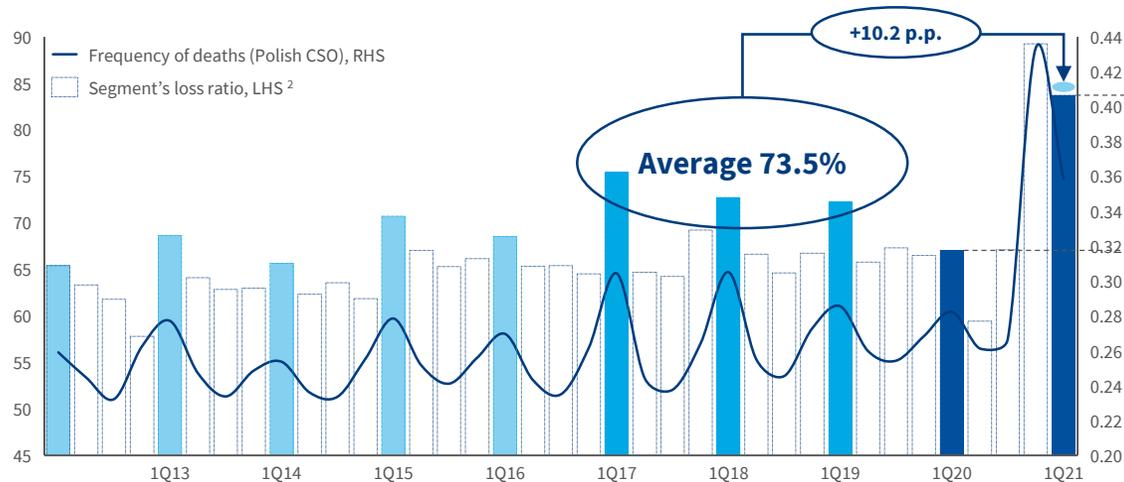
1. Margin in group and individually continued insurance until 4Q 2019 net of the conversion effect, as of 1Q20 the conversion effect is no longer disregarded

Pandemic and the loss ratio in the group and individually continued segment in 1Q21

Number of deaths in Poland (000s) ¹



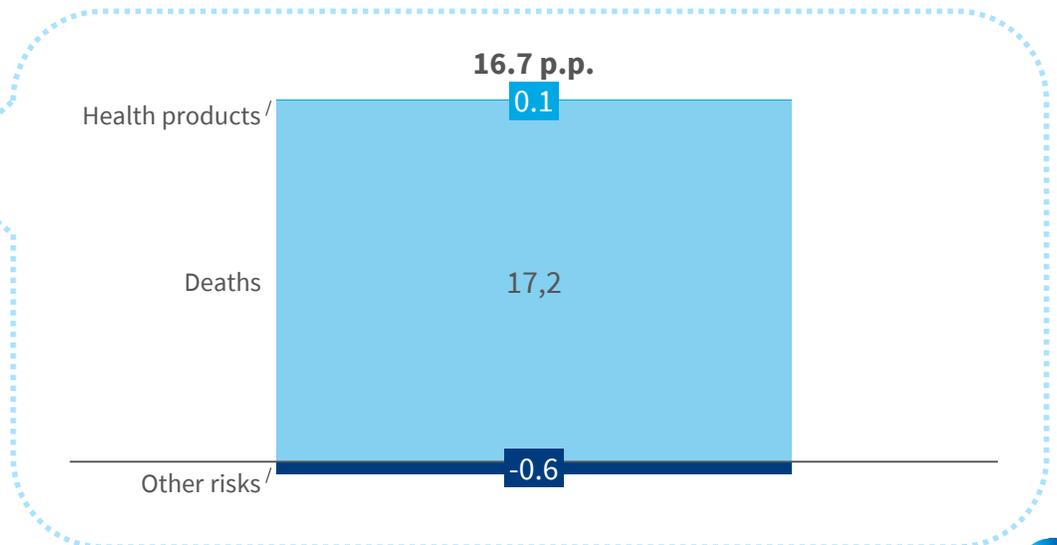
The frequency of deaths in Poland and the loss ratio of the group and individually continued insurance segment



1. First quarter of every year, in thousands, 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

- Number of deaths in Poland in 1Q21 down from the final months of the previous year but still coming in at **record high levels**
- Loss ratio in the group and individually continued insurance segment² **significantly higher y/y: +16.7%**, while the loss ratio in 1Q20 was very low as it incorporated the positive effects of the lockdown for the loss ratio seen in health products and other risks. **Movement in the loss ratio versus average for the first quarters in 2017-2019 (prior to the occurrence of the pandemic) +10.2 p.p.** (growth in the loss ratio including mathematical reserve movement was **5.3 p.p. vs. 1Qs 17-19**)
- The higher loss ratio in the segment in 1Q21 y/y was chiefly caused by the **higher frequency of deaths** in line with the increases observed for the entire population coupled with the lower loss ratio on **other risks** included in group and individually continued insurance

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

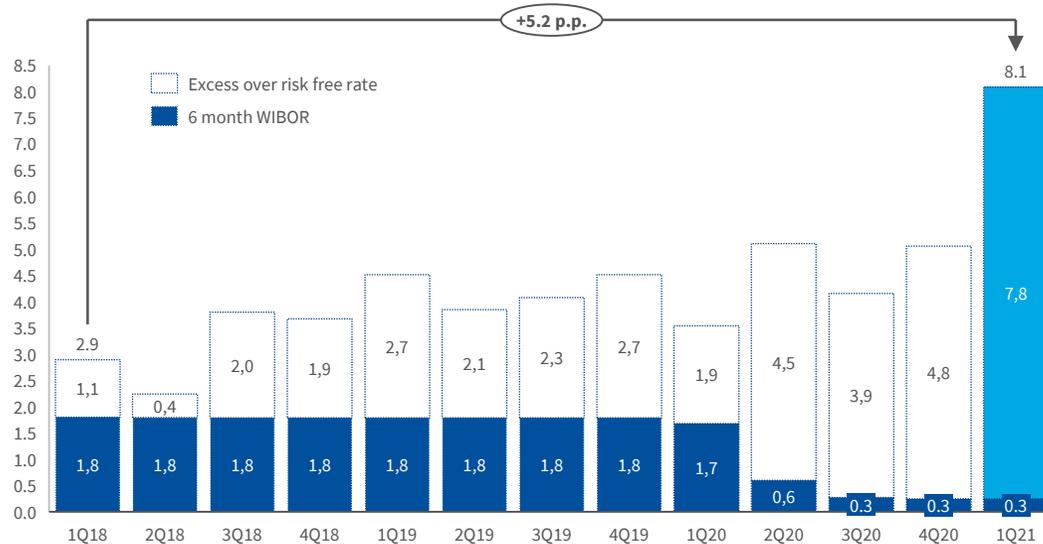


Investment result

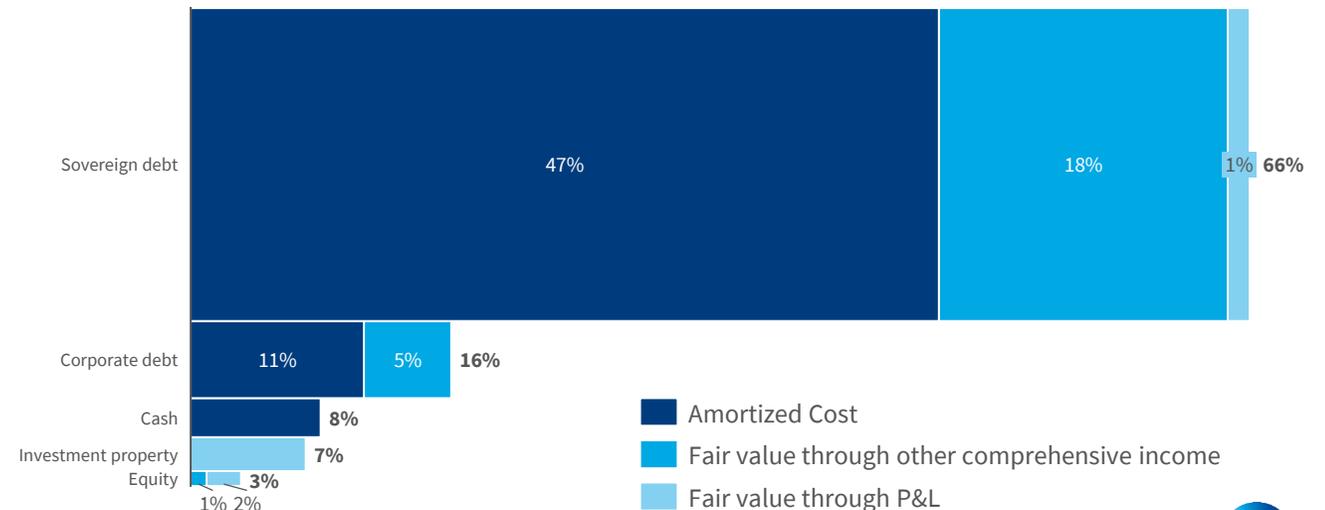
MSSF, m PLN	1Q20	4Q20	1Q21	change y/y	change q/q
Net investment result	1,371	2,083	2,406	75.5%	15.5%
Insurance and other activities	(276)	729	720	x	(1.2%)
Main portfolio	421	550	859	104.2%	56.1%
Debt instruments - interest	341	301	321	(6.0%)	6.6%
Debt instruments - revaluation and execution	77	62	(5)	x	x
Equity instruments	(24)	143	519	x	262.9%
Real estate	26	44	24	(8.1%)	(45.5%)
-	-	-	-	x	x
Investment products	(470)	246	(40)	x	x
Other	(227)	(68)	(99)	x	x
Banking activities	1,647	1,354	1,686	2.3%	24.5%

- **7.8 p.p. surplus profitability** in the main portfolio on FX on liabilities above the risk-free rate in 1Q21
- **Robust net interest income** – reduction in income in the part of the portfolio linked to floating corporate bonds partially offset by the positive impact of interest income on the BGK and PFR bonds (containing a State Treasury guarantee) purchased in the portfolio measured at amortized cost
- **Decline in the result on the measurement and realization of instruments due to sale in the comparable period of last year** on some of the bonds whose measurement was previously recognized through movement in equity, lower growth in the measurement of FX portfolios due to the EUR exchange rate appreciating against the PLN to a lesser extent and the recognition in the previous quarter of fees for the prepayment of loan liabilities
- **Higher measurement of the portfolio of equity instruments**, chiefly in the logistics sector and Private Equity funds
- **Safe portfolio composition**: debt instruments account for 82% of the portfolio, treasury debt accounts for 66% of the portfolio

Return on the main portfolio with FX on liabilities

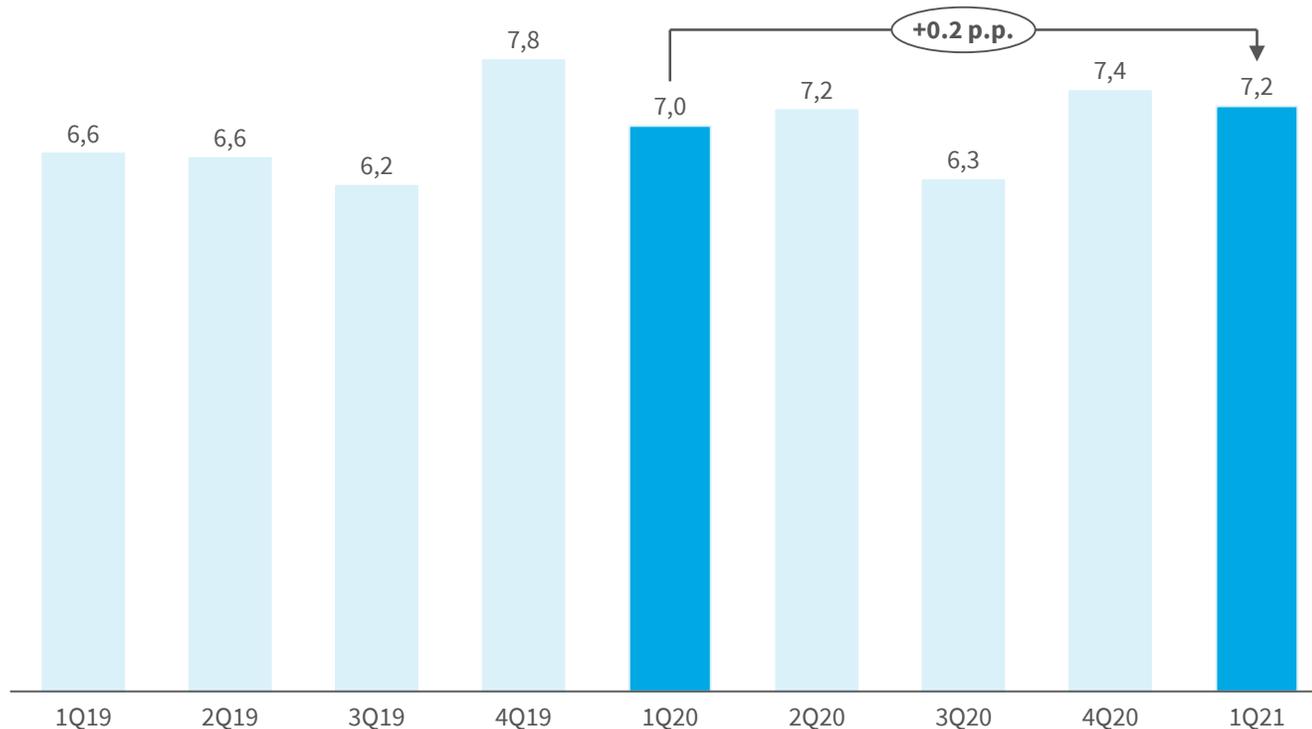


Main portfolio composition by asset classes and the methods of their measurement



Cost effectiveness

Administrative expense ratio (%)

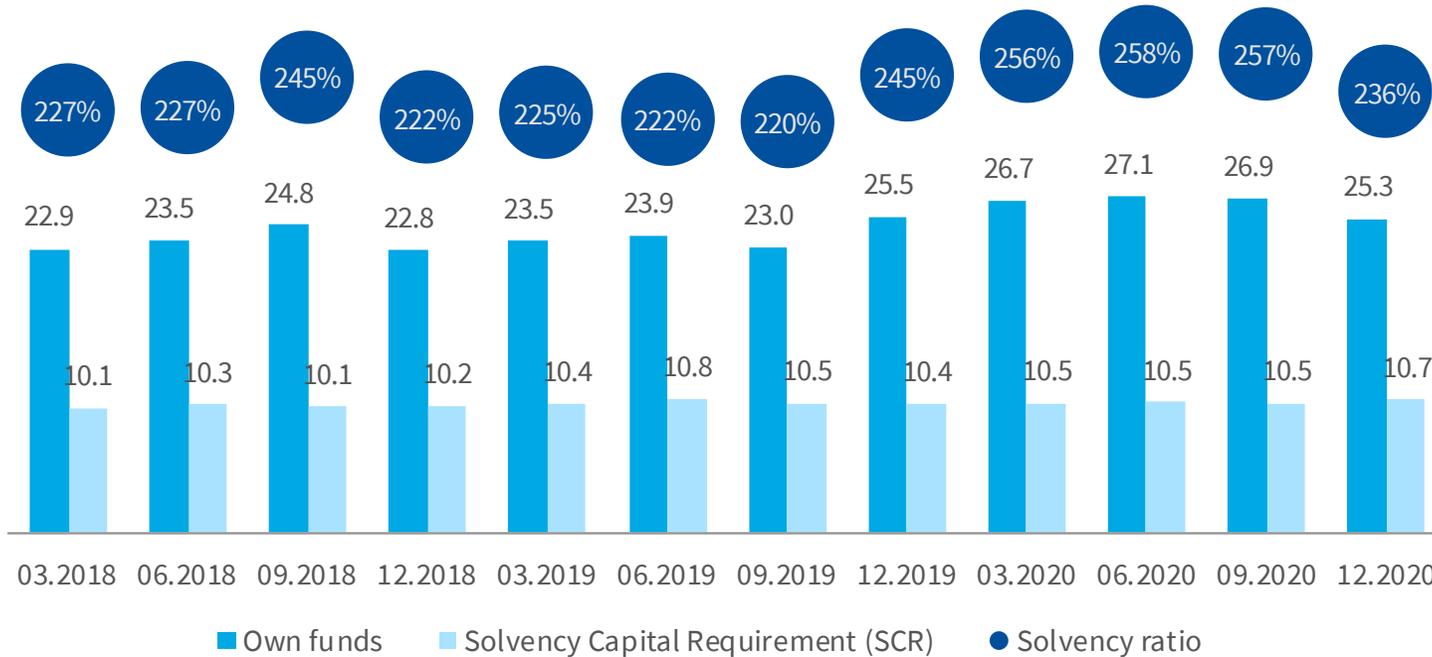


- The movement in the administrative expense ratio in **1Q21 versus 1Q20** is the outcome of the following:
 - rising personnel costs as a result of wage pressure and the establishment of higher employee holiday provisions
 - rising real estate maintenance expenses due to the indexation of the prices of leases and utilities
 - project-related work in information systems – higher costs of depreciation
 - maintenance of cost discipline in other areas
- The change in the administrative expense ratio in **1Q21 versus 4Q20** is due to the following:
 - lower intensity of marketing efforts, including advertising activities
 - decline in project-related expenditures
 - lower spend on training activities
 - lower costs of renovations and upkeep partially offset by higher labor costs (minimum wage hike)
 - higher provisions related to employees taking holiday leave and for special awards
 - rising personnel costs as a result of wage pressure

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

Group's high level of solvency

Solvency II ratio, 31 December 2020



- In 4Q20 **decline in own funds of 1.6 bn PLN**. Major reasons:
 - recognition of the planned dividends from PZU SA's profit in the amount recommended by the Management Board, i.e. 3.0 bn PLN (increase in the adjustment to equity q/q totaling 1.5 bn PLN, on account of recognizing the result generated in 2019)
 - current flow on insurance and investment activity (+1.3 bn PLN)
 - higher technical provisions and decline in reinsurance assets (-1.1 bn PLN).
- **SCR growth in 4Q20 +0.3 bn PLN (+0.3 bn PLN YTD)**. Major growth drivers q/q and YTD:
 - increase in risk in life insurance after changing the mortality assumptions
 - increase in non-life insurance risk following the changes to the reinsurance program.
- **Standalone solvency ratio:**
 - PZU: 268% (284% at the end of 3Q20)
 - PZU Życie: 348% (381% at the end of 3Q20)

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

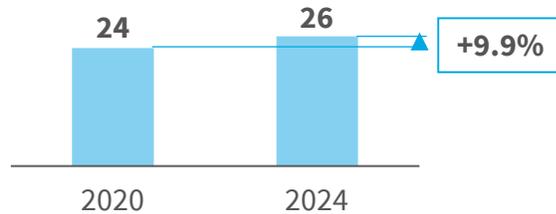
Annual data based on the audited standalone and consolidated solvency and financial condition reports (SFCR) available on the following website <https://www.pzu.pl/relacje-inwestorskie>. Other unaudited data.



4. Strategy

Strategic objectives in 2021-2024

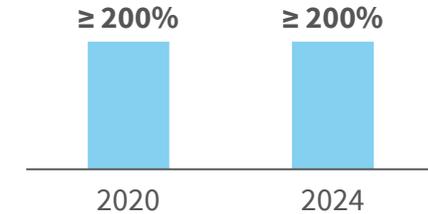
PZU Group's gross written premium¹ (bn PLN)



PZU Group's net profit² (bn PLN)



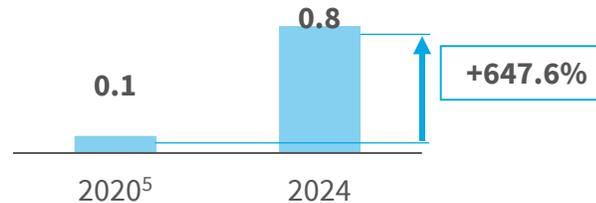
Solvency II ratio (%)



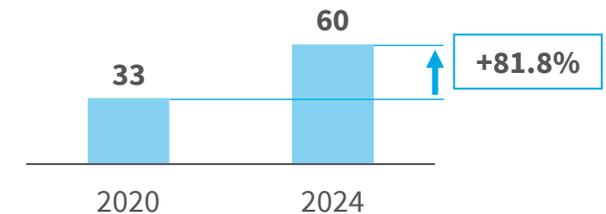
PZU Zdrowie's revenues (bn PLN)



Banks' contribution to PZU Group's net result³ (bn PLN)

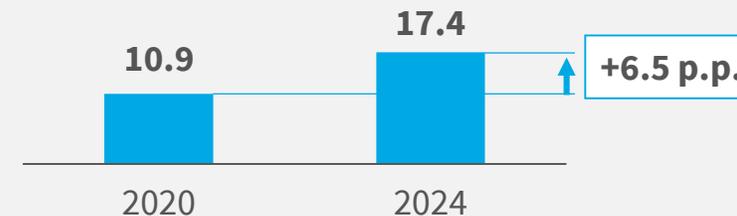


Assets under management⁴ (bn PLN)



Return on Equity (ROE)

ROE PZU (%)



1. PZU Group's gross written premium

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

3. Net profit attributable to the parent company

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

5. Net of the impairment loss for goodwill on the acquisition of Bank Pekao and Alior Bank (definition in the supplementary commentary)

Key ESG metrics of the Strategy for 2021-2024

We set the objective of **supporting the development of low-emission economy, caring for sustainable transformation**

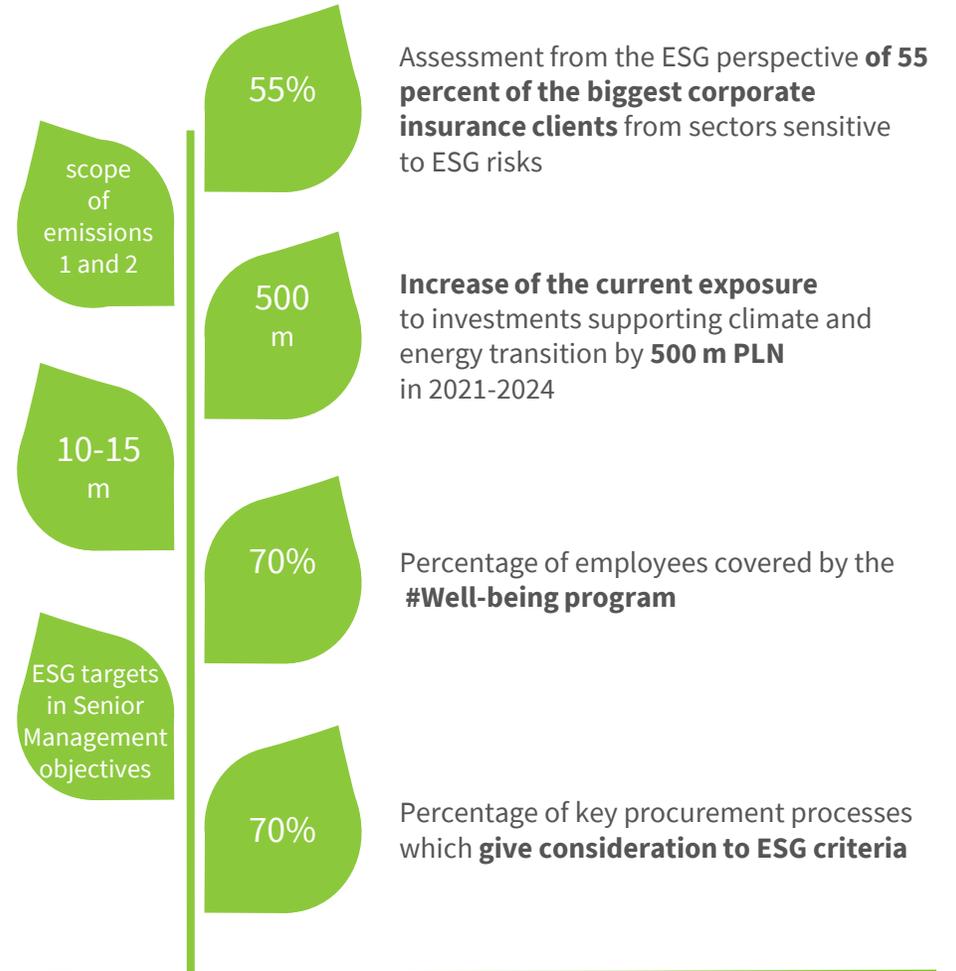
We want to encourage our clients and **local communities to lead a sustainable and safe lifestyle**

We will take care of **responsible management giving consideration to ESG factors**

Reaching climate neutrality of own operations thanks to reduction of emissions, purchase of green energy and compensation of CO2 emissions

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

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



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...



... 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



PZU Group's gross written premium

Insurance segments m PLN, local GAAP	1Q20	4Q20	1Q21	Change y/y	Change q/q
External gross written premium	6,097	6,575	6,148	0.8%	(6.5%)
Total non-life insurance – Poland	3,421	3,843	3,374	(1.4%)	(12.2%)
Mass insurance – Poland	2,755	2,613	2,707	(1.7%)	3.6%
Motor TPL	1,084	1,056	1,049	(3.2%)	(0.7%)
MOD	665	671	675	1.5%	0.6%
Other products	1,006	886	983	(2.3%)	10.9%
Corporate insurance – Poland	666	1,230	667	0.2%	(45.8%)
Motor TPL	181	197	162	(10.5%)	(17.8%)
MOD	178	196	170	(4.5%)	(13.3%)
Other products	307	837	335	9.1%	(60.0%)
Total life insurance – Poland	2,175	2,222	2,244	3.2%	1.0%
Group and individually continued insurance - Poland	1,759	1,748	1,757	(0.1%)	0.5%
Individual insurance – Poland	416	474	487	17.1%	2.7%
Premium on protection products	137	196	179	30.7%	(8.7%)
Premium on periodic investment products	78	71	74	(5.1%)	4.2%
Premium on single investment products	201	207	234	16.4%	13.0%
Total non-life insurance – Ukraine and Baltic States	460	470	488	6.1%	3.8%
Baltic States	404	420	441	9.2%	5.0%
Ukraine	56	50	47	(16.1%)	(6.0%)
Total life insurance – Ukraine and Baltic States	42	41	41	(2.4%)	0.0%
Lithuania	19	22	21	10.5%	-4.5%
Ukraine	23	19	20	(13.0%)	5.3%

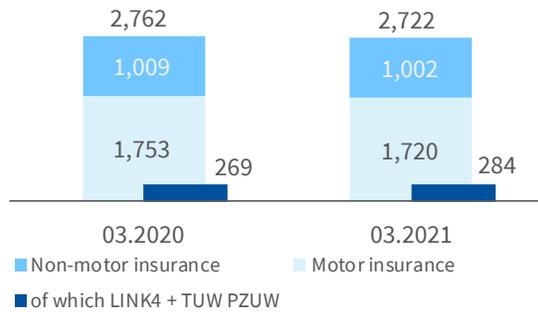


Non-life insurance

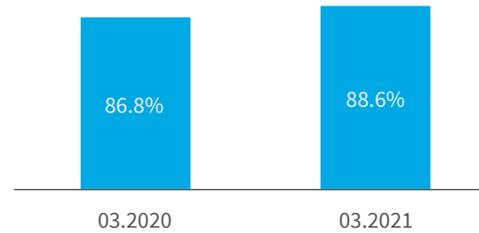
Motor insurance under the price pressure in Poland

Mass segment

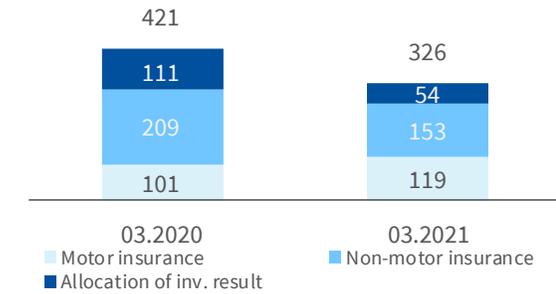
Gross written premium (m PLN)



Combined ratio (%)

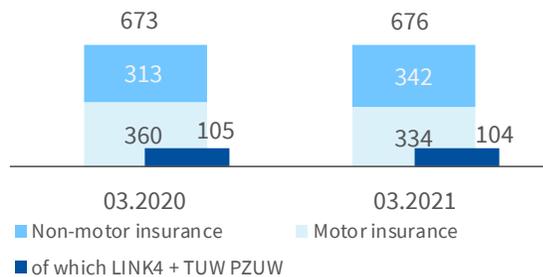


Insurance result (m PLN)

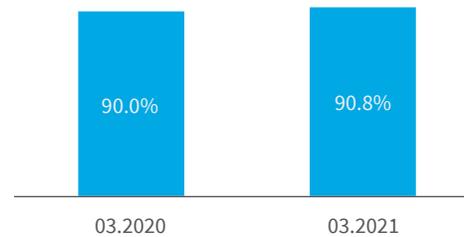


Corporate segment

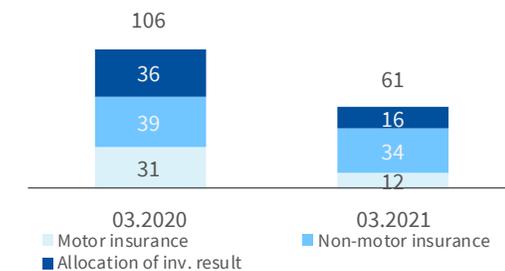
Gross written premium (m PLN)



Combined ratio (%)



Insurance result (m PLN)

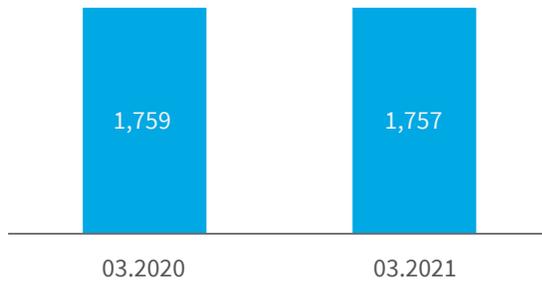


Life insurance

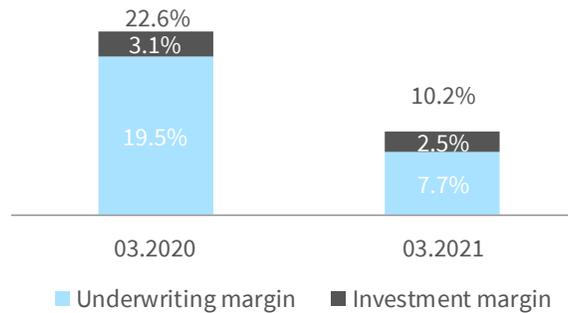
High rate of premium growth on protection products and single premium investment products. Profitability in the group and individually continued insurance segment affected by the COVID-19 pandemic

Group and individually continued insurance

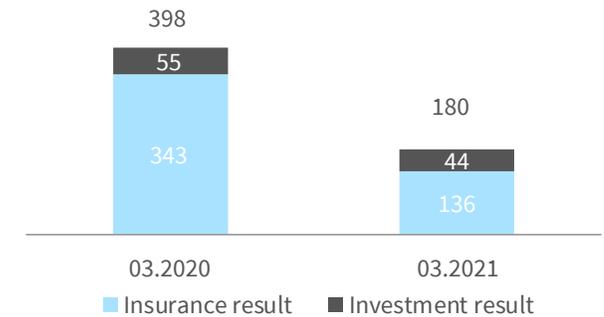
Gross written premium (m PLN)



Margin (%)

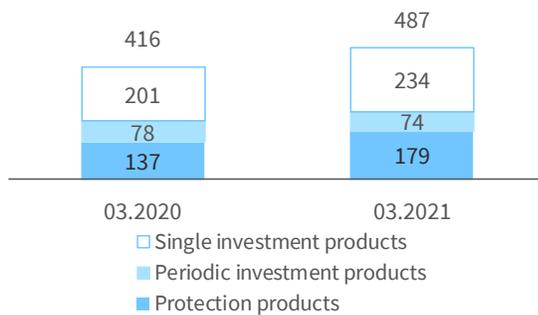


Insurance result (m PLN)

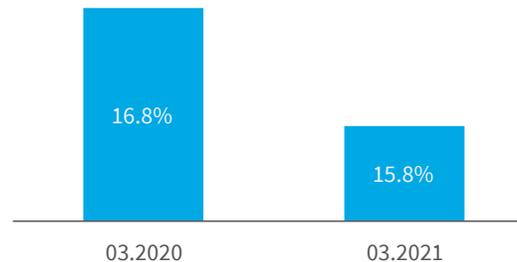


Individual insurance

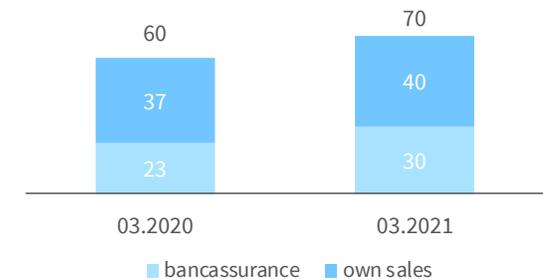
Gross written premium (m PLN)



Margin (%)



Annual premium equivalent (m PLN)

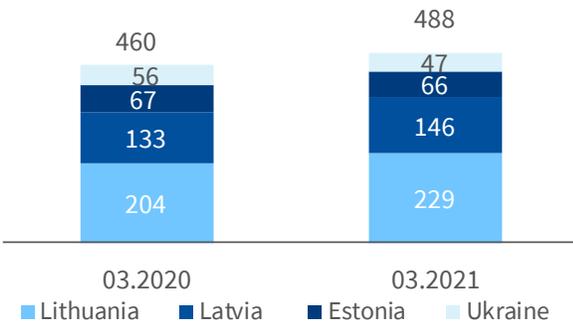


Foreign operations

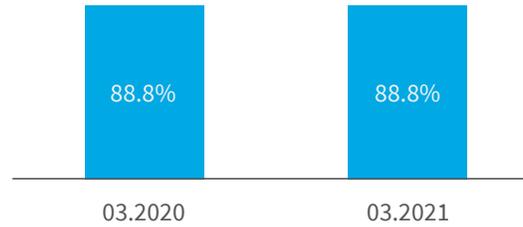
Enhanced profitability in the life segment

Non-life insurance

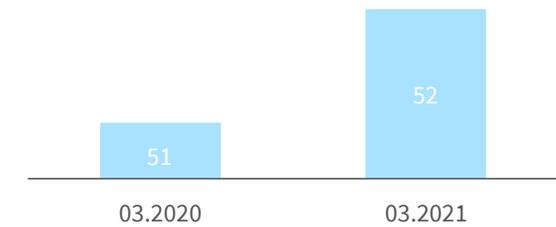
Gross written premium (m PLN)



Combined ratio (%)

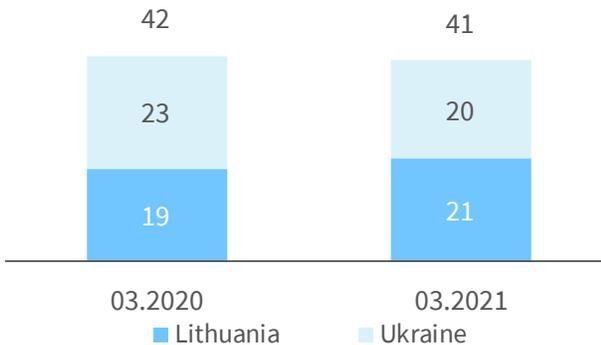


Insurance result (m PLN)

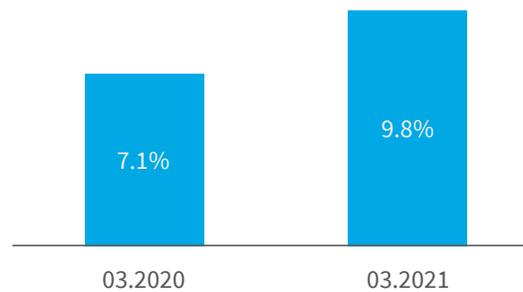


Life insurance

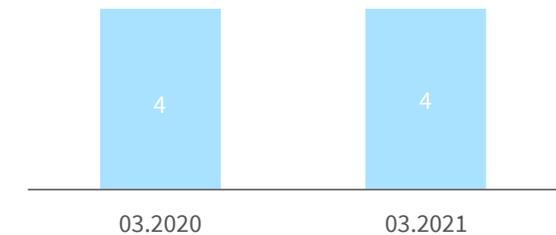
Gross written premium (m PLN)



Margin (%)



Insurance result (m PLN)

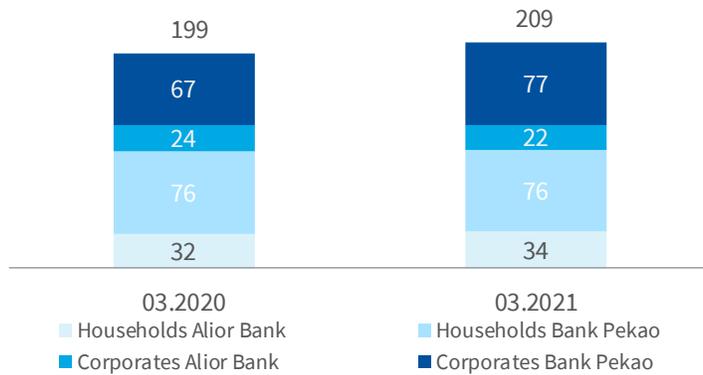


Banking activity

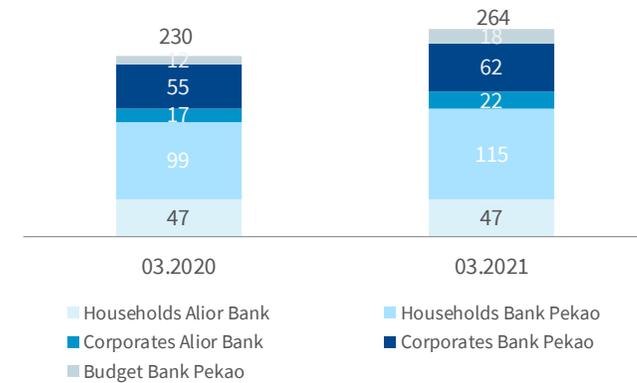
Significant growth in the banks' operating result

Volumes

Loans (bn PLN)



Liabilities (bn PLN)¹

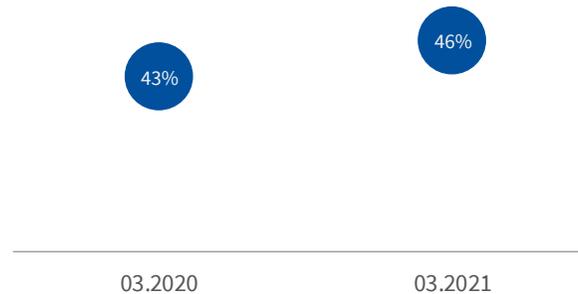


Results / ratios

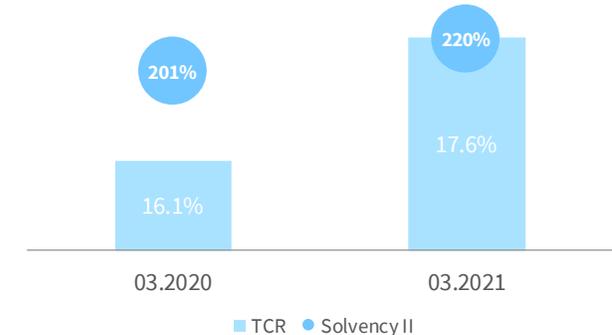
Operating result¹ (m PLN)



Cost / Income² (%)



Capital adequacy³

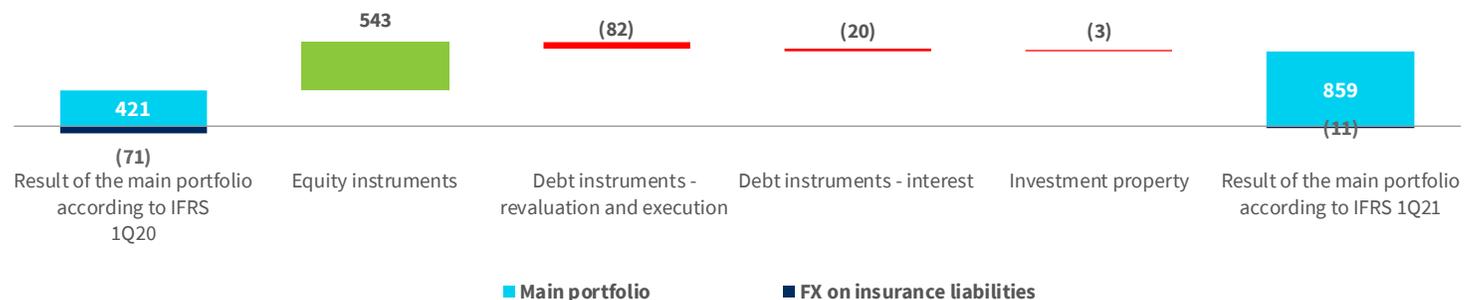


1. Data in accordance with Bank Pekao and Alior Bank's financial statements
 2. Data in accordance with PZU's financial statements, net of the impairment for goodwill and intangible assets
 3. Data jointly for Bank Pekao and Alior Bank pro rata to the equity stakes held

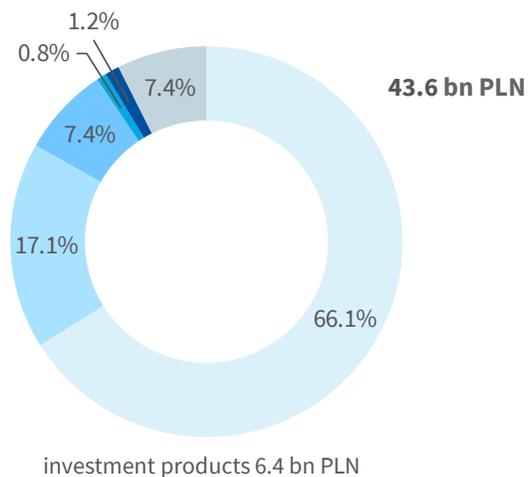
Investments

Quarterly results and portfolio composition

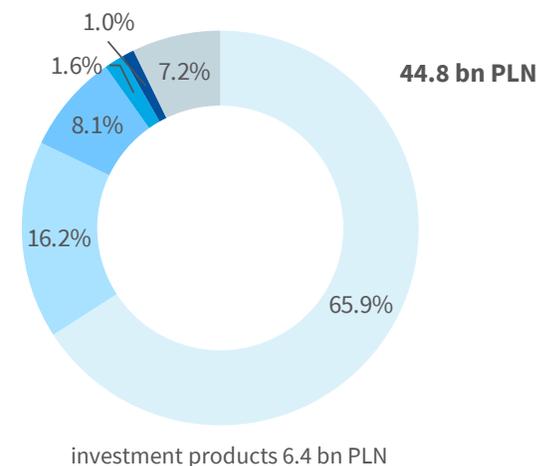
Net investment result (m PLN)



December 2020 main portfolio investment composition



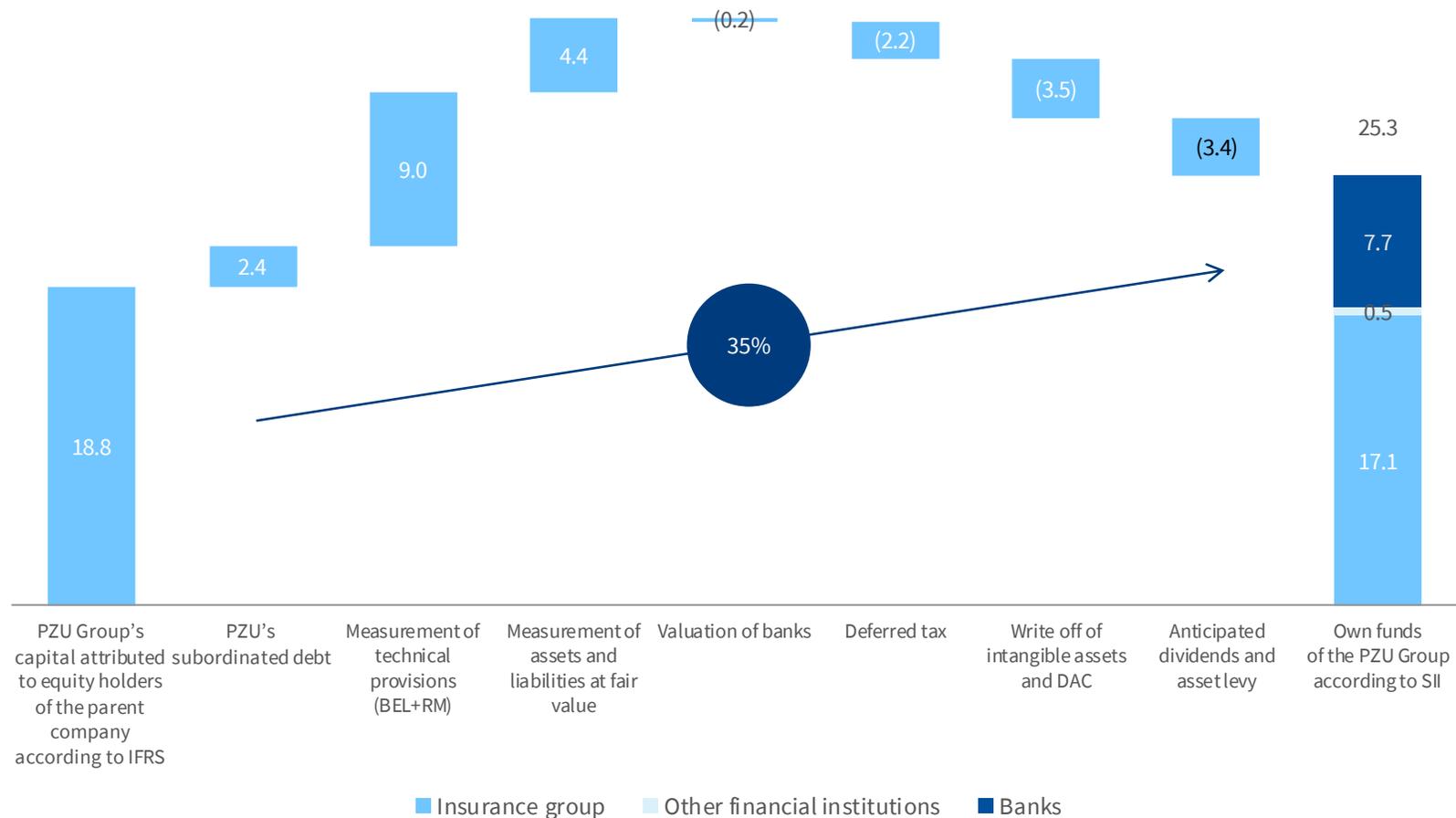
March 2021 main portfolio investment composition



Own funds

PZU Group's data in Solvency II as at 31 December 2020 (bn PLN, audited data)

Comparison of own funds and consolidated equity according to IFRS



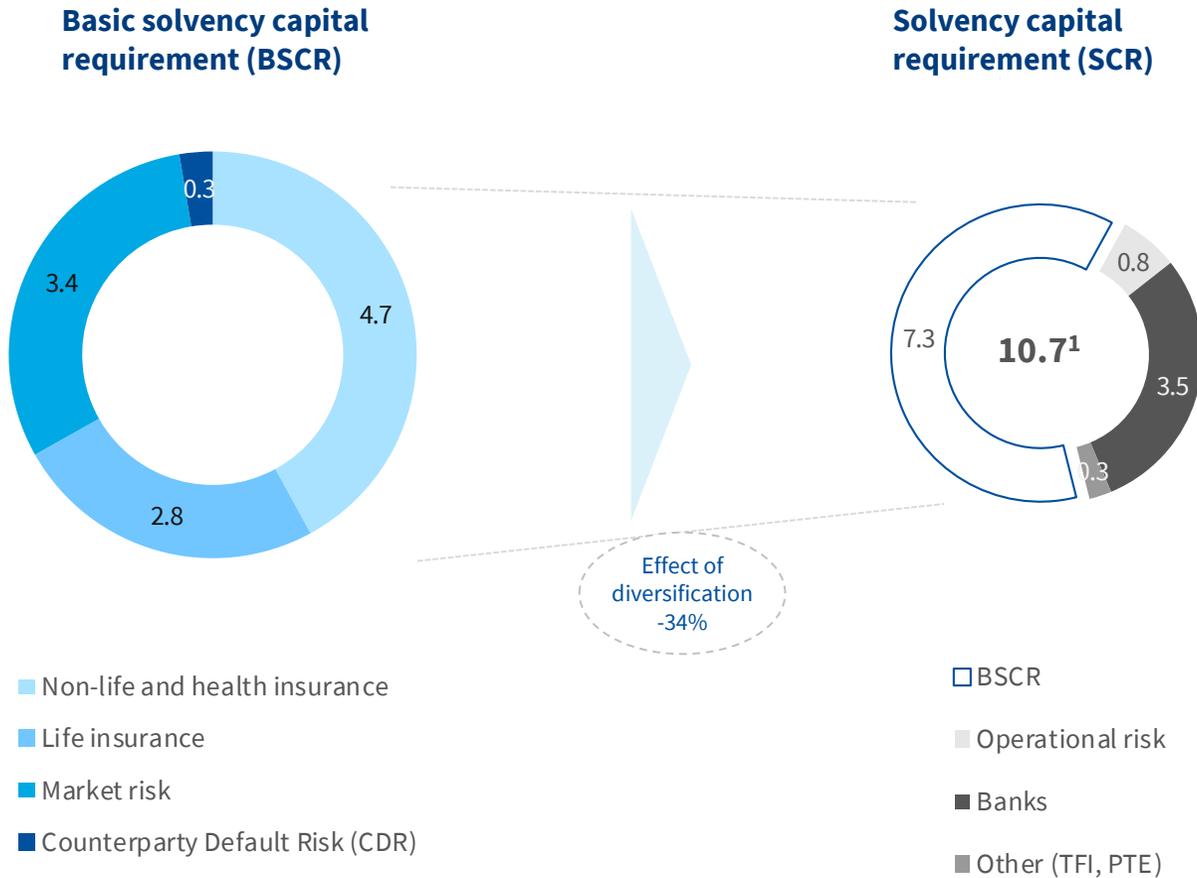
Own funds according to SII minus:

- amount of anticipated dividends
- the forecasts of the asset levy to be paid by insurance undertakings in the 12 months after the balance sheet date (according to the letter from the Polish FSA)

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

Solvency capital requirement (SCR)

PZU Group's data in Solvency II as at 31 December 2020 (bn PLN, audited data)



Solvency requirement moved up in 4Q20 by 0.3 bn PLN. The main reasons for the movement in SCR:

- increase in the life insurance requirement of 0.16 bn PLN² triggered by updating the mortality assumptions (consequence of COVID-19) and the assumed costs of handling insurance contracts.
- increase in the catastrophic risk requirement in non-life insurance of 0.13 bn PLN² due to the higher own share in corporate insurance and raising the percentage of non-proportional reinsurance at the expense of proportional reinsurance.
- market risk without any significant changes due to the following:
 - higher exposure to equities and real estate;
 - fall in the interest rate gap after extending asset duration;
 - decline in risk related to the spread and market concentration risk.
- higher requirement of non-insurance entities of 0.07 bn PLN²

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

2. Prior to the effects of diversification.

Disclaimer

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

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

The PZU Group is not liable for the consequences of decisions made after reading this Presentation.

At the same time, this Presentation cannot be treated as part of an invitation or an offer to acquire securities or to make an investment. Nor does it constitute an offer or an invitation to execute other securities-related transactions.



Thank you

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