



PZU Group's Financial Results

in 3Q22

Warsaw, 24 November 2022





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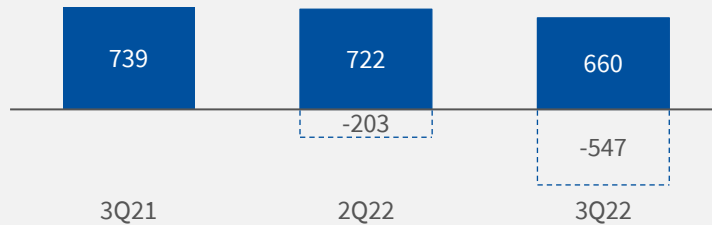
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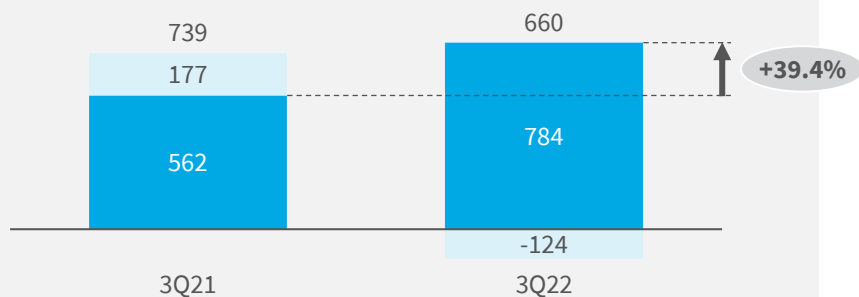
1. PZU Group's main accomplishments

Business diversification builds resilience to market turbulence

PZU Group's net profit¹



■ PZU Group's results
 □ Impact exerted by regulations in the banking sector²



■ Insurance and other activity
 ■ Banking activity



Business growth

Higher sales dynamics in insurance and health products, expansion of the investment pillar (TFI, PPK)



High profitability

Return on equity of 17.5% YTD and 17.3% on a quarterly basis – in line with strategic ambitions – despite the losses incurred on banking business

- ✓ high profitability of **non-life insurance**
- ✓ regaining profitability in **life insurance** following COVID-19
- ✓ high return on the investment portfolio



Positive impact of interest rates

High interest rates drive the demand for insurance and investment products
Optimum conditions for reinvesting the long-term bond portfolio
 Rising interest margin in the banking business
 Market environment positively verifies the adopted investment strategy



Stability and security

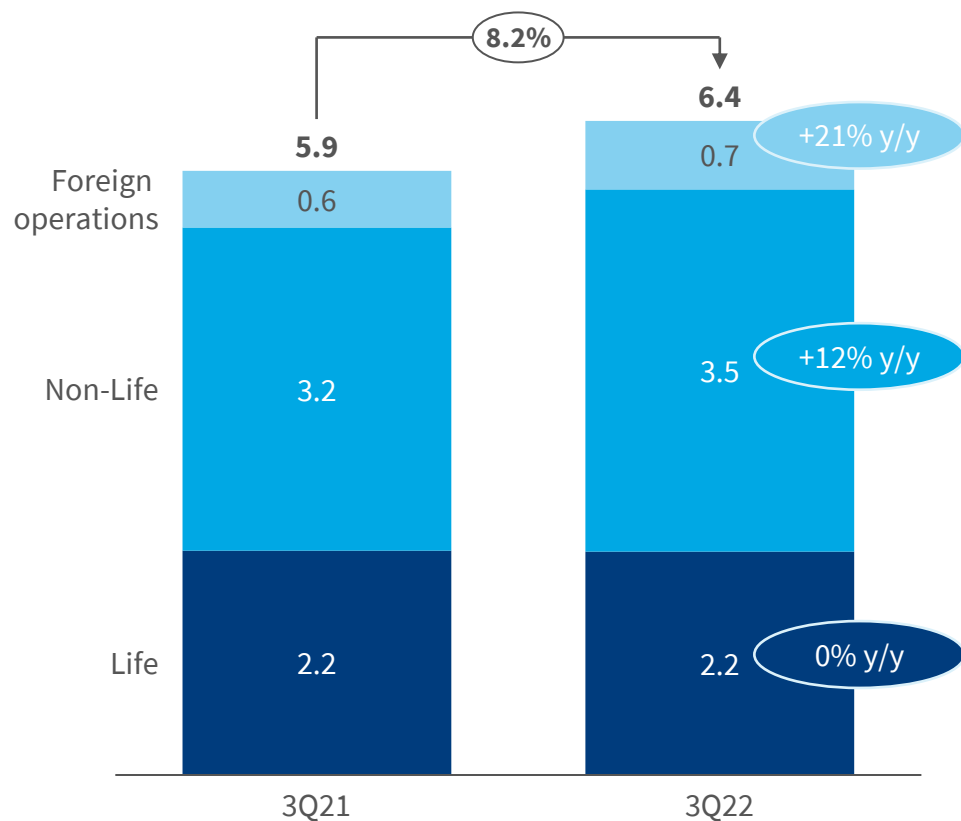
Rating A-

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

1. Net profit and equity attributable to equity holders of the parent company, net profit for 3Q21 adjusted
 2. Including the Bank Protection System, credit holidays and legal risk provision related to FX loans

Accelerating the revenue growth rate

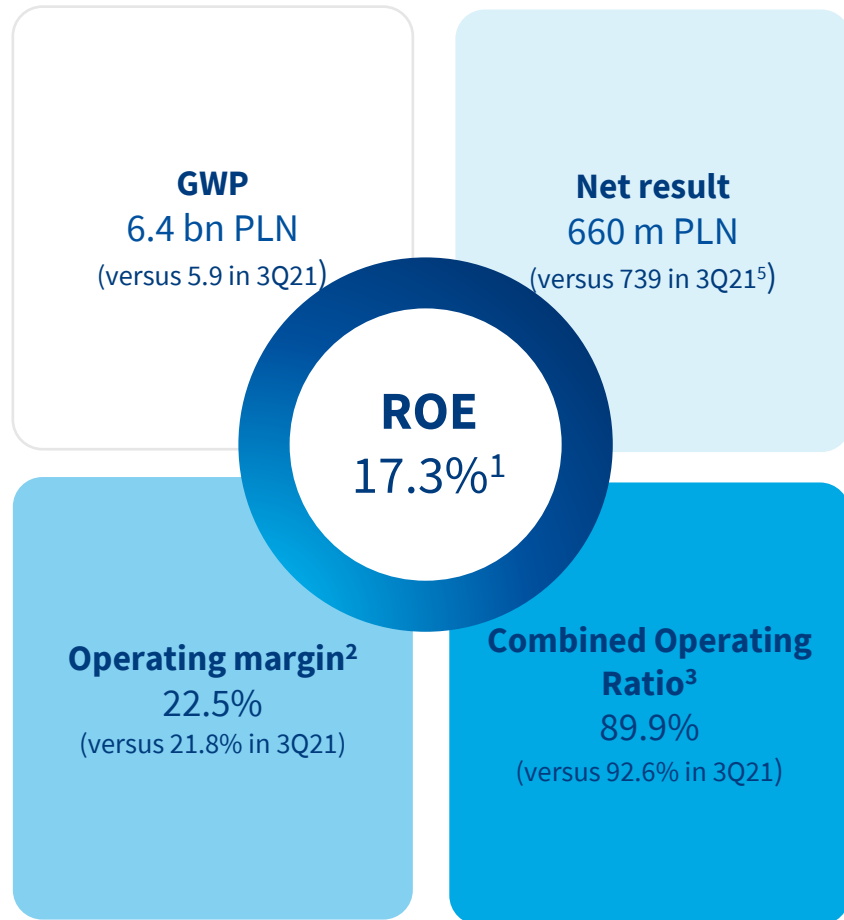
Gross written premium and its growth in 3Q 2022 (bn PLN)



- Premium in 3Q 2022 reached the level of 6.4 bn PLN, sound growth in strategic lines of business, highest premium growth rate in a year
- **Non-motor insurance is the main driver of growth** (+18.1% y/y in 3Q 2022), especially in **corporate** insurance (sales growth of 56.3% y/y)
- **Motor insurance** – fastest premium growth since 2017 of +8.6% y/y, chiefly due to the continuation of dynamic growth in **motor own damage** insurance: **gross written premium up 18.7% y/y**
- Acceleration of the growth rate in **individual life protection products – premium growth of 66% y/y** – new endowment insurance – Pewny Profit and Bezpieczne Jutro (Certain Profit and Safe Tomorrow) making it possible to invest capital without risk with a guaranteed sum insured for the entire term of insurance - a perfect fit for market conditions
- **Investment pillar – TFI PZU’s position on the challenging market is getting stronger** – acquisition of TFI Energia, PZU TFI with net sales of 641 m PLN in the first three quarters of the year – best result on a market featuring net outflows of 23 bn PLN
- **Net Asset Value in PPK close to 2 bn PLN** up 75% y/y. First place in terms of the number of acquired companies and second place measured by assets
- Ongoing dynamic **growth in the demand for private medical services; Health pillar revenue up 17.0%¹ y/y** in the first three quarters of 2022, high growth in revenue generated by medical centers (+17.5% y/y) and in insurance and subscriptions alike (+16.6% y/y)

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

High net result despite regulatory burdens ROE on par with strategic ambitions

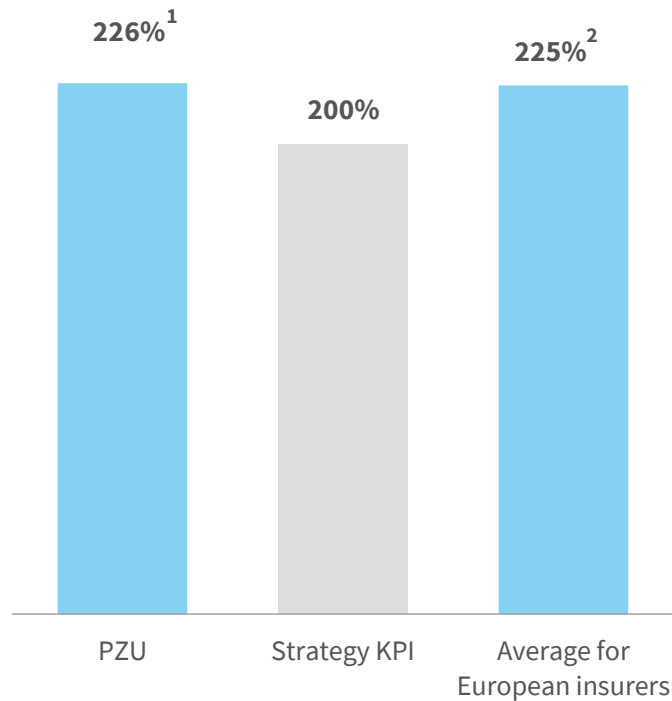


- **Return on equity¹ of 17.3% in 3Q 2022 and 17.5% year-to-date** - on par with strategic objectives. PZU consistently among the insurers generating the highest ROE in Europe
- **Higher operating margin in group and individually continued insurance – up to 22.5% in 3Q 2022 versus 21.8% in 3Q 2021.** The margin expansion is even greater YTD – from 14.0% to 16.0%
- **Improved margin in individual life insurance up to 20.2% in 3Q 2022**
- High profitability of non-life insurance – combined operating ratio at **89.9% in 3Q 2022 better than one year ago** – despite the loosening of COVID-19 restrictions, substantially higher claims frequency and claim inflation
- **Very robust investment performance, interest result up 78%**, portfolio return surpassed **5.2% in 3Q 2022**. Favorable levels of interest rates when refinancing the maturing tranches of treasury bonds
- **Costs under strict control**; despite pressure to raise wages the cost ratio⁴ was 7.4% in 3Q 2022 without any significant changes q/q.

1. ROE in 3Q 2022 attributed to equity holders of the parent company, annualized
2. Margin in 3Q 2021 and 3Q 2022 for the group and individually continued insurance segment
3. Non-life insurance in the PZU Group (Poland)
4. PZU and PZU Życie
5. Adjusted 3Q21 result

High level of safety in our business, S&P rating of A-

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



- Solvency II ratio as at 30 June 2022 at very high levels - substantially above the target in the strategy: 226%¹
- S&P Global Ratings gave a rating of **A- with a stable outlook**
- **Safe and diversified investment portfolio:** greater share of portfolios securing a high level of profitability, including corporate debt with an investment-grade rating
- **Solid preparation to face market turbulence:**
 - ✓ high percentage of bonds measured at amortized cost
 - ✓ low equity exposure
 - ✓ closed FX position

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

2. Average for 14 European insurers, data as at 30 June 2022

The PZU Group has supported Ukraine from the outset of the war

Highlights:

- Aid offered to **approximately 800 families of PZU employees from Ukraine**
- **54 thousand 30-day border TPL insurance** (from 28 February to 24 April) for Ukrainians fleeing the war
- **Mobile medical points** after the outbreak of the war on the border crossing in Medyka and at the Przemyśl train station
- **Free-of-charge medical care in more than 50 of PZU Zdrowie's medical centers** rendering services under the National Health Fund
- **The PZU Group operates the Ministry of Health's First Contact Center Platform** giving the citizens of Ukraine 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
- Special account set up by the **PZU Foundation** to make contributions for refugees and collections of physical donations as part of **PZU volunteerism**
- PZU is the main sponsor of the "**Iga Świątek and Friends for Ukraine**" charity match, which was held on 23 July in Cracow and collected 2.5 m PLN that was transferred to help victims of war in Ukraine
- **PZU good summer camps** - 7 vacation rotations for roughly 300 Polish and Ukrainian children from the PZU Good Team and for children of PZU employees in Ukraine
- Physical aid **for a total amount of 4.5 m PLN**



#SolidarnizUkrainą
#СолідарнізУкраїною

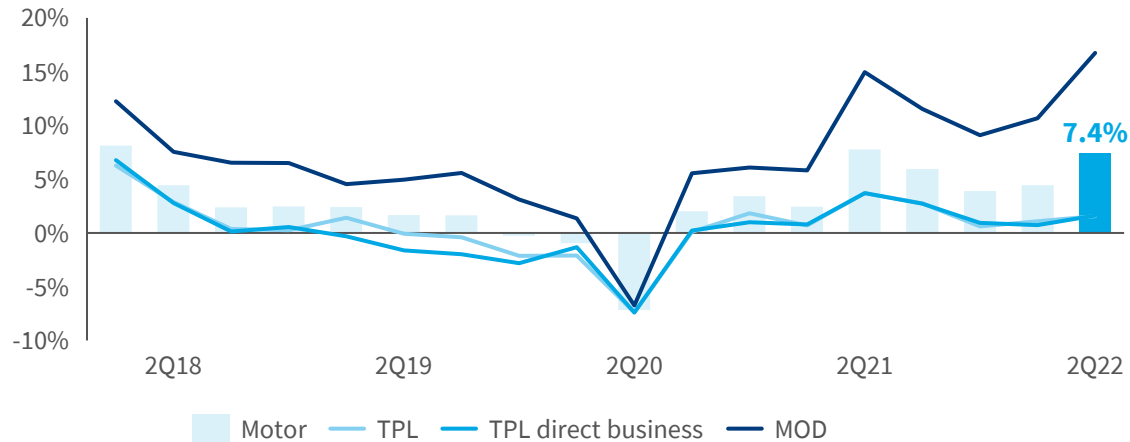


2. Business development



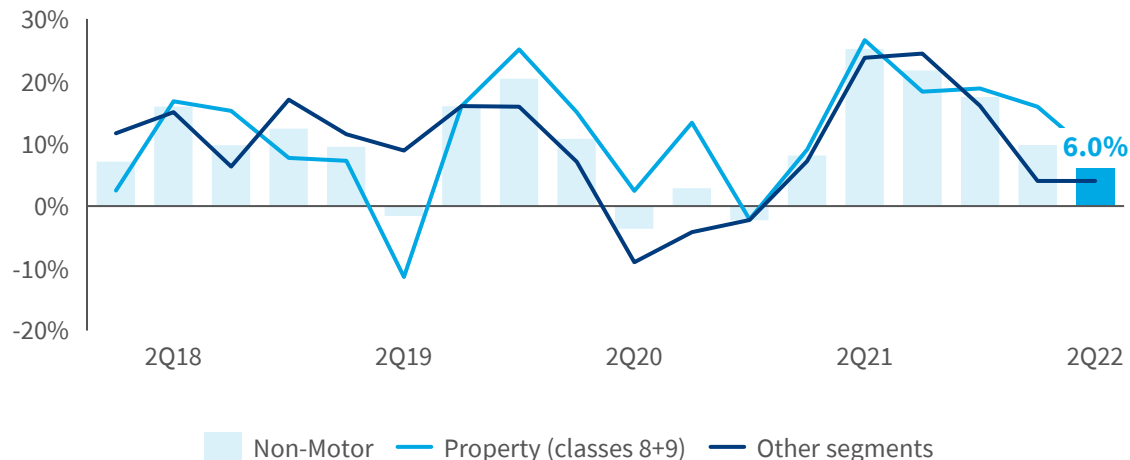
Trends on the non-life insurance market in Poland

Growth rate of the motor insurance market¹, y/y

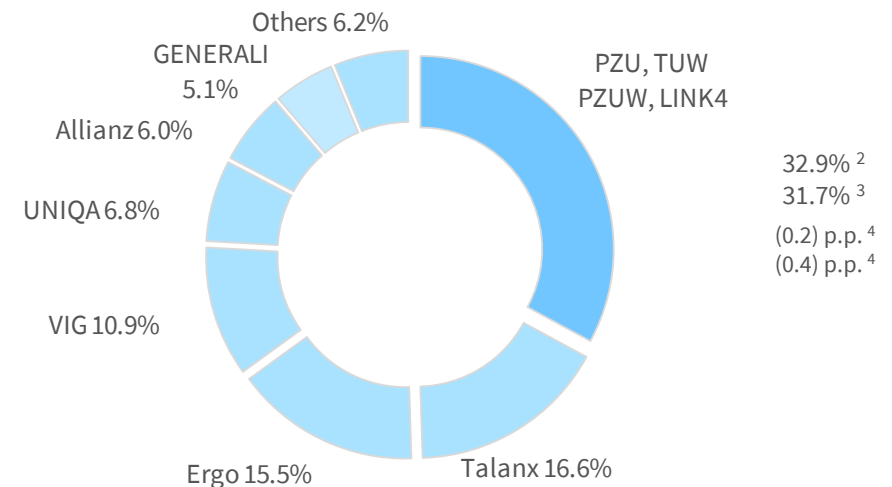


- **Rising growth rate of motor insurance sales in 2Q 2022 (+7.4% y/y)**, chiefly due to faster motor own damage growth (+16.7% y/y), sales of motor TPL accelerating slightly (to 1.6%). Rising number of policies maintained in TPL (+2.6% y/y, direct business) and **declining average prices (-1.0% y/y)**¹
- **Decelerating growth on the non-motor insurance market (+6.0% y/y)**. Largest contribution to growth in terms of value made by property insurance (+8.0% y/y), general TPL and accident insurance
- **The PZU Group's market share in non-life insurance** (direct business) in 1H 2022 was 31.7%
- **PZU Group's high percentage of the overall market's technical result at 50.7%**¹

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



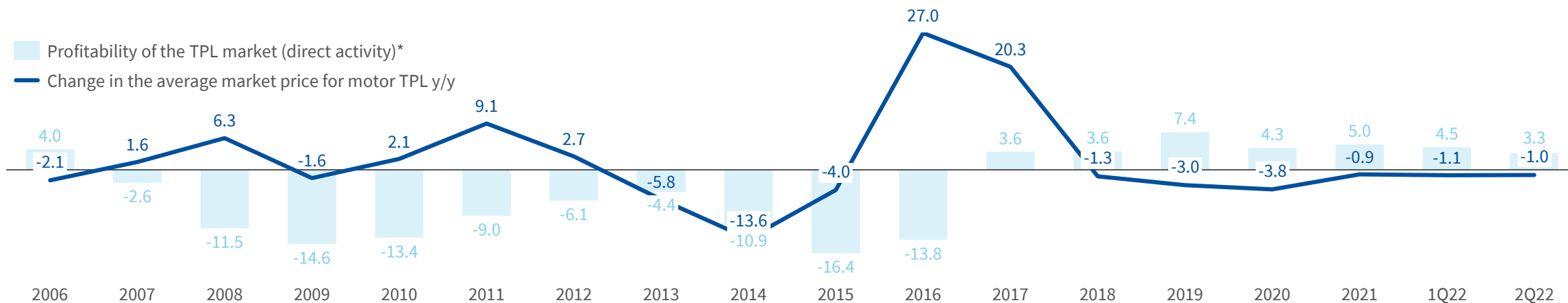
Market shares w 2Q 2022²



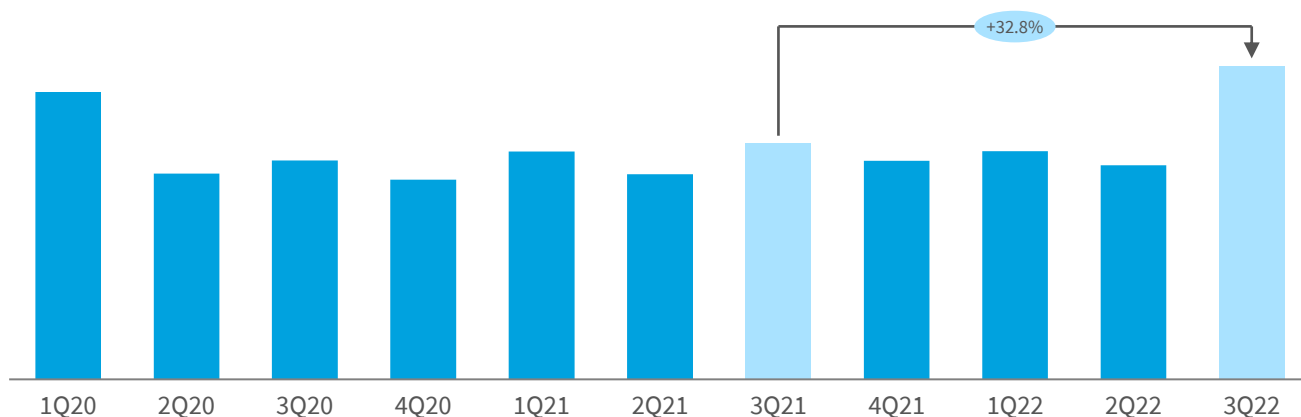
1. According to the Polish FSA's 2Q22 report
 2. According to the Polish FSA's 2Q22 report; the market and market shares including PZU's inward reinsurance from LINK4 and TUV PZUW
 3. PZU Group's market share in non-life insurance on direct business in 2Q22
 4. Movement in market share y/y on PZU's inward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

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

Change in the average market price for motor TPL¹



Change in claims frequency in motor insurance¹



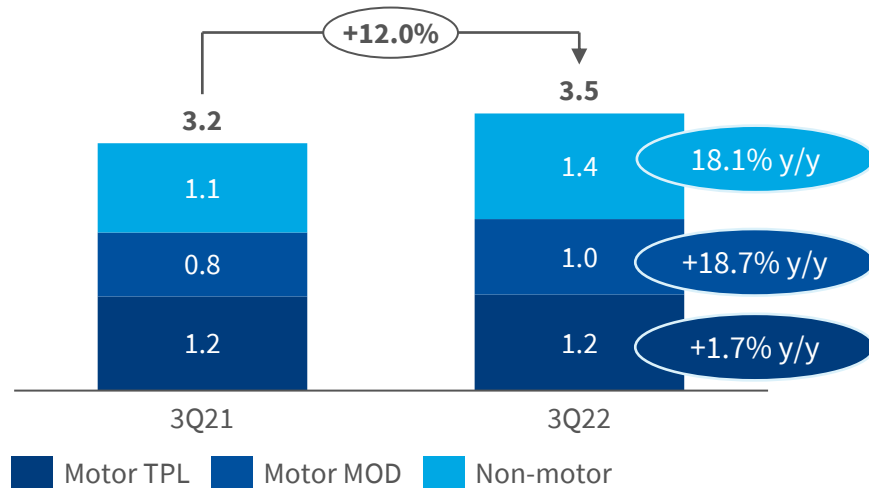
- During the first half of the third quarter of 2022 the **downward trend in the average motor TPL price persisted** while it slowed down and prices grew slightly over the last weeks of the quarter. Decline in average premium by 2.7% on a quarterly basis comparing 2Q / 1Q
- This **phenomenon** on the TPL market coupled with the simultaneous growth in claim inflation and the entry into force of the Polish FSA's recommendation regarding claims handling based on cost estimates may translate into a further **decline in the profitability of insurers**

1. Data based on KNF Biuletyn Kwartalny [PFSa Quarterly Bulletin], 3Q22/3Q21 growth rate based on estimated data

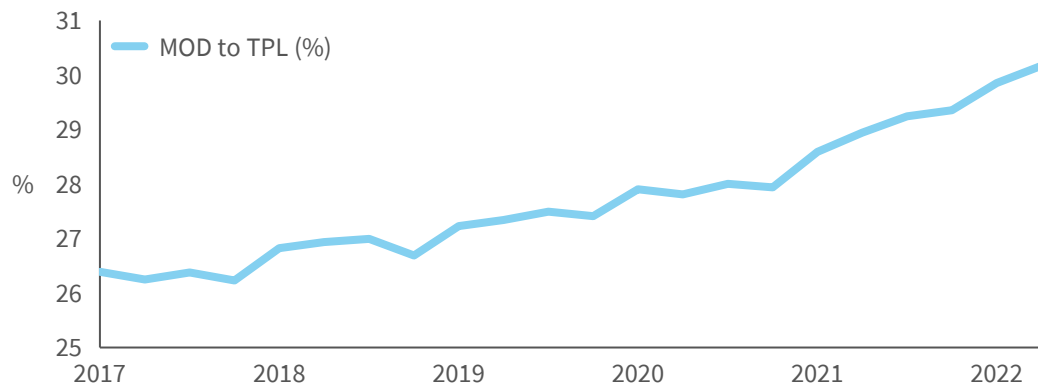
* Profitability calculated as Technical result of non-life insurance \ premiums.

PZU Group - non-life insurance in Poland

Gross written premium¹ of the PZU Group in 3Q 2022, value (bn PLN) and growth rate



Ratio of number MOD to TPL policies (%) - the market in Poland²



Growth in gross written premium in the non-motor insurance class of 18.1% y/y as a consequence of the following:

- an increase in premiums for **loss of profit** insurance (also due to damage to machinery) and in **hull insurance for vessels and railway rolling stock** in the corporate client segment
- higher sales of **subsidized crop insurance** (the impact of a higher pool of subsidies from the state budget than in the previous year) and **residential and SME insurance**
- diminishing sales of insurance sold in combination with **banking** products

Motor insurance premium up 8.6%, including the very high growth rate in the sales of motor own damage insurance of +18.7% y/y:

- growth in MOD, especially in the mass client segment due to the increase in average premiums (impact exerted by the rising value of vehicles translating into an increase in sums insured) with a higher number of contracts
- increasing saturation of TPL policies with MOD policies in Poland
- continued price pressure and unrelenting competition for clients in motor TPL insurance

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

PZU – product and service initiatives: non-life insurance



AiHome:

- Ability to price damaged home appliances (household appliances, consumer electronics) in an application based on artificial intelligence
- Support for customer assistants and claims adjusters - speeding up service and reducing potential errors
- The application was developed in cooperation with Upptec AB - one of the world's leading insurtechs and a leader in streamlining property damage handling in Scandinavia

Truck Assistance

01.2022

Assistance product created specifically for owners of trucks, tractor-trailers and buses performing transportation services in Poland and Europe. No such product is available from PZU's largest competitors

PZU Wojażer

05.2022

Extension of cover to include risks related to COVID-19 and chronic illnesses



PZU Education

05.2022

Refreshing the offer for pupils and university students along with a new catalogue of illnesses, including ones involving COVID-19 (post-covid PIMS-TS syndrome) and psychology support

PZU Car Tires

07.2022

New product in motor insurance line - sale together with TPL or MOD - one policy, inclusion in PZU Auto's General Insurance Conditions, sale also in direct channel

PZU for Housing Associations and Cooperatives

05.2022

New product dedicated to housing cooperatives and housing communities, as well as Social Housing Associations

CEPiK Project

- Integration with the Central Records of Vehicles and the Central Records of Drivers
- Utilization of reference data pertaining to vehicles, owners and drivers in the CEPiK database in the process to sell PZU AUTO motor insurance

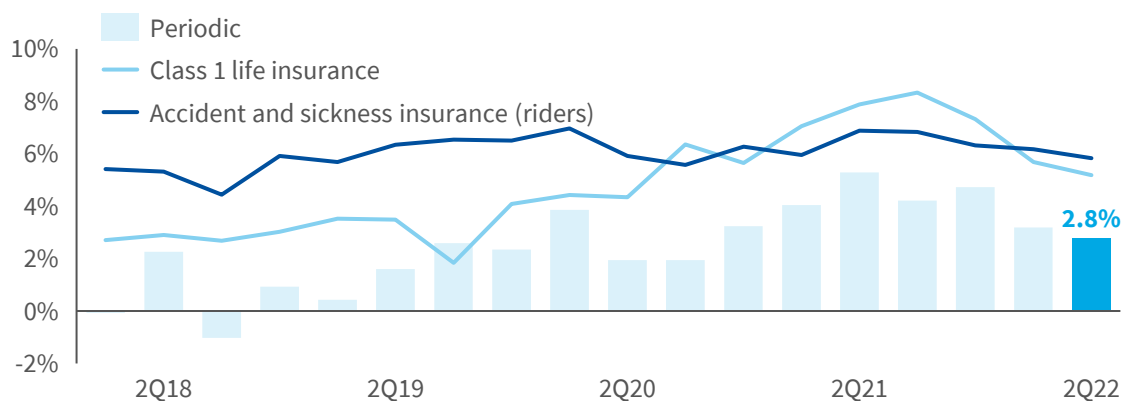
PZU Safe Residence

09.2022

New housing insurance product for members of communities and cooperatives based on all-risk clause

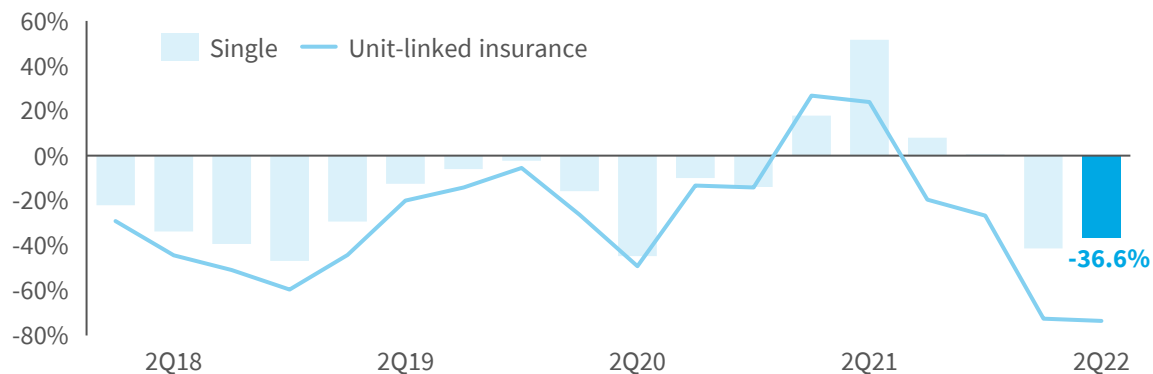
Trends on the life insurance market in Poland

Growth rate of periodic premium insurance¹ y/y

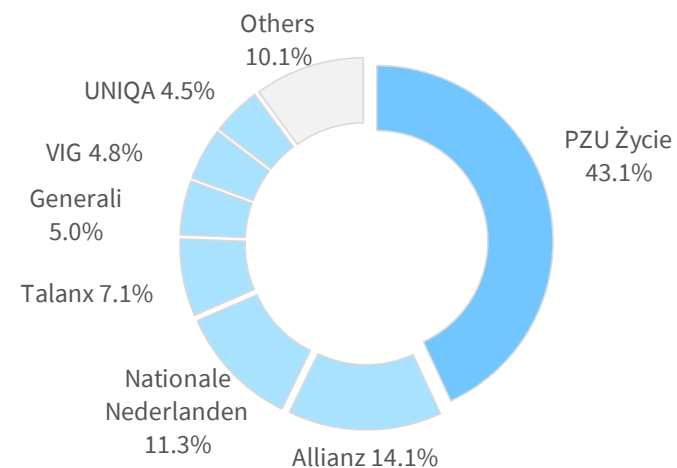


- The **periodic premium insurance market** (88% of the market) is expanding at a growth rate of **2.8% y/y** – the largest driver: **accident and sickness insurance (+5.8% y/y)** and **class 1 life insurance (+5.2% y/y)**; negative growth rate of unit-linked (-7.1% y/y)
- **Decline of 36.6% y/y of the single premium insurance market** (12% of the market). Plummeting unit-linked sales (-73.6% y/y), growth in accident and dowry insurance (+2.4% y/y)
- The PZU Group’s market share in periodic insurance in 1H 2022 was **43.1%**

Growth rate of single premium insurance¹ y/y



Periodic premium market shares² in 1H 2022

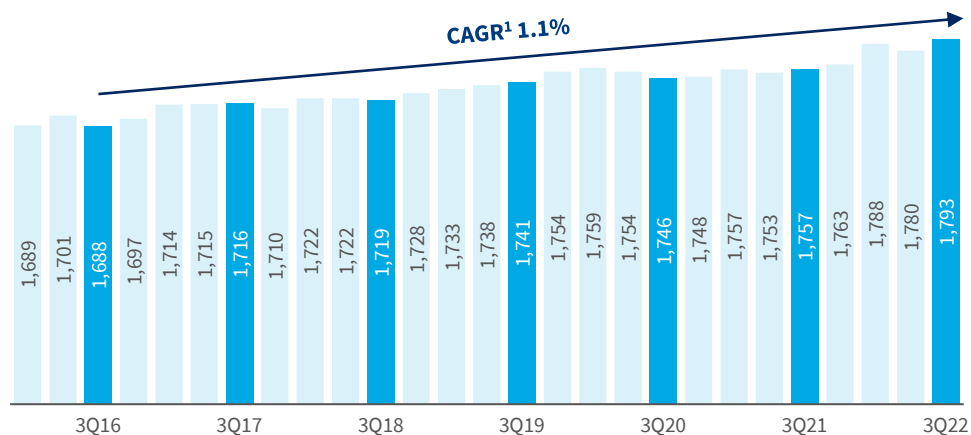


1. According to the Polish FSA’s 2Q22 report

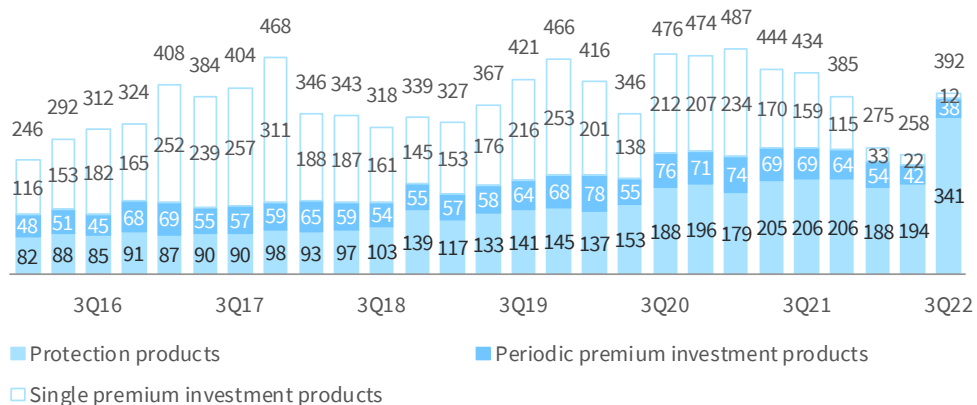
2. PZU Group’s share of gross written premium on periodic premium insurance according to the 2Q22 Polish FSA report

PZU Życie – 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)



Group and individually continued insurance

- Premium growth despite adverse pandemic effects
- Health insurance portfolio development, **record-breaking results measured by collected premium, especially for ambulatory contracts**. At the end of 3Q 2022, PZU Życie had **more than 2.6 million health insurance contracts in force** in its portfolio
- Continued revenue growth on **riders** to individual continuation, including the addition in 2021 of the **malignant neoplasm rider** to the offering
- Higher sales of **riders to group protection products**

Individual insurance

- **High sales of new single premium products called Pewny Profit and Bezpieczne Jutro** offered as of 3Q 2022 in collaboration with Group banks
- Growth in the sales of individual protection products with a periodic premium offered in own channels
- **Dip in sales of bank protection products** offered in collaboration with Group banks
- **Lower level of single contributions to unit-linked** accounts in insurance offered by own network and jointly with banks – due to the limitation of cooperation with one of the distributors and lower sales of these products in cooperation with the other banks

PZU Życie – Product initiatives – life insurance



PZU Na Życie Plus (Product Factory III Project)

July 2022 – implementation of a new group life insurance product for corporate clients
3Q 2023 – other functionalities and modifications

- one policy instead of multiple contracts - a comprehensive product combining protection, health, accident and drug risks for the corporate insurance segment
- coverage extended by medical and assistance services



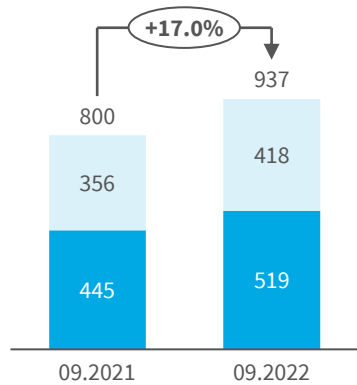
PZU Bezpieczny Zysk

October 2022
individual endowment insurance
with a guaranteed profit

- product that utilizes the high interest rate environment
- customers get a guaranteed interest rate in the option for 2 or 3 years, i.e. for a period not available for deposits in most banks in Poland

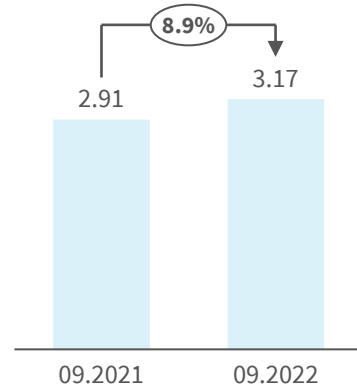
Development of the scale of operations in the health pillar

Revenues (m PLN)



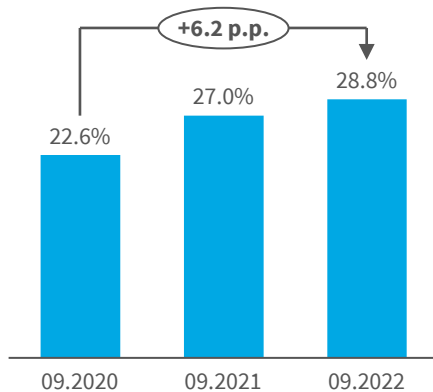
■ Medical centers *
■ Insurance / subscription plans

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

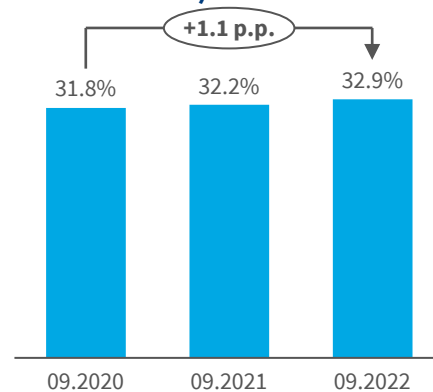


- Building more **modern and comprehensive own centers** (more than 11 specializations in every center including diagnostics)
- **High growth rate of revenue** (mainly on **ambulatory** contracts and **riders to continued insurance**)
- **Steady increase in the number of health product agreements in 2022** driven by the sales of more health riders to protection products (offering among others access to specialist physicians, ambulatory rehabilitation, selected tests and procedures)
- Health insurance price hikes due to high inflation in health area

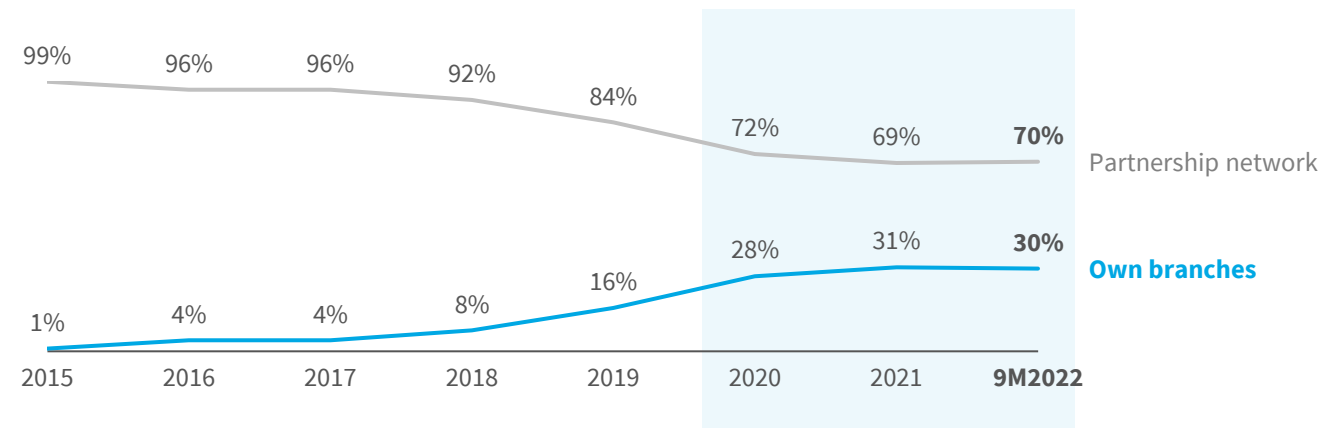
Appointments scheduled on-line through myPZU



Number of telemedicine consultations (versus total consultations)



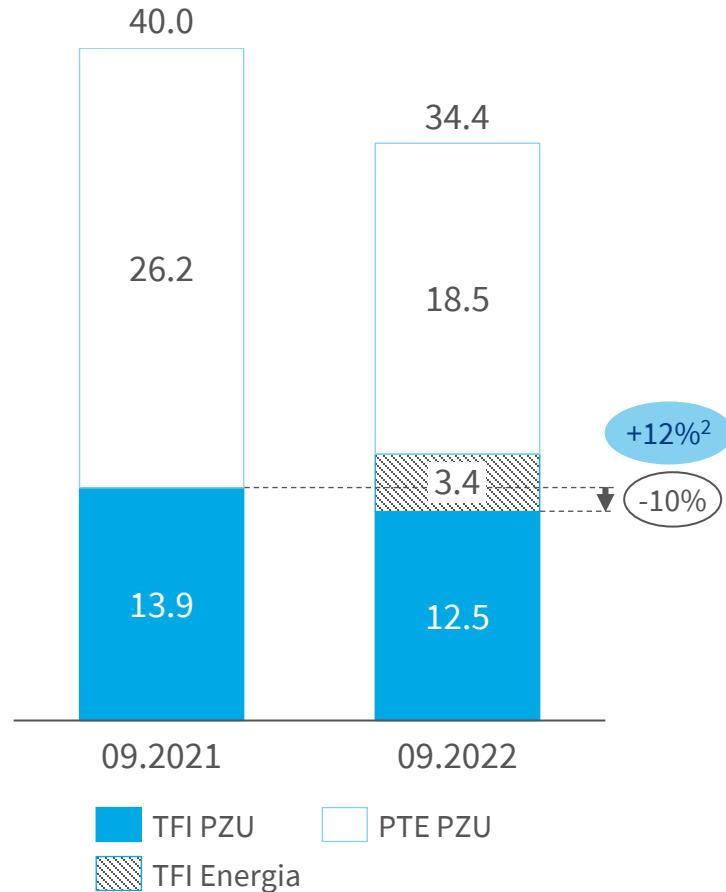
Services (subscription plans and health insurance) rendered in own and partnership network centers



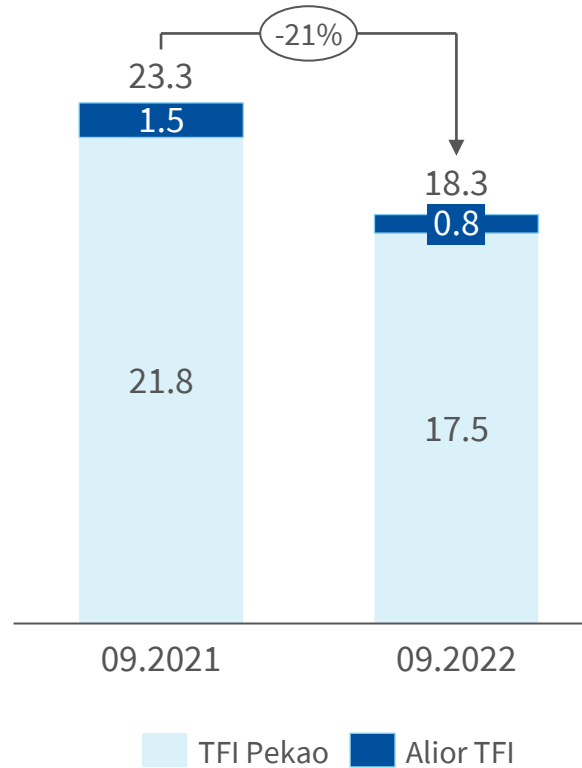
* Data presented for the centers for the period from the beginning of the year regardless of the time of acquisition

Assets under management

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



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

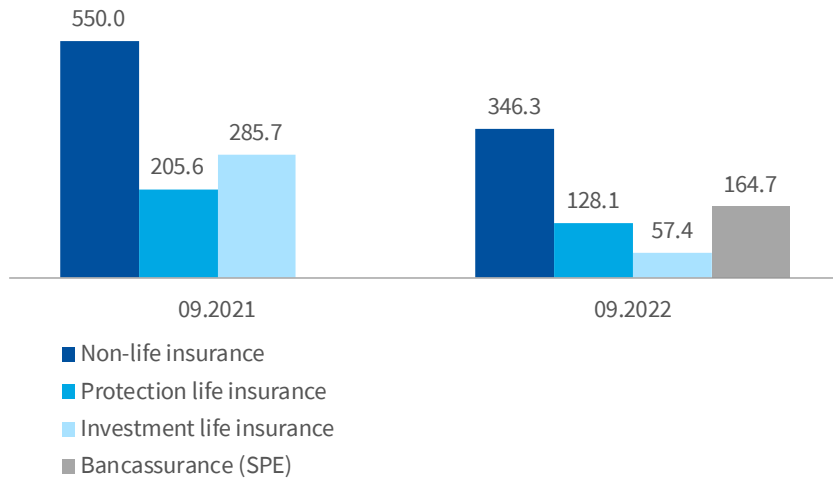


- **Closer to strategy execution – acquisition of TFI Energia** – strengthening its position on the investment funds market, especially on pension schemes
- **PZU TFI**
 - **#1 in terms of net sales** in the first three quarters of 2022, net **inflows of 641 m PLN**
 - **Net outflows of 23 bn PLN** from the unit-linked fund market **in the first three quarters of 2022**
- **Favorable mix of assets under management in TFI PZU** – percentage of assets linked to the **third pension pillar** (PPE and PPK) prevalent
- PPK assets (1.93 bn PLN) **up 75%** over 12 months
- **First place on the PPK market measured by the number of acquired companies** and second place measured by assets with a market share of above 20% as at the end of 3Q 2022

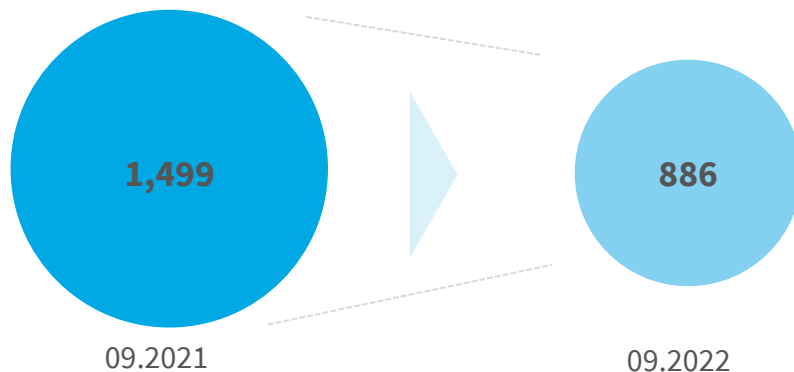
1. Assets managed by PTE PZU are not recognized as a objective in the new PZU Group's strategy for 2021-2024
 2. Jointly with TFI Energia, proforma, up to the end of October 2022 TFI Energia functioned as a separate entity

Product offering in bancassurance and assurbanking ...

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



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



Environment:

- Sales affected by the unfavorable macroeconomic situation and volatility on the financial markets
- The postponing of decisions by clients to invest money into investment solutions is limiting the gross written premium generated by investment products
- Unfavorable market conditions (inflation, interest rates, war, Polish Financial Supervision Authority's guidelines in force as of 1 April 2022) have contributed to diminishing sales of products linked to loans

Bancassurance:

- **New Single Premium Endowment (SPE) products were implemented** as of 1 August 2022 in Alior Bank and Bank Pekao - **tapping into the current market potential related to high interest rates**. Work is under way to launch sales with other distributors.
- PZU Group's products are present in all of the major product lines of the PZU Group's banks, extension of the offering of insurance products **associated with banking products**, including insurance for cash loans and mortgage loans **and as standalone products**
- **Multichannel access** to PZU's products for bank clients
- **Plan upheld to generate 3 bn PLN of cumulative gross written premium** on insurance and banking collaboration with Bank Pekao and Alior Bank

Assurbanking:

- **Sales of bank products in PZU's brick and mortar network:**
 - As part of the Auto plus Account (ROR) promotion campaign, 119 Partner Branches, 68 Partnership Branches and 14 Regular Branches were rolled out
 - Pilot sales of two banking products in the tied agent network were continued: the payment account in the Auto plus Account (ROR) and cash loan - 25 agents and their employees (OFWCA) in total
 - Extension of the sales of bank products in PZU branches as of 1 August to include a new product called **Konto Przekorzystne Biznes** (*Highly Favorable Business Account*)
 - Sum total of loans and client deposits secured by PZU for the bank in September 2022 exceeded 1,08 bn PLN
- **Cash Portal**
 - Extension of the reach of the Cash Portal to a total of more than 900 thousand people
 - Roll out of Bank Pekao's products – mortgage loan and payment account
 - Work is underway on further expanding the Portal's reach and the product portfolio

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

... aligned to the volatile market situation

Pewny Profit in Bank Pekao and **Bezpieczne Jutro in Alior Bank** - PZU Życie's new products with a guaranteed rate of return in the bancassurance channel tapping into the potential offered by high interest rates:

- Endowment insurance
- **Guaranteed sum insured** throughout the term of insurance
- **Insurance cover** in case of the policyholder's death
- Policyholder's age: **18-69** years of age - on the date of submitting the insurance application (as of December 2022 the plan is to raise the age to 72 years of age)
- **Term of insurance:** 24 or 36 months
- Single premium payment – in advance for the entire term of insurance



An advertisement for 'Pewny Profit' insurance. On the left, a family of four (mother, father, and two children) is shown in a park setting. On the right, the text reads 'Indywidualne ubezpieczenie na życie i dożycie Pewny Profit' with a 'SPRAWDŹ' button. Logos for PZU and Bank Pekao are also present.

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

An advertisement for 'Bezpieczne Jutro' insurance. On the left, there is a shield with a red heart inside. On the right, a man in a dark suit and hat is pointing. The text reads 'Bezpieczne Jutro' and 'Gwarancja sumy ubezpieczenia w całym okresie ubezpieczenia i ochrona ubezpieczeniowa w przypadku Twojej śmierci.' with a 'Znajdź oddział' button.

- **Minimum premium of 30 thousand PLN**
- **Maximum premium of 1 m PLN** (for all insurance agreements held by a given client)
- Plan to raise the maximum premium to 2 m PLN as of December 2022



3. Financial results



PZU Group's results

m PLN	3Q21*	2Q22	3Q22	change y/y	change q/q
PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO¹					
Gross written premium	5,908	6,394	6,395	8.2%	0.0%
Net earned premium	5,855	5,923	6,238	6.5%	5.3%
Net insurance claims and benefits paid	(3,894)	(3,426)	(3,929)	0.9%	14.7%
Net investment result (ex banking activities)	275	(157)	232	(15.6%)	x
Administrative expenses	(403)	(456)	(479)	18.8%	5.2%
Acquisition expenses	(921)	(959)	(1,006)	9.2%	4.9%
Operating profit (loss)	757	795	961	26.9%	20.8%
Net profit (loss) attributable to equity holders of the parent company	562	556	784	39.4%	41.0%
BANKS: ALIOR AND PEKAO					
Net profit (loss) attributable to equity holders of the parent company	177	166	(124)	x	x
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	739	722	660	(10.7%)	(8.6%)
MAIN FINANCIAL RATIOS (%)					
ROE ²	17.3	18.1	17.3	0.0p.p.	(0.8)p.p.
Combined ratio ³	92.6	87.7	89.9	(2.7)p.p.	2.2p.p.
Margin ⁴	21.8	12.3	22.5	0.7p.p.	10.2p.p.
Administrative expense ratio of PZU, PZU Życie	6.7	7.4	7.4	0.7p.p.	0.0p.p.
Acquisition expense ratio of PZU, PZU Życie	15.6	16.6	16.0	0.4p.p.	(0.6)p.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

*Restated data. To reflect better the economic nature of the acquisition expenses incurred at the PZU Group level, the presentation of some of the costs incurred by banks belonging to the PZU Group has been changed in the condensed interim consolidated financial statements and the model for deferring acquisition expenses at the PZU Group level has been adjusted, which led to the transfer of some administrative expenses to acquisition expenses and to the reduction in deferred acquisition expenses in correspondence with acquisition expenses in the profit and loss account

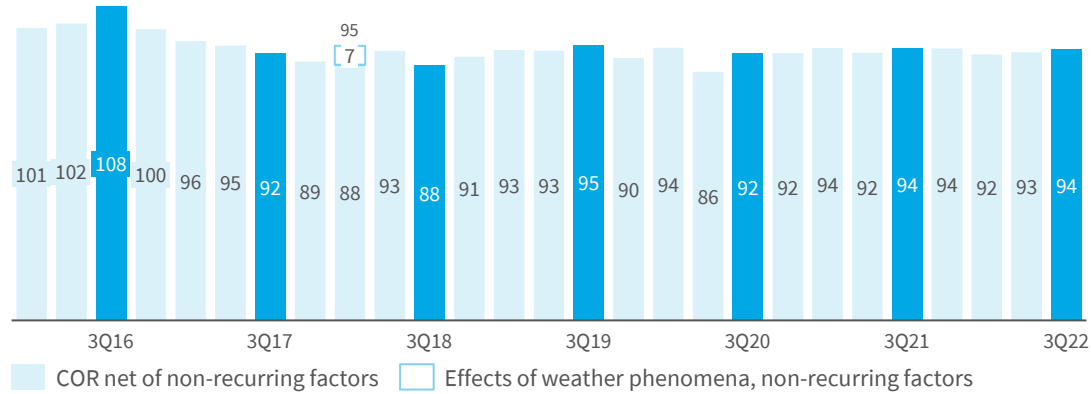
Profitability by operating segments

Insurance segments

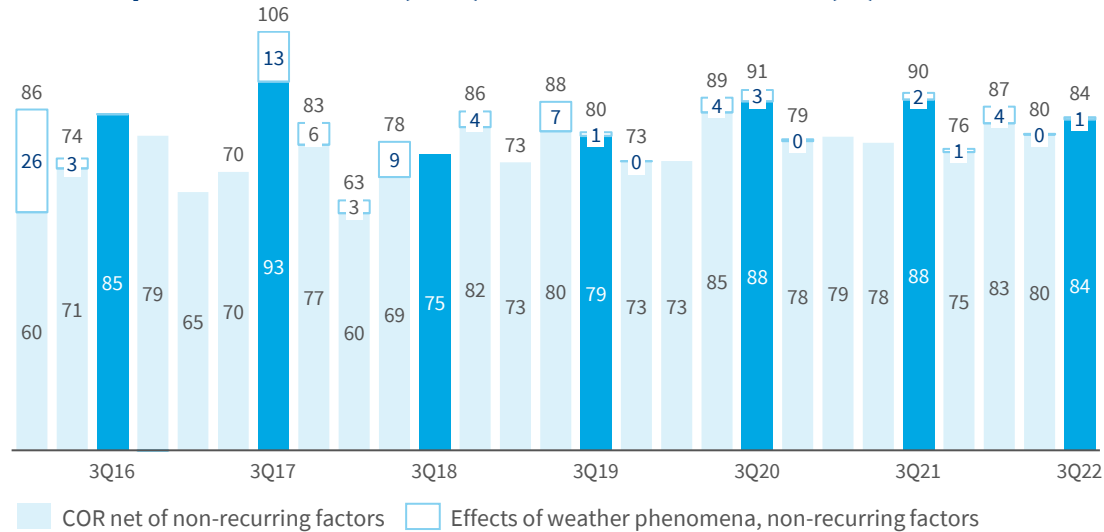
m PLN, local GAAP	Gross written premium			Insurance result / operating result			Combined ratio / Margin	
	3Q21	3Q22	Change y/y	3Q21	3Q22	Change y/y	3Q21	3Q22
Total non-life insurance – Poland	3,179	3,554	11.8%	341	541	58.7%	92.6%	89.9%
Mass insurance – Poland	2,573	2,767	7.5%	234	390	66.7%	93.5%	91.0%
Motor TPL	1,056	1,081	2.4%	67	41	(38.0%)	94.2%	97.1%
MOD	649	767	18.2%	39	72	85.5%	93.8%	89.5%
Other products	868	919	5.9%	65	144	121.7%	92.5%	85.9%
Impact of allocation to the investment segment	x	x	x	63	132	109.0%	x	x
Corporate insurance – Poland	606	787	29.9%	107	151	41.1%	88.5%	85.0%
Motor TPL	148	143	(3.4%)	10	(0)	x	95.2%	101.7%
MOD	165	199	20.6%	16	33	108.3%	91.7%	82.8%
Other products	293	445	51.9%	56	76	34.7%	81.9%	76.8%
Impact of allocation to the investment segment	x	x	x	25	43	71.0%	x	x
Total life insurance – Poland	2,191	2,185	(0.3%)	459	482	5.0%	20.9%	22.1%
Group and individually continued insurance - Poland	1,757	1,793	2.0%	383	403	5.2%	21.8%	22.5%
Individual insurance – Poland	434	392	(9.7%)	76	79	3.9%	17.5%	20.2%
Total non-life insurance – Ukraine and Baltic States	508	633	24.6%	48	61	27.1%	91.2%	88.3%
Baltic States	432	584	35.2%	41	56	36.6%	91.3%	89.3%
Ukraine	76	49	(35.5%)	7	5	(28.6%)	90.0%	75.6%
Total life insurance – Ukraine and Baltic States	46	36	(21.7%)	6	18	200.0%	13.0%	50.0%
Lithuania	22	25	13.6%	2	0	(100.0%)	9.1%	0.0%
Ukraine	24	11	(54.2%)	4	18	350.0%	16.7%	163.6%
Banks	x	x	x	1,062	(621)	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

- Following the recession brought on by the pandemic the **property insurance market** continues to be **under pressure caused by the economic crisis** triggered by rising interest rates, inflation and disrupted supply chains (impact exerted by the armed conflict between Russia and Ukraine)
- The growth rate in the sales of new vehicles has decelerated again** (decline in the number of car registrations¹ by 8.8% y/y; the decline in lease² financing for cars of 8.4% y/y) due to down time in deliveries and the considerable increase in car prices
- Despite the deteriorating profitability in the motor TPL portfolio (**decline in the technical result on TPL on direct business in 1H 2022 of 51.6% y/y**) stemming from the rising costs of claims and benefits paid (higher prices for spare parts and the costs of repairs due to inflation), the pace of introducing price hikes on the market is substantially lower than expected
- The failure to adjust prices offsetting the impact of inflation** and the Polish FSA's recommendation regarding motor claims handling **signifies further loss of profitability** that is particularly painful to smaller players on the market
- Changing tariff rates, including the short quotation path based on CEPIK data** (policyholder history) and **aligning the price to the quantity and type of penalty points** make it possible to match the offer to client risk as best as possible and justify the increase in the premium due to the insurer

Non-motor insurance

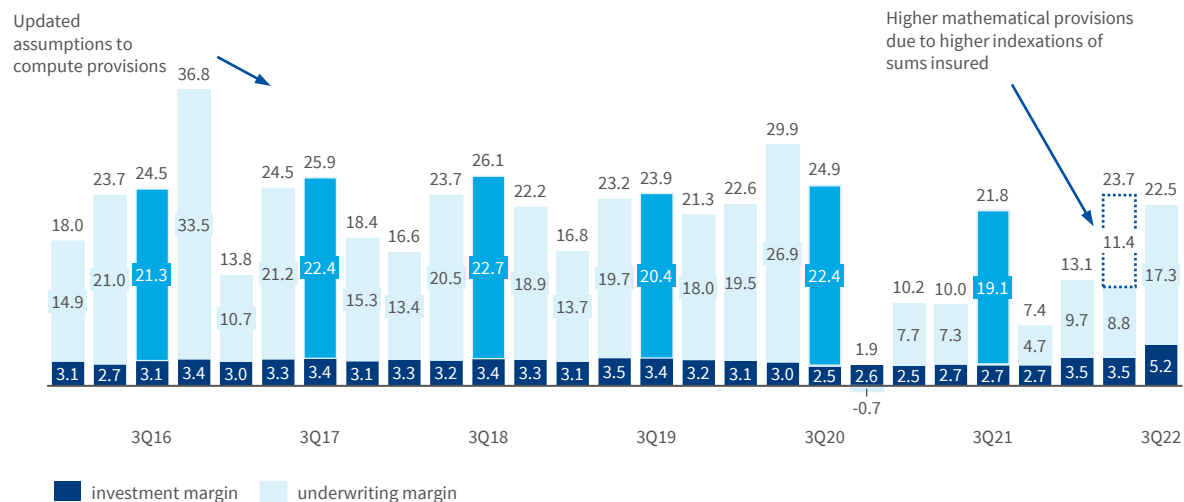
- improved loss ratio in mass and corporate insurance alike** (in 3Q 2021 several events with a significant unit value and the higher level of claims in residential and crop insurance caused by atmospheric phenomena); **lower level of insurance activity expenses**

1. passenger cars in the period January-September

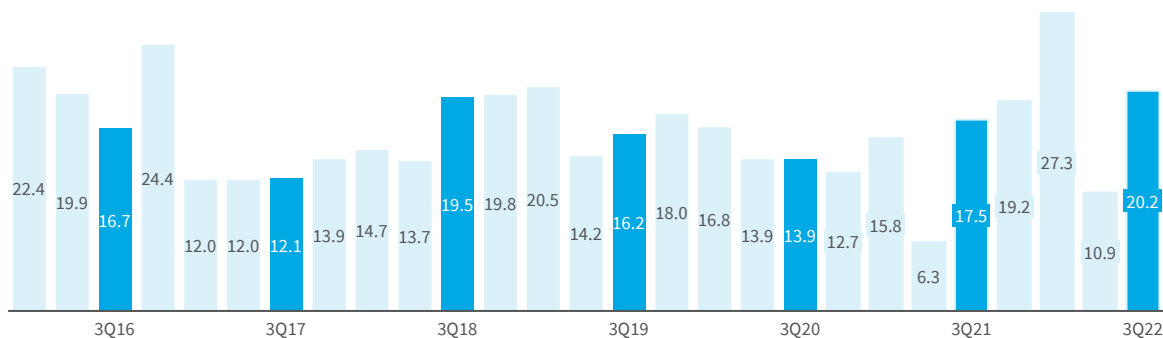
2. according to the statistical report of the Polish Leasing Association for the period of January – June 2022

Life insurance

Margin in group and individually continued insurance¹ (%)



Margin in individual insurance (%)



Margin in group and individually continued insurance in 3Q22 up 0.7 p.p. y/y to the level of 22.5%

Key drivers:

- **lower mortality linked to the COVID-19 pandemic** in line with the falling frequency of deaths observed in the overall population (according to the Central Statistics Office)
- **higher costs of utilizing benefits in ambulatory insurance**
- higher allocated investment income at the risk-free rate
- higher operating expenses
- positive effect y/y of the provision for unexpired risk, improved loss ratio made it possible to release the entire provision in 1Q 2022 where a provision of 41 m PLN was established in 3Q 2021 to cover any possible deficit of future premiums due to higher expectations regarding mortality caused by the COVID-19

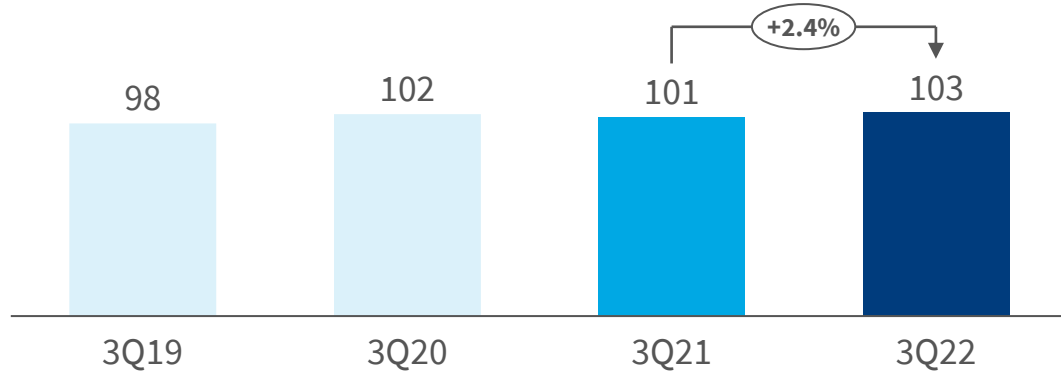
Margin in the individual insurance segment in 3Q22 up 2.6 p.p. y/y at the level of 20.2% – nominal result up 3 m PLN despite the decline in gross written premium by 9.7%

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

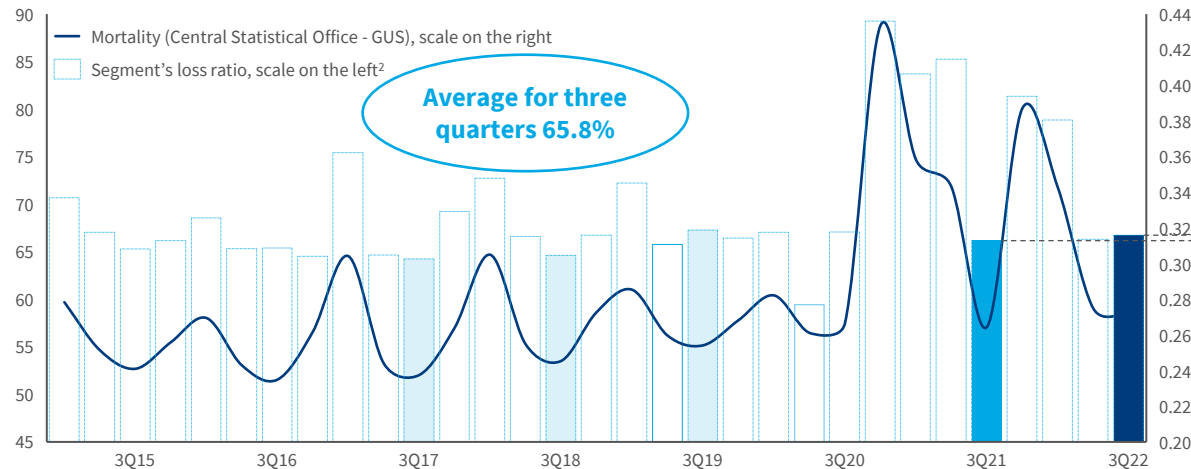
Pandemic and loss ratio in the group and individually continued segment in 3Q22

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

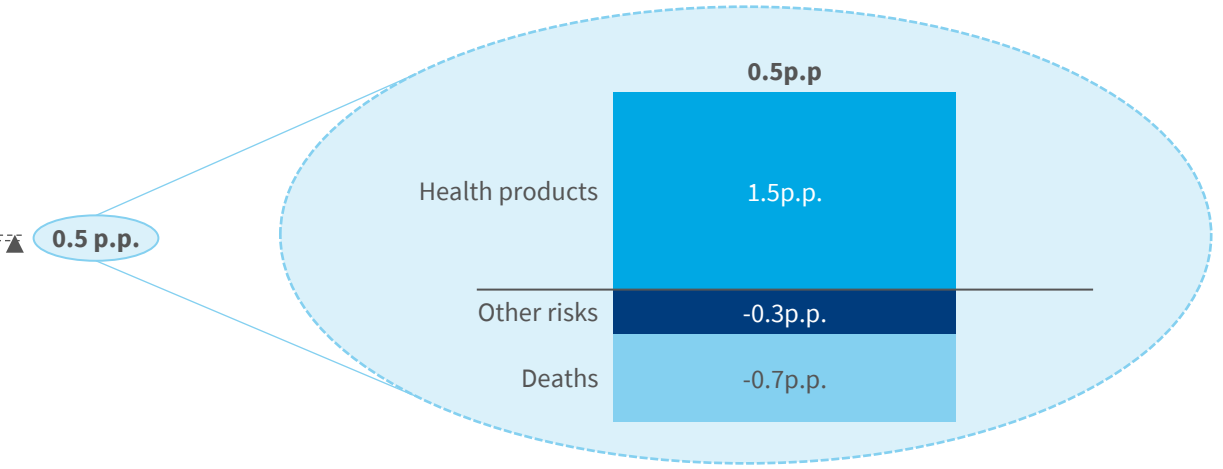


- The **number of deaths** in Poland is slightly higher than in the third quarter of 2021, diminishing impact of pandemic-related events
- In 3Q 2022 the loss ratio of protection products in the group and individually continued segment is at a slightly higher level versus 3Q of last year, in line with normal seasonality
- The higher loss ratio in 3Q 2022 y/y is the effect of the increase in the costs of utilizing ambulatory services **(+1.5 p.p.)**

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



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



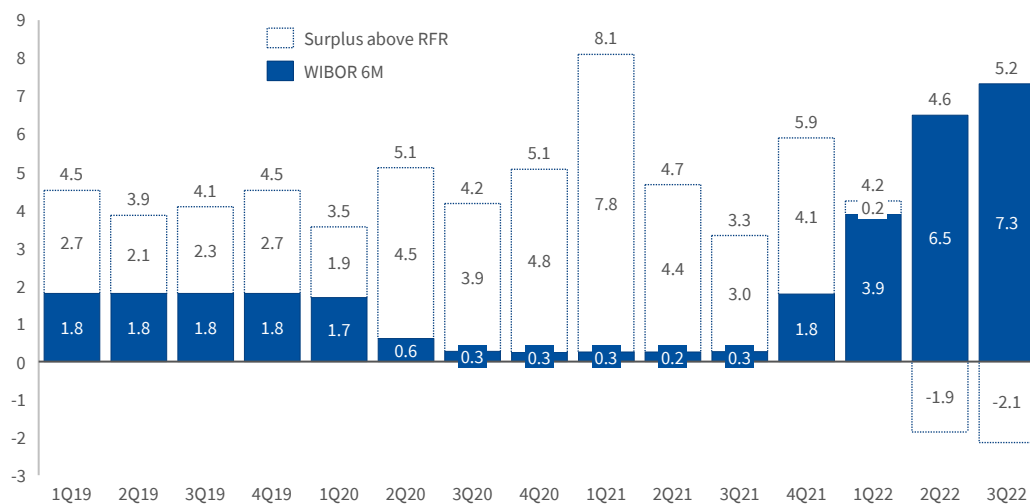
1. According to the Central Statistical Office's data (GUS)
 2. Incorporates only protection products, benefits paid, the utilization of health products and the change in claims provisions

Investment result

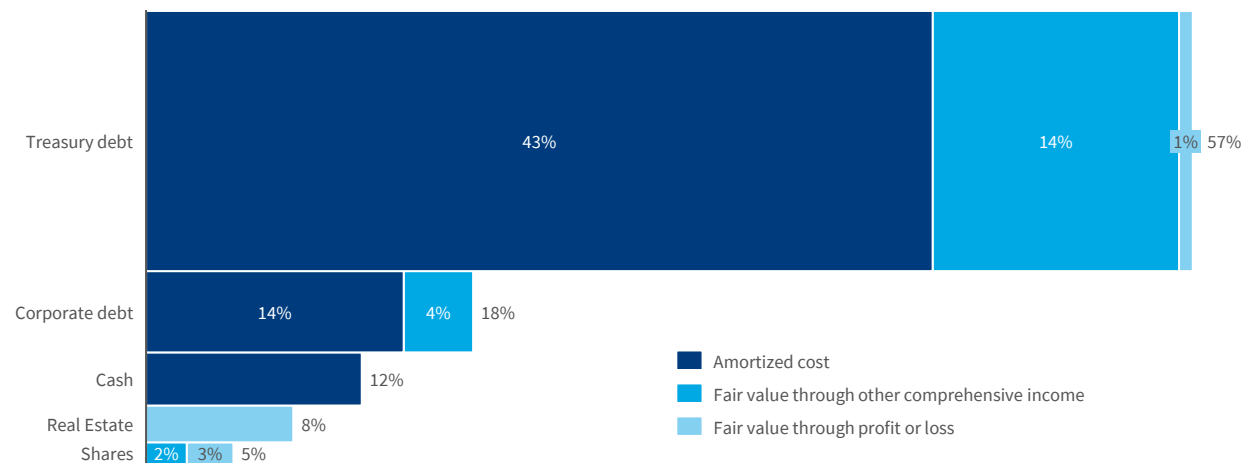
IFRS, m PLN	3Q21	2Q22	3Q22	change y/y	change q/q
Net investment result	2,035	2,641	739	(63.7%)	(72.0%)
Insurance and other activities	275	(157)	232	(15.6%)	x
Main portfolio	392	516	607	54.9%	17.5%
Debt instruments - interest	305	404	541	77.5%	33.9%
Debt instruments - revaluation and execution	18	15	31	70.8%	106.7%
Equity instruments	48	18	(45)	x	x
Real estate	20	80	80	292.8%	x
Investment products	(19)	(491)	(94)	x	x
Other	(98)	(183)	(280)	x	x
Banking activities	1,760	2,798	507	(71.2%)	(81.9%)

- **Safe portfolio composition:** debt instruments account for 75% of the portfolio, treasury debt accounts for 57% of the portfolio
- **Profitability** of the main portfolio on FX on liabilities **at the level of 5.2%** in 3Q 2022
- **Higher net interest income y/y** – especially due to the better results on floating coupon bonds
- **Lower result of the portfolio of equity instruments**, chiefly in the logistics sector **partially offset by the higher measurement of Private Equity funds** due to better circumstances on the technological market where portfolio funds primarily invest
- Higher result on **real estate portfolio** due to higher change in swap points, which determines the valuation of derivative hedging the valuation of real estate

Return on the main portfolio with FX on liabilities

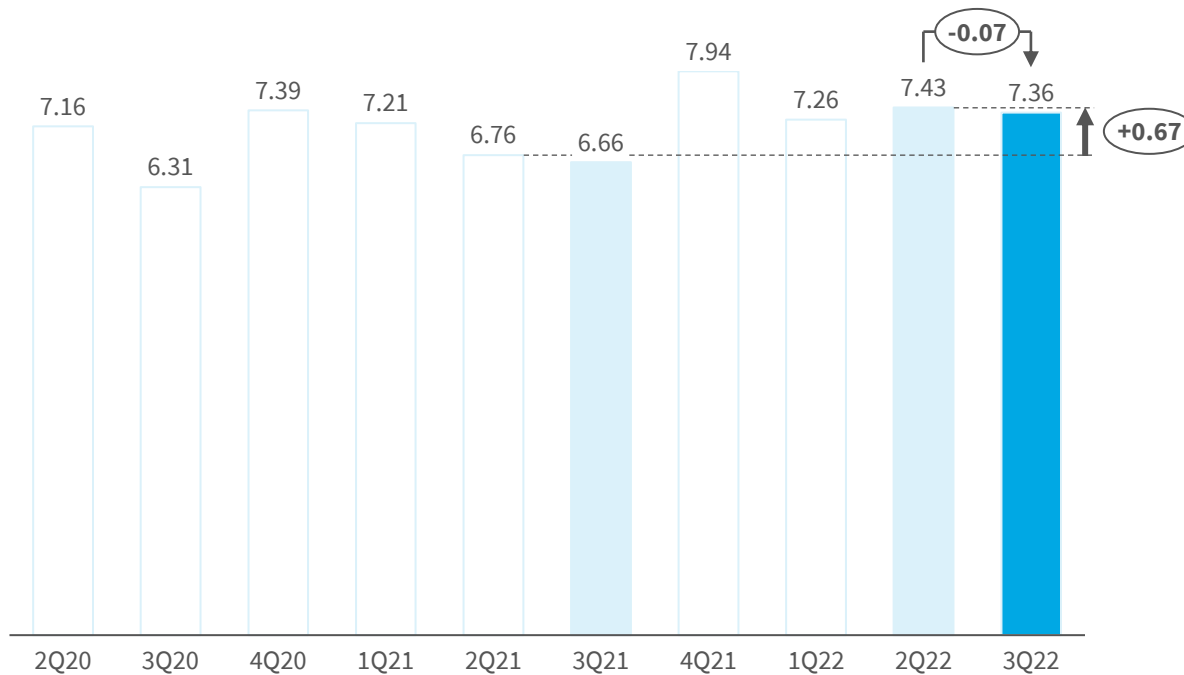


Main portfolio mix by asset classes and methods of their measurement



Maintaining cost effectiveness

Administrative expense ratio (%)



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

The change in the administrative expense ratio in **3Q 2022 versus 3Q 2021** was the outcome of the following:

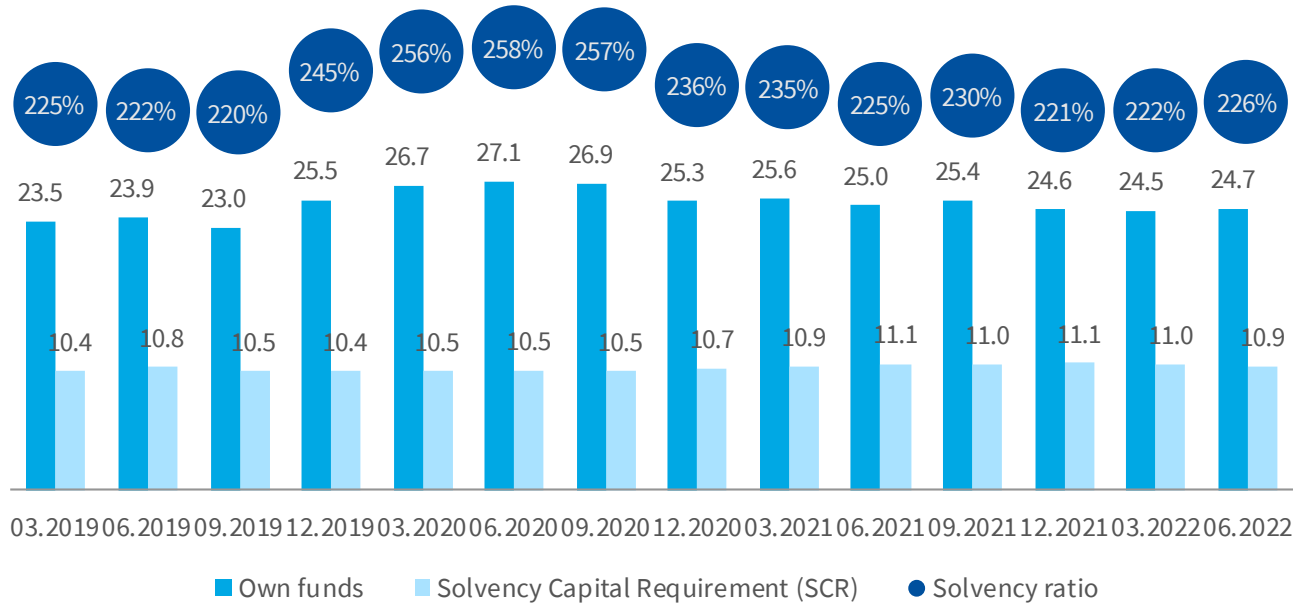
- rising personnel costs as a result of wage pressure and the establishment of higher employee holiday provisions
- increase in real estate maintenance expenses due to the indexation of lease rates and the prices for utilities and relocation to the new headquarters
- purchase of materials related to the new headquarters
- finishing some of the project work – modernization of IT systems
- implementing the New Organization Model and Group Work Tools
- aid related to the situation in Ukraine
- lower costs of advisory services (IFRS17 project and Synergies)
- higher spend on training activities
- maintenance of cost discipline in other areas
- total earned premium up 0.4%

The change in the level of the administrative expense ratio in **3Q 2022 versus 2Q 2022** was the outcome of the following:

- higher utilization of holiday leave by employees
- smaller need for materials due to the relocation to the new headquarters
- lower intensity of marketing efforts, including advertising and sponsoring activities
- wage pressure
- increase in real estate maintenance expenses due to relocation to the new headquarters
- total earned premium up 2.7%

Group's high level of solvency

Solvency II ratio, 30 June 2022



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

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

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

In 2Q 2022 **own funds climbed 0.2 bn PLN** Major reasons:

- operating cash flow and investment results (+0.5 bn PLN)
- decrease in Alior Bank's own funds (-0.05 bn PLN) due to the decline in the valuation of treasury bonds and amortization of subordinated debt
- decrease of own funds by 80% of the group's profit in 1H 2022 attributed to equity holders of the parent company (-0.6 bn PLN) and adjustment to the dividend for 2021 (+0.3 bn PLN)
- small net effect of the increase in the yield curve on government bonds in terms of asset valuation and technical provisions according to SII

In 2Q 2022 **SCR decline of 0.1 bn PLN**

Major drivers of this decline q/q:

- decrease in market risk (-0.09 bn zł²)
- decrease in insurance risk (-0.29 bn zł²)
- higher banking sector risk (+0.07 bn PLN)

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

<p>Impairment loss</p>	<p>As a result of analyzing the war's impact on the Group's operations and due to the lowering of Ukraine's rating, the PZU Group decided to recognize impairment losses in its consolidated result for the first half of 2022 on the assets held by the companies in Ukraine: higher impairment losses for expected credit losses on investment financial assets (53 m PLN) and impairment losses for receivables (41 m PLN)</p>
<p>Assets of the Ukrainian companies belonging to the PZU Group</p>	<p>As at 30 September 2022 the net total assets¹ of the three companies operating in Ukraine (PZU Ukraine, PZU Ukraine Life oraz LLC SOS Services Ukraine) was 19 m PLN (70 m PLN as at 31 December 2021) The assets¹ of companies subject to consolidation totaled 429 m PLN, including:</p> <ul style="list-style-type: none"> investment financial assets of 234 m PLN, of which 98 m PLN in instruments issued by the government of Ukraine and 136 m PLN in term deposits 80 m PLN was the reinsurers' share in technical provisions, with PZU's share accounting for 25 m PLN
<p>Exposure to markets affected by war-time operations or sanctions</p>	<ul style="list-style-type: none"> All of the bonds held on 31 December 2021 issued by the governments of Russia (90 m PLN), Belarus (1.6 m PLN) and Ukraine (4 m PLN) were sold by 3 March 2022 (the realized loss was 13 m PLN) As at 30 September 2022 the Banks in the PZU Group held 333 m PLN in bank credit exposures and 186 m PLN in bank off-balance sheet exposures to entities that are residents of Ukraine, Russia or Belarus
<p>Operating activities in Ukraine</p>	<p>PZU Group's Ukrainian companies are operating while taking into consideration the wartime conditions, including among others:</p> <ul style="list-style-type: none"> PZU Ukraine's sales processes are conducted on a limited basis: (i) offices are closed wherever there are hostilities, (ii) sales are conducted of new and renewal insurance in all three main business lines (motor, property and personal insurance) through all channels. The greatest limitations were implemented in property insurance PZU Ukraine Life's sales processes were initially halted in all sales channels, but as of June 2022 the company resumed sales through the banking channel of short-term products with limited risk, and as of July 2022 it resumed sales of new business policies not requiring underwriting, with restrictions on risk and sums insured in the agency and brokerage sales channels The functionality of the full claims handling process is in place - PZU Ukraine Life makes payouts if it has a complete set of documents; PZU Ukraine makes payouts on motor own damage and TPL (only if it has a complete set of documents, where the declaration of martial law across the country excludes the insurer's liability for losses incurred due to acts of war) The National Bank of Ukraine has banned the purchase of foreign currencies and international money transfers from Ukraine
<p>Crisis Management Team</p>	<p>A crisis management team with the participation of senior managers and representatives of the Ukrainian subsidiaries is operating in the Polish head office of PZU, it is monitoring the situation on an ongoing basis and making decisions on management and preventive measures and aid for Ukraine's citizens</p>
<p>Impact on the PZU Group's business continuity</p>	<p>In the opinion of the PZU Management Board, the conflict in Ukraine does not affect the PZU Group's going concern assumption; however, determining the capability of the PZU Group's Ukrainian companies to maintain business continuity is subject to uncertainty.</p>

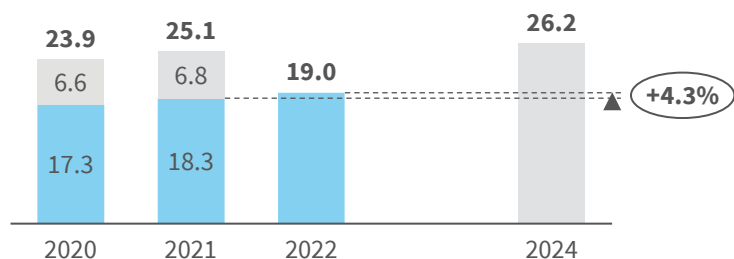
1. minus liabilities and adjusted for cross holdings between PZU Ukraine and PZU Ukraine Life



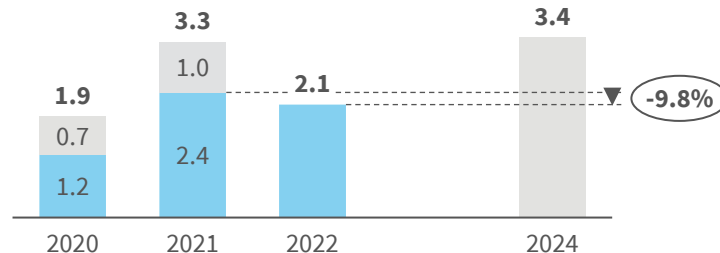
4. Strategy

Strategic objectives in 2021-2024 and fulfillment

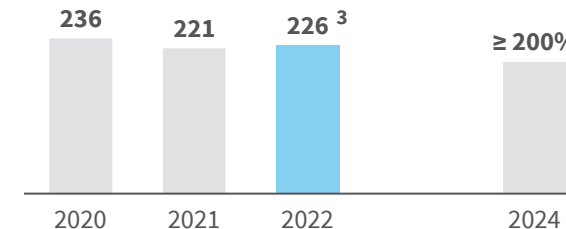
PZU's gross written premium¹ (bn PLN)



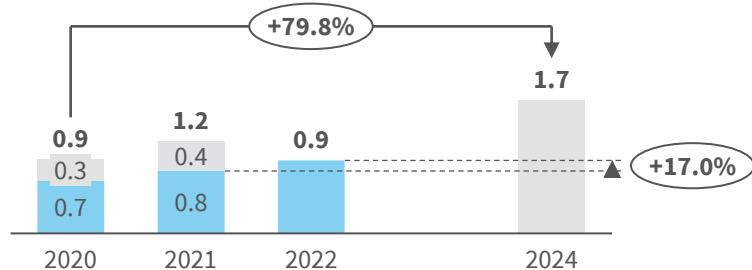
PZU Group's net profit² (bn PLN)



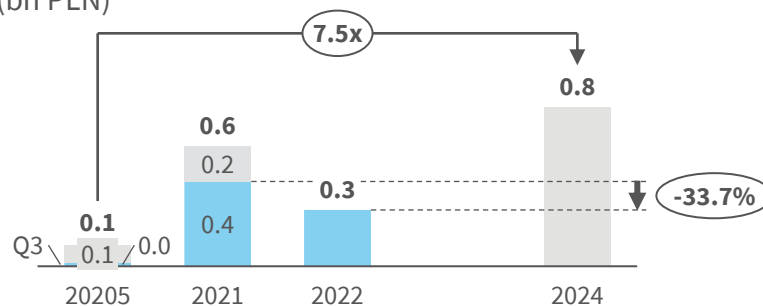
Solvency II ratio (%)



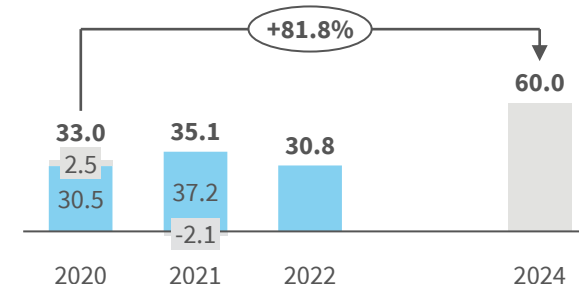
Health Pillar Revenue (bn PLN)



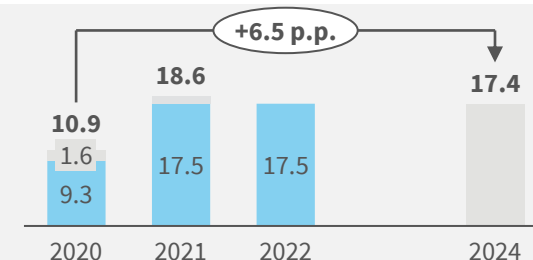
Banks' contribution to PZU Group's net result² (bn PLN)



Assets under management⁴ (bn PLN)



Return on equity (ROE)



3Q 1. PZU Group's gross written premium
2. Net profit attributable to equity holders of the parent company

3. Data for 2Q 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

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

ECOSYSTEM BENEFITS

Convenient space to manage benefits unrelated to salary

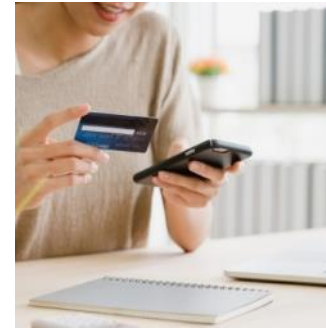


- Set of advanced digital tools facilitating employers' comprehensive management of benefits

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

We are executing the PZU Strategy by pursuing a number of Initiatives to support clients (1/2)



PZU iFleet
new dimension
of fleet insurance

Nearly

500

corporate fleets
in the PZU iFleet program,
which yields more than

20 thousand

vehicles

1

Support for clients:

- fleet administration in a modern system
- management of vehicles, drivers, costs, fuel cards
- insurance handling (policy and claims)
- fully automated and simple implementation

2

Support for intermediaries:

- online access to claim and policy data
- more frequent client contacts devoted to the fleet, safety
- access to structured data

3

Enhancing fleet safety

- automation of support in fleet risk management
- recommendations to reduce the loss ratio devised on the basis of client data available in PZU and the fleet system (e.g. suggesting the application of additional mirrors to back up, sensors, telematics, etc.)
- loss reports based on insurance history in PZU
- training component with materials such as knowledge snapshots, mini training, e-learning, educational content, blogs, questionnaires

We are executing the PZU Strategy by pursuing a number of Initiatives to support clients (2/2)

PZU Na Życie Plus

protection and comprehensive health insurance for employees



Wide scope of support:

- Relatives
- Post-hospitalization
- In the event of a critical illness
- After the death of relatives
- Post-accident
- For parents
- Medicine card
- Additional Assistance services
- Daily medical care

The **PZU Na Życie Plus group insurance** is an overall approach to address the needs of employers, employees and their families. This new offer makes it possible for an employer to provide its employees and their families with insurance cover including medical care as part of a single multi-dimensional agreement and one sales process. **PZU Na Życie Plus is not just an attractive employee benefit, rather it provides real assistance in tough moments.**

- This insurance combines life and health cover as part of one policy
- Extensive scope of cover (encompassing among others the illnesses that represent the most frequent cause of death such as circulatory system illnesses, including heart attacks and strokes and malignant neoplasms)
- Option to expand the offer additionally to include co-funding for medicines (more than 45 thousand medicines in the most extensive package with up to 80% co-funding for prescription medicines)
- Access to assistance and medical services with an option for every employee to extend the scope of insurance on a case-by-case basis
- PZU Na Życie Plus is not just an attractive employee benefit, rather it provides real assistance in tough moments. Employees and their spouses or life partners and children can take advantage of this offer

Execution of PZU and PZU Życie’s ESG Strategy in 2021 - 2024

Key performance indicators in the ESG Strategy reporting on an annual basis along with other non-financial data. As at 31 December 2021

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

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

scope of emissions 1 and 2

55%

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

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

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

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

10-15 m

500 m

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

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

- ESG goals assigned to directors responsible for the pursuit of the ESG strategy as part of their annual objectives
- **Execution of 100%**

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

ESG targets in Senior Management objectives

70%

Percentage of employees covered by the **#Well-being program**

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

70%

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

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

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

Initiatives supporting the execution of the ESG strategy “Sustainability”

#trusted partner in green transformation

- PZU and TFI PZU are investing in the development of onshore wind power. Thus far the companies have invested nearly 420 m PLN in projects to build or expand wind power plants
- PZU is developing methodologies to assess corporate clients in terms of ESG factors
- The PZU Group is developing product-related programs to support clients in the sustainability of their business. The PZU LAB EST System is a tool to monitor selected parameters associated with the environmental impact of businesses. At present, this System is being extended to include additional sensors facilitating the monitoring of greenhouse gas emissions among others
- To curtail its direct environmental impact the PZU Group is relocating its headquarters to a more ecological building in Warsaw.

#Better quality of life

- PZU is running the PZU Good Team Program to advance activity among children and youth. 352 entities joined the program in 2022. They will receive co-funding in 43 disciplines. More than 70,000 children from across Poland represent the colors of the PZU Good Team
- In 2022 PZU joined the Healthy Life program launched at the initiative of the President of Poland

#responsible organization

- As of 2021 the directors in PZU and PZU Życie who are responsible for the pursuit of the ESG strategy have ESG goals included in their annual objectives. The level of achievement of these goals affects their variable compensation for a given year. Thanks to assigning ESG goals, the whole organization is involved in the pursuit of the ESG strategy’s targets. ESG goals are also assigned to the Management Boards of subsidiaries
- PZU suppliers are expected to abide by standards and rules complying with the principles of sustainability. To strengthen the importance of ESG in relations with suppliers the scope of supplier audits has been extended to include topics involving human rights, employee rights and environmental protection
- The PZU Group is an active participant in sustainability initiatives PZU is a member of United Nations Global Compact, i.e. the largest UN initiative focusing on the sustainability of business. PZU joined the Partnership entitled “Together for the Environment” launched by UNEP/GRID Warsaw and the Climate Leadership program for climate leaders

The PZU Group monitors its progress on the path to sustainability. Its participation in ESG ratings and the ratings it has obtained are a tangible result.

In June 2022 PZU’s efforts received recognition in the 16th Ranking of CSR Companies This year PZU obtained 94 points out of a total of 100 enabling it to take third place in the overall and industrial classification



5. Attachments



Gross written premium of the PZU Group

Insurance segments m PLN, local GAAP	3Q21	2Q22	3Q22	Change y/y	Change q/q
External gross written premium	5,908	6,394	6,395	8.2%	0.0%
Total non-life insurance – Poland	3,161	3,740	3,541	12.0%	(5.3%)
Mass insurance – Poland	2,569	2,819	2,763	7.6%	(2.0%)
Motor TPL	1,056	1,061	1,082	2.5%	2.0%
MOD	649	749	767	18.2%	2.4%
Other products	864	1,009	914	5.8%	(9.4%)
Corporate insurance – Poland	592	921	778	31.4%	(15.5%)
Motor TPL	148	146	143	(3.4%)	(2.1%)
MOD	165	197	199	20.6%	1.0%
Other products	279	578	436	56.3%	(24.6%)
Total life insurance – Poland	2,191	2,038	2,184	(0.3%)	7.2%
Group and individually continued insurance - Poland	1,757	1,780	1,793	2.0%	0.7%
Individual insurance – Poland	434	258	391	(9.9%)	51.6%
Premium on protection products	206	194	341	65.5%	75.8%
Premium on periodic investment products	69	42	38	(44.9%)	(9.5%)
Premium on single investment products	159	22	12	(92.5%)	(45.5%)
Total non-life insurance – Ukraine and Baltic States	508	580	633	24.6%	9.1%
Baltic States	432	541	584	35.2%	7.9%
Ukraine	76	39	49	(35.5%)	25.6%
Total life insurance – Ukraine and Baltic States	46	34	36	(21.7%)	5.9%
Lithuania	22	23	25	13.6%	8.7%
Ukraine	24	11	11	(54.2%)	0.0%

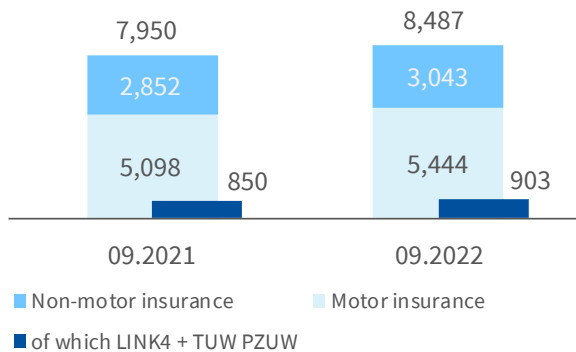


Non-life insurance

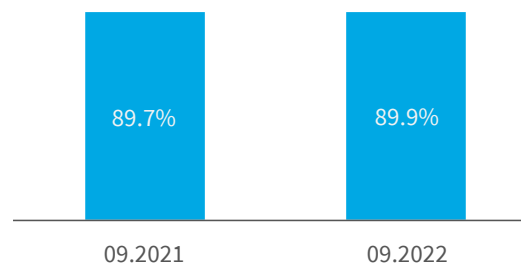
Motor insurance under the pressure posed by lower TPL prices in Poland

Mass segment

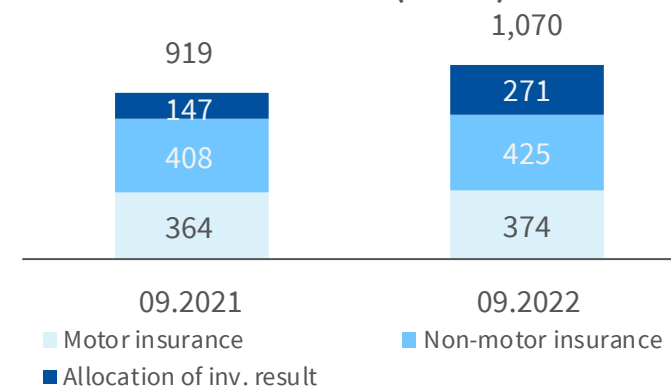
Gross written premium (m PLN)



Combined ratio (%)

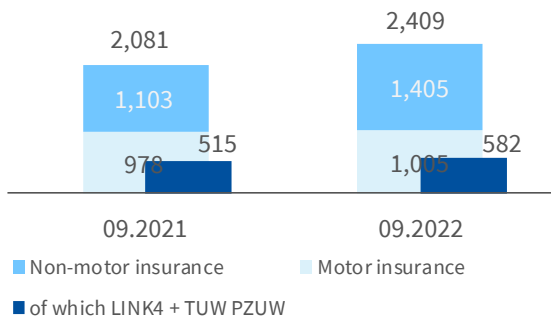


Insurance result (m PLN)

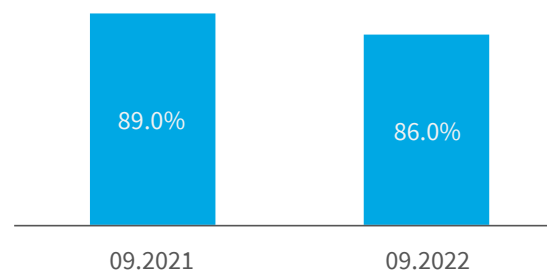


Corporate segment

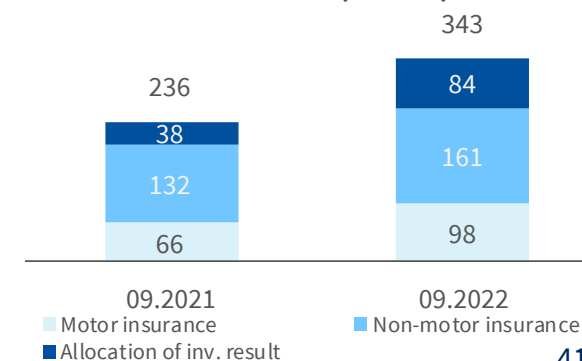
Gross written premium (m PLN)



Combined ratio (%)



Insurance result (m PLN)

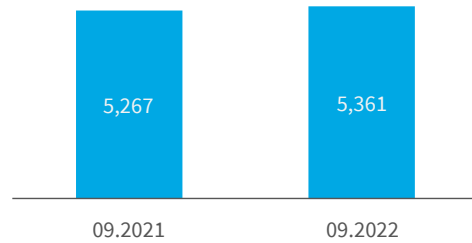


Life insurance

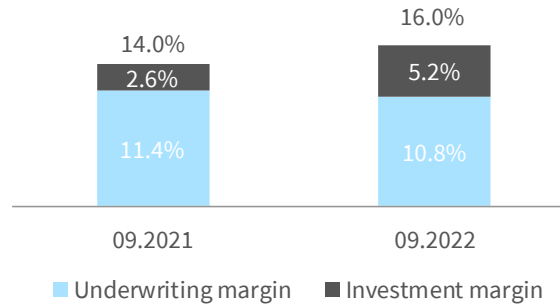
Rising premium on group and individually continued products. Enhanced profitability in both segments

Group and individually continued insurance

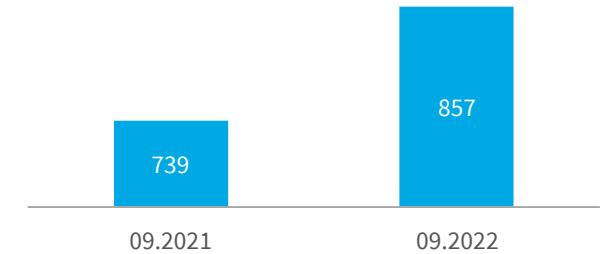
Gross written premium (m PLN)



Margin (%)

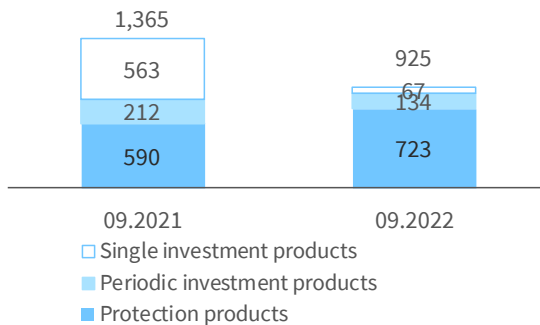


Insurance result (m PLN)

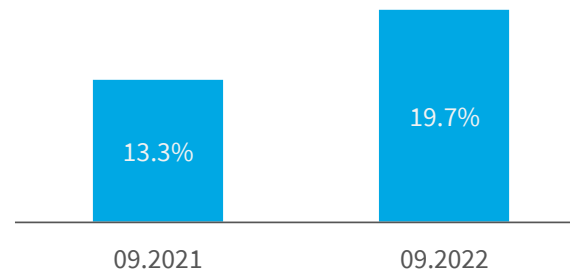


Individual insurance

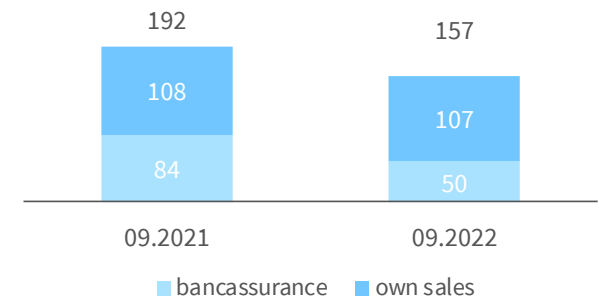
Gross written premium (m PLN)



Margin (%)



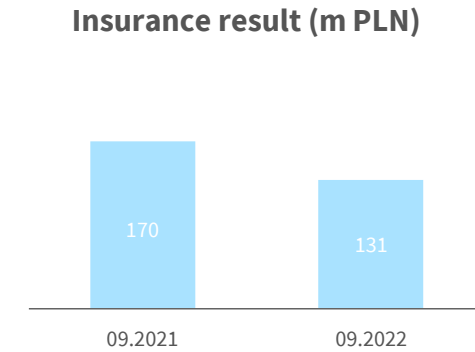
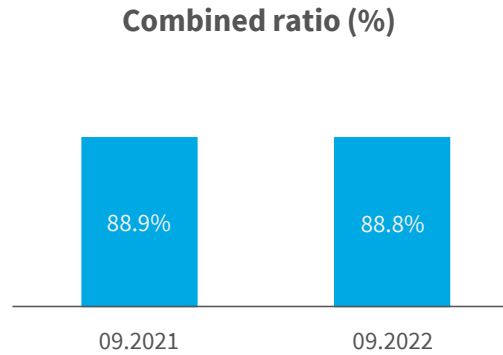
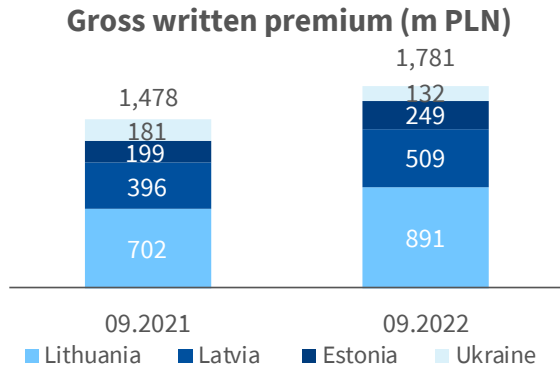
Annual Premium Equivalent (m PLN)



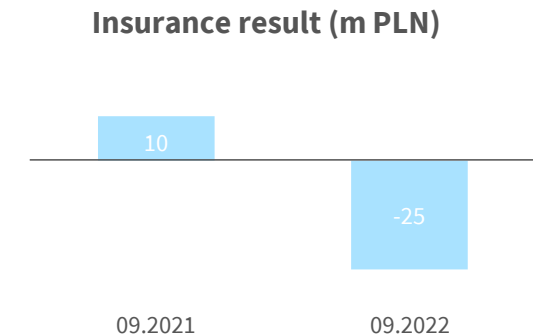
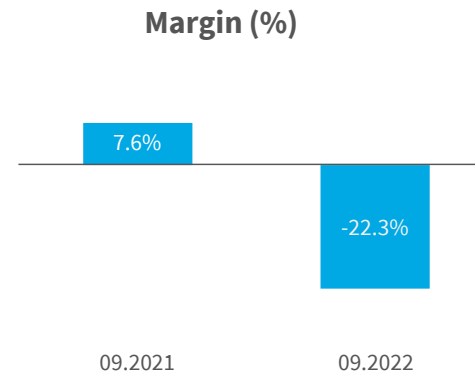
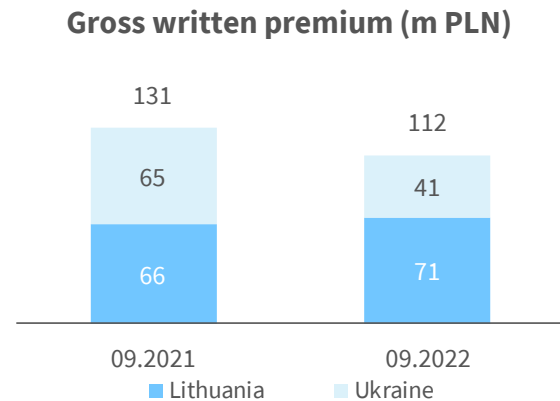
Foreign operations

Decline in Ukraine's rating – impairment losses

Non-life insurance



Life insurance

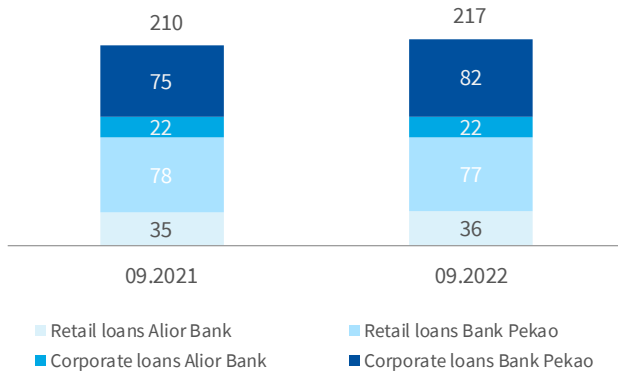


Banking activity

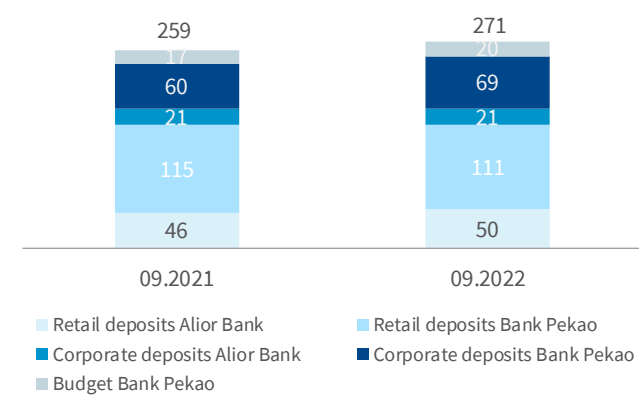
Strong growth in the banks' operating result

Volumes

Loans (bn PLN)

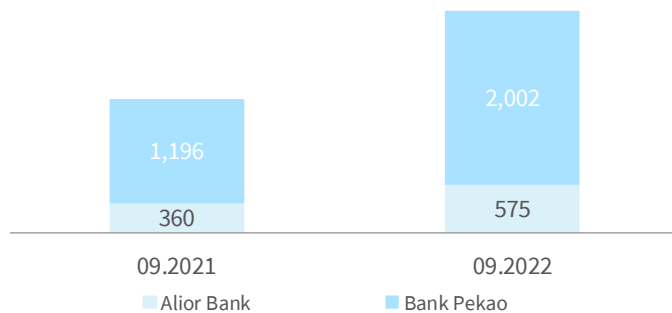


Total liabilities (bn PLN)³

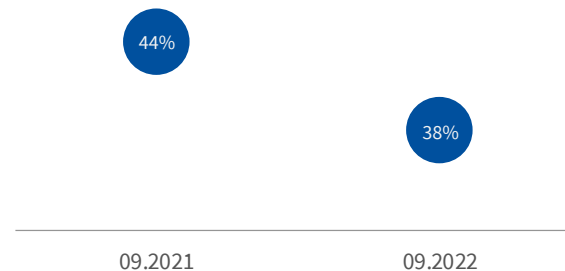


Results / ratios

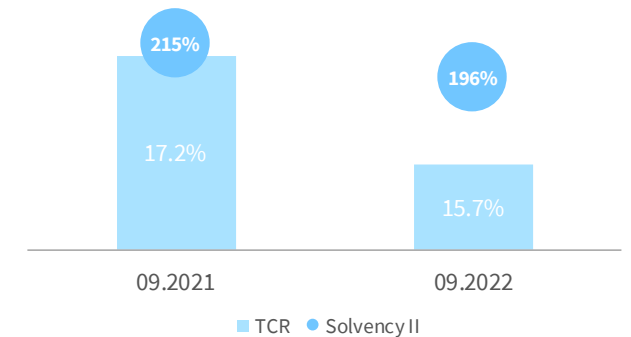
Operating result¹ (m PLN)



Cost / Income¹ (%)



Capital adequacy²



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

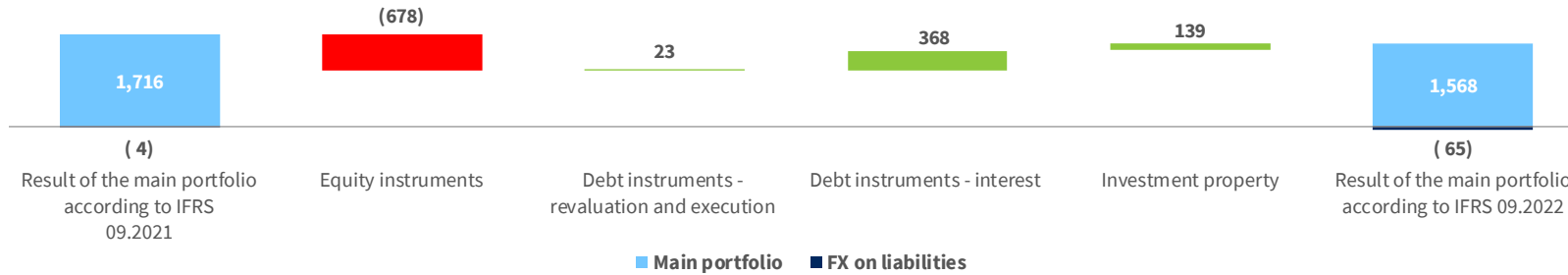
2. Data jointly for Bank Pekao and Alior Bank pro rata to the equity stakes held

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

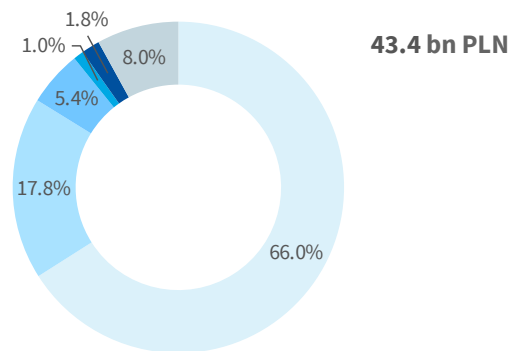
Investments

Results and portfolio composition

Net investment result (m PLN)

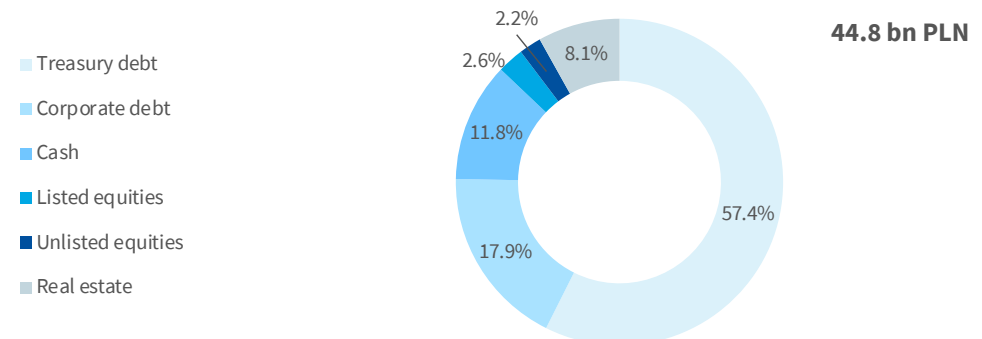


December 2021 main portfolio investment composition



investment products 6.3 bn PLN

September 2022 main portfolio investment composition

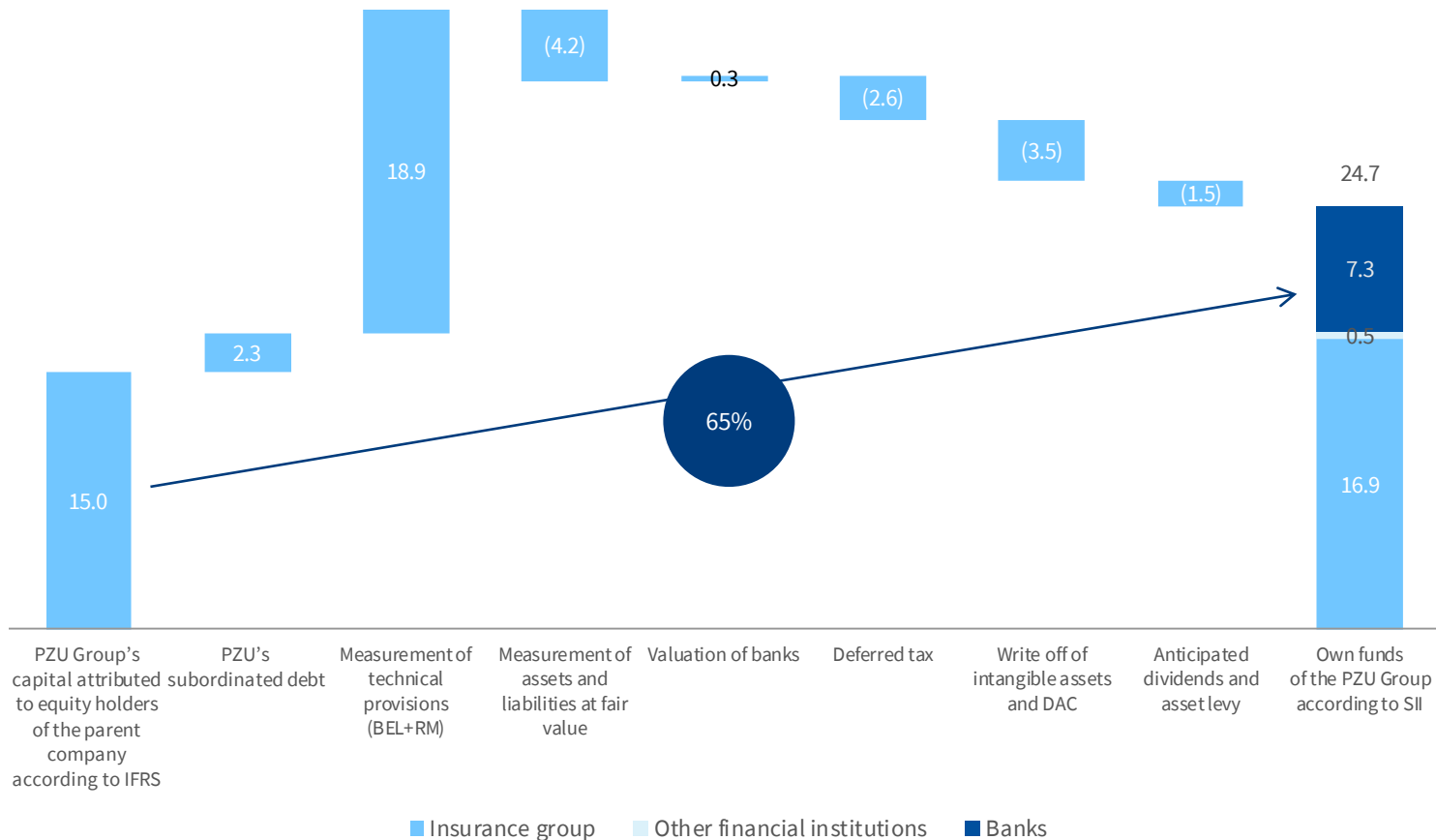


investment products 4.9 bn PLN

Own funds

PZU Group's data in Solvency II as at 30 June 2022 (bn PLN)

Comparison of own funds and consolidated equity according to IFRS



Own funds according to SII minus:

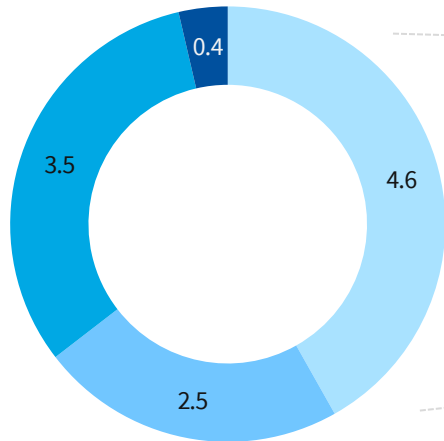
- 80% of the group's profit in 1H 2022 attributed to equity holders of the parent company (-1.2 bn PLN)
- the forecasts of the asset levy to be paid by insurance undertakings in the 12 months after the balance sheet date (according to the letter from the Polish FSA)

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

Solvency capital requirement (SCR)

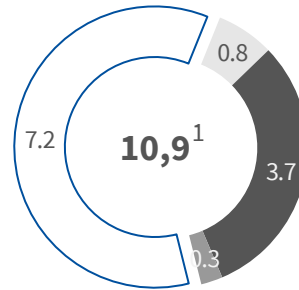
PZU Group's data in Solvency II as at 30 June 2022 (bn PLN)

Basic solvency capital requirement (BSCR)



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

Solvency capital requirement (SCR)



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

Solvency requirement moved down in 2Q 2022 by 0.1 bn PLN

The main reasons for the movement in SCR:

- decrease in market risk of 0.09 bn zł² precipitated by:
 - constriction of equity price risk (-0.16 bn PLN²) – lower asset valuations partially offset by a lower capital charge (dip in the symmetric adjustment)
 - growth in bond profitability triggering lower asset valuations involving credit spread risk (-0.09 bn PLN²) and higher interest rate risk (+0.09 bn PLN²)
 - higher real estate risk (+0.12 bn PLN²) due to greater exposure: commencement of using the new head office and the higher real estate valuation
- decline in life insurance risk thanks to lower exposure following the interest rate hike and decline in mortality (-0.16 bn PLN²)
- lower non-life insurance catastrophic risk after limiting risk by obtaining more reinsurance (-0.13 bn PLN²)
- higher banking sector requirements (+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.

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Thank you

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