



PZU Group's financial results

in 2022 and 4Q22

Warsaw, 30 March 2023





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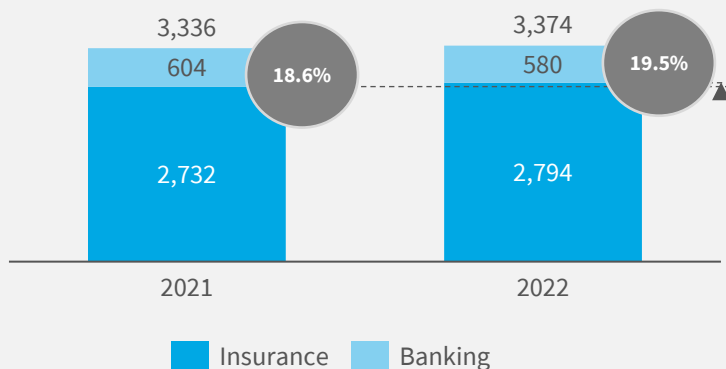
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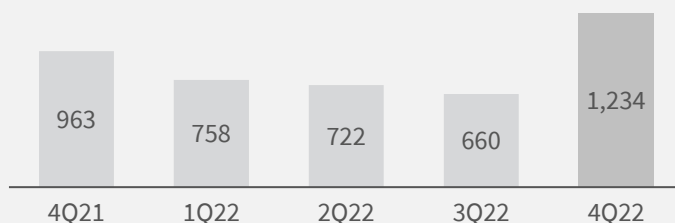
1. Main achievements of the PZU Group

We create value in challenging market conditions

Net profit (m PLN) and return on equity¹



Quarterly net profit (m PLN)



Increase in scale of operations

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



High profitability

Return on equity above strategic ambitions

- ✓ high profitability of **non-life insurance**
- ✓ rebuilding profitability in **life insurance** after COVID-19
- ✓ high return on investment portfolio



Positive impact of interest rates

Higher interest rates create demand for insurance and investment products
Optimal conditions for reinvestment of a long-term bond portfolio
Growing interest margin of banking business
The market environment positively verifies the investment strategy adopted



Stability and security

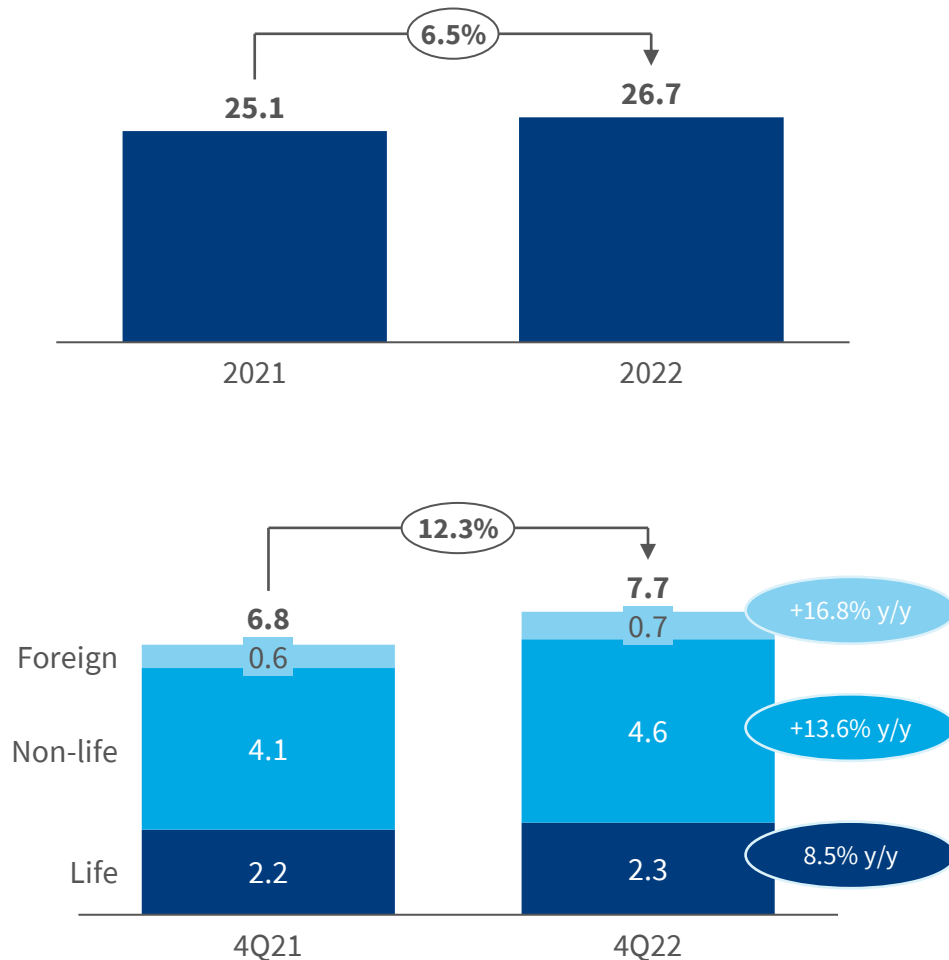
A- rating

High solvency ratio, **significantly better than the strategy, safe and diversified portfolio of investments**

1. Net profit and return on equity attributable to owners of the parent company

Acceleration of revenue growth rate

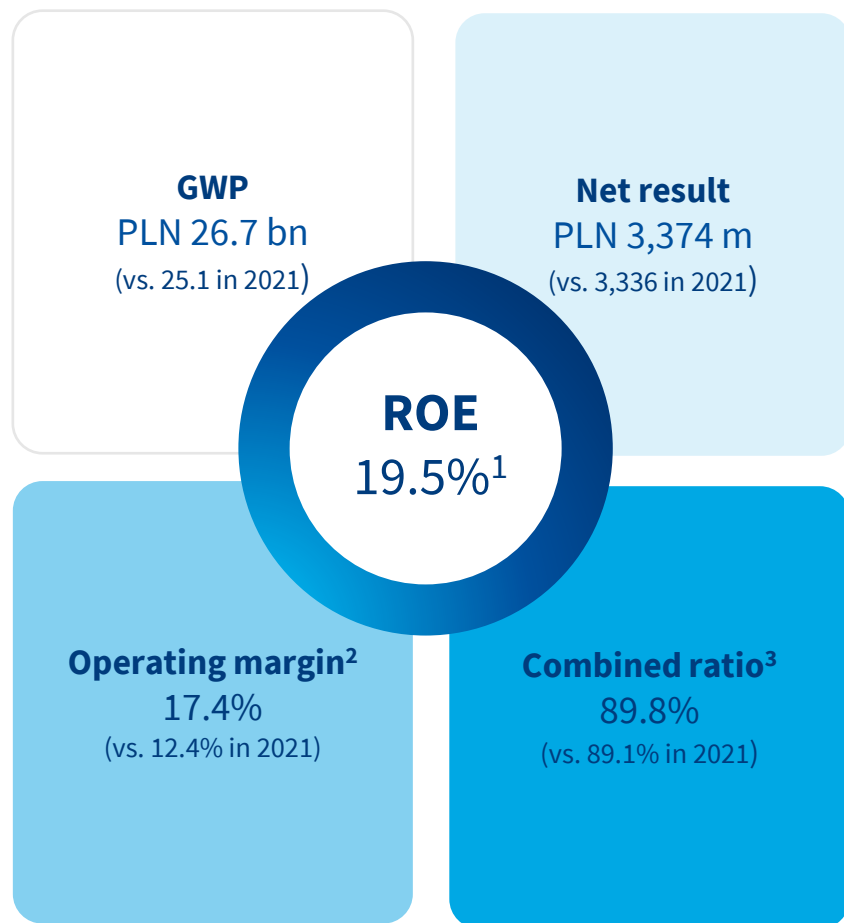
Value and growth rate of gross written premium (PLN bn)



- **Dynamic premium growth, market share increase²**
- **Non-motor insurance as the main driver of growth** (15.1% y/y in 2022, +20.8% y/y in 4Q 2022), especially in the area of **corporate** insurance (sales up 37.5% y/y in 2022 and 50.8% y/y in 4Q22)
- **Motor insurance** – growth mainly due to **motor own damage insurance (autocasco): 14.5% y/y in 2022 increase in written premiums and 13.4% y/y in 4Q22 increase**
- **Individual life insurance premiums surged +36.6% y/y in 4Q22**, premiums from **investment products doubled y/y**, new endowment insurances – Pewny Profit and Bezpieczne Jutro, enabling risk-free capital investment with a guaranteed sum insured throughout the insurance period – perfectly in line with market conditions
- Motor insurance as the driving force behind **the dynamic growth of gross written premiums in Lithuania, Latvia and Estonia** (26.4% y/y in 2022). Group premium share at 8.8% (up 1.4 p.p. y/y)
- **Investment pillar – TFI PZU's position in a difficult market is strengthening** – TFI Energia acquisition, PZU TFI with net sales of over PLN 900 m in 2020 – the best result in a market recording net outflows of PLN 24 bn
- **ECSs net assets accumulated at the level of PLN 2.4 bn**, an increase of 79% y/y. Ranked 1st by number of companies acquired and 2nd by assets
- Continued **growth in demand for private medical services; revenues in the Health pillar higher by 16.2%¹ y/y** in 2022, high increases in both medical centers generated revenues (+16.0% y/y) and insurance and subscriptions (+16.4% y/y)

1. Data of medical centers presented for the period from the beginning of the year regardless of the moment of acquisition
 2. Based on estimates for 4Q 22

High net result despite regulatory burden ROE above the level of strategic ambition



- **Return on equity¹ in 2022 at 19.5% – above the target from the 2021–2024 strategy**
- **Recovery of operating margin in group insurance and IC after the pandemic, up from 12.4% to 17.4%; result up 43.6%. On a quarterly basis, the margin increase was even more pronounced: to 21.7% in 4Q 22 from 7.4% in 4Q 21**
- Maintaining high profitability of non-life insurance – combined ratio at **89.8% in 2022 with no significant changes compared to the previous year** despite a gradual return to pre-pandemic normality and claims inflation
- **Very good investment performance, interest income growth of nearly 50%**, return on the portfolio reached **5.2% in 2022 and 6.8% in 4Q22**. Favorable interest rate levels when refinancing maturing tranches of sovereign bonds, very good performance of real estate portfolio
- **Expenses under control**; perceived upward pressure on remunerations, expense ratio⁴ reached 7.6% in 2022, increase in costs partly compensated by growing net premium

1. ROE in 2022 attributable to owners of the parent company

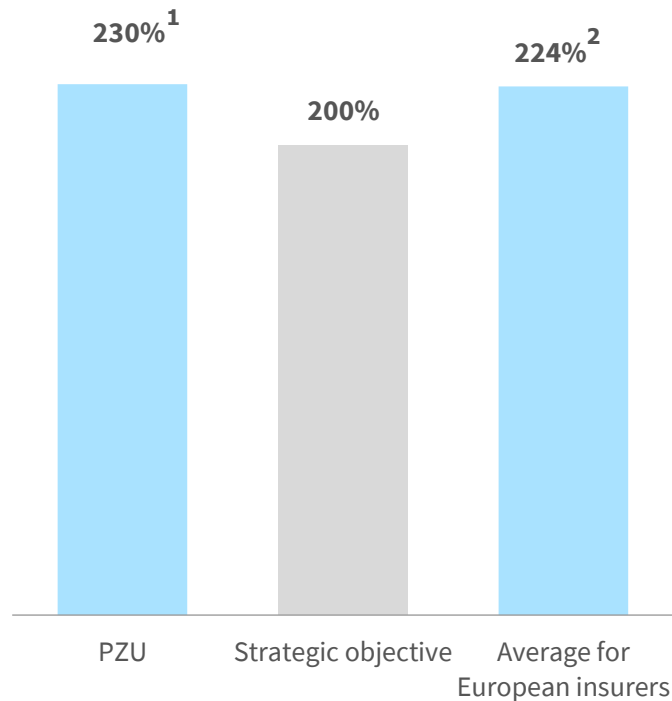
2. Margin for 2021 and 2022 for group and individually continued insurance segment

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

4. For PZU and PZU Życie

High level of security of operations, "A-" rating by S&P

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



- Solvency II ratio as of 30 September 2022 at very high levels – significantly higher than assumed in the strategy: 230%¹
- S&P Global Ratings at **A- with a stable outlook**
- **Safe and diversified investment portfolio:** increased share of portfolios providing high levels of profitability, including investment grade corporate debt
- **Good preparation for market turbulence:**
 - ✓ high share of bonds valued using the amortized cost method
 - ✓ low equity exposure
 - ✓ closed FX position

1. Calculation according to the existing methodology, i.e., own funds are adjusted by dividends calculated on the basis of the interim result. It does not take into account the new rules included in the KNF's circular letter to insurance companies dated 16 April 2021, according to which, starting from 1Q 21 a new element in the calculation of company and group solvency in interim periods is an adjustment for the entire amount of dividends expected for the year

2. Average for 14 European insurers, data as of 30 September 2022

Corporate social responsibility

Selected sustainable development activities of PZU in 2022



Promoting a healthy lifestyle

- **400** sports organizations and **70,000** young players covered by the nationwide prevention program – **Dobra Drużyna PZU (PZU Good Team)**, which promotes healthy lifestyles and physical activity for children and young people

Supporting the development of Polish sports

- sponsorship of, among other things, **Iga Świątek**, the world's best tennis player

Comprehensive assistance to the citizens of Ukraine since the beginning of the war

- funding, among other things, for **54,000** 30-day TPL policies at border crossings for Ukrainian refugees entering Poland

Trusted Partner in green transformation

- **PLN 420 m** – PZU's financial involvement in 2022 in wind farm projects
- **PZU Wind Energy / PZU Solar Energy / PZU Eco Energy** – eco products in PZU's offerings

New PZU headquarters in the "the greenest building" in Warsaw

- a modern workplace for **4,500** employees
- environmentally friendly technologies allowing to reduce carbon footprint by more than **2,500 tons** of CO2 per year



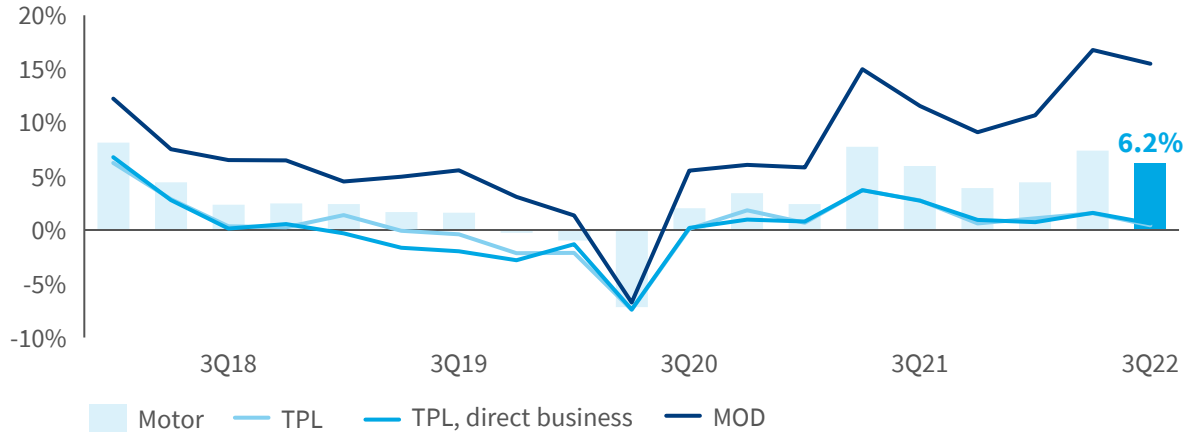


2. Business development



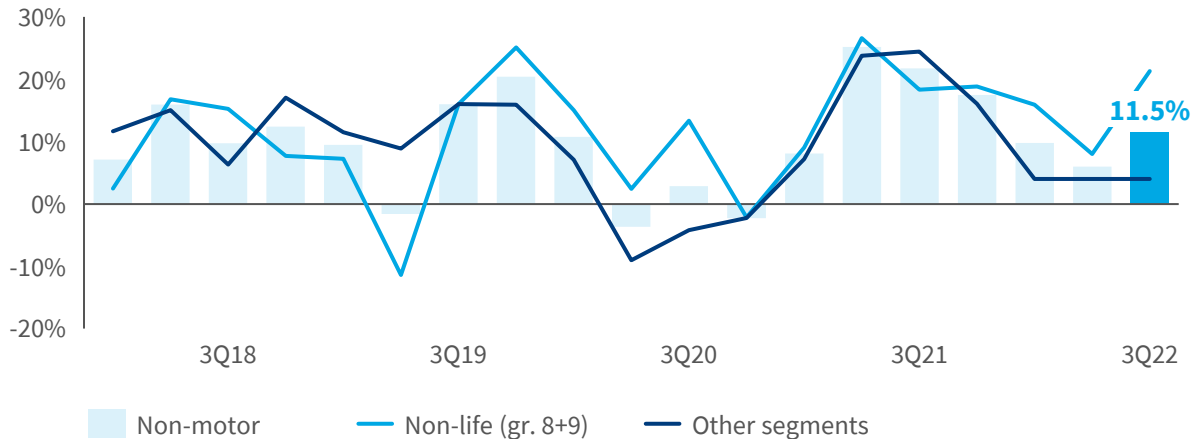
Trends in the non-life insurance market in Poland

Motor insurance market dynamics¹, y/y

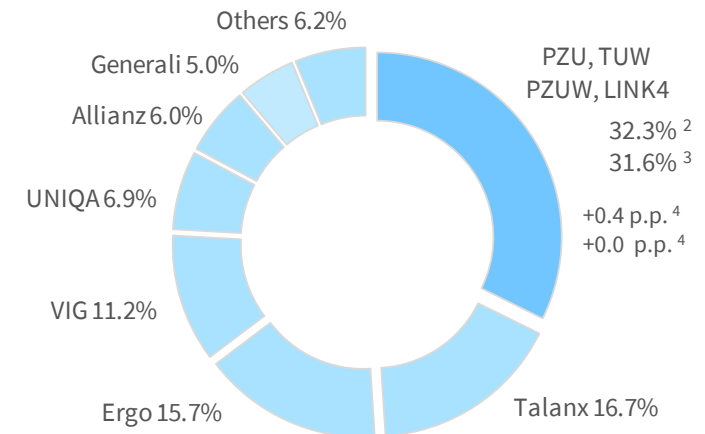


- **High growth rate of motor insurance sales in 3Q22 (+6.2% y/y)**, mainly due to rapid growth in MOD premiums (+15.5% y/y). Slight increase in MTPL sales (+0.4% y/y). Slight increase in the number of MTPL policies (+0.7% y/y, direct business), with **prices unchanged (-0.1% y/y)**¹
- **Continued high growth in non-motor insurance (+11.5% y/y)**. Non-life insurance (+21.3% y/y), general TPL and assistance products were the biggest contributors to growth in value terms
- **PZU Group's share in the non-life insurance market** (direct business) after 3Q22 was **31.6%**
- **High share of PZU Group's technical result in the technical result of the market at 49.9%**¹

Non-motor insurance market dynamics¹, y/y



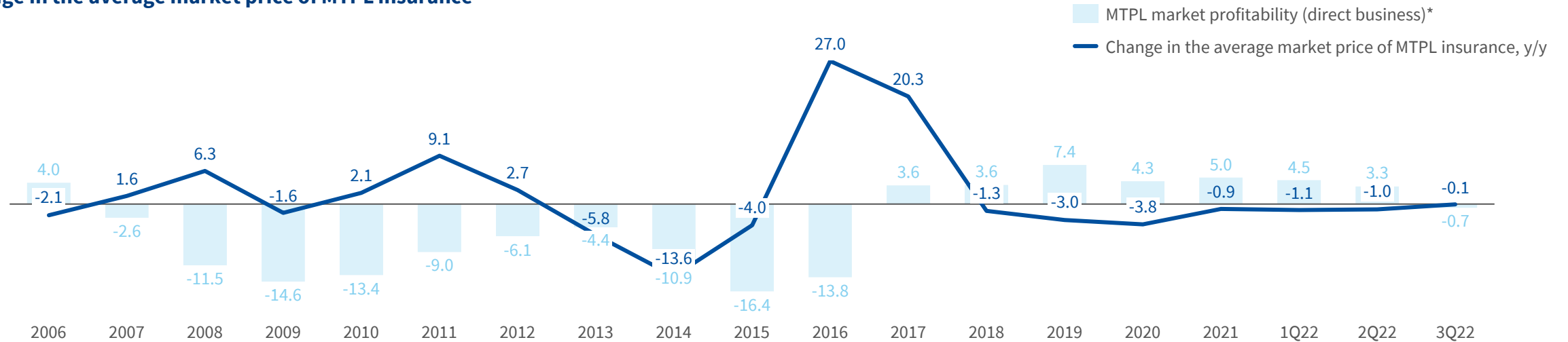
Market shares in 3Q 22²



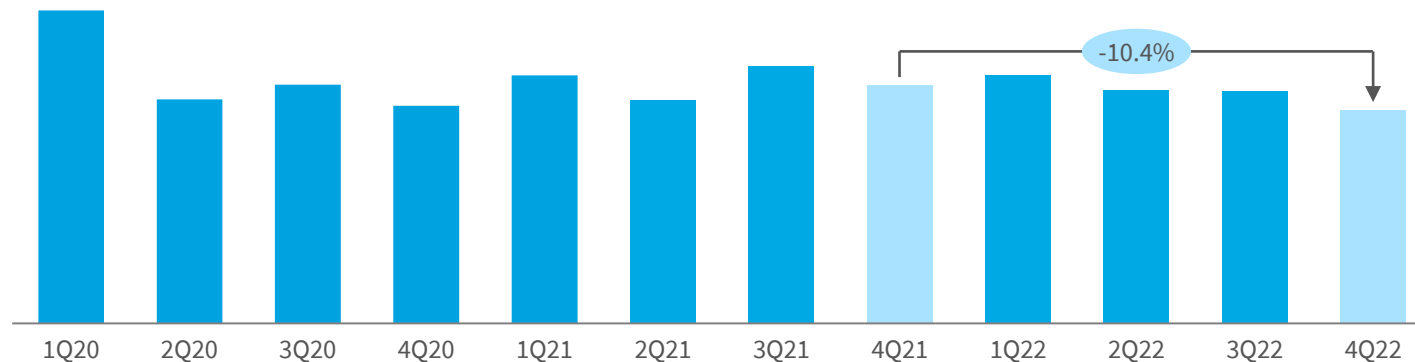
1. According to the KNF's report after 3Q22
 2. According to the KNF's report after 3Q22; i.e., market and market share including PZU's inward reinsurance to LINK4 and TUW PZUW
 3. PZU Group's market share in non-life insurance on direct business after 3Q22
 4. Change in share y/y, respectively: including PZU's inward reinsurance to LINK4 and TUW PZUW and from direct business

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

Change in the average market price of MTPL insurance¹



Change in frequency of claims in motor insurance¹



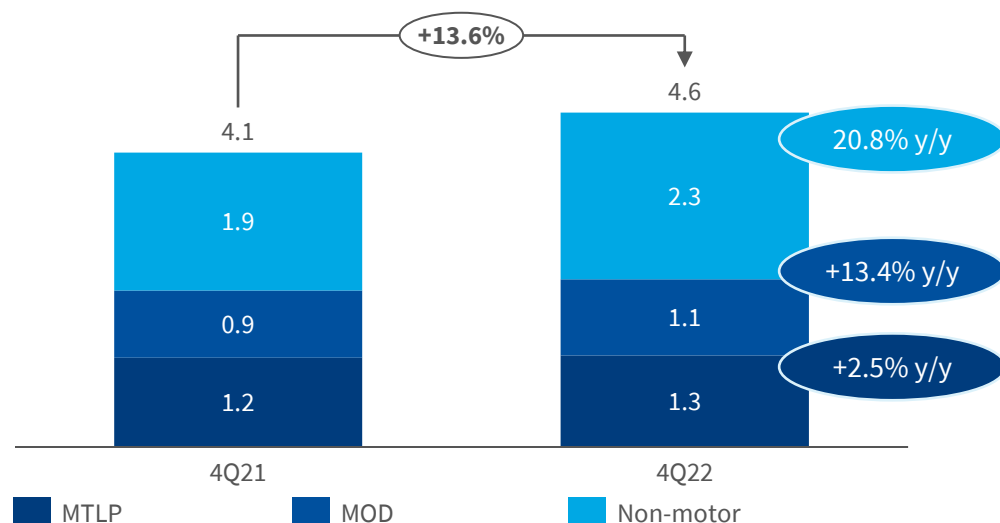
- In the third quarter of 2022, **noticeable stabilization** in average MTPL insurance premiums (slight decrease y/y), combined with a decline in insurers' profitability in the motor TPL market
- Maintaining low prices in the TPL market, while the average claim value continues to rise, could translate into further **reduction in the profitability of insurers**
- **Lower frequency of claims**, which can be combined with a permanent change in the work model (popularization of hybrid solutions) and changes in the scale of fines and penalty points, which translates into greater caution among drivers

1. Data based on the Quarterly Bulletin of the Polish Financial Supervision Authority, 4Q22/4Q21 frequency dynamics based on estimates

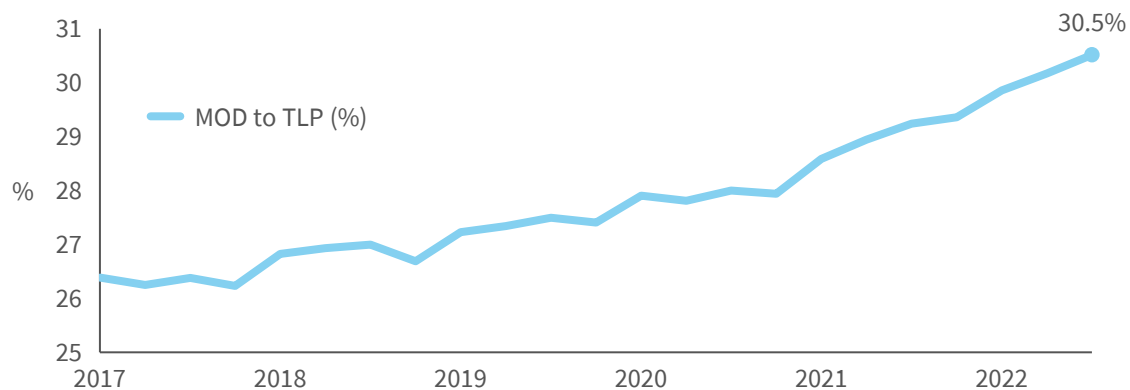
* Profitability calculated as technical result of non-life insurance / Premiums

PZU Group – non-life insurance in Poland

PZU Group gross written premiums¹ in 4Q22, value (PLN bn) and dynamics



Ratio of MOD to MTPL policies (%) – market in Poland²



Growth in gross written premium in the **non-motor** insurance of 20.8% y/y as a consequence of the following:

- higher premium for insurance against **fire and other damage** (renewal in the fourth quarter of the contract for a client from the fuel and energy industry - an increase of over PLN 180 m y/y) and **business interruption insurance** (including machinery breakdown) and **casco insurance of sea and inland waterway vessels** in the corporate segment
- higher sales of **subsidized crop insurance** (impact of higher subsidies from the state budget than a year ago) and building and **real estate insurance in the mass segment**
- decline in sales of insurance offered in combination with **banking products**

Motor insurance premium up 7.2%, including the very high growth rate in the sales of motor own damage insurance of +13.4% 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 MTPL policies with MOD policies in Poland
- continued price pressure and unrelenting competition for clients in motor TPL insurance

1. Gross written premium – external
2. KNF data, based on active policies

PZU – Product and service initiatives: non-life insurance



AiHome:

- Ability to measure the value of damaged home appliances (household appliances, consumer electronics) in an application based on artificial intelligence
- Support for account managers 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 the handling of property damage in Scandinavia.

Truck Assistance

01.2022

An assistance product created specifically for owners of trucks, tractor-trailers and buses carrying out transportation services in Poland and Europe. No such product is available at PZU's largest competitors.

PZU Wojażer

05.2022

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

PZU Edukacja

05.2022

Refreshing offerings for students with a new catalog of illnesses, including those related to COVID-19 (post-covid PIMS-TS syndrome) and psychologist support

PZU Auto Opony

07.2022

New product in motor insurance line – sale together with TPL or MOD – one policy, inclusion in PZU Auto's GTCI, sale also in direct channel

PZU Policy for Associations and Co-Operatives

05.2022

A new product dedicated to co-operatives and housing associations and social construction associations.



CEPiK project

- We have integrated with the Central Register of Vehicles and the Central Register of Drivers (CEPiK)
- We use reference data on vehicles, owners and drivers from CEPiK databases in the process of selling PZU AUTO motor insurance:
 - vehicle data is automatically pulled on sales trails
 - vehicle and driver data (including information on entitlements and traffic offences) used in increasingly sophisticated fare models

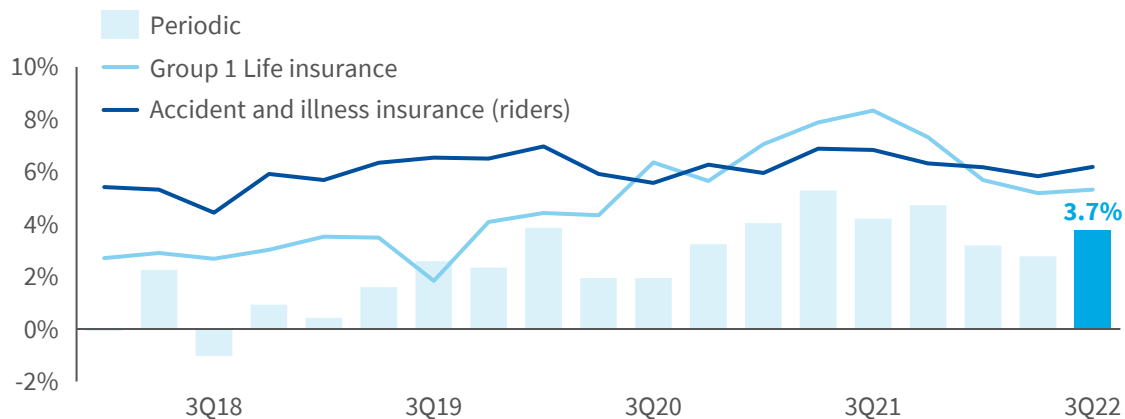
PZU Bezpieczne Lokum

09.2022

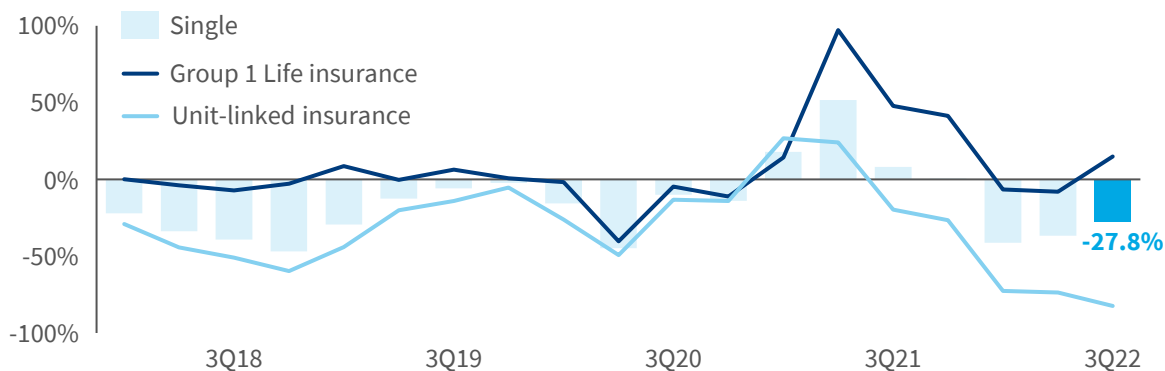
A new housing insurance product for members of associations and co-operatives based on all risk clause

Trends in life insurance market in Poland

Insurance market with periodic premiums dynamics¹, y/y

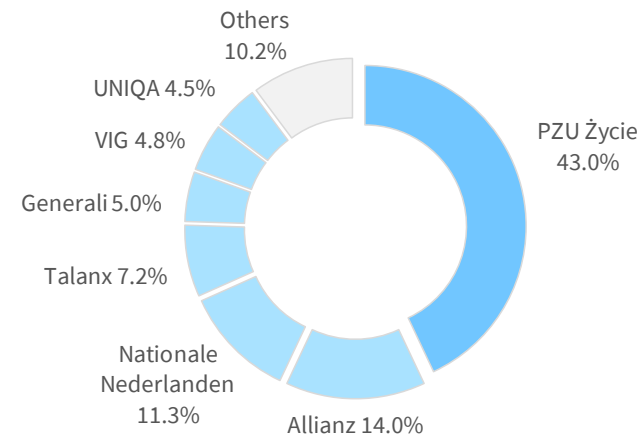


Insurance market with single premiums dynamics¹, y/y



- **Periodic premium insurance market** (85% of the market) **grows at a rate of 3.7% y/y** – biggest impact by value: **accident and illness insurance (+6.2% y/y)** and **Group 1 life insurance (+5.3% y/y)**; negative, but less so than a quarter ago, unit-linked dynamics (-3.8% y/y) the main reason for higher market dynamics
- **Decline in the single-premium insurance market** (15% of the market) by **27.8% y/y**. Shrinking unit-linked sales continue to dominate declines (-82.4% y/y), but these declines are depleting: quarterly premiums have already fallen to 79 m PLN in 3Q22 from 1,100 m PLN in 1Q18. Positive impact of **protection insurance (Group 1 life insurance +14.8% y/y)**
- PZU Group's share of the periodic premium insurance market after 3Q22 at the level of **43.0%**

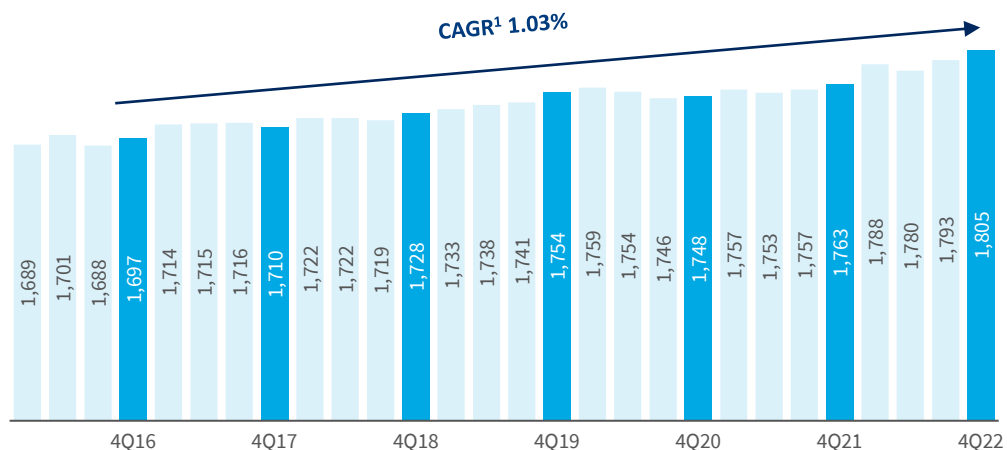
Market shares in periodic premium² in 3Q22



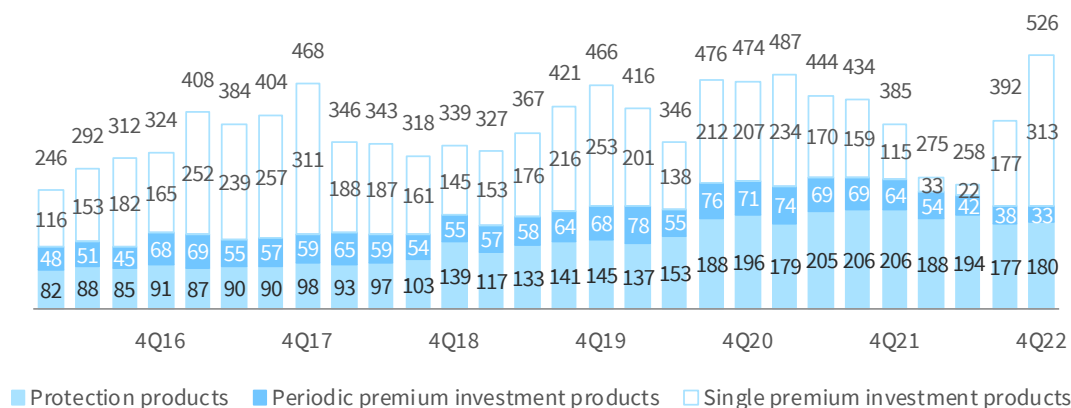
1. According to the KNF's report after 3Q22
 2. PZU Group's share of gross written premiums from periodic premium insurance as reported by the KNF after 2Q22

PZU Życie – life insurance

PZU Życie gross written premiums from group insurance and IC (PLN m)



PZU Życie gross written premiums from individual insurance² (PLN m)



Group and individually continued insurance

- Successive premium increase despite negative effects of pandemic
- Continued growth in health insurance portfolio, **record levels of premiums acquired especially in outpatient contracts**. At the end of 4Q22 PZU Życie already had in its portfolio **close to 2.7 m active health contracts** on the insurance side
- Continued growth in revenues **from riders** to continued insurance, including from the expansion of the offering in 2021 to include **a rider for malignant cancer**
- Higher sales of **riders to group protection products**

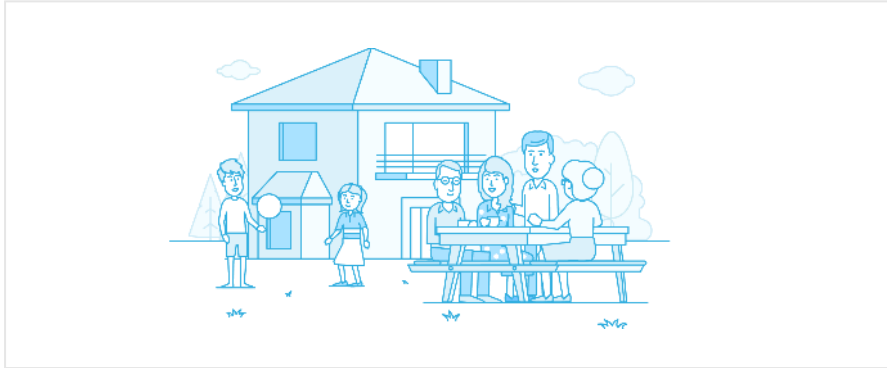
Individual insurance

- In 4Q22, **the start of sales of a new product with a single premium PZU Bezpieczny Zysk** in PZU branches, combining life protection and capital growth with a guaranteed payout at the end of the contract regardless of the situation on the financial markets.
- **Continued strong sales of new products Pewny Profit and Bezpieczne Jutro** with single premiums offered since 3Q22 in cooperation with the PZU Group banks
- **Continued growth in sales of individual protection products** with regular premiums offered in own channels
- **Decline in sales of bank protection products** offered in cooperation with the PZU Group banks
- **Lower level of single contributions to unit-linked accounts** in insurance offered in own network and together 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

1. 4Q16–4Q22

2. Banking SPE in 3Q22 presented in protection products; transfer to one-time investment products occurred in 4Q22, also for the previous period

PZU Życie – Product initiatives in the bancassurance channel



New protection product for Bank Pekao S.A. clients

Individual life insurance for mortgages granted by Bank Pekao S.A.

- November 2022 – product launches
- Coverage includes the policyholder's death or inability to exist independently
- The sum insured is indicated by the policyholder (max. up to the amount of the loan granted)
- Premium paid monthly

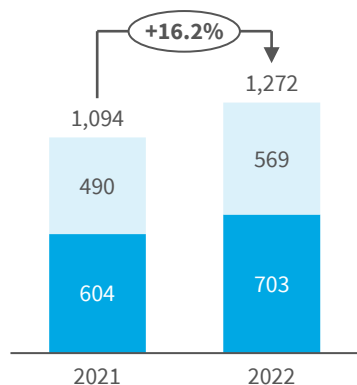


Next tranches of the Pewny Profit products at Bank Pekao S.A. and Bezpieczne Jutro at Alior Bank S.A.

- Products with a guaranteed rate of return
- Available for purchase from August 2022
- **380 m in premiums written in 2022**
- Planned product rollout for more distributors

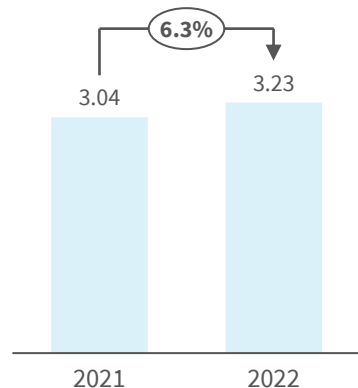
Development of the scale of operations in the health pillar

Revenue (PLN m)



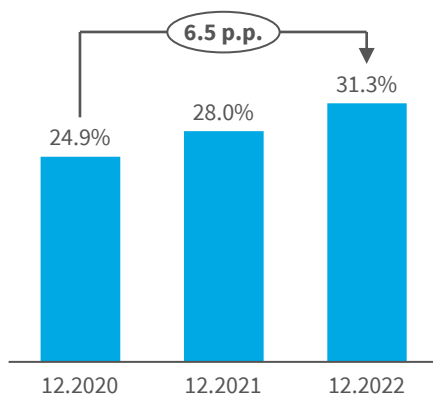
Medical centers*
Insurance / subscription plans

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

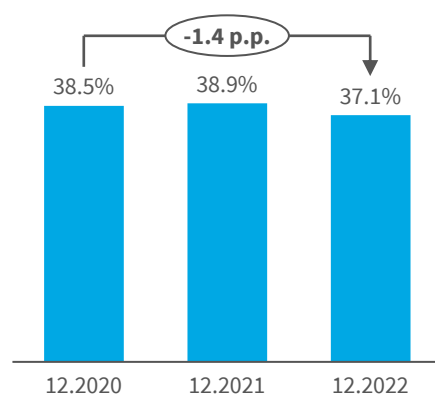


- Development of more **modern and comprehensive own medical centers** (more than 11 specialties in every centre including diagnostics)
- **High revenue growth** (mainly in terms of **outpatient** contracts and **riders to continued insurance**)
- **Systematic growth in the number of health product contracts in 2022**, thanks to the sale of more health riders to protection products (allowing access to specialists, outpatient rehabilitation, selected tests and treatments, among others)
- Health insurance price hikes due to high health inflation

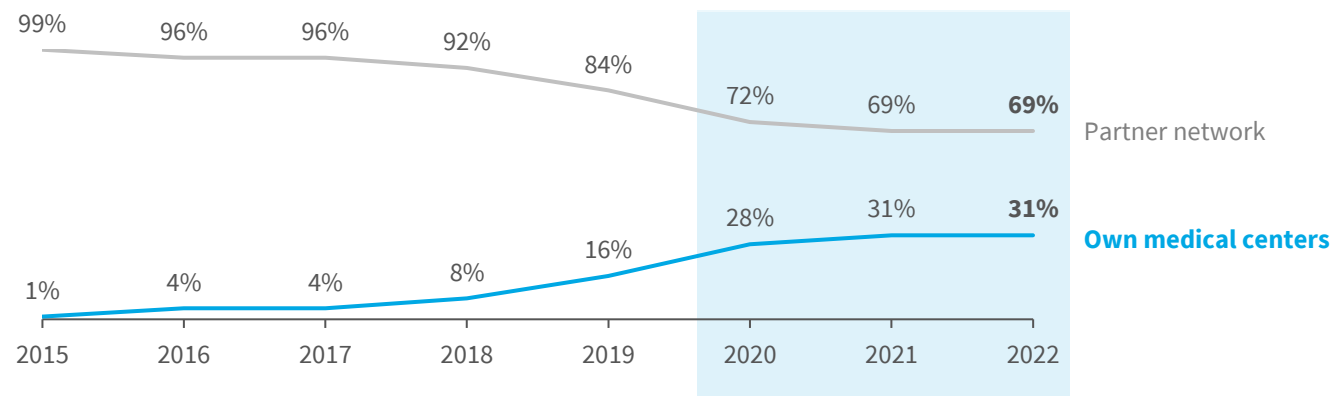
Appointments scheduled on-line through mojePZU



Number of telemedicine consultations (vs. total consultations)



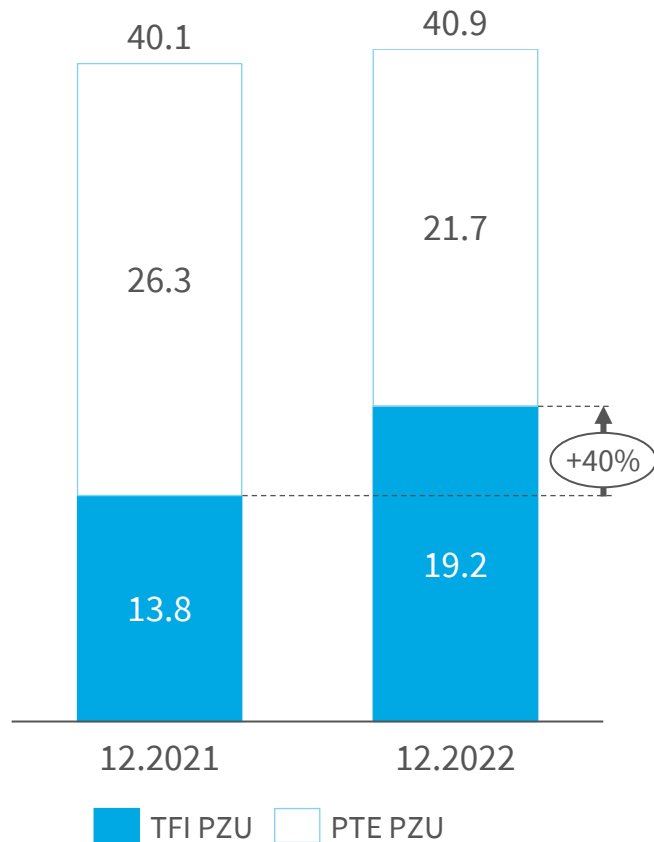
Services (subscriptions and health insurance) provided in own medical centers and partner network



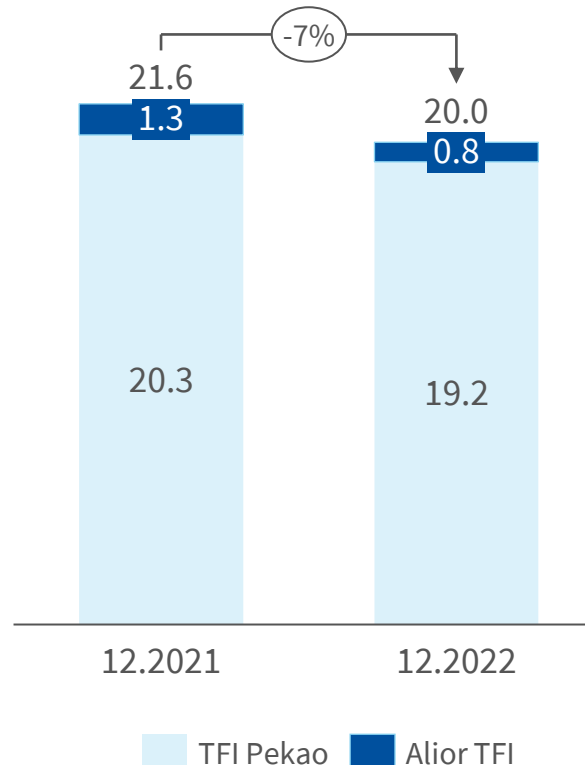
* Data of medical centers presented for the period from the beginning of the year regardless of the moment of acquisition

Assets under management

Assets of external clients of TFIs and PTE PZU¹ (PLN bn)



Assets of external clients of TFI banks of the PZU Group (PLN bn)

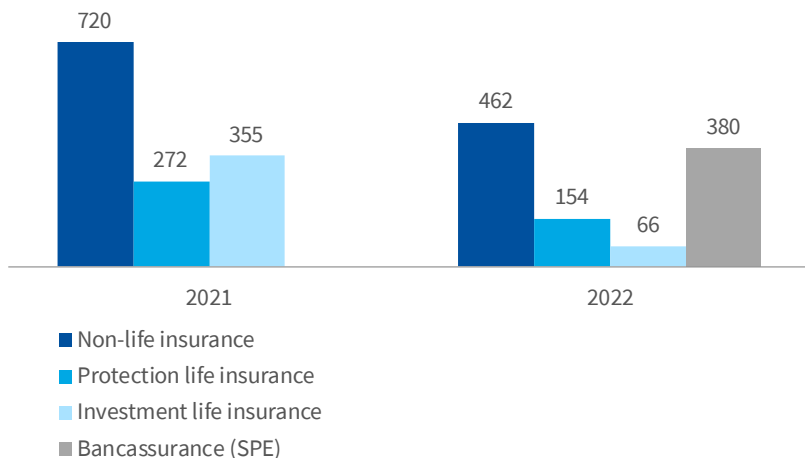


- **Closer to implementing the strategy – the acquisition of TFI Energia** – strengthening its position in the mutual fund market, especially in the field of pension schemes
- **PZU TFI**
 - **#1 in terms of net sales in 2022, inflows net PLN 938 m**
 - **Net outflows in the market of equity funds in 2022 amounted to nearly PLN 24 bn**
- **Favorable structure of assets under the management of TFI PZU** – dominant share of assets related to **third pension pillar** (EPSs and ECSs)
- **ECS assets** (PLN 2.4 bn) – **increase of 79%** in 12 months
- **Ranked 1st in the ECS market measured by the number of companies acquired** and ranked 2nd with a share of over 20% in terms of the value of assets collected as of the end of 2022

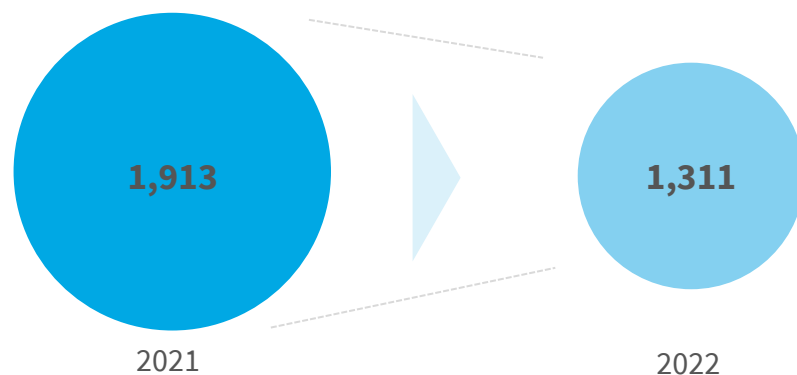
1. Assets managed by PTE PZU are not included as an objective in the PZU Group's new strategy for 2021–2024. Assets together with TFI Energia, until the end of October 2022 TFI Energia operated as a separate entity

Product offerings in the areas of bancassurance and assurbanking ...

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



Gross written premium raised in cooperation with banks (PLN m)



Market:

- Sales affected by unfavorable macroeconomic situation and financial market volatility
- Postponing clients' decision to put their money in investment-grade solutions limits written premiums from investment products
- Unfavorable market conditions (inflation, interest rates, war, KNF guidelines effective from 1.04.2022) affected the decline in sales of loans and borrowings-related products

Bancassurance:

- As of 1 August 2022, the following **new SPE products (Single Premium Endowment) have been implemented** in Alior Bank and Bank Pekao – **taking advantage of the current market potential associated with high interest rates**. Works are being conducted to launch sales at further distributors.
- PZU Group products present in all significant product lines of PZU Group banks, expanding the range of insurance products **linked to banking products** and including insurance for cash loans and mortgages **and stand alone**
- **Multi-channel access** to PZU products for bank clients
- **Maintained strategic plan for 2020–2024 to obtain PLN 3 bn in cumulative written premium from insurance and banking cooperation with Pekao Bank and Alior Bank**

Assurbanking:

- **Sales of banking products in the PZU stationary network:**
 - As part of the Auto plus Konto promotion, 119 PZU Own Branches, 68 Partner Branches and 14 Regular Branches have been implemented
 - Continuation of pilot sales of two banking products in the Tied Agent network – personal bank accounts (ROR) within the “Auto plus Konto” and cash loan – a total of 25 Agents and OFWCA
 - **Starting 1 August** – the extension of the sale of banking products in PZU Branches with a new product **Konto Przekorzystne Biznes**
 - Total clients’ loans and deposits acquired by PZU for the bank at the end of December 2022 exceeded PLN 1.27 bn
- **Cash Portal**
 - Increasing the reach of the Cash Portal to a total of more than 900,000 people
 - Implementation of Bank Pekao's products – personal bank accounts (RoR) mortgage loan and Environmental loan
 - Work on further expanding the reach of the Cash Portal to new workplaces
 - Works to make the offer available to PZU clients – including through PZU's remote and stationary channels

Implementing the necessary adjustment measures in the unit-linked products for product intervention: **only products meeting all the criteria specified in the supervisory authority's decision were introduced in the modified offering in January 2022.**

... adapted to the changing market situation

Pewny Profit at Bank Pekao and Bezpieczne Jutro at Alior Bank – new products launched by PZU Życie with guaranteed rate of return in the bancassurance channel, making use of the potential generated by high interest rates:

- Life and endowment insurance
- **Guaranteed sum insured** for the entire insurance period
- **Insurance cover** in the event of the death of the policyholder
- Age of the policyholder: **18–72 years of age** – on the date of application for insurance
- **Period of insurance:** 24 months or 36 months
- Possibility to pay the premium once – in advance for the whole insurance period



An advertisement for 'Indywidualne ubezpieczenie na życie i dożycie Pewny Profit'. It features a photo of a family (mother, father, and child) in a park. Text includes 'Indywidualne ubezpieczenie na życie i dożycie Pewny Profit', 'SPRAWDŹ', and logos for PZU and Bank Pekao. A small 'MATERIAL MARKETINGOWY' logo is also present.

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

An advertisement for 'Bezpieczne Jutro'. It features a gold shield with a red heart, a man in a suit and hat, and a woman. Text includes 'Bezpieczne Jutro', 'Gwarancja sumy ubezpieczenia w całym okresie ubezpieczenia i ochrona ubezpieczeniowa w przypadku Twojej śmierci.', and a button 'Znajdź oddział'.

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



3. Financial results



PZU Group's results

m PLN	4Q21*	3Q22	4Q22	change y/y	change q/q
PZU GROUP EXCL. ALIOR BANK AND BANK PEKAO¹					
Gross written premium	6,830	6,395	7,668	12.3%	19.9%
Net earned premium	5,860	6,238	6,376	8.8%	2.2%
Net insurance claims and benefits paid	(3,767)	(3,929)	(4,497)	19.4%	14.5%
Net investment result (ex banking activities)	420	232	1,053	150.7%	353.9%
Administrative expenses	(473)	(479)	(546)	15.3%	13.8%
Acquisition expenses	(947)	(1,006)	(1,021)	7.8%	1.5%
Operating profit (loss)	1,092	961	1,209	10.8%	25.9%
Net profit (loss) attributable to equity holders of the parent company	786	784	937	19.2%	19.5%
BANKS: ALIOR AND PEKAO					
Net profit (loss) attributable to equity holders of the parent company	177	(124)	297	68.2%	x
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	963	660	1,234	28.1%	87.0%
MAIN FINANCIAL RATIOS (%)					
ROE ²	22.4	17.3	29.9	7.5p.p.	12.6p.p.
Combined ratio ³	87.7	89.9	91.4	3.7p.p.	1.5p.p.
Margin ⁴	7.4	22.5	21.7	14.3p.p.	(0.8)p.p.
Administrative expense ratio of PZU, PZU Życie	7.9	7.4	8.2	0.3p.p.	0.8p.p.
Acquisition expense ratio of PZU, PZU Życie	16.2	16.0	16.1	(0.1)p.p.	0.1p.p.

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

*Restated data. In order to better reflect the economic nature of the acquisition expenses incurred at the PZU Group level, the presentation of some of the expenses incurred by PZU Group banks was changed in the Condensed Interim Consolidated Financial Statements, and the model for deferring acquisition expenses at the PZU Group level was adjusted, which resulted in moving some of the administrative expenses to acquisition expenses and reducing the deferred acquisition expenses in correspondence with acquisition expenses in the profit and loss account

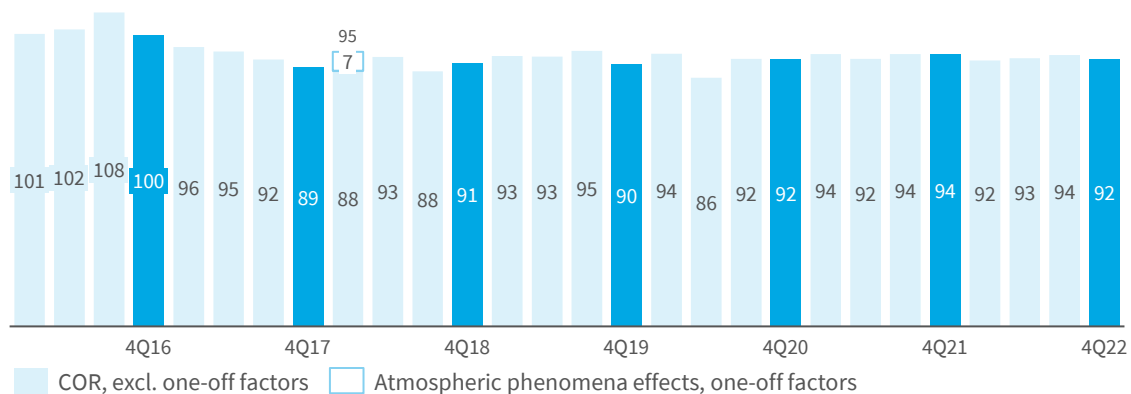
Profitability by operating segments

Insurance segments

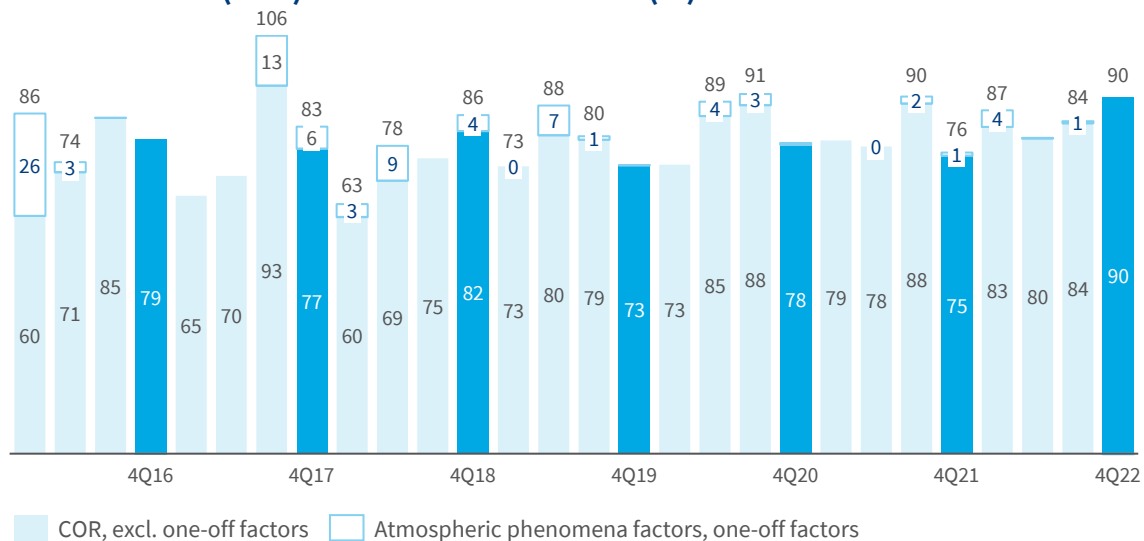
m PLN, local GAAP	Gross written premium			Insurance result / operating result			Combined ratio / Margin	
	4Q21	4Q22	Change y/y	4Q21	4Q22	Change y/y	4Q21	4Q22
Total non-life insurance – Poland	4,162	4,718	13.4%	390	366	(6.2%)	87.7%	91.4%
Mass insurance – Poland	2,960	3,096	4.6%	332	427	28.6%	86.9%	86.6%
Motor TPL	1,064	1,102	3.6%	21	48	134.1%	97.7%	96.6%
MOD	730	822	12.6%	77	88	13.2%	87.7%	87.9%
Other products	1,166	1,172	0.5%	185	195	5.6%	73.3%	74.6%
Impact of allocation to the investment segment	x	x	x	49	96	95.1%	x	x
Corporate insurance – Poland	1,202	1,622	34.9%	58	(61)	x	91.1%	111.4%
Motor TPL	184	189	2.7%	6	2	(72.2%)	99.3%	97.4%
MOD	206	239	16.0%	24	37	57.1%	89.5%	81.6%
Other products	812	1,194	47.0%	15	(107)	x	85.9%	138.8%
Impact of allocation to the investment segment	x	x	x	13	8	(41.7%)	x	x
Total life insurance – Poland	2,148	2,331	8.5%	205	448	118.5%	9.5%	19.2%
Group and individually continued insurance - Poland	1,763	1,805	2.4%	131	392	199.2%	7.4%	21.7%
Individual insurance – Poland	385	526	36.6%	74	56	(24.3%)	19.2%	10.6%
Total non-life insurance – Ukraine and Baltic States	548	656	19.7%	29	80	175.9%	92.6%	88.9%
Baltic States	480	612	27.5%	49	76	55.1%	89.6%	87.5%
Ukraine	68	44	(35.3%)	(20)	4	x	125.6%	111.8%
Total life insurance – Ukraine and Baltic States	49	41	(16.3%)	5	12	140.0%	10.2%	29.3%
Lithuania	24	27	12.5%	(1)	0	x	-4.2%	0.0%
Ukraine	25	14	(44.0%)	6	12	100.0%	24.0%	85.7%
Banks	x	x	x	1,161	1,958	68.6%	x	x

Non-life insurance

Combined ratio (COR) in motor insurance (%)



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 disruption in supply chains (impact exerted by the armed conflict between Russia and Ukraine)
- In the environment of global uncertainty caused by the economic and geopolitical situation, **the conditions on the non-life insurance market remain difficult** for both insurers and customers in terms of vehicle availability. After a period of recovery in the market for the sale of new vehicles and financing by leasing companies, **dynamics slowed down again** (decrease in registrations² by 7.4% y/y; decrease in vehicle leasing financing³ by 6.1% y/y) due to supply stoppages and a significant increase in vehicle prices
- Over the last 12 months, despite the deteriorating portfolio profitability** (decrease in the technical result of the market on direct activity in the first three quarters of 2022 by 5.6% y/y, including decrease in motor insurance by 18.3% y/y) **resulting from the growing cost of claims and benefits** (impact of inflation translating into an increase in the prices of spare parts and repair costs) price of TPL fell sharply and stabilized only in the fourth quarter of 2022. This may be a harbinger of the **long-awaited stabilization on the TPL market**, the end of the fight for the customer by means of price and a trigger for **gradual price increases**
- No significant changes in prices compensating for the impact of inflation** and the recommendations of the Polish Financial Supervision Authority regarding the settlement of motor claims **means a further decrease of profitability**, which is particularly severe for smaller players on the market

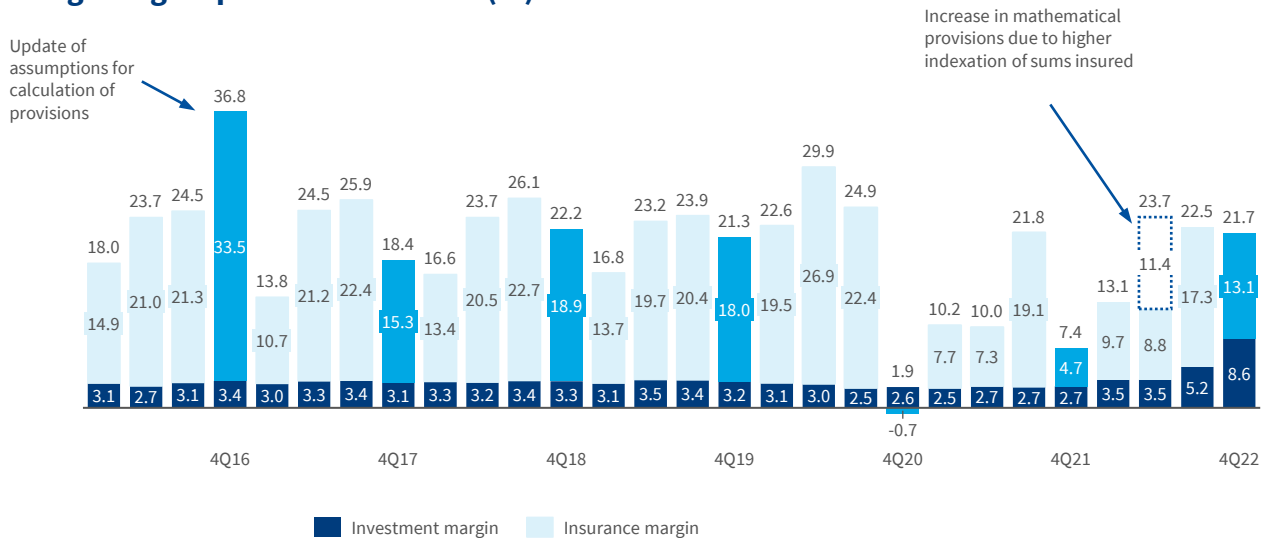
Non-motor insurance

- Deterioration in the profitability of non-motor insurance** as a result of an **increase in the loss ratio**, mainly in **home and crop insurance** - the impact of damage caused by weather events, including hurricanes and hailstorms (particularly noticeable in the first half of July 2022) and on the financial insurance portfolio (one-off event - insurance guarantees) and other TPL

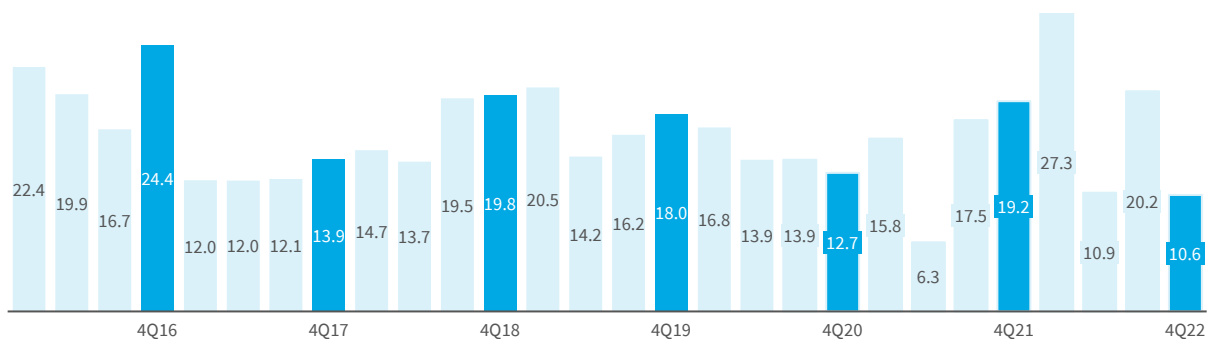
1. passenger cars in January–September
 2. according to the statistical report of the Polish Leasing Association for the period January–December 2022

Life insurance

Margin in group insurance and IC¹ (%)



Margin in individual insurance (%)



In group and individually continued insurance **margin in 4Q22 at 21.7%**, higher by 14.3 p.p. y/y

Key factors:

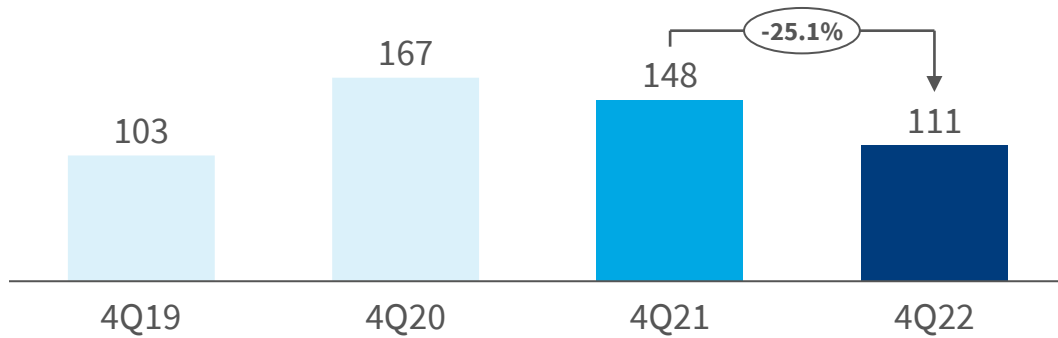
- **lower mortality associated with the COVID-19 pandemic**, adequate to the declines in death rates observed in the general population (according to Statistics Poland)
- higher allocated investment income at risk-free rate
- lower level of childbirth benefits
- **increase in the cost of utilization of benefits in outpatient insurance**
- increase in operating expenses
- higher benefits on allowances related to permanent disability and health impairment
- partial release of the provision for unexpired risks in Q4 of last year against no release in the current quarter (improved claims ratio allowed the release of the entire provision in 1Q22)

In the individual insurance segment in 4Q22, margin at 10.6%, down 8.6 p.p. y/y – decline in profit in nominal terms higher by PLN 18 m y/y despite an increase of 37% in written premium

1. Margin in group insurance and IC by 4Q19, excluding the conversion effect, from 1Q20 the conversion effect is no longer excluded
 2. The provision for unexpired risks is intended to cover a possible deficit in future premiums as a result of higher mortality expectations due to the COVID-19 pandemic in future quarters

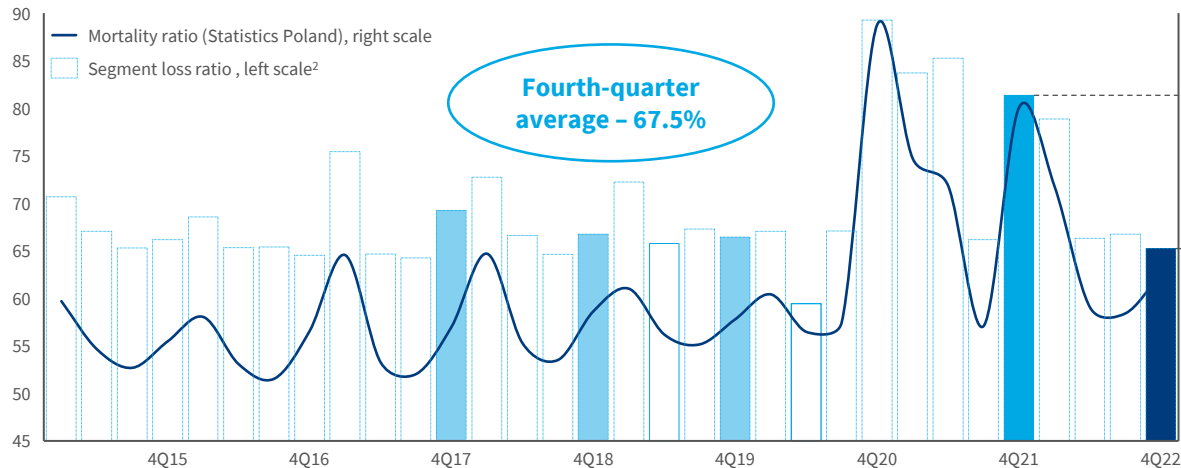
Pandemic vs. claims ratio in group insurance and IC segments in 4Q 22

Number of deaths per quarter in Poland from 2019 to 2022¹

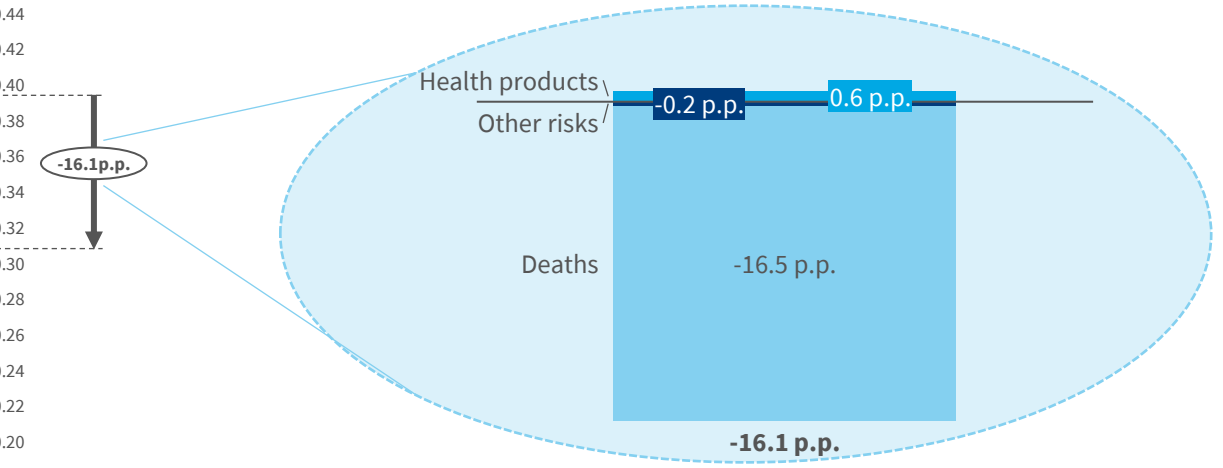


- **Number of deaths** in Poland in 4Q – significantly lower than a year ago and two years ago, at levels similar to 4Q19, declining impact of pandemic events
- In 4Q22, **claims ratio for group and individually continued segment protection products continued at significantly lower levels** compared to the fourth quarter of last year, at levels consistent with normal seasonality
- Lower claims ratio related to deaths as the main reason for lower loss ratio y/y. Increase in cost of utilization of outpatient services (impact on claims ratio +0.6 pp)

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



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



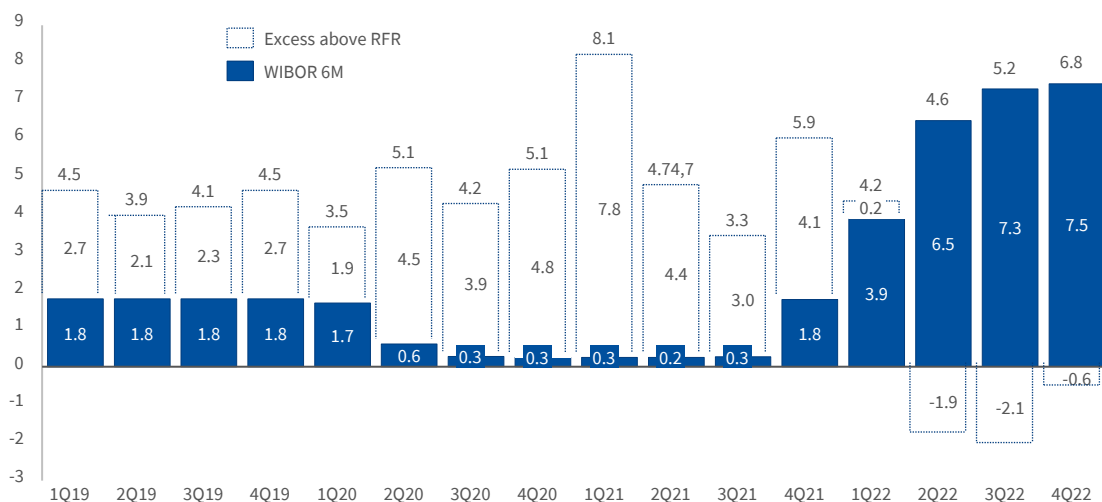
1. Consistent with the Statistics Poland's data
 2. Includes only protection products, benefits paid, utilization of health products and change in loss provisions

Investment result

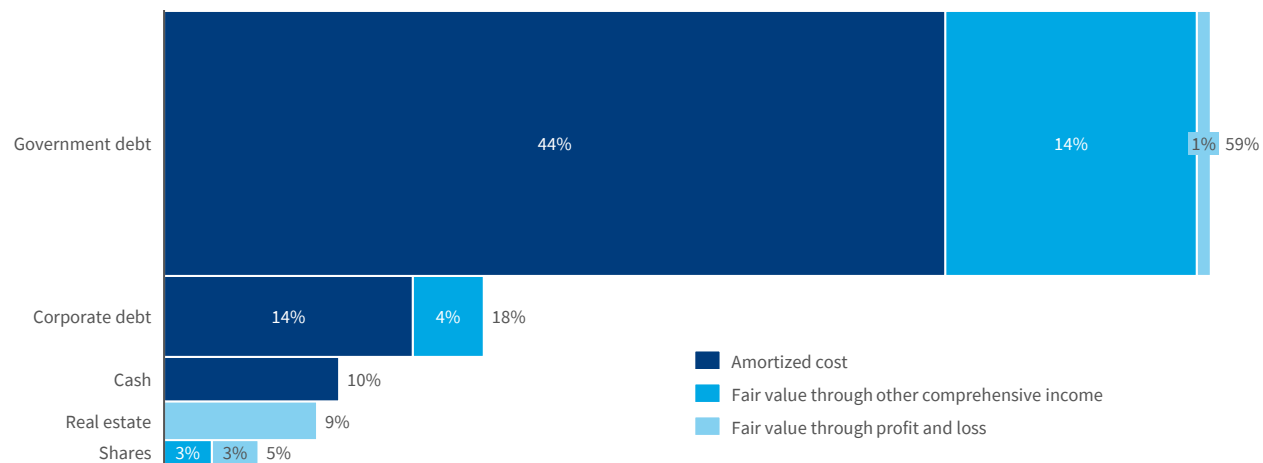
IFRS, m PLN	4Q21	3Q22	4Q22	change y/y	change q/q
Net investment result	2,347	739	4,236	80.5%	473.2%
Insurance and other activities	420	232	1,053	150.7%	353.9%
Main portfolio	649	607	698	7.6%	15.0%
Debt instruments - interest	322	541	483	49.9%	(10.7%)
Debt instruments - revaluation and execution	(7)	31	(21)	x	x
Equity instruments	29	(45)	6	(79.3%)	x
Real estate	305	80	230	(24.5%)	187.5%
Investment products	(179)	(94)	339	x	x
Other	(50)	(280)	16	x	x
Banking activities	1,927	507	3,183	65.2%	527.8%

- **Secure portfolio structure:** debt instruments account for 77% of the portfolio, government debt is 59% of the portfolio
- **Main portfolio portfolio return with FX on liabilities at 6.8% in 4Q22**
- **Higher interest income y/y** – Particularly as a result of better results of floating coupon instruments as well as inflation-linked instruments
- **Decrease in equity instruments portfolio result y/y** primarily in **Private Equity funds** as a result of a weaker technology market offset in part by a better result in the logistics sector
- Lower **real estate** portfolio performance **y/y** mainly due to a lower increase in the value of appraisals

Return on FX main portfolio including FX on liabilities

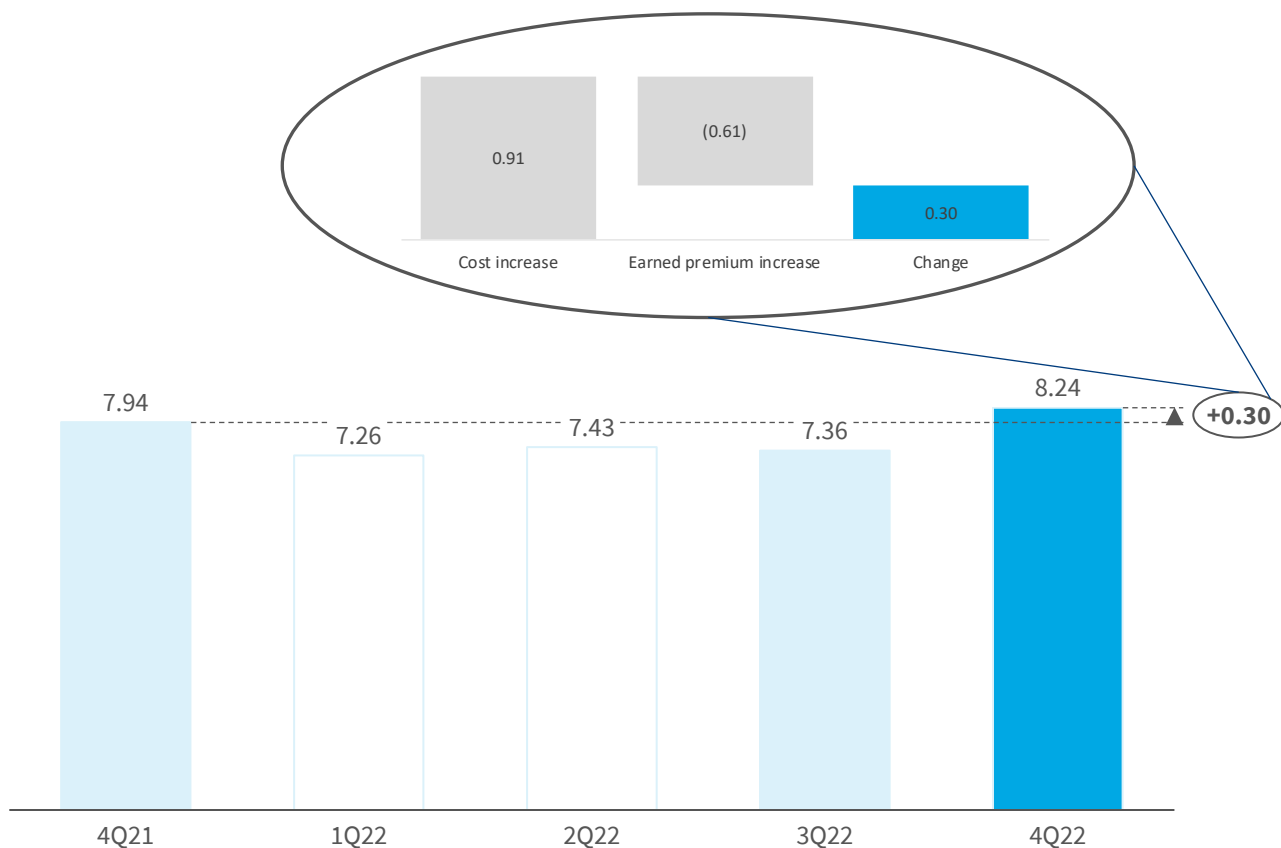


Structure of the main portfolio by asset class and valuation methods



Maintaining cost efficiency

Administrative expense ratio (%)



Administrative expense ratio calculated according to the formula:
 PZU and PZU Życie administrative expenses in a given quarter / PZU and PZU Życie net earned premiums in a given quarter

Change in administrative expense ratio in **4Q22 compared to 4Q21** is the resultant of:

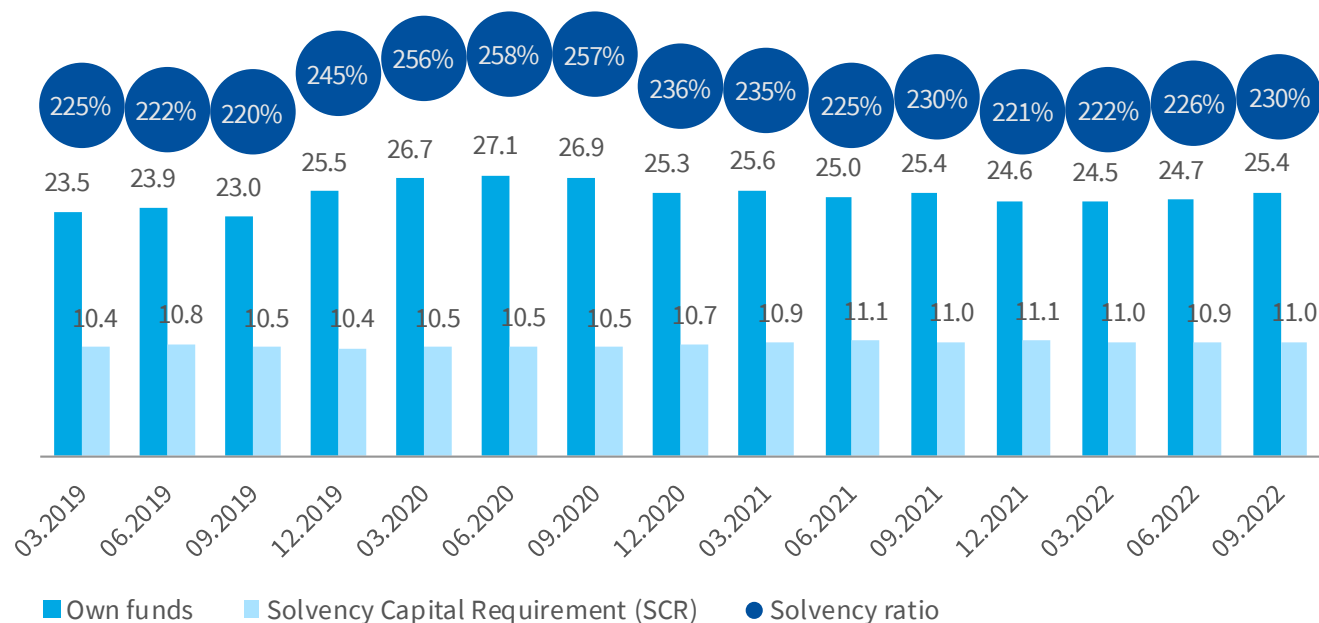
- the rising costs of base salaries and commissioned contracts as a result of wage pressures, including an increase in the minimum wage
- an increase in real estate maintenance expenses as a result of indexation of rental prices and utilities and the move to the new headquarters
- the purchase of materials related to the new headquarters
- an increase in sponsorship activities
- the completion of part of the project work – modernization of IT systems
- aid support related to the situation in Ukraine
- higher variable remuneration expenses related to above-average execution of plans and employees' contribution to the financial result
- maintaining cost discipline in other areas
- an increase by 7.4% of the total premium earned

Change in the level of the administrative expense ratio in **4Q22 relative to 3Q22** is the resultant of:

- an increase in provisions related to taking leaves by employees
- intensifying marketing research and sponsorship and brand image enhancement activities
- higher costs of energy consumption, mainly heat
- settlements of expenses related to the new headquarters
- implementing the next phases of regulatory projects
- higher spending on training activities in the Q4
- an increase by 1.8% of the total premium earned

High level of solvency of the Group

Solvency II ratio, 30 September 2022



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

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

1. Calculation according to the existing methodology. It does not take into account the new rules included in the KNF circular letter to insurance companies dated 16 April 2021, according to which, starting from 1Q 21 a new element in the calculation of company and group solvency in interim periods is an adjustment for the entire amount of dividends expected for the year
2. Before the effects of diversification

Increase in own funds in 3Q22 by PLN 0.7 bn. Main causes:

- operating flows and investment results (+PLN 0.7 bn)
- net effect of the increase in government bond yields on the valuation of provisions and assets (+PLN 0.5 bn)
- decrease in the banking sector's own funds due to losses on government borrower assistance schemes and regulatory capital adjustments in Alior Bank (amortization of subordinated debt, impact of tax asset and intangible assets) (-PLN 0.1 bn)
- deduction of own funds by 80% of the group's 3Q22 profit attributable to owners of the parent company (-PLN 0.5 bn)

SCR growth in 3Q22 by PLN 0.1 bn.

The main drivers of the q/q decline:

- increase in market risk (+PLN 0.31 bn²)
- increase in insurance risk (+PLN 0.05 bn²)
- decline in banking sector risk (-PLN 0.05 bn)

Impact of IFRS 17 implementation on the balance sheet

The estimated effect of IFRS 17 implementation on consolidated equity of the PZU Group as at 1 January 2022

m PLN	IFRS 4	IFRS 17 impact	IFRS 17
Total equity	39,994	5,115	45,109
Equity attributable to equity holders of the Parent	17,080	5,115	22,195
Other funds, incl. accumulated other comprehensive income	14,429	(770)	13,659
Accumulated, non-allocated result	2,651	5,885	8,536
Non-controlling interest	22,914	-	22,914

Estimated effect as at 1 January 2022

- **Effect of IFRS 17 implementation on consolidated equity is estimated at +5,1 bn PLN**, results mainly from a different measurement approach to liabilities from insurance and reinsurance contracts
- Part of the measurement difference reduces accumulated other comprehensive income (-PLN 0.8 bn). Locked – in rates (discount rates used at the initial recognition, i.e. the rates from the period when the policy was issued or the period were the loss incurred) were mostly higher than the risk-free rates as at 1 January 2022

Estimated effect as at 31 December 2022

- Expected impact of IFRS 17 implementation on consolidated equity on 31 December 2022 is larger by further **PLN 3.5 – 4.0 bn** compared to the state on 1 January 2022, mainly as a result of a significant increase in risk-free interest rates in 2022

Strategy and dividend

- The changes arising from replacing IFRS 4 with IFRS 17 **do not cause amendments to the strategy of the PZU's Group** nor do they modify its business value creation
- The implementation of IFRS 17 **does not affect financial flows** at the Polish companies of the PZU Group
- PZU also **does not expect changes in the level of dividends** as the statutory reporting of PZU and PZU Życie remains unchanged, that is based on the Polish Accounting Standards (PAS)

Measurement of liabilities and assets based on PAS

- Measurement of technical provisions under PAS is based on technical rate and is not directly impacted by current interest rates
- Investment policy of PZU Group is aligned with the PAS valuation; sovereign bonds held to maturity and measured at amortized cost (AC) account for 44% of entire investment portfolio

Asymmetric measurement of liabilities and part of the assets under IFRS17

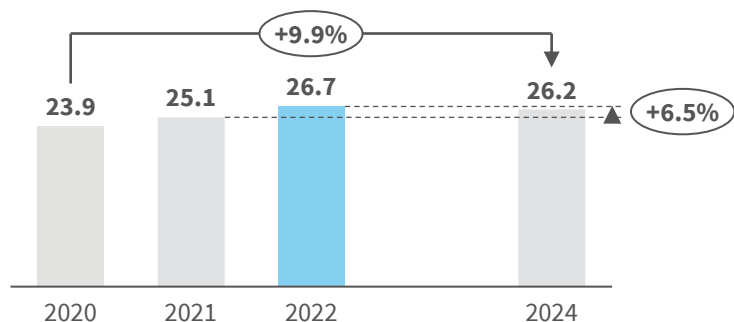
- In consolidated statements under IFRS17, technical provisions, from 1 January 2023 will be measured based on current risk – free rates
- Sizeable part of the assets will still be measured at amortized cost
- This dichotomy will potentially lead to volatility in equity



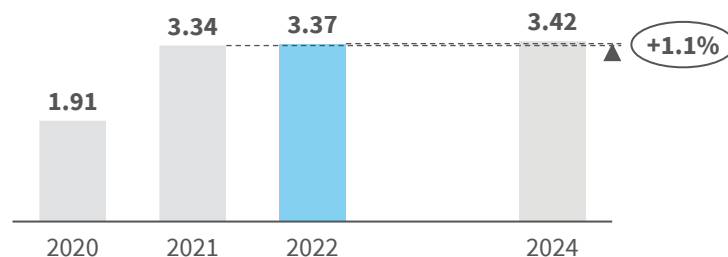
4. Strategy

Strategic objectives for 2021–2024 and their implementation

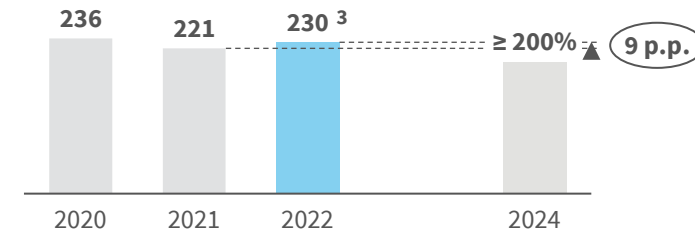
PZU gross written premiums¹ (PLN bn)



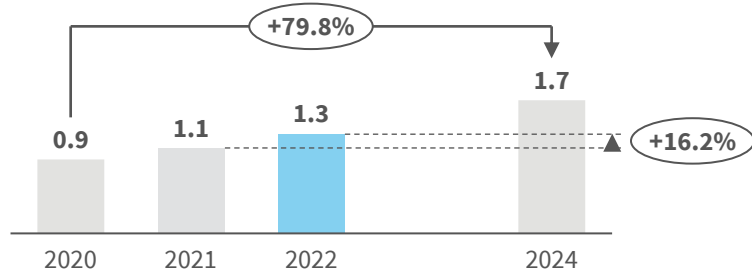
PZU Group net profit² (PLN bn)



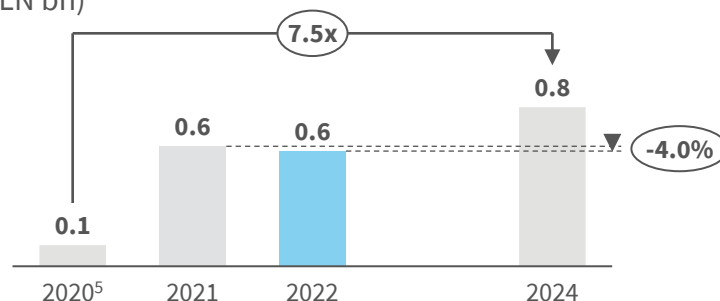
Solvency II ratio (%)



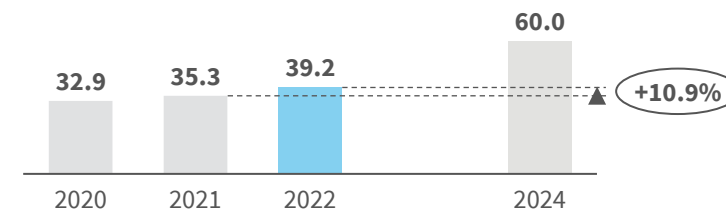
Health Pillar Revenue (PLN bn)



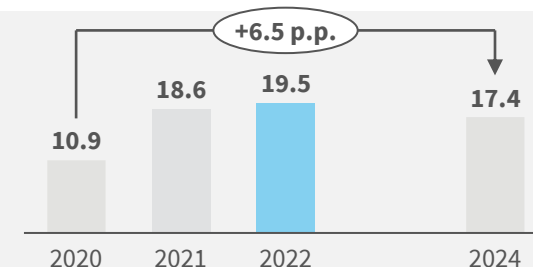
Banks' contribution to PZU Group's net results² (PLN bn)



Assets under management⁴ (PLN bn)



Return on equity (ROE)



1. PZU Group gross written premium

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

3. Q3 data. It does not take into account the new rules included in the KNF circular letter to insurance companies dated 16.04.2021.

4. External client assets under management of TFI PZU, Pekao TFI and Alior TFI

5. Excluding goodwill impairment on acquisition of Bank Pekao and Alior Bank

We consistently develop offerings to meet the needs of Seniors



Offerings for Seniors



Medical package 67+

We implemented, among others, the “67+ Medical Package” to help seniors take care of their health and take precautions in case it may deteriorate.

65+

Increased age of entry

We have increased **to 65 years** the maximum age of entry in riders for individual life insurance.



PZU Bezpieczny Zysk

We have expanded our offerings with **PZU Bezpieczny Zysk**, short-term life and endowment insurance (2,3 years) with guaranteed payment of principal plus a guaranteed interest rate.



Additions to IC

We have introduced new **additions to Individual Continuation**: hospital, heart attack, stroke or cancer insurance.

OK SENIOR® Certificate

As a consequence of the activities implemented in the area of offerings for seniors, PZU branches were the first in the insurance industry in Poland to receive the International Quality Certificate OK SENIOR® – a recognition granted by OK SENIOR® Polska in cooperation with the National Institute of Silver Economy.



We use artificial Intelligence in claims and benefits handling



We have streamlined the claims payment process and ensured high standardization of loss assessment in non-life insurance through the use of artificial intelligence in the claims and benefits handling area as part of "AI in liquidation" initiatives.



Recognition of vehicle damage on the basis of photos

We have implemented artificial intelligence for damage pre-calculation, we use artificial intelligence for **automatic verification of the correctness of cost estimates with photo documentation from workshops** (motor loss). The system is also able to name a specific part of a vehicle, assess the extent of the damage and classify a part for repair or replacement.

We were the first insurer in Poland to have offered its clients innovative tools based on artificial intelligence (AI) to handle motor claims. **The AI assistant** will prepare **the initial repair cost estimate based on photos uploaded by the client** via the app. A full repair cost estimate is ready in just a few minutes.



Estimating agricultural damage

The AI algorithms employed use **satellite images of the area and particulars** featured in the PZU database to specify the area damaged, and support the expert values in efficiently calculating the claims payable. PZU is one of the first insurers in the world to have developed a technology able to efficiently analyze **damage caused by hurricanes, rain and winterkill** using satellite images. The implementation of Agro Lab at the PZU Group reduced the time it took to analyze damage on site by around 50% and expedited the payment of amounts claimed by around 25%.

Awards



Bronze in the category "Best Innovation in CX – over 5,000 employees" in the global competition

International Customer Experience Awards 2022

Silver statuette in a global competition

The Efma-Accenture Innovation In Insurance Awards

We provide our Clients with high quality service and the best experience in dealing with the PZU Group

We have implemented solutions to measure and evaluate the value of the NPS (Net Promoter Score) indicator, which enable us to:

- control PZU's position in the insurance industry area
- keep abreast of trends and changes in client expectations for service quality, service, etc.
- monitor activities undertaken by direct competitors and the impact of the above on client evaluation
- identify points to dig deeper in qualitative research
- provide assistance in prioritizing quality measures



We put our clients at the center of our work. We are evolving to respond to different needs and expectations.

Among other things, we have conducted a number of educational programs and initiatives to support the building of a client-oriented culture.

These include the Focus on the Client, the Client Academy, the Recipe for Good Cooperation, the Client Oriented, among others.

The measures taken are improving client satisfaction with PZU's services and products and improving the NPS indicator.



NPS indicator for 4Q22.

+ 8 p.p.
above the market



PZU has once again won the 2022 title of

Institution of the year

In as many as 3 categories:

- Best insurer in Poland
- Best service at the facility
- Best service in remote channels



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 2022

- Reduced emissions²: 25.5%
- Electricity from RES (~81%)
- Offsetting 17,508 thousand tons of CO₂ by purchasing CERs, UN Carbon Offset Platform (compensation for 2021)

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

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

- 12 m recipients

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

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

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

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

ESG targets in Senior Management objectives

70%

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

- 39% of employees using the offer #DobryStan

70%

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

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

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
- In 2022, PZU has worked out a unified methodology to assess its investment portfolio. Tools to monitor the portfolios according to that methodology have been implemented. Analysis has shown that significant part of the assets is subject to internal or external ratings / assessments / reports. Assets totaling PLN 55 bn were analyzed, two-thirds of which are PZU Group portfolios. The analysis covered bonds, equities, as well as private debt, private equity and property portfolios.
- PZU is developing methodologies to assess corporate clients in terms of ESG factors
- The assessment of clients was carried out on the basis of two original methodologies for public and non-public entities. The application of the ESG criteria serves the purpose of risk assessment and is not exclusionary for clients.

#Better quality of life

- PZU is running the PZU Good Team Program to advance activity among children and youth. In the program, clubs and sports associations received funding to organize amateur sports activities, tournaments and competitions for children and young people up to the age of 18, including those with disabilities. Ultimately, 351 of them received Team PZU prevention program reached 45,000 children practicing 43 sports across the country.
- Adopted in 2021, the well-being strategy #DobryStan (#well-being) addresses PZU's long-term goals in the area of caring for employees' well-being. The strategy promotes a healthy lifestyle, an optimal work style, inspires and encourages employees to implement habits that improve efficiency and quality of functioning on a daily basis. It suggests how to effectively combine professional and private roles: as an employee, parent, carer.

#responsible organization

- ESG targets comprise tasks connected with implementation of ESG strategy performance indicators; they relate to key projects and are directed to selected organizational units responsible for the implementation of strategic activities. By assigning ESG targets, units which are not directly involved in strategic actions
- were included by PZU in the idea of sustainable development. The degree of attainment of these targets translates into the value of variable compensation to be received by them. Linking ESG targets to the remuneration of the management staff is a confirmation of the importance of sustainability in daily business practice. In 2022, PZU and PZU Życie implemented 30 targets which take into account ESG factors.
- PZU expects suppliers to adhere to the standards and principles of sustainable development. For proceedings ongoing or completed in 2022, PZU conducted an information campaign that involved obtaining relevant statements from suppliers participating in key purchasing processes.
- The PZU Group is an active participant in sustainable development initiatives. PZU is a member of the United Nations Global Compact i.e. the largest UN initiative bringing together sustainable business. PZU joined the UNEP/GRID-Warsaw Centre "Together for the Environment" Partnership and the Climate Leadership program for climate leaders.

The PZU Group is monitoring its progress on the road to sustainability. The measurable result is the participation in ESG ratings and the ratings achieved.

In June 2022, PZU's actions were recognized in the 16th edition of the Ranking of Responsible Companies. PZU scored 94 points out of a possible 100, which earned it third place in the overall and industry rankings.



5. Annexes



PZU Group gross written premium

Insurance segments m PLN, local GAAP	4Q21	3Q22	4Q22	Change y/y	Change q/q
External gross written premium	6,830	6,395	7,668	12.3%	19.9%
Total non-life insurance – Poland	4,087	3,541	4,641	13.6%	31.1%
Mass insurance – Poland	2,942	2,763	3,075	4.5%	11.3%
Motor TPL	1,055	1,082	1,082	2.6%	0.0%
MOD	729	767	821	12.6%	7.0%
Other products	1,158	914	1,172	1.2%	28.2%
Corporate insurance – Poland	1,145	778	1,566	36.8%	101.3%
Motor TPL	184	143	188	2.2%	31.5%
MOD	205	199	238	16.1%	19.6%
Other products	756	436	1,140	50.8%	161.5%
Total life insurance – Poland	2,148	2,185	2,331	8.5%	6.7%
Group and individually continued insurance - Poland	1,763	1,793	1,805	2.4%	0.7%
Individual insurance – Poland	385	392	526	36.6%	34.2%
Premium on protection products	206	177	180	(12.6%)	1.7%
Premium on periodic investment products	64	38	33	(48.4%)	(13.2%)
Premium on single investment products	115	177	313	172.2%	76.8%
Total non-life insurance – Ukraine and Baltic States	548	633	656	19.7%	3.6%
Baltic States	480	584	612	27.5%	4.8%
Ukraine	68	49	44	(35.3%)	(10.2%)
Total life insurance – Ukraine and Baltic States	49	36	41	(16.3%)	13.9%
Lithuania	24	25	27	12.5%	8.0%
Ukraine	25	11	14	(44.0%)	27.3%

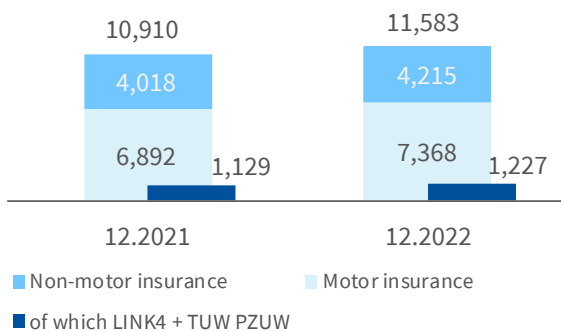


Non-life insurance

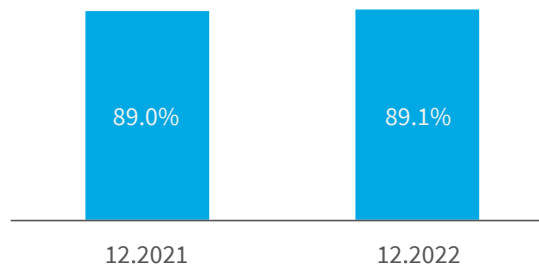
Motor insurance under pressure from lower TPL prices in Poland

Mass insurance segment

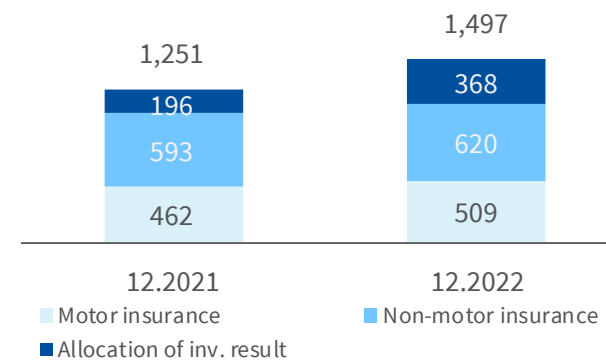
Gross written premiums (PLN m)



Combined ratio (%)

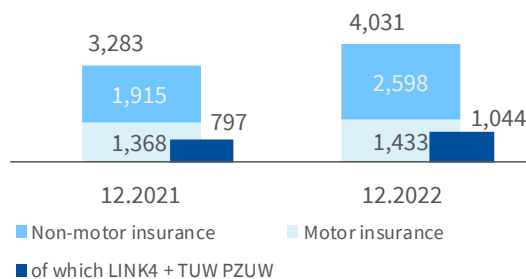


Insurance result (PLN m)

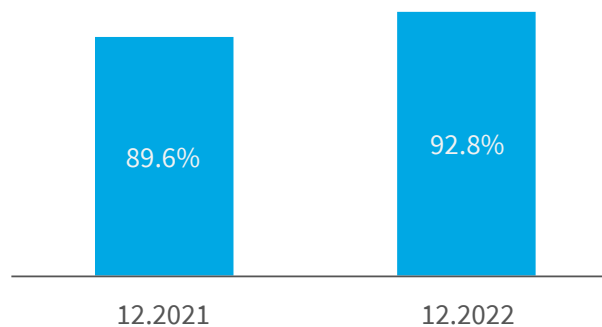


Corporate insurance segment

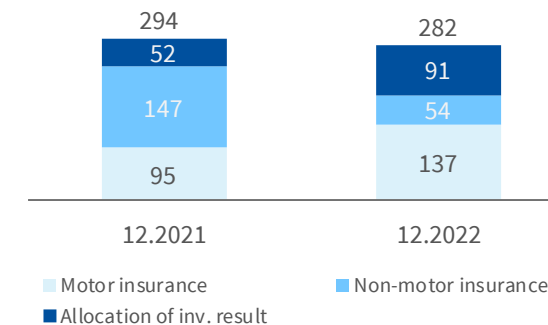
Gross written premiums (PLN m)



Combined ratio (%)



Insurance result (PLN m)

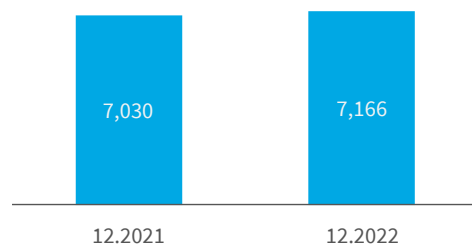


Life insurance

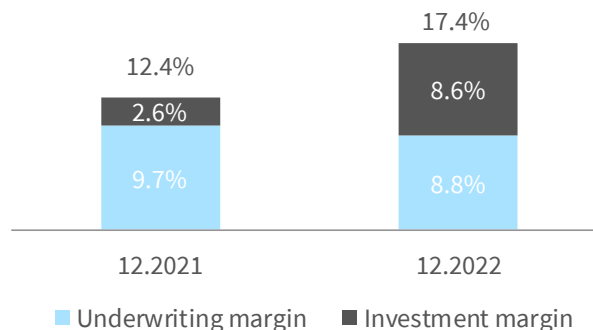
Growing premiums from group and individually continued products. Improved profitability in both segments

Group and continued insurance

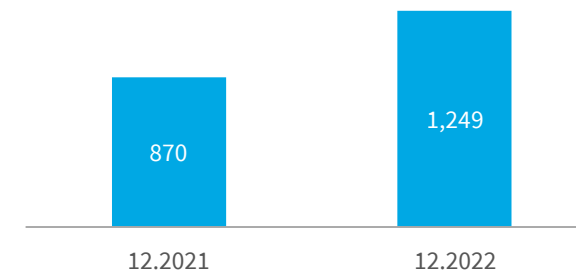
Gross written premiums (PLN m)



Margin (%)

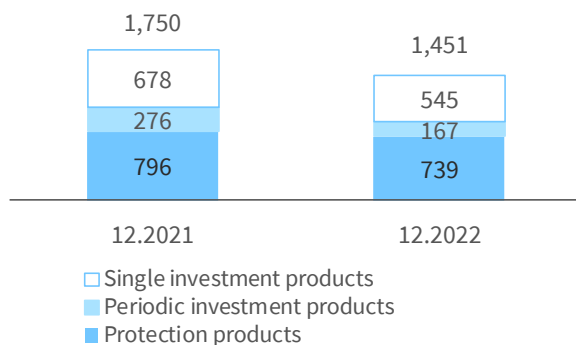


Insurance result (PLN m)

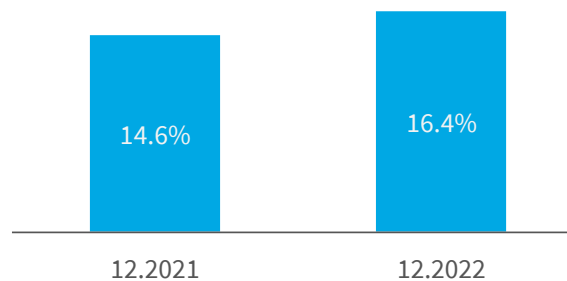


Individual insurance

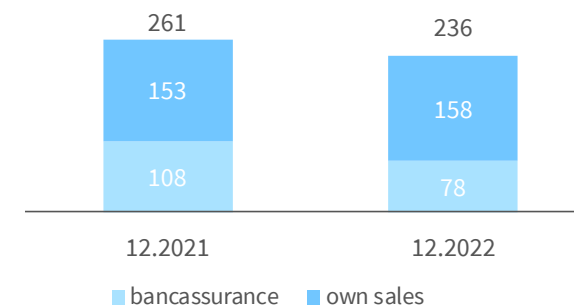
Gross written premiums (PLN m)



Margin (%)



Annualized premium (PLN m)

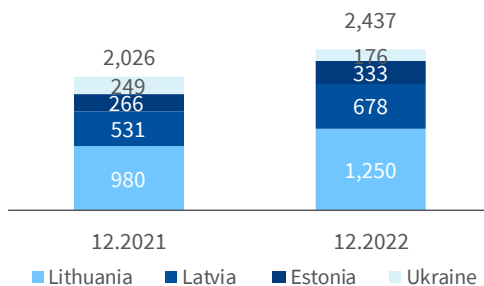


Foreign operations

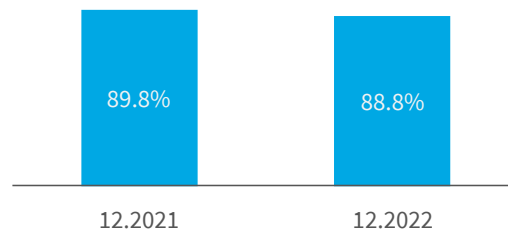
Motor insurance as the driving factor of dynamic growth in gross written premiums in the Baltic States

Non-life insurance

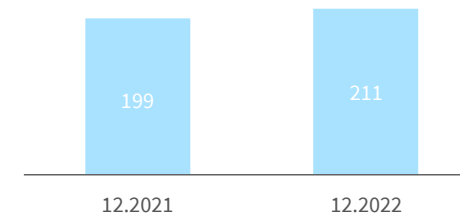
Gross written premiums (PLN m)



Combined ratio (%)

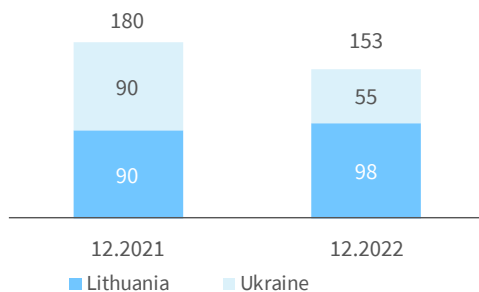


Insurance result (PLN m)

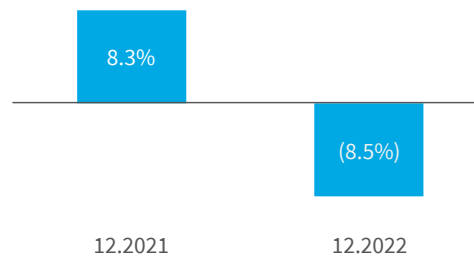


Life insurance

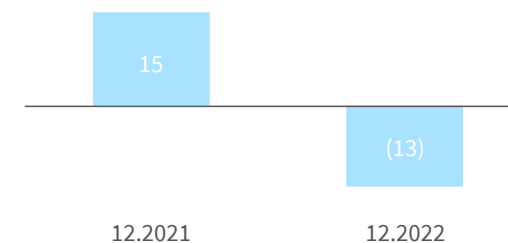
Gross written premiums (PLN m)



Margin (%)



Insurance result (PLN m)

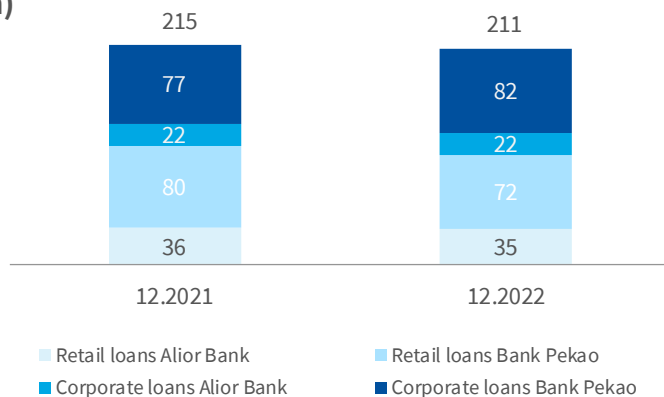


Banking activity

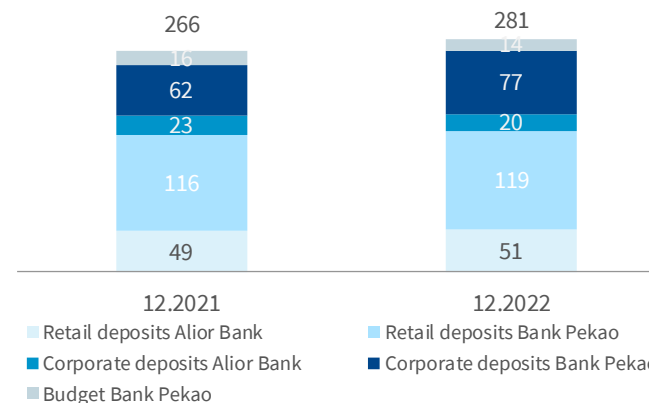
Strong operating result in PZU Group banks

Volumes

Loans (PLN bn)

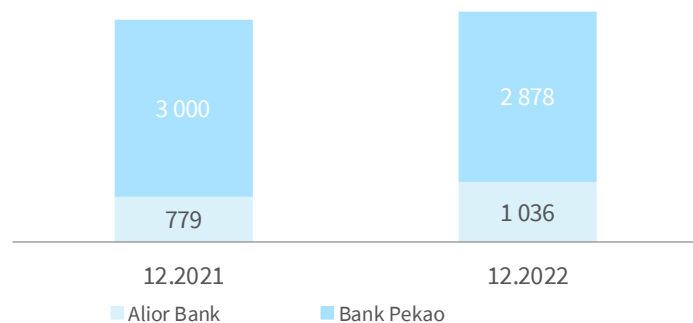


Liabilities (PLN bn)³

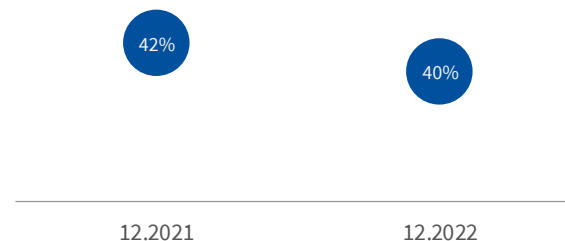


Results / indicators

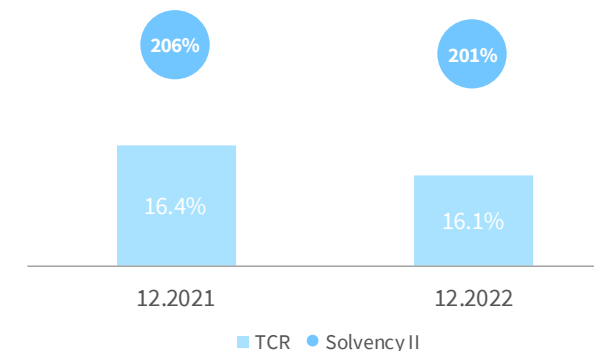
Operating result¹ (PLN m)



Costs / Revenue¹ (%)



Capital adequacy²



1. Data in accordance with PZU Financial Statements, excluding impairment of goodwill and intangible assets

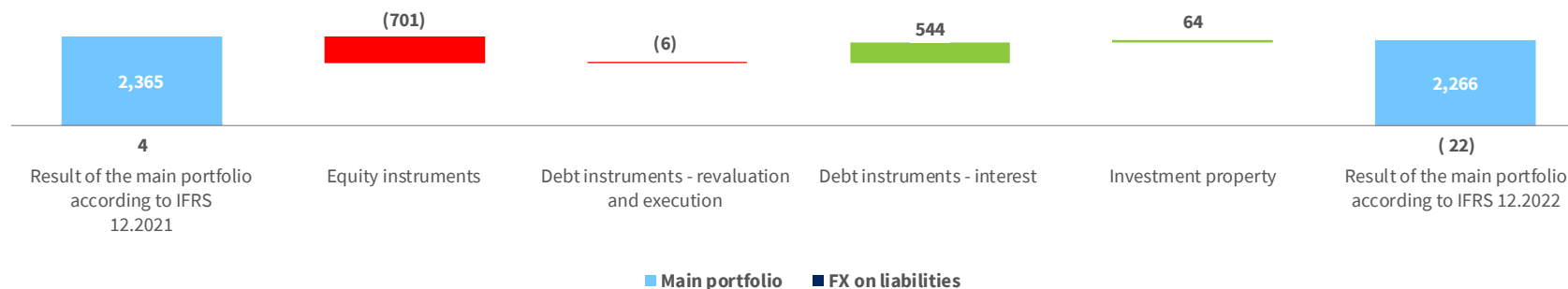
2. Total data for Bank Pekao and Alior Bank in proportion to their assets held

3. Data according to the Financial Statements of Bank Pekao and Alior Bank

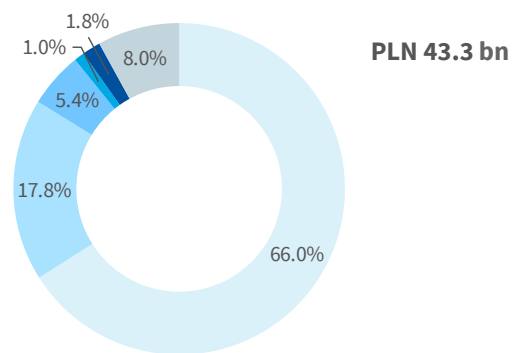
Investments

Results and portfolio structure

Net investment result (PLN m)

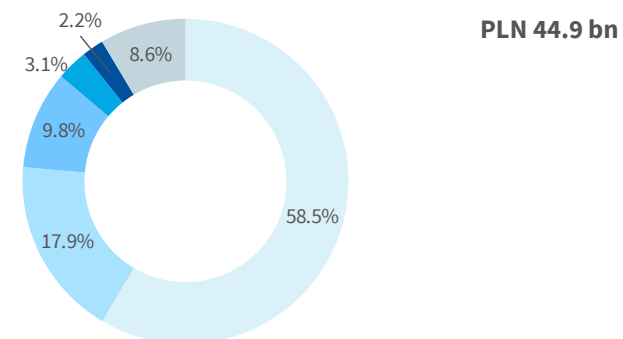


12.2021 investment structure of the main portfolio



investment products PLN 6.3 bn

12.2022 investment structure of the main portfolio

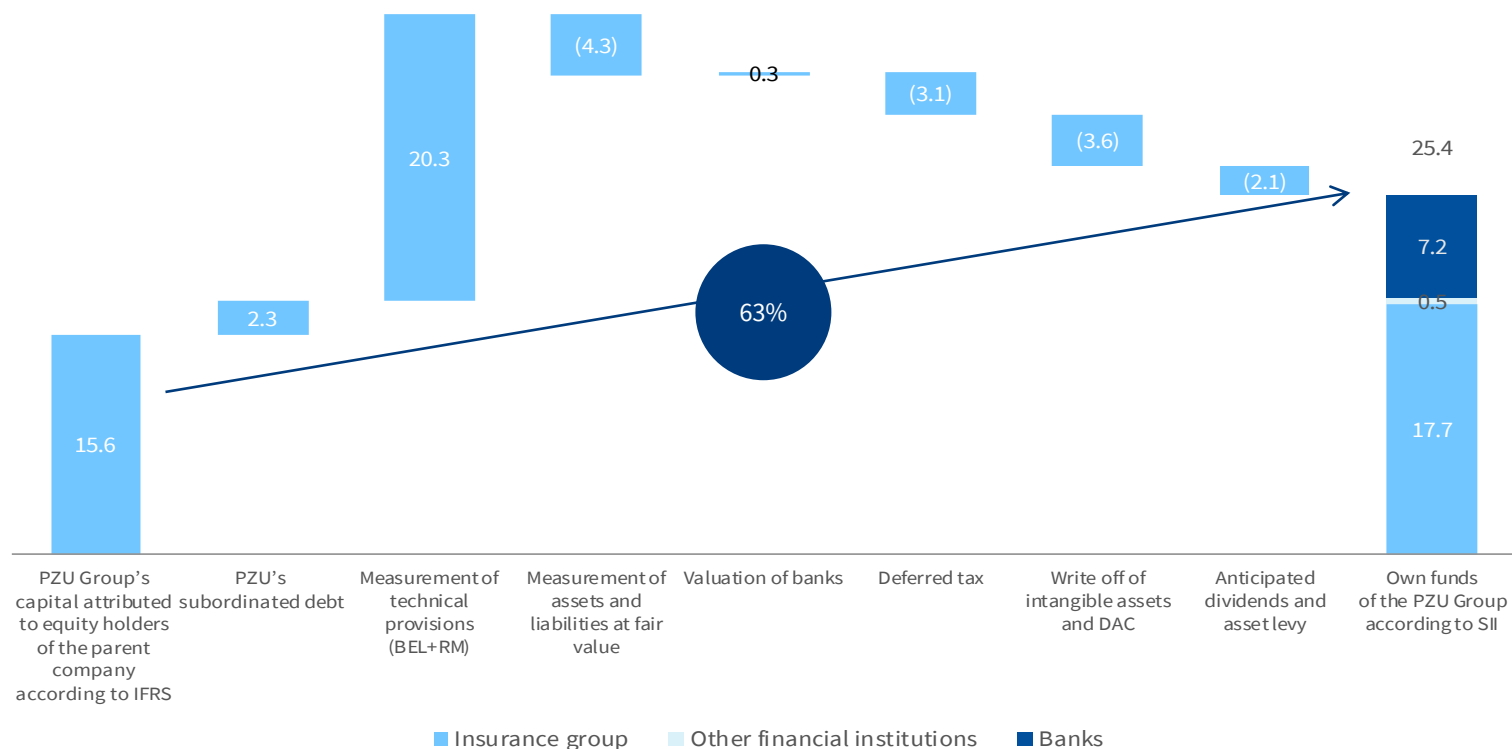


investment products PLN 5.1 bn

Own funds

PZU Group data in Solvency II as of 30 September 2022 (PLN bn)

Comparison of own funds and consolidated equity under IFRS



Own funds according to WII less:

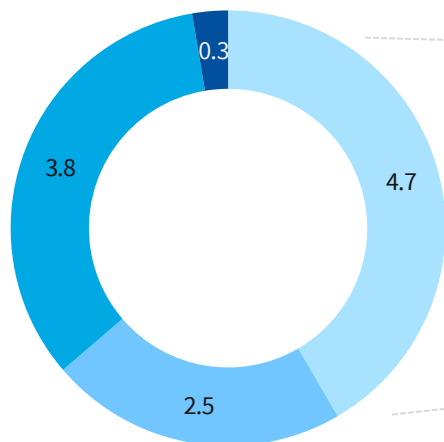
- 80% of the group's profit attributable to holders of the parent company
- the forecasts of the asset levy to be paid by insurance undertakings in the 12 months after the balance sheet date (according to the letter from the Polish FSA)

1. The exception is intangible assets and deferred acquisition expenses, whose value for WII purposes is zero

Solvency capital requirement (SCR)

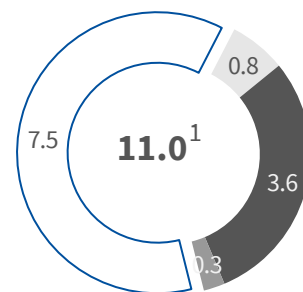
PZU Group data in Solvency II as of 30 September 2022 (PLN bn)

Basic solvency capital requirement (BSCR)



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

Solvency capital requirement (SCR)



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

Diversification effect -34%

Increase in solvency requirement in 3Q22 by PLN 0.14 bn.

Main reasons for SCR changes:

- PLN 0.31 bn increase in market risk² caused by:
 - PLN 0.47 bn increase in rate risk² caused by a change in the calculation method for unit-linked products and an increase in interest rates
 - increase in equity price risk (+PLN 0.12 bn²) – higher exposure following the acquisition of PKN Orlen shares
 - increase in currency risk (+PLN 0.1 bn²) due to the expansion of the short position on the euro, among other things, following the expansion of the leasing of the new headquarters
- increase in risk in non-life insurance (+PLN 0.07 bn²) due to an increase in planned vehicle insurance premiums and an increase in catastrophe exposures offset by a seasonal decline in premium provisions and due to agricultural damage payments
- increase in tax adjustment tax due to increase in risk (-PLN 0.06 bn²)
- decline in Pekao's requirements (-PLN 0.06 bn²) following memorandum periods and higher repayment of retail loans

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

2. Before the effects of diversification.

Russian-Ukrainian war: significant issues for PZU Group operations

Impairment loss	<p>As a result of the analysis of the war's impact on the Group's operations and due to the downgrade of Ukraine's rating, the PZU Group recognized in the consolidated profit and loss account, among other things: increased allowances for expected credit losses for investment financial assets (PLN 53 m) and allowances for impairment of receivables (PLN 41 m)</p>
Assets of Ukrainian companies belonging to the PZU Group	<p>As of 31 December 2022 total net assets¹ of the three companies operating in Ukraine (PZU Ukraine, PZU Ukraine Life and LLC SOS Services Ukraine) amounted to PLN 32 m (PLN 70 m as of 31 December 2021). Assets¹ of these companies included in the consolidation amounted to PLN 391 m, including:</p> <ul style="list-style-type: none"> • investment financial assets of PLN 207 m, of which PLN 78 m in instruments issued by the government of Ukraine and PLN 129 m in term deposits • reinsurers' share in technical provisions was PLN 49 m, with PZU's share accounting for PLN 25 m
Exposures to markets subject to hostilities or sanctions	<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 and was charged to the PZU Group's consolidated income statement in 1Q22). • As of 31 December 2022, PZU Group banks held PLN 294 m of bank credit exposures and PLN 107 m of bank off-balance sheet exposures to entities that are resident in Ukraine, Russia or Belarus
Operating activities in Ukraine	<p>Ukrainian PZU Group companies are working with wartime considerations, including..:</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) the company sells both new and renewal insurance in all three main business lines (in motor, property and personal insurance) through all channels. Most restrictions have been placed on non-life insurance; • PZU Ukraina Życie'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 resumed sales of new business policies not requiring underwriting, with restrictions on risk and insurance amounts, in the agency and brokerage sales channels; • The functionality of the full cycle of claims handling is ensured – in PZU Ukraina Życie payments are made with complete documentation; PZU Ukraina carries out MOD and TPL insurance payouts (only if it has a complete set of documents, while the declaration of martial law throughout 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 currency and international money transfers from Ukraine. At the end of 2022, these restrictions were partially relaxed, including for international payments from reinsurance to non-residents
Crisis Management Team	<p>A crisis management team with the participation of members, senior managers and representatives of the Ukrainian subsidiaries was established in the Polish head office of PZU SA to monitor the situation on an ongoing basis and make decisions on the Management Board's preventive measures and aid for Ukraine's citizens.</p>
Impact on business continuity of the PZU Group	<p>The PZU Group analyzes the developments on an ongoing basis and examines forward-looking scenarios for the run of events. As at the date of signing the 2022 consolidated financial statements, the assessment of the possibility of maintaining business continuity (materialization of the risk of the full loss of operational capabilities) of the PZU Group's Ukrainian companies is subject to uncertainty due to the following potential threats</p>

1. less liabilities and adjusted for mutual interests between PZU Ukraina and PZU Ukraina Życie

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Thank you

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