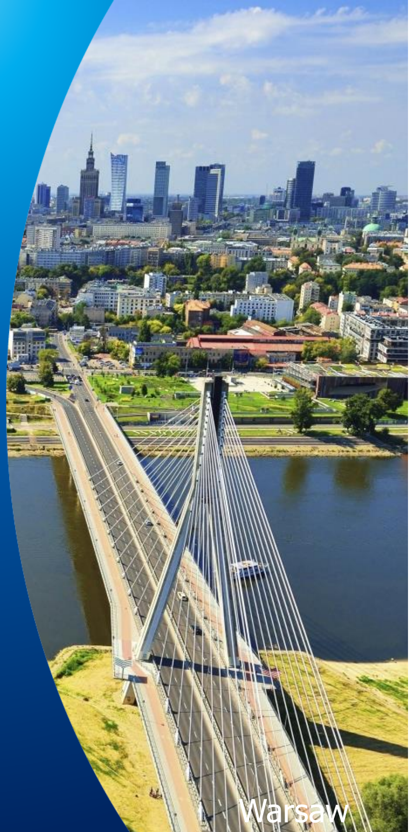
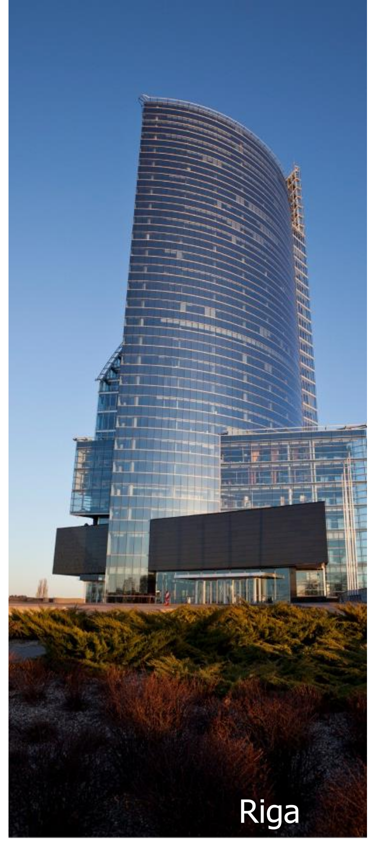
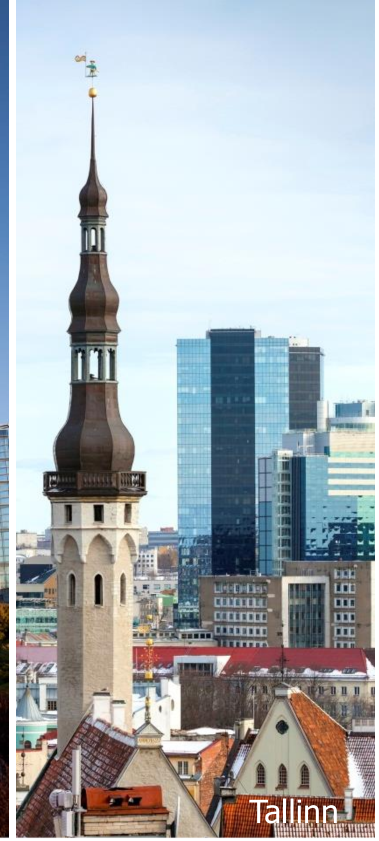






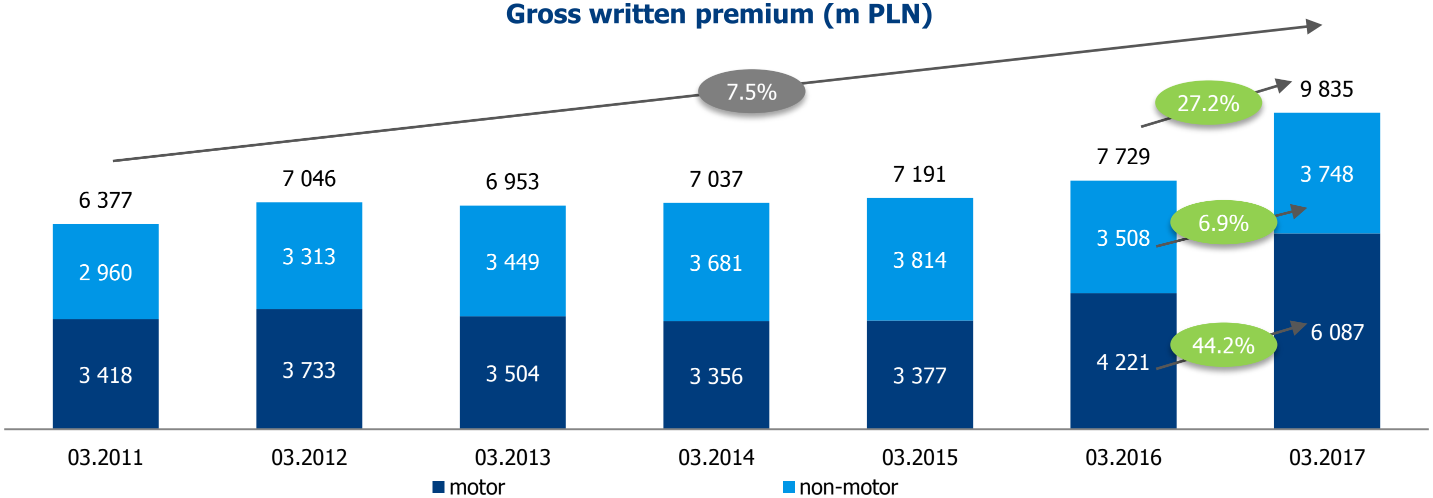
PZU Group’s financial results in H1 2017

Warsaw, 31 August 2017

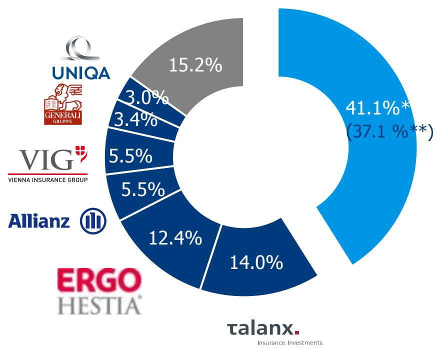
PZU Group's position on the changing insurance market

Non-life insurance market in Poland

Gross written premium (m PLN)



Market shares*



LINK4

TUW PZUW

+4.2 p.p.
(+1.4 p.p**)

PZU change y/y

- PZU Group's strong market position in motor insurance, including direct business with a market share of **39.6%*** (**+1.0 p.p** y/y).
- The PZU Group's share in the non-life insurance market in direct business in Q1 2017 is **37.1%** (of which PZU has **33.2%**; Link4 has **2.7%** and TUW PZUW has **1.1%**).
- The PZU Group's technical result stated as a percentage of the overall market's technical result is **67.2%*** (the PZU Group's technical result is 403.5 m PLN while the overall market's technical result is 600.5 m PLN).

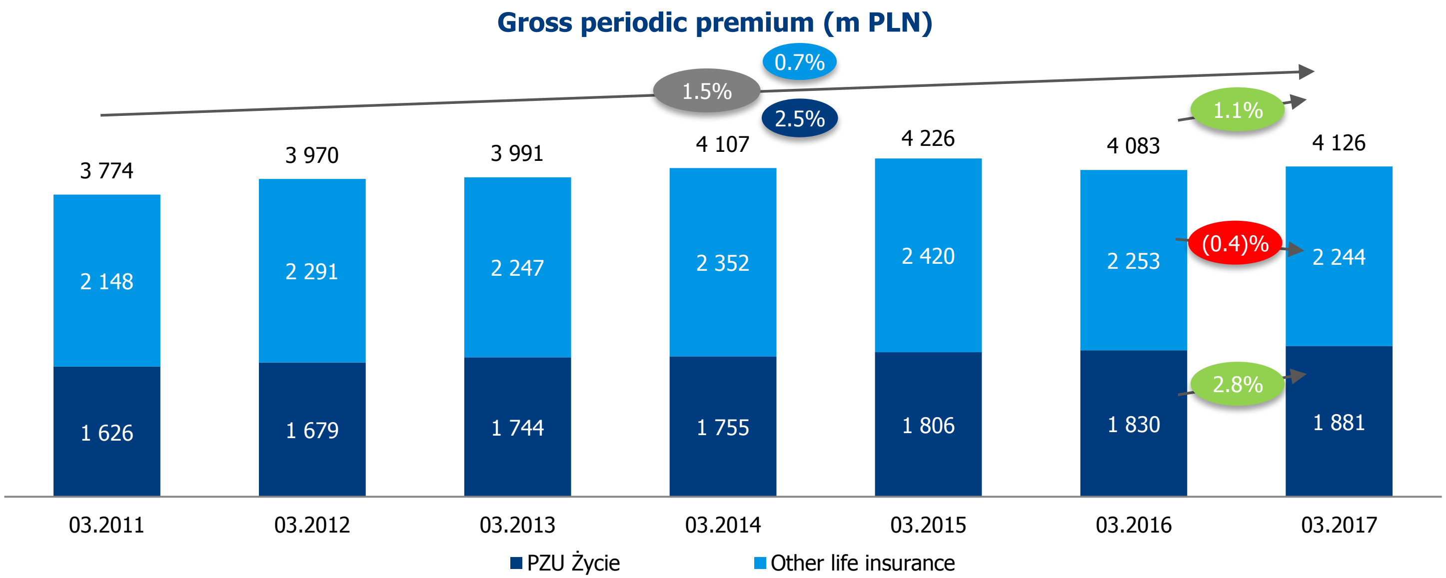
xx% - CAGR

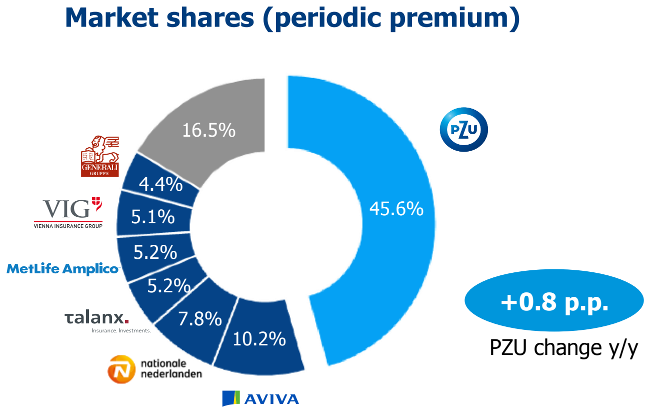
x% - Change year to year

** According to the Polish FSA's Q1 2017 quarterly report; the market and market shares including PZU's inward reinsurance from Link4 and the TUW mutual;*

*** The PZU Group's share in the non-life insurance market in direct business in Q1 2017 .*

Life insurance market in Poland





- In Q1 2017, the y/y decline in the periodic premium generated by the overall market net of PZU was **-0.4%**, while in this same period PZU posted growth of **2.8%**.
- This translated into material growth in PZU Życie's periodic premium market share up to **45.6%** at the end of Q1 2017 (its highest level since 2010).
- At the same time, the information reported by the Polish FSA made it possible to determine that PZU's market share of periodic premium for class I insurance (life insurance) was **66.0%** in Q1 2017 when measured by gross written premium and **75.3%** when measured by the number of policies in force, while for the same class of insurance concluded in group form, PZU's market share was **68.6%.**
- In the period under analysis PZU generated a higher technical result profitability than its competitors on average – the margin generated by PZU was **13.8%**, while the margin generated by the other players was **8.5%**, implying that PZU generates **46.2%** of the result generated by all the life insurance companies.

xx% - CAGR

xx% - CAGR of PZU Życie/Other insurance undertakings

x% - Change year to year

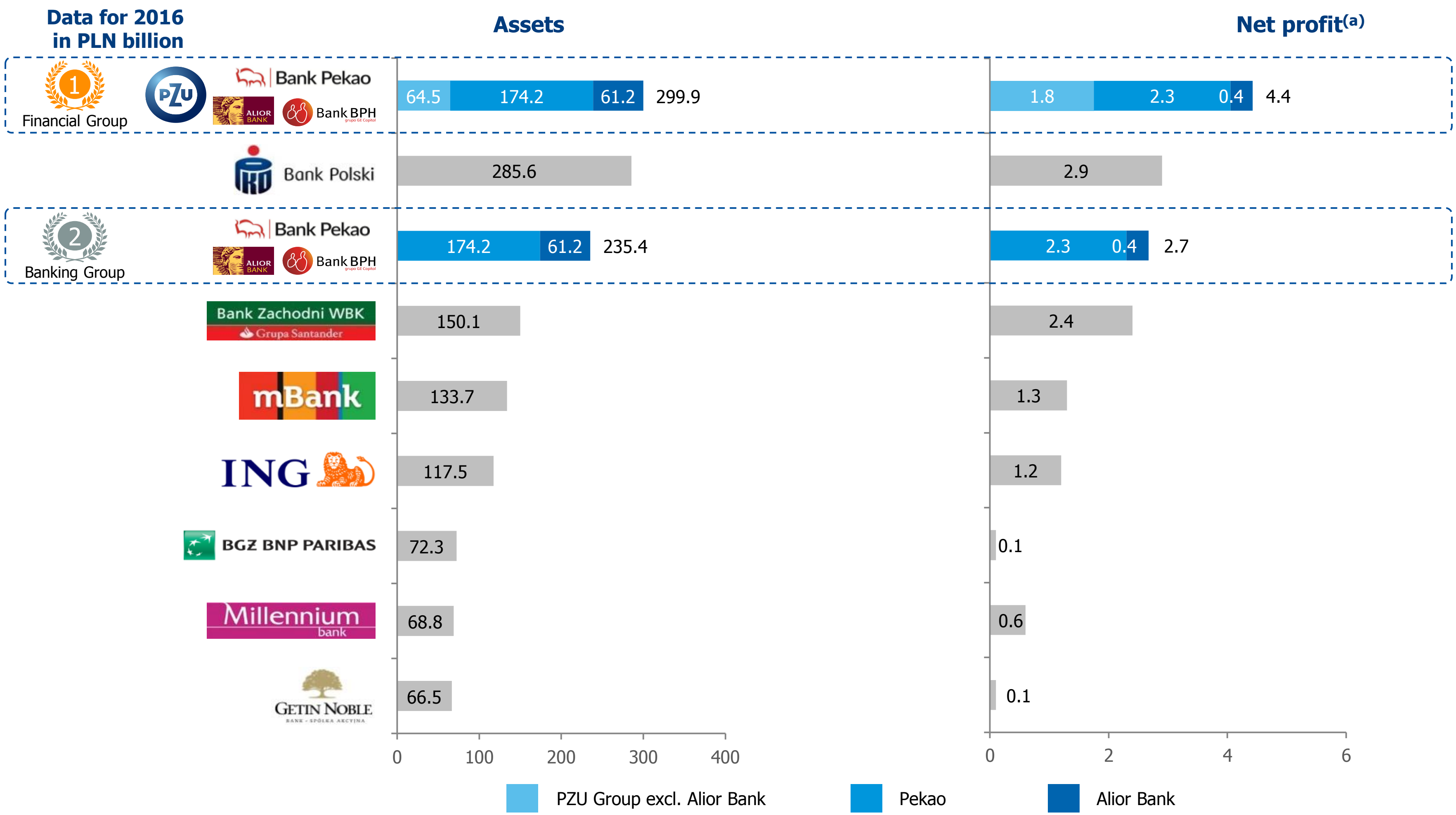
Major drivers of the PZU Group's result

The most important events and drivers of the results in H1 2017

- PZU is the largest capital group in Poland, changing the structure of the Group with the start of consolidation of Pekao Group results
- Success of subordinated bond issue – the largest corporate issue in the Catalyst history
- PZU Group record gross written premium
- Stable profitability in other non-life insurance
- Enhanced performance in motor insurance, especially in the mass client segment
- Q2 profitability in the group and individually continued insurance segment up to 24.5% (19.2% year-to-date)
- Further improvement in cost efficiency
- Higher net investment result on the main portfolio, in particular due to improved performance on equities, higher income on Polish treasury and non-treasury bonds

PZU is the largest financial Group in Poland after acquisition of Pekao

PZU Group after finalization of the deal to acquire shares of Pekao is the largest financial Group on the polish market in terms of value of assets and net profit.



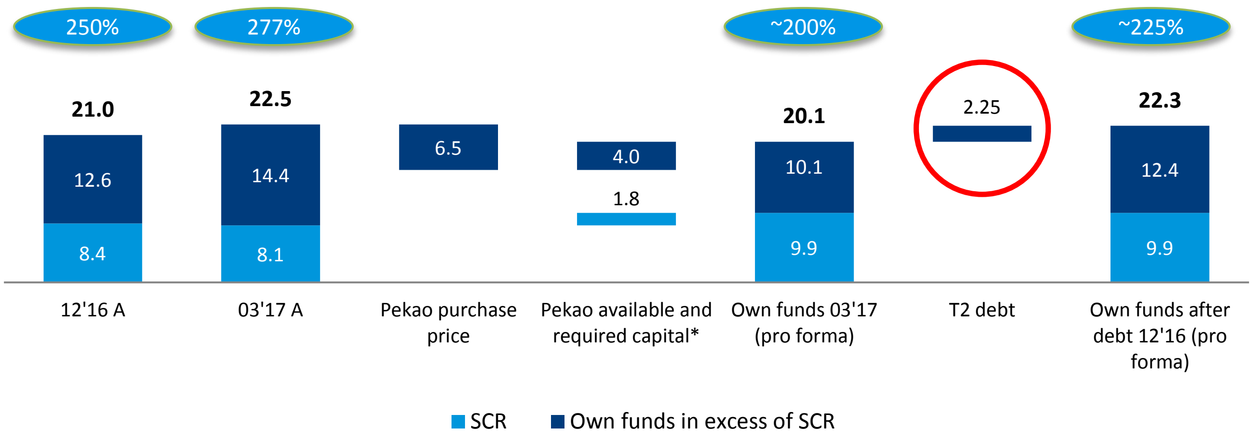
(a) Alior Net profit after excl. one-off effect of acquisition of BPH bank

Source: Financial Statements

Success of bond issue

Impact of the bond issue on the Group's own funds

bn PLN, unaudited data
Pro forma Solvency II data as at 30 June 2017



Transaction highlights:

- ✓ One of the largest corporate issues in the Catalyst history in terms of value;
- ✓ First subordinated bonds issued by an insurance company in Poland in SII regime;
- ✓ High demand – issue PLN 2.25 bn with PLN 2 bn planned;
- ✓ The bonds bear interest at the floating interest rate being the sum of the WIBOR rate for 6M PLN deposits and a 1.8% margin;
- ✓ The issue aims to mitigate the drop in the solvency ratio following the purchase of Pekao;
- ✓ Proceeds from the issue of the bonds were included in PZU Tier 2 capital.

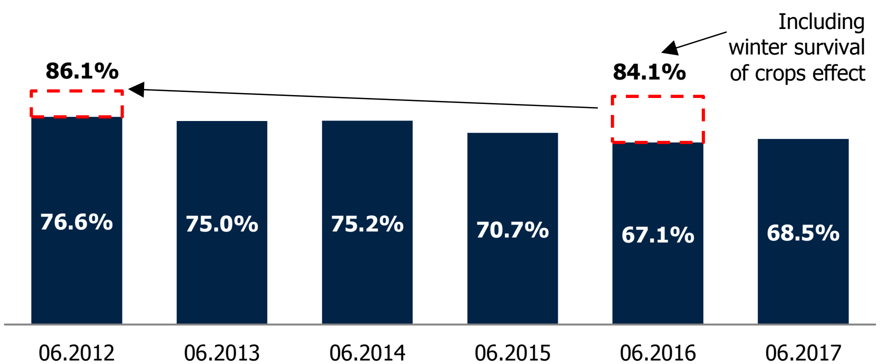
The Pekao acquisition will affect the PZU Group's solvency starting from Q2 2017. The presented estimates were prepared based on the PZU Group's data as at 31 March 2017; the estimates do not include future economic results or dividends.

** Pekao bank data based on 2Q 2017 Financial Statement.*

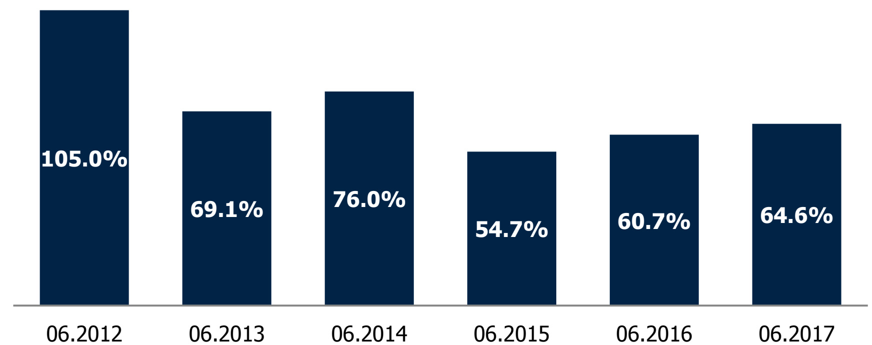
- Own funds to solvency margin / SCR coverage

Stable profitability in other non-life insurance

Combined ratio (COR) in non-motor insurance – mass segment



Combined ratio (COR) in non-motor insurance – corporate segment

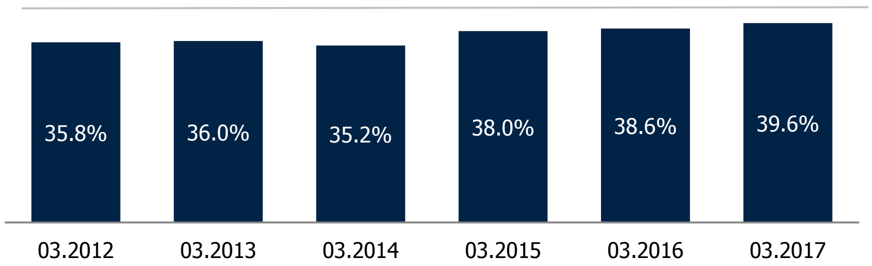


- Following many claims in agricultural insurance (winter survival of crops) in 2016 when the claims paid for the adverse consequences of ground frost surpassed the average figure for the last three years, the portfolio has returned to a high level of profitability.

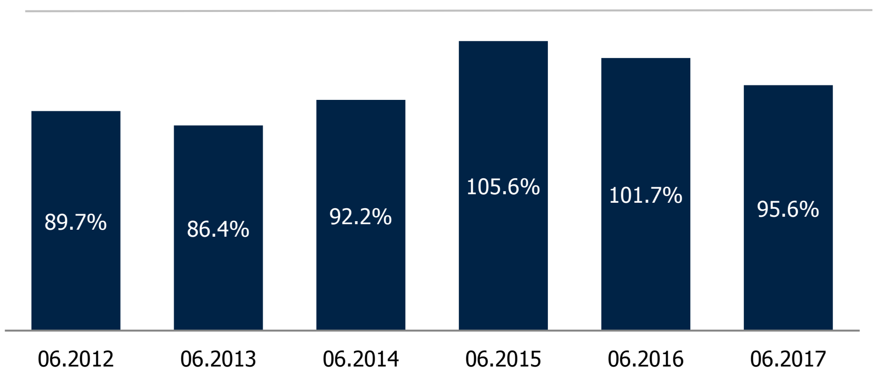
- Despite the higher loss ratio (the effect of the occurrence of several events with a high unit value – property insurance and general TPL insurance) compared to the results in the last two years, the results of the corporate segment's non-motor insurance continue to be robust.

Enhanced performance in motor insurance coupled with a rising market share

PZU Group's motor insurance market share * (Poland)



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



Number of motor TPL insurance policies in force (# m) **

06.2012	06.2013	06.2014	06.2015	06.2016	06.2017
7.2	7.1	7.0	7.6	8.2	8.7

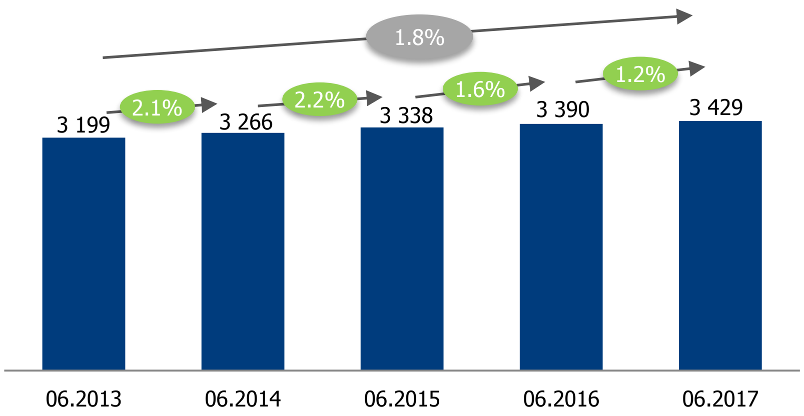
- As the price war lasting from 2005 to 2010 ended (after the flood of 2010), the overall motor insurance sector's results in Poland started to improve. Shortly thereafter, another period of fierce price competition ensued, translating into the overall market's deteriorating results.
- The overall market's technical loss, net of the PZU Group companies' results, was 358 m PLN in 2015 and 126 m PLN in 2016 – these losses were the direct outcome of fierce competition and the weak performance of motor insurance (the overall market's technical result on motor insurance net of the PZU Group companies was -1,026 m PLN in 2015 and -975 m PLN in 2016).
- The Polish FSA's recommendations implemented since 2015 have not improved circumstances in terms of claims payments as they have caused the average vehicle claim value to increase. The continuous development of bodily injury claims and the related case law are still noticeable (including compensation for moral damages).
- Nevertheless, **PZU is better positioned than its competitors** – its strong brand and size enable it to improve underwriting profitability (on motor business, too) while simultaneously growing its market share (both PZU SA and Link4 are delivering growth). In H1 2017, PZU reported a positive technical result in motor insurance.
- **PZU's maintenance of cost discipline** also makes a positive contribution to its profitability – it has managed to maintain its operating expense ratio at a similar level in recent years despite evolution in distribution (diminishing importance of automatic renewals, climbing share of multi agencies, competition for intermediaries) - among others due to efforts to contain the growth of fixed expenses / or reduce them.

** According to the Polish FSA's Q1 2017 report; the market and market shares on direct business; PZU jointly with PZUW TUW and Link4*

*** Link4 from Q4 2014; TUW PZUW from Q1 2016*

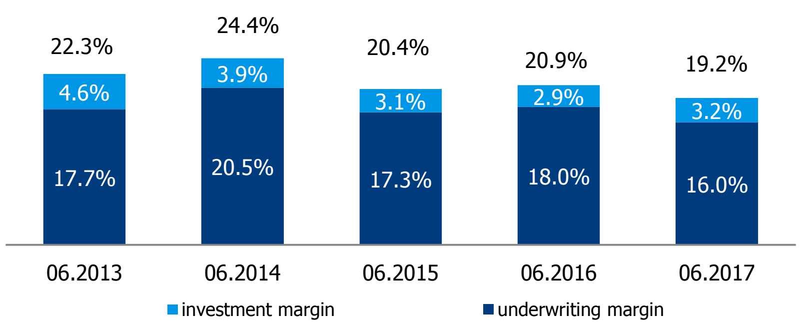
Higher profitability of group insurance and individually continued insurance in Q2

Gross written premium (m PLN)



- Limit the pressure on the premium growth rate making it possible to control the loss ratio.
- Rising share of health insurance premiums - new clients in outpatient insurance and sales of different options of the medicine product. PZU's portfolio consists of 1.4 million agreements in force of this type in Q2 2017.
- New riders to group and continued insurance and modification of existing policy terms and conditions in previous periods exerting a positive impact on the growth rate and profitability.
- Upsales of riders in individually continued products continue to be successful.

Margin (%)*



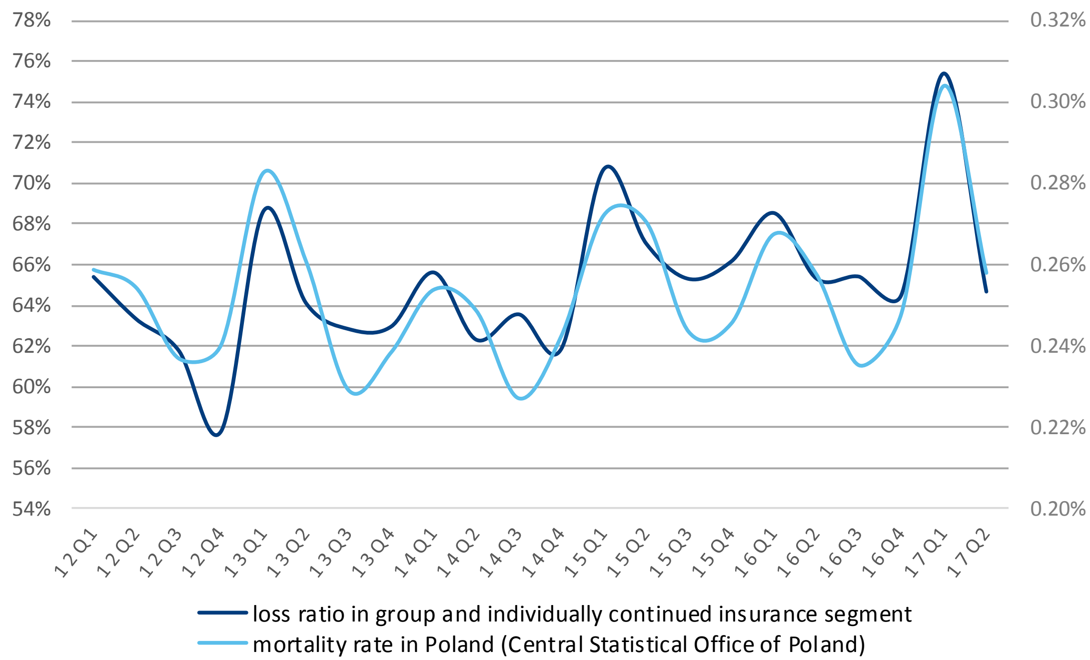
- The loss ratio on protection products in Q1 is higher than last year due to the larger number of deaths and the number of benefits paid for that reason. This upswing was justified by the higher number of deaths in the overall population of Poland at the outset of this year as the data published by the Central Statistical Office depict. In Q2, the loss ratios returned to the levels observed in the corresponding period of last year.
- New individual continuation's positive contribution to the segment's results by setting up lower mathematical reserves at the start of liability of these agreements.
- The y/y growth in the number of death benefits in individual continuation subsequently leads to the reversal of more mathematical reserves to offset a portion of the negative result due to the claims paid in this portfolio.
- Cost discipline.
- The allowance to the prevention fund is lower than a year ago.

xx% - CAGR

x% - Change year to year

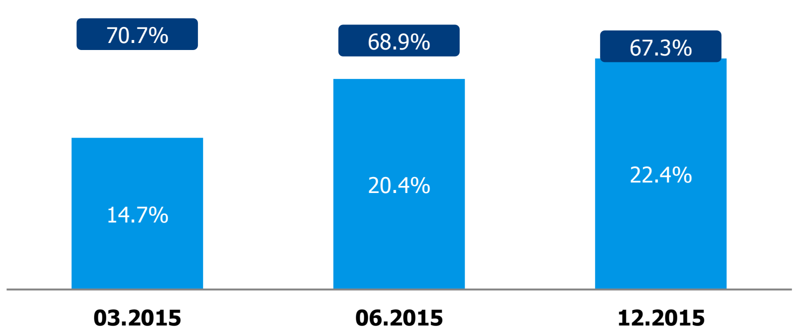
* Segment margin net of the conversion effect

Profitability of the group and individually continued insurance segment versus the loss ratio in protection products

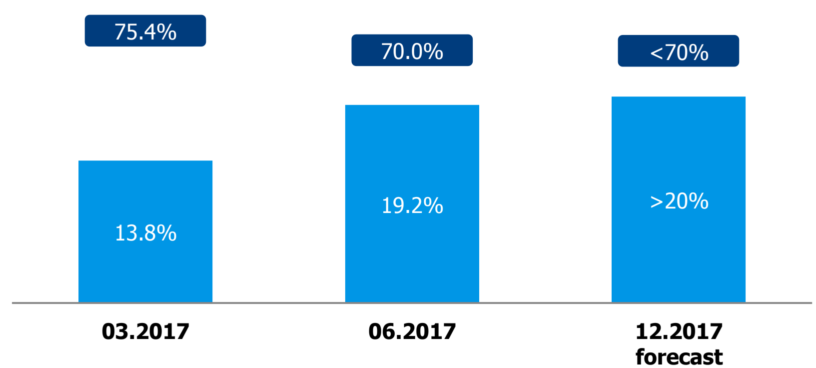


- Mortality's quarterly seasonality in Poland (upswing in winter months and downturn in summer months) and its overall upward trend (aging of the general public) were visible.
- This trend pertaining to changes in the quarterly loss ratio of protection products in the group and individually continued segment followed mortality frequency in Poland as the principal source of these changes.
- The Company took measures to counteract the rising loss ratio in its portfolio of protection products such as limiting the modification of group agreements leading to a deterioration in their profitability, introducing new individual continuation and modifying the terms and conditions of insurance riders.
- In Q2 2017 significant decline in mortality frequency as opposed to Q1 of this year and consequently enhancement in the loss ratio parameters on protection agreements.

Margin / loss ratio 2015 (%)

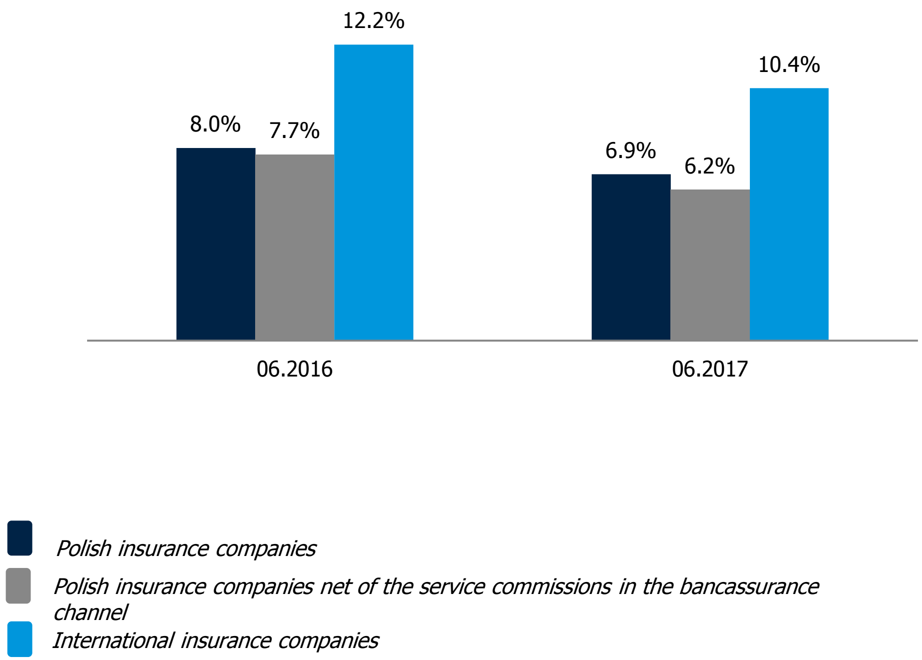


Margin / loss ratio 2017 (%)



Further improvement in cost efficiency

Administrative expense ratio in the insurance business

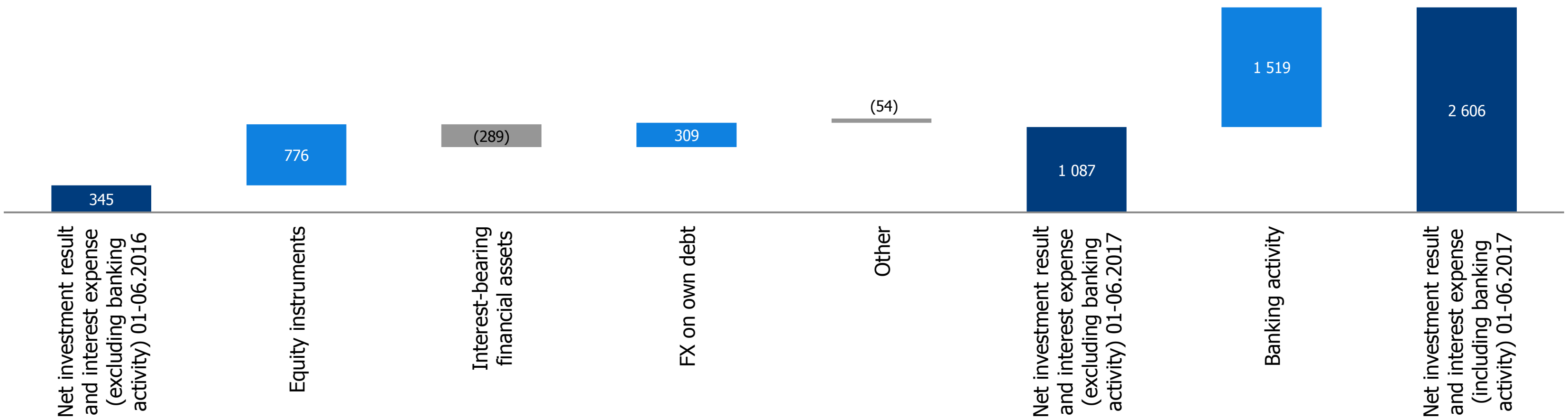


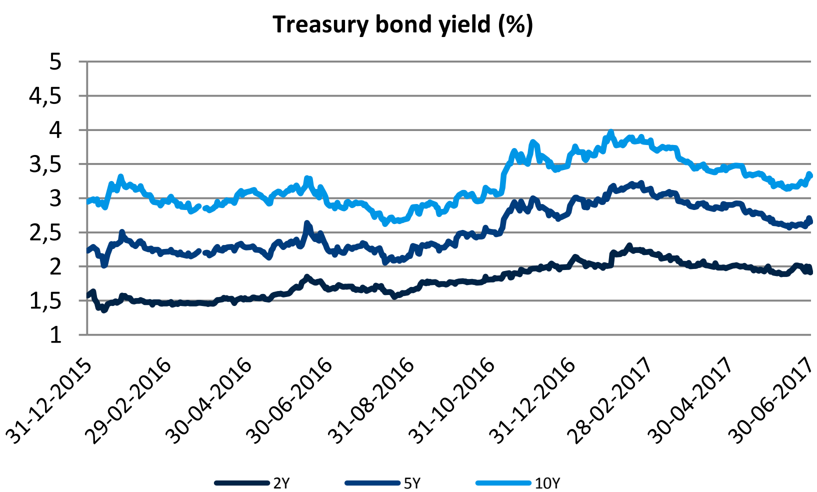
- The declining administrative expense ratio in Poland was driven mainly by maintaining cost discipline coupled with the rapidly growing magnitude of business.
- The impact exerted by the change in fee settlements for performing administrative tasks in bancassurance agreements on the administrative expense ratio. Since Q2 2016 these expenses are carried in administrative expenses.
- At the same time, the improving administrative expense ratio in international companies was chiefly driven by maintaining cost discipline, in IT among others.

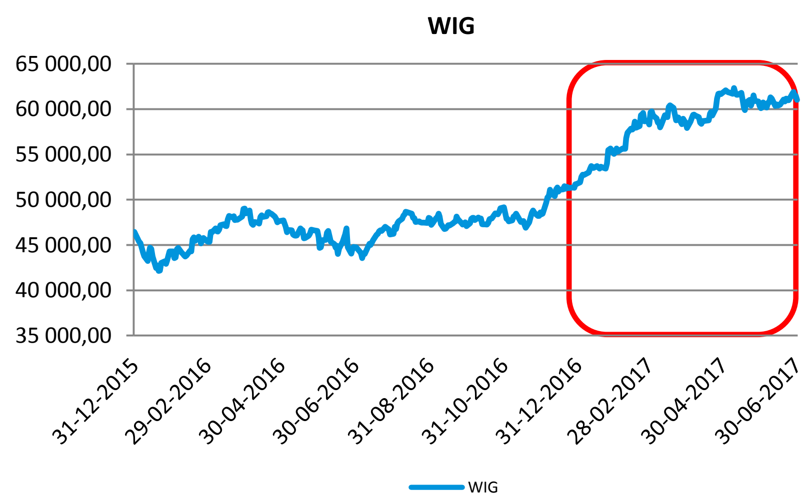
Administrative expense ratio calculated using the equation:
administrative expenses in the insurance segments / net earned premium

Better result on equity instruments

m PLN



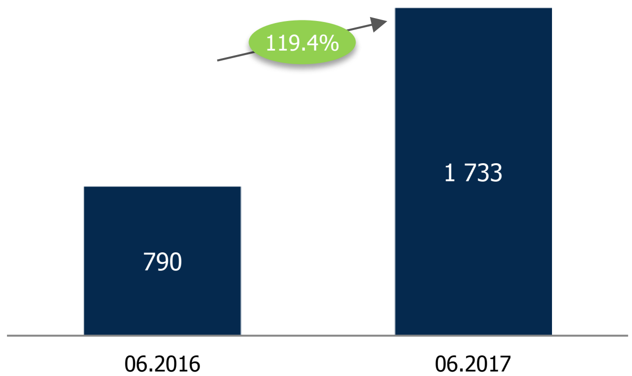




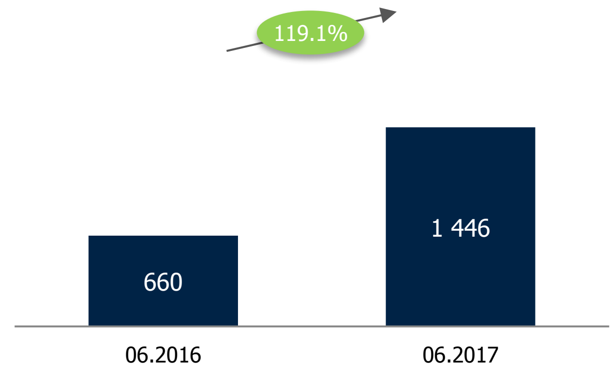
The net investment result (net investment income, net realized result and impairment losses and the net movement in the fair value of assets and liabilities measured at fair value) and interest expenses net of bank activity.

Twofold increase of the net result

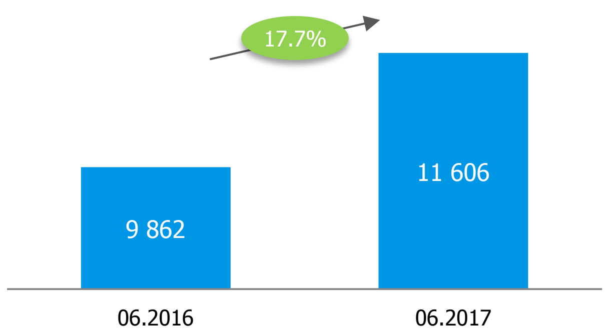
PZU Group's net profit (m PLN)



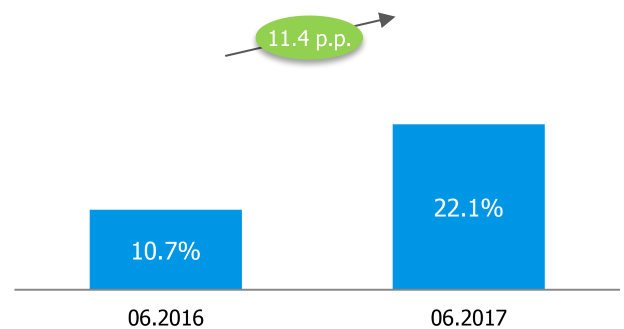
Net profit – parent company (m PLN)



PZU Group's gross written premium (m PLN)



Return on equity (ROE) (%) *



* Ratio computed using equity at the beginning and end of the reporting period. Computed for the parent company

Execution of the Group's strategy for 2016-2020

1. PZU Group's position on the changing insurance market
2. Major drivers of the PZU Group's result
3. Execution of the Group's strategy for 2016-2020
4. Recap of financial results by segment
5. Detailed financials
6. Group's data as at 31 March 2017 under Solvency II

KPIs of the Strategy for 2016-2020

ROE[1]	
06.2017	2020
22.1%	**18%**

BUSINESS SIZE / BUSINESS PROFITABILITY

NON-LIFE INSURANCE

PZU Group's market share[2]	
03.2017	2020
37.1%	**35%**

Combined ratio[3]	
06.2017	2020
86.5%	**92%**

Cutting fixed expenses (m PLN)	
06.2017	2018
100,4*	**400**

LIFE INSURANCE

Number of clients PZU Życie (m)	
06.2017	2020
11.1	**11.0**

Insurance margin in group and individual continuation	
06.2017	2020
19.2%	**>20%**

Solvency II solvency ratio[5]	
03.2017	2020
277%	**>200%**

INVESTMENTS

Assets under management for third party clients (bn PLN)	
06.2017	2020
29.8	**50**

Net result on third party asset management (m PLN)	
06.2017	2020
80.4*	**200**

Surplus yield on its own portfolio above the RFR	
06.2017	2016-2020[4]
1.6 p.p./ 2.3 p.p. [10]	**2.0 p.p.**

HEALTH

Revenues (m PLN)[6]	
06.2017	2020
427.3*	**1,000**

EBITDA margin[7]	
06.2017	2020
7.9%	**12%**

BANKING

Assets (bn PLN)	
06.2017	2020
232	**140**

Net financial result attributed to the PZU Group (m PLN)	
06.2017	2020
153[9]	**450**

1 ROE attributable to the parent company
2 Direct business
3 PZU jointly with PZUW TUW and Link4
4 Average from 2016 to 2020
5 Own funds after subtracting anticipated dividends and asset taxes
6 Data on an annual basis, regardless of the time of purchase; own outlets and Branches including revenues from PZU Zdrowie
7 Net of transaction costs, project-related parts and amortization of goodwill
9 Figures consistent with Alior Bank's financial statements for the 12 month moving average net of non-recurring events (restructuring costs and the result on the acquisition of BPH)
10 Including FX on own debt
* 12 month moving average

Recap of financial results by segment

Operating results in H1 2017

Non-life insurance

- **Higher profitability due to the following:**
  - considerably lower level of claims and benefits y/y in the agricultural insurance portfolio - in the corresponding period of 2016 there were many mass losses (adverse effects of ground frost);
  - enhanced profitability of the motor insurance portfolio.

Life insurance

- **Enhanced profitability in Q2** - in Q2 the return to loss ratios on protection products at the levels observed in the corresponding period of the previous year was recorded, following robust growth at the outset of the year constituting the outcome of the higher number of deaths compared to last year and the number of benefits paid as a result. This uptick was justified by the higher number of deaths in the overall population of Poland at the outset of the year as the data published by the Central Statistical Office depict.

International companies

- **Sales growth** reported by all the companies in the Baltic States segment. Totaling +15.0% in non-life insurance and +16.7% in life insurance.
- Sales growth in the Ukraine segment totaling +8.5%.
- Profitability improved in the Baltic States thanks to the rate hike in motor insurance in the region.

Bank segment

- **Finalization** of the acquisition of 20% of shares in Bank Pekao S.A. (Jointly with the Polish Development Fund PFR - 32,8%);
- **Consolidation of Pekao** and recognition of Pekao's results as of 7 June 2017 as a result of the PZU Group. Contribution to the operating result of **227 m PLN;**
- **Alior Bank's** contribution to the PZU Group's H1 operating result equal to **258 m PLN**.

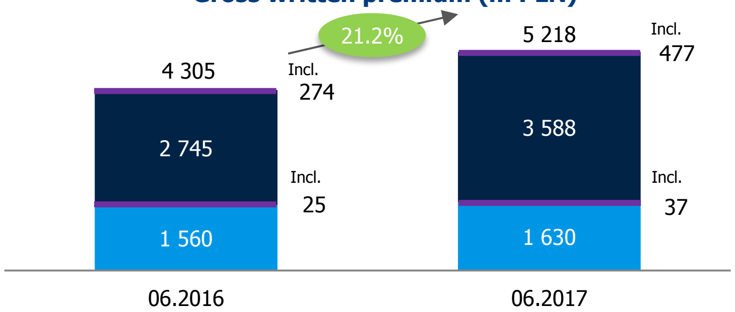
Investments

- **Better performance of equity instruments** in particular due to improved market conditions on the Warsaw Stock Exchange;
- **Higher result on Polish Tresury bonds** due to to better situation on debt market;
- **Acquisition of high-margin exposures** to corporate debt portfolio.

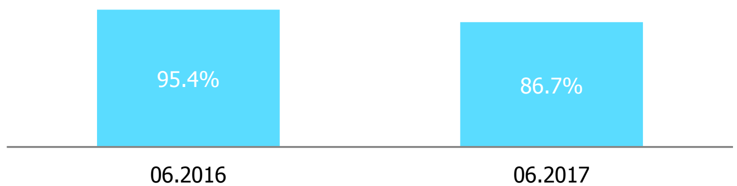
Non-life insurance
Growth in motor insurance sales

Mass segment

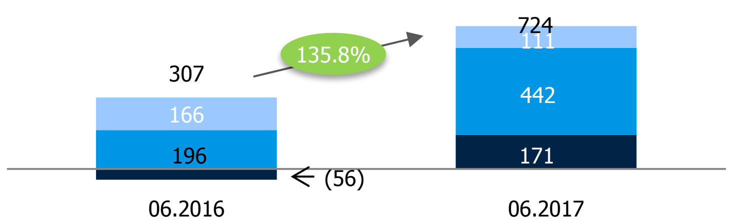
Gross written premium (m PLN)



Combined ratio (%)

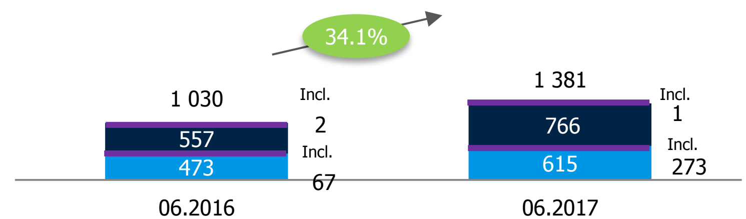


Insurance result (m PLN)



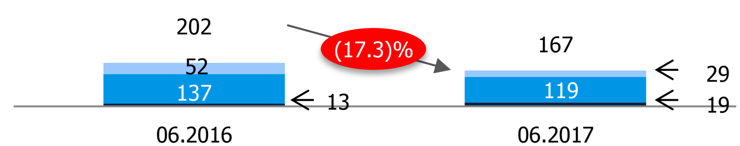
Corporate segment

Gross written premium (m PLN)



Combined ratio (%)

Insurance result (m PLN)



Motor insurance

Link4 + TUW PZUW (mutual)

Non-motor insurance

Impact exerted by investment income allocated from the Investment segment

Combined ratio calculated jointly for motor and non-motor insurance

x% - Change year to year

Recap – non-life insurance

Mass segment

Higher gross written premium y/y as the outcome of the following:

- rising motor insurance sales (+30.7% y/y) as an effect of the higher average premium folllowing from gradually introduced price hikes forming a response to deteriorating results in recent years;
- incremental growth in the premium for fire insurance and other damage to property insurance (+10.7% y/y), including PZU DOM household insurance and agricultural insurance despite the fierce competition on the market (chiefly subsidized crop insurance);
- lower premium in the group of accident and other insurance (-7.0% y/y), in particular various financial risks.

Insurance result up as the outcome of the following:

- incremental growth in net earned premium (+24.0%) – result of higher sales;
- lower loss ratio in the insurance group:
  - other damage to property, mostly for subsidized crop insurance – in the corresponding period of 2016 there were many losses caused by the forces of nature;
  - motor TPL insurance, principally following the changes made to the average price. Effect partially offset by the decline in profitability of motor own damage insurance (higher average loss) and other TPL insurance;
- higher insurance activity expenses as the outcome of the following:
  - climbing acquisition expenses - effect of the expanding portfolio;
  - decline in administrative expenses in project-related activity and current operations.

Corporate segment

Higher gross written premium y/y as the outcome of the following:

- upswing in motor insurance sales offered to lease companies and in fleet insurance (mainly TPL insurance) as a consequence of the higher average premium and number of insurance policies;
- premium growth in fire insurance and other damage to property insurance (+70.6% y/y) and other TPL insurance (+15.6% y/y) as the effect of signing several high unit value agreements, after two large entities from the chemical and coal industries enrolled in TUW PZUW;
- lower sales of loan and guarantee insurance – high unit value guarantee extended to PZU's subsidiary Alior Bank in the corresponding period of 2016 (effect eliminated in the consolidation process).

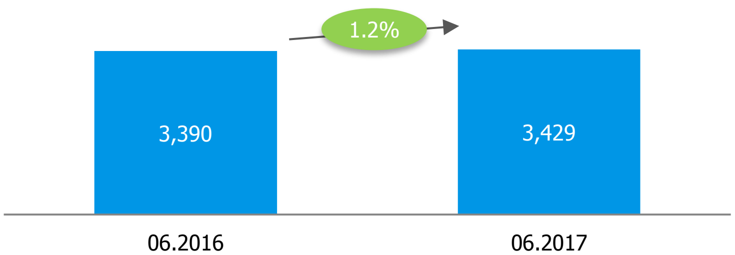
Diminished insurance result as the outcome of the following:

- incremental growth in net earned premium (+22.1%) – result of higher sales;
- higher level of claims and benefits in insurance for losses caused by calamities – several claims were reported with a high unit value, including two claims under inward reinsurance of the PZU Group's international companies. This effect was partially offset by the downswing in claims paid in insurance for other damage to property and the improvement in the profitability of the motor insurance portfolio;
- higher insurance activity expenses as a consequence of the following:
  - rising acquisition expenses - due to higher sales;
  - higher administrative expenses (coupled with simultaneous drop in the administrative cost ratio) mainly in IT and external services, which was related to implementing corporate products to be administered and sold in the Everest system.

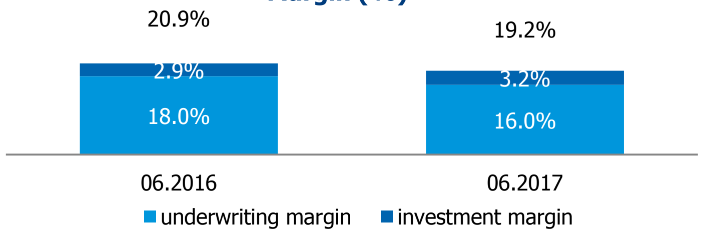
Life insurance
Increase of profitability in Q2 on rising sales

Group and continued insurance segment

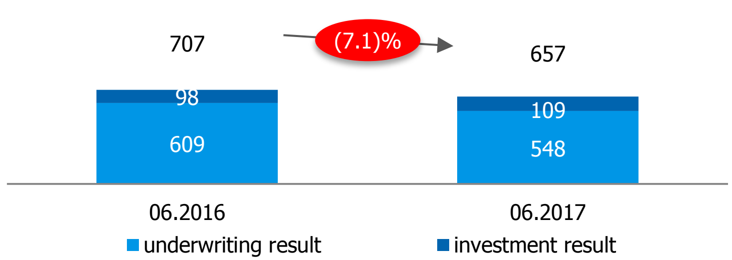
Gross written premium (m PLN)



Margin (%)*

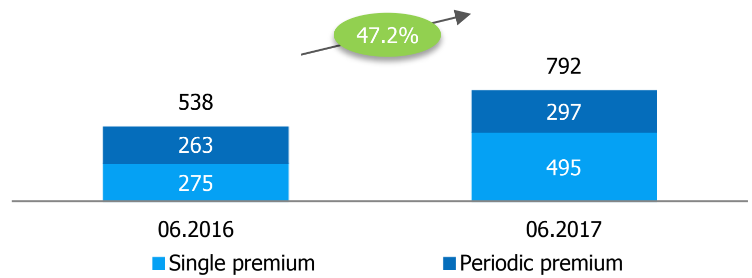


Insurance result* (m PLN)



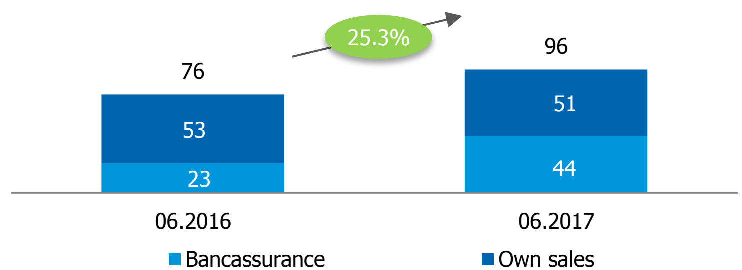
Individual insurance segment

Gross written premium (m PLN)



Margin (%)

Annual premium equivalent (m PLN)



* Segment margin and insurance result net of the conversion effect

x% - Change year to year

Recap – life insurance

Group and continued insurance segment

Drivers of higher gross written premium:

- acquisition of premium in group health insurance products; PZU now has 1.4 million active agreements in these types of products in its portfolio;
- growth in group protection insurance - higher average premium and number of riders taken out by insureds;
- upholding the policy of up-selling riders while concurrently indexing premiums in the underlying main contracts in continued products.

Drivers of the decline y/y in the insurance result:

- the loss ratio on protection products in Q1 is higher than last year due to the larger number of deaths and the number of benefits paid for that reason. This upswing was justified by the higher number of deaths in the overall population of Poland at the outset of this year as the data published by the Central Statistical Office depict. In Q2, the loss ratios returned to the levels observed in the corresponding period of last year.
- new individual continuation's positive contribution to the segment's results by setting up lower mathematical reserves at the start of liability of these agreements;
- the y/y growth in the number of death benefits in individual continuation subsequently leads to the reversal of more mathematical reserves to offset a portion of the negative result due to the claims paid in this portfolio.

Individual insurance segment

Gross written premium's upward movement resulted from the following:

- higher contributions to the unit-linked insurance accounts offered jointly with Bank Millennium;
- sales launch of a new unit-linked product with Alior Bank at the outset of 2017;
- higher contributions to the unit-linked insurance accounts offered by PZU Branches, especially IRA and the Goal for the Future products;

Declining margin caused by:

- growth in current period of share in revenue generated by unit-linked products with significantly lower margins compared to protection products;

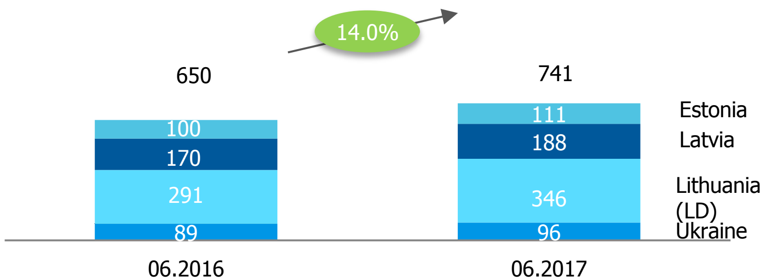
Sales channels:

- the significant growth in the bancassurance channel was driven by robust sales of new unit-linked product agreements in Bank Millennium and this year's new product launch with Alior Bank;
- slight decline in the traditional channel as a result of the limited sales of the structured product and the deceleration in the pace of acquiring new protection agreements from previous quarters coupled with the simultaneously rising sales of the unit-linked product called *Cel na Przyszłość [Goal for the Future]*.

International business
Higher sales in non-life insurance

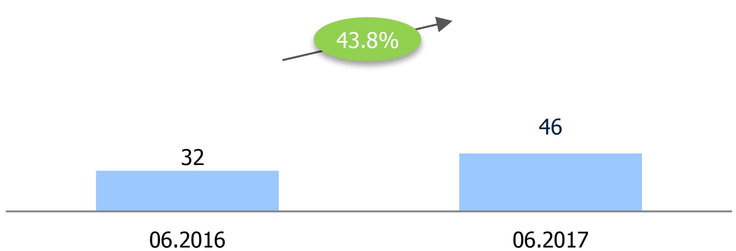
Non-life insurance

Gross written premium (m PLN)



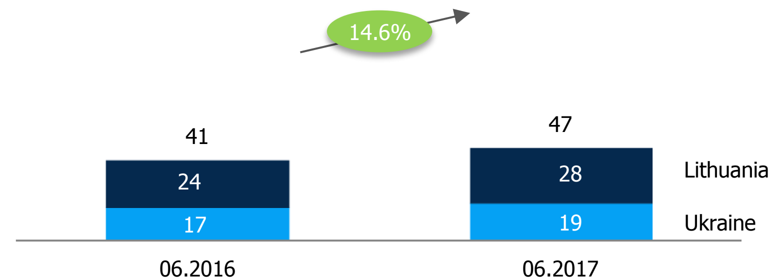
Combined ratio (%)

Insurance result (m PLN)



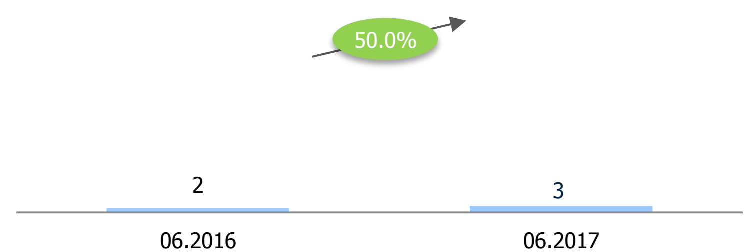
Life insurance

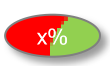
Gross written premium (m PLN)



Margin (%)

Insurance result (m PLN)





- Change year to year

Recap – international business

Gross written premium	Insurance results

Non-life insurance

- Gross written premium growth in the Baltic companies precipitated chiefly by the introduction of higher rates for motor insurance in the region, activation of accident insurance sales in Lithuania and Estonia, property insurance sales in Latvia and health insurance sales in Lithuania (not offered for sale in H1 of last year):
  - Lithuanian market leader Lietuvos Draudimas: 346 m PLN (last year: 291 m PLN);
  - AAS Balta in Latvia: 188 m PLN (last year: 170 m PLN);
  - Estonian branch PZU Insurance: 111 m PLN (last year: 100 m PLN).

Life insurance

- Gross written premium in Lithuania up on the tail of tightening cooperation with Lietuvos Draudimas and endowment insurance sales.
- Gross written premium in Ukraine up 2 m PLN (up 20.0% in the functional currency).

Non-life insurance

- Combined ratio decline as a result of the following:
  - loss ratio maintained at a slightly higher level in comparison with the corresponding period of the previous year even though the value of large and catastrophic claims rose in the Baltic States and Ukraine;
  - dip in the acquisition expense ratio as the portfolio mix evolves in the Baltic States – the percentage of motor insurance with lower costs has risen;
  - cutting the administrative expense ratio was possible chiefly due to maintaining cost discipline, notably in IT.
- Insurance result up (14 m PLN) in non-life insurance thanks to the positive results generated by the companies in the Baltic States segment. Result generated in Ukraine down 28.6% in comparison with H1 of the previous year (down 9.2% in the functional currency).

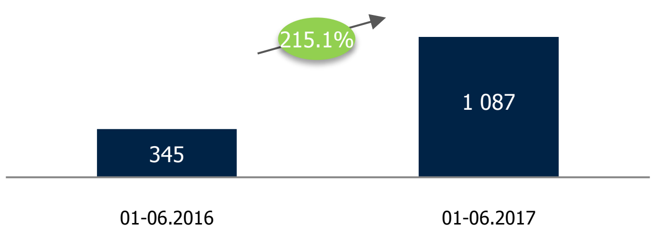
Life insurance

- The insurance result rose (1 m PLN) chiefly in Lithuania due to sales growth. The insurance result in the Ukraine segment remained flat at last year's level.

Investments
Better results on equity instruments

m PLN

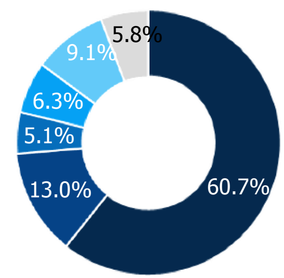
Net investment result*



The net investment result in H1 2017 (after considering interest expenses and excluding the impact of the banking activity) was 1.087 m PLN and was higher than the result in the corresponding period of last year by 742 m PLN, mainly due to:

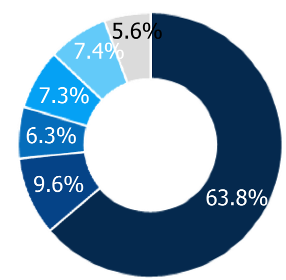
- higher result earned on listed equity instruments in particular due to improved market conditions on the Warsaw Stock Exchange – the WIG index is up by 17.9% compared to the end of 2016 (06.2017 vs 12.2016), while a 3.7% decline was recorded in the corresponding period of last year;
- better performance in the portfolio of assets covering investment products by 294 m PLN y/y, including in particular funds in the unit-linked portfolio (even though it does not affect the PZU Group's result) mainly due to the better market conditions on capital market as well as higher decline rate in yields of Polish Treasury bonds;
- deterioration of the result on interest-bearing financial assets mainly due to worse foreign exchange result on foreign currency bonds portfolio held primarily to hedge financial liabilities arising from the issue of own debt securities; this effect was balanced by:
  - positive effect of foreign exchange differences on own debt securities due to appreciation of the PLN against the EUR as compared to depreciation in the corresponding period of last year;
  - higher result on the portfolio of bonds measured at market value due to better situation on debt market;
  - better results on non-treasury debt market instruments due to acquisition of high-margin exposures to corporate bonds portfolio;
  - purchase of 30 year high-yield bonds on the primary market for 2 bn PLN in the held to maturity bond portfolio.

June 2017 Investment portfolio composition**



Total:
45.5 bn PLN
including
Investment products
6.1 bn PLN

December 2016 Investment portfolio composition**



Total:
50.5 bn PLN
including
Investment products
5.8 bn PLN

- Treasury debt instruments
- Non-treasury debt instruments
- Monetary market instruments
- Equity instruments - quoted
- Equity instruments - unquoted
- Investment property

* After considering interest expenses and excluding the impact of the banking activity.

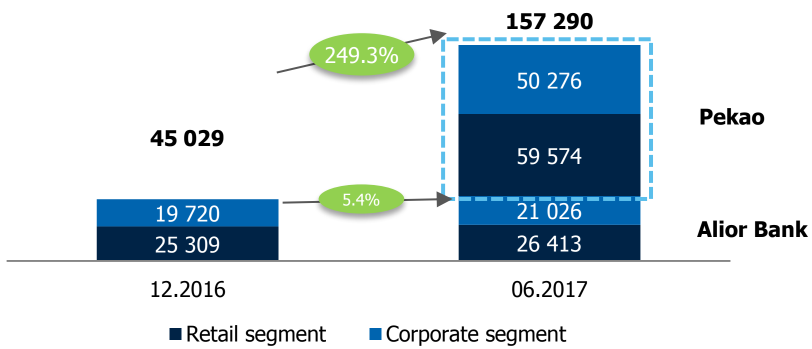
** The investment portfolio is presented net of banking activity and includes financial assets (including investment products net of loan receivables from clients), investment property (including the portion presented in the class of assets held for sale), the negative measurement of derivatives and liabilities under sell-buy-back transactions.

Banking activity

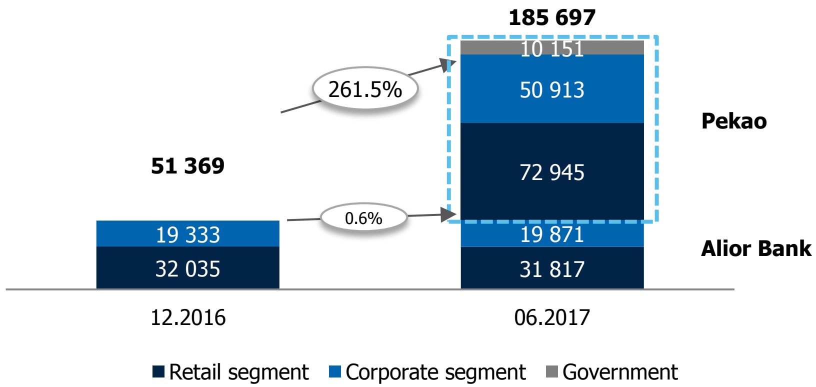
Positive growth rate in credit receivables

Portfolio composition

Loan portfolio by segment (m PLN)

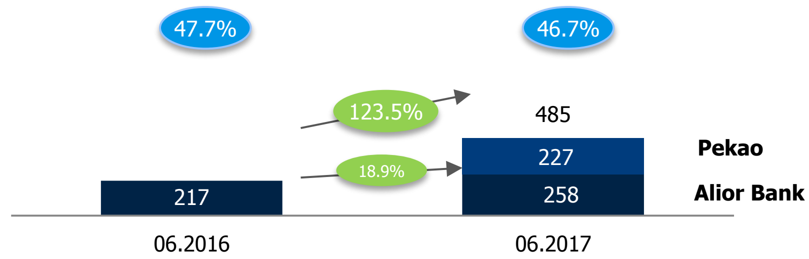


Liabilities to clients (deposit base) by segment (m PLN)*

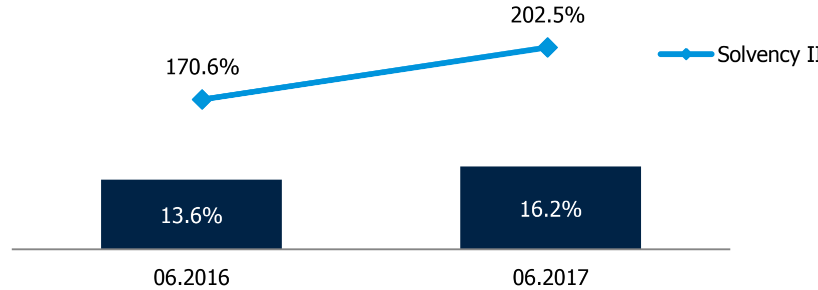


Bank segment

Operating profit (m PLN) and the Cost/Income ratio*



Total capital ratio (TCR) and Solvency II ratio**



x% - Change year to year

x% - Cost/Income

* Data in accordance with Pekao's and Alior Bank's financial statements
** Total data for Pekao and Alior Bank in proportion to the shares held

Detailed financials

Key financial highlights

m PLN, IFRS	H1 2016	H1 2017	*Change YoY*	Q2 2016	Q2 2017	*Change Q2 2017 over Q2 2016*
Profit and Loss Statement						
Gross Written Premium	9 862	11 606	*17.7%*	5 061	5 838	*15.4%*
Premium Earned	8 986	10 347	*15.1%*	4 669	5 275	*13.0%*
Net investment Result	1 405	3 032	*115.8%*	451	1 373	*204.4%*
Interest Expenses	(346)	(426)	*23.1%*	(175)	(254)	*45.1%*
Operating Profit	1 050	2 199	*109.4%*	334	940	*181.4%*
Net Profit	790	1 733	*119.4%*	231	726	*214.3%*
Parent Company Net Profit	660	1 446	*119.1%*	168	506	*201.2%*
Balance Sheet						
Parent Company Equity	11 772	13 154	*11.7%*	11 772	13 154	*11.7%*
Total Assets	112 945	295 262	*161.4%*	112 945	295 262	*161.4%*
Principal Financial Ratios						
ROE*	10,7%	22,1%	*11.4 p.p.*	5.3%	14.9%	*9.6 p.p.*
Combined Ratio**	93,4%	87,2%	*(6.2) p.p.*	91.5%	87.5%	*(4.0) p.p.*
Operating Profit Margin	20.9%	19.2%	*(1.7) p.p.*	23.7%	24.5%	*0.8 p.p.*

* Ratio computed using equity at the beginning and end of the reporting period. Computed for the parent company

** Only for non-life insurance.

Restated data – for 1H 2016, Q1 2017

Normalized operating profit

Operating profit *YTD, m PLN*

m PLN, IFRS	**06.2016**	**06.2017**	**Change yoy**
Operating Profit	**1 050**	**2 199**	***109.4%***
including:			
1 Conversion effect	20	25	
2 Agricultural Insurance	(236)	-	
Operating Profit excl. one-offs	**1 266**	**2 174**	***71.7%***
3 Tax on financial institutions	(170)	(293)	
4 Alior Bank contribution	299	385	
5 Pekao bank contribution	-	270	
6 Revaluation of the equity stake in Azoty Group, revaluation of assets in the Armatura	(250)	(7)	
Normalized operating profit	**1 387**	**1 819**	***31.1%***

1. Impact exerted by conversion of long-term policies into yearly renewable term agreements in type P group insurance.
2. Above average claims in agricultural insurance in the previous 3 years.
3. Implementation of the tax on financial institutions as of 1 February 2016.
4. Operating result of the consolidated Alior Bank plus adjustments by virtue of PZU's acquisition net of the tax on some financial institutions recognized above
5. Operating result of the consolidated bank Pekao plus adjustments by virtue of PZU's acquisition net of the tax on some financial institutions recognized above
6. Impact exerted by the movement in the valuation of the Azoty investment portfolio, revaluation of assets in the Armatura

Profitability by operating activity segment

Insurance Business Segments	Gross Written Premium			Insurance Result/ Operating Profit			Combined Ratio / Operating profit ratio*	
m PLN, local GAAP	**1H 2016**	**1H 2017**	*Change YoY*	**1H 2016**	**1H 2017**	*Change YoY*	**1H 2016**	**1H 2017**
Total Non-Life - Poland	**5 335**	**6 599**	***23.7%***	**509**	**891**	***75.0%***	**93.1%**	**86.5%**
Mass Insurance - Poland	**4 305**	**5 218**	***21.2%***	**307**	**724**	***135.8%***	**95.4%**	**86.7%**
Motor TPL Insurance	1 702	2 348	*37.9%*	(90)	150	*x*	107.2%	93.7%
Motor Own Damage	1 043	1 240	*18.9%*	34	21	*(37.2)%*	95.2%	98.4%
Other products	1 560	1 630	*4.5%*	196	442	*125.2%*	84.1%	68.5%
Impact of investment segment allocation	x	x	*x*	166	111	*(33.2)%*	x	x
Corporate Insurance - Poland	**1 030**	**1 381**	***34.1%***	**202**	**167**	***(17.3)%***	**82.6%**	**85.5%**
Motor TPL Insurance	222	345	*54.9%*	(2)	(2)	*x*	103.1%	98.3%
Motor Own Damage	335	421	*25.7%*	15	21	*41.7%*	95.3%	95.4%
Other products	473	615	*30.2%*	137	119	*(13.0)%*	60.7%	64.6%
Impact of investment segment allocation	x	x	*x*	52	29	*(43.8)%*	x	x
Total Life - Poland	**3 928**	**4 221**	***7.5%***	**840**	**777**	***(7.5)%***	**21.4%**	**18.4%**
Group and Continued ** - Poland	**3 390**	**3 429**	***1.2%***	**707**	**657**	***(7.1)%***	**20.9%**	**19.2%**
Individual - Poland	**538**	**792**	***47.2%***	**113**	**95**	***(15.9)%***	**21.0%**	**12.0%**
Conversion effect	x	x	*x*	20	25	*25.0%*	x	x
Total Non-Life - Ukraine & Baltica	**650**	**741**	***14.0%***	**32**	**46**	***43.8%***	**96.1%**	**93.6%**
Baltic states Non-life	**561**	**645**	***15.0%***	**25**	**41**	***64.0%***	**96.3%**	**93.5%**
Ukraine Non-life	**89**	**96**	***7.9%***	**7**	**5**	***(28.6)%***	**93.9%**	**95.0%**
Total - Life - Ukraine & Baltica	**41**	**47**	***14.6%***	**2**	**3**	***50.0%***	**4.9%**	**6.4%**
Lithuania Life	**24**	**28**	***16.7%***	**0**	**1**	***x***	**0.0%**	**3.6%**
Ukraine Life	**17**	**19**	***11.8%***	**2**	**2**	***0.0%***	**11.8%**	**10.5%**
Total - banks	**-**	**-**	**x**	**217**	**485**	**123.5%**	**x**	**x**

* Combined ratio (computed on net earned premium) presented for non-life insurance, operating profit margin (computed on gross written premium) presented for life insurance;

** Insurance result and margin net of conversion effects;

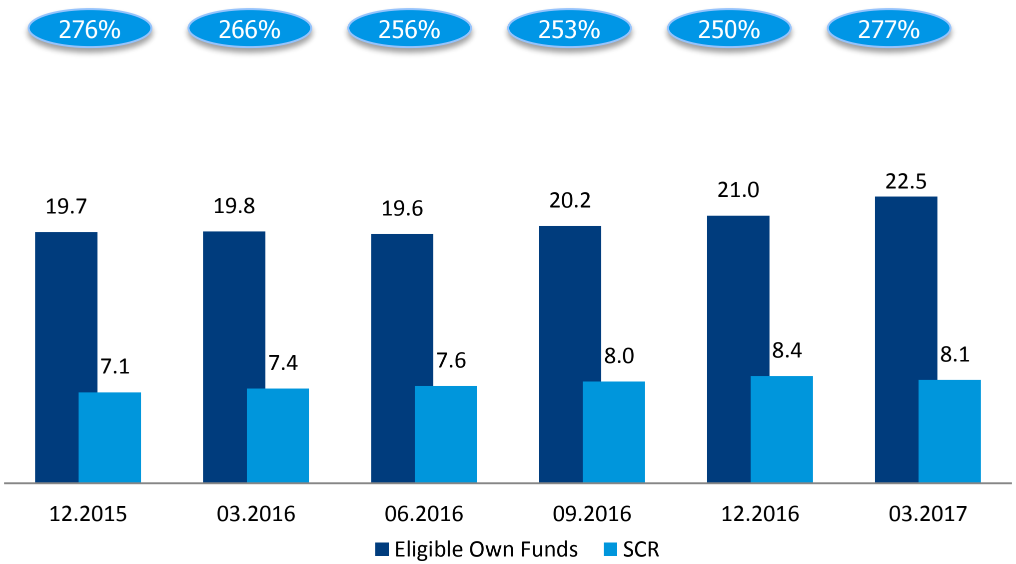
Group figures as at 31 March 2017 under Solvency II

Group solvency ratios

Group preliminary Solvency II data as at 31 March 2017

bn PLN, unaudited Group data

Solvency II (Group data)



- Solvency II own funds rose by PLN 1.5 bn, i.e. 7% during Q1.
- The main driver of the growth of own funds in Q1 was high operating and investment income, which comprises unrealized gains on HTM bonds for Solvency II purposes.
- The PZU Group's own funds are of very high quality. Approximately 99% of group own funds is classified as Tier 1 in Q1. PZU SA standalone Q2 own funds for include subordinated liabilities issued at the end of June and valued at 2.25 bn PLN.
- Standalone and group own funds as well as standalone and group solvency capital requirements are calculated in a different way. The main differences are related to listed subsidiaries like Alior Bank, which is valued at fair value for standalone solvency but on group level PZU's share of banking regulatory funds is used.
- Own funds as at 2016 year-end were adjusted with dividends declared by PZU in June 2017. Thus, the own funds are different from the amounts reported in the previous presentation.

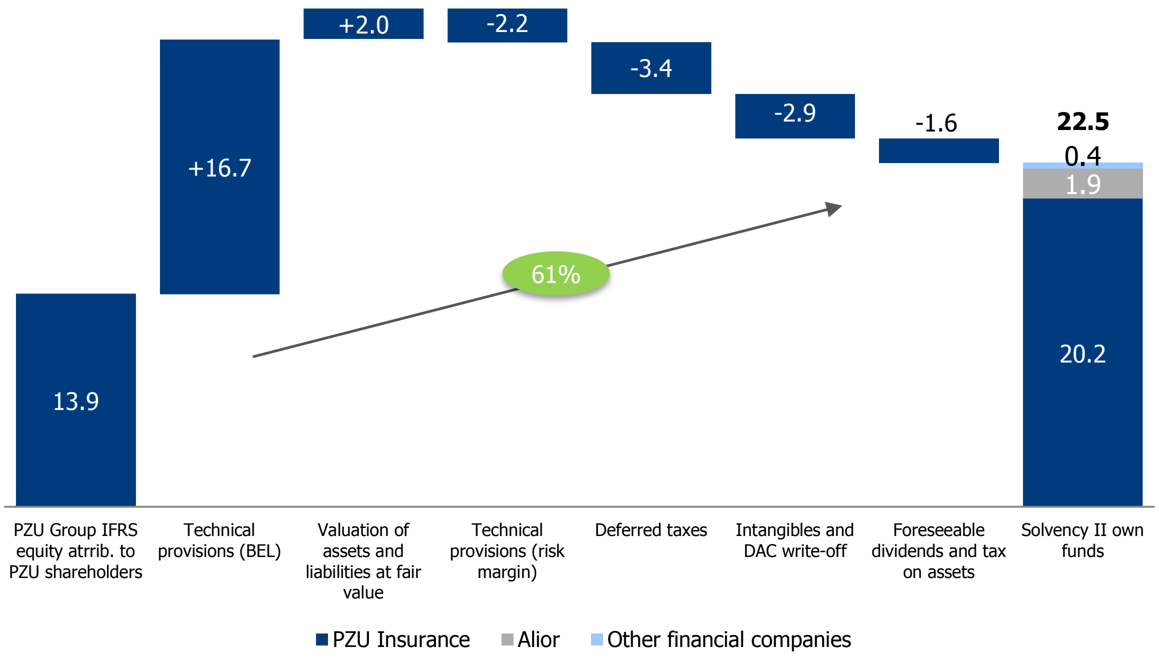
- Own funds to solvency margin / SCR coverage

Group's own funds

Preliminary Solvency II data as at 31 March 2017

bn PLN, unaudited data

Comparison of own funds and consolidated equity according to IFRS



Own funds according to Solvency II are calculated using the net assets carried in the Group's economic balance sheet. For the purpose of SII, the data of the insurance entities and entities rendering auxiliary activity such as Centrum Operacji, PZU Pomoc and PZU Zdrowie are subject to consolidation. The data of credit institutions (Alior Bank) and financial institutions (TFI, PTE) are not consolidated.

According to SII regulations:

- technical provisions are measured using the expected discounted cash flow (best estimate liability, BEL) adjusted for the risk margin;
- shares in entities belonging to other financial sectors (Alior Bank, TFI, PTE) are measured using the group's percentage of the regulatory capital of these entities prescribed according to a given sector's regulations;
- other assets and liabilities are measured at fair value*;
- deferred tax is calculated on the temporary differences between the valuation of assets and liabilities according to SII and IFRS.
- the following is subtracted from own funds according to SII:
  - the amount of foreseeable dividends**;
  - the forecasts of the amount of tax on assets expected to be paid by regulated undertakings over the 12 months after the balance sheet date (according to the letter from the Polish FSA).

* Intangible assets and deferred acquisition costs whose value for the purposes of SII is zero are an exception.

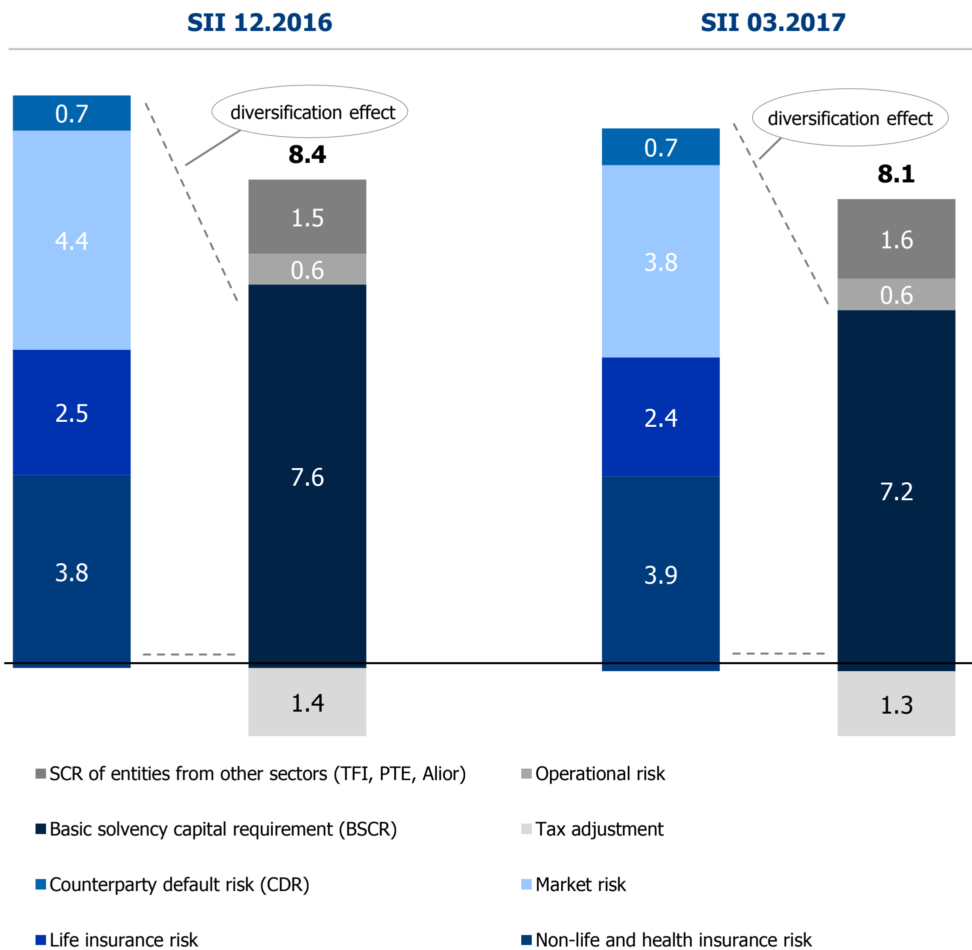
** The adjustment for anticipated dividends will be recognized based on the Management Board's recommendation regarding the distribution of the result.

x% - Percentage change

The Group's solvency capital requirement

Preliminary Solvency II data as at the end of 2016 and Q1 2017

bn PLN, unaudited data



The Solvency Capital Requirement (SCR) is calculated using the standard formula and it includes, among others, the following risks: actuarial, market, counterparty solvency and operating. In the SCR calculation the PZU Group does not take advantage of the transitional regulations that in the case of some European entities "soften" the consequences of switching over to the new regime.

The requirements of financial entities (TFI, PTE, Alior Bank and Pekao in the near future) are depicted according to the rules for a given sector and are not adjusted for diversification.

The solvency requirement fell by 0.3 bn PLN in Q1 i.e.by 4%. The main reasons for the fall of the Group's SCR were as follows:

- higher balance of more liquid financial assets with lower capital charges, which is related to the acquisition of Pekao;
- reduction of investments made by unconsolidated investment funds for which look-through approach is not allowed and consequently higher capital charges are used.

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As the presentation of amounts in the consolidated financial statements has been modified to state millions of PLN instead of thousands of PLN, which has been the case to date, some amounts and ratios in this presentation may differ from the figures stated in the presentation of the PZU Group's financial results last year on account of the necessity to round them.