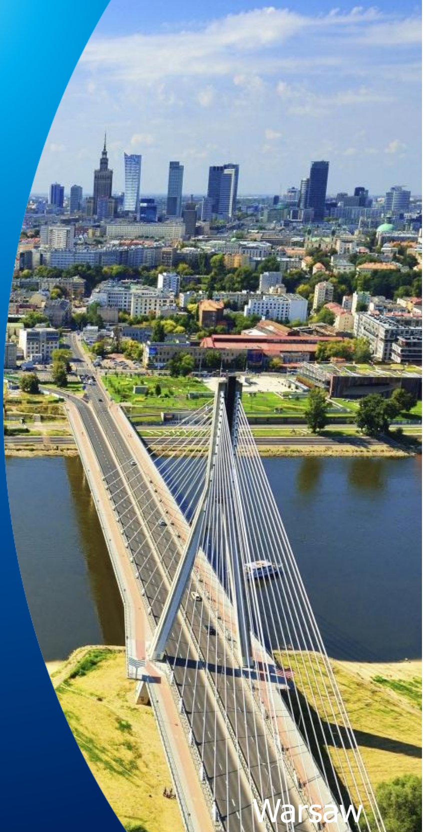
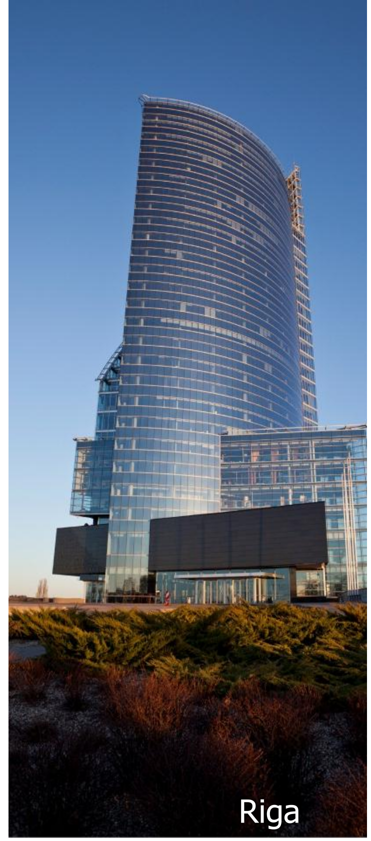
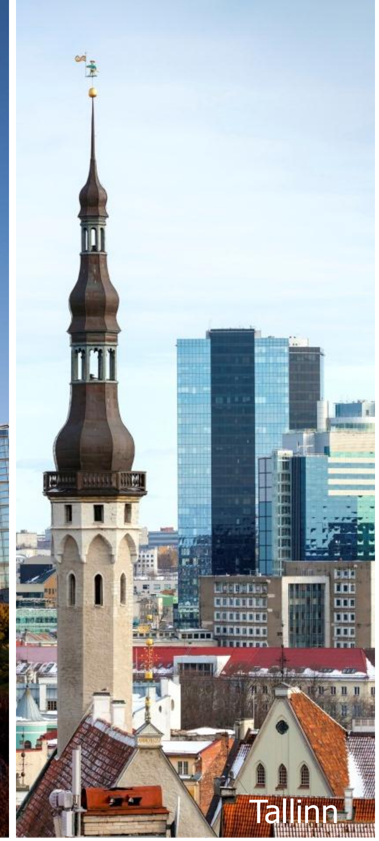






PZU Group's financial results for Q3 2016

Warsaw, 10 November 2016

Agenda

1. The most important drivers of the PZU Group's financial results for Q3 2016
2. The Group's strategy for 2016-2020
3. Recap of the PZU Group's financial results for Q3 2016
4. Operating results for Q3 2016
5. Detailed financials
6. The Group's preliminary data as at 30 June 2016 according to Solvency II

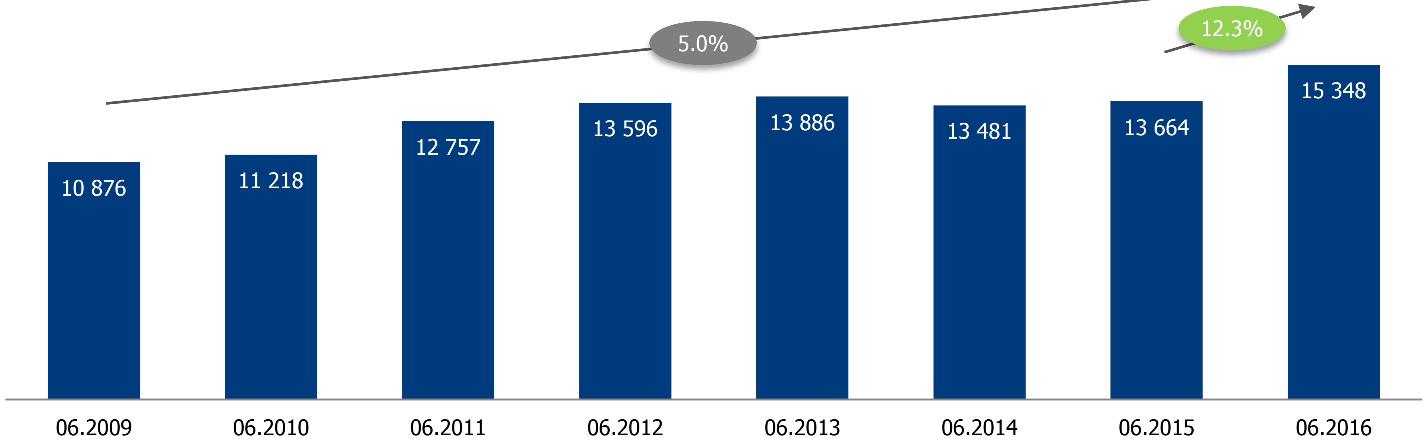
The most important events and drivers of the results for Q3 2016

- ⊕ PZU’s retention of its A- rating and removal of PZU’s rating from the Watchlist
- ⊕ Market share in life and non-life insurance up significantly
- ⊕ Cost discipline despite portfolio expansion
- ⊕ Maintain high profitability of group and individually continued insurance

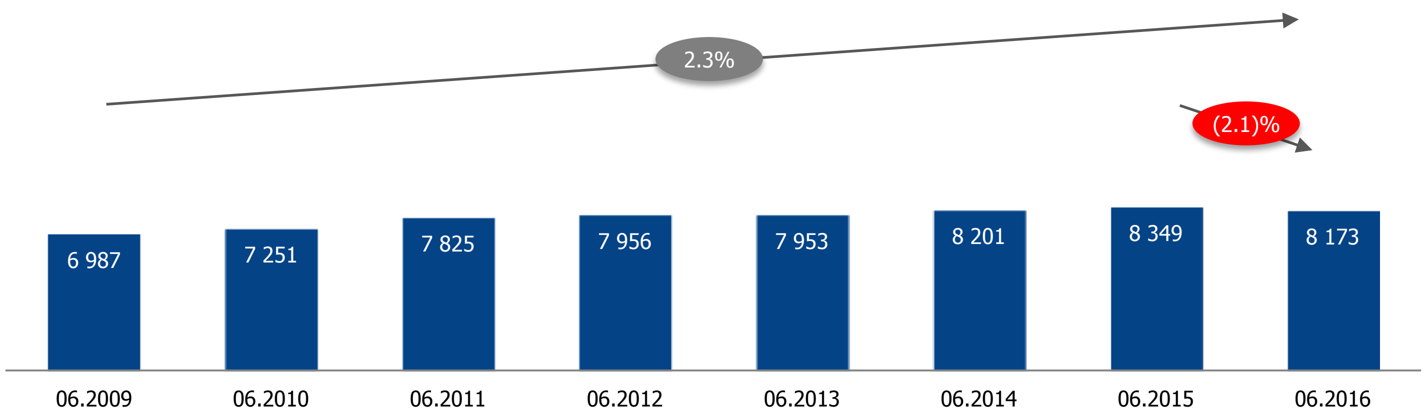
- ⊖ Higher claim frequency in motor insurance and softer performance in crop insurance
- ⊖ Continued adverse impact of the revaluation of the equity stake in the Grupa Azoty

Insurance market in Poland

Gross written premium in non-life insurance (m PLN)



Periodical gross written premium in life insurance (m PLN)

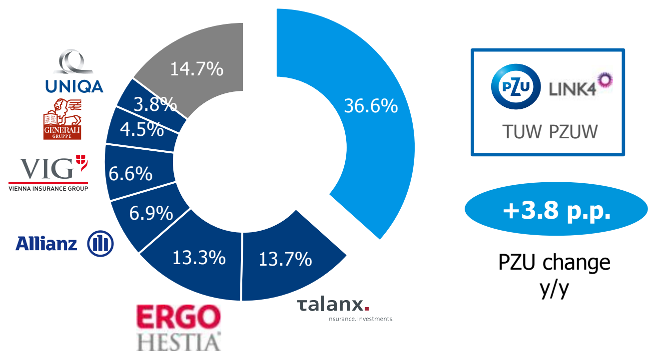


xx% - CAGR

x% - Change year to year

Market share in life and non-life insurance in Poland up significantly

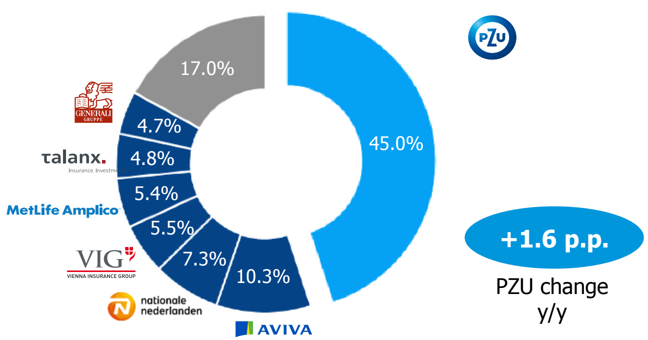
Non-life insurance



- PZU Group's strong market position in motor own damage insurance with a market share of **42.5%*** and motor TPL with a market share of **40.8%***.
- The PZU Group's share in the non-life insurance market in H1 2016 is **36.6%*** (of which PZU has **34.3%***; Link4 has **2.0%*** and TUW PZUW has **0.4%***).
- The PZU Group's technical result stated as a percentage of the overall market's technical result is **>100%*** (the PZU Group's technical result is 240.7 m PLN while the overall market's technical result is 114.0 m PLN).

** According to the Polish FSA's Q2 2016 report; the market and market shares including PZU's inward reinsurance of Link4 and the TUW mutual.*

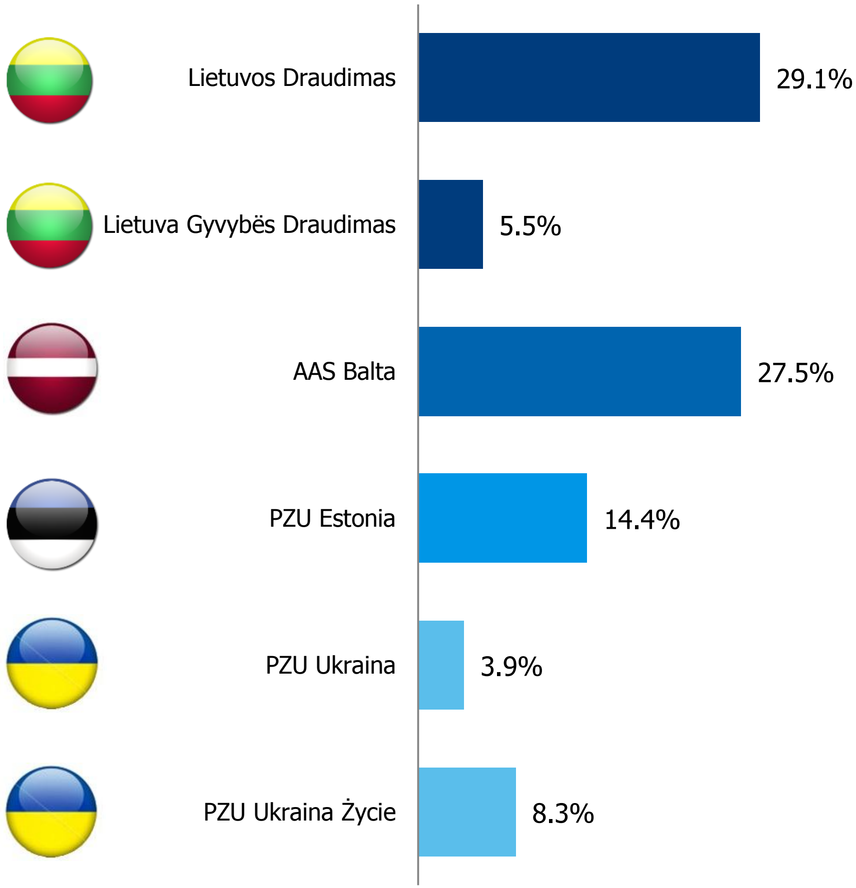
Life insurance (periodical premium)

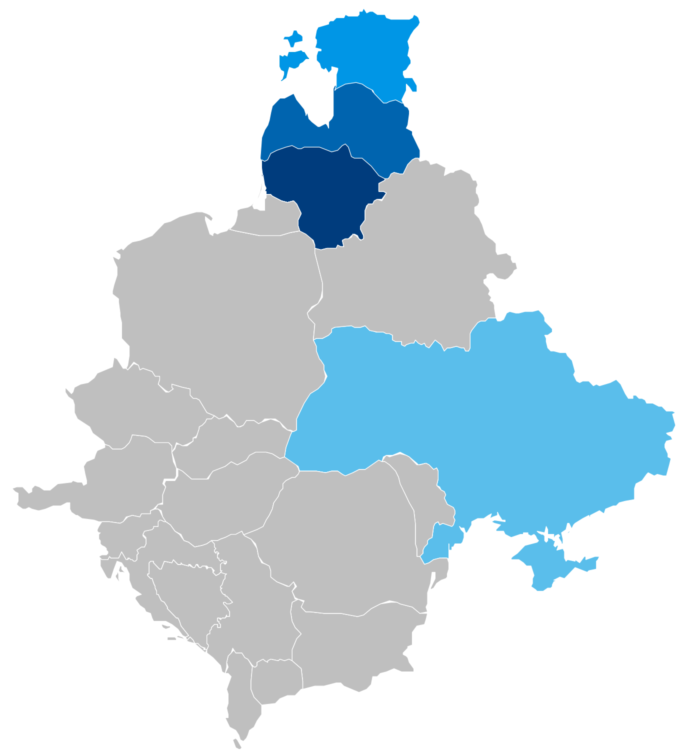


- In H1 2016 the y/y decline in the periodical gross written premium generated by the overall market net of PZU was **-4.9%**, while in the same period PZU posted growth of **1.5%**.
- This translated into material growth in PZU Życie's periodical premium market share up to **45.0%** at the end of Q2 2016 (its highest level since 2010).
- At the same time, the new information reported by the Polish FSA made it possible to determine that PZU's market share of periodical premium for life insurance (class 1) was **67.4%** in H1 2016 while for group insurance in the same class it was **65.8%.**
- PZU Życie posted high profitability in terms of its technical result in comparison to other market players – the margin commanded by PZU Życie was more than twice the average margin reported by its competitors **– 18.7%** as opposed to the other insurers **8.1%**.

The PZU Group is the insurance leader in the Baltic States

PZU in the CEE region



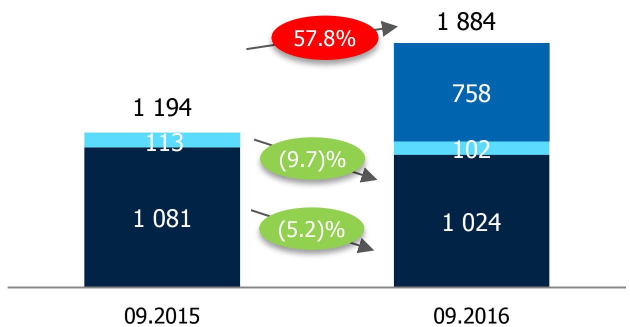


* Market share in Ukraine and Latvia for Q2 2016, for Lithuania and Estonia for the period from January to August 2016.

Cost discipline - lower administrative expenses in the insurance business in Poland

m PLN

PZU Group's administrative expenses



- The y/y increase in the PZU Group's administrative expenses was driven by commencing the consolidation of Alior Bank.
- The decline in the costs of the newly-acquired insurance companies was due to lower costs (IT among others) posted by the Baltic companies and Link4.
- A positive effect was recorded in operations to date in comparison to the corresponding period of last year in the insurance activity segments in Poland in connection with maintaining high cost discipline - a drop in administrative expenses by PLN 23.8 m PLN. In addition, the impact exerted by divesting from PZU Lithuania in H2 2015 thereby contributing to lower y/y costs was visible.

Activity to date

Impact exerted by the newly-acquired insurance companies

Bank

Administrative expense ratio in the insurance business

- The declining administrative expense ratio in Poland was driven mainly by maintaining cost discipline.
- At the same time, the improving administrative expense ratio in international companies achieved as an offshoot of divesting from PZU Lithuania in H2 2015 and lower costs (IT among others) posted by the Baltic companies belonging to the PZU Group in 2016.

Polish insurance companies

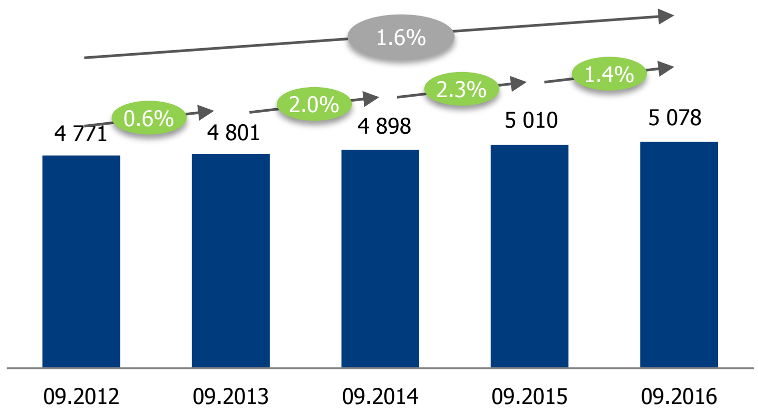
International insurance companies

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

x% - Change year to year

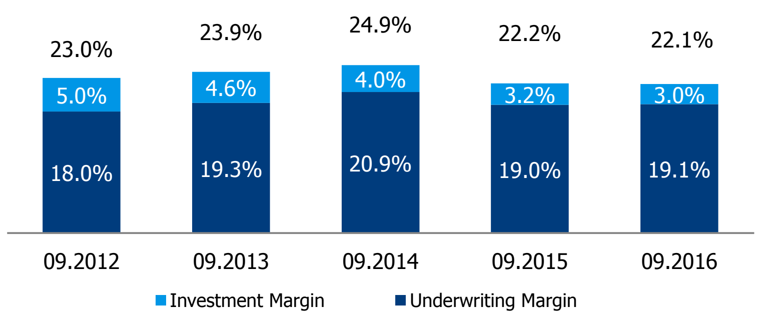
Maintain high profitability of group and individually continued insurance

Gross written premium (m PLN)



- Lessening the pressure on the premium growth rate making it possible to control the loss ratio.
- New riders to group and continued insurance and modification of existing policy terms and conditions exerting a positive impact on the growth rate and profitability.
- Rising share of health insurance premiums.
- Lower sales of protection insurance in the banking channel.

Margin (%)*



- The margin in Q3 was 24.4%, signifying growth in comparison with the previous quarter by 0.7 p.p. despite the falling profitability of investing activity and the constant pressure exerted by the competition.
- Containing the pace of growth in the loss ratio in group insurance by concentrating on business profitability.
- Rising positive impact of new individual continuation.
- Improvement in the profitability of protection insurance driven by new riders.
- Climbing contribution made by the health insurance margin.
- Cost savings.

* Operating margin net of the conversion effect

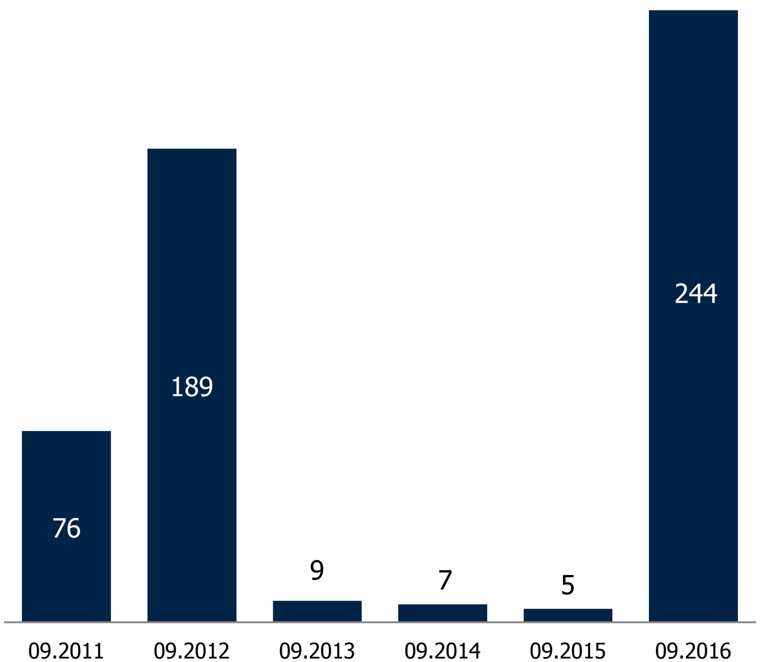
xx% - CAGR

x% - Change year to year

Adverse consequences of ground frost in crop insurance

m PLN

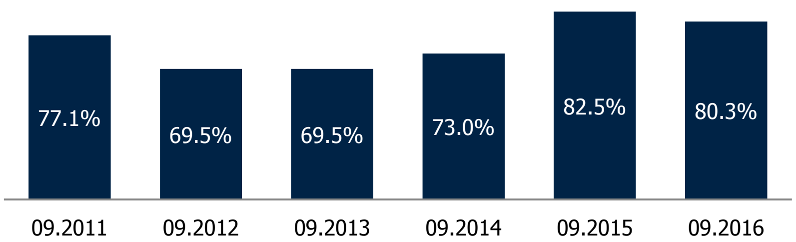
Claims of adverse consequences of ground frost



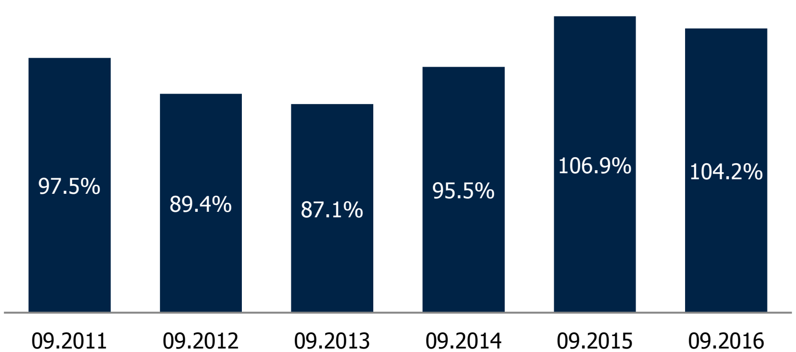
- The adverse consequences of ground frost signify losses caused by crops being affected by frost or wetness from the beginning of December to the end of April leading to partial or total crop loss.
- Freezing temperatures coupled with the simultaneous absence of snow cover pose the greatest threat to crops. Sudden warm spells causing thaws followed by recurring frosts are not conducive to the wintering of crops. In addition, when water from melting snow stands on the ground or when snowdrifts persist too long and there are frequent temperature changes in the early spring, this precipitates losses considered to be the consequences of ground frost.
- These types of losses exhibit irregular development over time - various years may vary widely in terms of how pronounced this phenomenon is. It is estimated that in Poland in the 2012 winter season roughly 25% of all the land sowed with winter grain crops was destroyed (more than 30% in the case of rapeseed), while in subsequent years the impact exerted by the adverse effects of ground frost was inconsequential.
- Losses pertain to winter crops and, to a large extent, contracted rapeseed crops. The destroyed crops are customarily re-sewn in the spring (additional gross written premium) while they generate additional risks in the summer period (excessive precipitation, hail and hurricane).

Low profitability of the motor insurance portfolio

Loss ratio in motor insurance (Poland)*



Combined ratio (COR) in motor insurance (Poland)*



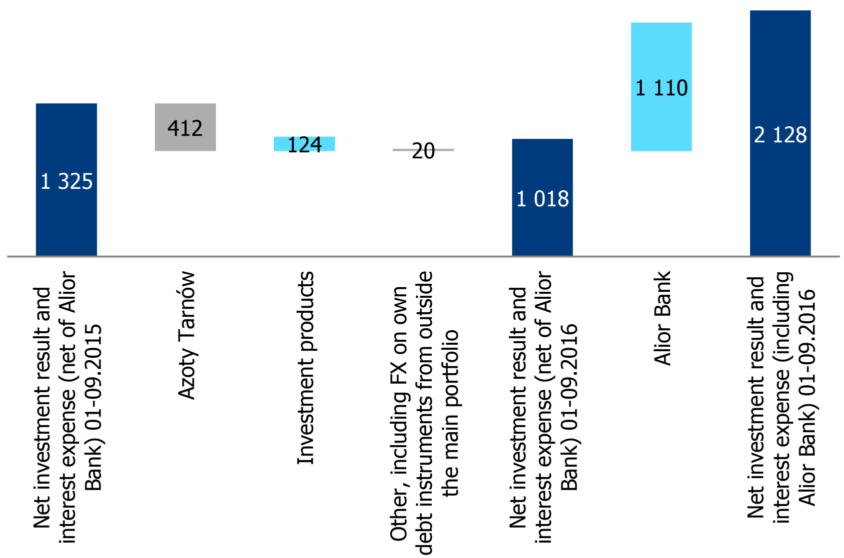
** excl. intragroup transactions*

- Following the price war from 2005 to 2010 (that ended after flooding in 2010), the overall motor insurance market started to improve. Another price war ensued shortly thereafter...
- --- that is visible in the market's current technical results: the decrease in the technical result posted by the insurance market on direct activity in Poland by 398 m PLN (at the end of Q2) is primarily the outcome of deteriorating results in the motor TPL insurance group (technical result suppressed by 280 m PLN y/y; crop insurance also exerted a major impact under non-life insurance group 9 – the technical result plunged by 236 m PLN y/y).
- The downturn in the result of motor TPL insurance is chiefly the effect of higher claims and benefits (up 198 m PLN vs 2015) as a result of the Polish FSA's recommendations leading to a higher average claim value and a gradual increase in claim frequency coupled with a persistently low level of earned premiums brought on by price competition (the effects of price hikes instigated at the end of 2015 still not being visible - gross written premium surged upward by 25.7% y/y while premium earned edged up by 0.4% y/y).
- PZU (incl. Link4) is in a more favorable position than its competitors (at the end of Q2 2016 the technical result in the 10th insurance group (motor TPL) was -121.8 m PLN while the rest of the market posted a result of roughly -484.7 m PLN), but it has also born the brunt of the Polish FSA's recommendations (implemented in Q1 2015). The effects of these hikes taking the form of higher premium earned are now partially visible (also in the growth of gross written premium) and will be more noticeable in subsequent periods.

Continued adverse impact of the revaluation of the equity stake in Grupa Azoty

m PLN

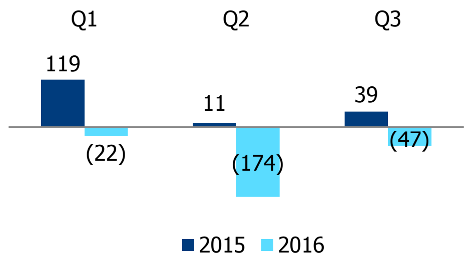
Change in net investment result following the recognition of interest expense (m PLN)



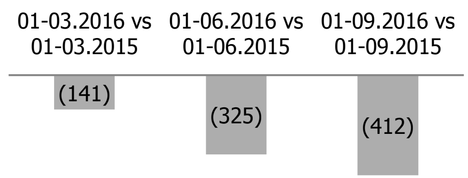
The net investment result (net of Alior Bank) including the interest expenses in the first 9 months of 2016 fell chiefly following:

- the decline in the value of the stake held in Grupa Azoty;
- the improved performance in the portfolio of assets covering investment products, including in particular funds in the unit-linked portfolio, however with no effect on the PZU Group's result.

Impact on MSSF result of the valuation of the stake in Grupa Azoty (quarterly)



Cumulative change in the valuation of the stake in Grupa Azoty (quarterly)



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Key metrics of the Strategy for 2016-2020

ROE[1]	
09.2016	2020
13.8%	**18%**

BUSINESS SIZE

Segment	Metric	09.2016	2020
NON-LIFE INSURANCE	PZU Group's market share[2]	**36.6%**	**35%**
LIFE INSURANCE	Number of clients in PZU Życie (million)	**11.2**	**11.0**
INVESTMENTS	Assets of third party clients under management (bn PLN)	**25.3**	**50**
HEALTH	Revenues (m PLN)	**240.6**	**1.000**
BANKING	Assets (bn PLN)	**46**	**140**

BUSINESS PROFITABILITY

Segment	Metric	09.2016	2020
NON-LIFE INSURANCE	Combined ratio[3]	**95.5%**	**92%**
LIFE INSURANCE	Operating margin in group and individually continued insurance	**22.1%**	**>20%**
INVESTMENTS	Net result on third party asset management (m PLN)	**62.3**	**200**
HEALTH	EBITDA margin	**9.4%**	**12%**
BANKING	Net financial result attributed to the PZU Group (m PLN)	**82**	**450**

Cutting fixed expenses (m PLN)	
09.2016	2018
62	**400**

Surplus rate of return on own portfolio above the RFR	
09.2016	2016-2020[4]
0.7 p.p.	**2.0 p.p.**

GROUP OBJECTIVES

Metric	Base		Target	
Solvency II solvency ratio[5]	09.2016	**256%**	2020	**>200%**
NPS for Retail Client vs. competition	09.2016	**+7.8 p.p.**	2020	**> competition**
Number of products per Retail Client	09.2016	**1.51**	2020	**1.64**
Employee commitment index	2014[6]	**49%**	2020	**55%**

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 Last year audited

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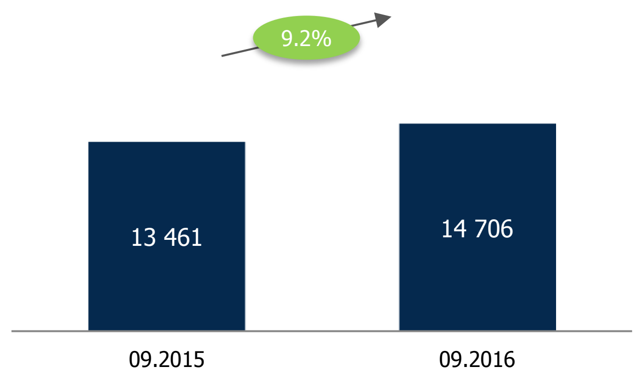
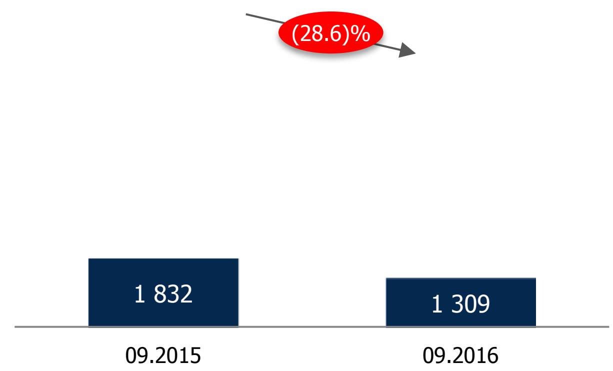
Net profit affected by the revaluation of the equity stake in Grupa Azoty

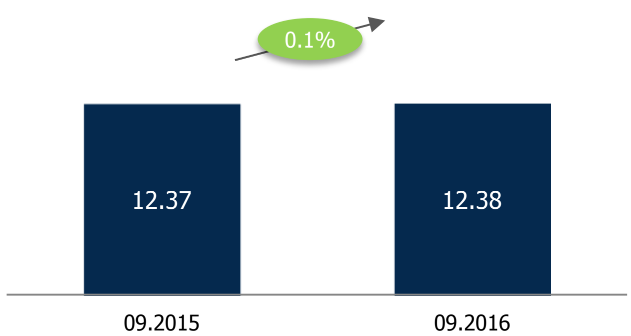
Gross written premium (m PLN)



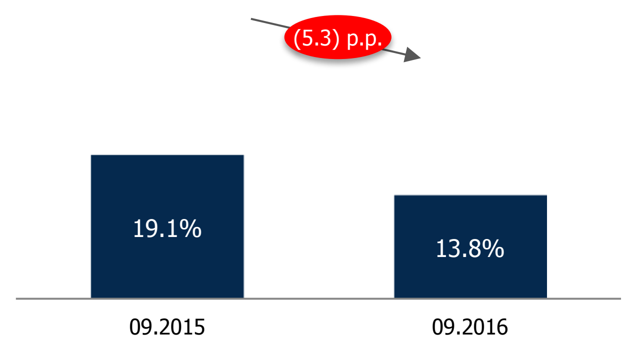
Net profit – parent company (m PLN)



Equity – parent company (bn PLN)



Return on equity (ROE) – parent company (%) *



x% - Change year to year

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

Agenda

Operating results for Q3 2016

Non-life insurance

- **Suppressed profitability due to the following:**
  - significantly higher y/y level of claims and benefits in the agricultural insurance portfolio as a consequence of the adverse effect of ground frost in Q1 and hail storms in the summer;
  - persistently low profitability of the motor insurance portfolio – the noticeable repercussions of fierce price competition in recent years (effect of the Polish FSA's guidelines under implementation since 2015 among others).

Life insurance

- **Maintenance of profitability** - growth in profitability in the group and individually continued insurance segment compared to Q2 and its stable level compared to last year – loss ratio down in protection insurance, cost savings and measures concerning individual continuation to enhance business profitability on an ongoing basis.

International companies

- **Sales growth** in all the insurance companies currently belonging to the PZU Group's portfolio - up by a total of +15.6% in the Baltic States segment and +32.8% in the Ukraine segment.
- Higher results of foreign insurance companies driven inter alia by lower insurance activity expenses in the Baltic States
- PZU Lithuania sales result amounted to **165,5 m PLN** in Q3 2015.

Bank segment

- Alior Bank's **purchase** of a spunoff portion of **Bank BPH** (net of the portfolio of mortgage loans denominated in CHF).
- **Alior Bank's rights offering** worth 2.2 bn PLN in June 2016 - the largest public offering on the Warsaw Stock Exchange since 2013.
- Contribution to the PZU Group's consolidated result of **282.2 m PLN** in the three quarters of 2016.

Investments

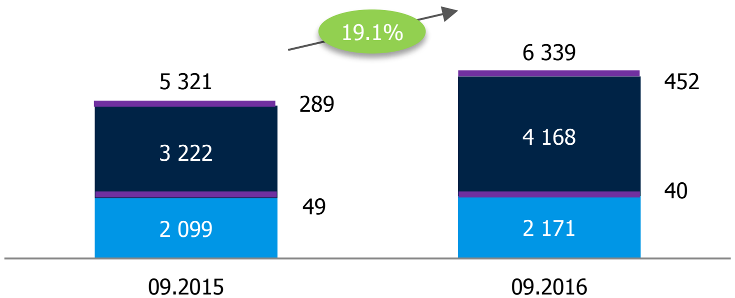
- **Net result on investing activity (net of Alior Bank) fell chiefly following**:
  - decline in the value of the equity stake held in Grupa Azoty;

  offset by the improved performance in:
  - the portfolio of assets to cover investment products;
  - interest-bearing financial instruments portfolio.

Non-life insurance
Growth in motor insurance sales

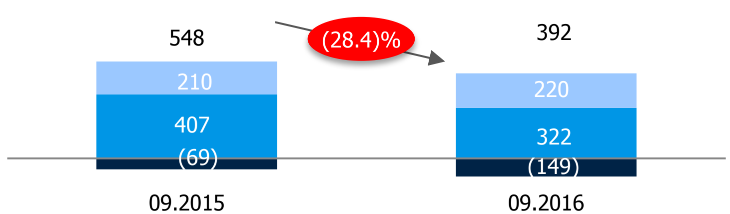
Mass segment

Gross written premium (m PLN)



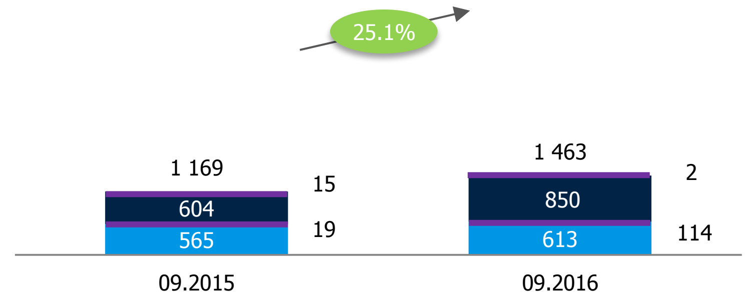
Combined ratio (%)

Operating profit (m PLN)

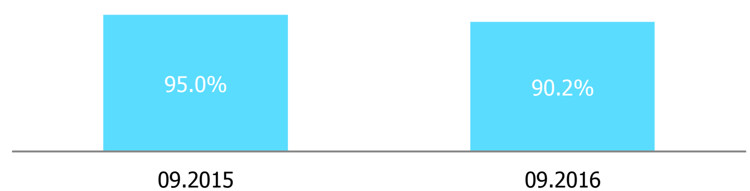


Corporate segment

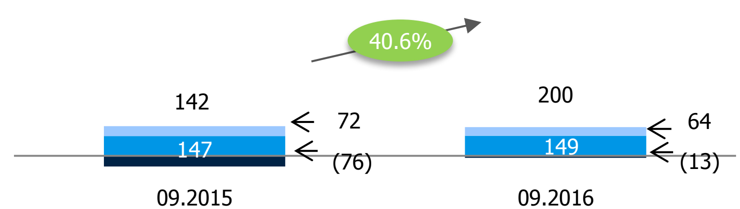
Gross written premium (m PLN)



Combined ratio (%)



Operating profit (m PLN)



Motor insurance

Link4 + TUW PZUW

Non-motor insurance

Impact exerted by investment income allocated from 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 an effect of the following:

- increased written premium in motor insurance (+29.4% y/y) as an effect of higher average premium following from gradually introduction price hikes;
- higher premium for fire insurance and other property losses (+5.3% y/y), including PZU DOM household insurance and agricultural insurance despite the extensive competition on the market (chiefly subsidized crop insurance);
- higher premium in the other TPL insurance group (+6.1% y/y) offered to small and medium-sized enterprises and as part of strategic partnership.

Operating profit down primarily driven by the following:

- higher level of claims and benefits in the insurance group:
  - for other damage to property, chiefly including insurance for subsidized crop insurance as an effect of the occurrence of numerous losses caused by the forces of nature (adverse effects of ground frost in Q1 and hail storms in Q3);
  - motor TPL insurance, mainly as a result of the rising frequency of claims and higher level of provisions for claims.
- higher insurance activity expenses as the outcome of the following:
  - rising acquisition expenses due to higher direct acquisition expenses (also due to increasing sales);
  - lower administrative expenses driven by demonstrating cost discipline among other in training, marketing and real estate.

Corporate segment

Higher gross written premium y/y as an effect of the following:

- motor insurance sales growth (+40.7% y/y) offered to leasing companies and in fleet insurance (mainly MOD insurance) as a consequence of the higher average premium and the number of insurance policies;
- higher premium in insurance against fire and other property damage (+7.7% y/y) – conclusion of two agreements with large entities from the power and coal sectors.

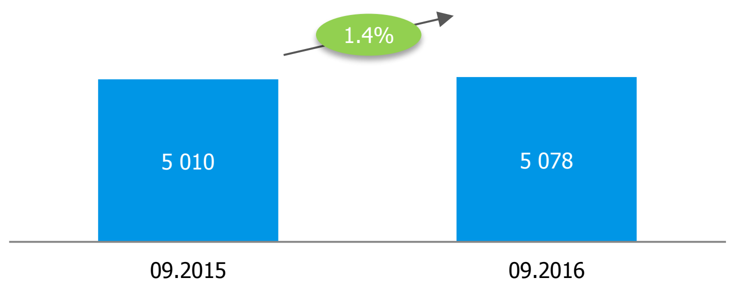
Operating profit up in connection with the following:

- incremental increase in net earned premium (+12,1%) – the result of higher sales;
- lower level of claims and benefits in general TPL insurance and motor TPL. This effect has been partially offset by the higher level of claims and benefits in the motor own damage insurance group, various financial losses and fire insurance;
- higher insurance activity expenses as a consequence of the following:
  - rising acquisition expenses - due to the higher level of direct acquisition expense (also due to increasing sales);
  - lower administrative expenses driven by demonstrating cost discipline.

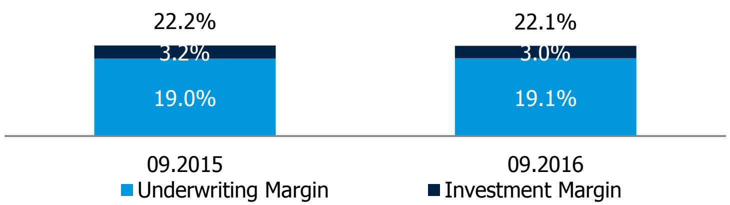
Life insurance
High operating profit margin

Group and continued insurance segment

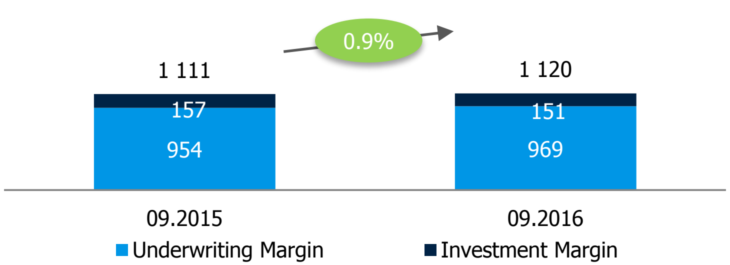
Gross written premium (m PLN)



Margin (%)*

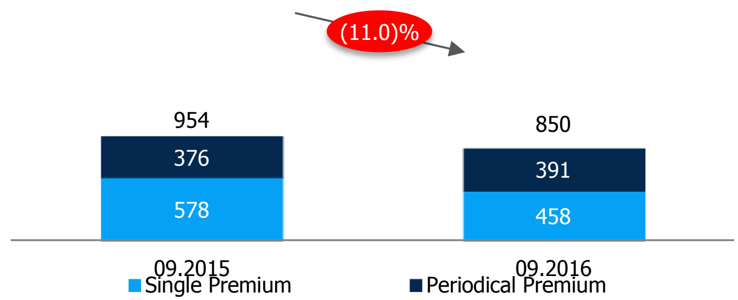


Operating profit* (m PLN)



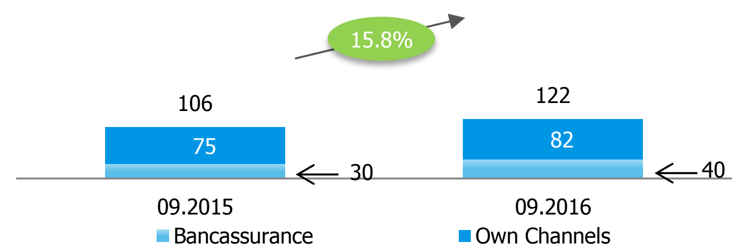
Individual insurance segment

Gross written premium (m PLN)



Margin (%)

Annual premium equivalent (m PLN)



* Margin and operating profit net of conversion effect

x% - Change year to year

Recap – life insurance

Group and continued insurance segment

Drivers of higher gross written premium:

- growth in group protection insurance - higher average premium and average number of riders per insured;
- rapid growth in group health insurance - new clients in outpatient insurance and sales of different options of the medicine product;
- upholding the policy of up-selling riders while concurrently indexing premiums in the underlying main contracts in individually continued products.

High level of operating profit driven by the following:

- nominal growth in the size of the insurance portfolio;
- protection portfolio loss ratio down due to the lower mortality ratio (confirmed by statistics published by the Central Statistics Office [GUS] on a similar effect in the entire population);
- movements in the composition of people enrolling in the individual continuation portfolio yielding lower growth in mathematical provisions;
- company's lower operating expenses driven by demonstrating cost discipline, among others in real estate, training and marketing expenses.

Individual insurance segment

Gross written premium down driven by the following:

- lower contributions to the *unit-linked* insurance accounts offered jointly with Banki Millennium;
- suppressed subscriptions for the structured product in the dedicated channel compared to last year's record-breaking achievement;
- continued decline in contributions in the *Plan na Życie* unit linked product, which was withdrawn from sale at the end of 2014.

In turn, the following factors produced a positive outcome:

- high sales of individual protection products, especially in PZU Group branches;
- launch of a new unit-linked product called *Cel na Przyszłość [Goal for the Future]* at yearend 2015.

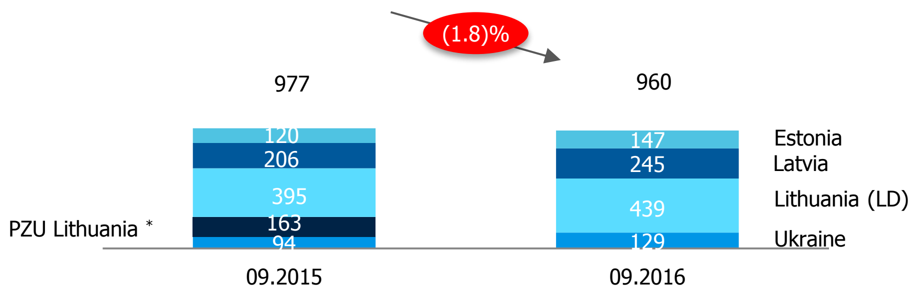
Sales channels:

- rising new sales in the bancassurance channel driven by the conversion effect of protection products from group into individual coupled with the sustained level of new unit-linked sales;
- growth in the traditional channel as a result of the launch of a new unit-linked product called *Cel na Przyszłość [Goal for the Future]* at the end of last year and higher sales of individual protection products, especially by PZU Group branches partially offset by the lower sales of the structured product (record-breaking subscriptions during last year).

International business
Higher result driven by lower insurance activity expenses in the Baltic States

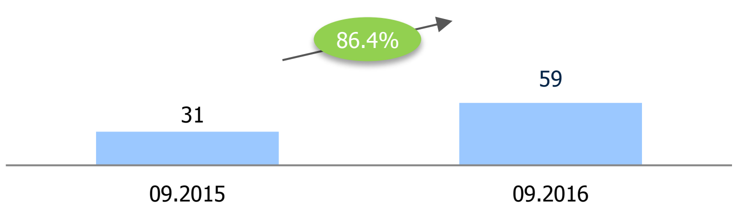
Non-life insurance

Gross written premium (m PLN)



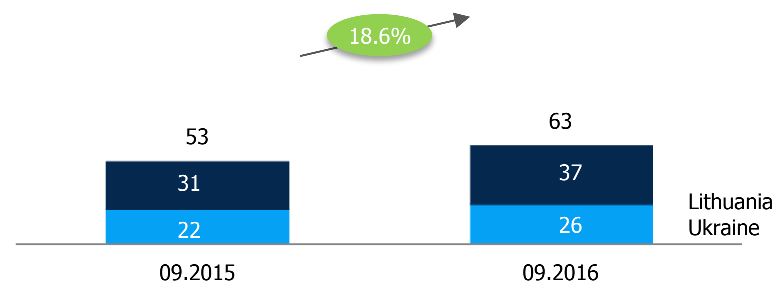
Combined ratio (%)

Operating result (m PLN)



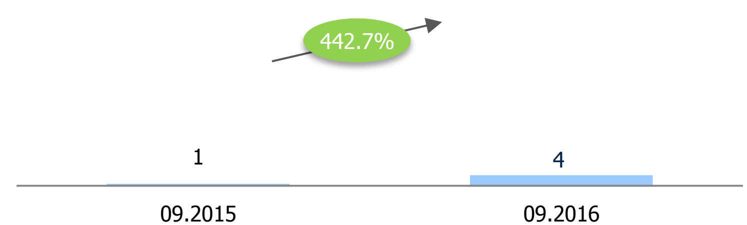
Life insurance

Gross written premium (m PLN)



Margin (%)

Operating result (m PLN)



* PZU Lithuania net of the branches in Latvia and Estonia;

x% - Change year to year

Recap – international business

Gross written premium

Non-life insurance

- Rapid growth in the gross written premium generated by respective insurance companies acquired in 2014:
  - Lithuanian market leader Lietuvos Draudimas: 439 m PLN (last year: 395 m PLN);
  - Latvian market leader AAS Balta: 245 m PLN (last year: 206 m PLN)l
  - Estonian branch of PZU Insurance: 147 m PLN (last year: 120 m PLN).
- Slight decrease in the total gross written premium of the Baltic States segment since PZU Lithuania made a major contribution to last year's gross written premium (the divesture of PZU Lithuania took place on 30 September 2015). Giving consideration solely to the companies that are currently making a contribution to the result, the growth in premium would be 15.4% y/y.
- Gross written premium up 37.0% in Ukraine (55.8% in the functional currency). The higher gross written premium is driven chiefly by signing a contract with a new corporate partner.

Life insurance

- Gross written premium in Lithuania up 20.9% chiefly driven by higher endowment sales and cooperation with Lietuvos Draudimas;
- Sales in Ukraine up 15.5% in individual and group insurance.

Operating results

Non-life insurance

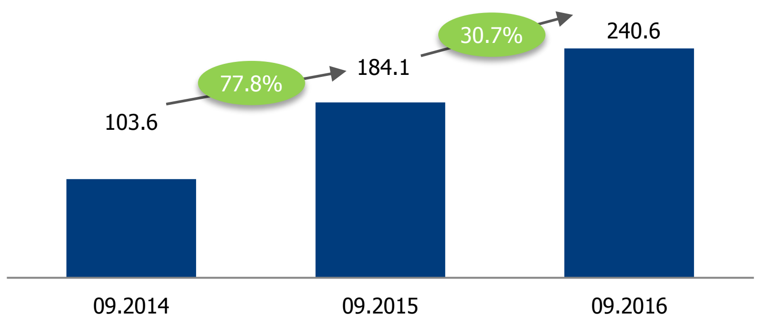
- Combined ratio decline as a result of the following:
  - savings mostly in IT among the companies belonging to the Baltic States segment;
  - lower loss ratio y/y as a result of divesting from PZU Lithuania in H2 2015 as well as lower loss ratio in Ukraine (especially in property, travel and health insurance). Partially offset by the growth in this ratio in Estonia and Lithuania among others as the effect of growth in large claims and higher frequency (outcome of bad weather conditions in the winter of 2016);
- Operating result up (+21 m PLN) in non-life business thanks to the positive results generated by the newly-acquired companies in the PZU Group's portfolio (as a result of lower insurance activity expenses) accompanied by the absence in 2016 of the adverse impact exerted by PZU Lithuania's results.

Life insurance

- Higher operating result (+1.8 m PLN) in life insurance mainly thanks to the higher margin in Ukraine.

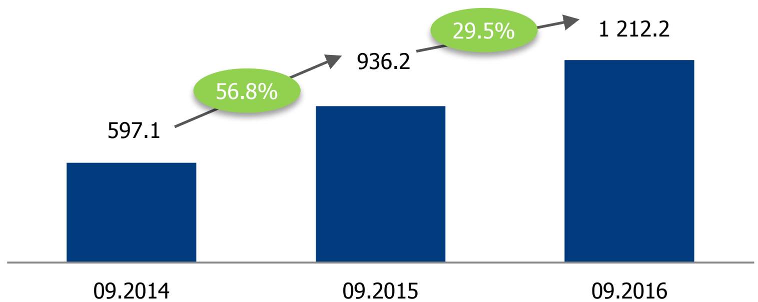
Health
Rapid growth in health care in excess of 1 million clients

Revenues in health (m PLN)*



- Another year of rapid health insurance growth – pace of revenue growth equal to 30.7%.
- Offer expanded to include health subscriptions (2015).
- Development of proprietary medical centers.
- New acquisitions of medical centers expanding geographic coverage and client accessibility to PZU's proprietary network.

Number of health insurance clients (000s)



- Rapid growth in this area – acquiring new clients and expanding participation among current clients.
- Enrolling more than 120 thousand police officers in the insurance.

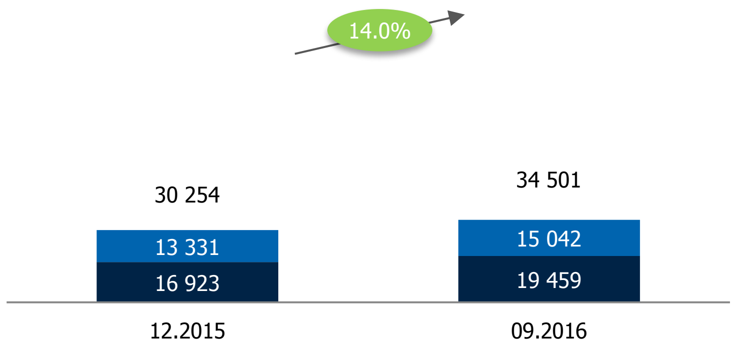
* Gross written premium, subscription revenues and medical centers presented by equity stake (Proelmed - 57.00%, Gamma - 60.46%) and regardless of the time of the company's acquisition

x% - Change year to year

Alior Bank
Positive growth rate in credit receivables

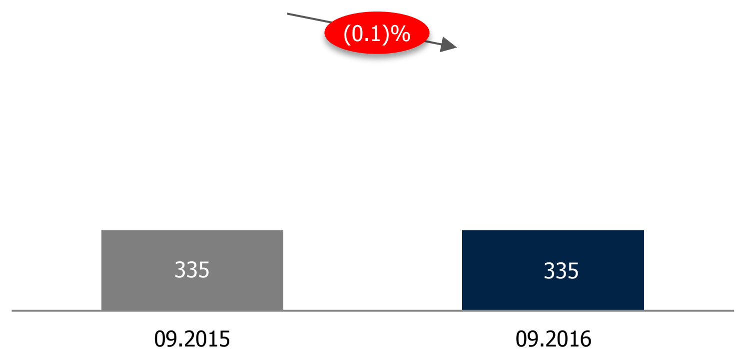
Portfolio composition | **Bank segment**

Loan portfolio by segment (m PLN)



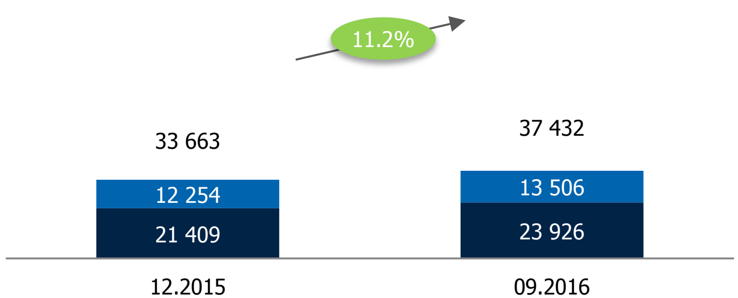
■ Retail segment ■ Corporate segment

Operating profit (m PLN)



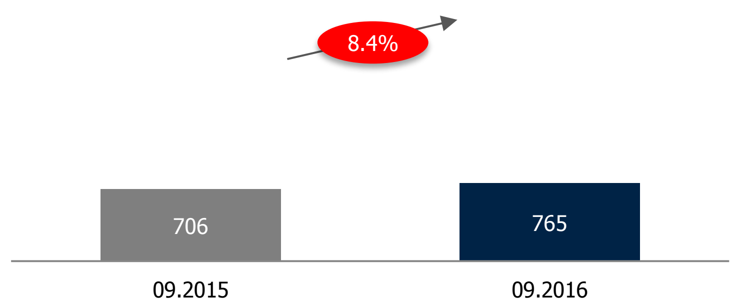
■ Highlighs, Alior Bank subject to consolidation as of 18 December 2015

Liabilities to clients (Deposit base) by segment (m PLN)



■ Retail segment ■ Corporate segment

Administrative expenses (m PLN)



■ Highlighs, Alior Bank subject to consolidation as of 18 December 2015

x% - Change year to year

Agenda

Key financial highlights

m PLN, IFRS	Q1-Q3 2015*	Q1-Q3 2016	*Change YoY*	Q3 2016	Q2 2016	*Change Q3 2016 over Q2 2016*
Profit and Loss Statement						
Gross Written Premium	13 461	14 706	*9.2%*	4 844	5 061	*(4.3)%*
Premium Earned	13 118	13 784	*5.1%*	4 799	4 668	*2.8%*
Net investment Result	1 410	2 703	*91.7%*	1 247	473	*163.4%*
Interest Expenses	(85)	(575)	*x*	(178)	(197)	*(9.7)%*
Operating Profit	2 280	1 960	*(14.0)%*	910	333	*173.2%*
Net Profit	1 832	1 508	*(17.7)%*	718	230	*212.0%*
Parent Company Net Profit	1 832	1 309	*(28.6)%*	649	166	*290.6%*
Balance Sheet						
Parent Company Equity	12 366	12 377	*0.1%*	12 377	11 771	*5.1%*
Total Assets	67 501	112 914	*67.3%*	112 914	112 945	*(0.0)%*
Principal Financial Ratios						
ROE**	19.1%	13.8%	*(5.3) p.p.*	21.5%	5.3%	*16.2 p.p.*
Combined Ratio***	95.1%	95.5%	*0.4 p.p.*	99.0%	91.5%	*7.5 p.p.*
Leverage ratio****	18.1%	30.9%	*12.8 p.p.*	30.9%	32.4%	*(1.5) p.p.*

* Restated data

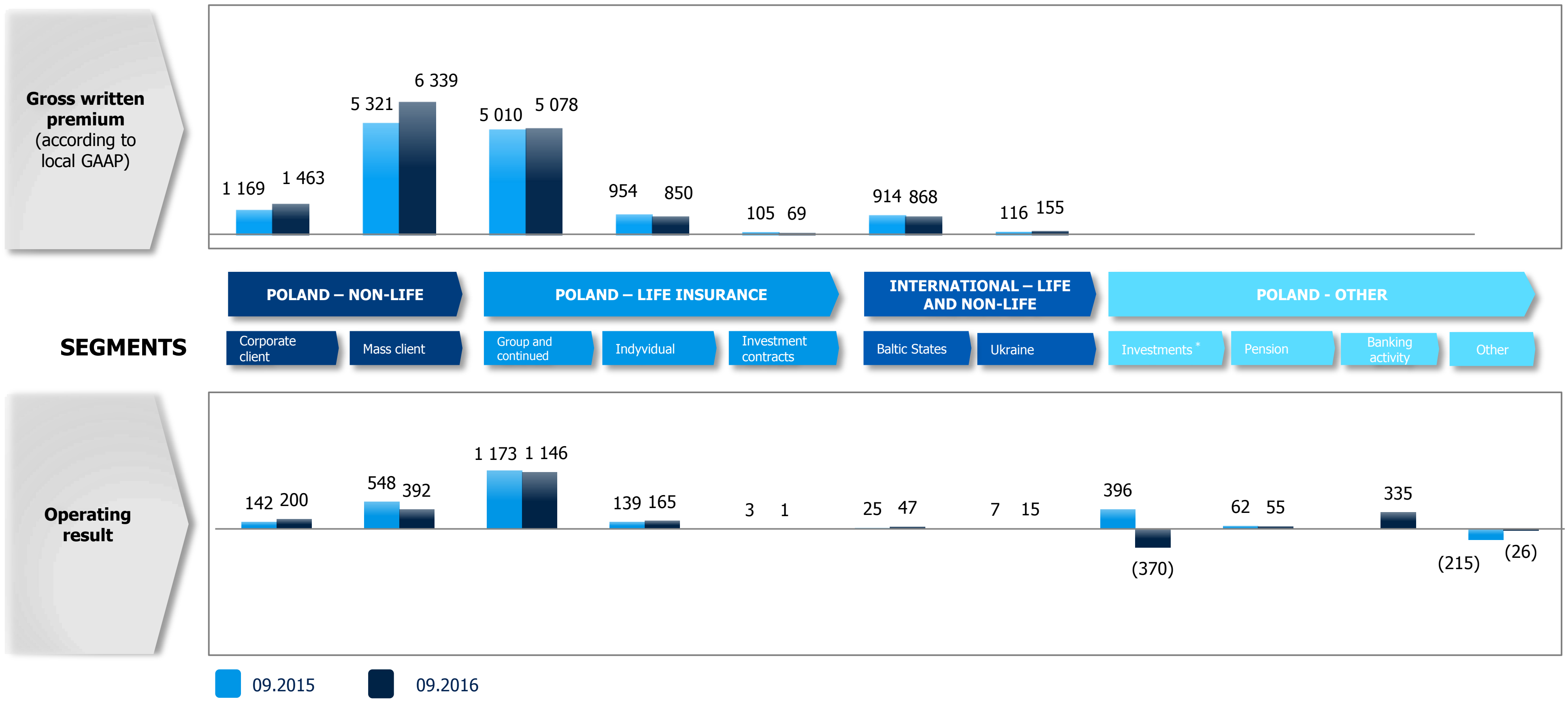
** Ratio computed using equity at the beginning and end of the reporting period. Computed for the parent company

*** Only for non-life insurance

**** The PZU Group's financial leverage ratio – the quotient of debt on long-term financial liabilities to the sum of the following: debt on long-term financial liabilities and the PZU Group's equity minus: intangible assets, deferred acquisition costs and deferred tax assets as carried in the PZU Group's consolidated financial statements

Operating segment results

m PLN



* Investment income in the Investments segment – external operations;

Profitability by insurance activity segment

Insurance Business Segments	Gross Written Premium			Operating Profit			Combined Ratio / Operating profit ratio*	
m PLN, local GAAP	**Q1-Q3 2015**	**Q1-Q3 2016**	*Change YoY*	**Q1-Q3 2015**	**Q1-Q3 2016**	*Change YoY*	**Q1-Q3 2015**	**Q1-Q3 2016**
Total Non-Life - Poland	**6 490**	**7 802**	***20.2%***	**690**	**592**	***(14.2)%***	**94.6%**	**95.5%**
Mass Insurance - Poland	**5 321**	**6 339**	***19.1%***	**548**	**392**	***(28.4)%***	**94.5%**	**96.6%**
Motor TPL Insurance	1 938	2 620	*35.2%*	(66)	(179)	*x*	109.0%	109.0%
Motor Own Damage	1 284	1 548	*20.6%*	(3)	30	*x*	100.1%	96.9%
Other products	2 099	2 171	*3.4%*	407	322	*(20.9)%*	77.7%	83.9%
Impact of investment segment allocation	x	x	*x*	210	220	*4.5%*	x	x
Corporate Insurance - Poland	**1 169**	**1 463**	***25.1%***	**142**	**200**	***40.6%***	**95.0%**	**90.2%**
Motor TPL Insurance	247	345	*39.6%*	(97)	(45)	*x*	139.0%	115.9%
Motor Own Damage	357	505	*41.3%*	21	32	*52.6%*	95.4%	94.3%
Other products	565	613	*8.6%*	147	149	*1.4%*	70.4%	70.6%
Impact of investment segment allocation	x	x	*x*	72	64	*(11.0)%*	x	x
Total Life - Poland	**5 964**	**5 928**	***(0.6)%***	**1 312**	**1 311**	***(0.1)%***	**22.0%**	**22.1%**
Group and Continued ** - Poland	**5 010**	**5 078**	***1.4%***	**1 111**	**1 120**	***0.9%***	**22.2%**	**22.1%**
Individual - Poland	**954**	**850**	***(11.0)%***	**139**	**165**	***18.2%***	**14.6%**	**19.4%**
Conversion effect	x	x	*x*	62	26	*(58.7)%*	x	x
Total Non-Life - Ukraine & Baltica	**977**	**960**	***(1.8)%***	**31**	**59**	***86.4%***	**98.5%**	**95.0%**
Baltic states Non-life	**883**	**831**	***(5.9)%***	**26**	**47**	***78.4%***	**98.4%**	**95.2%**
Ukraine Non-life	**94**	**129**	***37.0%***	**5**	**12**	***128.4%***	**99.8%**	**91.5%**
Total - Life - Ukraine & Baltica	**53**	**63**	***18.6%***	**1**	**4**	***442.7%***	**1.5%**	**6.8%**
Lithuania Life	**31**	**37**	***20.9%***	**(1)**	**0**	***x***	**(4.1)%**	**1.3%**
Ukraine Life	**22**	**26**	***15.5%***	**2**	**4**	***84.4%***	**9.2%**	**14.7%**
Total - banks	**-**	**-**	**x**	**x**	**335**	**x**	**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; excl. intragroup transactions within segments

**Operating profit and operating profit margin net of conversion effects;

*** 2015 data restated.

Normalized operating profit

YTD, m PLN

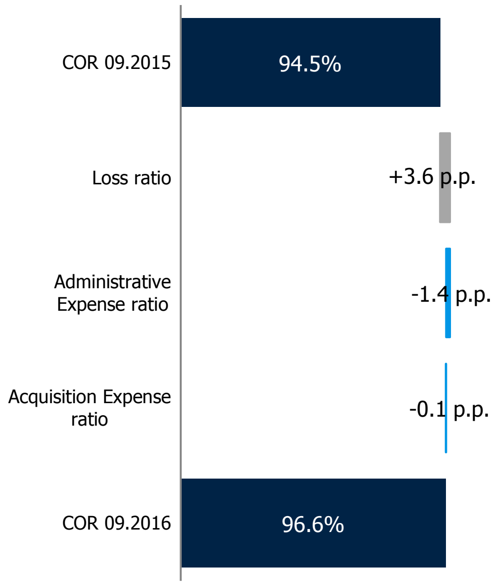
Operating profit (according to the financial statements)

m PLN, IFRS	09.2015	09.2016
Operating Profit	**2 279.8**	**1 959.9**
including:		
1 Conversion effect (IFRS)	62.2	25.7
2 Agricultural Insurance	-	(236.9)
3 PZU Lithuania sales result	165.5	-
4 Tax on financial institutions	-	(278.5)
5 Alior Bank contribution	-	376.9
6 Revaluation of the equity stake in Azoty Group, revaluation of assets of Armatura Group	168.6	(295.6)
Normalized operating profit	**1 883.6**	**2 368.5**

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 versus the last 3 years.
3. Sale of PZU Lithuania on 30 September 2015 for a total of 67 m EURO (280 m PLN). Transaction in conjunction with expanding operations in the Baltic States.
4. Introduction of the tax on financial institutions effective as 1 of February 2016.
5. Operating profit of Alior Bank including PPA impact.
6. Revaluation of the equity stake in Azoty Group and revaluation of assets of Armatura Group.

Profitability of the mass insurance segment
(non-life insurance)

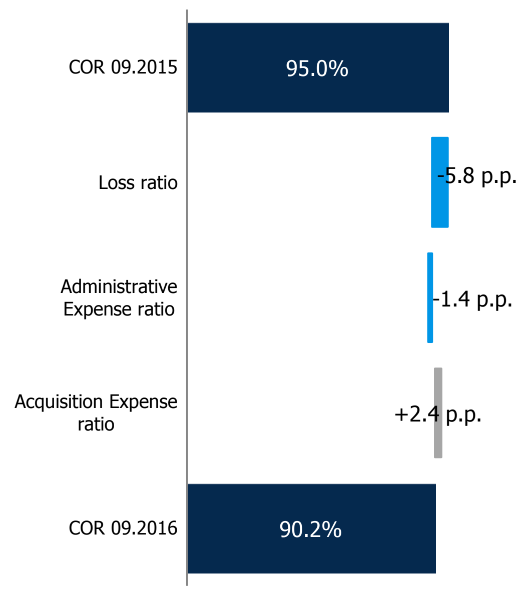
Profitability of the mass insurance segment



- Change in the loss ratio driven by the following:
  - higher loss ratio in insurance for other property losses, mostly for subsidized crop insurance as a consequence of the occurrence of many losses caused by the forces of nature (claims caused by the adverse consequences of ground frost were up by 236.9 m PLN compared to the average for the last 3 years);
  - higher level of claims and benefits in motor TPL insurance as a result of the rising frequency of claims and the higher level of provisions for claims and benefits for current year policies.
- Decline in the administrative expense ratio as a result of cutting costs by demonstrating cost discipline among others in marketing and real estate expenses;
- Stable level of acquisition expense ratio as a combination of the following:
  - higher earned premium and
  - higher direct acquisition expenses;
  - higher commissions on inward reinsurance with Group companies (eliminated at the consolidated level).

Profitability of the corporate insurance segment
(non-life insurance)

Profitability of the corporate insurance segment



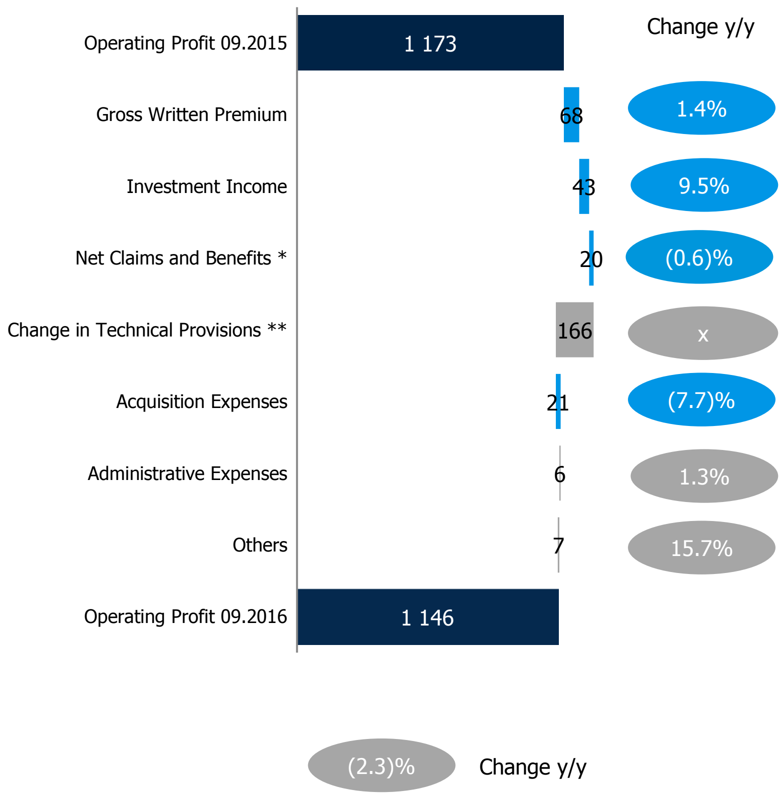
- Movement in the loss ratio shaped by the following:
  - declining claims and benefits mostly in motor TPL and third party liability insurance;
  - higher loss ratio in the various financial losses and fire insurance group.
- Movement in the administrative expense ratio linked to lower costs by demonstrating cost discipline;
- Rising acquisition expense ratio mainly due to the higher direct acquisition expenses (precipitated by the change in the sales channel mix).

Additionally, starting from Q1 2016, TUW PZUW, a mutual insurance company belongs to the corporate insurance segment. This company is in the early stage of operations; gross written premium in H1 2016 was 109.0 m PLN. This company is subject to the PZU reinsurance program while all the transactions in the segment between PZU and TUW are eliminated.

Group and continued insurance segment
(life insurance)

m PLN

Fundamental components of operating profit in the group and continued insurance segment



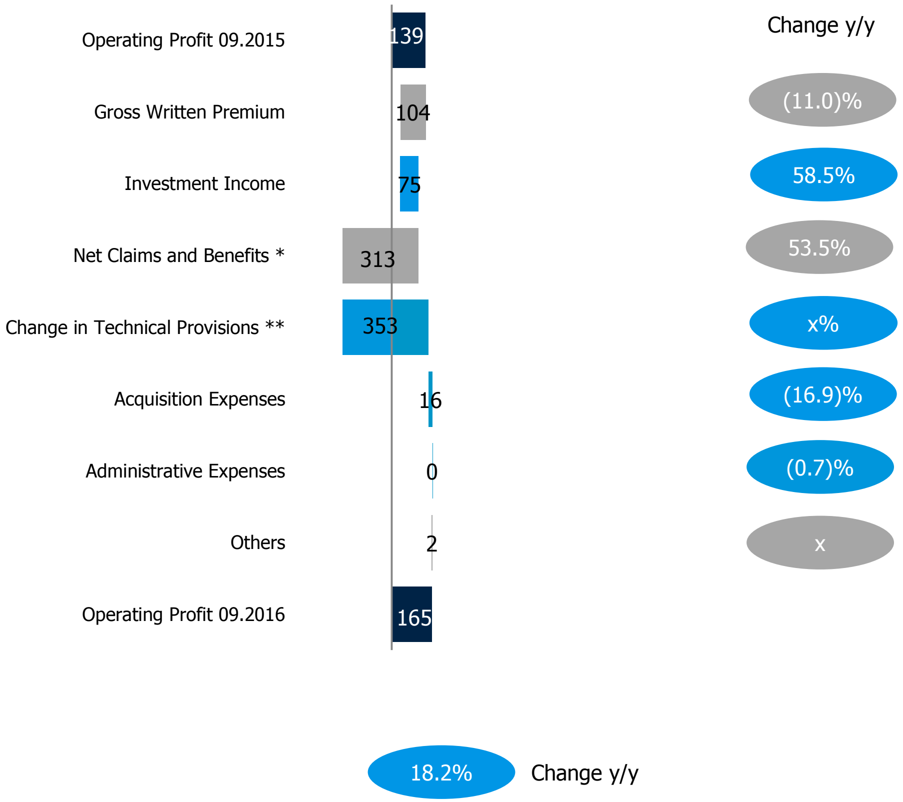
* Net claims and benefits paid including movement in claims provisions;
** Mathematical and other provisions, including the conversion effect

- Gross written premium up by 1.4% y/y due to the development of the portfolio of protection and health insurance and consistent upselling of riders to existing insurance agreements.
- The increase in investment income was chiefly the result of enhanced performance in PPE (client's risk) following the improved market conditions on the equity market.
- Net insurance claims and benefits fell due to the decrease in the frequency of deaths in protection products compared to last year (confirmed by statistics published by the Central Statistics Office [GUS] for the entire population - mortality hike at the outset of 2015) and the lower level of transfer payments in employee pension schemes. These positive drivers were partially offset by higher health benefits as a consequence of the rapid expansion in the portfolio of health insurance contracts.
- The incremental growth in other technical provisions surpassed the level seen last year. The main causes were higher provisions in PPE (investment performance was much higher than last year with a lower level of transfer payments from the portfolio), stronger growth of provisions in individually continued products (lower level of deaths and lapses of insureds from the portfolio) and last year's reversal of all provisions for structured products in this segment after the last tranche matured. Moreover, the slower rate of conversion of long-term contracts into yearly term agreements in type P group insurance also affected the level of provisions.
- The change in a distribution agreement in the bancassurance channel limited acquisition expenses and as a result the adjustment to the presentation of the fee for performing activities involving the administration of protection insurance agreements (shift to administrative expenses).
- Higher administrative expenses ensued from the change in the distribution agreement in the bancassurance channel as described above. The above adverse factor was offset by cost cuts in project activities and in current activity.

Individual insurance segment
(life insurance)

m PLN

Fundamental components of operating profit in the individual insurance segment

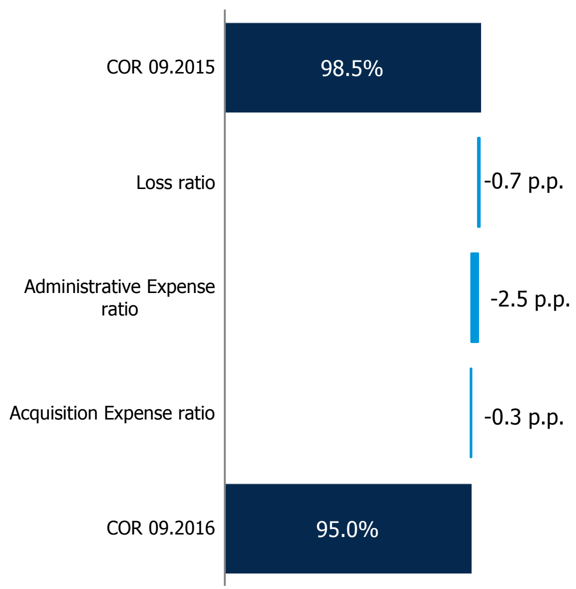


* Net claims and benefits paid including movement in claims provisions;
** Mathematical and other provisions.

- The y/y decline in gross written premium of 104.5 m PLN transpired mostly as a result of lower contributions to the existing unit-linked insurance accounts offered jointly with Bank Millennium and lower subscriptions for the structured product in PZU Group branches compared to last year's record-breaking level.
- Investment income was up chiefly on account of the higher rates of return posted by funds in unit-linked products in the bancassurance channel.
- The increase in the number and average value of surrenders made in the unit-linked portfolio in the bancassurance channel and additionally the higher level of people reaching the endowment age in policies in structured products (maturation of more tranches) and long-term protection products contributed to the higher amount of net claims and benefits.
- The difference in the movement of other technical provisions resulted mainly from the higher level of surrenders in the portfolio of unit-linked bank products and the larger number of people reaching the endowment age, offset the factors described above.
- The considerable drop in acquisition expenses stemmed mainly from the modification of the remuneration system for the agent network (the cost of executing agreements is spread more evenly over time) accompanied by lower y/y sales of new protection products in this channel and also from the lower volume of sales of unit-linked insurance in the bancassurance channel.
- The segment's operating result rose in comparison with last year, chiefly as a consequence of the growth in protection products stated as a percentage of the segment's revenues as they command better margins than investment products and additionally the decline in acquisition expenses (also on protection products).

Profitability of international companies
(non-life insurance)

Profitability of international companies

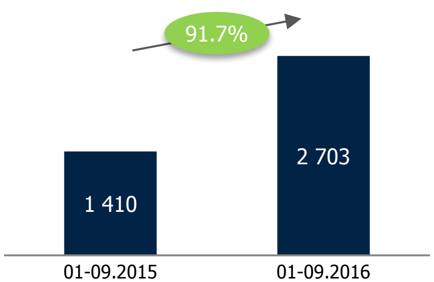


- The lower loss ratio y/y as a result of the divesture from PZU Lithuania in H2 2015 and of the lower loss ratio in a company in Ukraine (especially property, travel and health insurance). Partially offset by the growth in this ratio in Estonia and Lithuania among others as the effect of growth in large claims and higher frequency (outcome of bad weather conditions in the winter of 2016);
- Reduction in the administrative expense ratio mostly ensuing from PZU Lithuania's contribution in the corresponding period of the previous year. The improving administrative expense ratio in the Baltic States companies was chiefly driven by maintaining cost discipline in IT in the Baltic States.
- The decline in the acquisition expense ratio (including reinsurance commissions and profit-sharing) due to the dip in this ratio in Ukraine (impact exerted by new reinsurance agreements) and in the Baltic States (PZU Lithuania's adverse impact in the first three quarters of 2015).

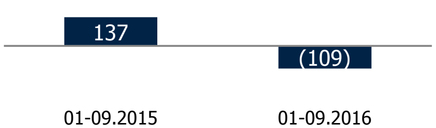
Investments

Lower result mainly due to Grupa Azoty revaluation offset by the better result in the unit-linked and debt portfolio

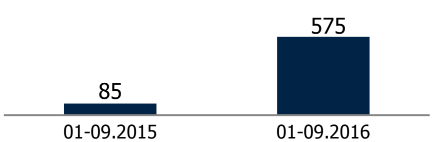
Net investment result*



Equity instruments and derivatives



Interest expenses



The higher net investment result after the first **3 quarters of 2016** is above all the effect of incorporating the activity conducted by the banking sector (among others, interest income, including income on loans and the trading result) in connection with commencing the consolidation of Alior Bank.

When the consolidated assets of Alior Bank are excluded, the net investment result earned during the first 9 months of 2016 was lower than in the comparable period of 2015, mainly due to the following:

- 411.7 m PLN decline in the value of the equity stake held in Grupa Azoty;

offset by:

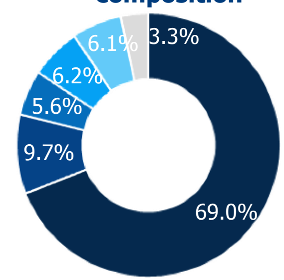
- the improved performance in the portfolio of assets to cover investment products of 124.3 m PLN, including in particular funds in the unit-linked portfolio, even though they do not affect the PZU Group's result;
- better performance of the interest-bearing financial instruments portfolio caused by the improved situation on the debt market and a higher level of assets in the portfolio.

Higher level of interest expenses, in particular in connection with commencing Alior Bank's consolidation and the issue of its own debt securities for 350 m EUR in October 2015.

Significant improvement in PZU Group's investment performance is visible in **Q3 alone**:

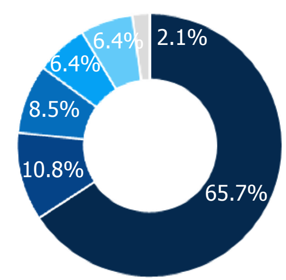
- 673.5 m PLN result (net of banking activity) nearly double the result in H1 2016 and considerably better than the 135.2 m PLN in the corresponding period of the previous year (net of one non-recurring event, namely the sale of the shares in PZU Lithuania that exerted a positive impact of 165.5 m PLN on investment performance);
- higher valuation in equity portfolios (excluding Grupa Azoty shares).

Sep. 2016 investment composition**



Total: 56.9 bn PLN

Dec. 2015 investment composition**



Total: 55.4 bn PLN

- Debt market instruments - treasury
- Debt market instruments - non-treasury
- Money market instruments
- Equity instruments - listed
- Equity instruments - unlisted
- Investment property

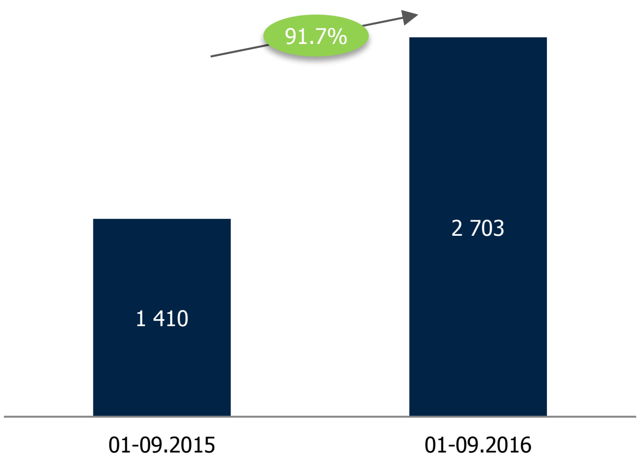
* *The net investment result consists of net investment income, net realized result and impairment losses and the net movement in the fair value of assets and liabilties measured at fair value.*

** *The investment portfolio includes financial assets (including investment products net of loan receivables from clients), investment properties, the negative measurement of derivatives and liabilities for buy backs. Derivatives linked to interest rates, foreign currencies and securities prices, respectively are presented in the categories: Debt market instruments - treasury, money market instruments and listed and unlisted equity instruments.*

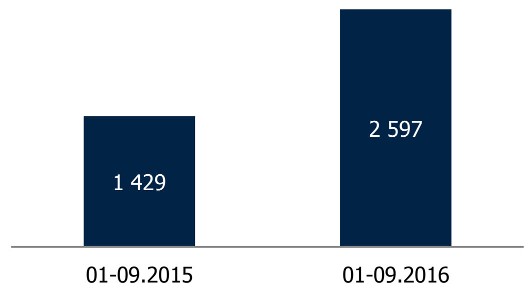
Investments
Better performance of unit-linked products

m PLN

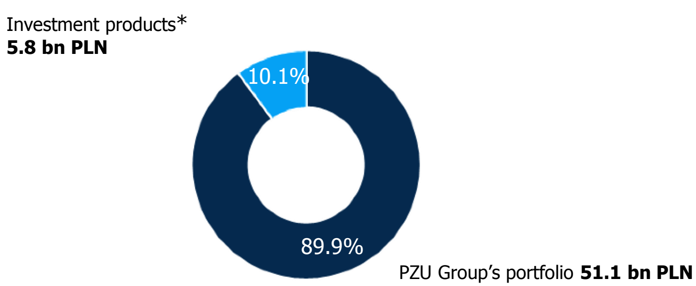
Net investment result



1 **Net investment result on the PZU Group's portfolio**

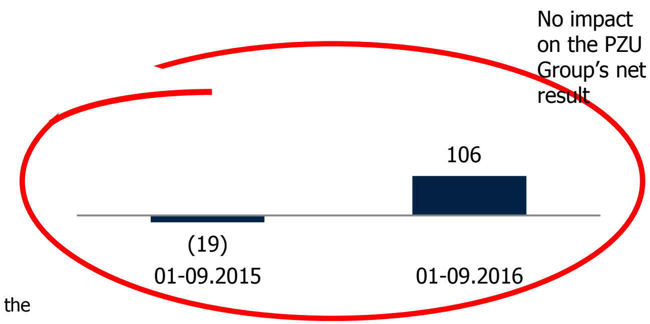


Investment composition as at 09.2016



Total: 56.9 bn PLN

2 **Net investment result on investment products***



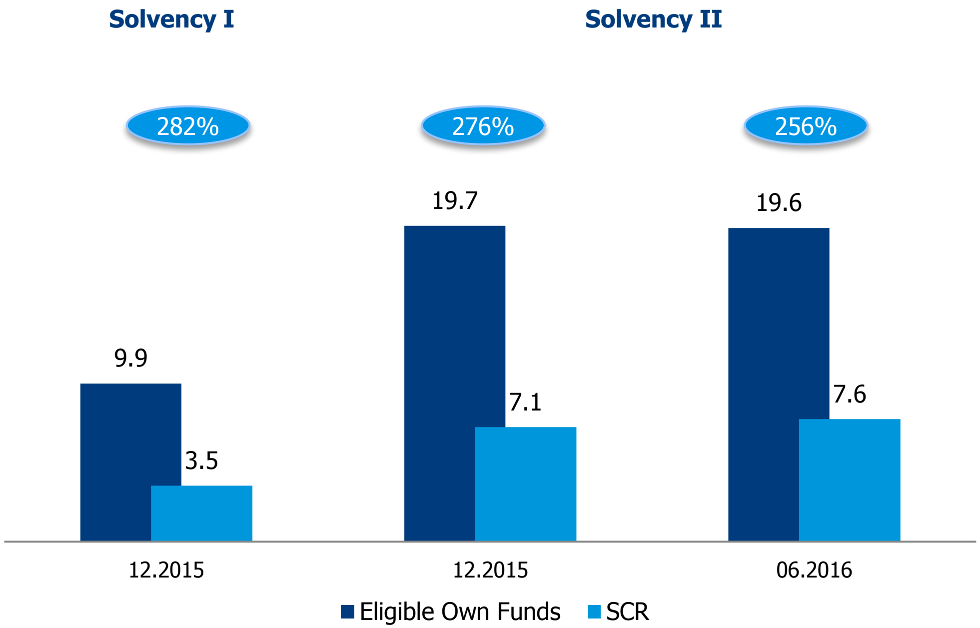
* Unit-linked products, structured products and term deposits in the form of insurance products.

Agenda

Group solvency ratios

Solvency II data as at 30 June 2016

bn PLN, unaudited data



- Starting from 1 January 2016 the basis for assessing the Group's capital adequacy is Solvency II; the Group does not calculate Solvency I requirements.
- In H1 2016 own funds according to Solvency II dipped by 0.1 bn PLN, i.e. 0.7%.

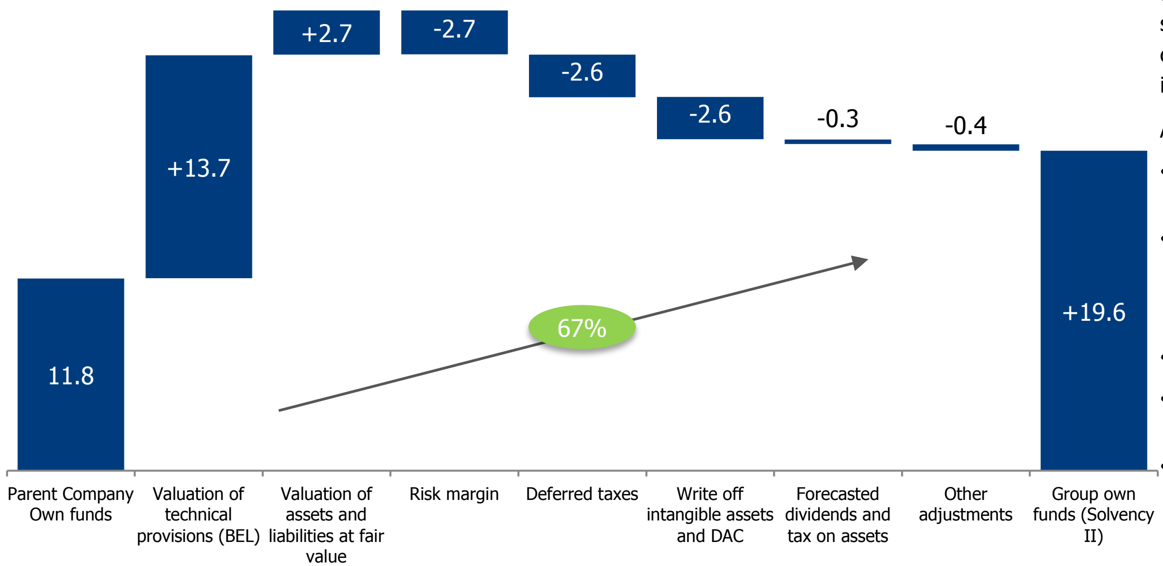
  The PZU Group's own funds are of very high quality. More than 99% of own funds is classified as Tier 1.
- In comparison with the end of 2015 the solvency requirement under Solvency II is higher by 0.5 bn PLN, i.e. 7%.

- Own funds to solvency margin / SCR coverage

Group's own funds
Solvency II data as at 30 June 2016

bn PLN, unaudited data

Comparison of own funds and consolidated equity according to IFRS



Own funds according to Solvency II ("SII") 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 subject to consolidation.

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 anticipated dividends**;
  - the forecasts of the amount of tax on assets expected to be paid by insurance undertakings over the 12 months after the balance sheet date (according to the letter from the Polish FSA).

The decrease in own funds Q2 2016 by 0.2 bn PLN ensues chiefly from softer investment performance: revaluation of the portfolio of equity instruments (especially shares in the Azoty Group). The declaration of the dividend from 2015 profit did not affect the level of own funds as the anticipated dividends had already been subtracted from own funds at the end of Q1 2016.

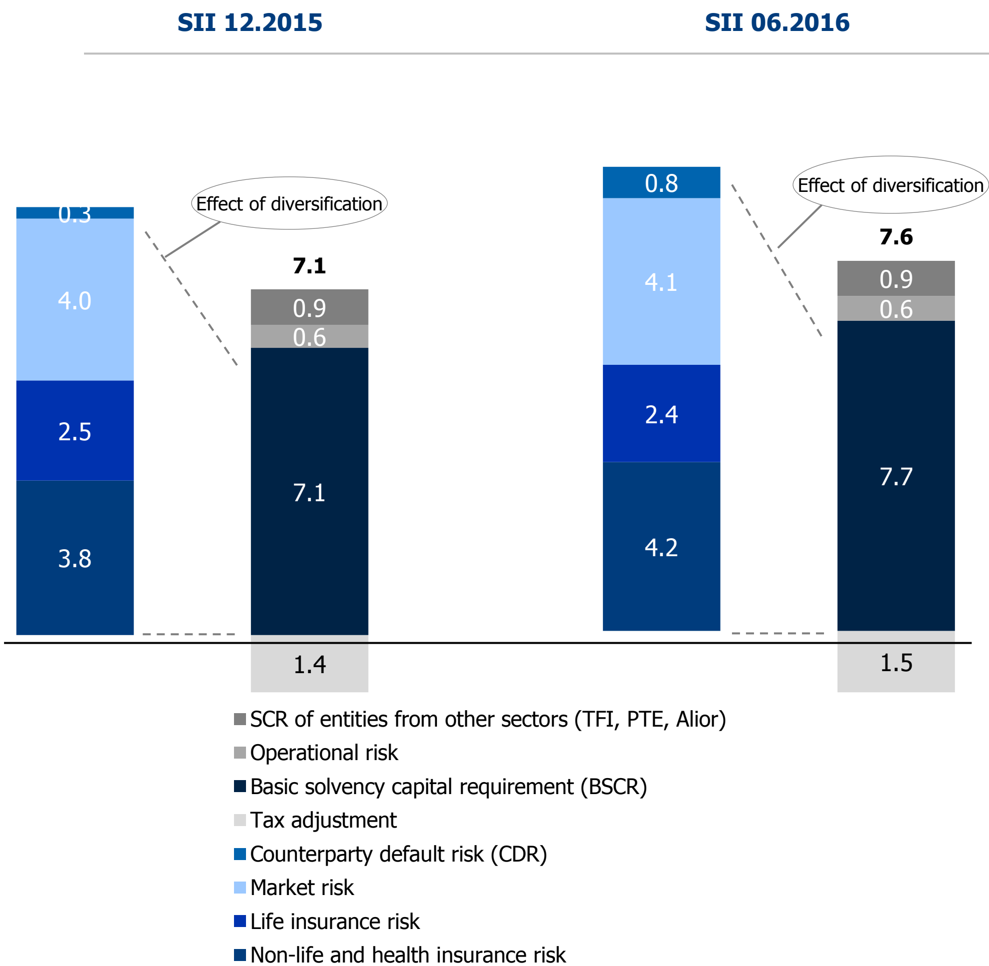
x% - Percentage change

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

** The adjustment is made based on the Management Board's recommendation regarding the distribution of the result;

The Group's solvency capital requirement
Solvency II data as at 31 December 2015 and 30 June 2016

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 temporary 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 and Alior Bank starting from Dec. 2015) are depicted according to the rules for a given sector and are not adjusted for diversification.

In comparison with the end of 2015 the solvency requirement rose by 0.5 bn PLN, i.e. 7%. The main drivers behind these changes were as follows:

- counterparty default risk up by 0.5 bn PLN - stemming from the higher amount of settlements concerning operations on securities;
- requirement for non-life insurance risk up by 0.3 bn PLN – related to greater net exposure in products subject to natural catastrophe risk;
- effect of diversification (-0.3 bn PLN).

Piotr Wiśniewski – IRO
tel.: (+48 22) 582 26 23
ir@pzu.pl
www.pzu.pl/ir

PZU
Al. Jana Pawła II 24
00-133 Warsaw, Poland
www.pzu.pl
https://twitter.com/GrupaPZU

Disclaimer

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