

Magdalena Komaracka

Good morning, ladies and gentlemen. Welcome to the PZU meeting. Today's event will be hosted by Mr. Andrzej Klesyk, Member of the PZU S.A. Supervisory Board, delegated to temporarily act as CEO of PZU S.A., and Mr. Tomasz Kulik, CFO of PZU Group, Member of the PZU and PZU Życie Management Board. Mr. CEO, the floor is yours.

Andrzej Klesyk

Good morning, ladies and gentlemen. I am very, very pleased to be back with you. Is it working? Once again, welcome. I wanted to say that I am really pleased to be back with you. Special greetings to those of you whom I still remember from 10 or more years ago. Ladies and gentlemen, today's conference, or rather meeting with analysts, comes at a very special time. This is when, we here with CEO Kulig are preparing the numbers or financial reports for the end of the year. Please forgive us, but today we are not going to talk about the result, forecasts or anything that could affect MARs one way or another. Ladies and gentlemen, let me divide today's meeting into five parts. Firstly, I will introduce myself and say something about myself for those who do not know me. Secondly, let me explain very clearly what you can expect from me. The third thing I would like to talk about is what will happen in the short term, and then in the long term. Finally, I hope, after about 20 minutes, we will open the floor, that is, we will have time for questions. I'll say two more sentences in English. (Translator's voice) We are a Polish company located in Poland, and so the decision was to have this meeting in Polish. But you can ask questions both in English and in Polish and you will certainly receive an answer. Andrzej Klesyk, economist by education, holder of an MBA from Harvard. One third of my life is devoted to consulting, so preparing slides and strategies for McKinsey and BCG. I spent one third of my life as an entrepreneur, also a co-founder or creator of such ventures as Inteligo, or Handlobank in financial institutions. In addition, as the longest-serving CEO of PZU in the history of PZU, almost 8 years, the longest episode in my life, even longer than elementary school. Ladies and gentlemen, a few things to the second point, so what you can expect from me. First of all, you can expect a lot of candor, only within the bounds of law, both in terms of securities trading and any regulations related to the KNF, but not just the KNF. Please, remember that as an institution we are regulated by more than just one regulatory authority, and we will stick to that. We want to maintain the highest standards both in terms of regulations and compliance, let me phrase it without Polish words. Secondly, you can expect a very strong and good corporate governance

structure. I would like to tell you that corporate governance, as I understand it, is not only about procedures, but also selecting people who ensure that the institution is managed correctly. As an example, I will tell you that today I joined the Supervisory Board of PZU Życie S.A., which is a subsidiary of ours, and I was delegated to the Supervisory Board as a representative of the owner. Two wonderful people also joined the Supervisory Board, which makes me very pleased. One of them is Professor Dariusz Filar, professor of economics, member of the Monetary Policy Council, a couple of years ago, independent member of the Supervisory Board of PZU S.A. for ten years, independent member of the Supervisory Board of PEKAO S.A. for couple of years. I am super happy that he agreed to accept. The second person is Mr. Waldemar Maj, my schoolmate, I could say. Of course, this is a joke, but Mr. Waldemar Maj graduated from Harvard Business School, received his MBA degree and was the chair of the Supervisory Board of PZU S.A. for a long time. I am so very proud that he decided to join us, for the reason that Waldemar Maj, or Mr. Maj, was Chair of the Supervisory Board of PZU S.A. when PZU S.A. went public, which is when we first met with you. That is, to recap, what you can expect from me, the strongest possible fulfillment of all regulations, and we will have no compromises here. Secondly, you can expect very good corporate governance from me, in terms of procedures and selecting people, and the transparency of that. And thirdly, being open to any questions or concerns and dialog with you. Of course, within the frames of law, let me reiterate again. This third point is what you can expect from me in the short term, or what we want to do in the first short term. The two things on my plate, so to speak, are, first of all, an actual review of corporate governance in all companies, starting with the way people are appointed, and then to the remuneration of Supervisory Boards in subsidiaries. I wanted to emphasize that my ambition would for those independents from outside the Group to be icons of the market, be it capital or any other, connected, who can add value in certain companies. Secondly, I wanted to tell you that I will be working very hard and intensely on redefining the strategy. There is no reason for us to change the strategy. Nonetheless, I believe that after a few days here that some aspects of the strategy need to be clarified. Now, it seems to me that we should, as the Management Board, come to you and to the market, after discussion with the Supervisory Board, of course, with three potential additions. First, more clarity on what will happen to the banks. It seems to me that we can't wait until the end of the year and hand over the decisions to the people who manage these banks. We, as the owner, have to be a very strong stakeholder in the decision-making. Secondly, it seems to me that we should be very clear about how we manage capital and have some confirmation of dividend policy. Today, I do not intend to say anything about this, as the dividend policy is very price sensitive information, so we will get back to you, as quickly as possible, yes. The third thing I'd like us to add

is something that's a little bit missing from the strategy for me, which is long-term value creation. I'm obsessed with value creation. I don't know how to precisely translate it to Polish, because value creation sounds bad. We will get back to you with ambitions in terms of valuations of the company and means of delivering that. The fourth thing I would like to say today, before we move on to questions, is what you can expect in the long run. In the long term, or after several months, you can expect really very high transparency, very clear phrasing of the strategy, and also behavior regarding strategy. I need to emphasize something which I already said several years ago, that for me PZU should be a leader, behave like a leader and impose standards that only a leader can. So, for today, in a way it is the last part of what I would like to tell you, but before I give the floor to you and move on to questions, let me say one more thing. I was introduced as a delegate from the Supervisory Board to serve as the CEO. I am not a sprinter, I am a long-distance runner. Obviously, my intention is to maintain this position and be with you not only in a month or two, but in twelve, thirty-six and beyond. I want to be here as long as possible, and I hope to be able to do so. Ladies and gentlemen, now is the time for questions, if there are any.

Magdalena Komaracka

Yes, we have some questions that were sent in the chat. I took the liberty of grouping them. The first ones are about banks, and the first question comes from the mBank brokerage. What is the CEO's approach to the sale of Alior, which was bought during his term of office? Is anything changing in the strategy regarding the bank?

Andrzej Klesyk

Ladies and gentlemen, please give us a couple of weeks, because when we bought Alior some 11 years ago, the situation was completely different than it is now. Remember that at that time, in discussions with investors, we said that Alior was going to be a consolidator of second-league banks. Now the situation is completely different. I am not in a position to comment, and it would be completely irresponsible for me to comment if I don't have information.

Magdalena Komaracka

The second question, I'll read it for the sake of order, but I understand there will be no answer either. What role do you see for banks in PZU's strategy, should Alior merge with PKO, and is it possible to maintain appropriate corporate governance standards and keep two independent banks in the Group?

Andrzej Klesyk

I can reply to one part of the question, not the others. Ladies and gentlemen, this concerns the corporate governance. I believe that you should hold me and the entire Management Board of PZU S.A. accountable for corporate governance in the Group. In my opinion, it was different at times in the past. In my time, I know it sounds a bit like I'm talking about ancient history, but in my time PZU really had model corporate governance in the entire Polish market. I want to go back to that, and it needs to happen in every company, whether it's Pekao S.A., Alior or Armatura. The second part of the question. I am unable to, and I can't answer today about the merger of Alior. That would be simple speculation, which should not take place at this stage. But I would like to say that, as the PZU Group, we would be really irresponsible if we didn't think how to take advantage of synergies, whether cost, image or more between such great institutions. Let me end with this.

Magdalena Komaracka

Let's move on to questions about strategy. The first very general question from Santander. What is your opinion of PZU's current strategy?

Andrzej Klesyk

As I said at the very beginning, I cannot responsibly answer detailed questions on the strategy. I believe that the strategy at the general level is so obvious that it is difficult to imagine any pivot, as the Americans or the English say. On the other hand, I should once again emphasize the three elements that, for me, should be either added or doubled, especially when it comes to capital policy and value creation. There is no reference in the strategy to shareholder value creation in terms of any measurable elements. And it is my opinion that you should hold the Management Board accountable for that.

Magdalena Komaracka

Another question, this time from Autonomus. Are there any aspects of the strategy or KPIs that were communicated in September that are being revised at this point? And if so, which ones?

Andrzej Klesyk

I'm not in a position, sorry, I'm not prepared. This is my fourth day, and as you can imagine, I am not in a position to answer this responsibly.

Magdalena Komaracka

And a question also related to the strategy from Santander. What is the assessment of the PNC portfolio and what's next for LINK4?

Andrzej Klesyk

Ladies and gentlemen, I think that as far as LINK4 is concerned, we're going to have to have a very interesting discussion in the Management Board about how to maintain our position, especially in MOD, and how to think about pricing and potentially two brands at a very, very precise level of detail. The fact that we have two entities regulated by the KNF, with practically the same license, is purely a legal issue. We'll get back to you with the business issue, I suspect, when presenting the results at the earliest, and from what I remember, Mr. CEO, that is the end of March.

Tomasz Kulik

Yes, it is. I can confirm.

Magdalena Komaracka

Another question. What is your assessment of PZU Zdrowie? This is a question from Santander as well.

Andrzej Klesyk

I'll say this, those of you who remember the old days, I don't want to talk about ancient history again, PZU Zdrowie was established when I was the CEO here, and my experience is as follows. PZU as a leader, as an insurance leader would be a total failure if we did not take a very strong position in health, health care in the broadest sense. So, we have to be here. On the other hand, I need to say that PZU is not a charitable institution. PZU and each of the companies is not Mother Teresa. We will have to create a business model where we make money for shareholders and also for our employees. Well, if we don't make money, we won't have the ability to pay them. This is obvious. On the other hand, I see that we will have to clarify the operational model for offering our health services. But the way I think about it is that if we master this and create a business model that is sustainable and earns a decent return for shareholders, we will invest in it. Will we invest some in this business.

Magdalena Komaracka

We have a few more questions from corporate governance, governance in general. The first question from Santander. What criteria will be adopted to evaluate Management Board and Supervisory Boards members? What problems in corporate governance have been identified?

Andrzej Klesyk

Ladies and gentlemen, the first thing I would like to do, and I promised this to the Supervisory Board two days ago, is to have a So, document created which would very clearly specify the company's principles of corporate governance. And this document, once approved by the Supervisory Board, should become a public document. Another thing. I would like to say that the Supervisory Boards of daughter companies and granddaughter companies, but most daughter companies, to answer the question about problems, they were a bit in certain periods, I'm not referring to the last few months for now, but before that, they were treated as a storehouse for politicians, people who were completely unfit to supervise a financial institution, and we will have to introduce some kind of

evaluation of these people. I would not want this evaluation to be bureaucratic, like, if someone has an MBA, they are suitable. This evaluation will have to be substantive. At the same time, I need to emphasize that in those areas and in those companies that are regulated by the FSC, I will also expect from the cooperation with the KNF, especially in the assessment of BION and so on, to know the quality of both supervisory and management bodies. I hope this answers the question.

Magdalena Komaracka

For now, no, a penultimate question, please comment on the changes in the PZU Życie Management Board. According to Puls Biznesu, the CEO was dismissed, what was the reason for the dismissal?

Andrzej Klesyk

Ladies and gentlemen, I have always said that the head and coach need to be able to select their team. This team has to follow common principles, and be guided by the highest standards, certainly professional ones. In my assessment, I actually decided that we have different pathways with CEO Mastalerz, who, by the way, also admitted to me in a private conversation that he could not imagine working with me. So, let me put it this way, if someone, it takes two to tango... Hence, CEO Mastalerz was dismissed both from PZU Życie and from his position as Director of PZU Group S.A. CEO Pajda, on the other hand, resigned from both positions.

Magdalena Komaracka

These are all the questions about changes. Let's move on to a series of questions about dividends. Here we have the first question from PKO BP Securities from Jaromir Szortyka. Is the dividend a 'must-have' for you? And can it be sacrificed for growth or acquisitions? Do you possibly see any interesting acquisition targets in Poland and beyond?

Andrzej Klesyk

Ladies and gentlemen, even if I saw any potential acquisition targets, I would never admit it here. This is the first thing. The second thing, before I go back and I answer about the dividend, I would like to say again something that perhaps didn't quite resonate well. I, for one, believe that we here with CEO Kulik will have to think hard and scratch our, I would say, bald heads to think about capital management and balance sheet management. In my opinion, and after preliminary discussions with the CEO, there are many possibilities where capital can be released in some way, freed up, for other investments. And the dividend policy is solely derived from this first exercise. I, for one, can't imagine such a respectable institution as PZU, as a Group, changing its dividend policy in a gigantic way in a particularly negative way. I don't want to discuss this topic today, because it's already getting too close to an area that shouldn't be discussed today.

Magdalena Komaracka

Another question, I will read for the sake of order, but I think the answer here was given a minute ago. Should we expect, this is from HSBC, should we expect any material changes in dividend policy from its current form? And maybe a second from Santander, that the current strategy is for PZU to pay a dividend of PLN 4.5 per share in the coming years. Is this carved in stone, or will it be subject to discussion as part of the refinement of capital management? I will only specify perhaps that 4.5 is not...

Tomasz Kulik

Exactly. Let's remind ourselves how this strategy was written, as the CEO said. It might be subject to some clarification, perhaps, while it's hard to expect that as a group providing insurance services, which is also a conglomerate, we will suddenly radically change our attitude, both around what, which is mainly the insurance business, and how this value is later allocated. We, in the strategy that was announced, said that by 2027 we commit that shareholders can expect a dividend of no less than PLN 4.5 per share. And from the point of view, from the point of view of how, or what the individual, key KPIs will look like then, the consolidated result of what the profitability will be in our core business, which is the insurance business, we shared all this with you then, just by declaring this value. Today, as the CEO said, we are considering whether perhaps there are areas that can increase this value, but here I would hand over to the CEO.

Andrzej Klesyk

Just one more time, this is not ancient history, but reading the dividend policy, I smiled so much, because some 12 or 13 years ago we created this policy with the CEO. And this policy has not actually changed. Some tiny refinements.

So, ladies and gentlemen, when you say something 13 years ago and it survives, it's hard to imagine some pivot.

Magdalena Komaracka

And here's another such question about more strategy details. Is there a period of time, is there a point in time by which we should expect an update or revision of the strategy? This is a question from Autonomus.

Andrzej Klesyk

Ladies and gentlemen, I can't imagine that when we are presenting annual results, which is probably, as the CEO says, at the end of March, we won't discuss potential changes to the strategy. I hope that we will be able to say about all the changes, about some redefinitions. On the other hand, I am not in a position to say that they will indeed all be refined and detailed to such an extent that we will be able to answer every question. For example. We have said here that we will clarify and think much more strongly about the use of capital across the Group. How do you manage capital across the Group? This is, I may not be very well educated, but for me this is a super heavy and super important topic, which consists not only of regulations, but also the structure of the balance sheet, some ideas for the future, but also, for example, the decision of when and how to introduce an internal model, and so on and so forth. And these are things that, I'm sorry, but in five days I'm not able to grasp. So, we will get back to you for sure with details on the results. We may still need more time in some areas.

Magdalena Komaracka

Now, one last question from Autonomus. Is there a time horizon for appointing the CEO permanently and can we learn something about the process?

Andrzej Klesyk

Ladies and gentlemen, this is not exactly a question for me, but, as I understand, there is an announcement of the competition on the website of both the Ministry of State Assets and ours. I invite you to apply. I understand that there are two weeks to apply. I don't know if there is anything about the decision, because, to be honest, I haven't seen it, but I know that the Supervisory Board is scheduled to meet at the end of February. I don't know if they will... I am not authorized to answer on behalf of the Board. Please talk with the Chair if you need anything.

Magdalena Komaracka

At this point we have no more questions, but feel free to ask them. I will let you know if anything pops up. And, please, add your name if you're asking questions. It seems that we have no more questions, so the floor is yours, Mr. CEO.

Andrzej Klesyk

Once again, ladies and gentlemen, thank you very, very much. Thank you, we declare what I said earlier. Being open, full regulatory and corporate governance standards. Once again, I want to reiterate, with such a complicated institution, supervised by various parts of the KNF, but also other institutions, we have to be crystal clear, and I intend to see to that. And the third point, we will talk to you quite a lot once we have clarified the strategy. And again, I wanted to emphasize that I am obsessed with shareholder value. Thanks, see you, hear from you, and see you maybe in person in different parts of the world. Thank you very much.