Magdalena Komaracka

Ladies and Gentlemen, welcome to our conference on the PZU Group's financial results for the third quarter of 2025. The presentation will be hosted by: Bogdan Benczak, President of PZU, and Tomasz Kulik, Member of the Management Board of PZU and PZU Życie, CFO of the PZU Group. Mr. President, the floor is yours.

Bogdan Benczak

Good morning. It's my honor to welcome you to the presentation of PZU Group's results this year after nine months. It's the first time in my life that I have the opportunity to hold such a meeting, so please forgive me for any unintentional stumbles. Here are our main achievements and plans, as you could read in our press release and stock market communiques. After nine months, we reached 23.1 billion in sales. We have a consolidated profit of 5.2 billion złoty. PZU Group enjoys a capital position of 234% solvency, with a 246% of stand-alone solvency. We paid out a dividend in October, with a yield of 8%. Further, our ROE is at over 22%. I don't think there's been a better time to start my role as Acting President of the Management Board. Importantly, most of this insurance growth comes from growth from non-life insurance, especially non-motor insurance. What I'm very happy about, because it's something close to my heart, is that we've seen quite a bit of growth in our foreign markets, namely Lithuania, Latvia, Estonia and Ukraine. We're growing in life insurance, particularly in individual insurance, as well as enjoying much improved profit after three quarters of this year. That, and our capital position is very strong. These indicators are very solid. These results after the three quarters, these profitability and capital adequacy parameters allow us to consider paying out an attractive dividend next year. As to how much this dividend will be, if we maintain this trajectory as it is after nine months, I think we'll be able to discuss this as early as next year, after getting approval from the Management Board and the Supervisory Board. The net profit attributable to our shareholders was PLN 5.2 billion. Where does it come from? 3.6 billion comes from our insurance business. Almost 1.6 billion is our banking business. We are especially proud of the result on our insurance activity, which grew by almost 73% year-over-year. We're aware, however, that last year was exceptional and involved additional compensation related to the flood. Tomasz, correct me if I'm wrong, but I think it was to the tune of about PLN 223 million.

Tomasz Kulik

It was even more than that. Last year, we reported over PLN 275.5 million in gross flood compensation paid.

Bogdan Benczak

Right. As for the third quarter, we enjoyed 1.4 billion in growth from insurance operations, 127% year-over-year, and 576 million in growth from banking operations. This shows how strong the PZU Group is in its diversification. We have an insurance pillar and a banking pillar. We’re working hard to strengthen the health pillar. Thanks to this, after three months, we were able to generate a result on insurance activity at 3.66 billion, and a result on investment activity, property business, at 2.2 billion. The combined ratio at 85.8% is very, very good. What’s also gratifying is that we’re maintaining a high operating margin on life insurance. And that is what really allows us to achieve an ROE of more than 22%. After three quarters, we are enjoying double-digit growth in non-motor insurance. Apart from this very favorable double-digit growth rate, we’re proud that we’re able to achieve a core of 77% in this part of our business. This is very, very important, and it’s also a signal to us that these initiatives and all the actions that we’ve taken in this element of our business are producing specific results. As for individual insurance, thanks to a series of initiatives related to both improving the efficiency of our sales network and introducing new product offerings, we recorded double-digit growth in individual protection insurance. This also confirms that if we focus and clearly define our goals, then we’re effective and able to deliver. The “Health” pillar also saw double-digit growth. Of course there’s a lot of projects to be completed and improved, but what’s especially gratifying is that quarter after quarter we’re able to improve our performance in this area. Tomasz will talk in detail about how referrals to our network, our network of branches, and how our use of the tools to boost referrals is improving. These are areas where we still see room for improvement, but consistency and effective implementation of the recovery program in this area is yielding results. What’s also satisfying is the double-digit growth of external Clients at our three investment fund companies. The growing role of this pillar also allows us to look optimistically to the future in terms of diversifying revenue sources within the PZU Group. Importantly, we’ve decided to increase our assets in the Group by 26 billion złoty year-over-year. Our profit translates, of course, into our solvency ratios. We have an A-, rating with a positive outlook from S&P Global Ratings. The Polish rating has been affirmed, so we enjoy stability here. As for the Group’s solvency ratio, it is at 234%. We’re above average for European insurers. 81% of our investment portfolio is made up of bonds, 65% of which are sovereign bonds. We’re aware that our investment portfolio is conservative, but it generates stable, predictable income from deposits. Another important element is our reinsurance program. We’re continuing the program we had in place in previous years, which proved effective when we were impacted by issues related to the effects of catastrophic events in our country. 45% of our reinsurers are rated at AA. The rest are rated A. Now that I’ve talked briefly about the financial results, I'd like to present the PZU Group’s priorities for 2026-2027. It’ll also be a bit of an agenda speech of my own, as a person who’s been appointed President of PZU. We’re in a very good financial position, due to the scale of our operations, profitability and diversification. We have a very solid market share. We’re the leader in property insurance and in life insurance, with a share of more than 30% and 44%, respectively. We’re growing in terms of the scale of our insurance revenues.
After nine months, we reached 23 billion. Importantly, we’re profitable. Our insurance business is profitable. We’re better than our competitors in both the technical profitability of property insurance and the technical profitability of life insurance, and these are the figures after six months. Our return, our ROE, places us among the top European insurers. And I also want to point

out that the PZU Group is a financial conglomerate that is diversified. We're number one in property insurance and life insurance when it comes to the Polish market. We are in the top three when it comes to private medical care. We're second when it comes to banking. First when it comes to investment in investment funds. Our Baltic companies, too, are leaders in their local markets and contribute to our consolidated result. Now, I'm not sure if me showing this slide is a gaffe, but this is nonetheless a moment for us to take pride in our achievements; I haven't updated the PZU's share price here, but the announcement of our results just made it shoot up. I hope the high price still holds up, Tomek?

Tomasz Kulik

It's at 61.60.

Bogdan Benczak

Well, it went down a bit then, but as of 2024 we've been growing at a rate of 71%, compared to the 46% growth of the WIG-20 index. So this is very good news, especially because, as we look at how we're valued relative to our European peers, we see potential for growth, and it's our ambition as a management group to improve our position compared to our competitors. The PZU Group has a chance to grow and will continue to do grow, but we're also aware that there are some negative trends in the market. Therefore, we're focusing on the opportunities we see in social and demographic changes, as well as the fact that the outlook for the Polish economy is positive. We intend to benefit from the growth in GDP and from the fact that, I assume, economic development will also translate positively into opportunities for our customers who will consume more and more from the insurance market. We're also looking at the social and demographic changes, in particular at the fact that the purchasing potential of society is getting bigger; so we believe that both investments and life insurance will increase, but also the value of the assets insured and also the sums insured will translate, too, into certain benefits in our premium. The aging of our population, which is a less positive issue related to demographics, will – and it is our firm belief – translate into demand for health products and also for life insurance protection products. What we're seeing as some pressure from negative market trends is change in the TPL insurance market. It's moving more towards this soft cycle; we're approaching a soft cycle, but we're also seeing quite a bit of competitive pressure in segments that are still profitable so far, namely MOD and non-motor insurance. On top of that, it means both that it's a trend which we have to deal with, as it's both a threat and an opportunity for us, and that the power of intermediaries is getting stronger. Currently, more than 50% of distribution is through brokers and multiagents, and this is a challenge that the PZU Group has to deal with. Additionally, declining interest rates will have an impact on the decline in our investment results and on the contribution of our banking pillar to our consolidated result. Here too, undoubtedly, the issue of raising the CIT for banks will have an impact. Therefore, what I'd like to point out as President of the Management Board, is that right now, in this period of almost two months, we and our colleagues within the PZU Group have prioritized our initiatives, operationalized our strategy and assigned ownership of specific projects and group initiatives to specific people and groups, which is supposed to allow us to reverse trends in certain market segments, and what we want to do is to keep being the leader of the insurance market in Poland, but not only in terms of our profitability and market share, because we already have that, but also in terms of new solutions and products in the market. Therefore, from my point of view, the most important task for me is in property and mass insurance issues. Here, it's a matter of improving our pricing and engaging in other initiatives related to improving the efficiency of our sales network. I'm talking both about our agents, who are our strength and who we firmly believe will contribute to our results, but also about a big opportunity in the way we build and develop the PZU Group's competence in cooperation with multiagencies. Traditionally, the PZU Group has not been strong in these channels, and a tremendous amount of work has been done by our competitors; however, I'm convinced that if we make the right moves in pricing, if we make changes in distribution and build this competence, if we support this with the right front-end tools, we'll be able to lead the PZU Group through profitable sales growth in this channel. I'd also like to point to the question of implementing a new system and new processes related to claims handling, both in the property insurance and in the life insurance company. Of course, the property insurance company is the priority; I've seen particularly high technological debt in it upon my return to PZU. This is a priority, and also an area where we see quite a lot of opportunity to improve our profitability. Next, the area of health. Ultimately, I'd like to pursue this amount, or this figure, envisioned in the strategy, and maybe even exceed it. And to make it a stable pillar that contributes positively to our business. I see opportunities here both for the area of organic growth, creating greenfields, and also in terms of acquisition. First, to increase the utilization of our health business in the PZU-controlled network, in our branches, and also simply to eliminate the current gaps across Poland in our coverage by our branches. In addition to this, investment activity. We've shown falling interest rates to be a certain negative trend. We'd like to manage our own portfolio more actively, but we'd also like to build a product offering for our partners and external clients, so that the investment business and the investment pillar increases its role in the PZU Group's revenues. In other respects, as you can see, corporate property insurance is an area that we're relatively satisfied with, contributing positively to our account. In contrast, we'd like to expand overseas through inward reinsurance in the MGA model with proven partners. We believe that we're able to achieve positive results. Individual life insurance is what we do. That means new products, and the activation of the sales network to reach one group of our clients. So we want to focus on individual continuation, but also reach out to the silver generation and middle-aged people. Then there's the issue of group insurance, a traditionally strong segment in which PZU Życie operates. Of course, the current margin we're getting in this segment is very satisfactory and exceeds our strategic assumptions. However, we'd like to be more agile here, react faster to the changing market, as well as slowly transform group insurance into an employee benefit which will consist of both an insurance component, a health component and also other elements that can be used as an employee benefit. In Bancassurance, we're relying heavily on developing cooperation with our banks, i.e., with PKO SA and ALIOR, but we're also active in this market and cooperate with entities outside our Group. Within the international business, we'll take advantage of synergies and those projects that have been successful in our foreign companies; we're also looking at the possibility of using our companies in Ukraine, for example, for future projects related to rebuilding Ukraine. Of course, I wish the war in Ukraine would end as soon as possible, so that we could seize this opportunity. For the time being, the contribution of our foreign companies is at a satisfactory level. The combined ratio from the Baltic states is at the level of the parent company, so we're very happy here. Within the Group, there's the question of transforming and developing the organization. I'd like to emphasize that the current strategy of the PZU Group envisaged the entry into force of regulations related to the new Solvency II regime. Hence, according to our estimations, the implementation of the new regulations and the fact that we'd have to measure our banking assets in a new way would cause our solvency to fall to 190%. I, for one, wish to emphasize that this has been foreseen, and even this level of 190% assumes a steady contribution and the maintenance of the PZU Group's currently applicable dividend policy. This is a sort of a starting point. On top of that, of course, we're in the course of a PZU Group reorganization project. We've signed a Memorandum of Understanding and Termsheet with PKO SA, and the PZU Group is now focusing on preparing for the base case scenario described in the Termsheet. What we have no control over are legislative changes. As you know, without the legislative changes being implemented, we won't be able to reorganize the PZU Group in the manner described in the document signed with PKO SA. While we await the next steps, we see a risk that these regulatory changes will come into effect after the date described in the Termsheet. We're working together with PKO SA bank on our response. Whether or not a new agreement will have to be signed is something which will be decided, I think, in December; then we'll know whether or not the Termsheet deadlines will fall into place. We're nonetheless keeping in touch with all stakeholders in the process. So, that's that as far as our Project Copenhagen is concerned. We're also looking at what's happening in the market and what's in the media area, what's publicly available. We know what's been said by the Minister of State Assets, for whom the safeguarding the interests of the State Treasury is central to this project. At the same time, inside the Group, we're making preparations related to the implementation of a partial internal model. Design work is underway, and we're in continuous contact with the Supervisory Board with regard to possible approval of such a model. In turn, we're aware that this type of operation is a great challenge. When I came to the PZU Group, one of my tasks was to stabilize the situation within the organization. We were able to close two collective disputes. We're in dialog with the social side at the moment. I hope we can reach a compromise and close the remaining collective disputes by the end of this year. We've decided to have a transparent and open communication policy with the social side. I hope this brings results. We're also preparing to transform our organizational culture. I'd like the PZU Group to be a more agile organization, going the silo mentality to be more classically tribe-oriented. While this is a big challenge, internally, we're convinced with the Management Board that we're on the right track here. As far as technology issues are concerned, as has been emphasized at previous such meetings, there's a fairly serious technology debt in the PZU Group. And this is something that the Management Board and in particular Michał Kopyt, who owns the technology part, is working very hard on. We have a plan in place, we're implementing a plan to change key systems that will allow us to use low-code platforms in the future and react in an agile and faster way to what's happening in the market. The big challenge, as I've mentioned earlier, is the project that involves the implementation of new processes and a new claims handling system. Our intention is to have finished all the analyses and selected our supplier by the end of the first half of next year, and then be able to start the implementation process of this project. We’re continuing to pursue issues related to our corporate social responsibility, building a society resilient to the challenges of the times. You’ve probably had the opportunity to come across prevention campaign “Slow down, champ.” Also, as you can see, I'm wearing a mustache, but only in November. We have a campaign called “Asking for a friend,” for the reason that the role of a leader in the insurance market is not only about profitable sales or the market share, but also about a whole lot of activities taken with the aim to be really perceived as an important stakeholder and an important participant in society. I was going to talk about this at the end, but I've already mentioned my mustache, so please remember that we have someone to live for. Let's talk to our loved ones about health, about the need to focus on prevention. And let's get tested. Asking for a friend, but actually encouraging it. This is just a brief overview of where we are in terms of our achievements and the drivers behind them, but also in terms of what we want to do, and what my ambitions are as President, for now Acting President of PZU. I'd like to ask Tomek now to give an accurate insight into the growth of the PZU Group’s business in the third quarter of 2025.

Tomasz Kulik

Thank you very much. We’ll try to go through this part quickly to save some time for a summary of the already detailed results after the segments, and leave some space for a Q&A. Now, as regards the factors shaping our results in the third quarter, the perspective on the third quarter itself, let’s start as usual with non-life insurance. Q3 was flat in terms of the premiums, while at the same time featured quite strong increases in terms of growth in insurance revenue. This stratification can be seen particularly in corporate clients, where a 9% decline in premium written is accompanied by revenue growth of more than 7%. Naturally, the reason for this is the long-term business, which, despite its presence in the portfolio all the time, we provide a service, that is part of our exposure. It’s not reported in the market in the format in which we report to the FSA, and our competitors report this as written premium, because there’s been no change in coverage during the period and there was no repricing of this business. In turn, as it's something which, as I've said, drives our exposure all the time and rather high growth in both the mass and corporate business, this measure which, in the previous standard, was more relevant and closer to what we’re now talking about as revenue, was of course earned premium; therefore, this is the value that somewhat better illustrates what’s happening on the revenue side. Motor insurance saw continued decline this quarter. This mainly affects the mass insurance segment on Link4’s portfolio and is caused by the reduction of unprofitable business in the multiagency channel. As you may recall, Link4 was not among the top most profitable entities last year. For Link4, but for the Group in general as well, 2025 involves a focus on profitability and profitable growth where possible. Therefore, we’re getting out of those formats that were historically unappealing to us, so here a minor adjustment was needed. I’d also like to point out this difference between written premiums and insurance revenues which adjust this item to a positive value. In life insurance, we have an IK grouping with a recurring 3% increase, mainly consisting of health insurance. Here, we’re talking about both new contracts and portfolio repricing, as well as new protection insurance, about consistent work on

the add-on sales portfolio which translates and builds insurance margins in a very cool way. In individual insurance, there was an increase of 8% over the already fairly high base of last year, in which there was a lot of room for and a great share of investment products, life and endowment products, as well as
quasi-deposit products which we sell both in our own channels and in cooperation with banks. So despite the high growth base of 8%, we're highlighting strong dynamics when it comes to protection and regular products, with increases in excess of 20%. As regards new products, as far as property insurance is concerned, we have new stand-alone products in banking channels, PZU Dom, NNW Education, as far as Alior Bank is concerned. We've started working and going outside Poland in the inward reinsurance format, which is something we've emphasized when we were publishing our strategy. We want to be present in markets outside Poland. For the time being, we are still exploring these markets in cooperation with our reinsurance partners, providing and using the balance sheet and this space, capable of bearing additional risk, in portfolio form, in order to limit anti-selection, especially at the beginning of this type of journey. So a strong start and the team built is important. I hope to keep you updated on revenues in this particular channel in the coming quarters. As for other things, all the time we're emphasizing building, expanding competencies in pricing, underwriting, machine-learning models, and analytical platforms; these are things which we've been relying on recently. In terms of life insurance, we've had first of all, new add-ons, severe illnesses, and treatment abroad; given how we're changing, we're a mature society, however we might not want to think of ourselves as that, and a society that is beginning to be hit by the ailments of wealthy and mature societies. Therefore, healthcare is the element we're relying on. Here, given the very appealing offering, the high sums, this is an add-on, an offering which resonates very nicely and is highly popular with our clients. In addition, in group insurance, we have a solution based on the sum insured, based on compensation multiples, something we've lacked so far; so we're supplementing that, we're running a pilot with very promising results, plus of course additional new products in the banking channel. As for health, here the President has already said a lot; to elaborate, we can only say that this ambitious growth comes in both insurance and subscriptions, where this scale of increases is slightly higher, 15% year-over-year, as well as those realized by medical facilities, whether in the fee-for-service formula or in occupational medicine, where these dynamics are also double-digit, exceeding 12%. We're growing in terms of cooperating and partnering branches in order to be everywhere, and in order to be able to attract even more new clients to whom we're able to suggest a convenient facility to pursue their medical needs, if not in our own network, then in a partner network, but also in order to optimize the average cost of a medical procedure. To this end, we're also gradually increasing the percentage of online appointments, redirecting traffic to our own network; in the third quarter, this is already 45% of all traffic. There's high growth in assets under management, both on our side and on the side of bank TFIs. All the while PZU TFI is number one among non-bank TFIs, with an increase in new sales of 3.5 billion. Large increases in excess of 30% of assets under management at our banking friends and the growing scale of assets accumulated in ECSs, are the highlights in this regard. From the point of view of the product offering, there's the new closed-ended private debt fund we're pursuing with PKO SA; the joint allocation to this fund on our side and on the bank's side is more than 100 million złoty. This will be a fund that will finance

companies in the form of a debt loan, corporate bonds. The offering addressed to private banking clients of PKO SA seems to be a fairly good supplement in terms of the appeal of the investment, given the particular asset class at this phase of the market cycle. As for Innovate Poland, which the President opened here quite recently, I'd like him to take the floor.

Bogdan Benczak

Innovate Poland, the Polish version of the Tibi program. PZU is one of its founders, one of the entities that inaugurated the project, along with PFR and BGK. We're the private entity that joined this project. Why did we join it? First, we see business value in it, and an opportunity to diversify our portfolio of deposits and to earn an above-average rate of return. Second, it's in line with our strategy; we're diversifying our deposit income here. Third, this is a project where we see potential synergies with the programs we're implementing at the moment. We're one of the entities that works with the largest number of start-ups in Poland. We have a project called "PZU Ready for Startup" and as regards that the entities we work with in this area, we see some synergies and potential financing of their activities from the Innovate Poland fund. In addition, thanks to the assumptions of this project and the institution of accreditation and certification of certain funds, this, as we assume, will allow us to take advantage of synergies with this program and faster certification, and faster selection of funds in which we would like to invest in the future.

Tomasz Kulik

Thanks. In terms of cooperation with banks, in terms of bancassurance, we're achieving sales at PLN 600 million measured by quarterly written premiums; so, this is a very important distribution channel which grows based on the same product groups and growing offerings, this time augmented by products that are stand-alone products. So we hope that given the participation, this channel will grow all the time in terms of reaching the client. And now is the time to summarize for ourselves the results of the third quarter, after which we'll discuss the results in each segment. The third quarter is historically the highest top line and the highest result in absolute terms we've achieved to date. As for the top line, we've seen 5% growth with year-over-year dynamics. Here, there's quite a significant contribution on the side of mass property insurance, especially when it comes to non-motor insurance, there's dynamics of almost 10%, 9.8% to be precise. Corporate property insurance saw a growth of 8.1%. The IK grouping measures slightly lower, from a very high base level. We'll tell you about it in a moment, analyzing what happened in this segment. individual protective life insurance saw double-digit growth at 18.5%. There was a very high contribution from foreign companies. This is what created insurance revenues that quarter. Given a similar reinsurance program from the standpoint of assignments and legitims, the net insurance revenues had similar dynamics to gross sales values. On the other hand, there's quite a lot happening year-over-year on the cost side, the cost of insurance services primarily when it comes to claims and benefits. And here, this section can be divided into three areas. The first is the lack of comparability. Let me remind you that last year, we spoke about and operationally struggled with the effects of the flood. PZU was there the day after the wave subsided. From the point of view of the result we reported in the third quarter of last year, the impact of these mass events reduced the result of the mass segment by a total of 275 million. So that’s an element which, of course, we didn't have this time. In turn, we had lower claim frequency on the motor insurance side, which also affected the ability to achieve returns on these products, both MOD and TPL in both segments, which is particularly gratifying. We also had the effect of revaluing provisions from previous years, mainly due to the reversal of a negative trend in terms of the level of indexation of annuities. Here, we’re talking about the provision for the capitalized value of annuities in the mass MOD insurance. The impact of this revaluation on the results of the third quarter is 50 million. Also, we saw a decline in the provision for vegetative states. The impact of this change is more than 20 million this quarter. What’s very important to us is cost efficiency, both from the point of view of effectively reaching the client and how much the support of this insurance engine costs. Efficiency improvements, both in the administrative cost dimension, where we’ve seen increases in personnel costs, and in the technology cost dimension, are virtually offset by all other cost categories. So here, the efficiency improvements translate into an index lowering it by more than 30 basis points. The case is similar for acquisition costs, and something which affirms the quality of the business, i.e., the improvement and net contribution of the loss component. As you can see, the creation of and change in the new loss component and amortization of what was originally recognized when the business was acquired into the portfolio, together translate into and positively impact the result. In all segments, this is a value of more than 90 million złoty, so this is an element that is particularly gratifying given what’s happening on the property insurance side and motor insurance side. We ended the third quarter with 1.505 billion being the result from insurance services, which is a very big, 117% change year-over-year. During this time, we’ve also seen quite strong growth in terms of net financial income. We closed this item at 360 million, with a year-over-year increase of 45%, which mainly consisted of gains on the corporate debt portfolio, improved yields on equity instruments and investment properties, bringing our total to close the quarter at 1.419 billion on this non-banking portion. Banks had a flat change year-over-year, a slight adjustment of 2.2%, so we're end the third quarter with a result of 1.995 billion and a very high return on equity of over 25%. This is a level significantly higher than the one when we were writing and publishing the strategy at the end of last year. We’ve improved cost efficiency, as I've said, improved profitability indicators both on the property insurance side and on the life insurance side. These are the things that are particularly gratifying and that translated into this result. Now, let’s see how the result has evolved in terms of individual segments. Traditionally, let’s start with the mass segment. Here, we had slightly different dynamics on the non-motor insurance side, where we grew at a rate of almost 10%, with primarily housing insurance, but also PZU Firma, an offering for small and medium-sized businesses allowing us, based on a new approach to thinking about sums insured and a degressive prices for each additional złoty, to make quite strong, solid gains compared to last year’s third quarter. Results in motor insurance were fairly flat, given all that is happening with Link4, where, as we mentioned earlier, the primary focus for Link4 this year was rebuilding profitability. All this came with very a small increase in terms of acquisition costs. In insurance service expenses, first of all, we’ve improved their quality, as already discussed, and completely changed the cost structure in this segment. There was a decrease in the share of costs in revenue, but also lower liabilities for current year claims. This is in the context of, on the one hand, the absence of large mass claims payouts, but also, on the other hand, of improvement when it comes to MOD insurance, where, as I've mentioned, we’ve seen some improvement in the third quarter in terms of the claims frequency in this product. What also contributed to the results in this segment was the lower creation of the new loss component and this amortization of last year’s components, which altogether translated into and added almost 40 million to this quarter’s results, with a positive impact from the revaluation of prior years’ reserves. All this means that we’re closing the operating result in this segment at PLN 715 million, improving efficiency indicators in virtually every area. As we can see, the motor insurance market and what we’re seeing will translate into results in future quarters. What’s primarily important is what happens to the trajectory of price dynamics, both in MOD and TPL. MOD, after its peaks in December and January, or the fourth quarter of last year and the first quarter of this year, where the growth rate was 7.6 percentage points, has fallen to less than 1.5 percentage points, but these are still positive growth rates, unlike in TPL, where for the second quarter in a row we’re at almost negative 3%; perhaps the only positive message in the case of TPL is the fact that it’s no longer a race to rock bottom. We may be in a sideways trend for a while, followed by a rebound, while as far as TPL is concerned, we’re talking about a fairly profitable product in the market all the time, a product which at the end of the second quarter, and this is the latest publicly available data, generated a profitability of just under 7%. As far as MOD is concerned, after a rather surprisingly high profitability in the first quarter, we can say that we’re at zero, given the declines in price dynamics. In addition, we’re observing that the increase in the value of vehicles has no effect on TPL, not anymore after the COVID pandemic and some time after it, when the effect persisted; thus the main effect of growth in these products from previous quarters has disappeared. I’m just underlining that this slide is based on PSR data, so we shouldn’t correlate it directly to what we’re reporting. On the corporate insurance side, we have high dynamics of over 8%, both in non-motor insurance at almost 7% and in motor insurance at 9.4%, with, as in the mass segment, lower dynamics in acquisition costs. In insurance service expenses, the situation is almost analogous to that of the mass segment, so we’re seeing quite a significant change in the structure, a year-over-year decrease in costs by 6, almost 7 percentage points, caused by the same events, that is, on the one hand, higher cost efficiency, which is something I will keep bringing up because it's an important parameter that affects the results of this quarter, and on the other hand the lower effect and quality improvement observed through the prism of the net loss component, which positively translated into and added to the results on the corporate client side this quarter. There’s also been a decline in current year claims liabilities; we had lower payouts and lower liabilities in non-motor insurance. So that's what built up this room for result which more than doubled from 138 million to more than 309 million in the third quarter and, as with the mass segment, improved in all relevant product groups. As for individually continued group insurance, we’re dealing with low growth from a high base due to, on the revenue side, lower expected claims and benefits, or actually lower premiums allocated to future expected claims and benefits. Here, a decrease in this component within revenues by 64 million, a better fit, a slightly higher level of conservatism was built into this value last year in anticipation of recurring mortality and claims in this product which did not happen. We recorded fairly high positive variances on this component between revenue and expenses last year. There’s a much better fit this year, with CSM’s share rising very strongly which built revenue in the third quarter. A year-over-year increase was of more than 26% which was impacted in addition to such normal scale-building by changes in both actuarial and cost assumptions related to insurance liabilities; as a result, insurance revenues end with this slight 1.5% growth. Costs were flat, especially when it comes to claims and benefit levels. Here, there were lower benefits from individually continued group protective insurance, a slight increase on the health insurance side, and this was what translated significantly into this item on the insurance service expenses side, allowing us to end the third quarter with profit in terms of the operating result. Contribution of this segment to the total was 550 million and profitability exceeded 27%. As far as mortality rates are concerned, we’re first of all noting that the third quarter, like the second quarter, is a quarter of seasonally moderate number of deaths. This was also the case this time, with a slight year-over-year improvement in this parameter compared to the third quarter of last year. This improvement is at about 3.5 percentage points, which with the change in the structure of the portfolio, with further translation into a decrease in the number of benefits in relation to deaths, allowed us to recognize a lower level of benefits compared to the same period last year by about 10%. As for individual protection insurance, here high increases in insurance service revenues of 18.5%, like we’ve said, were dictated by two products: individual protection insurance with profit sharing and individual protection insurance. The former increased its revenues in the period by more than 17 million, the latter by 14 million, and as in the case of group insurance, CSM’s growth in this segment was very noticeable at almost 22% year-over-year; what contributed slightly to this as well were improvements in cost efficiency and, therefore, assumptions and changes in assumptions concerning costs in the calculation of insurance contract liabilities. On the cost side, there are increases, mainly driven by the scale of operations with a very low base from last year; this translated into a 10% growth year-over-year in operating results, so we’re closing the quarter with a segment contribution to the consolidated result of 100... more than PLN 120 million. This is very important information regarding how the carrying value of CSM is shaping up and growing all the time in both segments, which later in the context of the delivered insurance service to our customers will be recognized and passed through the result. So there are high increases, in terms of new business CSM, but also additional purchases, add-ons and repricing, or the positive effect of indexation of the portfolio, with quite a large share this time of the change in assumptions, which influenced how we think about shaping the cost of this service in the future, the liabilities arising from this in the future. There are two elements to this change. It usually takes place in the fourth quarter, this time in the third quarter, which is directly related to the acceleration of reporting processes and the attempt to report the entire year as early as February. So we want to change also in this layer of communication with the market, report much faster, be in situations in which we haven’t been able to participate so far precisely because of the timing of our annual report, so we’re speeding up certain procedures earlier, already on the occasion of the third quarter. Such procedures are also those related to updating technical assumptions, which, in the case of the CSM, positively built it, especially based on this element of higher cost efficiency. In contrast, there was significant improvements in both segments. The investment activity result in the third quarter itself was high, at 5.7%, with a higher interest income, and higher result from valuation and realization of debt instruments. This time last year, we tried to take advantage of the market's upcoming circumstances. We tried to lengthen the portfolio by realizing the negative valuations that were going through KAW in these instruments. On top of that, we also had the impact of impairment losses on one corporate exposure last year. So there were some pretty big year-over-year gains, pretty big gains when it comes to equity instruments; both index strategies, private equity, but also the medical sector, are what built value when it comes to this class of deposits. Also, the positive contribution from the investment property portfolio is what translated into a total return of 5.7%. The last piece of information is something very safe, and in the context of these high results, as the President has said, allows us to look forward to the next year very optimistically when it comes to the room for dividend; as you can see, this is a quarter in which our own funds are growing, with a very moderate increase in the solvency requirement, which formed more or less in a similar way, or grew in a similar way, both in the insurance business and because of the increase in risk on the side of the banking sector. To summarize where we're going with the strategy, gross insurance revenue is certainly the area where we need to think about new sources all the time, hence inward reinsurance and MGA that the President talked about. We clearly need to accelerate here in order to be able to achieve this very, very ambitious goal by the end of 2027. You can see that value thinking pays off. Our profitability position looks slightly different from insurance revenues; both in the property insurance and life insurance we are in the strategic target, which translates into net income and this trajectory of getting to the value declared in the strategy. With high solvency, with this target, which I'll just remind you didn't envisage reorganization but assumed changes under Solvency II, because this information has been with us for some time now, we can say that depending on different scenarios, we're quite well prepared given what kind of company we are - a value company - therefore we're a company that investors invest in, believing that we'll continuously deliver high value and dividend returns. We're very well prepared for this. And that's it in terms of summarizing the third quarter results and how we look on the trajectory to accomplishing the goals of our strategy. And this is the moment when I hand the floor back to the President and encourage you to ask questions.

Magdalena Komaracka

Any more closing words or should we move to the questions?

Bogdan Benczak

It was a very good nine months. I'm sorry, I was supposed to say into the microphone, and I didn't, sorry; it was a very good nine months. Now we're waiting for questions.

Magdalena Komaracka

Yes, let's move on to a series of questions and answers. There's a few questions posted online, but maybe we'll give those who have visited us in person a chance first. Are there any questions? As far as I can see, none, so why don't we start with a series of questions about property insurance; the first question comes from Autonomous Research. I'll translate them into Polish, perhaps, to make it easier to explain. To what extent did favorable weather conditions and/or provision reversals affect the level of the combined ratio? In the third quarter, of course.

Tomasz Kulik

Sure, sure, sure. Let's put it that way. As for the reversal, and, because I'd like to emphasize very, very emphatically about PZU... you can say a lot about us, but the DNA of PZU features a conservative approach to liabilities, in insurance especially. As such, we're not the entity that reverses at one time, establishes the other, behaves somehow in an unpredictable manner here. We have provisions, the level of which is not only absolutely adequate to what the market situation is like, but can be said to almost certainly allow all insurance liabilities to be met, regardless of the scenario. Now, the economy, too, has an impact on such an insurance portfolio, in addition to how it develops naturally, and we've dealt with such elements. So the first thing that happened in the third quarter, which had nothing to do with the reversal or such kind of thing, was purely a matter of the economy, the drop in inflation, and what we were talking about, in terms of modeling the provisions for the capitalized value of annuities together with the drop in inflation, is what we see with the high correlation between this level of indexation ordered by the courts and how this inflation is shaping up; whether it's CPI or wage inflation, we see a level to remain as conservative as before, to lower this level of provisions due to the fact that the coming years will most likely be characterized by different readings than the double-digit ones we were facing just two years ago, given that the inflation rate is moving towards that inflation target that the NBP, for example, is talking about, and very well so. So this is one such parameter that affects things significantly; in the case of MOD, it was 50 million złoty. The second of these parameters is vegetative states. Let me just remind you that it was a long, long time ago for PZU, taking into account the case-law in this area, where we had to deal with victims of traffic accidents who survived but ended up in a vegetative state; here, we're talking about the family, relatives who care for such a person and their pain and suffering, which is not physical, but mental. For these types of claims adjudicated historically, we created a provision in 2017-2018, expended less and less, as we see less damages being adjudicated; in general, this record is getting smaller and smaller. Therefore, given the period covered, which was 1998-2017, we're gradually, given these 20 years of responsibility, coming down from this provision. This is yet another revaluation of its impact, 21 million, on third-quarter solo results. So that's what it looks like on the property insurance side, and as I understand, that's what the question was about, right? Good.

Magdalena Komaracka

Yes, property. A second related question from HSBC. What will be the impact on the combined ratio in the next few years if the business mix changes to one where non-motor insurance seizes a larger share? Can this shift toward non-motor business, which generates higher margins, offset the pressure from this softer market?

Tomasz Kulik

This is something we’ve talked about quite clearly in the strategy. That is, we care a lot about profitable growth, given also what PZU’s DNA is. As a result, we have therefore consciously limited our presence in situations where we’re not particularly appealing from a value creation perspective. We talked about what happened with the Link4 portfolio, and we also repositioned ourselves on the PZU SA side, resulting in what was and most likely will be a further increase in the share of the non-motor business. And what we continue to declare, and what we believe is still applicable, is that in both the mass segment and the
corporate segment on a mixed motor and non-motor insurance portfolio, we want to have profitability measured by a combined ratio of no more than 90%. This is our commitment from the strategy, this is something we’ll work towards. Hence these new activities which are also expected to create new room in terms of revenue in the soft market situation that the President spoke of.

Magdalena Komaracka

More specifically still, in terms of motor insurance, another question from Autonomous. Given the price pressure in motor insurance, how much core will you be able to maintain in the near term?

Tomasz Kulik

I think it all depends a little on how the market behaves, because I can put it this way. It seems that while claims inflation is falling, the assumption that it’ll be at an unchanged level next year from the point of view of the average price of claims in motor products is perhaps unwarrantedly optimistic. So while we see some space that could be generated on the frequency side, as we’ve also experienced in the third quarter, certain inflationary trends will work against these claims. Here’s how we see it. I'll start with the market in TPL insurance. It’s quite profitable all the time. We’re slightly more profitable in this regard, but let me emphasize that we’re communicating to you through a different standard than the one by which we can collect market data. And as a result, if this situation continues, there’ll most likely be a compression of margins. Whether it will be at 5%, because it is very stable, but such a slow descent of this yield, it is difficult for us to predict. For now, we have negative readings in two quarters, the second and third. We are somewhat in a sideways trend in this area. This adjustment is negative 2.8. We’ll see how it continues at the end of the year. The end of the year is a particularly interesting period, where some are already trying to position themselves for the new year, some are still trying to deliver on the sales targets from this year, so interesting things are happening; here, if we can capitalize and position ourselves appropriately, I assume we can even be a beneficiary in this fourth quarter. In turn, when it comes to the situation in the MOD product, well, we certainly will not want to forcefully grow in third-party channels, where this value will not be there. So perhaps, as we talked about in the strategy, we’ll grow more slowly in this area, but generating value not only for our shareholders, but for our customers. Given how large our portfolio is, and given how well and better, it seems to me, these expenditures on pricing, machine-learning, and so on and so forth, look, we've been talking about being able to offer our clients. So it seems that if nothing changes, then we have to prepare for a slight margin depreciation on the TPL side. All the time, we believe it'll be a profitable product. As for MOD, it depends a bit on how this market will be shaped. Let me just remind you that in the market today, a market where there's no profitability at all, because you can say that there are those who generate value and there are those who give that value, we want to be in the former group, but this requires an incredibly high level of sophistication and, like, a nuanced approach on this side of risk-taking in the portfolio.

Bogdan Benczak

This is, in some way, one element that Tomek talked about, while as you saw in my presentation, the issue of pricing and mass insurance, is an element of the PZU Group's business where our special attention is directed. These are our priorities. Of course, in addition to what's happening in the market, we also have a list of initiatives to improve PZU's operations in pricing, the claims handling system, fraud, prevention, and so on; these are all things that, in addition to a thorough analysis of what's happening in the market, also happen inside PZU.

Magdalena Komaracka

Here, an additional question from Trigon Dom Maklerski, already concerning the motor business. What was the reason for such a significant improvement in MOD profitability from quarter to quarter? Here, this question has been asked before and we've partly answered for the provisions, is there anything else?

Tomasz Kulik

No, it's one element; the other element is what also took place in the second quarter, which is the mechanics of this standard, amortization versus the newly created loss component, where this amortization component represents the larger of the two values and contributes positively to the result.

Magdalena Komaracka

We've just received an additional question from HSBC. Historically, at what moment the pressure allows the market to turn around, that is, to become more profitable; where are we now, relative to this history, for example, with regard to focusing on the investment result, or subsidizing one product with another?

Tomasz Kulik

It seems to me that, in the Polish market, this situation has significantly changed after COVID-19 broke out. Let me just remind you that 2019, we said at the time, was a year in which we saw a new underwriting cycle dawning on the horizon. COVID-19 came and everything changed. And first we had to deal with gigantic profits which were shaped by practically no traffic and no insurance events, and then slowly, as we entered this mode of hybrid work, where some of us worked remotely and some of us already returned to work in person, this traffic slowly returned. So we had to deal with a very much extended cycle, one might say, very much disturbed by circumstances around COVID-19, lasting a total of 6.5, almost 7 years. So it's hard to relate this moment in time to anything historically analogous. Historically, this impulse, but in a completely different regulatory environment, was the time where both MOD and TPL products were unprofitable; it was only then that the FSA stepped in with fairly strong interventions. After these events (it might’ve been in 2017, but I don't remember anymore), price adequacy regulations came in which were intended to reduce the scale of what we’ve historically faced. As a result, today it’s difficult to imagine a model that is easily acceptable to the regulator in which large technical losses are offset by the result from investment activity and this is the model that works and everyone is happy. Why? Because mostly such a model translates very negatively into the capital position, and capital must be guaranteed by the insurer no matter what this negative scenario looks like for the coverage and payment of insurance liabilities. So those rules of the game have changed a bit, and so after such a long cycle it’s hard to say that this is the moment as in 2015, 2014 or 2016, where increases were already observed. It seems that we, and this was some sort of a mentality which we also talked about as part of the strategy, will be moving in a much narrower corridor than historically, within which we will perhaps have a pricing or underwriting cycle but its duration will be quite different than historically.

Bogdan Benczak

Let me emphasize. We’re far from having a negative technical result. This is not our philosophy.

Magdalena Komaracka

We have two questions when it comes to the non-motor results. I'll take the liberty of combining them, as they’re very similar. They come from Trigon and HSBC. The first part of this question, of sort, is whether you now see any one-offs in the third quarter of 2025 in property insurance and non-motor insurance. And as for the second part, weather damage was significant in 2024, but would you describe 2025 as normal in this regard? If not, by how much should we normalize this result?

Tomasz Kulik

I think it all depends on what the norm is for whom. Someone may say a flood event like the one we faced last year happens once in, well, certainly not 100 or 50 years anymore, but it's nonetheless not an event that should be forecast and taken into account every year. So that’s part

of the answer. I think that this year is a relatively good year from a technical point of view in non-motor insurance, because we can say that, yes, except for certain frost that affected us in the second quarter and the scale of which exceeded 200 million złoty, we did not have to deal with the kind of mass events that we had to deal with, at least last year. The question now is: what is the normal element? We’re certainly dealing with weather events that are much more violent. We’re certainly dealing with situations that haven’t happened before, like winter storms - that's not normal - that will probably affect what happens on the claims side. However, I would also like to point out to you that these are quoting elements, i.e., these parameters affecting the final risk level are also taken into account when an offering, be it for corporate or mass client, is prepared. We’re already thinking very differently today than we used to about what it means to be a client in a floodplain. In Warsaw, close to the embankment, in Zawady for example, there are gigantic residences which, from the point of view of risk valuation, are quoted completely differently than an apartment on the 3rd floor in a building two kilometers from the riverbed. So these are elements that are already integral to pricing today, not only in our country, but globally in the market. The question all the time is the definition of normalcy.
However, I assume that this year can be called rather positive.

Magdalena Komaracka

We have two more questions. One about investments, one about holding. Can we still make it? Do we have time? Yes? So, about investments, a question from Autonomous Research. You’ve mentioned the pressure that interest rate cuts can put on the insurance investment results and banking business contributions. Given the duration and maturity of your portfolio of debt instruments, what might be the rate of this compression, or decline, in the profitability of your fixed-rate debt portfolio? In banking, can an increase in loan volumes offset pressure on bank interest margins?

Tomasz Kulik

I’ll answer the question this way. For more than 12 months, because this is something we pretty much started in the third quarter of last year, we’ve been trying, taking advantage of a very supportive and appealing environment, to lengthen and, quote, “freeze” our debt portfolio. I’m mainly talking about sovereign bonds, with past profitability rates for an additional few years. This was evident by the negative KAW realization in the third-quarter of last year. So by paying for it a little bit, we did it and, hopefully, as a result, we’ll be the beneficiary of it for a longer time, reaping better results. How should we think about these results? If the rates drop about 100 base points, the impact on them will probably be in the between 80 to 115 or 120 million. This is what the position looks like at the moment. Of course, we’ll try to offset it. We can afford it today, given what our capital position is. We can increase it a little bit; and these are the things we’ve talked about earlier - the level of acceptable risk and the share of debt and corporate instruments in the structure of our portfolio, which is not excessive. As the President has pointed out, the share of sovereign bonds in the totality of the portfolio is more than 65%, so we’re quite unrepresentative from the point of view of the structure of this portfolio in relation to our European peers. So the space is here. In turn, of course, just because there is space does not mean that we must always do something, and if it doesn't make sense to reach for some non-standard solutions at all costs, then we'll not do it. It's also not the case that these opportunities are abundant. This market is not very deep in Poland, so we also have these kinds of strategies that go beyond the Polish market, but these are certainly directions that we will be thinking about in terms of further rate declines in line with our strategy... and reorganization, that's right.

Magdalena Komaracka

One last question about the holding company. Can you recall the timeframe for closing the merger with PKO, or the Group's reorganization, and can you comment on the status, here, of the legislative process that will enable this reorganization?

Bogdan Benczak

According to the signed document, the merger is to close by the end of the second quarter next year. At this point, as far as legislative changes are concerned, we’re yet to send the drafts to the Parliament.

Magdalena Komaracka

Here’s another question from the Internet. How will the shares be converted to PKO shares, PZU shares, but I understand that... [*inaudible*]

Tomasz Kulik, Bogdan Benczak

A tad early.

Magdalena Komaracka

We have a question from the floor; could we still please have questions from the floor?

Andrzej Powierża

Good morning, I’m Andrew Powierża, of the City Handlowy Brokerage Office. I have a somewhat niche question, but due to the professional experience of the President, I wouldn’t forgive myself if I didn’t ask it. It's about business in the Baltic states, which for us is just one figure in the presentation; you know a lot more, so could you please say a little about it? At what point of the cycle are we there, and how to look at this market? What are the risks, threats, opportunities there? Thank you very much.

Bogdan Benczak

The market is very similar to the Polish market. Of course, there are fewer insurance companies there, while the competition is similar to say the least. There’s a slightly different mix when it comes to industry issues. It’s like, traditionally, the industries which are quite strong are logistics, transportation, and furniture, as relative to the timber industry. There... well, at the moment, you know, we’re facing a rather serious challenge in Lithuania, for the reason that an insurance sales tax of 10% on the written premium has been introduced; we’re waiting for guidelines on how this

tax will be calculated. This is related to defense funding, so it's a rather strong solution. It seems that it will translate into what is happening in the Lithuanian market. In turn, due to the lack of regulations, we're waiting all the time, because there are business lines that will be excluded from this tax. This is as far as the Lithuanian market is concerned; as you may know, many years ago PZU acquired the Lithuanian PZU, the Latvian PZU and the Kodan branch in Estonia as part of a deal with RSA.
At the moment, Lietuvos Draudimas is doing very well, it’s a sort of a market leader. They’re agile, representing a sales mix like PZU, which means they have agents, an agency network, and external channels they cooperate with. There, the structure is a little different; brokers enjoy a very strong position, like multiagencies in Poland, and price comparison engines are also very strong. As for the mass client market, the most developed market for Medex, or a kind of health insurance as we’d call it, is in Latvia. We are expanding in Lithuania and have a very strong position there, and both business lines are profitable. The reasons are identical to those in Poland - quite a big problem with accessibility and quality of public healthcare. The situation is different in Estonia. In Estonia, the public healthcare market is at a fairly high level, so health insurance is not so popular there. With the high level of digitization, high level of... there, you have to be very agile, respond very quickly to requests for proposals. We’re the market leader in Lithuania in non-life insurance. We’re a leader as a stand-alone company, because there, probably if we combined groups, there’d be a some small difference. The same case is in Latvia and in Estonia, at the moment, we’re number three, if I remember correctly. Our life insurance company in Lithuania has begun to show favorable dynamics, so we are growing here as well. However, without a doubt, it is an area where we should accelerate and think about how to find this place. The way we function is that the Lithuanian company, i.e., Lietuvos Draudimas, has a branch in Estonia. This is due to the fact that the business we bought many years ago was also a branch, and Balta in Latvia is a company that operates in Latvia, headquartered in Riga. In terms of the combined ratio and premium written, we have them here in this appendix? In total, as far as Ukrainian companies are concerned as well, we’re enjoying a premium written of 2.3 billion, for the third quarter alone. Now, as for the Baltic countries consolidated, in 2025, we have a combined ratio of 86.5%. Growth dynamics are at 9%, only this is after converting the currency; yes, this is in Polish złoty, in the local currency there, it’s, if I remember correctly, 7% or.... I don't remember, I’ll have to check. Well, I'm caught out here, I'd have to recall what this figure is exactly. But this combined ratio is similar to what PZU has and the product mix, more or less, is also similar to what we have at PZU. In terms of distribution channels, when we bought Estonia, there was quite a large share of bancassurance with the ECB. At the moment, this share has decreased and sales through brokers and our own network are higher. This cooperation with the ECB is already very important, while not a key factor in growth. Well, I can only say that buying, taking part in the acquisition process of this business many, many years ago, exceeded all our assumptions, which Tomek can confirm. These companies, for one, have either maintained or strengthened their position; they’re nimble and contribute in a very good way. As for Ukraine, there’s also a very, very serious restructuring of our companies underway, and we see that this year, especially the third quarter, is a very strong rebound in terms of sales, and the companies are also contributing. There, the combined ratio in PZU Ukraine is at 94. So I think

this is no cause for shame, especially if we consider the extreme conditions in which they operate. They have a reason to be proud.

Magdalena Komaracka

Are there any more questions from the floor? Since there's none and I don't see any online either, I'd like to thank you for your presence and invite you to the next conference, already for the fourth quarter, which the President has already revealed will be earlier than usual; we'll inform you about the publication date by means of a current report. Thank you very much.

Bogdan Benczak

I, for one, would like to thank you very much; it was a stressful but very valuable experience. Thank you very much, have a nice day. And please feel obliged to have a look at our "Asking for a Friend" page. Thank you very much.