

Magdalena Komaracka 00:00:01

Welcome to the conference dedicated to discussing the results of the PZU Group in 2025, particularly in the fourth quarter of 2025. The presentation will be led by Mr. Bogdan Benczak, President of PZU SA, and Mr. 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 00:00:27

Thank you very much. I warmly welcome you to this conference concerning an exceptional year. The year 2025 was exceptional for the PZU Group because it was a year in which we faced many challenges. Despite this, thanks to strong teamwork, we were able to achieve record results. And these are the results we will talk about today. Nearly PLN 31 billion in gross written premium, PLN 1.5 billion more than in 2024, with profit at the level of PLN 6.7 billion and a solvency ratio of 234%. Last year we paid PLN 4.47 per share, with a high dividend yield. These are record results for the PZU Group. Dynamic profit growth – over 25%. We achieved PLN 6.699 billion, of which PLN 4.5 billion came from insurance operations, and nearly PLN 2.2 billion was contributed by our banking activities. ROE exceeded 20%, achieved thanks to a strong insurance result of PLN 4.8 billion and very good results from our investment portfolio at PLN 2.7 billion, with an operating margin exceeding 27% and a combined ratio of 86.2% – these are very good results. These are record results. I will now ask Tomek, our CFO, to comment on this section in a bit more detail.

Tomasz Kulik 00:02:35

Commentary which... and the message I would like to leave you with after this particular slide is that the distribution of results this year is somewhat different from what some of you may have expected, considering how these results were generated by the Group in 2024. I would like to highlight several differences regarding what happened in 2024 and 2025 and what affected the individual quarters. First of all, we all remember that last year was marked by major flood-related claims – the floods – and all of that occurred in the third quarter. Traditionally at PZU, the fourth quarter used to be the quarter in which we would review whether the actuarial assumptions on the life side – mainly mortality and morbidity – were the parameters with which we should enter the following year, in this case 2025. Depending on the outcome of this analysis – and last year was quite particular from the perspective of a certain level of prudence on the revenue side – prudence related to the fact that on the revenue side we had expected a completely different year in life

insurance, especially in terms of mortality, namely post-COVID mortality. We had assumed that we would observe a return to previous levels. Since this did not happen, we were the beneficiary of very large variances when it came to claims and benefits. However, the actual changes to assumptions took place in the fourth quarter. This year, because we have the pleasure of speaking with you a month earlier than last year, we had to change quite a lot in this process layer. As a result, the same processes that usually took place in PZU in the fourth quarter occurred this time in the third quarter. Consequently, the third quarter this time is not representative when compared with the flood-affected third quarter of 2024. All of this may make it somewhat more difficult to understand how the results for 2025, broken down by quarters, developed and how they should be interpreted. What I would like to leave you with after this slide is the following message: In 2025, PZU generated an average quarterly result of around PLN 1.6 billion – slightly above PLN 1.6 billion – significantly higher than last year, and this is the level with which we are entering 2026. This is a business which, on the insurance side – and we are an insurance-banking group – is characterized by very strong fundamentals. The annual profitability levels mentioned by the President, particularly the combined ratio of 86%, did not look materially different in the fourth quarter either. This means that we are in a very good position, especially with regard to the commitments set out in the 2025–2027 strategy. So, we are entering 2026 with a healthy business, with a very well-performing investment portfolio that underwent certain tactical adjustments in the fourth quarter in order to extend returns – that is, to lock in this very strong profitability for a longer period, which we will discuss later. We also have a very strong balance sheet and a return on equity above 20%. This is the environment which, I assume, should be conducive to thinking about the distribution of the profit for 2025.

Bogdan Benczak 00:07:08

Thank you, Tomek. Tomek also mentioned other elements that made 2025 an exceptional year – the earlier closing of the year as well as the issues he referred to. The year 2025 also brought an increase in scale and the development of our complementary offering. We are very pleased that revenues from non-motor insurance grew at a double-digit rate. We are continuing the positive trend in individual protection life insurance – again with double-digit growth – and we are also satisfied with the developments in the health pillar. Here, growth reached 14% year on year, as well as another element of our strategy – an increase in the number of external customers across our three TFIs. We have a credit rating of A- with a positive outlook, and our results were also

achieved while maintaining a high solvency ratio well above 200%. After three quarters of 2025, our solvency ratio stands at 234%, which gives us a very strong position when thinking about an attractive dividend for 2025, as Tomek already mentioned. As you know, in our strategy we assumed that by 2027 we would reach a dividend level of PLN 4.50, and I think – let me repeat once again – that we are in a very good position to consider an attractive dividend within this range. As for our investment portfolio, as Tomasz mentioned, we achieved very strong results from investment activity. 71% of our portfolio consists of government bonds. In addition, we have effective reinsurance protection. The year 2025, and particularly the fourth quarter, was also a time for defining priorities and operationalizing our strategy. We see significant opportunities for the PZU Group in the improving economic situation of Poland. Poland is the 20th largest economy in the world, and the economic strength of our society is improving. Therefore, we are working to take advantage of this situation and offer our customers the broadest possible product offering that will allow them to benefit from the improving economic situation. At the same time, we also want to benefit from the improvement and growth of Poland's GDP. This is why we want to leverage the unique position of the PZU Group not only to provide insurance, but also to make use of opportunities to finance development investments in the Polish economy. At the same time, we are aware of the challenges and the realities of the market – including a somewhat softer market in motor third-party liability insurance and, more broadly, increasing competition in this segment. We also need to prepare for changes – structural changes that have taken place in the insurance product distribution market, particularly the growing role of insurance intermediaries. The PZU Group has a competitive advantage in the form of a very strong tied agent channel, and this is an asset we will continue to protect. These are our special forces, which we will continue to leverage, develop and take great care of. At the same time, however, we must open ourselves to new opportunities in this area. This is why we have a whole list of initiatives that will enable us to compete effectively in this field as well. At the same time, being aware that we operate in an environment of falling interest rates, we need to prepare actions related to our investment activities. We are also aware that regulatory changes and shifts in the interest rate environment will affect the operations of our banking pillar. We have prepared a full list of initiatives, operationalized our strategy, and defined KPIs to prepare the PZU Group for 2026 and its associated challenges. As I mentioned, we are very pleased with the record results in 2025, but we have also prepared the organization for the challenges that 2026 may bring. Shortly, we will present more detailed information about the initiatives we will be supporting. For now, I want to

emphasize that we have identified areas of weakness and developed a list of initiatives that will allow the PZU Group to regain its position as the undisputed leader in the Polish insurance market. Regarding mass insurance, as I mentioned, we are focusing on modernizing our sales systems. We have planned and are in the implementation phase of a new front-end system project, where we aim to standardize processes and make work easier both for our tied agents and to open up more collaboration with intermediaries. Additionally, we are continuing work on optimizing rating and underwriting processes. We have restructured our organization in this area to strengthen the data scientist team, develop machine learning models, and prepare this area for technological transformation by moving it to a cloud environment. We have also implemented several AI tools in the underwriting process. Regarding products, I am personally very pleased with the performance of the PZU Dom product. To me, this is an example of a product that was redesigned and built in a new architecture to meet customer needs, and it has been well received by our partners. It demonstrates that we can develop the right product, convince our customers of its value, and support its sales and distribution. We are benefiting from this, and we plan to continue similar initiatives with other products, particularly in the motor insurance segment. We anticipate significant efficiency gains through the implementation of a new claims handling system. This project is overseen by Tomasz Tarkowski. We expect that by 2027, we will see the effects of the new process and new claims handling system, as significant work has already been done in the past two years. However, there are still substantial reserves in this area that we believe will allow us to further improve efficiency. Regarding life insurance, as I mentioned, I am pleased with how the new add-ons to our individual insurance products are performing. Tomek has shown – or will shortly show – growth in this segment. This is the path we want to follow and continue. We are also updating our group insurance – a pillar of our life insurance business – and introducing integrated products such as PZU Pomoc w podróży LOT. This is another element we want to develop as part of diversifying both our sales channels and the product offering for our customers. The last part – stand-alone bancassurance insurance – as we discussed during the three-quarter conference, also requires development due to the low-interest-rate environment. We need to expand the bancassurance channel and adjust the revenue structure in our banks from interest-based to commission-based. The PZU Dom product, implemented in cooperation with Bank PKO SA, is an example of solutions we want to apply in the future. In the corporate segment, a new development is the insurance guarantee system for SMEs. We are also transforming through the digitization of cooperation channels with our partners and

customers. For foreign companies, we are also implementing a range of artificial intelligence and automation solutions. The part of the PZU Group that operates in the Baltic states is performing very well, delivering results that, in terms of combined ratios, are comparable with the Polish company – so these are very good results. Regarding our operations in Ukraine, I would like to take this opportunity to share a reflection.

Last week, I was in Kyiv and met with our colleagues there, and I am deeply impressed with how they manage under very difficult conditions. I am also convinced that the profits they achieved in 2025 provide a solid foundation for developing this business, even in the current challenging environment. We are also developing our active reinsurance module. We have created a team that has already concluded several contracts for active reinsurance of risks located in our part of Europe. We are also considering developing MGA partnerships with selected partners, focusing on markets in our part of Europe. PZU Zdrowie. The year 2025 was a year focused on improving the operational performance of this pillar. We recapitalized PZU Zdrowie. We are expanding both organically, by opening Greenfield facilities, and by executing our investment pipeline in this area. In 2026, we plan to continue our activities related to opening new facilities, but we are also reviewing the market to pursue a certain degree of consolidation. At the same time, we are focusing on operational improvements, particularly on digitizing our interactions with partners and customers, in order to enhance the efficiency of our PZU Zdrowie pillar. As I mentioned, we want to leverage the opportunities provided by operating in this very favorable financial ecosystem. I will emphasize again that Poland is the 20th largest economy in the world, and the purchasing power of our customers is growing. Accordingly, our investment segment requires us to take actions aimed not only at optimizing our investment activities but also at participating in and leveraging opportunities associated with the growth of Poland's GDP. Therefore, we will continue our work in the Innovate.pl program, while also developing other investment opportunities. On 17 March, we will launch our first ETF fund, and in 2025 we also introduced other types of investment products. For example, the FIZ Private Debt fund, which we launched together with Bank PKO SA. As I said, we are focused on organic growth and our core business, while also leveraging innovation and supporting the use of artificial intelligence. Currently, the PZU Group has over 30 solutions incorporating artificial intelligence components, and we are not stopping there. We are also leveraging synergies with our PZU Ready for Startups program, where, after pilot projects, we are implementing initiatives that have received positive investment evaluations, giving us tangible benefits. In addition, we are implementing an AI assistant for our employees.

Last year alone, this generated around 1.7 million prompts, and we are continuing this activity.

2025 was also the year of a new IT strategy for the PZU Group.

As I mentioned after the three-quarter results, a significant issue identified by the PZU management board was technical debt. Therefore, we are transforming our IT infrastructure and architecture to fully leverage data and digital technology. Where possible, we are currently implementing cloud solutions, AI technologies, and low-code development to accelerate time-to-market, optimize costs, and improve IT efficiency. At the same time, we remain focused on security, ensuring that all critical systems are covered by digital resilience mechanisms developed under the IT strategy. I will now give the floor to Tomek to talk about our exceptional fourth quarter of 2025, as, like he mentioned, we significantly accelerated the year-end closing process. Tomek, the floor is yours – along with this magical device.

Tomasz Kulik 00:26:05

Thank you very much. We will begin this section, as usual, with PZU S.A. and our property insurance operations. Looking at the fourth quarter alone in the context of the market: When we look at sales measured by gross written premium, the fourth quarter can be described as a “two-speed” quarter. Total year-on-year growth exceeded 2%, but on one hand, we observe the continuation of very high dynamics in non-motor insurance, with the corporate segment growing by 12.5%. The main contributors to this growth were construction and assembly insurance and underground property insurance. On the mass market side, growth was slightly lower – 6% – driven by home insurance, as the President mentioned. For small and medium-sized enterprises, at the other end of the spectrum, motor insurance experienced a correction compared to the fourth quarter of last year. However, a very important point is the continued high market penetration and the growing ratio of MOD to TPL insurance. Another noteworthy aspect is that, unlike the rest of the market outside of PZU, the property insurance business is now practically balanced on two legs – motor and non-motor. I mention this because this mix provides slightly higher predictability, somewhat higher profitability, and lower correlation with underwriting cycles, which we mainly observe on the motor insurance side. In life insurance, we are doing more of the same, which seems to be a very good recipe. In the group insurance business, particularly individually continued coverage, growth is supported by new customers. The key attractor here is our health insurance business, which provides a significant competitive advantage. Thanks to this offering, its indexation, and the sale of new riders, we are able to maintain growth within a natural

corridor of 2–3%, reaching 2.5% this time. For individual life insurance, similar to property insurance, there are two vectors. First, very strong, stable, and high growth in protection business – regular premium products, up 24% year-on-year. This is all happening under pressure from our environment – falling interest rates and declining yields on bonds used as backing instruments for our quasi-deposits – which, as you can see, has led to significantly lower sales of single premium endowment products, mainly in the banking channel. Second, there is a change in the product structure – a shift from single premium products to regular premium products.

While this does not affect the growth in the number of customers, it does influence sales measured by gross written premium, since the value of one-time sales matters for this metric. In the health segment, we see double-digit growth, both in insurance, subscription services, and medical facilities. We distribute fee-for-service products and occupational medicine, with a significant increase in both our own and partner facilities. This allows us to better manage customer traffic, with improved control over the average cost per medical procedure, which is easier to manage when we have more responsibility for the value chain used by the customer. As a result, we are managing both costs and customer experience. Cost remains an important focus for us. We are pleased that the number of online visits booked via Moje PZU continues to grow, improving convenience for our customers.

Bogdan Benczak 00:31:35

But more mine.

Tomasz Kulik 00:31:36

Since it's the President's, I won't...

Bogdan Benczak 00:31:38

We are, of course, talking about our portal here.

Tomasz Kulik 00:31:40

Of course, yes.

Bogdan Benczak 00:31:41

Apologies for our meta-language.

Tomasz Kulik 00:31:44

And the increasing share of services provided through our own facilities and partner network. What is not shown on this slide, but is worth emphasizing, is that this is a business that has undergone significant transformation over the past 12 months. It is a business that, regardless of the form it takes – and there are many, as we said, including subscriptions, insurance, occupational medicine, and services purchased by customers when they come to a facility – has become highly profitable. Today, profitability of this business in PZU is nearly 13%, a substantial improvement, increasing its contribution, making it a large and very profitable part of our ecosystem. Regarding assets under management, the fourth quarter continues the trends we observed in the first part of the year. There were significant inflows, with PZU ranking number one among non-bank funds and number three overall, with a market share close to 10% and ECS assets approaching PLN 10 billion, growing over 50% in the past 12 months. As for bancassurance, for the reasons I mentioned earlier – changes in the product model, shifting to regular premium products in this distribution channel, risks related to free credit sanctions, and distribution recommendations – there was a decrease in nominal value.

However, I want to emphasize that this is not a decrease in exposure, nor is it a decrease measured by the number of customers. How did the actions that the President mentioned, which were the focus of our fourth-quarter efforts, translate into Q4 results? Primarily, on the gross insurance revenue side, we observed slower growth compared to the fourth quarter of 2024. This was largely driven by declining dynamics in property insurance, particularly noticeable compared to the first half of the year. Breaking it down by business segment – because the dynamics are not homogeneous across segments – the most notable aspect is the significant growth in non-motor insurance, especially in the corporate business. There was nearly 15% year-on-year growth in insurance revenue in that segment. On the mass market side, as mentioned, non-motor insurance grew 6.6%, while motor insurance experienced a significant decline of 6.3%, reflecting the correction compared to the fourth quarter of last year. In the individual life insurance business, we saw double-digit growth, while in individually continued group insurance, there was a slight year-on-year correction, largely due to the high base effect I mentioned earlier. I will discuss this further when reviewing each business segment. Because our reinsurance program did not change significantly during this period, net revenues showed similar dynamics. On the insurance service cost side, expenses increased by just under 4%. What stands out is the year-on-year stability in the share and amount of claims and benefits – less than one percentage point change year-on-year

despite higher portfolio exposure. There are a few points worth highlighting here. First, there was a significant improvement in loss ratios in property insurance, particularly in the portfolio managed by TUW. This was driven by the positive development of claims reserves from previous years for customers in the energy sector. Higher claims ratio in the mass motor insurance portfolio. Here, TPL profitability remained stable, supported by tightening margins in the MOD insurance and, due to higher business scale, higher claims and benefits in the life and health segments. In the fourth quarter, we also observed an increase in administrative expenses, mainly driven by higher insurance-related salaries, which resulted from two factors: the cyclical salary increase as part of the market benchmarking process, and one-off payments related to the conclusion of collective disputes and one-time employee bonuses. Distribution costs were higher, growing 3.2%, slightly above insurance revenues. These costs are rising disproportionately due to the higher share of non-motor insurance sales in the fourth quarter, which generally have higher distribution costs. Overall, this is a desired situation, meaning a migration toward or saturation with products that feature higher predictability and historically higher profitability. Regarding the net loss component, i.e., amortization and the creation and adjustment of this value during the fourth quarter, we observed a negative impact of these two items on the fourth quarter's results, totaling just under PLN 50 million.

By contrast, at the same time last year, the situation was entirely different: historically created loss components amortized and offset the negative effects of creating new provisions in the part of the portfolio where expenses exceeded gross written premium, or more precisely, insurance revenues. We finished with an insurance result of PLN 1,141 million, representing a 6.6% correction compared to last year. What I want to highlight is primarily the low claims ratio in property insurance, including the loss component, practically at the same level as last year – the year-on-year difference is less than one percentage point. Property insurance profitability remains very high, with a combined ratio of 87.3, a slight depreciation of 120 basis points versus last year. These are still very solid profitability levels, significantly higher than what was projected in our strategy. Margins in core life insurance business are above 20%, reaching 21.5%. However, we are aware of the lack of comparability with the fourth quarter of 2024 as a reference point. Considering the banking segment contribution of PLN 588 million, we closed the fourth quarter with a result just under PLN 1.5 billion – PLN 1,474 million, and an adjusted return on equity of 17.6%. At this point, we will attempt a deep dive into individual segments. I will focus only on new elements not previously discussed, to avoid repetition. We've probably covered revenue in this segment

already, so there's no need to dwell on it further. On the cost side, which grew 6.6%, what happened? Primarily, there was an increase in current-year claims liabilities, along with higher non-motor property claims costs, mainly across the broader PZU Dom and PZU Firma products. These negative changes were partially offset by positive development of reserves from previous years, reflecting our conservative reserving policy and a certain prudence, which we recognize with a slight delay. During this period, as you can see, we also created the loss component, mainly for motor TPL insurance, where year-on-year the combined impact of creation and amortization was higher and negative. The total impact on the fourth quarter's results was PLN 57 million. This was further amplified by the creation of the loss component in non-motor insurance, mainly in agricultural insurance. As a result, the operating result fell year-on-year to PLN 415 million, but from a segment profitability perspective, I want to emphasize that we are still above our strategic targets despite these developments. The combined ratio for the entire segment in the fourth quarter was 89.7 – 96 for motor products, and below 80 for non-motor insurance. This is very positive news. Regarding market trends and how today's developments may shape PZU's results in the coming quarters – as you can see, following the negative trajectory in 2024, which ended with a nearly 7 percentage point loss on motor TPL in the fourth quarter, the market showed positive results in the first quarter. This was somewhat surprising given price dynamics, with TPL prices increasing almost 7% in the first quarter, and MOD at 3.5%. By the end of the fourth quarter, we had dropped below zero. The trajectory differed between the two products. As of the fourth quarter, AC prices fell by -3.9%, and TPL prices by -0.5%, in terms of average market price change. What could this mean? It could mean that, in the context of a growing number of claims events, there may continue to be pressure on results. How insurers managed this pressure in the fourth quarter is still difficult to fully assess. An important point – and I want to caution against jumping to conclusions – is that despite the negative dynamics in MOD insurance for the third consecutive quarter, the market held up reasonably well in terms of profitability, showing 8% profitability at the end of the third quarter. That is significant. Moreover, despite the very negatively inclined trajectory, TPL insurance also held up in the third quarter. So, while these are not necessarily positive signals, they do not automatically imply an inevitable impact on the profitability and portfolios of PZU and other players, who, while executing their pricing strategies, do not always make decisions aligned with adequate pricing, something the KNF frequently reminds the market of, sometimes taking sanctioning actions. This is actually good news: after some period of market discipline reminders, KNF is stepping in. We will continue monitoring this, hoping these sanctions

will help shift the trend in a positive direction. Regarding the corporate segment, we've already covered revenues extensively. On the cost side, things are largely positive: costs in the fourth quarter reversed a number of conservative claims estimates from colleagues at TUW, which were initially set very cautiously due to specific circumstances. A large portion of these estimates in the fourth quarter was released or revised, resulting in a significant positive runoff effect, which boosted paid claims for the period. Given a similar cost share, this contributes to a meaningful increase in operating result and improved profitability across the board, both in motor and non-motor insurance. Group and individually continued insurance. The year 2024 was not representative for PZU, and I recall discussing with some of you whether 30% profitability in this segment was sustainable. Of course it was not – otherwise, we would have highlighted it in the strategy. In 2024, we discussed two key points, visible when comparing assumptions for insurance revenue and costs, particularly in the middle blue segment (almost entirely blue here). Referring to claims and benefits – men probably shouldn't talk about colors – here we were the beneficiary of quite a large... turquoise. Apparently, turquoise. A significant positive variance. This was caused by conservatism and perhaps a lack of full understanding regarding what we could expect in terms of mortality after two COVID-19 years. We anticipated a rebound, but that rebound did not occur. Therefore, one could say that in 2024 we accelerated the consumption of CSM, which under normal circumstances would have been deferred over the following years and amortized throughout the lifetime of these policies. This year, the alignment is much better, which can also be seen when comparing these two values. As a result, this single factor alone – when comparing revenues and costs – accounts for a lack of comparability between these two quarters, amounting to over PLN 100 million. The second element affecting comparability was the actuarial assumption change in the fourth quarter of last year, which improved the profitability of that quarter by PLN 67 million. All other factors this year are normal, but this required commentary to understand the dynamics between these two quarters. Regarding mortality and its development over time, it appears we are now in a fully normalized period in the fourth quarter, both in terms of number of deaths and benefit payments. We remain approximately 3.5% below the fourth quarter of last year, while for the entire year 2025, statistics are comparable to the pre-COVID-19 period. So, it seems that all the turbulence is behind us. For the individual protection business, we are continuing the same trends, only at a greater scale. We have already discussed insurance revenues. On the cost side, the increase is mainly driven by scale and correlated with exposure in this portfolio, resulting in a 20% year-on-year growth in operating profit. Regarding contractual

margins, there is only one key point: growing sales at high margins, consistently supported by cross-selling, especially in the individual continuation portfolio, and indexation of insured sums in individual continuation.

All of this allows for systematic value creation from quarter to quarter, which is particularly visible in the individual protection segment, where the CSM increase within a single quarter reached 5%. As for the investment result, this quarter is weaker, but it is not a bad quarter. It is weaker primarily due to tactical reasons.

Bogdan Benczak 00:54:01

It is exceptional.

Tomasz Kulik 00:54:02

This is an exceptional quarter. Thank you very much for this hint. This is an exceptional quarter, as exceptional as the whole 2025. Above all, we notice the higher interest income despite what happened to rates last year. And we notice the lower result from valuation and realization of debt instruments. This was the quarter when we decided to sell some historical tranches at lower yields to take advantage of the circumstances – we all know that the tendency is inevitable and these rates are going to go down – and lock in funding for longer, at a higher level, which unfortunately caused these negative [KAWs] that had historically accumulated on the balance sheet to pass through P&L. Nothing else is wrong here; aside from a minimal adjustment in terms of exposure to corporate debt, a highly reported exposure in the press, where PZU is one of the financing entities in a consortium with a whole group of banks. Other than that, everything is according to the strategy. We also had a lower result from equity instruments this quarter, particularly due to one exposure on the health care market. Besides, we were the beneficiary of the rises that occurred in the capital markets. As for the performance of the real estate portfolio, we have year-on-year increases. In this part, the other things that happened in this quarter were positive temporary foreign exchange differences on valuation of real estate. These are the temporary differences eliminating each other in each second and fourth quarter, related to the appreciation and depreciation of the zloty–euro pair. As for solvency, we are a quarter behind, so this is solvency at the end of the third quarter. However, we can say that this is continuation and confirmation that these good results are not just results [00:56:30 – ns], but they are monetized results, which is very important. As such, insurance profits on the one hand and growth in the bank's funds on the other

hand, adjusted for the dividend level of up to 80% in line with the capital policy – this is what built up the own funds. Further, we are in the same relationship where at the end of the half-year, the increase in capital consumption due mainly to the basic capital requirement and the increase in bank risk make us close the quarter with a Group solvency of 234%. Where are we in terms of strategy? From the point of view of gross insurance revenues, we know that we have to accelerate to be able to meet the very ambitious target, which we already thought about in this way when we published the strategy; we talked about it explicitly: we want to set a very ambitious bar for ourselves, so we have to accelerate here. We believe that all of this will be under the responsibility and support of those strategies that the President spoke about in the first part of our presentation. Not all engines are on. We believe that active reinsurance will be showing its face in a while and building up this exposure of ours, taking advantage of and allowing us to benefit from a fairly large reinsurance capacity in terms of the balance sheet. So that is still ahead of us. Net profit. This quarter – as the whole year – was exceptional. Here, we highlight the exceptional nature, showing a year-on-year increase of 25%. This is something that I would like to emphasize very strongly. With ROE in non-banking activities significantly above 20%, with earnings per share from non-banking activities at a level quite clearly above the one we targeted for 2027, which is PLN 5.23, with very strong profitability in the insurance business, as well as strong growth in both Health pillar and asset management – but I will leave the summary to the President.

Bogdan Benczak 00:59:25

Thank you very much, Tomek. As you can see, we have an exceptional year, record results, and a whole host of initiatives to prepare the PZU Group to deliver our strategy in every area of our business. As Tomasz said – revenue-wise, it will indeed be a big challenge for us. However, as I said at the beginning, the challenges ahead of us have been diagnosed and operationalized; we have set KPIs and we are implementing projects to help us achieve these goals. That's kind of it. Now we move on, Magda, to...

Magdalena Komaracka 01:00:25

Thank you very much.

Bogdan Benczak 01:00:26

We told you about the records, now we will listen to your questions.

Magdalena Komaracka 01:00:30

Yes, we will move on to the questions now. I have already received some questions from the Internet, but yes, let's start with the guests who joined us.

Question from the floor 01:00:48

Good morning, congratulations on the results of the year. I would like to ask a few questions. The first one is how do you see the non-life insurance market in Poland and potential growth in 2026 in the context of all these competitive events, and despite that do you see an opportunity for insurance revenues to accelerate in your company? And the second question, not so much about the results, but about Solvency 2 and the changing system. When do you expect the regulator to validate your internal model of internal risk assessment? Can we expect this to happen rather sooner, in the first half of the year, or is it a matter of the end of this year?

Bogdan Benczak 01:01:48

I'll start with the second question. We expect our partial model to be validated in 2027. We assume that...

Tomasz Kulik 01:02:06

It all depends a bit on what changes within the structure of this Group we will talk about, so...

Bogdan Benczak 01:02:15

This is... accurate. Because we have a reorganization project, where we work with Bank PKO SA – sorry, Tomek – where we work with Bank PKO SA, where we have a signed term-sheet, but as you know, reorganization changes dependent on legislation. However, internally, the company is making its efforts to be prepared for a potential split. Further, I would like to reiterate one thing: the PZU Group's current strategy assumes that the new Solvency 2 regulations will come into force as of January 2027, and we are confident as of today that we will be able to deliver on these strategic assumptions related to solvency and the dividend policy. So that's sort of part of the fact that the reorganization at the moment is an opportunity for us. A chance to model the PZU Group in such a way as to optimize it both organizationally and in terms of capital. And when it comes to internal models, we are in dialog with KNF. We do not assume that this will be obtainable in 2026.

It is likely to be 2027, but this we also require confirmation from KNF. Tomek, would you like to add something here?

Tomasz Kulik 01:03:50

I think... I think that's all...

Voice from the floor 01:03:54

And may I have an additional question before we get back to the question about the results for 2026? So, as I understand it, you will enter 2027 – of course, it's not yet finalized in what structural form of the Group – but assuming nothing changes, how will it be...? And I understand – because we talked about it when the strategy was published – that the new Solvency 2 is included in your targets. But can we get guidance? Because I think about a year ago, maybe even a little less, we got such guidance that the introduction of Solvency 2 in the absence of any changes results in the PZU Group having, if I remember correctly, between 1 billion and 1.5 billion in excess capital. Is it still a true statement?

Tomasz Kulik 01:04:48

It all depends on how we count this excess capital. And I mean this completely seriously. I would like to answer the question this way: Given where we are in terms of growth, given how we thought about this year and how this year is ending, given that no one expected this year to be like this, to be so, let say, gracious, in terms of these weather events, non-recurring events – exceptional. So, we can say that 2027 is indeed on the positive when we look at the trajectory of achieving the KPIs of the strategy compared to the azimuth we have set for ourselves. So, this is very positive news. The second positive piece of information is that today we can say that if nothing extraordinary happens again, and this time I'm not talking about exceptionality, about large-scale events that would materially worsen our insurance profitability, or nothing bad happens in this market – there's no indication of that – I'm talking about the economy, then it seems that with other parameters unchanged, we will finish 2026 at levels around 195, 200+ in terms of solvency. And now, if we think about where our European peers are, then – as we checked it, and we did a really honest exercise in this, preparing us also for strategy, for thinking about dividends and so on – the bulk of our European competitors or competitors with a large geographic coverage mention the levels of 180–190, 175–185. So, they are not at all targeting the levels we are thinking of. In

addition, let me recall that in 2027, our subordinated debt, which was issued nine years ago, will mature; 2,250 billion, which will most likely be rolled over. And again, depending on what's going to happen, it's also kind of an instrument that we can tailor our needs – to our needs then, not knowing yet today what's going to happen in terms of reorganization, one step, two steps, after the first one it's already better too, and so on and so forth. We have discussed this a couple of times. So, I would like to end this question this way: whatever the scenario, this Solvency discussion should not affect thinking about how PZU will meet its obligations in relation to dividend flows. Because, I guess, that's what it comes down to in the end.

Bogdan Benczak 01:08:41

About the insurance market.

Tomasz Kulik 01:08:44

Regarding the insurance market, I will first talk about the market itself and then I will talk about PZU, because here we also have aspirations for this year – aspirations that have been incorporated into the financial plan. It seems that this market has the potential to grow at a rate of 6–7%, with dynamics that will be observed more in the non-motor insurance than in the motor insurance. Motor insurance is kind of a question mark today, because... I'll recall this slide – as you've seen, we're in a rather special moment. On the other hand, I must admit that this is also a moment when KNF sent a rather clear signal. So, we hope that this signal will be properly read. As for some of the competitors, those who were very fierce and aggressive last year, today in the press, they say that they do not want to sell at any price. Time will verify whether they declare so merely for an interview or whether these are the real thoughts. However, in all of this, we see our opportunities to make the dynamics higher. Where are these opportunities? First of all, in the renewal rate. The renewal rate, especially in the tied agents channel, suffered in 2025, because it was a special year.

Bogdan Benczak 01:10:39

Exceptional.

Tomasz Kulik 01:10:39

Exceptional. So, we hope to correct this exceptionality here, and it seems that we are on a fairly good path. So, this is one of those important engines where this minor improvement... and as the

President said, we really realize how valuable business, in terms of profitability, is provided by tied agents, but on the other hand, this is also something we haven't seen in these increases so far. And certainly not on this scale. This is active reinsurance. I have the impression that it is something that – from the point of view of Polish companies – only PZU can play because of the balance sheet capacity. Our competitors are not able to do this kind of business on such a scale, going outside Poland. And we have this written down in our strategy. And we will want to implement it. As such, at least in these two aspects, these two dimensions, we hope to be able to grow slightly faster year-on-year than the market, which we estimate should grow by 6–7% this year.

Bogdan Benczak 01:12:01

Tomek mentioned one element that was exceptional for us in 2025, that is the issue of renewals, the issue of the efficiency of our tied agents channel, which, as I said, is very important for us. However, PZU Group is also looking at the other part of the market, namely intermediaries. As I said, the role of intermediaries has changed a lot in recent years, so now we are working hard to regain our credibility in this area because in previous years, our policy, I would say, might not have been very stable and predictable, the consequences of which we saw in several places. It is my and management team's ambition to – while maintaining our huge competitive advantage, namely tied agents – also build a strategy for the effective and efficient distribution of our mass insurance through external channels, such as multiagencies and others. This is one of the elements that has been diagnosed, and we are working on the issue technologically by implementing the front-end system as well as we are intensively building a team that will collaborate closely with our partners. It is simply impossible not to be in the part that is responsible for the distribution of already more than 50% of this market. These are the elements that we pay very close attention to.

Andrzej Powierza 01:13:53

Andrzej Powierza, City Handlowy. I would like to ask two questions. The first one is also with the word 'exceptional'. Last year was exceptional, and this year has already started exceptionally because we had winter. And a question: is it somehow possible to already estimate how this anomaly in the form of winter may affect PZU's results in the first quarter of this year?

Tomasz Kulik 01:14:17

I'll remind you that this winter began last year. If we are to exactly...

Bogdan Benczak 01:14:23

Exceptionally in December.

Tomasz Kulik 01:14:25

Exceptionally in December.

Bogdan Benczak 01:14:27

Sorry, but...

Tomasz Kulik 01:14:28

But it actually matters. And not because it was snowing at the time but because we had a very strong reflection around it related to the fact that this snow was falling, and this damage was not at all exaggerated. As such, given this, given all the other circumstances, we did what PZU does best in such cases, which is to act very cautiously. And in order not to face situations where the first quarter will show above-average frequency because all that took place at the end of the year has been carried over and will materialize as claims in January, and where we are not adequately prepared for this. So, I'm assuming that the market, especially in January, will show weaker results. For the reasons, I would like to... I cannot guarantee anything here, because we are talking about insurance, and insurance is characterized by the fact that these are future, uncertain events. But we really tried, when thinking about 2025, to think about it responsibly in a longer horizon. Therefore again, PZU is not an entity that flexes its muscles in any dimension in one year just to prove something to someone, itself, etc., only to have a roller coaster in the second or next quarter. So, also in this regard, we approached the results of... again the word escapes me... this exceptional year, 2025, in a responsible way.

Bogdan Benczak 01:16:47

Yes, what Tomek said is very important. I emphasize that if we want to, we are the market leader and we have to behave responsibly. This is also the element when we simply have to make such decisions and not others. And, always... At least at the last meeting, there was a question about the Baltics, so I also have to say that this winter is different in our country compared to the Baltics. Admittedly, road maintenance in Poland looks different, winter looks a little different than in the Baltics. I'll just say that historically, this is also an exceptional winter for Estonia because the so-

called ice roads between the islands were opened there, so that they drive on the frozen sea. However, our colleagues there told us that this winter had an impact on frequency, but this is more of an issue related to the Baltics, which bring us good results, but it is also interesting from the point of view of the geographical diversification of the PZU Group's operations. The conditions there were more difficult than in Poland, and this is also interesting to see how it breaks down even on our portfolio. But that's something we'll probably talk about after the first quarter.

Tomasz Kulik 01:18:18

That's right.

Andrzej Powierza 01:18:18

Thank you. And the second question is also a bit of a calendar question, because of course I understand that the possible division of the Group depends on statutory changes. Division – well, yes, I mean transformation within... Reorganization, but the internal one within PZU, creation of a holding company, yes? How much time do you need from the moment the act enters into force to get this process through? Well, because I understand that preparations are ongoing but certain steps can be taken only when this statutory, legal path is open. Thank you very much.

Tomasz Kulik 01:18:59

Please say, when talking about reorganization, you mean the whole end-to-end process, right?

Andrzej Powierza 01:19:18

I'm talking about end-to-end holding, yes. So, from the moment the act is signed, when...

Tomasz Kulik 01:19:11

About a holding company where the bank is the lead entity.

Andrzej Powierza 01:19:16

No, I meant this smaller transformation, step one, step one.

Tomasz Kulik 01:19:22

This is a period of about... more than two, about three quarters from that moment. Please remember that while it is true that we can prepare for certain things, we cannot do certain things. And it's not that our hands are tied because there are no relevant regulations. Only we can't make decisions that, in the context of the time when they are made, given the regulations, could be misconstrued by anyone as detrimental. So, we certainly can't do such things. So perhaps, being sure that certain things will happen, we could start today, however we can't do that or do anything more than preparing, inventorying all the contracts that must be assigned to the new entity, all the relationships that must be transformed...

Bogdan Benczak 01:20:46

Systems.

Tomasz Kulik 01:20:46

Systems and so on, and so forth. Further, we can't start negotiating with large partners, even on the technology side, lest we be read as acting in bad faith.

Magdalena Komaracka 01:21:04

Are there any more questions from the floor? I can't see, I can't hear. Then maybe we'll move on to questions from the Internet. And we'll stay in the area of assets, non-motor insurance. I have a question from Trigon Dom Maklerski: Please evaluate the competition in the non-motor segment. Why isn't it as strong as it is in the motor segment?

Bogdan Benczak 01:21:27

Probably, if we talked in the corporate section, our colleagues would have a completely different opinion. This competition, especially since the fourth quarter, has intensified. And, non-motor issues are also a peculiarity of this segment. It is about higher loyalty, higher renewal levels. That's the reason for it. Tomek, maybe...

Tomasz Kulik 01:22:03

I would like to add one but very important thing. Please note that our Group has one quite special entity. This is TUW PZU, which... We approach it as a very special distribution channel, which, for regulatory reasons, must have this and not another formula. With this entity, we are able to create

some incentives for our clients. I don't want it to sound pejorative or so, because these incentives are adequate coverage at an attractive price with an element of preventive counseling, which, especially for large entities, hits very fertile ground. And these entities listen to the advice on how to change processes in order to make them more... perhaps differently... less susceptible to major economic damage. Because really, please believe me that it is more profitable for them, and they understand this, to act and counteract, than to handle claims, and it does not matter that later we will pay business interruption. This really does not interest many. Later, this has far-reaching consequences, even for the entire economy. So, these are clients who are very happy to work with us and are also the beneficiaries of a share of the surplus result that is generated on individual pools. This is a competitive advantage which is available to us precisely in this corporate area and which our competitors simply do not have.

Magdalena Komaracka 01:24:10

Okay. There is a question about investments, also from Trigon: What was the reason for the large decrease in investment performance allocated to insurance segments? What is the run rate for the next quarters?

Bogdan Benczak 01:24:25

I think it has been explained. It was in the meantime, but maybe...

Tomasz Kulik 01:24:10

So, I'll say a few words again. It was a matter of some tactical moves concerning debt instruments, government bonds, with lower LDAs, which were purchased historically and carried a negative revaluation amount accumulated in the revaluation reserve, and in order to, from a rational point of view, either prolong or benefit from the way the market looked in the fourth quarter, we made an informed decision to recognize these negative KAWs and pass them through P&L at the price of higher returns in future quarters. At the price of higher returns in future quarters – this is super important. So, I can put it this way: 2025, the profitability of that portfolio was 5.4, despite what we saw in the fourth quarter, so if that hadn't happened, that profitability would have been correspondingly higher, despite falling rates – a higher yield compared to the fourth year by more than 300 million zlotys. So, it's certainly not a representative result. We need to think about this

portfolio at a level closer to 5, even 5+, than what we had due to the lack of representativeness in the fourth quarter.

Magdalena Komaracka 01:26:24

We have a question about the PZU Group's non-insurance operating expenses, excluding the banking segment, the line was very high this quarter. What was behind it?

Tomasz Kulik 01:26:34

These were large increases on the non-insurance side of the business. But please also pay attention to the relevant revenue line. They are, especially in the health segment, shown disjointedly. If you combine them, they close with some positive surplus. As such, these are the elements that characterize our non-insurance business, which is carried out mainly in health, a little TFI. Yes. And this business, when it comes to health, is characteristic in these periods, which tend to be highly saturated by medical events: in the fourth quarter, we go to the doctor a little more often. These are higher...

Bogdan Benczak 01:27:40

Seasonality.

Tomasz Kulik 01:27:41

Seasonality, yes, exactly.

Magdalena Komaracka 01:27:44

Let's return to the solvency and dividends section. We have a question regarding PKO BP Securities. The President spoke of an attractive dividend. At this stage, would you be willing to outline the framework within which the Management Board's dividend proposal might fall?

Tomasz Kulik 01:28:02

But temporary or what kind?

Magdalena Komaracka 01:28:04

Rather valuable.

Tomasz Kulik 01:28:06

Aha.

Bogdan Benczak 01:28:07

Tomek tried to dodge the question. Ladies and Gentlemen, preparing the Management Board's dividend recommendation is quite a complex process, with which we must wait for the solvency calculations for the full year and also make some arrangements with other stakeholders. However, it seems to me that we are in a position to... as I said, think about an attractive dividend, which is defined in our strategy in 2027. I don't know if I said too much, Tomek?

Tomasz Kulik 01:28:56

No.

Magdalena Komaracka 01:29:01

One more question from PKO BP Securities. Could you clarify those targeted 195–200% solvency that was said here, in 2026, if nothing bad happens – is that already counted in the new way? That is, I guess, including changes.

Tomasz Kulik 01:29:18

Yes.

Magdalena Komaracka 01:29:19

Okay. And the last question in this section from Trigon. Please update us on the impact of regulatory changes from 2027 on capitals. A bit about the same thing.

Tomasz Kulik 01:29:31

I won't say anything more than what we talked about in our strategy. We estimate that due to the regulatory changes that will then be implemented and taking into account all other parameters unchanged, the lack of reorganization, all these stories, we expect that these changes will not affect the Group more than plus or minus 38–40 points from the benchmark. So, to put it in a very figurative way: if before the change it would be 240, then if we turn off the light and turn on another bulb, it will be 200+.

Magdalena Komaracka 01:30:20

Question about a bank in Ukraine – would we be interested in buying a bank in Ukraine? From the PKO BP Securities website.

Tomasz Kulik 01:30:30

Contextual question.

Bogdan Benczak 01:30:31

Contextual question. We analyze every investment opportunity, so that we take a very opportunistic approach, and this is provided for in our strategy, this is how we will develop and this is how we think. However, right now we are concentrating on what to do with the banks we already have in Poland.

Magdalena Komaracka 01:31:03

A slightly different question – also from PKO BP Securities: What do you think of the proposal of one of the political parties that insurers should allocate 750 million zlotys a year to modernize the fire departments and police?

Bogdan Benczak 01:31:21

We will comment on this issue together with the Polish Insurance Association, now I will just note that already at the moment insurers allocate 10% on fire risks for modernization, if I remember correctly, for modernization of both the State and Volunteer Fire Departments. So that's sort of our comment on...

Magdalena Komaracka 01:31:49

And one last comment actually, also from PKO BP Securities. Not a question, but congratulations on the significant acceleration of the publication date of annual results. So, I pass on the congratulations.

Bogdan Benczak 01:32:03

So, I'll thank, first and foremost, Tomek and the entire team, who indeed made a herculean effort, an exceptional job.

Tomasz Kulik 01:32:12

An exceptional year.

Bogdan Benczak 01:32:12

An exceptional year. But now, on a more serious note: Tomek, thank you very much, thank you everyone, because from the PZU Group's operational point of view, it was a huge challenge that we faced, and we closed 2025 at a record pace. So, once again, a very sincere thank you to all my colleagues who contributed to this.

Tomasz Kulik 01:32:43

I fully echo those words. To all those who contributed to this, including attestators, auditors – very sincere thanks.

Magdalena Komaracka 01:32:58

Are there any more questions from the floor? No, there aren't. Here I don't see either, so thank you and I invite you to the next conference, which will be on May 14. Thank you.

Tomasz Kulik 01:33:09

Thank you sincerely.

Bogdan Benczak 01:33:10

Thank you. Have a great day.