Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group

Condensed interim
Consolidated Financial Statements
for the 9 months ended
30 September 2024

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Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Financial highlights

1. Selected consolidated financial data of PZU Group

Data from the consolidated profit and loss account	m PLN 1 January – 30 September 2024	m PLN 1 January – 30 September 2023	m EUR 1 January – 30 September 2024	m EUR 1 January – 30 September 2023
Insurance service result	2,293	3,073	533	671
Revenue from commissions	3,842	4,015	893	877
Commission expenses	(1,031)	(1,312)	(240)	(286)
Net investment result	21,026	20,719	4,887	4,526
Profit before tax	11,386	11,888	2,647	2,597
Net profit, including:	8,807	9,179	2,047	2,005
- profit attributable to the equity holders of the Parent Company	3,661	4,168	851	911
- profit attributable to holders of non-controlling interests	5,146	5,011	1,196	1,094
Basic and diluted weighted average number of common shares	863,366,397	863,378,750	863,366,397	863,378,750
Basic and diluted earnings per common share (in PLN/EUR)	4.24	4.83	0.99	1.06

Data from the consolidated statement of financial position	m PLN 30 September 2024	m PLN 31 December 2023	m EUR 30 September 2024	m EUR 31 December 2023
Assets	493,705	467,945	115,376	107,623
Share capital	86	86	20	20
Equity attributable to equity holders of the Parent	30,328	30,037	7,087	6,908
Non-controlling interest	31,823	30,515	7,437	7,018
Total equity	62,151	60,552	14,524	13,926
Basic and diluted number of common shares	863,378,803	863,381,846	863,378,803	863,381,846
Book value per common share (in PLN/EUR)	35.13	34.79	8.21	8.00

Data from the consolidated cash flow statement	m PLN 1 January – 30 September 2024	m PLN 1 January – 30 September 2023	m EUR 1 January – 30 September 2024	m EUR 1 January – 30 September 2023
Net cash flows from operating activities	18,822	37,004	4,375	8,084
Net cash flows from investing activities	(13,359)	(35,166)	(3,105)	(7,683)
Net cash flows from financing activities	885	(2,757)	206	(602)
Total net cash flows	6,348	(919)	1,476	(201)

2. Selected standalone financial data of PZU (PAS)

Data from the balance sheet	m PLN 30 September 2024	m PLN 31 December 2023	m EUR 30 September 2024	m EUR 31 December 2023
Assets	57,685	52,965	13,481	12,181
Share capital	86	86	20	20
Total equity	21,497	20,884	5,024	4,803
Basic and diluted number of common shares	863,523,000	863,523,000	863,523,000	863,523,000
Book value per common share (in PLN/EUR)	24.89	24.18	5.82	5.56

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Data from the technical non-life insurance account and from the general profit and loss account	m PLN 1 January – 30 September 2024	m PLN 1 January – 30 September 2023	m EUR 1 January – 30 September 2024	m EUR 1 January – 30 September 2023
Gross written premiums	12,746	11,534	2,963	2,520
Non-life insurance technical result	614	1,014	143	222
Net profit or loss on investing activities[1)]	3,629	3,353	843	733
Net profit or loss	3,565	3,589	829	784
Basic and diluted weighted average number of common shares	863,523,000	863,523,000	863,523,000	863,523,000
Basic and diluted earnings per common share (in PLN/EUR)	4.13	4.16	0.96	0.91

[1)] Including the item "Share of the net profit (loss) of related parties accounted for using the equity method".

3. Selected standalone financial data of Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna (PAS)

Data from the balance sheet	m PLN 30 September 2024	m PLN 31 December 2023	m EUR 30 September 2024	m EUR 31 December 2023
Assets	31,709	29,545	7,410	6,795
Total equity	4,643	4,867	1,085	1,119

Data from the technical life insurance account and from the general profit and loss account	m PLN 1 January – 30 September 2024	m PLN 1 January – 30 September 2023	m EUR 1 January – 30 September 2024	m EUR 1 January – 30 September 2023
Gross written premiums	7,444	6,819	1,730	1,490
Technical life insurance result	1,783	1,627	414	355
Net investment result	1,282	1,411	298	308
Net profit	1,422	1,271	330	278

4. Summary of consolidated quarterly performance

The net financial result of the PZU Group for the period of 9 months ended 30 September 2024 was PLN 8,807 million and was 4.1% lower than the net result in the corresponding period of the previous year. Net profit attributable to the parent company's shareholders was PLN 3,661 million compared to PLN 4,168 million in 2023 (down PLN 507 million).

The aROE attributable to the parent company (PZU) for the period from 1 January to 30 September 2024 was 16.8%, which constitutes an decrease by 5.2 percentage points in comparison to that for the corresponding period of the preceding year.

The following factors affected the PZU Group's operating result in the 9-month period ended 30 September 2024, as compared to the corresponding period of the preceding year:

- lower profitability in the mass non-life insurance segment – deterioration of the result from insurance services due to the occurrence of mass damage caused by weather events (mainly flooding);
- decrease profitability on the operating activities of the corporate non-life insurance business, mainly as a result of a deterioration y/y of the insurance service result (with rising revenues from of non-motor insurance and MOD);
- higher operating result in the group and individually continued life insurance segment, in particular as a result of the increase in the result from insurance services as well as the higher result from investments allocated to the segment;
- higher results in the banking business segment in particular due to an increase in interest income as a result of higher loan volumes of both banks, lower interest rate hedging costs at Alior Bank partially offset by higher legal risk costs of foreign currency mortgage loans, higher operating expenses and the recognition of costs related to the modification of contracts of PLN mortgage loans granted to consumers due to their suspension of loan repayments ("loan repayment holidays");
- an increase in operating result in the investment segment due to the positive impact of foreign exchange temporary differences on hedging instruments for the real estate portfolio, higher income from the Private Equity portfolio due to an improvement in the technology market, and an increase in profit from the portfolio of bonds at fair value through profit or loss;

- increased earnings in the Baltics segment due to improved earnings from investments and due to higher insurance service result;
- higher operating result in the individual protection life insurance segment, mainly as a result of improved insurance service result.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated profit and loss account

Consolidated profit and loss account	Note	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated) [1)]	1 January – 30 September 2023 (restated) [1)]
Insurance service result before reinsurance		729	3,079	1,530	2,839
Insurance revenue	9.1.2 9.1.4	7,541	21,836	6,946	19,959
Insurance service expenses	9.1.4	(6,812)	(18,757)	(5,416)	(17,120)
Net income or expenses from reinsurance contracts held		(36)	(786)	(447)	234
Reinsurance premium allocation	9.1.3	(481)	(1,379)	(390)	(1,114)
Amounts recoverable from reinsurers	9.1.5	445	593	(57)	1,348
Insurance service result		693	2,293	1,083	3,073
Financial income and expenses from insurance		(320)	(1,248)	(361)	(1,244)
Finance income or expenses from reinsurance		(54)	36	38	48
Interest income calculated using the effective interest rate, and equalized to them	9.2	7,291	21,009	7,038	20,550
Other net investment income	9.3	21	210	141	430
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	9.4	(52)	(20)	11	14
Movement in allowances for expected credit losses and impairment losses on financial instruments	9.5	(440)	(1,065)	(281)	(1,037)
Net movement in fair value of assets and liabilities measured at fair value	9.6	332	892	73	762
Revenue from commissions and fees	9.7	1,264	3,842	1,367	4,015
Fee and commission expenses	9.8	(304)	(1,031)	(469)	(1,312)
Operating costs of banks	9.9	(1,661)	(5,112)	(1,553)	(4,609)
Interest expenses	9.10	(2,072)	(6,157)	(2,319)	(6,805)
Legal risk costs of foreign currency mortgage loans		(70)	(340)	(58)	(106)
Other operating income	9.11	419	1,277	496	1,208
Other operating expenses	9.12	(986)	(3,206)	(993)	(3,105)
Operating profit		**4,061**	**11,380**	**4,213**	**11,882**
Share of the net financial results of entities accounted for using the equity method		1	6	2	6
Profit before tax		**4,062**	**11,386**	**4,215**	**11,888**
Income tax	9.13	(891)	(2,579)	(952)	(2,709)
Net profit, of which:		**3,171**	**8,807**	**3,263**	**9,179**
- profit attributable to the equity holders of the Parent Company		1,215	3,661	1,480	4,168
- profit attributable to holders of non-controlling interests		1,956	5,146	1,783	5,011
Weighted average basic and diluted number of common shares	9.14	863,379,027	863,366,397	863,358,236	863,378,750
Basic and diluted profit (loss) per common share (in PLN)	9.14	1.41	4.24	1.71	4.83

[1)] Information on restatement of data for the periods from 1 July to 30 September 2023 and 1 January to 30 September 2023 is presented in section 6.2.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated statement of comprehensive income

Consolidated statement of comprehensive income	Note	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated) [1)]	1 January – 30 September 2023 (restated) [1)]
Net profit		3,171	8,807	3,263	9,179
Net other comprehensive income		792	971	1,195	2,740
Subject to subsequent transfer to profit or loss		750	964	1,200	2,804
Valuation of debt instruments		597	681	290	1,428
Reclassification of debt instruments valuation for the profit and loss account		30	28	10	9
Measurement of loan receivables from clients		6	3	(2)	2
Financial income and expenses from insurance		(525)	(131)	94	(945)
Finance income or expenses from reinsurance		45	34	3	(14)
Foreign exchange translation differences		(17)	(38)	75	(18)
Cash flow hedging		788	615	993	3,003
Income tax	9.13	(174)	(228)	(263)	(661)
Not to be reclassified to profit or loss in the future		42	7	(5)	(64)
Valuation of equity instruments		50	(43)	(28)	(81)
Reclassification of real property from property, plant and equipment to investment property		2	51	21	27
Actuarial gains and losses related to provisions for employee benefits		-	-	-	(26)
Income tax	9.13	(10)	(1)	2	16
Total net comprehensive income		**3,963**	**9,778**	**4,458**	**11,919**
- comprehensive income attributable to equity holders of the Parent Company		1,358	4,041	1,922	4,542
- comprehensive income attributable to holders of non-controlling interests		2,605	5,737	2,536	7,377

[1)] Information on restatement of data for the periods from 1 July to 30 September 2023 and 1 January to 30 September 2023 is presented in section 6.2.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated statement of financial position

Assets	Note	30 September 2024	31 December 2023 (restated) [1)]	1 January 2023 (restated) [1)]
Goodwill	9.15	2,793	2,801	2,808
Intangible assets	9.16	3,472	3,404	3,282
Deferred tax assets		2,092	2,193	3,090
Other assets	9.17	582	483	462
Property, plant and equipment	9.18	4,221	4,445	4,304
Investment property		3,187	3,098	3,021
Entities accounted for using the equity method	9.19	67	62	52
Insurance contract assets	9.1.4	120	111	68
Reinsurance contract assets	9.1.5	3,975	3,469	2,336
Assets pledged as collateral for liabilities	9.23	1,821	1,708	972
Assets held for sale	9.20	590	621	654
Loan receivables from clients	9.21	227,972	218,874	212,725
Financial derivatives	9.22	7,084	11,396	16,197
Investment financial assets	9.24	207,460	192,332	153,861
Measured at amortized cost		145,379	135,875	106,013
Measured at fair value through other comprehensive income		50,694	44,366	39,725
Measured at fair value through profit or loss		11,387	12,091	8,123
Current income tax receivables		15	19	305
Other receivables	9.25	4,323	5,227	9,108
Cash and cash equivalents		23,931	17,702	15,960
Total assets		**493,705**	**467,945**	**429,205**

[1)] Information on restatement of data as at 1 January and 31 December 2023 is presented in section 6.2.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated statement of financial position (continuation)

Equity and liabilities	Note	30 September 2024	31 December 2023 (restated) [1)]	1 January 2023 (restated) [1)]
Equity				
Equity attributable to equity holders of the Parent		30,328	30,037	26,163
Share capital	9.29	86	86	86
Other capital		21,974	18,225	17,205
Retained earnings		8,268	11,726	8,872
Retained profit or loss		4,607	5,946	8,872
Net profit		3,661	5,780	n/a
Non-controlling interest		31,823	30,515	22,268
Total equity		**62,151**	**60,552**	**48,431**
Liabilities				
Subordinated liabilities	9.31	5,883	6,166	6,184
Insurance contract liabilities	9.1.4	44,224	42,328	37,518
Reinsurance contract liabilities	9.1.5	20	35	31
Liabilities on the issue of own debt securities	9.32	17,463	12,003	11,090
Liabilities to banks	9.33	8,211	7,047	7,720
Liabilities to clients under deposits	9.34	321,907	303,781	278,058
Financial derivatives	9.22	7,103	11,656	20,956
Current income tax liabilities		1,335	1,991	328
Other liabilities	9.35	19,552	16,980	14,301
Provisions	9.36	2,358	2,286	1,724
Deferred tax liabilities		3,476	3,088	2,831
Liabilities directly associated with assets classified as held for sale	9.20	22	32	33
Total liabilities		**431,554**	**407,393**	**380,774**
Total equity and liabilities		**493,705**	**467,945**	**429,205**

[1)] Information on restatement of data as at 1 January and 31 December 2023 is presented in section 6.2.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated statement of changes in equity

Consolidated statement of changes in equity	Equity attributable to equity holders of the parent company											Non-controlling interest	Total equity
	Share capital	Other capital								Undistribut-ed profit	Total		
		Treasury shares	Supple-mentary capital	Other reserve capital	Accumulated other comprehensive income								
					Revaluation reserve	Financial income and expenses from insurance	Finance income or expenses from reinsurance	Actuarial gains and losses related to provisions for employee benefits	Foreign exchange translation differences				
Note	9.29											2.4	
As at 31 January 2024	**86**	**(4)**	**15,804**	**2,218**	**(948)**	**1,258**	**(48)**	**(8)**	**(47)**	**11,726**	**30,037**	**30,515**	**60,552**
Total comprehensive income	**-**	**-**	**-**	**-**	**496**	**(107)**	**28**	**-**	**(37)**	**3,661**	**4,041**	**5,737**	**9,778**
Net profit (loss)	-	-	-	-	-	-	-	-		3,661	3,661	5,146	8,807
Net other comprehensive income	-	-	-	-	496	(107)	28	-	(37)	-	380	591	971
Transaction with the shareholders of the parent company	**-**	**-**	**1,665**	**1,705**	**-**	**-**	**-**	**-**		**(7,118)**	**(3,748)**	**(4,424)**	**(8,172)**
Distribution of financial result	-	-	2,519	1,705	-	-	-	-	-	(4,224)	-	(4,424)	(4,424)
PZU dividend	-	-	(854)	-	-	-	-	-	-	(2,894)	(3,748)	-	(3,748)
Other changes, including:	**-**	**-**	**23**	**-**	**(24)**	**-**	**-**	**-**	**-**	**(1)**	**(2)**	**(5)**	**(7)**
Sales of equity instruments designated at fair value through other comprehensive income	-	-	24	-	(24)	-	-	-	-	-	-	-	-
Transactions with holders of non-controlling interests	-	-	(1)	-	-	-	-	-	-	-	(1)	(3)	(4)
Other	-	-	-	-	-	-	-	-	-	(1)	(1)	(2)	(3)
As at 30 September 2024	**86**	**(4)**	**17,492**	**3,923**	**(476)**	**1,151**	**(20)**	**(8)**	**(84)**	**8,268**	**30,328**	**31,823**	**62,151**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated statement of changes in equity (continuation)

Consolidated statement of changes in equity (restated)	Equity attributable to equity holders of the parent company											Non-controlling interest	Total equity
	Share capital	Other capital								Undistributed profit	Total		
		Treasury shares	Supplementary capital	Other reserve capital	Accumulated other comprehensive income								
					Revaluation reserve	Financial income and expenses from insurance	Finance income or expenses from reinsurance	Actuarial gains and losses related to provisions for employee benefits	Foreign exchange translation differences				
Note	9.29											2.4	
As at 1 January 2023 (before restatement)	**86**	**(4)**	**15,315**	**1,721**	**(2,455)**	**2,622**	**(79)**	**(6)**	**91**	**8,871**	**26,162**	**22,263**	**48,425**
Change in accounting principles (item 6.2.2.1)	-	-	-	-	-	-	-	-	-	1	1	5	6
As at 1 January 2023 (restated)	**86**	**(4)**	**15,315**	**1,721**	**(2,455)**	**2,622**	**(79)**	**(6)**	**91**	**8,872**	**26,163**	**22,268**	**48,431**
Total comprehensive income	**-**	**-**	**-**	**-**	**1,172**	**(765)**	**(11)**	**(4)**	**(18)**	**4,168**	**4,542**	**7,377**	**11,919**
Net profit (loss)	-	-	-	-	-	-	-	-	-	4,168	4,168	5,011	9,179
Net other comprehensive income	-	-	-	-	1,172	(765)	(11)	(4)	(18)	-	374	2,366	2,740
Transaction with the shareholders of the parent company	**-**	**-**	**357**	**497**	**-**	**-**	**-**	**-**	**-**	**(2,926)**	**(2,072)**	**(1,138)**	**(3,210)**
Distribution of financial result	-	-	1,653	497	-	-	-	-	-	(2,150)	-	(1,138)	(1,138)
PZU dividend	-	-	(1,296)	-	-	-	-	-	-	(776)	(2,072)	-	(2,072)
Other changes, including:	**-**	**-**	**83**	**-**	**(84)**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Sales of equity instruments designated at fair value through other comprehensive income	-	-	82	-	(82)	-	-	-	-	-	-	-	-
Sale of revalued properties and other	-	-	2	-	(2)	-	-	-	-	-	-	-	-
Transactions with holders of non-controlling interests	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
As at 30 September 2023	**86**	**(4)**	**15,755**	**2,218**	**(1,367)**	**1,857**	**(90)**	**(10)**	**73**	**10,114**	**28,632**	**28,507**	**57,139**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated cash flow statement

Consolidated cash flow statement	Note	1 January– 30 September 2024	1 January – 30 September 2023 (restated)
Profit before tax		11,386	11,888
Adjustments		(4,762)	(3,532)
Amortization of intangible assets and depreciation of property, plant and equipment		1,088	1,019
Net movement in fair value of assets and liabilities measured at fair value		(892)	(762)
Realized gains/losses from investing activities and impairment losses		1,168	1,022
Net foreign exchange differences		(29)	(235)
Interest income and expenses		(6,097)	(4,576)
Movement		15,174	29,499
Movement in loan receivables from clients		(10,113)	(4,482)
Movement in liabilities under deposits		18,660	31,400
Movement in insurance contract assets and liabilities		1,653	2,565
Movement in reinsurance contract assets and liabilities		(425)	(1,265)
Movement in receivables		533	(192)
Movement in liabilities		(1,358)	(581)
Movement in participation units and investment certificates of investment funds		123	845
Movement in liabilities under investment contracts		322	80
Other		5,779	1,129
Income tax paid		(2,976)	(851)
Net cash flows from operating activities		**18,822**	**37,004**
Cash flow from investing activities			
Inflows		1,667,422	1,516,346
- sale of investment property		-	2
- proceeds from investment property		301	311
- sale of intangible assets and property, plant and equipment		106	48
- sale of ownership interests and shares		623	955
- realization of debt securities		1,188,849	1,024,808
- closing of buy-sell-back transactions		338,038	319,869
- closing of term deposits with credit institutions		106,977	137,375
- realization of other investments		30,180	30,789
- interest received		2,275	1,949
- dividends received		55	175
- increase in cash due to purchase of entities and change in the scope of consolidation		4	2
- other investment proceeds		14	63

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Condensed interim consolidated cash flow statement (continuation)

Consolidated cash flow statement	**Note**	**1 January– 30 September 2024**	**1 January – 30 September 2023** (restated)
Expenditures		(1,680,781)	(1,551,512)
- purchase of investment property		(5)	(19)
- expenditures for the maintenance of investment property		(139)	(163)
- purchase of intangible assets and property, plant and equipment		(900)	(835)
- purchase of ownership interests and shares		(627)	(680)
- purchase of ownership interests and shares in subsidiaries		(60)	(35)
- purchase of debt securities		(1,201,311)	(1,057,994)
- opening of buy-sell-back transactions		(340,700)	(321,530)
- purchase of term deposits with credit institutions		(107,061)	(140,023)
- purchase of other investments		(29,951)	(30,203)
- decrease in cash due to the change in the scope of consolidation		-	(12)
- other expenditures for investments		(27)	(18)
Net cash flows from investing activities		**(13,359)**	**(35,166)**
Cash flows from financing activities			
Inflows		217,096	128,235
- proceeds from loans and borrowings	9.37	1,211	783
- proceeds on the issue of own debt securities	9.37	28,340	2,698
- opening of repurchase transactions	9.37	187,545	124,754
Expenditures		(216,211)	(130,992)
– dividends paid to equity holders of the parent		-	(2,072)
- dividends to owners of non-controlling interests		(4,424)	(1,138)
- repayment of loans and borrowings	9.37	(770)	(1,079)
- redemption of own debt securities	9.37	(23,305)	(2,262)
- closure of repurchase transactions	9.37	(187,161)	(123,957)
- interest on loans and borrowings	9.37	(8)	(8)
- interest on outstanding debt securities	9.37	(378)	(271)
- expenditures on leases	9.37	(165)	(205)
Net cash flows from financing activities		**885**	**(2,757)**
Total net cash flows		**6,348**	**(919)**
Cash and cash equivalents at the beginning of the period		17,702	15,960
Movement in cash due to foreign exchange differences		(119)	(36)
Cash and cash equivalents at the end of the period, including:		23,931	15,005
- restricted cash		10	59

Notes to the condensed interim consolidated financial statements

1. Introduction

Compliance statement

These condensed interim consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group ("condensed interim consolidated financial statements" and "PZU Group", respectively) have been prepared in line with requirements of International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Commission of European Union, and with requirements set forth in the Regulation on Current and Periodic Information.

These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements of PZU Group for 2023.

Parent company's quarterly standalone financial information

Pursuant to Article 62 para. 1 of the Regulation on Current and Periodic Information, quarterly standalone financial information of the PZU Group's parent company, i.e. PZU, forms part of these condensed interim consolidated financial statements.

According to Article 45 para. 1a of the Accounting Act, financial statements of issuers of securities admitted to trading on one of the regulated markets of the European Economic Area countries may be prepared in accordance with IFRS.

As the General Meeting of Shareholders of PZU has not made the decision referred to in Article 45 para. 1c of the Accounting Act in the matter of preparation of financial statements pursuant to IFRS, PZU's standalone statements are prepared in accordance with the Polish Accounting Standards (PAS) defined in the Accounting Act and in the implementing acts issued on the basis thereof, including:

- Regulation of the Minister of Finance on the special accounting principles for insurance and reinsurance undertakings of 12 April 2016;
- Regulation of the Minister of Finance on the detailed principles for recognition, valuation methods, scope of disclosure and presentation of financial instruments of 12 December 2001.

In matters not regulated by the Accounting Act or the implementing acts issued on the basis thereof, Polish Accounting Standards or IFRS are applied accordingly.

Period covered by the condensed interim consolidated financial statements

These condensed interim consolidated financial statements cover the period of 9 months from 1 January to 30 September 2024.

The financial information of the subsidiaries are prepared for the same period as the financial statements of the parent company.

Functional and presentation currency

PZU's functional and presentation currency is the Polish zloty. Unless noted otherwise, all amounts presented in these consolidated financial statements are stated in millions of Polish zloty.

The functional currency of the companies domiciled in Lithuania, Latvia and Sweden is the EUR, while for the companies domiciled in Ukraine it is the Ukrainian hryvnia, and for the company domiciled in the United Kingdom it is the British pound.

FX rates

Financial data of foreign subsidiaries are converted into Polish zloty as follows:

- assets and liabilities – at the average exchange rate set by the National Bank of Poland at the end of the reporting period;

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

- items of the profit and loss account and other comprehensive income – at the arithmetic mean of average exchange rates set by the National Bank of Poland as at the dates ending each month of the reporting period.

Due to the currency exchange restrictions in Ukraine and irregular quotations of the Ukrainian hryvnia by the NBP until 31 March 2023, PZU Group established an exchange rate for conversion of data of Ukrainian companies in accordance with the NBU Regulation, in keeping with which authorized institutions (banks) purchased and sold foreign currency, as commissioned by clients, in non-cash transactions:

- in USD – at the exchange rate which may have not deviated by more than 1% from the official exchange rate announced by the NBU at the transaction date;
- in other foreign currencies – at the exchange rate which may have not deviated by more than 1% from the rate determined on the basis of the official exchange rate of the hryvnia to the US dollar, in effect at the transaction date, as well as information on the exchange rates of foreign currencies to the US dollar (or the US dollar to foreign currencies) on the international foreign exchange markets, which were obtained via trade information systems at the transaction date.

In determining the average exchange rate of the Ukrainian hryvnia for the period from 1 January – 30 September 2023, the methodology described above was applied to the rates at the end of each month in the period January–March 2023.

As of 4 April 2023, the NBP resumed regular quoting of the hryvnia exchange rate, so the exchange rate as at 31 December 2023 was determined on the basis of the NBP exchange rate.

Currency	1 January– 30 September 2024	1 January – 30 September 2023	30 September 2024	31 December 2023
EUR	4.3022	4.5773	4.2791	4.3480
GBP	5.0697	5.2644	5.1241	4.9997
UAH	0.0996	0.1151	0.0926	0.1037

Going concern assumption

These condensed interim consolidated financial statements have been drawn up under the assumption that PZU Group remains a going concern in the foreseeable future, i.e. in the period of at least 12 months after the end of the reporting period. As at the date of signing hereof, there are no facts or circumstances that would indicate that a threat exists to the PZU Group's capability of continuing its operations in at least a 12-month period following the end of the reporting period as a result of an intentional or compulsory discontinuation or a mayor curtailment of its current activities.

Discontinued operations

In the 9-month period ended 30 September 2024, PZU Group did not discontinue any significant type of the activities carried out.

Seasonal or cyclical business

The PZU Group's business is not of a significantly seasonal or cyclical nature.

Glossary

The most important terms, abbreviations and acronyms used in the condensed interim consolidated financial statements are explained below.

Names of companies

Balta – Apdrošināšanas akciju sabiedrība "BALTA."

Alior Bank – Alior Bank SA.

Alior Bank Group – Alior Bank with its subsidiaries listed in section 2.2.

Pekao Group – Pekao with its subsidiaries listed in section 2.2.

Idea Bank – Idea Bank SA.

LD – Akcinė bendrovė "Lietuvos draudimas."

Link4 – Link4 Towarzystwo Ubezpieczeń SA.

Pekao – Bank Pekao SA.

PG TUW – Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych in liquidation.

PG TUWnŻ – Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie in liquidation.

PZU, parent company – Powszechny Zakład Ubezpieczeń Spółka Akcyjna.

PZU Finance AB – PZU Finance AB (publ.) in likvidation.

PZU LT GD – Uždaroji akcinė bendrovė "PZU Lietuva gyvybės draudimas."

PZU Ukraina – PRJSC IC „PZU Ukraine".

PZU Ukraina Życie – PRJSC IC „PZU Ukraine Life Insurance".

PZU Życie – Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna.

TFI PZU – Towarzystwo Funduszy Inwestycyjnych PZU Spółka Akcyjna.

TUW PZUW – Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych.

Other definitions

BFG – Bank Guarantee Fund [Bankowy Fundusz Gwarancyjny].

CIRS – Cross-currency interest rate swap.

COR – Combined operating ratio, calculated for the non-life insurance sector. This is the ratio of insurance service expenses, including amounts recoverable from reinsurers to the net income on insurance activities; a decrease in the value of this indicator signifies an improvement in efficiency (Combined Operating Ratio).

CSM – contractual service margin.

GMM – General measurement model, for measurement of insurance contracts according to IFRS 17.

CODM – Chief operating decision maker within the meaning of IFRS 8 – Operating segments.

IRS – Interest rate swap.

PZU's standalone – annual standalone financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for 2023, prepared in accordance with the PAS.

KDPW – Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna.

KNF – Polish Financial Supervision Authority.

Baltic countries – Lithuania (LD, PZU LT GD), Latvia (Balta), Estonia (LD branch).

LIC – Liability for incurred claims.

LRC – Liability for remaining coverage.

MSSF – International Financial Reporting Standards, as endorsed by the European Commission, published and in force as at 30 September 2021.

MRA – Modified retrospective approach.

NBP – National Bank of Poland.

NBU – National Bank of Ukraine.

PAA – Premium allocation approach.

POCI – Purchased or originated credit–impaired financial assets.

PSR – Accounting Act of 29 September 1994 and regulations issued thereunder.

ROE attributable to the parent company – return on equity calculated as the ratio of the annual net profit attributable to owners of the parent company to the arithmetic mean of consolidated equity, less the minority interest at the beginning and at the end of the reporting period; the higher the ratio, the better the efficiency (Return on Equity).

aROE– adjusted return on equity, calculated on the basis of equity, excluding cumulative other comprehensive income relating to insurance and reinsurance finance income and expenses.

Regulation on Current and Periodic Information – Regulation of the Minister of Finance on Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent of 29 March 2018.

IASB – International Accounting Standards Board.

Consolidated financial statements – consolidated financial statements of the PZU Group prepared in accordance with IFRS for the year ended 31 December 2023.

CJEU – Court of Justice of the European Union.

UKNF – Office of the Polish Financial Supervision Authority.

UOKiK – Office of Competition and Consumer Protection.

Insurance Activity Act – Act on Insurance and Reinsurance Activity of 11 September 2015.

VFA – variable fee approach.

Financial leverage ratio – quotient of debt to the PZU Group’s of debt and equity attributed to the equity holders of the parent company, less the balance of goodwill and intangible assets attributed to the equity holders of the parent company. Ratio calculated on the basis of the categories disclosed in the PZU Group’s consolidated financial statements net of the banking sector.

Cost/Income ratio, C/I ratio (banking sector) – The quotient of administrative expenses and the sum of operating income, excluding: the BFG charge, the levy on other financial institutions and the net result on realization and impairment losses on investments; the lower the ratio, the better the efficiency (C/I Cost/Income).

PZU Ordinary Shareholder Meeting – Ordinary Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna.

2. Information on PZU and PZU Group

2.1 Key information on PZU Group

Key information on the Group	
Name of the reporting entity	Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Legal form	Joint stock company [Spółka Akcyjna]
Registered office	Poland
Country of registration	Poland
Registration address of the entity's offices	Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw
Principal place of business	Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland
Core business	Non-life insurance (65.12 according to the Polish Classification of Business Activity and the Statistical Classification of Economic Activities in Europe)
National Court Register [Krajowy Rejestr Sądowy]	District Court of the Capital City of Warsaw, 13th Commercial Division of the National Court Register, Commercial Register – KRS 0000009831

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2.2 PZU Group companies and associates

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				30 September 2024	31 December 2023	
Consolidated insurance undertakings						
1	Powszechny Zakład Ubezpieczeń SA	Warsaw	n/a	n/a	n/a	Non-life insurance. https://www.pzu.pl/grupa-pzu/spolki/pzu-sa
2	Powszechny Zakład Ubezpieczeń na Życie SA	Warsaw	18.12.1991	100.00%	100.00%	Life insurance. https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zycie
3	Link4 Towarzystwo Ubezpieczeń SA	Warsaw	15.09.2014	100.00%	100.00%	Non-life insurance. https://www.link4.pl/
4	Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych	Warsaw	20.11.2015	100.00%	100.00%	Non-life insurance. https://www.tuwpzuw.pl/
5	AB “Lietuvos draudimas”	Vilnius (Lithuania)	31.10.2014	100.00%	100.00%	Non-life insurance. http://www.ld.lt/
6	AAS “BALTA”	Riga (Latvia)	30.06.2014	100.00%	100.00%	Non-life insurance. http://www.balta.lv/
7	PRJSC IC “PZU Ukraine”	Kiev (Ukraine)	1.07.2005	100.00%	100.00%	Non-life insurance. http://www.pzu.com.ua/
8	PRJSC IC “PZU Ukraine Life Insurance“	Kiev (Ukraine)	1.07.2005	100.00%	100.00%	Life insurance. http://www.pzu.com.ua/
9	UAB “PZU Lietuva gyvybes draudimas”	Vilnius (Lithuania)	8.04.2004	99.34%	99.34%	Life insurance. https://pzugd.lt/
10	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych in liquidation [1)]	Warsaw	25.01.2024	100.00%	n/a	Non-life insurance. https://www.link4.pl/
11	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie in liquidation [1)]	Warsaw	25.01.2024	100.00%	n/a	Life insurance. http://www.pzu.com.ua/
Consolidated companies – Pekao Group						
12	Bank Pekao SA	Warsaw	7.06.2017	20.02%	20.02%	Banking services. https://www.pekao.com.pl/
13	Pekao Bank Hipoteczny SA	Warsaw	7.06.2017	20.02%	20.02%	Banking services. http://www.pekaobh.pl/
14	Pekao Leasing sp. z o.o.	Warsaw	7.06.2017	20.02%	20.02%	Lease services. http://www.pekaoleasing.com.pl/
15	Pekao Investment Banking SA	Warsaw	7.06.2017	20.02%	20.02%	Brokerage services. http://pekaoib.pl/
16	Pekao Faktoring sp. z o.o.	Lublin	7.06.2017	20.02%	20.02%	Factoring services. https://www.pekaofaktoring.pl/
17	Pekao Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	11.12.2017	20.02%	20.02%	Creation, representing and management of mutual funds. https://pekaotfi.pl/
18	Centrum Kart SA	Warsaw	7.06.2017	20.02%	20.02%	Auxiliary financial services. http://www.centrumkart.pl/
19	Pekao Financial Services sp. z o.o.	Warsaw	7.06.2017	46.81% [2)]	46.81% [2)]	Transfer agent. http://www.pekao-fs.com.pl/pl/

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No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				30 September 2024	31 December 2023	
Consolidated companies – Pekao Group – continued						
20	Pekao Direct sp. z o.o.	Kraków	7.06.2017	20.02%	20.02%	Call centre services. https://www.pekaodirect.pl/
21	Pekao Property SA in liquidation	Warsaw	7.06.2017	20.02%	20.02%	Development activities.
22	FPB – Media sp. z o.o. in bankruptcy	Warsaw	7.06.2017	20.02%	20.02%	No business conducted.
23	Pekao Fundusz Kapitałowy sp. z o.o. in liquidation	Warsaw	7.06.2017	20.02%	20.02%	Business consulting.
24	Pekao Investment Management SA	Warsaw	11.12.2017	20.02%	20.02%	Asset management. https://pekaotfi.pl/o-nas/pekao-investment-mangament
25	PeUF sp. z o.o.	Warsaw	20.07.2021	20.02%	20.02%	Auxiliary financial activities.
Consolidated companies – Alior Bank Group						
26	Alior Bank SA	Warsaw	18.12.2015	31.93%	31.93%	Banking services. https://www.aliorbank.pl/
27	Alior Services sp. z o.o.	Warsaw	18.12.2015	31.93%	31.93%	Other activity supporting financial services, excluding insurance and pension funds.
28	Alior Leasing sp. z o.o.	Warsaw	18.12.2015	31.93%	31.93%	Lease services. https://www.aliorbank.pl/wlasna-dzialalnosc/alior-leasing.html
29	Meritum Services ICB SA	Gdańsk	18.12.2015	31.93%	31.93%	IT services.
30	Alior Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	18.12.2015	31.93%	31.93%	Asset management services and management of Alior SFIO subfunds. https://www.aliortfi.com/
31	AL Finance sp. z o.o.	Katowice	30.01.2017	31.93%	31.93%	Agency activities.
32	Corsham sp. z o.o.	Warsaw	4.02.2019	31.93%	31.93%	Business consulting.
33	RBL_VC sp. z o.o.	Warsaw	7.11.2019	31.93%	31.93%	Venture capital fund management activities.
34	RBL_VC sp. z o.o. ASI SKA	Warsaw	17.04.2020	31.93%	31.93%	Activity of trusts, funds and similar financial institutions.
35	Alior Leasing Individual sp. z o.o.	Warsaw	23.10.2023	31.93%	31.93%	Finance lease
Consolidated companies – PZU Zdrowie Group						
36	PZU Zdrowie SA 3)	Warsaw	2.09.2011	100.00%	100.00%	Medical services. https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zdrowie
37	Centrum Medyczne Medica sp. z o.o.	Płock	9.05.2014	100.00%	100.00%	Medical services. https://www.plock.pzuzdrowie.pl/
38	Sanatorium Uzdrowiskowe "Krystynka" sp. z o.o.	Ciechocinek	9.05.2014	99.09%	99.09%	Hospital, physical therapy and spa services. http://www.sanatoriumkrystynka.pl/
39	Przedsiębiorstwo Świadczeń Zdrowotnych i Promocji Zdrowia ELVITA– Jaworzno III sp. z o.o.	Jaworzno	1.12.2014	100.00%	100.00%	Medical services. https://www.jaworzno.pzuzdrowie.pl/
40	Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o.	Łaziska Górne	1.12.2014	57.00%	57.00%	Medical services. http://www.proelmed.pl/

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No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				30 September 2024	31 December 2023	
Consolidated companies – PZU Zdrowie Group – continued						
41	Centrum Medyczne Gamma sp. z o.o.	Warsaw	8.09.2015	100.00%	100.00%	Medical services. http://www.cmgamma.pl/
42	Tomma Diagnostyka Obrazowa SA	Poznań	9.12.2019	100.00%	100.00%	Medical services. https://tomma.com.pl/
43	Bonus-Diagnosta sp. z o.o.	Poznań	9.12.2019	100.00%	100.00%	Medical services.
44	Boramed Centrum Medyczne sp. z o.o.	Warsaw	31.05.2023	100.00%	100.00%	Medical services. https://www.boramed.pl/
Consolidated companies – other companies						
45	Powszechne Towarzystwo Emerytalne PZU SA	Warsaw	8.12.1998	100.00%	100.00%	Management of pension funds. https://www.pzu.pl/pl/grupa-pzu/spolki/pte-pzu
46	PZU Centrum Operacji SA	Warsaw	30.11.2001	100.00%	100.00%	Auxiliary activity associated with insurance and pension funds. https://www.pzu.pl/grupa-pzu/spolki/pzu-centrumoperacji
47	Towarzystwo Funduszy Inwestycyjnych PZU SA	Warsaw	30.04.1999	100.00%	100.00%	Creation, representing and management of mutual funds. https://www.pzu.pl/pl/grupa-pzu/spolki/tfi-pzu
48	PZU Pomoc SA	Warsaw	18.03.2009	100.00%	100.00%	Provision of assistance services. https://www.pzu.pl/grupa-pzu/spolki/pzu-pomoc
49	PZU Finance AB (publ.) in likvidation	Stockholm (Sweden)	2.06.2014	100.00%	100.00%	Financial services.
50	PZU Finanse sp. z o.o.	Warsaw	8.11.2013	100.00%	100.00%	Financial and accounting services.
51	Tower Inwestycje sp. z o.o.	Warsaw	27.08.1998	100.00%	100.00%	Development activity, operation and lease of properties. https://www.pzu.pl/pl/grupa-pzu/spolki/tower-inwestycje
52	Ogrodowa-Inwestycje sp. z o.o.	Warsaw	15.09.2004	100.00%	100.00%	Buying, operating, renting and selling real estate. http://www.ogrodowainwestycje.pl/
53	Arm Property sp. z o.o.	Kraków	26.11.2014	100.00%	100.00%	Purchase and sale of real estate.
54	Ipsilon sp. z o.o.	Warsaw	2.04.2009	100.00%	100.00%	Provision of assistance services and medical services.
55	PZU Corporate Member Limited	London (United Kingdom)	28.09.2017	100.00%	100.00%	Investment activities.
56	PZU LAB SA	Warsaw	13.09.2011	100.00%	100.00%	Consulting and training services, development of technology innovation to support technical and procedural security processes and risk management. https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-lab
57	Omicron BIS SA	Warsaw	28.08.2014	100.00%	100.00%	No business conducted.

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No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				30 September 2024	31 December 2023	
Consolidated companies – other companies – continued						
58	LLC SOS Services Ukraine	Kiev (Ukraine)	1.07.2005	100.00%	100.00%	Assistance services.
59	PZU CASH SA	Warsaw	15.09.2017	100.00%	100.00%	Other monetary intermediation. https://www.pzu.pl/grupa-pzu/spolki/pzu-cash-sa
60	Tulare Investments sp. z o.o.	Warsaw	15.09.2017	100.00%	100.00%	No business conducted.
61	PZU Projekt 01 SA	Warsaw	1.09.2020	100.00%	100.00%	No business conducted.
62	UAB "B10 biurai"	Vilnius (Lithuania)	14.03.2023	100.00%	100.00%	Property management.
63	UAB "B10 apartamentai"	Vilnius (Lithuania)	14.03.2023	100.00%	100.00%	Property management.
Consolidated companies – Armatura Group						
64	Armatura Kraków SA	Kraków	7.10.1999	100.00%	100.00%	Production and sale of radiators and sanitary fittings and administration and management of the group. https://www.kfa.pl/
65	Aquaform Ukraine TOW in liquidation	Zhytomyr (Ukraine)	15.01.2015	100.00%	100.00%	No business conducted.
Consolidated companies – mutual funds						
66	PZU SFIO Universum	Warsaw	15.12.2009	n/a	n/a	Investment of funds collected from fund members.
67	PZU FIZ Sektor Nieruchomości 2	Warsaw	21.11.2011	n/a	n/a	As above.
68	PZU FIZ Aktywów Niepublicznych BIS 1	Warsaw	12.12.2012	n/a	n/a	As above.
69	PZU FIZ Aktywów Niepublicznych BIS 2	Warsaw	19.11.2012	n/a	n/a	As above.
70	inPZU Inwestycji Ostrożnych	Warsaw	10.04.2018	n/a	n/a	As above.
71	inPZU Obligacje Polskie	Warsaw	10.04.2018	n/a	n/a	As above.
72	inPZU Akcje Polskie	Warsaw	10.05.2018	n/a	n/a	As above.
73	inPZU Akcje Rynków Rozwiniętych	Warsaw	10.05.2018	n/a	n/a	As above.
74	inPZU Obligacje Rynków Wschodzących	Warsaw	10.05.2018	n/a	n/a	As above.
75	inPZU Akcje Rynków Wschodzących	Warsaw	28.10.2019	n/a	n/a	As above.
76	inPZU Akcje Amerykańskie	Warsaw	28.10.2019	n/a	n/a	As above.
77	inPZU Akcje CEEplus	Warsaw	28.10.2019	n/a	n/a	As above.
78	PZU FIZ Legato	Warsaw	11.08.2021	n/a	n/a	As above.
79	inPZU Akcje Rynku Surowców	Warsaw	15.12.2021	n/a	n/a	As above.
80	inPZU Akcje Rynku Złota	Warsaw	15.12.2021	n/a	n/a	As above.
81	inPZU Akcje Sektora Zielonej Energii	Warsaw	15.12.2021	n/a	n/a	As above.

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No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				30 September 2024	31 December 2023	
Consolidated companies – mutual funds – continued						
82	inPZU Akcje Sektora Informatycznego	Warsaw	15.12.2021	n/a	n/a	Investment of funds collected from fund members.
83	inPZU Akcje Sektora Nieruchomości	Warsaw	15.12.2021	n/a	n/a	As above.
84	inPZU Akcje Europejskie	Warsaw	15.12.2021	n/a	n/a	As above.
85	inPZU Obligacje Inflacyjne	Warsaw	15.12.2021	n/a	n/a	As above.
86	PZU Akcji Globalnych Trendów	Warsaw	12.04.2023	n/a	n/a	As above.
87	inPZU Akcje Sektora Biotechnologii	Warsaw	7.09.2023	n/a	n/a	As above.
88	inPZU Akcje Sektora Cyberbezpieczeństwa	Warsaw	7.09.2023	n/a	n/a	As above.
89	inPZU Sektora Technologii Kosmicznych	Warsaw	7.09.2023	n/a	n/a	As above.
90	inPZU Akcje Sektora Zrównoważonej Gospodarki Wodnej	Warsaw	7.09.2023	n/a	n/a	As above.
91	inPZU Zielone Obligacje	Warsaw	7.09.2023	n/a	n/a	As above.
92	inPZU Obligacje Korporacyjne High Yield	Warsaw	7.09.2023	n/a	n/a	As above.
93	inPZU Puls Życia 2070	Warsaw	4.01.2024	n/a	n/a	As above.
Consolidated companies – special purpose vehicles of PZU FIZ Sektor Nieruchomości 2						
94	PH 3 sp. z o.o.	Warsaw	28.01.2011	100.00%	100.00%	Real property management.
95	PH 3 sp. z o.o. SKA	Warsaw	28.01.2011	100.00%	100.00%	As above.
96	Portfel Alliance Silesia I BIS sp. z o.o.	Warsaw	29.03.2013	100.00%	100.00%	As above.
97	Portfel Alliance Silesia III sp. z o.o.	Warsaw	2.10.2012	100.00%	100.00%	As above.
98	Portfel Alliance Silesia IV sp. z o.o.	Warsaw	4.10.2012	100.00%	100.00%	As above.
99	Portfel Alliance Silesia V sp. z o.o.	Warsaw	8.10.2012	100.00%	100.00%	As above.
100	Portfel Alliance Silesia VII sp. z o.o.	Warsaw	4.10.2012	100.00%	100.00%	As above.
101	Portfel PB 1 sp. z o.o.	Warsaw	3.10.2012	100.00%	100.00%	As above.
102	Portfel PB 2 sp. z o.o.	Warsaw	8.10.2012	100.00%	100.00%	As above.
103	Portfel PH 1 sp. z o.o.	Warsaw	2.10.2012	100.00%	100.00%	As above.
104	Portfel PH 2 sp. z o.o.	Warsaw	8.10.2012	100.00%	100.00%	As above.
105	EBP 1 sp. z o. o.	Warsaw	28.09.2018	100.00%	100.00%	As above.
106	EBP 2 sp. z o. o.	Warsaw	11.07.2012	100.00%	100.00%	As above.

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No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				30 September 2024	31 December 2023	
Consolidated companies – special purpose vehicles of PZU FIZ Sektor Nieruchomości 2 – continuation						
107	EBP 3 Sp. z o.o.	Warsaw	13.07.2012	100.00%	100.00%	Real property management.
108	Ogrody Lubicz sp. z o.o.	Kraków	25.07.2012	100.00%	100.00%	As above.
109	Portfel PM 1 sp. z o.o.	Warsaw	9.10.2012	100.00%	100.00%	As above.
110	3 PB 1 sp. z o.o.	Warsaw	22.03.2012	100.00%	100.00%	As above.
111	3 PB 1 sp. z o.o. SKA	Warsaw	22.03.2012	100.00%	100.00%	As above.
112	Portfel2 PH5 sp. z o.o.	Warsaw	28.11.2014	100.00%	100.00%	As above.
113	2 PB 1 sp. z o.o.	Warsaw	13.12.2011	100.00%	100.00%	As above.
114	2 PB1 sp. z o.o. SKA	Warsaw	13.12.2011	100.00%	100.00%	As above.
115	2 PB 2 sp. z o.o.	Warsaw	8.2.2012	100.00%	100.00%	As above.
116	2PB3 sp. z o.o.	Warsaw	12.07.2012	100.00%	100.00%	As above.
117	2PB4 sp. z o.o.	Warsaw	11.07.2012	100.00%	100.00%	As above.
118	2PB5 sp. z o.o.	Warsaw	25.07.2012	100.00%	100.00%	As above.
119	2 PM 1 sp. z o.o.	Warsaw	28.03.2014	100.00%	100.00%	As above.
120	2PM2 sp. z o.o.	Warsaw	4.12.2012	100.00%	100.00%	As above.
121	2 PM 3 sp. z o.o.	Warsaw	13.08.2014	100.00%	100.00%	As above.
122	2PM4 sp. z o.o.	Warsaw	7.11.2014	100.00%	100.00%	As above.
123	2 PM 5 sp. z o.o.	Warsaw	7.11.2014	100.00%	100.00%	As above.
Associates						
124	Sigma BIS SA	Warsaw	03.10.2019	34.00%	34.00%	Advertising activities. https://sigma-media.pl/
125	RUCH SA	Warsaw	23.12.2020	30.92%	30.92%	Retail sale of newspapers and stationery in specialized stores. https://ruch.com.pl/
126	Krajowy Integrator Płatności SA [4)]	Poznań	31.03.2021	7.67%	7.67%	Other monetary intermediation. https://tpay.com/

[1)] On 31 October 2024, the Extraordinary General Meetings of PG TUW and PG TUWnŻ passed resolutions to dissolve the societies and put them into liquidation.

[2)] PZU directly holds a 33.5% equity stake in Pekao Financial Services sp. z o.o. while Pekao holds 66.5%.

[3)] On 30 April 2024, the Centrum Medyczne Nowa 5 sp. z o.o. merged with PZU Zdrowie SA. On 31 July 2024, the Starówka sp. z o.o. merged with PZU Zdrowie SA. The transactions did not affect the condensed interim consolidated financial statements of the PZU Group.

[4)] Pekao's associate in which it holds a 38.33% stake. Therefore, the Management Board of PZU believes that PZU Group has a significant influence on this company.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

2.3 Changes in the scope of consolidation and structure of PZU Group

The accounting policy concerning the settlement of acquisition transactions is presented in detail in the consolidated financial statements for 2023.

The changes in the scope of consolidation and in the PZU Group's structure that occurred in the 9-month period ended 30 September 2024 are presented in the following sections.

2.3.1. Purchase of PG TUW and PG TUWnŻ

On 4 September 2023, PZU entered into a conditional agreement with Orlen SA for the sale of 2,000,000 shares in the share capital of PG TUW constituting 100% of the shares in the share capital of PG TUW and entitling to 99.9997% of the votes at the Shareholder Meeting of PG TUW, with Orlen SA being the sole equity member of PG TUW.

PG TUW holds 1,525,000 shares in the share capital of PG TUWnŻ representing 100% of the shares in PG TUWnŻ and entitling PG TUWnŻ to 99.99992% of the votes at the Shareholder Meeting of PG TUWnŻ, with PG TUW being the sole equity member of PG TUWnŻ.

On 25 January 2024, upon fulfillment of the conditions precedent, the transaction was finalized and PG TUW and PG TUWnŻ became subsidiaries of PZU and were consolidated in the consolidated financial statements of the PZU Group.

The purpose of the transaction was to increase the PZU Group's written premiums, strengthen cooperation with the Orlen SA Group and increase the value of the PZU Group's assets under management accumulated by EPS participants.

Purchase price allocation

The accounting for the acquisition of PG TUW and PG TUWnŻ was carried out on the basis of the data of these companies compiled as of 31 January 2024. There were no significant differences in accounting data between 25 January and 31 January 2024.

In the course of calculating goodwill, the book values of the assets and liabilities of PG TUW and PG TUWnŻ were updated to fair value and intangible assets not previously reported as assets were identified.

Fair value of assets acquired and liabilities assumed at the time of obtaining control	31 January 2024
Intangible assets	8
Deferred tax assets	1
Property, plant and equipment	1
Insurance contract assets	8
Reinsurance contract assets	85
Investment financial assets	336
Measured at amortized cost	24
Measured at fair value through profit or loss	312
Cash and cash equivalents	4
Assets, total	**443**
Insurance contract liabilities	111
Reinsurance contract liabilities	23
Subordinated liabilities	28
Liabilities	223
Obligations, total	**385**
Fair value of net assets acquired	**58**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Calculation of goodwill	31 January 2024
Consideration transferred	47
Purchase price adjustment	11
Fair value of net assets acquired	(58)
Goodwill	-

2.3.2. Changes to consolidation of mutual funds

On 4 January 2024, the newly-registered inPZU Puls Życia 2070 fund, which PZU Group controls, was consolidated.

2.3.3. Liquidation of PZU Group company

On 27 May 2024, the District Court for Krakow – Śródmieście issued a decision on deletion of AQ Spółka Akcyjna in liquidation from the Register of Entrepreneurs of the National Court Register. The deletion did not affect the interim consolidated financial statements of the PZU Group.

2.4 Non-controlling interest

The table below presents subsidiaries with certain non-controlling interest (at present or in the past):

Name of the entity	30 September 2024	31 December 2023
Pekao [1]	79.98%	79.98%
Alior Bank [2]	68.07%	68.07%
Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o.	43.00%	43.00%
Sanatorium Uzdrowiskowe "Krystynka" sp. z o.o.	0.91%	0.91%
PZU LT GD	0.66%	0.66%

[1] As a result, PZU also holds non-controlling interests in the Pekao's subsidiaries listed in the table in section 2.2.
[2] As a result, PZU also holds non-controlling interests in the Alior Bank's subsidiaries listed in the table in section 2.2.

Carrying amount of non-controlling interests	30 September 2024	31 December 2023 (restated)
Pekao Group	24,581	24,320
Alior Bank Group	7,241	6,194
Other	1	1
Total	**31,823**	**30,515**

Both Pekao and Alior Bank conduct operations primarily in the territory of Poland. The tables below present condensed financial information for the Pekao Group and the Alior Bank Group included in the consolidated financial statements (without consolidation eliminations). The data of the Pekao Group and the Alior Bank Group incorporate the effect of adjustments resulting from the measurement of assets and liabilities to fair value as at the date control was acquired and their subsequent amortization over time.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Assets	Pekao Group		Alior Bank Group	
	30 September 2024	31 December 2023 (restated)	30 September 2024	31 December 2023
Goodwill	693	693	-	-
Intangible assets	2,142	2,101	438	411
Deferred tax assets	1,147	1,091	824	1,018
Other assets	231	156	70	64
Property, plant and equipment	2,047	2,066	721	743
Entities accounted for using the equity method	58	54	-	-
Assets held for sale	20	33	-	-
Assets pledged as collateral for liabilities	1,754	1,648	18	47
Loan receivables from clients	166,437	158,568	61,084	59,850
Financial derivatives	6,268	10,122	506	663
Investment financial assets	120,721	111,427	23,436	23,358
Measured at amortized cost	105,043	94,926	4,459	7,790
Measured at fair value through other comprehensive income	13,835	14,830	18,930	15,472
Measured at fair value through profit or loss	1,843	1,671	47	96
Current income tax receivables	-	1	-	1
Other receivables	2,468	3,103	1,255	1,542
Cash and cash equivalents	20,515	14,715	2,668	2,259
Total assets	**324,501**	**305,778**	**91,020**	**89,956**

Equity and liabilities	Pekao Group		Alior Bank Group	
	30 September 2024	31 December 2023 (restated)	30 September 2024	31 December 2023
Equity				
Equity attributable to equity holders of the Parent	30,734	30,408	10,638	9,099
Share capital	263	263	1,306	1,306
Other capital	23,941	21,725	7,581	5,900
Retained earnings	6,530	8,420	1,751	1,893
Non-controlling interest	13	12	-	-
Total equity	**30,747**	**30,420**	**10,638**	**9,099**
Liabilities				
Subordinated liabilities	2,833	2,781	776	1,160
Liabilities on the issue of own debt securities	15,787	9,958	1,848	2,109
Liabilities to banks	7,965	6,759	248	288
Liabilities to clients under deposits	248,222	231,497	74,599	73,078
Derivatives	6,437	10,724	627	903
Current income tax liabilities	1,020	1,492	225	324
Other liabilities	9,525	10,267	1,759	2,674
Provisions	1,946	1,859	298	319
Deferred tax liabilities	19	21	2	2
Total liabilities	**293,754**	**275,358**	**80,382**	**80,857**
Total equity and liabilities	**324,501**	**305,778**	**91,020**	**89,956**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Consolidated profit and loss account for the period from 1 January to 30 September 2024	PZU Group	Elimination of Pekao's data	Elimination of Alior Bank's data	Elimination of consolidation adjustments	PZU Group without Pekao and Alior Bank
Insurance service result before reinsurance	3,079	-	-	-	3,079
Insurance revenue	21,836	-	-	-	21,836
Insurance service expenses	(18,757)	-	-	-	(18,757)
Net income or expenses from reinsurance contracts held	(786)	-	-	-	(786)
Reinsurance premium allocation	(1,379)	-	-	-	(1,379)
Amounts recoverable from reinsurers	593	-	-	-	593
Insurance service result	2,293	-	-	-	2,293
Financial income and expenses from insurance	(1,248)	-	-	-	(1,248)
Finance income or expenses from reinsurance	36	-	-	-	36
Interest income calculated using the effective interest rate, and equalized to them	21,009	(13,904)	(5,392)	188	1,901
Other net investment income	210	(156)	7	(5)	56
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	(20)	2	(40)	-	(58)
Movement in allowances for expected credit losses and impairment losses on financial instruments	(1,065)	601	331	-	(133)
Net movement in fair value of assets and liabilities measured at fair value	892	(193)	(28)	-	671
Revenue from commissions and fees	3,842	(2,727)	(1,013)	143	245
Fee and commission expenses	(1,031)	662	389	(20)	-
Operating costs of banks	(5,112)	3,760	1,488	(136)	-
Interest expenses	(6,157)	4,515	1,516	(42)	(168)
Legal risk costs of foreign currency mortgage loans	(340)	299	41	-	-
Other operating income	1,277	(262)	(98)	47	964
Other operating expenses	(3,206)	1,221	350	(175)	(1,810)
Operating profit (loss)	**11,380**	**(6,182)**	**(2,449)**	**-**	**2,749**
Share of the net financial results of entities accounted for using the equity method	6	(6)	-	-	-
Profit (loss) before tax	**11,386**	**(6,188)**	**(2,449)**	**-**	**2,749**
Income tax	(2,579)	1,326	601	-	(652)
Net profit (loss)	**8,807**	**(4,862)**	**(1,848)**	**-**	**2,097**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Consolidated profit and loss account for the period from 1 January to 30 September 2023 (restated)	**PZU Group**	**Elimination of Pekao's data**	**Elimination of Alior Bank's data**	**Elimination of consolidation adjustments**	**PZU Group without Pekao and Alior Bank**
Insurance service result before reinsurance	2,839	-	-	-	2,839
Insurance revenue	19,959	-	-	-	19,959
Insurance service expenses	(17,120)	-	-	-	(17,120)
Net income or expenses from reinsurance contracts held	234	-	-	-	234
Reinsurance premium allocation	(1,114)	-	-	-	(1,114)
Amounts recoverable from reinsurers	1,348	-	-	-	1,348
Insurance service result	3,073	-	-	-	3,073
Financial income and expenses from insurance	(1,244)	-	-	-	(1,244)
Finance income or expenses from reinsurance	48	-	-	-	48
Interest income calculated using the effective interest rate, and equalized to them	20,550	(13,501)	(5,469)	170	1,750
Other net investment income	430	(238)	(27)	(4)	161
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	14	(33)	(17)	-	(36)
Movement in allowances for expected credit losses and impairment losses on financial instruments	(1,037)	488	567	-	18
Net movement in fair value of assets and liabilities measured at fair value	762	(193)	(57)	-	512
Revenue from commissions and fees	4,015	(2,654)	(1,292)	119	188
Fee and commission expenses	(1,312)	613	710	(13)	(2)
Operating costs of banks	(4,609)	3,375	1,359	(125)	-
Interest expenses	(6,805)	4,690	1,980	(50)	(185)
Legal risk costs of foreign currency mortgage loans	(106)	98	8	-	-
Other operating income	1,208	(272)	(105)	7	838
Other operating expenses	(3,105)	1,191	393	(104)	(1,625)
Operating profit (loss)	**11,882**	**(6,436)**	**(1,950)**	**-**	**3,496**
Share of the net financial results of entities accounted for using the equity method	6	(3)	-	-	3
Profit (loss) before tax	**11,888**	**(6,439)**	**(1,950)**	**-**	**3,499**
Income tax	(2,709)	1,418	488	-	(803)
Net profit (loss)	**9,179**	**(5,021)**	**(1,462)**	**-**	**2,696**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Statement of comprehensive income (restated)	Pekao Group		Alior Bank Group	
	1 January–30 September 2024	1 January–30 September 2023	1 January–30 September 2024	1 January–30 September 2023
Net profit	4,862	5,021	1,848	1,462
Net other comprehensive income	507	2,131	270	971
Subject to subsequent transfer to profit or loss	539	2,097	250	958
Valuation of debt instruments	279	805	105	129
Reclassification of debt instruments valuation for the profit and loss account	(15)	9	(15)	(6)
Measurement of loan receivables from clients	3	2	-	-
Foreign exchange translation differences	-	-	(2)	-
Cash flow hedging	398	1,773	221	1,062
Income tax	(126)	(492)	(59)	(227)
Not subject to subsequent reclassification to profit or loss	(32)	34	20	13
Valuation of equity instruments	(39)	69	25	16
Actuarial gains and losses related to provisions for employee benefits	-	(27)	-	-
Income tax	7	(8)	(5)	(3)
Total net comprehensive income	**5,369**	**7,152**	**2,118**	**2,433**

Statement of Cash Flows	Pekao Group		Alior Bank Group	
	1 January–30 September 2024	1 January–30 September 2023	1 January–30 September 2024	1 January–30 September 2023
Net cash flows from operating activities	17,995	34,487	1,806	2,353
Net cash flows from investing activities	(13,398)	(34,359)	19	(2,359)
Net cash flows from financing activities	1,273	(2,003)	(1,382)	736
Total net cash flows	**5,870**	**(1,875)**	**443**	**730**

Dividend-related information	Pekao Group		Alior Bank Group	
	1 January–30 September 2024	1 January–30 September 2023	1 January–30 September 2024	1 January–30 September 2023
Date of ratifying the dividend	17 April 2024	6 June 2023	26 April 2024	-
Record date	24 April 2024	4 July 2023	10 May 2024	-
Dividend payment date	10 May 2024	18 July 2023	24 May 2024	-
Dividend per share (PLN)	19.20	5.42	4.42	-
Dividend attributable to PZU Group	1,009	285	184	-
Dividend attributable to non-controlling interest	4,031	1,138	393	-

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

3. Shareholder structure

As at the date of submission of this interim report, PZU's shareholding structure, including shareholders holding at least 5% of votes at the General Meeting of PZU, was as follows:

No.	Shareholder's name	Number of shares and votes at the General Meeting of Shareholders	Percentage held in the share capital and in the total number of votes at the General Meeting of Shareholders
1	State Treasury	295,217,300	34.1875%
2	Other shareholders	568,305,700	65.8125%
Total		**863,523,000**	**100%**

The State Treasury, holding 34.1875% of PZU shares entitling it to 34.1875% of votes at the PZU General Meeting, controls PZU within the meaning of IFRS 10.

3.1 Indication of changes in the ownership structure of significant shareholdings in the issuer

In the period from 23 April to 31 May 2024, BlackRock, Inc. transacted in PZU shares, causing them to exceed the threshold of 5% participation in the capital and votes at the PZU General Meeting.

As a result of the last sale of PZU shares on 31 May 2024, the total shareholding of BlackRock, Inc. in the share capital and the total number of votes at the General Meeting of Shareholders WZA PZU was below 4.97% as of 3 June 2024. Before the transaction was settled, BlackRock, Inc. had held a total of 43,230,375 PZU shares, corresponding to 5% of the share capital and entitling to exercise 43,230,375 votes that is 5% of the total number of votes at the General Meeting of Shareholders of PZU. After the transaction had been settled, BlackRock, Inc. held 42,997,365 PZU shares, corresponding to 4.97% of the share capital and entitling to exercise 42,997,365 votes, that is 4.97% of the total number of votes at the General Meeting of Shareholders of PZU.

3.2 Shares or rights to shares held by persons managing or supervising PZU

At the date of conveying this interim report and as at the date of conveying the report for 6 months ended 30 June 2024 (i.e. at 28 August 2024), PZU shares were held by:

- PZU Management Board Member Tomasz Kulik – 2,847 shares;
- PZU Supervisory Board Member Adam Uszpolewicz – 5,150 shares.

As of the date of this interim report, Tomasz Tarkowski – Member of the PZU Management Board held 830 PZU shares.

Other members of the Management Board, Supervisory Board or the Directors of the Group did not hold PZU shares or rights to them either at the date of conveying this interim report or at the date of conveying the annual report for 2023.

4. Key management personnel – Management Board of the parent company and Directors of PZU Group

The Management Board of the parent company and PZU Group Directors are assumed to be the key management of the PZU Group. The positions of PZU Group Directors have been established to ensure a consistent and effective management model for PZU and PZU Życie, based on a functional division of responsibilities for the companies' various business areas. PZU Group Directors generally oversee analogous areas in PZU and PZU Życie.

4.1 Composition of the parent company's Management Board

From 1 January 2024, the composition of the Management Board of PZU was as follows:

- Beata Kozłowska-Chyła – President of the Management Board of PZU;
- Ernest Bejda – Member of the Management Board of PZU;
- Małgorzata Kot – Member of the PZU Management Board;
- Krzysztof Kozłowski – Member of the PZU Management Board;
- Tomasz Kulik – Member of the Management Board of PZU;
- Piotr Nowak – Member of the PZU Management Board;
- Maciej Rapkiewicz – Member of the PZU Management Board;
- Małgorzata Sadurska – Member of the PZU Management Board.

On 23 February 2024, the PZU Supervisory Board dismissed the following persons from the PZU Management Board: Beata Kozłowska-Chyła, Ernest Bejda, Małgorzata Kot, Krzysztof Kozłowski, Piotr Nowak and Małgorzata Sadurska.

At the same time, the PZU Supervisory Board adopted resolutions to delegate the following Members of the PZU Supervisory Board:

- Anita Elżanowska – to temporarily perform the function of of the President of the PZU Management Board (until the appointment of the President of the PZU Management Board);
- Michał Bernaczyk – to temporarily perform the function of the Member of the PZU Management Board;

This delegating was for a period of no more than 3 months. The resolutions came into force upon their adoption.

On 27 March 2024, the PZU Supervisory Board appointed the following to the Management Board of PZU:

- Artur Olech, entrusting him with the KNF's with the position of the President of the PZU Management Board, pending approval from KNF (approval received in KNF decision of 18 July 2024);
- Bartosz Grześkowiak, entrusting him with the position of Member of the PZU Management Board;
- Elżbieta Häuser–Schöneich, entrusting her with the position of Member of the PZU Management Board;
- Jan Zimowicz, entrusting him with the position of Member of the PZU Management Board;

The resolutions came into force upon their adoption.

All the appointments took place on 12 April 2024 for a joint term of office, encompassing three full financial years 2023–2025.

On 25 April 2024, the PZU Supervisory Board passed a resolution to revoke the delegation of PZU Supervisory Board Member Michał Bernaczyk to temporarily perform the function of PZU Management Board Member, effective 15 May 2024.

On 28 August 2024, the PZU Supervisory Board dismissed Maciej Rapkiewicz from the PZU Management Board. In addition, PZU's Supervisory Board appointed Tomasz Tarkowski to the PZU Management Board, entrusting him with the position of PZU Management Board Member. The appointment becomes effective as of 2 December 2024 for a joint term of office covering three full financial years 2023–2025. The resolution came into force upon its adoption. On 15 October 2024, PZU's Supervisory Board adopted a resolution amending the resolution on the appointment of Tomasz Tarkowski to PZU's Management Board – with regard to the timing of this appointment. According to the amended resolution, the appointment took effect on 4 November 2024.

Also on 28 August 2024, PZU's Supervisory Board passed a resolution to delegate PZU Supervisory Board member Wojciech Olejniczak to temporarily serve as a member of PZU's Management Board from 2 September 2024, for a period of three months. The resolution came into force upon its adoption.

From 4 November 2024 to the date of signing the condensed interim consolidated financial statements, the PZU Management Board consisted of the following persons:

- Artur Olech – President of the PZU Management Board (until 18 July 2024 – Member of the PZU Management Board directing the work of the Board pending approval of the Polish Financial Supervision Authority);
- Bartosz Grześkowiak – Member of the PZU Management Board;
- Elżbieta Häuser–Schöneich - Member of the PZU Management Board;
- Tomasz Kulik – Member of the PZU Management Board;
- Wojciech Olejniczak – Member of the PZU Supervisory Board delegated to temporarily perform the function of the Member of the PZU Management Board;
- Tomasz Tarkowski – Member of the PZU Management Board;
- Jan Zimowicz – Member of the PZU Management Board.

4.2 PZU Group Directors

From 1 January 2024, the following persons were PZU Group Directors:

- Aleksandra Agatowska (PZU);
- Ernest Bejda (PZU Życie);
- Andrzej Jaworski (PZU);
- Krzysztof Kozłowski (PZU Życie);
- Bartłomiej Litwińczuk (PZU);
- Dorota Macieja (PZU);
- Sylwia Matusiak (PZU);
- Piotr Nowak (PZU Życie);
- Małgorzata Sadurska (PZU Życie);
- Małgorzata Skibińska (PZU i PZU Życie);
- Dominik Witek (PZU).

On 23 February 2024, Ernest Bejda, Krzysztof Kozłowski, Piotr Nowak and Małgorzata Sadurska ceased to hold the position of the PZU Group Director in PZU Życie.

On 21 April 2024, Aleksandra Agatowska, Andrzej Jaworski, Bartłomiej Litwińczuk, Dorota Macieja, Sylwia Matusiak and Dominik Witek ceased to hold the position of PZU Group Director at PZU.

As of 22 April 2024, Jarosław Mastalerz and Iwona Wróbel were appointed as PZU Group Directors, while Bartosz Grześkowiak, Elżbieta Häuser-Schöneich and Jan Zimowicz were appointed as PZU Życie Directors.

As of 6 May 2024, Sławomir Bilik and Paweł Wajda were appointed as PZU Group Directors.

As of 16 May 2024, Paweł Wróbel was appointed as a PZU Group Director.

As of 16 September 2024, Małgorzata Skibińska ceased to hold the position of PZU Group Director at PZU Życie SA.

From 16 September 2024 until the date of signing the condensed interim consolidated financial statements, Directors of PZU Group were as follows:

- Slawomir Bilik (PZU);
- Bartosz Grześkowiak (PZU Życie);
- Elżbieta Häuser-Schöneich (PZU Życie);
- Jarosław Mastalerz (PZU);
- Małgorzata Skibińska (PZU);
- Paweł Wajda (PZU);
- Iwona Wróbel (PZU);
- Paweł Wróbel (PZU and PZU Życie);
- Jan Zimowicz (PZU Życie).

5. Parent Company's Supervisory Board

From 1 January 2024, the PZU Supervisory Board consisted of the following persons:

- Robert Jastrzębski – Chairman of the Supervisory Board;
- Paweł Górecki – Deputy Chairman of the Supervisory Board;
- Agata Górnicka – Secretary of the Supervisory Board;
- Marcin Chludziński – Member of the Supervisory Board;
- Marcin Kubicza – Member of the Supervisory Board;
- Krzysztof Opolski – Member of the Supervisory Board;
- Radosław Sierpiński – Member of the Supervisory Board;
- Józef Wierzbowski – Member of the Supervisory Board;
- Maciej Zaborowski – Member of the Supervisory Board.

On 14 February 2024, PZU received a letter from the Minister for State Assets, acting on behalf of the State Treasury of the Republic of Poland, dated 13 February 2024, notifying of the dismissal of Paweł Górecki from the PZU Supervisory Board. Pursuant to § 20(7) of the Articles of Association of PZU SA and in line with Article 354 § 1of the Commercial Company Code, the dismissal through a written statement submitted by the State Treasury to the Management Board is effective upon its delivery.

On 15 February 2024, the Extraordinary General Meeting of PZU:

- dismissed the following persons from the PZU Supervisory Board: Robert Jastrzębski, Agata Górnicka, Radosław Sierpiński, Marcin Chludziński, Maciej Zaborowski, Krzysztof Opolski and Józef Wierzbowski;
- appointed the following persons to the PZU Supervisory Board: Michał Bernaczyk, Anita Elżanowska, Filip Gorczyca, Michał Jonczyński, Andrzej Kaleta, Małgorzata Kurzynoga, Anna Machnikowska, Wojciech Olejniczak and Adam Uszpolewicz.

On 16 February 2024, Marcin Kubicza was elected Chairman of the PZU Supervisory Board.

On 23 February 2024, Małgorzata Kurzynoga was elected as Vice Chairman of the PZU Supervisory Board, and Anna Machnikowska was elected as Secretary of the PZU Supervisory Board.

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From 15 February 2024 until the date of signing the condensed interim consolidated financial statements, composition of the Supervisory Board of PZU was as follows:

- Marcin Kubicza – Chairman of the Supervisory Board (performing this function since 16 February 2024);
- Małgorzata Kurzynoga – Deputy Chair of the Supervisory Board (performing this function since 23 February 2024);
- Anna Machnikowska – Secretary of the Supervisory Board (performing this function since 23 February 2024);
- Michał Bernaczyk – Member of the PZU Supervisory Board (delegated to temporarily perform the function of the Member of the PZU Management Board from 23 February to 15 May 2024);
- Anita Elżanowska – Member of the PZU Supervisory Board (delegated to temporarily perform the function of the President of the PZU Management Board from 23 February to 11 April 2024);
- Filip Gorczyca – Member of the Supervisory Board;
- Michał Jonczyński – Member of the Supervisory Board;
- Andrzej Kaleta – Member of the Supervisory Board;
- Wojciech Olejniczak– Member of the Board (as of 2 September 2024, delegated to temporarily perform the function of the Member of the PZU Management Board);
- Adam Uszpolewicz – Member of the Supervisory Board.

6. Significant accounting policies and critical estimates and judgments

Detailed accounting policies and critical estimates and judgments are presented in the consolidated financial statements of the PZU Group for 2023.

The accounting policies and calculation methods used in these condensed interim financial statements are the same as those used in the consolidated financial statements of the PZU Group for 2023, except for the issue described in in section 6.2.

In accordance with IAS 34, the PZU Group has included in the condensed interim consolidated financial statements the principle of recognizing income tax expense on the basis of the best possible estimate of the weighted average annual income tax rate that the PZU Group expects to incur in the full fiscal year.

6.1 Amendments to the applied IFRS

6.1.1. Standards, interpretations and amendments to standards effective from 1 January 2024

The following amendments to standards have been applied to the condensed interim consolidated financial statements.

Name of standard/interpretation	Approving regulation	Comment
Amendment to IFRS 16 – Leases	2023/2579	The amendment requires that when measuring lease liabilities arising from a leaseback, the seller (lessee) should not recognize any gain or loss related to the retained right of use. The change did not have any significant effect on the PZU Group’s consolidated financial statements.
Amendment to IAS 1 - Classification of liabilities as current and non-current	2023/2822	The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and also that the intentions or expectations of an entity regarding the willingness to use the possibility of deferring a liability are not relevant for the classification. The amendments did not exert a material influence on the PZU Group’s consolidated financial statements.

Name of standard/interpretation	Approving regulation	Comment
Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments – Disclosures	2024/1317	The amendments relate to disclosure requirements (qualitative and quantitative) on supplier financing arrangements. Entities will be required to disclose information to assess how supplier arrangements affect the entity's liabilities and cash flows and to understand the impact of supplier arrangements on the entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to the entity. The amendment introduces disclosure requirements on: • the terms and conditions of the supplier finance arrangements; • for the arrangements, as at the beginning and end of the reporting period: – the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented; – the carrying amount of financial liabilities disclosed referred to above for which suppliers have already received payment from the finance providers; – the range of payment due dates of financial liabilities referred to above and comparable trade payables that are not part of a supplier finance arrangement; and • the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement. Supplier financing arrangements are also added as an example under the liquidity risk disclosure requirements. The amendment will not have a significant impact on the consolidated financial statements of PZU Group.

6.1.2. Standards and interpretations and amendments to standards issued, not yet effective

Approved by the regulation of the European Commission

Name of standard/ interpretation	Approving regulation	Effective date (according to IASB)	Comment
Amendments to IAS 21 – The effects of changes in foreign exchange rates	2024/2862	1 January 2025	The amendments relate to requirements to be applied by entities when the foreign currency is not exchangeable. The amendments include: • specify when a currency is exchangeable and when it is not; • specify how an entity determines the exchange rate to apply when a currency is not exchangeable; • require the disclosure of additional information when a currency is not exchangeable- evaluation how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. The amendment will not affect the PZU Group's consolidated statements to any significant extent.

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Not approved by the regulation of the European Commission

Name of standard/ interpretation	Date of issue by the IASB	Effective date (according to IASB)	Comment
IFRS 18 – Presentation and disclosures in financial statements	9 April 2024	1 January 2027	IFRS 18 to replace IAS 1 – Presentation of Financial Statements The new standard aims to improve information on the financial performance of entities. The new requirements include, among others: • presentation of the profit and loss account, in particular the disclosure of specific totals and subtotals – all income and expenses will have to be classified into one of five categories – operating, investment, finance, income tax and discontinued operations. The presentation of the operating result, the result before financing and income tax and profit or loss will be compulsory; • the performance measures used by management, defining them as subtotals that the entity uses in external communications, outside the financial statements, presenting a management perspective on the performance of the entity. IFRS 18 will require disclosure of all of an entity's performance measures in a single note, including how the measure was calculated, its value in use and a reconciliation to the most comparable value, in accordance with IFRS 18; • guidelines on aggregation and disaggregation of financial information. Some of the requirements will remain unchanged from IAS 1. Some of the requirements will be transferred from IAS 1 to IAS 8. Modifications will also be made to IAS 7 and IAS 34. The application of the new standard will affect the disclosures presented in the PZU Group's consolidated financial statements. PZU Group is in the process of analyzing this impact.
IFRS 19 – Subsidiaries not accountable to the public – Disclosures	9 May 2024	1 January 2027	The new IFRS 19 standard allows subsidiaries to limit the scope of disclosures when applying IFRS in their financial statements. This entitlement is available to entities: • which are not publicly accountable, i.e. do not hold shares or listed debt instruments and do not hold assets in a fiduciary capacity to a wide range of outsiders; • the parent company of which applies IFRS in its consolidated financial statements. The application of IFRS 19 is optional. The disclosure requirements in IFRS 19 are a reduced version of the disclosure requirements in other IFRSs. An authorized subsidiary applying IFRS 19 is required to apply the requirements of other IFRS accounting standards regarding recognition, measurement and presentation requirements. The new standard will not affect the PZU Group's consolidated statements.

<table>
<tr><th>Name of standard/ interpretation</th><th>Date of issue by the IASB</th><th>Effective date (according to IASB)</th><th>Comment</th></tr>
<tr><td>Amendments to IFRS 9 and IFRS 7 – changes in classification and measurement of financial instruments</td><td>30 May 2024</td><td>1 January 2026</td><td>The amendments are in response to emerging concerns in the application of the standards and include, among others:
• clarification of the timing of recognition and discontinuation of recognition of financial assets and liabilities, including a new exception for financial liabilities settled by electronic transfer – if certain criteria are met, the amendments allow an entity to cease recognizing a financial liability (or part thereof) that will be settled using an electronic payment system, before the payment settlement date. An entity that chooses this option will be obliged to apply the selected approach to all settlements made by the same electronic payment system;
• clarifications and additional guidance clarifying whether financial assets meet the criteria of the principal and interest flow test (SPPI test) – the amendments cover three areas considered when performing the SPPI test:
○ contractual conditions that can change cash flows based on contingent events (e.g., a change in interest rates dependent on specific ESG criteria);
○ terms of non-recourse instruments (instruments in which the right of the instrument holder to receive cash flows is contractually limited to a specific asset) – the existence of such terms does not automatically exclude compliance with the SPPI test, but requires in-depth analysis;
○ contractually linked instruments – the issuer may prioritize payments using multiple contractually linked instruments, leading to concentration of credit risk (so-called "tranches"). The amendment indicates that a key element that distinguishes contractually linked agreements from other non-recourse instruments is the cascading payment structure, resulting in a disproportionate allocation of cash shortfalls between tranches. The amendment also points out that not all transactions with multiple debt instruments meet the criteria for transactions with multiple contractually related instruments, and points out examples. It further clarifies that reference to instruments in the underlying pool may include financial instruments outside the scope of IFRS 9;
• new disclosures for instruments whose contractual terms change the distribution over time or the amount of contractual cash flows based on contingencies not directly related to changes in underlying costs and credit risk (e.g., instruments with features relating to the level of achievement of environmental, social and governance (ESG) goals);
• amendment of disclosure requirements for equity instruments designated at fair value through other comprehensive income (among other things, the need for separate presentation of gain or loss on instruments held at period end and those for which recognition has been discontinued).

The PZU Group is in the process of evaluating the impact of the amendments to the standards on its consolidated financial statements.</td></tr>
</table>

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<table>
<tr><th>Name of standard/ interpretation</th><th>Date of issue by the IASB</th><th>Effective date (according to IASB)</th><th>Comment</th></tr>
<tr><td>Annual updates – 11th edition</td><td>18 July 2024</td><td>1 January 2026</td><td>The updates include changes to 5 standards:
• IFRS 1 – hedge accounting upon first-time adoption of IFRS – the amendment addresses a potential concern arising from inconsistent provisions between paragraph B6 of IFRS 1 and the hedge accounting requirements of IFRS 9.
• IFRS 7:
○ gain or loss on discontinued recognition – the amendment addresses a potential ambiguity in paragraph B38 of IFRS 7, arising from an outdated reference to the paragraph, which was removed from the standard with the issuance of IFRS 13;
○ disclosure of deferred differences between fair value and transaction price – the amendment addresses inconsistencies between paragraph 28 of IFRS 7 and the accompanying implementation guidance, which arose when the implementation of IFRS 13 amended paragraph 28 but did not change the implementation guidance;
○ credit risk introduction and disclosures – the amendment addresses a potential concern by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements of the referenced paragraphs of IFRS 7 and by simplifying some of the explanations;
• IFRS 9:
○ discontinuation of recognition of lessee's lease obligations – the amendment addresses a potential ambiguity in the application of IFRS 9 requirements to recognize the expiration of a lessee's liability, which arises due to the fact that paragraph 2.1(b)(ii) of IFRS 9 contains a reference to paragraph 3.3.1, but does not contain a reference to paragraph 3.3.3 of IFRS 9;
○ transaction price – the amendment addresses a potential ambiguity arising from the reference in Appendix A to IFRS 9 to the definition of "transaction price" in IFRS 15, while the term "transaction price" is used in individual paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of the term in IFRS 15;
• IFRS 10 – definition of “de facto agent” – the amendment addresses a potential concern arising from inconsistencies between paragraphs B73 and B74 related to an investor's determination of whether another party is acting on its behalf, by aligning the wording in both paragraphs.
• IAS 7 – cost method – the amendment addresses a potential ambiguity in the application of paragraph 37 of IAS 7, which stems from the use of the term “cost method,” which is no longer used in IFRS.

The PZU Group is in the process of evaluating the impact of the amendments to the standards on its consolidated financial statements.</td></tr>
</table>

PZU Group does not expect the introduction of the above standards and interpretations to have a significant impact on the accounting policies applied by PZU Group.

6.2 Restatement of comparative data

6.2.1. Changes resulting from the consolidated financial statements of the PZU Group for 2023

In the consolidated financial statements of the PZU Group for 2023, the PZU Group:

- [A] has decided to change the treatment of accounting estimates made in the condensed interim financial statements prepared throughout 2023 related to the implementation of IFRS 17;
- [B] has made presentation amendments to the data presented in the condensed interim consolidated financial statements for the nine months ended 30 September 2023:
  - in the consolidated profit and loss account – the presentation of fee and commission income and expenses, other operating income and expenses presented separately and a change in the presentation of interest income on derivative hedging instruments;
  - in the consolidated statement of comprehensive income – the presentation on a separate line of the reclassification of the valuation of debt financial instruments to the consolidated profit and loss account and the breakdown of income tax into the part subject to and not subject to transfer to the consolidated profit and loss account.

6.2.2. Changes made in the condensed interim consolidated financial statements for the nine months ended 30 September 2024

6.2.2.1. Change in the determination and recognition of provision for legal risk of Swiss franc ("CHF") mortgages

Starting 1 January 2024, the PZU Group changed its accounting policy as regards recognizing the impact of legal risk arising from litigation related to CHF mortgage loans, assuming that this risk is separate from credit risk. With regard to active loans (outstanding as of the balance sheet date), the impact of this legal risk was presented in accordance with the provisions of paragraph B.5.4.6 of IFRS 9 "Financial Instruments" as an adjustment to the gross carrying amount of the CHF mortgage loan portfolio (instead of the previous recognition of this legal risk as an element of expected credit losses, which resulted in the presentation of this provision in "Change in allowances for expected credit losses and impairment losses on financial instruments" and in "Other operating expenses"). The PZU Group does not treat legal risk as a premise for the impairment of a credit exposure, as it did in the previous approach.

The update of the accounting policy for CHF mortgage loan contracts is primarily due to the need to better reflect the dynamic changes in the legal environment over the past few months, as a result of the materialization of the risk of not being able to recover full scheduled cash flows for this portfolio (not due to borrower credit risk, but due to the cancellation of the contract in its entirety). In light of the unfavorable line of jurisprudence for banks, the PZU Group is observing an increasing number of court proceedings and a significant share of unfavorable verdicts (in particular, regarding the cancellation of the loan agreement), which translates into the impossibility of recovering all contractual cash flows resulting from CHF mortgage loan agreements.

In the opinion of the PZU Group, the change in the recognition of legal risk better reflects the nature of the risk of this portfolio and results in the fact that the information presented in the financial statements on Swiss franc mortgage loans better and more adequately reflect the economic nature of the risk of this portfolio. In addition, this change leads to greater comparability of the data presented by the PZU Group on the legal risk of Swiss franc mortgage loans with the market practice in this area.

The restatement of comparative data as of 31 December 2023 resulted in a decrease in the gross carrying value of Swiss franc mortgage loans by PLN 1,705 million and a simultaneous decrease in impairment losses on these exposures by PLN 1,778 million.

6.2.2.2. Change in presentation of loan receivables acquired from Idea Bank SA ("IB")

Based on the analysis conducted in 2024, in order to adjust the presentation of loan receivables acquired from IB to the specifics of the acquisition of this credit portfolio with the collateral of an integral guarantee for credit risk, starting from 1 January 2024, the PZU Group changed the presentation of the guarantee received. In previous periods, the PZU Group presented separately the expected credit losses of the portfolio acquired from IB (without including the guarantee received in their calculation) and, at the same time, separately recognized in the line item of loans and advances to customers the receivable resulting from this guarantee.

As of 1 January 2024, the PZU Group presents expected credit losses on credit exposures taken over from IB net with settlements arising from its guarantee. In the opinion of the PZU Group, this method of presentation better reflects the economic nature of the acquired loan portfolio along with the integral guarantee received for it in the IB acquisition process.

The PZU Group restated the comparative figures accordingly, which resulted in a decrease in the gross carrying value of loans and allowance for expected credit losses as of 31 December 2023 by PLN 0.9 billion, and had no impact on the statement of financial position and profit or loss.

6.2.2.3. Change in the presentation of cash-related expenses in the profit and loss account

The PZU Group has made a change in the presentation of cash-related costs (mainly cash processing outsourcing costs). These costs are now presented under “Fee and commission expenses.” Prior to the change, they were presented under “Bank operating expenses.”

The change made is due to alignment with observed market practice in this area and, in the opinion of the PZU Group, better reflects the nature of these transactions by recognizing both revenue and expense associated with cash trading in the commission income.

6.2.2.4. Change in presentation of result on assets measured at fair value through profit or loss

The PZU Group decided to change the presentation of the result on assets measured at fair value through profit or loss, which will now be presented in a single line of the consolidated profit and loss account, “Net change in fair value of assets and liabilities measured at fair value,” without transferring the realized portion to “Result on derecognition of financial instruments and investments.” According to the PZU Group, such a presentation will be more useful and reliable.

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6.2.3. Effect of changes on the basic tables of the condensed interim consolidated financial statements of the PZU Group

Consolidated profit and loss account	1 July – 30 September 2023 (before restatement)	6.2.1 [A]	6.2.1 [B]	6.2.2.1	6.2.2.3	6.2.2.4	1 July – 30 September 2023 (restated)
Insurance service result before reinsurance	1,474	56	-	-	-	-	1,530
Insurance revenue	6,915	31	-	-	-	-	6,946
Insurance service expenses	(5,441)	25	-	-	-	-	(5,416)
Net income or expenses from reinsurance contracts held	(447)	-	-	-	-	-	(447)
Reinsurance premium allocation	(389)	(1)	-	-	-	-	(390)
Amounts recoverable from reinsurers	(58)	1	-	-	-	-	(57)
Insurance service result	1,027	56	-	-	-	-	1,083
Financial income and expenses from insurance	(357)	(4)	-	-	-	-	(361)
Finance income or expenses from reinsurance	38	-	-	-	-	-	38
Interest income calculated using the effective interest rate, and equalized to them	7,048	-	-	(10)	-	-	7,038
Other net investment income	141	-	-	-	-	-	141
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	117	-	-	-	-	(106)	11
Movement in allowances for expected credit losses and impairment losses on financial instruments	(337)	10	-	46	-	-	(281)
Net movement in fair value of assets and liabilities measured at fair value	(27)	-	-	(6)	-	106	73
Revenue from commissions and fees	n/a	-	1,367	-	-	-	1,367
Fee and commission expenses	n/a	-	(443)	-	(26)	-	(469)
Fee and commission result	924	-	(924)	-	-	-	n/a
Operating costs of banks	(1,533)	(46)	-	-	26	-	(1,553)
Interest expenses	(2,319)	-	-	-	-	-	(2,319)
Legal risk costs of foreign currency mortgage loans	n/a	-	-	(58)	-	-	(58)
Other operating income	n/a	4	492	-	-	-	496
Other operating expenses	n/a	1	(1,058)	64	-	-	(993)
Other operating income and expenses	(566)	-	566	-	-	-	n/a
Operating profit	**4,156**	**21**	**-**	**36**	**-**	**-**	**4,213**
Share of the net financial results of entities accounted for using the equity method	2	-	-	-	-	-	2
Profit before tax	**4,158**	**21**	**-**	**36**	**-**	**-**	**4,215**
Income tax	(945)	(7)	-	-	-	-	(952)
Net profit, of which:	**3,213**	**14**	**-**	**36**	**-**	**-**	**3,263**
- profit attributable to the equity holders of the Parent Company	1,458	14	-	8	-	-	1,480
- profit attributable to holders of non-controlling interests	1,755	-	-	28	-	-	1,783

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Consolidated profit and loss account	**1 January – 30 September 2023** (before restatement)	**6.2.1 [A]**	**6.2.1 [B]**	**6.2.2.1**	**6.2.2.3**	**6.2.2.4**	**1 January – 30 September 2023** (restated)
Insurance service result before reinsurance	2,774	65	-	-	-	-	2,839
Insurance revenue	19,917	42	-	-	-	-	19,959
Insurance service expenses	(17,143)	23	-	-	-	-	(17,120)
Net income or expenses from reinsurance contracts held	229	5	-	-	-	-	234
Reinsurance premium allocation	(1,115)	1	-	-	-	-	(1,114)
Amounts recoverable from reinsurers	1,344	4	-	-	-	-	1,348
Insurance service result	3,003	70	-	-	-	-	3,073
Financial income and expenses from insurance	(1,232)	(12)	-	-	-	-	(1,244)
Finance income or expenses from reinsurance	50	(2)	-	-	-	-	48
Interest income calculated using the effective interest rate, and equalized to them	20,574	-	-	(24)	-	-	20,550
Other net investment income	430	-	-	-	-	-	430
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	484	-	-	-	-	(470)	14
Movement in allowances for expected credit losses and impairment losses on financial instruments	(1,134)	11	-	86	-	-	(1,037)
Net movement in fair value of assets and liabilities measured at fair value	292	-	-	-	-	470	762
Revenue from commissions and fees	n/a	-	4,015	-	-	-	4,015
Fee and commission expenses	n/a	-	(1,237)	-	(75)	-	(1,312)
Fee and commission result	2,778	-	(2,778)	-	-	-	n/a
Operating costs of banks	(4,628)	(56)	-	-	75	-	(4,609)
Interest expenses	(6,805)	-	-	-	-	-	(6,805)
Legal risk costs of foreign currency mortgage loans	n/a	-	-	(106)	-	-	(106)
Other operating income	n/a	4	1,204	-	-	-	1,208
Other operating expenses	n/a	(15)	(3,286)	196	-	-	(3,105)
Other operating income and expenses	(2,082)	-	2,082	-	-	-	n/a
Operating profit	**11,730**	**-**	**-**	**152**	**-**	**-**	**11,882**
Share of the net financial results of entities accounted for using the equity method	6	-	-	-	-	-	6
Profit before tax	**11,736**	**-**	**-**	**152**	**-**	**-**	**11,888**
Income tax	(2,687)	(21)	-	(1)	-	-	(2,709)
Net profit, of which:	**9,049**	**(21)**	**-**	**151**	**-**	**-**	**9,179**
- profit attributable to the equity holders of the Parent Company	4,158	(21)	-	31	-	-	4,168
- profit attributable to holders of non-controlling interests	4,891	-	-	120	-	-	5,011

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Consolidated statement of comprehensive income	1 July – 30 September 2023 (before restatement)	6.2.1 [A]	6.2.2.1	6.2.1 [B]	1 July – 30 September 2023 (restated)
Net profit	3,213	14	36	-	3,263
Net other comprehensive income	n/a	13	-	1,182	1,195
Gross other comprehensive income	1,443	-	-	(1,443)	n/a
Subject to subsequent reclassification to profit or loss	1,450	13	-	(263)	1,200
Valuation of debt instruments	300	-	-	(10)	290
Reclassification of debt instruments valuation for the profit and loss account	n/a	-	-	10	10
Measurement of loan receivables from clients	(2)	-	-	-	(2)
Financial income and expenses from insurance	84	10	-	-	94
Finance income or expenses from reinsurance	3	-	-	-	3
Foreign exchange translation differences	72	3	-	-	75
Cash flow hedging	993	-	-	-	993
Income tax	n/a	-	-	(263)	(263)
Not to be reclassified to profit or loss in the future	(7)	-	-	2	(5)
Valuation of equity instruments	(28)	-	-	-	(28)
Reclassification of real property from property, plant and equipment to investment property	21	-	-	-	21
Actuarial gains and losses related to provisions for employee benefits	-	-	-	-	-
Income tax	n/a	-	-	2	2
Tax recognized in other comprehensive income	(261)	-	-	261	n/a
Total net comprehensive income	**4,395**	**27**	**36**	**-**	**4,458**
- comprehensive income attributable to equity holders of the Parent Company	1,887	27	8	-	1,922
- comprehensive income attributable to holders of non-controlling interests	2,508	-	28	-	2,536

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Consolidated statement of comprehensive income	**1 January – 30 September 2023** (before restatement)	**6.2.1 [A]**	**6.2.2.1**	**6.2.1 [B]**	**1 January – 30 September 2023** (restated)
Net profit	9,049	(21)	151	-	9,179
Net other comprehensive income	n/a	35	-	2,705	2,740
Gross other comprehensive income	3,342	-	-	(3,342)	n/a
Subject to subsequent reclassification to profit or loss	3,422	35	-	(653)	2,804
Valuation of debt instruments	1,437	-	-	(9)	1,428
Reclassification of debt instruments valuation for the profit and loss account	n/a	-	-	9	9
Measurement of loan receivables from clients	2	-	-	-	2
Financial income and expenses from insurance	(985)	40	-	-	(945)
Finance income or expenses from reinsurance	(16)	2	-	-	(14)
Foreign exchange translation differences	(19)	1	-	-	(18)
Cash flow hedging	3,003	-	-	-	3,003
Income tax	n/a	(8)	-	(653)	(661)
Not to be reclassified to profit or loss in the future	(80)	-	-	16	(64)
Valuation of equity instruments	(81)	-	-	-	(81)
Reclassification of real property from property, plant and equipment to investment property	27	-	-	-	27
Actuarial gains and losses related to provisions for employee benefits	(26)	-	-	-	(26)
Income tax	n/a	-	-	16	16
Tax recognized in other comprehensive income	(637)	-	-	637	n/a
Total net comprehensive income	**11,754**	**14**	**151**	**-**	**11,919**
- comprehensive income attributable to equity holders of the Parent Company	4,497	14	31	-	4,542
- comprehensive income attributable to holders of non-controlling interests	7,257	-	120	-	7,377

Assets	**31 December 2023** (before restatement)	**6.2.2.1**	**31 December 2023** (restated)	**1 January 2023** (before restatement)	**6.2.2.1**	**1 January 2023** (restated)
Deferred tax assets	2,207	(14)	2,193	3,103	(13)	3,090
Loan receivables from clients	218,808	66	218,874	212,693	32	212,725
Total assets	**467,893**	**52**	**467,945**	**429,186**	**19**	**429,205**

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Equity and liabilities	31 December 2023 (before restatement)	6.2.2.1	31 December 2023 (restated)	1 January 2023 (before restatement)	6.2.2.1	1 January 2023 (restated)
Equity						
Equity attributable to equity holders of the Parent	30,022	15	30,037	26,162	1	26,163
Retained earnings	11,711	15	11,726	8,871	1	8,872
Retained profit or loss	5,945	1	5,946	8,871	1	8,872
Net profit	5,766	14	5,780	n/a	n/a	n/a
Non-controlling interest	30,457	58	30,515	22,263	5	22,268
Total equity	**60,479**	**73**	**60,552**	**48,425**	**6**	**48,431**
Liabilities						
Provisions	2,307	(21)	2,286	1,711	13	1,724
Total liabilities	**407,414**	**(21)**	**407,393**	**380,761**	**13**	**380,774**
Total equity and liabilities	**467,893**	**52**	**467,945**	**429,186**	**19**	**429,205**

6.3 Use of estimates and assumptions

The PZU Group has evaluated the estimates and assumptions made that affect the value of its individual assets and liabilities, as well as income and expenses presented in the condensed interim financial statements. Given the uncertainty of further economic developments, in particular due to the ongoing armed conflict in Ukraine, the estimates made may change in the future. Uncertainties relate primarily to projections of macroeconomic assumptions, in particular those relating to key economic indicators (inflation, market interest rate levels, the level of the expected economic downturn, GDP, employment, housing prices, possible disruptions to capital markets), possible disruptions to activity resulting from decisions taken by state institutions, businesses and consumers, the effectiveness of aid programs designed to support businesses and consumers, and the development of mortality and other insurance risks.

6.3.1. Judgments in exercising control

In order to determine whether PZU Group has rights that are sufficient to give it power, that is practical ability to direct the relevant activities unilaterally, the PZU Group analyzes among others:

- how many votes it holds at the shareholder meeting and whether it holds more votes than other investors (including potential voting rights and rights resulting from other contractual arrangements);
- how many entities would have to act together in order to outvote the PZU Group;
- distribution of votes at previous general meetings to analyze the activity or inactivity of other shareholders;
- if the key personnel of the entity or members of the investee's governing body are related parties of the PZU Group or reported by it;
- capacity to appoint members of management and supervisory bodies of the entity;
- commitments, if any, to ensure that an investee continues to operate as designed;
- capacity to obligate the entity to perform or prevent it from performing significant transactions;
- other prerequisites.

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The analysis of prerequisites for exercising control over Pekao and Alior Bank is presented in the table below.

Criterion	Pekao	Alior Bank
Share in votes at the shareholder meeting	20.02%	31.93%
Shareholder agreements	On 23 January 2017, PZU and PFR (holding 12.8% of Pekao's share capital) signed a Shareholder Agreement to build Pekao's long-term value, implement a policy aimed at ensuring Pekao's development, financial stability and effective and prudent management. It defines the rules of cooperation between PZU and PFR, in particular pertaining to joint exercise of voting rights from the shares held and the implementation of a common long-term policy for Pekao's business. The Shareholder Agreement provides for the possibility of having real influence on Pekao's operating policies. On 1 June 2022, an addendum was signed extending the Shareholders' Agreement until 7 June 2025, with the possibility of further extension, and on 30 March 2023, an addendum was signed adding a new area of ESG cooperation. The Management Board of PZU does not have any information about any agreements that may have been concluded between Pekao's other shareholders.	The PZU Group has not entered into agreements with other shareholders of Alior Bank. The Management Board of PZU also does not have any information about any agreements that may have been concluded between Alior Bank's other shareholders.
Other shareholders	Only two shareholders hold a stake of more than 5%, accounting in total for 12% shares. The remaining shareholders are dispersed and a significant number of entities would have to take concerted action to outvote PZU at the shareholder meeting. The provisions of paragraphs B73 – B75 of IFRS 10 and ESMA's guidance indicate that votes held by entities under the control of the same entity as PZU should also be considered when analyzing voting rights held, even if there are no formal agreements on joint voting. Although there are no formal agreements with other Treasury-related parties, PZU accepts that such parties may be "de facto agents" within the meaning of IFRS 10.B73. General Meeting resolutions necessary for the day-to-day management of Pekao's important activities are adopted by a simple majority. A qualified majority is required only for special matters (such as amending the charter) that exceed the scope of the day-to-day management of the entity. An analysis of attendance at past general meetings shows that it did not exceed 73% of those eligible to vote, which demonstrates the passive attitude of some shareholders, so that at past general meetings, since the acquisition of Pekao, PZU has been able to vote on the draft resolutions it proposed.	Only two shareholders hold a stake of more than 5%, accounting in total for 18% shares. The remaining shareholders are dispersed and a significant number of entities would have to take concerted action to outvote PZU at the shareholder meeting. The provisions of paragraphs B73 – B75 of IFRS 10 and ESMA's guidance indicate that votes held by entities under the control of the same entity as PZU should also be considered when analyzing voting rights held, even if there are no formal agreements on joint voting. Although there are no formal agreements with other Treasury-related parties, PZU accepts that such parties may be "de facto agents" within the meaning of IFRS 10.B73. General Meeting resolutions necessary for the day-to-day management of Alior Bank's important activities are adopted by a simple majority. A qualified majority is required only for special matters (such as amending the charter) that exceed the scope of the day-to-day management of the entity. An analysis of attendance at past general meetings shows that it did not exceed 74% of those eligible to vote, which demonstrates the passive attitude of some shareholders, so that at past general meetings, since the acquisition of Alior Bank, PZU has been able to vote on the draft resolutions it proposed.
PZU representatives in governing bodies	Supervisory Board members include persons fulfilling key management functions at PZU. All members of the Supervisory Board were proposed by PZU or PFR.	Supervisory Board members include persons fulfilling key management functions at PZU. Most of the Supervisory Board members were nominated by PZU.

In the light of the above evidence, it has been determined that the PZU Group exercises control both over Pekao (since 7 June 2017) and over Alior Bank (since 18 December 2015) and over their subsidiaries and therefore they were consolidated. The above conclusion is based on a cyclical analysis of the audit, taking into account changing facts and circumstances, and contains significant judgment.

6.3.2. Assets and liabilities under insurance and reinsurance contracts

Significant assumptions regarding the valuation of assets and liabilities under insurance and reinsurance contracts are presented in section 9.1.1.

6.3.3. Impairment and expected credit losses

In preparing the condensed interim consolidated financial statements, PZU Group took into account the economic conditions (such as market prices, interest rates or exchange rates) that existed as at the balance sheet date.

Information on changes in impairment losses is presented in section 9.26.

6.3.4. Goodwill

During the nine months ended 30 September 2024, the PZU Group did not identify any indications of impairment of goodwill and consequently did not recognize any impairment charges.

6.3.5. Provision for potential reimbursements of loan costs

PZU Group monitors, on an ongoing basis, the value of estimated amounts resulting from prepaid consumer loans and, in the calculation of the provision for potential loan refunds, takes into account the most recent data on incoming claims and refund amounts. Detailed information on this subject is presented in section 9.36.

6.3.6. Provision for legal risk pertaining to foreign currency mortgage loans in Swiss francs

At each balance sheet date, the PZU Group estimates the amount of possible loss resulting from the legal risk of Swiss franc foreign currency mortgage loans, whereby for loans outstanding at the balance sheet date, the estimate of this loss is part of the PZU Group's determination of the gross carrying amount of the loans, and any excess of the estimated loss over the gross carrying amount is recognized as a provision, in accordance with IAS 37. Key elements of the estimate include a projection of the total scale of litigation, the propensity of customers to settle, the likelihood of losing litigation, the likelihood of possible court settlement scenarios reflecting the current state of court jurisprudence, a projection of the duration of litigation and the statutory interest costs that the PZU Group will have to cover as a result.

Given the inconsistent court jurisprudence and the relatively short period of historical data on lawsuits, estimating the provision involves taking into account expert assumptions and is subject to significant uncertainty.

For more information thereon please see section 9.36.

6.3.7. Modification of expected cash flows related to Polish zloty mortgage loan contracts

On 12 April 2024, the Sejm passed the amended Act on Amending the Act on Support to Home Loan Borrowers In a Difficult Financial Situation and the Act on Crowdfunding for Business Ventures and Borrowers Assistance (the “Act”). On 18 April 2024, the Act was approved by the Senate and signed by the President on 6 May 2024.

The aim of the Act is to allow borrowers with PLN mortgages to , use the facility to suspend loan repayments – twice between 1 June and 31 August 2024, and twice between 1 September and 31 December 2024. The client may suspend repayment of the loan in only one agreement concluded to meet their own housing needs I which meets the following conditions:

- it concerns a loan granted in PLN, excluding loans indexed or denominated to another currency;
- it was concluded before 1 July 2022;
- the value of the loan granted does not exceed PLN 1.2 million;
- the loan instalment exceeds 30% of the household income, calculated as an average for the previous three months, or the borrower has at least three dependent children (as at the date of application).

On the effective date of the Act, the PZU Group estimated and recognized in its financial results the cost associated with the modification of PLN mortgage loan contracts granted to consumers in the amount of PLN 630 million. These estimates were based on an expertly estimated participation rate and assumed the maximum use by clients of their right to suspend loan repayment.

As of 30 September 2024, the PZU Group updated its estimates for the loan portfolio covered by the Act's entitlements as of the balance sheet date and the expected level of the participation rate. As a result of the updated estimates, the final cost recognized in the consolidated income statement for the nine months ended 30 September 2024 amounted to PLN 296 million.

This estimate will be subject to periodic revisions, particularly with regard to the assumed level of client participation, and updates will be included in the PZU Group's current financial results.

The PZU Group does not identify an increase in credit risk when clients take advantage of the suspension of loan repayments.

7. Major events that have a significant impact on the structure of items of the financial statements

In the 9-month period ended 30 September 2024, there were no events that resulted in any significant change to the structure of financial statement line items.

8. Significant events after the end of the reporting period

8.1 Bond issue by Alior Bank

On 29 October 2024, the Alior Bank's Management Board adopted a resolution to issue series P bonds, the liabilities of which will constitute Alior Bank's eligible liabilities within the meaning of Article 97a(1)2) of the Act on the Bank Guarantee Fund, Deposit Guarantee Scheme and Resolution of 10 June 2016 and Alior Bank's liabilities belonging to the sixth category as referred to in Article 440(2)(6) of the Act of 28 February 2003 – Bankruptcy Law ("bonds"), and determined the terms and conditions of the issue of the Bonds. Due to strong investor interest in acquiring bonds, expressed during the book-building process, the Alior Bank's Management Board decided to increase the originally planned amount of issue from PLN 300 million to PLN 400 million.

Basic parameters of the bonds are as follows:

- the maximum total nominal value of bonds is up to PLN 400 million;
- the nominal value of one bond and its issue price is PLN 500,000;
- bonds are not secured;
- the bond offering was directed exclusively to qualified investors, within the meaning of Article 2(e) of Regulation (EU) 2017/1129 of the) European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
- bonds bear interest at a variable rate that is the sum of WIBOR 6M and a margin of 2.07% per year;
- the bond issue date was 20 December 2024;
- the bond redemption date was 14 April 2028, with Alior Bank having the option of early redemption of the bonds, starting 14 April 2027 and upon meeting the applicable regulatory requirements;
- the bonds are issued as bearer bonds, are not in the form of documents and have been registered in the securities depository maintained by the KDPW [National Depository for Securities] and from 21 November 2024 will be listed in the alternative trading system operated by the Warsaw Stock Exchange.

9. Notes to the condensed interim consolidated financial statements

9.1 Insurance and reinsurance contracts

9.1.1. Key assumptions

For the purposes of estimating future cash flows for the measurement of the liability for remaining coverage, the PZU Group applies the following key assumptions:

- loss ratios – assumptions are based on historical observations as well as the PZU Group's own assessment of expected claims patterns for new insurance contracts;
- mortality – assumptions are based on life tables published by the Central Statistical Office, which are adjusted to reflect historical observations on mortality in the PZU Group's insurance contracts portfolio, taking into account expert judgment;
- morbidity – assumptions are based on historical observations in the PZU Group's insurance contracts portfolio, taking into account expert judgment;
- lapse rates – assumptions are based on historical lapse levels in the PZU Group's insurance contracts portfolio, taking into account expert judgment;
- expenses – assumptions are based on the PZU Group’s own assessment of the level of future expenses adopted in the financial planning process for the following year. The projected level of future costs takes into account the development of the operations and cost inflation as a result of changes in the macroeconomic environment and the impact of inflation on individual areas of the PZU Group’s operations. Long-term assumptions are based on the National Bank of Poland’s inflation target.

For the purposes of estimating future cash flows for the measurement of the liability for incurred claims, PZU Group relies on historical data and standard actuarial methods for estimating the ultimate value of claims, such as the Chain-Ladder method or the Bornhuetter-Ferguson method. These methods assume that historical data are a good predictor of future expected claim development patterns. To assess the extent to which historical claim development patterns apply to the future, PZU Group uses a qualitative assessment that takes into account additional factors such as changes in the economic and legal environment, changes in the claims handling process, one-time events or changes in portfolio characteristics. Estimates are made at the level of homogeneous risk groups.

Cash flows for reported annuities are projected individually based on the current annuity amount, the expected annuity term and the expected growth rate. The annuity term is determined on the basis of the age and sex of the annuity recipient, based on mortality determined at 100% of the Polish Life Expectancy Tables 2023 (“PTTŻ 2023”) and, in the case of temporary annuities, additionally on the basis of the end of the annuity payment. The annuity growth forecast is made on the basis of historical annuity increases.

Claims inflation was taken into account in the calculation, and a level similar to 2023 was assumed for 2024 – 7%, while for 2025 – 3.5%.

The calculation of the flows for potential compensation for harm to the next of kin of a victim who has suffered a severe and permanent injury was based on an estimate of the number of authorized persons and the average expected compensation.

Mortality assumptions for long-term products were made using the relative mortality method, based on the Polish Life Expectancy Tables 2018 (“PTTŻ 2018”) and experience in the implementation of these tables. In other cases, mainly for short-term products, the assumption was set as the frequency of deaths per 1,000 insured persons, based on the PZU Group’s current experience for these products, with the level of assumed mortality for the main group insurance portfolio being 83% of the average mortality determined on the Polish working-age population.

In the case of individually continued and traditional insurance, assumptions are set according to age and gender, taking other factors into account, and vary significantly depending on the product and the target customer group. Traditional insurance has a lower relative mortality rate – for whole life products the assumptions made are below 93% PTTŻ 2018 for ages up to 80 years. Above the age of 80 there is an interpolation to 100% PTTŻ 2018.

In the case of life and endowment insurance and dowry insurance, assumptions are made in the range of 34% – 57% PTTŻ 2018 for men and 48% – 71% PTTŻ 2018 for women.

Mortality rates for individually continued insurance range from 86% PTTŻ 2018 and do not exceed 100% PTTŻ 2018 for most of the insured.

Cash flow discounting

The table shows the curves used to discount insurance contract cash flows for the main currencies. The ‘No premium’ rows present the base curves for IFRS 17 portfolios in which no illiquidity premium has been added (applicable to group insurance, insurance with participation features, banking products and unit-linked products). The ‘Annuities’ rows present curves used for the purposes of discounting the selected non-life annuities. In the line “IK”, there are curves used for the purposes of discounting selected individual life insurance products, in particular, the individually continued insurance contracts portfolio and term insurance.

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Portfolio duration	30 September 2024					31 December 2023				
	1 year	5 years	10 years	20 years	40 years	1 year	5 years	10 years	20 years	40 years
No premium										
PLN	4.19%	4.81%	5.18%	4.99%	4.33%	4.95%	4.84%	5.10%	4.95%	4.36%
EUR	2,57%	2.11%	2.25%	2.34%	2.63%	3.36%	2.32%	2.39%	2.41%	2.71%
USD	3,85%	3.24%	3.32%	3.45%	3.19%	4.76%	3.50%	3.45%	3.46%	3.19%
GBP	4,29%	3.61%	3.63%	3.85%	3.62%	4.74%	3.36%	3.28%	3.43%	3.08%
NOK	3,78%	3.41%	3.37%	3.38%	3.36%	4.00%	3.31%	3.22%	3.27%	3.33%
Annuities										
PLN	4.41%	5.03%	5.39%	5.21%	4.54%	5.29%	5.18%	5.44%	5.28%	4.70%
EUR	2,61%	2.15%	2.29%	2.38%	2.67%	3.41%	2.38%	2.45%	2.46%	2.77%
IK										
PLN	4.33%	4.96%	5.32%	5.14%	4.47%	5.18%	5.07%	5.33%	5.17%	4.58%

Risk adjustment for non-financial risk

Confidence level for the risk adjustment was 79.7% as at 30 September 2024 (as at 31 December 2023: 79.6%).

9.1.2. Insurance revenue

Insurance revenue	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Contracts not measured under the PAA	2,202	6,503	2,050	6,086
Amounts relating to changes in liabilities for the remaining coverage	2,032	5,987	1,886	5,597
Expected incurred claims and other insurance service expenses	1,624	4,749	1,505	4,407
Release of the risk adjustment for non-financial risk for the period	49	135	46	126
Contractual service margin recognized in profit or loss for services provided	401	1,192	368	1,140
Other (including experience adjustments for premium receipts)	(42)	(89)	(33)	(76)
Recovery of insurance acquisition cash flows	170	516	164	489
Contracts measured under the PAA	5,339	15,333	4,896	13,873
Total insurance revenue	**7,541**	**21,836**	**6,946**	**19,959**

9.1.3. Reinsurance premium allocation

Reinsurance premium allocation	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Contracts not measured under the PAA	-	-	-	-
Contracts measured under the PAA	(481)	(1,379)	(390)	(1,114)
Allocation of reinsurance premiums, total	**(481)**	**(1,379)**	**(390)**	**(1,114)**

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9.1.4. Movement in insurance contract assets and liabilities

Movement in insurance contract assets and liabilities 1 January – 30 September 2024	LRC		LIC			Total
				Contracts under PAA		
	excluding the loss component	loss component	Contracts not under PAA	estimated present value of future cash flows	risk adjustment for non-financial risk	
Beginning of the period	**24,890**	**538**	**795**	**14,841**	**1,153**	**42,217**
Assets	(129)	5	9	4	-	(111)
Liabilities	25,019	533	786	14,837	1,153	42,328
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**(18,569)**	**147**	**5,651**	**11,001**	**70**	**(1,700)**
Insurance service result before reinsurance	(19,390)	132	5,639	10,515	25	(3,079)
Insurance revenue	(21,836)	-	-	-	-	(21,836)
Measured under the modified retrospective approach	(1,640)	-	-	-	-	(1,640)
Measured under the fair value	(29)	-	-	-	-	(29)
Other contracts	(20,167)	-	-	-	-	(20,167)
Insurance service expenses	3,556	132	4,565	10,479	25	18,757
Incurred claims and other insurance service expenses	-	(837)	4,565	10,479	25	14,232
Incurred in the period	-	(837)	4,617	10,479	294	14,553
Incurred in the past	-	-	(52)	-	(269)	(321)
Amortization of insurance acquisition cash flows	3,556	-	-	-	-	3,556
Losses and loss reversals on onerous contracts	-	969	-	-	-	969
investment component	(1,110)	-	1,074	36	-	-
Net finance expenses from insurance contracts	821	15	12	525	46	1,419
Foreign exchange differences	-	-	-	(39)	(1)	(40)
Cash flows	**19,421**	**-**	**(5,616)**	**(10,258)**	**-**	**3,547**
Premiums received	23,042	-	-	-	-	23,042
Insurance service expenses paid, including investment components	-	-	(5,616)	(10,258)	-	(15,874)
Insurance acquisition cash flows	(3,621)	-	-	-	-	(3,621)
Other changes	67 [1)]	(3)	(1)	(21)	(2)	40
End of the period	**25,809**	**682**	**829**	**15,563**	**1,221**	**44,104**
Assets	(141)	6	9	6	-	(120)
Liabilities	25,950	676	820	15,557	1,221	44,224

[1)] This includes PLN 103 million due to the consolidation of the PG TUW.

Assets resulting from acquisition expenses are disclosed as a part of liabilities for remaining coverage.

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Movement in insurance contract assets and liabilities 1 January – 30 September 2023 (restated)	**LRC**		**LIC**			**Total**
				Contracts under PAA		
	excluding the loss component	**loss component**	**Contracts not under PAA**	**estimated present value of future cash flows**	**risk adjustment for non-financial risk**	
Beginning of the period	**22,658**	**565**	**730**	**12,361**	**1,136**	**37,450**
Assets	(79)	4	3	4	-	(68)
Liabilities	22,737	561	727	12,357	1,136	37,518
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**(16,348)**	**(44)**	**5,258**	**10,418**	**66**	**(650)**
Insurance service result before reinsurance	(17,558)	(60)	5,243	9,537	(1)	(2,839)
Insurance revenue	(19,959)	-	-	-	-	(19,959)
Measured under the modified retrospective approach	(1,679)	-	-	-	-	(1,679)
Measured under the fair value	(33)	-	-	-	-	(33)
Other contracts	(18,247)	-	-	-	-	(18,247)
Insurance service expenses	3,279	(60)	4,407	9,495	(1)	17,120
Incurred claims and other insurance service expenses	-	(753)	4,407	9,495	(1)	13,148
Incurred in the period	-	(753)	4,438	8,554	252	12,491
Incurred in the past	-	-	(31)	941	(253)	657
Amortization of insurance acquisition cash flows	3,279	-	-	-	-	3,279
Losses and loss reversals on onerous contracts	-	693	-	-	-	693
investment component	(878)	-	836	42	-	-
Net finance expenses from insurance contracts	1,211	16	15	894	68	2,204
Foreign exchange differences	(1)	-	-	(13)	(1)	(15)
Cash flows	**17,834**	**-**	**(5,239)**	**(8,411)**	**-**	**4,184**
Premiums received	21,184	-	-	-	-	21,184
Insurance service expenses paid, including investment components	-	-	(5,239)	(8,411)	-	(13,650)
Insurance acquisition cash flows	(3,350)	-	-	-	-	(3,350)
Other changes	(12)	(1)	-	(10)	(1)	(24)
End of the period	**24,132**	**520**	**749**	**14,358**	**1,201**	**40,960**
Assets	(128)	8	5	4	-	(111)
Liabilities	24,260	512	744	14,354	1,201	41,071

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Movement in insurance contract assets and liabilities – Non-PAA insurance contracts 1 January – 30 September 2024	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	**9,179**	**1,542**	**4,563**	**22**	**4,178**	**8,763**	**19,484**
Assets	(497)	84	28	-	285	313	(100)
Liabilities	9,676	1,458	4,535	22	3,893	8,450	19,584
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**(868)**	**64**	**(149)**	**(1)**	**382**	**232**	**(572)**
Insurance service result before reinsurance	(1,366)	9	(301)	(1)	239	(63)	(1,420)
Changes that relate to future services	(1,001)	138	140	1	988	1,129	266
Contracts initially recognized in the period	(747)	110	-	-	948	948	311
Changes that adjust the CSM	(200)	26	140	1	40	181	7
Changes on onerous contracts	(54)	2	-	-	-	-	(52)
Changes that relate to current services	(336)	(106)	(441)	(2)	(749)	(1,192)	(1,634)
CSM recognized for services provided	-	-	(441)	(2)	(749)	(1,192)	(1,192)
Changes in risk adjustments for non-financial risks for the period	-	(106)	-	-	-	-	(106)
Experience adjustment for current service	(336)	-	-	-	-	-	(336)
Changes that relate to past services – changes for claims and other insurance service expenses	(29)	(23)	-	-	-	-	(52)
Net finance expenses from insurance contracts	497	55	152	-	143	295	847
Foreign exchange differences	1	-	-	-	-	-	1
Cash flows	**1,014**	**-**	**-**	**-**	**-**	**-**	**1,014**
Premiums received	7,170	-	-	-	-	-	7,170
Insurance service expenses paid, including investment component	(5,616)	-	-	-	-	-	(5,616)
Insurance acquisition cash flows	(540)	-	-	-	-	-	(540)
Other changes	(14)	(2)	(5)	-	(1)	(6)	(22)
End of the period	**9,311**	**1,604**	**4,409**	**21**	**4,559**	**8,989**	**19,904**
Assets	(665)	110	27	-	420	447	(108)
Liabilities	9,976	1,494	4,382	21	4,139	8,542	20,012

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Movement in insurance contract assets and liabilities – Non-PAA insurance contracts 1 January – 30 September 2023 (restated)	**Estimates of the present value of the future cash flows**	**Risk adjustment for non-financial risk**	**CSM**				**Total**
			Measurement under modified retrospective transition approach	**Measurement under fair value retrospective transition approach**	**Other contracts**	**CSM, total**	
Beginning of the period	**7,961**	**1,388**	**4,639**	**29**	**3,680**	**8,348**	**17,697**
Assets	(302)	47	26	-	172	198	(57)
Liabilities	8,263	1,341	4,613	29	3,508	8,150	17,754
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**(413)**	**128**	**(32)**	**(2)**	**361**	**327**	**42**
Insurance service result before reinsurance	(1,227)	(25)	(187)	(2)	243	54	(1,198)
Changes that relate to future services	(1,077)	96	259	(1)	936	1,194	213
Contracts initially recognized in the period	(800)	100	-	-	944	944	244
Changes that adjust the CSM	(238)	(6)	258	(1)	(8)	249	5
Changes on onerous contracts	(39)	2	1	-	-	1	(36)
Changes that relate to current services	(145)	(97)	(446)	(1)	(693)	(1,140)	(1,382)
CSM recognized for services provided	-	-	(446)	(1)	(693)	(1,140)	(1,140)
Changes in risk adjustments for non-financial risks for the period	-	(97)	-	-	-	-	(97)
Experience adjustment for current service	(145)	-	-	-	-	-	(145)
Changes that relate to past services – changes for claims and other insurance service expenses	(5)	(24)	-	-	-	-	(29)
Net finance expenses from insurance contracts	815	153	155	-	118	273	1,241
Foreign exchange differences	(1)	-	-	-	-	-	(1)
Cash flows	**1,119**	**-**	**-**	**-**	**-**	**-**	**1,119**
Premiums received	6,855	-	-	-	-	-	6,855
Insurance service expenses paid, including investment component	(5,239)	-	-	-	-	-	(5,239)
Insurance acquisition cash flows	(497)	-	-	-	-	-	(497)
Other changes	(5)	(1)	(1)	-	-	(1)	(7)
End of the period	**8,662**	**1,515**	**4,606**	**27**	**4,041**	**8,674**	**18,851**
Assets	(459)	74	28	-	257	285	(100)
Liabilities	9,121	1,441	4,578	27	3,784	8,389	18,951

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9.1.5. Movement in reinsurance contract assets and liabilities

Movement in reinsurance contract assets and liabilities 1 January – 30 September 2024	LRC		LIC			Total
				Contracts under PAA		
	excluding the loss recovery component	loss recovery component	Contracts not under PAA	estimated present value of future cash flows	risk adjustment for non-financial risk	
Beginning of the period	**42**	**-**	**-**	**(3,288)**	**(188)**	**(3,434)**
Assets	(9)	-	-	(3,272)	(188)	(3,469)
Liabilities	51	-	-	(16)	-	35
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**1,384**	**-**	**-**	**(654)**	**(14)**	**716**
Net income or expenses from reinsurance contracts held	1,383	-	-	(587)	(10)	786
Reinsurance premium allocation	1,379	-	-	-	-	1,379
Amounts recoverable from reinsurers	-	-	-	(583)	(10)	(593)
Recoveries of incurred claims and other expenses incurred in the period	-	-	-	(595)	(45)	(640)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	12	35	47
investment component	4	-	-	(4)	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(99)	(5)	(104)
Foreign exchange differences	1	-	-	32	1	34
Cash flows	**(1,728)**	**-**	**-**	**551**	**-**	**(1,177)**
Premiums paid	(1,728)					(1,728)
Claims recovered and expenses paid	-	-	-	551		551
Other changes	(60) [1]	-	-	-	-	(60) [1]
End of the period	**(362)**	**-**	**-**	**(3,391)**	**(202)**	**(3,955)**
Assets	(387)	-	-	(3,386)	(202)	(3,975)
Liabilities	25	-	-	(5)	-	20

[1] Change in the composition of the Group – consolidation of the PG TUW.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Movement in reinsurance contract assets and liabilities 1 January – 30 September 2023 (restated)	**LRC**		**LIC**			**Total**
				Contracts under PAA		
	excluding the loss recovery component	**loss recovery component**	**Contracts not under PAA**	**estimated present value of future cash flows**	**risk adjustment for non-financial risk**	
Beginning of the period	**(64)**	**-**	**-**	**(2,038)**	**(203)**	**(2,305)**
Assets	(122)	-	-	(2,013)	(201)	(2,336)
Liabilities	58	-	-	(25)	(2)	31
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**1,119**	**-**	**-**	**(1,338)**	**(49)**	**(268)**
Net income or expenses from reinsurance contracts held	1,118	-	-	(1,306)	(46)	(234)
Reinsurance premium allocation	1,114	-	-	-	-	1,114
Amounts recoverable from reinsurers		-	-	(1,302)	(46)	(1,348)
Recoveries of incurred claims and other expenses incurred in the period	-	-	-	(227)	(34)	(261)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(1,075)	(12)	(1,087)
investment component	4	-	-	(4)	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(38)	(3)	(41)
Foreign exchange differences	1	-	-	6	-	7
Cash flows	**(1,188)**	**-**	**-**	**204**	**-**	**(984)**
Premiums paid	(1,188)	-	-	-	-	(1,188)
Claims recovered and expenses paid	-	-	-	204	-	204
Other changes	(1)	-	-	2	-	1
End of the period	**(134)**	**-**	**-**	**(3,170)**	**(252)**	**(3,556)**
Assets	(154)	-	-	(3,170)	(252)	(3,576)
Liabilities	20	-	-	-	-	20

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9.1.6. Carrying amount of insurance and reinsurance contracts recognized in the period (without PAA)

Non-PAA insurance contracts	Contracts issued 1 January – 30 September 2023			Contracts issued 1 January – 30 September 2023 (restated)		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	3,031	2,539	5,570	3,018	2,143	5,161
Present value of claims and insurance service expenses	2,677	2,345	5,022	2,662	1,967	4,629
Present value of insurance acquisition cash flows	354	194	548	356	176	532
Present value of cash inflows	(4,066)	(2,251)	(6,317)	(4,042)	(1,919)	(5,961)
Risk adjustment for non-financial risk	87	23	110	80	20	100
CSM	948	-	948	944	-	944
Losses recognized on initial recognition	-	(311)	(311)	-	(244)	(244)
Reinsurance contracts						
Present value of cash outflows	-	-	-	-	-	-
Present value of cash inflows	-	-	-	-	-	-
Risk adjustment for non-financial risk	-	-	-	-	-	-
CSM	-	-	-	-	-	-

Non-PAA insurance contracts	Contracts issued 1 July – 30 September 2024			Contracts issued 1 July – 30 September 2023 (restated)		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	1,025	583	1,608	884	539	1,423
Present value of claims and insurance service expenses	913	540	1,453	783	489	1,272
Present value of insurance acquisition cash flows	112	43	155	101	50	151
Present value of cash inflows	(1,358)	(517)	(1,875)	(1,213)	(487)	(1,700)
Risk adjustment for non-financial risk	31	6	37	29	5	34
CSM	302	-	302	300	-	300
Losses recognized on initial recognition	-	(72)	(72)	-	(57)	(57)
Reinsurance contracts						
Present value of cash outflows	-	-	-	-	-	-
Present value of cash inflows	-	-	-	-	-	-
Risk adjustment for non-financial risk	-	-	-	-	-	-
CSM	-	-	-	-	-	-

In the period from 1 January to 30 September 2024 and in the period from 1 January to 30 September 2023, the PZU Group did not buy any insurance or reinsurance contracts, not measured under PAA.

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9.2 Interest income calculated using the effective interest rate, and equalized to them

Interest income calculated using the effective interest rate, and equalized to them	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Loan receivables from clients	4,515	13,020	4,628	13,799
Debt securities measured at fair value through other comprehensive income	870	2,538	748	2,257
Debt securities measured at amortized cost	1,240	3,611	1,051	2,852
Buy-sell-back transactions	195	486	169	481
Term deposits with credit institutions	177	466	111	278
Loans	100	295	109	342
Receivables purchased	151	476	204	570
Hedge derivatives	(151)	(472)	(213)	(747)
Receivables	8	27	14	56
Cash and cash equivalents	186	562	217	662
Interest income calculated using the effective interest rate, and equalized to them, total	**7,291**	**21,009**	**7,038**	**20,550**

9.3 Other net investment income

Other net investment income	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023	1 January – 30 September 2023
Dividend income, including:	20	65	51	93
Investment financial assets measured at fair value through profit or loss	20	35	15	28
Investment financial assets measured at fair value through profit or loss	-	30	36	65
Foreign exchange differences	(42)	29	56	235
Income on investment property	84	256	86	262
Investment property maintenance expenses	(35)	(119)	(41)	(128)
Other	(6)	(21)	(11)	(32)
Total other net investment income	**21**	**210**	**141**	**430**

9.4 Result from derecognition of financial instruments and investments not measured at fair value through profit or loss

Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Investment financial assets	(30)	(20)	4	7
Debt instruments measured at fair value through other comprehensive income	(30)	(28)	(10)	(9)
Instruments measured at amortized cost	-	8	14	16
Loan receivables from clients measured at amortized cost	(9)	1	(4)	4
Short sale	(13)	-	11	4
Receivables	-	(1)	-	(1)
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss, total	**(52)**	**(20)**	**11**	**14**

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9.5 Movement in allowances for expected credit losses and impairment losses on financial instruments

Movement in allowances for expected credit losses and impairment losses on financial instruments	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Investment financial assets	(74)	(108)	(8)	13
Debt instruments measured at fair value through other comprehensive income	7	9	2	16
Instruments measured at amortized cost	(81)	(117)	(10)	(3)
- debt instruments	28	17	(6)	(8)
- term deposits with credit institutions	2	2	1	3
- loans	(111)	(136)	(5)	2
Loan receivables from clients	(496)	(1,035)	(284)	(1,044)
- measured at amortized cost	(498)	(1,032)	(284)	(1,047)
- measured at fair value through other comprehensive income	2	(3)	-	3
Guarantees and sureties given	130	85	12	(6)
Receivables	3	(5)	(1)	(2)
Cash and cash equivalents	(3)	(2)	-	2
Movement in allowances for expected credit losses and impairment losses on financial instruments, total	**(440)**	**(1,065)**	**(281)**	**(1,037)**

9.6 Net movement in fair value of assets and liabilities measured at fair value

Net movement in fair value of assets and liabilities measured at fair value	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Investment financial instruments measured at fair value through profit or loss	151	661	326	520
Equity instruments	(9)	95	(22)	91
Debt securities	113	226	275	170
Participation units and investment certificates	47	340	73	259
Derivatives	212	388	(258)	448
Measurement of liabilities to members of consolidated mutual funds	(15)	(50)	10	(20)
Investment contracts for the client’s account and risk (unit-linked)	(3)	(24)	-	(26)
Investment property	(3)	(100)	(3)	(171)
Loan receivables from clients	(10)	17	(2)	11
Net movement in fair value of assets and liabilities measured at fair value, total	**332**	**892**	**73**	**762**

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9.7 Revenue from commissions and fees

Revenue from commissions and fees	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023	1 January – 30 September 2023
Banking activity	1,070	3,305	1,219	3,598
Margin on foreign exchange transactions with clients	255	760	246	791
Brokerage fees	52	173	57	157
Fiduciary activity	20	60	20	56
Payment card and credit card services	262	917	427	1,193
Fees on account of insurance intermediacy activities	7	24	8	26
Loans and borrowings	145	409	137	414
Bank account-related services	90	282	96	288
Transfers	81	237	77	230
Cash operations	33	81	29	84
Receivables purchased	19	56	21	68
Guarantees, letters of credit, collections, promises	28	83	24	71
Commissions on leasing activity	25	77	26	78
Other commission	53	146	51	142
Revenue and payments received from funds and mutual fund management companies	144	400	109	307
Pension insurance	49	134	38	107
Other	1	3	1	3
Total revenue from commissions and fees	**1,264**	**3,842**	**1,367**	**4,015**

9.8 Fee and commission expenses

Fee and commission expenses	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Costs of card and ATM transactions, including card issue costs	168	637	337	930
Commissions on acquisition of banking clients	29	87	29	76
Fees for the provision of ATMs	12	36	13	36
Costs of awards to banking clients	6	19	6	19
Costs of bank transfers and remittances	13	37	11	36
Additional services attached to banking products	7	22	6	17
Brokerage fees	7	23	9	24
Costs of administration of bank accounts	2	5	1	4
Costs of banknote operations	4	12	7	20
Fiduciary activity expenses	8	22	6	19
Other commission	48	131	44	131
Total fee and commission expenses	**304**	**1,031**	**469**	**1,312**

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9.9 Operating costs of banks

Operating costs of banks	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Consumption of materials and energy	27	108	36	155
Third party services	273	815	267	759
Taxes and charges	17	52	16	48
Employee expenses	1,022	3,174	914	2,710
Depreciation of property, plant and equipment	132	391	120	382
Amortization of intangible assets	110	312	95	279
Other, including:	80	260	105	276
– advertising	42	145	63	158
– other	38	115	42	118
Operating costs of banks, total	**1,661**	**5,112**	**1,553**	**4,609**

9.10 Interest expenses

Interest expenses	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023	1 January – 30 September 2023
Term deposits	963	2,869	1,085	3,140
Current deposits	472	1,396	503	1,490
Own debt securities issued	350	1,005	322	909
Hedge derivatives	112	346	210	677
Loans	13	35	13	42
Repurchase transaction	69	229	86	276
Bank loans contracted by PZU Group companies	56	171	58	163
Leases	18	54	18	44
Other	19	52	24	64
Total interest expenses	**2,072**	**6,157**	**2,319**	**6,805**

9.11 Other operating income

Other operating income	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Revenues on the sales of products, merchandise and services by non-insurance and non-banking companies	346	994	324	876
Reversal of provisions	22	75	77	117
Other	51	208	95	215
Other operating income, total	**419**	**1,277**	**496**	**1,208**

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9.12 Other operating expenses

Other operating expenses	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Levy on financial institutions	393	1,172	377	1,118
Expenses of the core business of non-insurance and non-banking companies	409	1,153	344	977
Compulsory payments to banking market institutions	4	55	2	46
Bank Guarantee Fund	-	279	-	249
Expenditures for prevention activity	8	50	13	45
Establishment of provisions	29	98	110	190
Amortization of intangible assets purchased in company acquisition transactions	15	45	19	58
Recognition of impairment losses for non-financial assets	1	11	18	34
Donations	3	6	16	54
Costs of pursuit of claims	23	55	12	36
Unallocated costs in insurance activities	45	135	64	171
Other	56	147	18	127
Other operating expenses, total	**986**	**3,206**	**993**	**3,105**

9.13 Income tax

Total amount of current and deferred tax	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Recognized in the profit and loss account, including:	891	2,579	952	2,709
- current tax	901	2,319	1,002	2,344
– deferred tax	(10)	260	(50)	365
Recognized in other comprehensive income (deferred tax)	184	229	261	645
- current tax	-	5	12	22
– deferred tax	184	224	249	623
Total	**1,075**	**2,808**	**1,213**	**3,354**

Income tax on other comprehensive income items	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Gross other comprehensive income	976	1,200	1,456	3,385
Income tax	(184)	(229)	(261)	(645)
Valuation of debt instruments	(107)	(123)	(59)	(273)
Reclassification of debt instruments valuation for the profit and loss account	(5)	(5)	(1)	(1)
Financial income and expenses from insurance	98	24	(16)	180
Finance income or expenses from reinsurance	(8)	(6)	-	3
Cash flow hedging	(150)	(117)	(188)	(570)
Equity instruments measured at fair value through other comprehensive income	(10)	8	5	15
Reclassification of real property from property, plant and equipment to investment property	-	(9)	(3)	(4)
Loan receivables from clients	(2)	(1)	1	-
Actuarial gains and losses related to provisions for employee benefits	-	-	-	5
Net other comprehensive income	**792**	**971**	**1,195**	**2,740**

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The PZU Group is comprised of units operating in different countries and subject to different tax regulations. Regulations on tax on goods and services, corporate income tax, personal income tax or social security contributions are subject to relatively frequent changes. The regulations applicable in the countries where the PZU Group operates also include many ambiguities, which result in different opinions on the legal interpretation of tax regulations both between public authorities and between public authorities and companies. Tax and other settlements (e.g. customs and foreign exchange settlements) may be controlled by authorities (in Poland for five years), which have the right to impose high penalties. Additional liabilities identified during such controls must be paid together with high interest. This generates tax risk, as a result of which amounts disclosed in the financial statements may change later after they are finally determined by tax authorities.

9.14 Earnings per share

Earnings per share	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023 (restated)	1 January – 30 September 2023 (restated)
Net profit attributable to the equity holders of the parent company	1,215	3,661	1,480	4,168
Weighted average basic and diluted number of common shares	863,379,027	863,366,397	863,358,236	863,378,750
Number of issued shares	863,523,000	863,523,000	863,523,000	863,523,000
Average weighted number of treasury shares (held by consolidated entities)	(143,973)	(156,603)	(164,764)	(144,250)
Basic and diluted earnings (loss) per ordinary share (in PLN)	1.41	4.24	1.71	4.83

In 9 months ended respectively 30 September 2024 and 30 September 2023, there were no transactions or events resulting in the dilution of earnings per share.

9.15 Goodwill

Goodwill	30 September 2024	31 December 2023
Pekao [1]	1,715	1,715
LD [2]	473	480
Medical companies	341	341
Mass insurance segment in non-life insurance (Link4)	221	221
Balta	38	39
Other	5	5
Goodwill, total	**2,793**	**2,801**

[1] Includes goodwill resulting from the purchase of Pekao Investment Management SA and the acquisition of Idea Bank.
[2] Includes goodwill resulting from the purchase of a branch of LD in Estonia.

9.16 Intangible assets

Intangible assets by group	30 September 2024	31 December 2023
Software, licenses and similar assets	1,510	1,486
Trademarks	511	514
- Pekao	340	340
- other	171	174
Customer relations	230	267
- Pekao	182	219
- other	48	48
Intangible assets under development	809	926
Other intangible assets	412	211
Intangible assets, total	**3,472**	**3,404**

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9.17 Other assets

Other assets	30 September 2024	31 December 2023
IT costs settled over time	276	202
Accrued direct claims handling receivables	49	46
Other costs settled over time	137	149
Inventories	38	37
Tax settlements on real properties, means of transport and land	12	-
Settlements of payments made to the Company Social Benefit Fund	23	-
Other assets	47	49
Total other assets	**582**	**483**

9.18 Property, plant and equipment

Property, plant and equipment by group	30 September 2024	31 December 2023
Equipment and machinery	681	684
Means of transport	241	221
Property, plant and equipment under construction	243	381
Real property	2,628	2,752
Other property, plant and equipment	428	407
Total property, plant and equipment	**4,221**	**4,445**

9.19 Entities accounted for using the equity method

Associates	30 September 2024	31 December 2023
Krajowy Integrator Płatności SA	58	54
Sigma BIS SA	9	8
RUCH SA	-	-
Associates, total	**67**	**62**

9.20 Assets and liabilities held for sale

Assets held for sale by classification before transfer	30 September 2024	31 December 2023
Groups held for sale	**276**	**277**
Assets	298	309
Investment property	273	287
Receivables	4	7
Other assets	1	-
Cash and cash equivalents	20	15
Liabilities directly associated with assets classified as held for sale	22	32
Other liabilities	11	18
Deferred tax liabilities	11	14
Other assets held for sale	**292**	**312**
Property, plant and equipment	21	35
Investment property	271	277
Assets and groups of assets held for sale	**590**	**621**
Liabilities directly associated with assets classified as held for sale	**22**	**32**

The “Investment property” line item and the “Groups held for sale” section mainly include real properties held for sale by the investment fund of the real property sector.

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9.21 Loan receivables from clients

Loan receivables from clients	30 September 2024	31 December 2023 (restated)
Measured at amortized cost	227,413	218,542
Measured at fair value through other comprehensive income	266	82
Measured at fair value through profit or loss	293	250
Total loan receivables from clients	**227,972**	**218,874**

Loan receivables from clients	30 September 2024	31 December 2023 (restated)
Retail segment	**120,565**	**114,758**
Operating loans	183	197
Consumer finance	25,963	25,116
Consumer finance loans	4,670	5,007
Overdrafts in credit card accounts	1,267	1,192
Loans for residential real estate	87,505	82,303
Other mortgage loans	597	618
Other receivables	380	325
Business segment	**107,407**	**104,116**
Operating loans	34,923	32,626
Investment loans	29,509	29,378
Receivables purchased (factoring)	9,120	9,874
Overdrafts in credit card accounts	98	98
Loans for residential real estate	35	42
Other mortgage loans	10,774	10,355
Finance lease	17,260	16,181
Other receivables	5,688	5,562
Total loan receivables from clients	**227,972**	**218,874**

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9.22 Financial derivatives

Derivatives	30 September 2024		31 December 2023	
	Assets	Liabilities	Assets	Liabilities
Related to interest rates	**6,134**	**6,484**	**9,690**	**10,740**
Fair value hedging instruments – swap transactions	77	24	68	12
Cash flow hedging instruments, including:	1,002	1,418	892	2,101
- forward contracts	-	1	-	-
- swap transactions	1,002	1,417	892	2,101
Instruments carried as held for trading, including:	5,055	5,042	8,730	8,627
- forward contracts	82	63	64	60
- swap transactions	4,935	4,943	8,616	8,515
- call options (purchase)	25	25	35	40
- put options (sale)	12	10	13	10
- cap floor options	1	1	2	2
Related to exchange rates	**632**	**334**	**1,416**	**647**
Cash flow hedging instruments – swap transactions	-	1	190	31
Instruments carried as held for trading, including:	632	333	1,226	616
- forward contracts	230	169	266	336
- swap transactions	387	133	947	244
- call options (purchase)	10	5	9	3
- put options (sale)	5	26	4	33
Related to prices of securities	**2**	**-**	**20**	**6**
- call options (purchase)	1	-	19	6
- forward contracts	1	-	1	-
Related to commodity prices	**316**	**285**	**270**	**263**
- forward contracts	8	5	4	4
- swap transactions	301	273	260	253
- call options (purchase)	-	-	6	6
- put options (sale)	7	7	-	-
Total	**7,084**	**7,103**	**11,396**	**11,656**

9.23 Assets pledged as collateral for liabilities

Assets pledged as collateral for liabilities	30 September 2024				31 December 2023			
	at amortized cost	at fair value through other compre-hensive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other compre-hensive income	at fair value through profit or loss	Total
Debt securities	-	1,396	425	1,821	-	1,694	14	1,708
Government securities	-	1,396	425	1,821	-	1,694	14	1,708
Domestic	-	1,396	425	1,821	-	1,694	14	1,708
Fixed rate	-	1,378	377	1,755	-	1,647	-	1,647
Floating rate	-	18	48	66	-	47	14	61
Assets pledged as collateral for liabilities, total	-	**1,396**	**425**	**1,821**	**-**	**1,694**	**14**	**1,708**

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9.24 Investment financial assets

Investment financial assets	30 September 2024				31 December 2023			
	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total
Equity instruments	n/a	648	1,324	1,972	n/a	837	1,119	1,956
Participation units and investment certificates	n/a	n/a	5,283	5,283	n/a	n/a	4,996	4,996
Debt securities	128,044	50,046	4,780	182,870	121,574	43,529	5,976	171,079
Government securities	88,976	40,619	4,450	134,045	83,177	34,389	5,547	123,113
Domestic	82,306	32,672	3,717	118,695	73,044	27,049	3,864	103,957
Fixed rate	67,733	22,367	2,432	92,532	66,196	16,926	2,170	85,292
Floating rate	14,573	10,305	1,285	26,163	6,848	10,123	1,694	18,665
Foreign	6,670	7,947	733	15,350	10,133	7,340	1,683	19,156
Fixed rate	6,670	7,947	733	15,350	10,133	7,340	1,683	19,156
Other	39,068	9,427	330	48,825	38,397	9,140	429	47,966
Fixed rate	29,803	5,936	113	35,852	29,586	5,654	289	35,529
Floating rate	9,265	3,491	217	12,973	8,811	3,486	140	12,437
Other, including:	17,335	-	-	17,335	14,301	-	-	14,301
Buy-sell-back transactions	11,799	-	-	11,799	9,003	-	-	9,003
Term deposits with credit institutions	1,202	-	-	1,202	1,036	-	-	1,036
Loans	4,334	-	-	4,334	4,262	-	-	4,262
Investment financial assets, total	**145,379**	**50,694**	**11,387**	**207,460**	**135,875**	**44,366**	**12,091**	**192,332**

Equity instruments measured at fair value through other comprehensive income	30 September 2024	31 December 2023
Biuro Informacji Kredytowej SA	282	321
Grupa Azoty SA	147	178
PSP sp. z o.o.	140	116
Krajowa Izba Rozliczeniowa SA	27	29
Webuild SpA	17	12
Orlen SA [1)]	-	142
Other	35	39
Equity instruments measured at fair value through other comprehensive income, total	**648**	**837**

[1)] In the first half of 2024, the PZU Group sold the shares of Orlen SA with a fair value at the time of sale of PLN 144 million and a gross realized gain of PLN 29 million.

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Exposure to debt securities issued or guaranteed by governments other than the Polish government

Carrying amount of debt securities issued or guaranteed by governments other than the Polish government	30 September 2024	31 December 2023
USA	5,225	4,240
France	4,204	4,763
Lithuania	938	832
United Kingdom	791	3
Austria	725	1,177
Romania	557	483
Belgium	289	216
Latvia	253	235
Hungary	216	117
Finland	214	216
Saudi Arabia	189	120
Mexico	170	92
Columbia	113	119
Indonesia	111	156
Italy	103	113
Ukraine	97	99
Spain	97	529
Croatia	94	240
Chile	94	38
Panama	90	89
Serbia	68	63
Brazil	60	49
Oman	56	29
Germany	1	4,032
Other	595 [1)]	1,106 [2)]
Total	**15,350**	**19,156**

[1)] The item “Other” comprises bonds issued by 44 countries towards which the balance sheet liability per country does not exceed PLN 50 million.
[2)] The item “Other” comprises bonds issued by 48 countries.

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Exposure to debt securities issued by corporations, local government units and the National Bank of Poland

Carrying amount of debt securities issued by corporations, local authorities and the National Bank of Poland	30 September 2024	31 December 2023
K. Financial and insurance activities, of which:	34,948	33,570
National Bank of Poland	22,536	20,451
Foreign banks	8,628	9,720
Companies from the WIG-Banks Index	881	886
O. Public administration and defense, compulsory social security, of which:	6,463	6,468
Domestic local governments	6,463	6,468
D. Electricity, gas, steam, hot water and air conditioning production and supply, including:	1,590	1,650
Companies from the WIG-Energy Index	1,059	1,107
E. Water supply; sewerage, waste management and remediation activities	1,329	1,136
C. Manufacturing, including:	1,282	1,331
Production and processing of crude oil refining products (including WIG-Fuels)	487	509
U. Extra-territorial organizations and teams	982	865
H. Transportation and storage	491	626
J. Information and communication	465	468
B. Mining and quarrying	279	127
F. Construction	270	353
N. Administrative and support service activities	206	668
I. R. Accommodation and food service activities (including: WIG - hotels and restaurants), and arts, entertainment and recreation activities	177	264
L. Real property activities	172	180
M. Professional, scientific and technical activity	155	248
G. Wholesale and retail trade services; repair services of motor vehicles and motorcycles	16	12
Total	**48,825**	**47,966**

9.25 Other receivables

Other receivables	30 September 2024	31 December 2023
Receivables from insurance intermediaries	113	127
Receivables from sale of securities and security deposits [1)]	1,518	1,839
Receivables on account of payment card settlements	1,234	1,752
Trade receivables	466	602
Receivables from the state budget, other than corporate income tax receivables	82	107
Receivables from commissions on off-balance sheet products	265	234
Prevention settlements	37	52
Receivables from security and bid deposits	65	62
Interbank and interbranch receivables	67	18
Disputed settlements	26	26
Co-insurance receivables on co-insurer's share	61	37
Other	389	371
Other receivables, total	**4,323**	**5,227**

[1)] This line item presents receivables associated with executed but outstanding transactions on financial instruments.

As at 30 September 2024 and 31 December 2023, the fair value of receivables did not differ significantly from their carrying amount, primarily due to their short-term nature and the policy of recognizing impairment losses.

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9.26 Expected credit losses and impairment of financial assets

Loan receivables from clients measured at amortized cost	1 January– 30 September 2024					1 January – 30 September 2023 (restated)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	191,026	24,360	10,425	3,960	229,771	185,179	23,941	10,184	4,876	224,180
Recognition of instruments at the time of acquisition, creation, granting	58,314	-	-	466	58,780	51,410	-	-	166	51,576
Changes attributable to sale, exclusion or expiration of the instrument	(36,851)	(3,994)	(2,195)	(269)	(43,309)	(36,448)	(4,363)	(2,059)	(124)	(42,994)
Assets from the statement of financial position	-	(16)	(1,654)	(37)	(1,707)	-	(1)	(1,384)	(36)	(1,421)
Reclassification to stage 1	4,256	(4,119)	(137)	-	-	6,251	(5,982)	(269)	-	-
Reclassification to stage 2	(10,569)	10,958	(389)	-	-	(9,922)	10,281	(359)	-	-
Reclassification to stage 3	(1,473)	(2,396)	3,869	-	-	(1,984)	(2,053)	4,037	-	-
Other changes, including foreign exchange differences	(3,910)	(1,961)	577	(289)	(5,583)	(3,611)	(363)	873	(502)	(3,603)
End of the period	**200,793**	**22,832**	**10,496**	**3,831**	**237,952**	**190,875**	**21,460**	**11,023**	**4,380**	**227,738**
Expected credit losses										
Beginning of the period	(1,222)	(1,729)	(5,352)	(2,926)	(11,229)	(1,519)	(1,679)	(5,364)	(3,331)	(11,893)
Establishment of allowances for newly acquired, created, granted instruments	(472)	-	-	(70)	(542)	(532)	-	-	(121)	(653)
Changes attributable to sale, exclusion or expiration of the instrument	143	127	557	16	843	174	110	303	12	599
Assets from the statement of financial position	-	16	1,654	37	1,707	-	1	1,384	36	1,421
Reclassification to stage 1	(290)	274	16	-	-	(346)	320	26	-	-
Reclassification to stage 2	166	(312)	146	-	-	165	(254)	89	-	-
Reclassification to stage 3	78	391	(469)	-	-	120	330	(450)	-	-
Other changes, including foreign exchange differences	447	(240)	(1,789)	264	(1,318)	605	(366)	(1,651)	89	(1,323)
End of the period	**(1,150)**	**(1,473)**	**(5,237)**	**(2,679)**	**(10,539)**	**(1,333)**	**(1,538)**	**(5,663)**	**(3,315)**	**(11,849)**
Net carrying amount at the end of the period	**199,643**	**21,359**	**5,259**	**1,152**	**227,413**	**189,542**	**19,922**	**5,360**	**1,065**	**215,889**

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Loan receivables from clients measured at fair value through other comprehensive income	1 January – 30 September 2024					1 January – 30 September 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Carrying amount										
Beginning of the period	82	-	-	-	82	254	-	-	-	254
Changes in the period	184	-	-	-	184	(162)	-	-	-	(162)
End of the period	**266**	**-**	**-**	**-**	**266**	**92**	**-**	**-**	**-**	**92**
Expected credit losses										
Beginning of the period	(1)	-	-	-	(1)	(4)	-	-	-	(4)
Changes in the period	(3)	-	-	-	(3)	3	-	-	-	3
End of the period	**(4)**	**-**	**-**	**-**	**(4)**	**(1)**	**-**	**-**	**-**	**(1)**

The allowance pertaining to loan receivables from clients measured at fair value through other comprehensive income is recognized in revaluation reserve and it does not lower the carrying amount of assets.

Debt investment financial assets measured at amortized cost	1 January– 30 September 2024					1 January – 30 September 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	121,184	479	-	96	121,759	91,515	236	24	63	91,838
Recognition of instruments at the time of acquisition, creation, granting	256,918	-	-	-	256,918	218,413	-	-	-	218,413
Changes attributable to sale, exclusion or expiration of the instrument	(251,980)	(96)	-	-	(252,076)	(192,013)	(26)	-	-	(192,039)
Reclassification to stage 1	125	(125)	-	-	-	-	-	-	-	-
Reclassification to stage 2	(153)	153	-	-	-	(336)	336	-	-	-
Other changes, including foreign exchange differences	1,626	(12)	-	19	1,633	1,967	(3)	1	25	1,990
End of the period	**127,720**	**399**	**-**	**115**	**128,234**	**119,546**	**543**	**25**	**88**	**120,202**
Expected credit losses										
Beginning of the period	(89)	(25)	-	(71)	(185)	(87)	(28)	(24)	(53)	(192)
Establishment of allowances for newly acquired, created, granted instruments	(26)	-	-	-	(26)	(19)	-	-	-	(19)
Changes attributable to sale, exclusion or expiration of the instrument	5	3	-	-	8	5	1	-	-	6
Reclassification to stage 1	(6)	6	-	-	-	-	-	-	-	-
Reclassification to stage 2	12	(12)	-	-	-	11	(11)	-	-	-
Other changes, including foreign exchange differences	25	13	-	(25)	13	-	5	(1)	(17)	(13)
End of the period	**(79)**	**(15)**	**-**	**(96)**	**(190)**	**(90)**	**(33)**	**(25)**	**(70)**	**(218)**
Net carrying amount at the end of the period	**127,641**	**384**	**-**	**19**	**128,044**	**119,456**	**510**	**-**	**18**	**119,984**

As at 30 September 2024 and 30 September 2023 allowances for expected credit losses in relation to buy-sell-back transactions amounted zero.

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Debt investment financial assets measured at fair value through other comprehensive income	1 January– 30 September 2024					1 January – 30 September 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Carrying amount										
Beginning of the period	45,104	119	-	-	45,223	38,719	237	-	-	38,956
Recognition of instruments at the time of acquisition, creation, granting	945,287	-	-	-	945,287	838,117	-	-	-	838,117
Changes attributable to sale, exclusion or expiration of the instrument	(940,441)	(24)	-	-	(940,465)	(832,135)	(75)	-	-	(832,210)
Reclassification to stage 1	32	(32)	-	-	-	17	(17)	-	-	-
Reclassification to stage 2	(94)	94	-	-	-	(66)	66	-	-	-
Other changes, including foreign exchange differences	1,397	-	-	-	1,397	2,144	(6)	-	-	2,138
End of the period	**51,285**	**157**	**-**	**-**	**51,442**	**46,796**	**205**	**-**	**-**	**47,001**
Expected credit losses										
Beginning of the period	(34)	(2)	-	-	(36)	(45)	(21)	-	-	(66)
Establishment of allowances for newly acquired, created, granted instruments	(8)	-	-	-	(8)	(5)	-	-	-	(5)
Changes attributable to sale, exclusion or expiration of the instrument	5	3	-	-	8	5	12	-	-	17
Reclassification to stage 2	1	(1)	-	-	-	3	(3)	-	-	-
Other changes	8	1	-	-	9	8	8	-	-	16
End of the period	**(28)**	**1**	**-**	**-**	**(27)**	**(34)**	**(4)**	**-**	**-**	**(38)**

The allowance pertaining to debt investment financial assets measured at fair value through other comprehensive income is recognized in revaluation reserve and it does not lower the carrying amount of assets.

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Term deposits with credit institutions	1 January– 30 September 2024					1 January – 30 September 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	836	151	67	-	1,054	2,814	140	136	-	3,090
Recognition of instruments at the time of acquisition, creation, granting	61,682	-	-	-	61,682	103,193	-	-	-	103,193
Changes attributable to sale, exclusion or expiration of the instrument	(61,389)	(145)	(6)	-	(61,540)	(100,414)	(134)	(52)	-	(100,600)
Reclassification to stage 2	(144)	144	-	-	-	(166)	166	-	-	-
Change in the composition of the Group	25	-	-	-	25	-	-	-	-	-
Other changes, including foreign exchange differences	8	(14)	-	-	(6)	(8)	(1)	-	-	(9)
End of the period	**1,018**	**136**	**61**	**-**	**1,215**	**5,419**	**171**	**84**	**-**	**5,674**
Expected credit losses										
Beginning of the period	-	(11)	(7)	-	(18)	(1)	(11)	(10)	-	(22)
Establishment of allowances for newly acquired, created, granted instruments	(17)	-	-	-	(17)	(9)	-	-	-	(9)
Changes attributable to sale, exclusion or expiration of the instrument	-	10	-	-	10	-	11	-	-	11
Reclassification to stage 2	16	(16)	-	-	-	9	(9)	-	-	-
Other changes, including foreign exchange differences	-	11	1	-	12	-	(1)	1	-	-
End of the period	**(1)**	**(6)**	**(6)**	**-**	**(13)**	**(1)**	**(10)**	**(9)**	**-**	**(20)**
Net carrying amount at the end of the period	**1,017**	**130**	**55**	**-**	**1,202**	**5,418**	**161**	**75**	**-**	**5,654**

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Loans	1 January– 30 September 2024					1 January – 30 September 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	3,478	827	-	-	4,305	4,300	-	-	-	4,300
Recognition of instruments at the time of acquisition, creation, granting	524	15	-	-	539	1,696	3	-	-	1,699
Changes attributable to sale, exclusion or expiration of the instrument	(377)	(10)	-	-	(387)	(1,680)	-	-	-	(1,680)
Reclassification to stage 2	-	-	-	-	-	(639)	639	-	-	-
Reclassification to stage 3	-	(326)	326	-	-	-	-	-	-	-
Other changes	42	16	(2)	-	56	81	-	-	-	81
End of the period	**3,667**	**522**	**324**	**-**	**4,513**	**3,758**	**642**	**-**	**-**	**4,400**
Expected credit losses										
Beginning of the period	(13)	(30)	-	-	(43)	(31)	-	-	-	(31)
Establishment of allowances for newly acquired, created, granted instruments	(5)	-	-	-	(5)	(12)	-	-	-	(12)
Changes attributable to sale, exclusion or expiration of the instrument	3	-	-	-	3	12	-	-	-	12
Reclassification to stage 2	-	-	-	-	-	6	(6)	-	-	-
Reclassification to stage 3	-	92	(92)	-	-	-	-	-	-	-
Other changes	(2)	(66)	(66)	-	(134)	3	(1)	-	-	2
End of the period	**(17)**	**(4)**	**(158)**	**-**	**(179)**	**(22)**	**(7)**	**-**	**-**	**(29)**
Net carrying amount at the end of the period	**3,650**	**518**	**166**	**-**	**4,334**	**3,736**	**635**	**-**	**-**	**4,371**

Other receivables	1 January– 30 September 2024	1 January – 30 September 2023
Gross carrying amount		
Beginning of the period	5,635	9,515
Changes in the period	(912)	(3,125)
End of the period	**4,723**	**6,390**
Expected credit losses		
Beginning of the period	(408)	(407)
Changes in the period	8	3
End of the period	**(400)**	**(404)**
Net carrying amount at the end of the period	**4,323**	**5,986**

9.27 Fair value

9.27.1. Description of valuation techniques

9.27.1.1. Debt securities and borrowings

Fair values of debt securities are determined on the basis of quotations publicly available on an active market or valuations published by an authorized information service, and if there are no such quotations – using valuation models containing references to published price quotations of the underlying financial instruments, interest rates and stock exchange indices.

The PZU Group conducts an internal review of the valuations published by the authorized information service comparing them to the valuations available from other sources based on data which can be observed on the market.

The fair value of borrowings and debt securities for which an active market does not exist is measured using the discounted cash flow method. For debt instruments based on a variable interest rate, the reference curve reflecting the level of risk-free rates for the discounting of future flows is developed on the basis of an appropriate swap curve for the respective currency. However, for instruments based on a fixed interest rate – based on the quotes of treasury bonds in the given currency. For unlisted loans and bonds, in addition to the individual spread quantifying the specific risk of a given debt instrument, a market sector spread published in news services is added to reflect the pricing of the risk for the relevant sector for the issuer's business sector and its rating.

9.27.1.2. Equity-based financial assets

Fair values of equity-based financial assets are determined on the basis of quotations publicly available on an active market or, if they are unavailable, based on the present value of future forecast profit or loss of companies or measurement models based on available market data.

9.27.1.3. Participation units and investment certificates of mutual funds

Fair values of participation units and investment certificates of mutual funds are measured using the value of the participation units and investment certificates published by the mutual fund management companies. Such valuation reflects the PZU Group's share in net assets of these funds.

9.27.1.4. Derivatives

For derivatives quoted on an active market, the fair value is considered to be the closing price as at the balance sheet date.

The fair value of derivatives not quoted on an active market, including forward contracts and interest rate swaps (IRSs) is measured using the discounted future cash flow method. Rates from OIS (overnight indexed swaps) curves taking into account the currency in which the margin for the instrument is denominated are used to discount cash flows.

The fair value of options is measured using the Black-Scholes model (plain vanilla options) or as the expected value of the option payoff function discounted as at the valuation date (Asian or basket options). The expected value of the payoff function is calculated using the Monte Carlo modelling method.

9.27.1.5. Loan receivables from clients

In order to determine a change in the fair value of loan receivables from clients (excluding current account overdraft), the margins earned on newly granted loans (in the month preceding the date as at which the consolidated financial statements are prepared) are compared with the margins in the whole loan portfolio. If the margins earned on newly granted loans are higher (lower) than the margins in the existing portfolio the fair value of the loan portfolio is lower (higher) than its carrying amount.

Loan receivables from clients are classified in full to level III of the fair value hierarchy due to the use of a valuation model with significant non-observable input data, i.e. current margins generated on newly granted loans.

9.27.1.6. Properties measured at fair value

Depending on the nature of the real property, its fair value is measured using the comparative method, the income method or the residual method.

The comparative method is used for measuring free land for development and certain smaller and less valuable buildings (such as residential units, garages, etc.). The comparative method assumes the determination of the fair value by reference to observable market prices, taking into account weighting coefficients. Weighting coefficients include, for instance, factors such as the passage of time and the trend of changes in market prices, the location, exposure, intended use in the zoning plan, accessibility for transportation purposes and access roads, surface, neighborhood (including the proximity to attractive objects), investment opportunities, physical conditions, form of exercising control, etc.

The income method assumes estimation of the fair value of the real property based on the discounted value of cash flows. The calculation takes into account such variables as the capitalization rate, the level of rents, the level of operating expenses, the provision for vacancy, losses resulting from rent free periods, rent arrears, etc. The values of the variables described above vary depending on the nature and the intended use of the measured real property (office space, retail space, logistics and warehousing space), its modernity and location (access roads, distance from an urban center, accessibility, exposure, etc.) as well as parameters specific to the relevant local market (such as capitalization rates, the level of rents, operating expenses, etc.).

The residual method is used to measure the market value if the real property is to be subjected to construction works. The fair value of such a real property is calculated as the difference in the value of the property after the construction works and the average value of the cost of these works, taking into account any gains earned in the market on similar properties.

Properties measured at fair value are appraised by licensed appraisers. The acceptance of each such measurement is additionally preceded by a review conducted by PZU Group companies' employees in order to eliminate any potential errors or inconsistencies. Any emerging doubts are clarified on an ongoing basis.

Investment property is measured in accordance with the following rules:

- real properties held by mutual funds controlled by PZU – measured every 6 months – on days ending each financial half-year and financial year;
- investment properties held by PZU Group companies – the most valuable items are measured in the event of ascertainment of a possible significant change in the value (usually on an annual basis). Regardless of the value, each investment property is measured not less frequently than once every 5 years;
- real properties held for sale – measured before the commencement of their active exposure to the market in accordance with the requirements of IFRS 5.

9.27.1.7. Liabilities on the issue of own debt securities and subordinated liabilities

The fair value of liabilities on the issue of own debt securities, including subordinated liabilities, is calculated as the present value of expected payments based on the current interest rate curves and the individual credit spread for the given issue. The individual spread is initially calibrated to the issue price and periodically recalibrated when transaction data is available.

9.27.1.8. Liabilities under deposits

Due to the fact that deposits are accepted under current operations on a daily basis, hence their terms are similar to the current market terms for identical transactions, and the time to maturity for such loans is short, it is deemed that for liabilities to clients with maturities up to 1 year the fair value does not significantly deviate from the carrying amount. For deposits over 1 year, fair value is calculated as the amount of future expected cash flows discounted as at the respective balance sheet date using the risk-free market rate plus a margin.

9.27.1.9. Other liabilities

Liabilities under investment contracts for the client's account and risk

Liabilities under investment contracts for the client's account and risk are measured at the fair value of assets covering the liabilities of the unit-linked fund associated with the relevant investment contract.

Liabilities to contributors of consolidated investment funds

Liabilities to members in the consolidated mutual funds are measured at the fair value of assets of the relevant mutual fund (according to the share in the mutual fund's net assets).

Liabilities from borrowed securities

Liabilities from securities borrowed to make a short sale are measured at the fair value of borrowed securities.

9.27.2. Fair value hierarchy

On the basis of the input data for fair value measurement, the individual assets and liabilities for which fair value has been presented have been classified to the following levels:

- level I – assets and liabilities measured based on quoted prices (unadjusted) from active markets for identical assets and liabilities. This level includes:
  - liquid listed quoted securities;
  - shares and investment certificates quoted on exchanges;
  - derivatives quoted on exchanges;
  - liabilities on borrowed securities quoted on exchanges (short sale);
- level II – assets and liabilities whose measurement is based on input data other than quoted prices included within level I, which can be observed on the market, either directly (as prices) or indirectly (derived from prices). This level includes:
  - listed debt securities valued on the basis of valuations published by an authorized information service, for which the market has not been recognized as active;
  - derivatives – among others FX Swap, FX Forward, IRS, CIRS, forward rate agreements;
  - participation units of mutual funds;
  - liabilities to contributors of consolidated investment funds;
  - investment contracts for the client’s account and risk;
- level III – assets measured based on input data unobserved on the existing markets (unobservable input data). This level includes:
  - unquoted debt securities and non-liquid quoted debt securities (including non-treasury debt securities issued by other financial entities, local government and non-financial entities), measured using models based on discounted cash flows;
  - investment properties or properties held for sale measured using the income method or the residual method or the comparative method;
  - loan receivables from clients and liabilities to clients under deposits;
  - options embedded in certificates of deposit issued by PZU Group companies and options concluded in the interbank market to hedge embedded option positions.

In a situation in which the measurement of an asset or liability is based on input data classified in different levels of the fair value hierarchy, the measured asset is assigned to the lowest level from which the input data are taken, provided that they have a significant impact on the overall measurement.

The value of the measurement of components of assets or liabilities qualified in level III is affected to significant extent by unobservable input data.

Valued assets and liabilities	Unobservable data	Description	Impact on measurement
Loan receivables from clients	Liquidity margin and current margin from the sale of the product group	Fair values are estimated using valuation techniques, with an assumption that when the loan is granted, the fair value is equal to the carrying amount. The fair value of loans without recognized impairment is equal to the sum of future expected cash flows discounted at the balance sheet date less expected credit loss. The cash flow discounting rate is the appropriate risk-free market rate plus the liquidity margin and current sales margin for the loan’s product group. The margin is determined by product group and by maturity. For the purpose of estimating the fair value of foreign currency loans, the liquidity margin for PLN loans is used, adjusted by quotations of FX swap and basis-swap transactions. The fair value of loans with recognized impairment is equal to the sum of future expected salvage discounted using the effective interest rate, since the average expected recoveries fully reflect the credit risk component. For loans that do not have a repayment schedule (current account loans, overdrafts and credit cards), the fair value is assumed to be equal to the carrying amount.	Negative correlation
Liabilities to clients under deposits	Sales margin	Fair values are estimated using valuation techniques, with an assumption that when the deposit is accepted, the fair value is equal to the carrying amount. The fair value of term deposits is equal to the sum of future expected cash flows discounted at the balance sheet date. The cash flow discounting rate is the appropriate risk-free market rate plus the current sales margin. The margin is determined on the basis of deposits accepted in the last quarter, by product group and by maturity. For short-term deposits (current deposits, overnight deposits and savings accounts), the carrying amount is taken as fair value.	Negative correlation
Options embedded in certificates of deposit issued by PZU Group companies and options concluded in the interbank market to hedge embedded option positions.	Model parameters	Embedded instruments are plain vanilla options and exotic options for individual shares, indices, commodities and other market indicators, including interest rate indices and exchange rates and their baskets. All separated options are offset on an ongoing basis on the interbank market. Currency options are measured based on the Garman-Kohlhagen option pricing model (and in the case of barrier and Asian options based on the so-called extended Garman-Kohlhagen model). Exotic options embedded in deposit agreements and their offsets are measured using the Monte-Carlo technique, assuming a geometric Brownian motion model for risk factors.	
Non-liquid bonds and loans	Credit spreads	Spreads are observed on all bonds (their series) or loans of the same issuer or a similar issuer. These spreads are observed on the dates of issue of new bond series, dates of conclusion of new loan agreements and dates of market transactions on the receivables following from such bonds and loans.	Negative correlation
Investment property and property held for sale	Capitalization rate	Capitalization rate is determined through analysis of rates of return obtained in transactions for similar properties.	Negative correlation
	Construction costs	Construction costs are determined based on market construction costs less costs incurred as at the date of measurement.	Positive correlation
	Monthly rental rate per 1 m^2 of relevant space or per parking space	Rental rates are observed for similar properties of similar quality, in similar locations and with a similar size of leased space.	Positive correlation

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Valued assets and liabilities	Unobservable data	Description	Impact on measurement
Derivatives	Model parameters	Currency options are measured based on the Garman-Kohlhagen option pricing model (and in the case of barrier and Asian options based on the so-called extended Garman-Kohlhagen model). Exotic options embedded in deposit agreements and their offsets are measured using the Monte-Carlo technique, assuming a geometric Brownian motion model for risk factors.	
Own issues and subordinated loans	Issue spread above the market curve	If the historical spread of issues above the market curve is used, these issues are classified at level III of the fair value hierarchy.	Negative correlation
Equity instruments not quoted on an active market		Quotations of financial services, current value of future forecasted profit or loss of the company or measurement models based on available market data.	

9.27.3. Assets and liabilities measured at fair value

Assets and liabilities measured at fair value	30 September 2024				31 December 2023			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Assets								
Investment financial assets and assets pledged as collateral for liabilities measured at fair value through other comprehensive income	33,992	12,725	5,373	52,090	28,974	11,686	5,400	46,060
Equity instruments	161	-	487	648	338	-	499	837
Debt securities	33,831	12,725	4,886	51,442	28,636	11,686	4,901	45,223
Investment financial assets and assets pledged as collateral for liabilities measured at fair value through profit or loss	5,156	6,031	625	11,812	4,846	6,891	368	12,105
Equity instruments	1,058	-	266	1,324	865	-	254	1,119
Participation units and investment certificates	317	4,954	12	5,283	246	4,750	-	4,996
Debt securities	3,781	1,077	347	5,205	3,735	2,141	114	5,990
Loan receivables from clients	-	-	559	559	-	-	332	332
Measured at fair value through other comprehensive income	-	-	266	266	-	-	82	82
Measured at fair value through profit or loss	-	-	293	293	-	-	250	250
Financial derivatives	-	7,080	4	7,084	-	11,377	19	11,396
Investment property	-	-	3,187	3,187	-	193	2,905	3,098
Liabilities								
Derivatives	-	7,102	1	7,103	-	11,653	3	11,656
Liabilities to contributors of consolidated investment funds	-	659	-	659	-	485	-	485
Investment contracts for the client's account and risk (unit-linked)	-	554	-	554	-	294	-	294
Liabilities on borrowed securities (short sale)	1,063	-	-	1,063	813	-	-	813

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Movement in assets and liabilities classified as Level III of the fair value hierarchy, in the period ended 30 September 2024	Investment financial assets and assets pledged as collateral for liabilities measured at fair value through other comprehensive income		Investment financial assets and assets pledged as collateral for liabilities measured at fair value through profit or loss			Derivatives – assets	Derivatives – liabilities	Loan receivables from clients measured at fair value		Investment property
	Equity	Debt	Equity	Participation units and investment certificates	Debt			through other comprehen-sive income	through profit or loss	
Beginning of the period	499	4,901	254	-	114	19	3	82	250	2,905
Purchase/opening of the position/granting	-	1,257	-	-	1,003	-	-	185	60	21
Reclassification from Level II [1)]	-	1,891	-	12	45	-	-	-	-	193
Reclassification from own properties	-	-	-	-	-	-	-	-	-	146
Profit or loss recognized in the profit and loss account:	-	103	4	-	6	2	-	5	12	(78)
- Interest income calculated using the effective interest rate, and equalized to them	-	98	-	-	4	3	1	5	12	-
- result from derecognition of financial instruments and investments not measured at fair value through profit or loss	-	5	-	-	1	-	-	-	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	4	-	1	(1)	(1)	-	-	(78)
Profit or loss recognized in other comprehensive income	(11)	50	-	-	-	-	-	-	-	-
Sales/settlements/repayments/conversions	-	(2,121)	-	-	(790)	(17)	(2)	(6)	(29)	-
Reclassification to level II [1)]	-	(1,194)	-	-	(51)	-	-			-
Foreign exchange differences	(1)	(1)	8	-	-	-	-			-
Change in the composition of the Group	-	-	-	-	20	-	-	-	-	-
End of the period	**487**	**4,886**	**266**	**12**	**347**	**4**	**1**	**266**	**293**	**3,187**

[1)] Information on reclassifications is presented in section 9.27.6.

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Movement in assets and liabilities classified as level III of the fair value hierarchy in the period ended 30 September 2023	Investment financial assets and assets pledged as collateral for liabilities measured at fair value through other comprehensive income		Investment financial assets and assets pledged as collateral for liabilities measured at fair value through profit or loss			Derivatives – assets	Derivatives – liabilities	Loan receivables from clients measured at fair value		Investment property
	Equity	Debt	Equity	Participation units and investment certificates	Debt			through other comprehen-sive income	through profit or loss	
Beginning of the period	394	5,581	252	16	143	25	-	254	184	2,861
Purchase/opening of the position/granting	-	214	-	-	352	-	-	-	39	41
Reclassification from Level II [1]	-	524	-	-	36	-	-	-	-	-
Reclassification from own properties	-	-	-	-	-	-	-	-	-	182
Profit or loss recognized in the profit and loss account:	-	178	20	-	6	5	1	12	(1)	(148)
- Interest income calculated using the effective interest rate, and equalized to them	-	176	-	-	2	-	-	12	(1)	-
- result from derecognition of financial instruments and investments not measured at fair value through profit or loss	-	2	-	-	-	-	-	-	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	20	-	4	5	1	-	-	(148)
Profit or loss recognized in other comprehensive income	73	286	-	-	-	-	-	4	-	20
Sales/settlements/repayments/conversions	-	(965)	(21)	(15)	(451)	(11)	-	(178)	(28)	-
Reclassification to level II [1]	-	(2,138)	-	-	(59)	-	-	-	-	-
End of the period	**467**	**3,680**	**251**	**1**	**27**	**19**	**1**	**92**	**194**	**2,956**

[1] Information on reclassifications is presented in section 9.27.6.

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9.27.4. Assets and liabilities not measured at fair value

Fair value of assets and liabilities for which it is only disclosed	30 September 2024					31 December 2023 (restated)				
	Level I	Level II	Level III	Total fair value	Carrying amount	Level I	Level II	Level III	Total fair value	Carrying amount
Assets										
Loan receivables from clients measured at amortized cost	-	-	225,298	225,298	227,413	-	-	217,488	217,488	218,542
Investment financial assets and assets pledged as collateral for liabilities measured at amortized cost	63,325	54,067	26,584	143,976	145,379	52,172	58,016	22,950	133,138	135,875
Debt securities	63,323	48,201	15,017	126,541	128,044	52,172	52,270	14,256	118,698	121,574
Buy-sell-back transactions	-	5,237	6,562	11,799	11,799	-	5,384	3,619	9,003	9,003
Term deposits with credit institutions	2	629	581	1,212	1,202	-	362	685	1,047	1,036
Loans	-	-	4,424	4,424	4,334	-	-	4,390	4,390	4,262
Liabilities										
Liabilities to banks	-	1,156	6,996	8,152	8,211	-	874	6,171	7,045	7,047
Liabilities to clients under deposits	-	-	321,657	321,657	321,907	-	-	303,709	303,709	303,781
Liabilities on the issue of own securities [1]	-	15,854	1,847	17,701	17,463	-	10,004	2,108	12,112	12,003
Subordinated liabilities [1]	-	2,833	3,106	5,939	5,883	-	2,778	3,431	6,209	6,166
Liabilities on account of repurchase transactions	-	1,957	50	2,007	2,007	-	1,609	14	1,623	1,623

[1] The liabilities classified to level II are those whose measurement was not affected by unobservable parameters. They are primarily liabilities on account of bonds issued by Pekao.

9.27.5. Changes in the method of measurement of fair value of financial instruments measured at fair value

During 9 months ended 30 September 2024 and in 2023 there were no changes in the method of measurement of fair value of financial instruments measured at fair value whose value would be important from the point of view of consolidated financial statements.

9.27.6. Reclassification between fair value hierarchy levels

If the method of measurement of assets or liabilities changes because of e.g. losing (or obtaining) access to quotations observed on an active market, such assets or liabilities are reclassified between levels I and II.

Assets or liabilities are reclassified between levels II and III (or accordingly between levels III and II) when:

- there is a change in the measurement model resulting from the application of new unobservable factors (or accordingly observable ones); or
- previously used factors that had a significant impact on the measurement are no longer observable (or accordingly become observable) on the active market.

Reclassifications between different levels of the fair value hierarchy are effected on the date ending each quarter according to the value as at that date.

During 9 months ended 30 September 2024 the following reclassifications of assets between fair value levels were made:

- Corporate and municipal bonds measured using market price information for comparable financial instruments and corporate and Treasury bonds for which the estimated credit parameters did not significantly affect the valuation were reclassified from level III to level II;

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- corporate and municipal bonds and for which the impact exerted by the estimated credit parameters on the measurement and investment certificates was significant were reclassified from level II to level III;
- government and corporate bonds with the value of PLN 354 million which were measured using market quotations were reclassified from level II to level I due to an increase in market activity;
- government and corporate bonds with the value of PLN 31 million were measured using market price information for comparable financial instruments were reclassified from level I to level II.

During 9 months ended 30 September 2023 the following reclassifications of assets between fair value levels were made:

- corporate bonds which were measured using market price information for comparable financial instruments, as well as corporate and municipal bonds for which the impact of estimated credit parameters did not significantly affect the valuation, and capital market derivatives for which the estimated volatility did not significantly affect the valuation were reclassified from level III to level II;
- corporate bonds for which the impact exerted by the estimated credit parameters on the measurement was significant were reclassified from level II to level III;
- government and corporate bonds with the value of PLN 58 million which were measured using market quotations were reclassified from level II to level I due to an increase in market activity;
- government and corporate bonds with the value of PLN 108 million were measured using market price information for comparable financial instruments were reclassified from level I to level II.

9.28 Reclassification of financial assets as a result of changes in the purpose or use of those assets

During 9 months ended 30 September 2024 the classification of financial assets was not changed as a result of changes in the purpose or use of those assets.

9.29 Share capital

Share capital is recognized at the amount stated in the parent company's articles of association and registered in the National Court Register.

The nominal value of one share is PLN 0.10. All the shares have been fully paid up.

As at 30 September 2024 and 31 December 2023

Series/issue	Type of shares	Type of preference	Type of limitation in the rights to shares	Number of shares	Value of series/issue at par value (PLN)	Capital coverage	Date of registration	Right to dividend (from the date)
A	bearer	none	none	604,463,200	60,446,320	cash	23.01.1997	27.12.1991
B	bearer	none	none	259,059,800	25,905,980	in-kind	31.03.1999	01.01.1999
Total number of shares				**863,523,000**				
Total share capital					**86,352,300**			

9.30 Distribution of the parent company's profit

Information about the distribution of the parent company's profit is presented in Section 21.

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9.31 Subordinated liabilities

	Nominal value	Currency	Interest rate	Issue date/ Maturity date	Carrying amount 30 September 2024	Carrying amount 31 December 2023
Liabilities classified as PZU's own funds						
Subordinated bonds – PZU	2,250	PLN	WIBOR 6M + margin	30 June 2017 / 29 July 2027	2,273	2,328
Liabilities classified as Pekao's own funds						
A series bonds	1,250	PLN	WIBOR 6M + margin	30 October 2017 / 29 October 2027	1,289	1,266
B series bonds	550	PLN	WIBOR 6M + margin	15 October 2018 / 16 October 2028	569	558
C series bonds	200	PLN	WIBOR 6M + margin	15 October 2018 / 14 October 2033	207	203
D series bonds	350	PLN	WIBOR 6M + margin	4 June 2019 / 4 June 2031	359	352
D1 series bonds	400	PLN	WIBOR 6M + margin	4 December 2019 / 4 June 2031	410	402
Liabilities classified as Alior Bank's own funds						
K and K1 series bonds	600	PLN	WIBOR 6M + margin	20 October 2017 / 20 October 2025	623	610
P2A series bonds	150	PLN	WIBOR 6M + margin	14 December 2017 / 29 December 2025	153	150
F series bonds [1)]	322	PLN	WIBOR 6M + margin	26 September 2014 / 26 September 2024	-	226
P1B series bonds [1)]	70	PLN	WIBOR 6M + margin	29 April 2016 / 16 May 2024	-	71
Subordinated liabilities					**5,883**	**6,166**

[1)] Information on the early redemption of bonds is presented in section 19.

"Nominal value" is the nominal value of the whole issue. In turn, the carrying amount of subordinated liabilities corresponds to the value recognized in the consolidated statement of financial position. As a part of bonds issued by PZU Group companies was acquired or purchased by other entities, that part is eliminated from the consolidated financial statements. That is why the carrying amount of certain classes of bonds is smaller than the full nominal value of instruments issued by the Group.

9.32 Liabilities on the issue of own debt securities

Liabilities on the issue of own debt securities	30 September 2024	31 December 2023
Bonds	15,844	9,691
Certificates of deposit	416	1,257
Covered bonds	1,203	1,055
Liabilities on the issue of own debt securities, total	**17,463**	**12,003**

9.33 Liabilities to banks

Liabilities to banks	30 September 2024	31 December 2023
Current deposits	931	696
One-day deposits	604	314
Term deposits	270	292
Loans received	5,741	5,424
Other liabilities	665	321
Liabilities to banks, total	**8,211**	**7,047**

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9.34 Liabilities to clients under deposits

Liabilities to clients under deposits	30 September 2024	31 December 2023
Current deposits	229,023	221,140
Term deposits	91,785	81,511
Other liabilities	1,099	1,130
Liabilities to clients under deposits, total	**321,907**	**303,781**

9.35 Other liabilities

Other liabilities	30 September 2024	31 December 2023
Liabilities measured at fair value	**2,276**	**1,592**
Liabilities on borrowed securities (short sale)	1,063	813
Investment contracts for the client's account and risk (unit-linked)	554	294
Liabilities to contributors of consolidated investment funds	659	485
Accrued expenses	**1,462**	**1,485**
Accrued payroll expenses	849	822
Other	613	663
Deferred revenue	**371**	**344**
Other liabilities	**15,443**	**13,559**
Liabilities on account of repurchase transactions	2,007	1,623
Lease liabilities	1,693	1,594
Liabilities due under transactions on financial instruments	1,467	2,074
Liabilities to banks for payment documents cleared in interbank clearing systems	2,111	3,192
Liabilities to insurance intermediaries	245	244
Liabilities for overpayments not allocated to policies	124	119
Liabilities on account of payment card settlements	700	1,275
Regulatory settlements	326	629
Liabilities for contributions to the Bank Guarantee Fund	822	738
Estimated non-insurance liabilities	118	154
Liabilities to employees	139	149
Estimated refunds of compensation in connection with banks' clients lapsing or withdrawing from insurance purchased during the sale of credit products	73	34
Trade liabilities	378	549
Liabilities on account of employee leaves	200	172
Liabilities to the state budget other than for income tax	163	150
Liabilities on account of donations	7	10
The PZU Group banks' liabilities for insurance of bank products offered to the bank's clients	18	27
Insurance Guarantee Fund	14	15
Liability for the refund of loan costs	13	16
Liabilities for direct claims handling	38	37
Co-insurance obligations on the part of the co-insurer	59	33
Investment contracts with guaranteed and fixed terms – measured at amortized cost	460	142
PZU SA dividend liabilities	3,750	-
Other	518	583
Other liabilities, total	**19,552**	**16,980**

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9.36 Provisions

Movement in provisions in the period ended 30 September 2024	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	578	372	-	(457)	(5)	488
Provision for retirement severance pays	323	31	(20)	(1)	3	336
Provision for disputed claims and potential liabilities	140	58	(14)	(20)	-	164
Provision for potential refunds of borrowing costs	81	2	(19)	(5)	-	59
Provision for legal risk pertaining to foreign currency mortgage loans	926	495	(235)	(79)	3	1,110
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	92	-	(3)	(39)	(4)	46
Provision for penalties imposed by the Office of Competition and Consumer Protection	51	11	-	-	-	62
Provision for restructuring costs	17	3	(4)	(9)	-	7
Provision for post-mortem benefits	28	1	-	-	-	29
Other	50	14	(10)	-	3	57
Total provisions	**2,286**	**987**	**(305)**	**(610)**	**-**	**2,358**

Movement in provisions in the period ended 30 September 2023 (restated)	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	514	395	-	(389)	-	520
Provision for retirement severance pays	265	58	(15)	(1)	-	307
Provision for disputed claims and potential liabilities	88	71	(17)	(16)	-	126
Provision for potential refunds of borrowing costs	127	-	(34)	(2)	-	91
Provision for legal risk pertaining to foreign currency mortgage loans	492	184	(15)	(85)	1	577
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	123	-	(15)	(7)	-	101
Provision for penalties imposed by the Office of Competition and Consumer Protection	39	-	-	-	-	39
Provision for restructuring costs	21	-	(3)	-	-	18
Provision for post-mortem benefits	25	1	-	-	-	26
Other	30	25	-	(7)	-	48
Total provisions	**1,724**	**734**	**(99)**	**(507)**	**1**	**1,853**

Provision for potential reimbursements of loan costs

The PZU Group monitors on an ongoing basis estimated amounts of consumer loan prepayments made before 11 September 2019, i.e. before the publication of the CJEU judgement in case C-383/18.

The amount of the provision represents the best possible estimate based on the historically observed trend of the amount of loan cost refunds resulting from incoming complaints and takes into account the scenario of possible evolution of the market practice or the position of the regulator.

The estimates require adoption of expert assumptions and involve uncertainty. For this reason the provision amount will be subject to updates in the next periods, depending on the trend regarding the amounts to be refunded.

Provision for legal risk pertaining to foreign currency mortgage loans in Swiss francs

On 3 October 2019, the CJEU issued a ruling regarding the effects of possible abusiveness of the provisions of an individual agreement on a CHF-indexed loan granted by one of the banks. CJEU interpreted the provisions of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts ("Directive 93/13") in the context of the Swiss franc-indexed loan agreement. CJEU specified the effects of declaring the possible abusiveness of the conversion clauses by the national court, without analyzing at all the possible abusiveness of the contractual provisions. The CJEU did not rule that if the national court deems a clause abusive, then it should automatically declare the entire agreement invalid. An assessment in this respect is up to the national court, however the CJEU did not rule out the possibility of supplementing the gap resulting from the abusiveness of the conversion clauses using national supplementary provisions. However, subsequent CJEU rulings have ruled out the permissibility of supplementing the gap after eliminating the prohibited provision by national law, with the consequence that national courts find loan agreements unenforceable after removing the abusive provision (the conversion clause) and declare the agreement unenforceable, with the result that courts determine the invalidity of the loan agreement.

In the judgment of 8 September 2022 passed in the combined cases C-80/21 to C-82/21, in which the CJEU answered the requests for a ruling questions made by the Warsaw-Śródmieście District Court in Warsaw, the CJEU stated that:

- a national court may not declare unfair not the entirety of a contract term, but only its element that make it unfair, if such removal would amount to a change of the content of the term that would affect its essence. This means that, in principle, the national court is limited to determining the unfairness of the entire contract term;
- if the national court determines that a contract term is unfair, which in a given case results in the possibility of continuing to maintain the validity of the entire contract despite the exclusion of the unfair terms, the national court may not replace these terms with a supplementary provision of national law. This means that in such a case the national court cannot apply the provisions of the Civil Code on converting installments using the average exchange rate of the National Bank of Poland;
- the national court, having found a contract term to be unfair, is not authorized to change the content of the term in order to maintain the validity of the contract, which cannot remain in force after the removal of the term, if the consumer in question has been informed of the consequences of the invalidity of the contract and has agreed to the consequences thereof. This means that if the consumer has agreed to the consequences of the invalidity of the contract (having been informed of them), the national court by a ruling cannot change the content of such a term, but must declare it invalid;
- the running of the 10-year statute of limitations for a consumer's claim for repayment of paid installments cannot begin from the time of delivery of each performance under the contract (repayment of each installment), even if the consumer was not able to assess the unfairness of the contract term on his own or did not become aware of the unfairness of the term, and without taking into account that the loan agreement provided for a much longer (30-year) repayment period. This means that the running of the 10-year statute of limitations for a consumer's claim for repayment of instalments does not start from the date of repayment of each instalment. In practice, it should be assumed that no consumer's claims for refund of paid instalments are time-barred.

On 15 June 2023, the CJEU announced its ruling in Case C-520/21, in which it resolved a preliminary question from the District Court for Warsaw-Śródmieście, stating in the operative part that in the context of declaring a mortgage loan contract invalid in its entirety on the grounds that it cannot continue to be in force after the unfair terms have been removed from it, Articles 6(1) and 7(1) of the Directive 93/13 must be interpreted as follows:

- these articles do not preclude the judicial interpretation of national law, according to which the consumer is entitled to demand compensation from the credit institution beyond the reimbursement of monthly installments and costs paid for the execution of this contract and beyond the payment of statutory default interest from the date of the demand for payment, provided that the objectives of the Directive 93/13 and the principle of proportionality are respected, and
- these articles preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from a consumer beyond the return of the principal paid for the performance of that contract and beyond the payment of statutory interest for late payment from the date of the demand for payment.

Given the judgement, banks cannot claim any compensation for the use of principal. In turn, as regards consumer claims against banks, the CJEU referred to the national law and pointed out that the referring court had to assess, in the light of all circumstances of the dispute, whether taking consumer claims into account is consistent with the proportionality rule. At the same time, the judgment does not literally address the admissibility of the bank's claim for judicial appreciation of the amount corresponding to the loan capital.

On 7 December 2023, CJEU delivered a judgment in Case C-140/22, from which it follows that the consumer's possibility of exercising their rights may not be made conditional on the consumer making a declaration before a court that they consent to an unfair term remaining effective, that they consent to the contract being invalidated, and a declaration that they are aware of the consequences of the invalidity of the contract, and banks, in settling the invalidity of the contract, may not retain interest on principal accrued during the contract performance, thus, the court states that bank may not seek compensation from the consumer going beyond reimbursement of the capital paid.

On 11 December 2023, issued an order in Case C-756/22, stating that Articles 6(1) and 7(1) of the Directive 93/13 shall be interpreted as meaning that, in the context of the annulment in its entirety of a mortgage loan agreement concluded with a consumer by a banking institution, on the ground that the agreement contains unfair terms without which it cannot continue to exist, those provisions preclude a judicial interpretation of a Member State's law according to which that institution has the right to request the consumer to reimburse sums other than the capital paid in respect of the performance of that agreement and the default interest at the statutory rate from the date on which notice is served. The above judicial decision may, in the future, result in banks being able to claim, from franc borrowers, only the reimbursement of the loan capital with the default interest at the statutory rate from the date on which notice is served, without the compensation for the use of loan capital or capital appreciation.

On 14 December 2023, CJEU delivered a judgment stating that Articles 6(1) and 7(1) of the Directive 93/13, read together with the principle of effectiveness, must be interpreted as meaning that they preclude the judicial interpretation of national law, according to which the limitation period for professional claims arising from the invalidity of a mortgage loan agreement does not begin to run until that agreement becomes definitively unenforceable, and that they preclude the judicial interpretation of national law, according to which an objection of retention raised by a trader will result in the consumer being unable to claim default interest. Further, CJEU ruled that a credit institution was not required to ascertain whether a consumer who was a party to a loan agreement was aware of the consequences of the agreement invalidity.

On 12 January 2024, the CJEU ruled that the provisions of the Directive shall be interpreted as meaning that they preclude a judicial interpretation of the law of a Member State under which a credit institution is entitled to demand from a consumer – in addition to reimbursement of the capital sums paid in performance of that contract and statutory default interest from the date of the demand for payment – compensation consisting in a judicial adjustment of the benefit paid. In its decision, the CJEU accepted that the institution of valorization is part of the concept of compensation.

On April 25 2024, the Supreme Court adopted a resolution (ref. III CZP 25/22), in which it reaffirmed its previous position on the issue of the validity of the two-condition theory and the impossibility of filling in the gap by law in the contract created after the removal of abusive clauses. In addition, the Supreme Court stated that the statute of limitations for a claim for repayment of amounts paid on account of a loan begins from the day following the day on which the borrower challenged the validity of the loan agreement, and if the agreement is declared invalid, there is no legal basis for either party to claim interest or other consideration for the use of its funds during the period from the time the undue consideration was provided until the time it fell into default as to the repayment of that consideration. On 19 June 2024, the Supreme Court adopted a resolution in the case ref. III CZP 31/23, in which it ruled that the right of retention does not apply to a party that can set off its claim against the other party's claim. The Supreme Court's resolution eliminates the applicability of the retention law.

As of 30 September 2024, there were 6,800 individual lawsuits pending against the PZU Group relating to foreign currency mortgage loans that were granted in previous years with the total litigation value of PLN 3,047 million (as of 31 December 2023: 5,900 cases with the litigation value of PLN 2,030 million). The main cause of the litigation specified by plaintiffs pertains to challenging the provisions of the loan agreement as regards the application by the PZU Group of the exchange rates and results in claims to declare the loan agreements partially or fully invalid.

During 9 months ended 30 September 2024, in cases instituted by borrowers, 1,679 court judgments against the PZU Group were issued, including 336 valid judgments, as well as 24 court judgments rewards for the PZU Group, including 3 final judgments (2023: 1,330 unfavorable court judgments, including 208 final judgments, and 41 favorable judgments, including 3 final judgments).

Since 2 October 2023, Pekao has been offering out-of-court settlements called "2% Safe Settlement". The program applies to borrowers who had an active Swiss-franc denominated mortgage loan agreement as at 31 March 2023, including those borrowers who are in litigation with Pekao.

As part of the settlement, a new debt balance is determined, expressed in PLN and calculated as the loan amount disbursed by Pekao, plus contractual interest calculated at a fixed interest rate of 2% per year, and minus all repayments made by the borrower up to the time of the settlement. The amount of debt remaining after the settlement bears interest at a fixed rate of 2% per year for the first 60 months, and thereafter as per Pekao’s current offering. If the new debt balance turns out to be negative (i.e., there is an overpayment), Pekao reimburses the overpaid amount to the borrower.

Pekao has been sending settlement offers to the successive groups of borrowers covered by the program, starting with the oldest loans. As at 30 September 2024, over 15,000 borrowers responded to the settlement offer, with about 50% accepting Pekao’s proposal. The program is scheduled to be completed by the end of 2024.

As of 1 January 2024, the PZU Group has changed its accounting policy for recognizing the impact of legal risk arising from litigation related to Swiss franc mortgage loans and, with respect to active loans (outstanding as of the balance sheet date), presents the impact of this legal risk in accordance with the provisions of paragraph B5.4.6 of IFRS 9 – as an adjustment to the gross carrying amount of the Swiss franc mortgage loan portfolio.

Allocation of the impact of legal risk arising from Swiss franc mortgage loan litigation between active and repaid loans is made on the basis of observation of received lawsuits. For loans active as of the balance sheet date, this approach results in recognizing the estimated impact of legal risk as an adjustment to the gross carrying amount of these loans. When the estimated loss from legal risk is higher than the gross carrying amount of the loan, the amount of the excess is presented similarly to the provision determined for repaid loans, i.e. in accordance with IAS 37.

The portion of the provision relating to additional costs associated with the possible loss of litigation (i.e., late interest and attorney's fees), as not arising directly from the loan agreement, is recognized and recognized in accordance with IAS 37 regardless of whether the estimate relates to an active loan agreement or a repaid loan.

The calculation of the provision as of 30 September 2024 was based on an estimate of the expected loss resulting from the possible materialization of legal risks of Swiss franc mortgage loans. The estimate performed includes the following key elements, for which possible changes in the assumptions and methodology for calculating the provision were indicated compared to what was presented in the 2023 consolidated financial statements of the PZU Group:

- litigation forecast – PZU Group did not make significant changes in this area in Q3 2024. In particular, the entire forecast of future lawsuits relates to denominated loans , active or fully repaid in the last 10 years;

  The PZU Group estimates that in total, i.e. counting the lawsuits that have been and will be filed by borrowers against the PZU Group, about 45% (vs. 41% at the end of 2023) of the total amount of such loans granted, amounting to about CHF 1.9 billion, may be subject to litigation (including about 70% for active contracts and about 20% for repaid ones), and the phenomenon of an influx of lawsuits may remain significant until the end of 2028;
- the probability of losing a court case – the probability of declaring contractual provisions abusive was estimated at 99% (against 95% at the end of 2023);
- financial impact of litigation – PZU Group assumes that if the court finds the contractual provisions abusive, the settlement of the litigation will be the cancellation of the loan agreement;

  Relative to the approach at the end of 2023, this means abandoning consideration of other possible outcomes (currency conversion of a CHF loan agreement, replacing the bank's exchange rate table with the NBP's average rate, and dismissing the lawsuit). In addition, the additional costs associated with the potential loss of litigation, incurred for the entire portfolio covered by the reserve calculation: default interest and attorney fees are recognized;
- inclusion of Pekao's settlement program – if a settlement is reached, Pekao no longer expects a lawsuit on the contract in question.
  Otherwise, the probability and distribution of litigation decisions are the same as described above.

The PZU Group does not expect a material impact of the Supreme Court ruling of 25 April 2024 on the level of provisions for legal risks. In particular, the methodology for calculating provisions already takes into account separate claims by the PZU Group and the borrower, and does not assume that any additional remuneration or valorization other than statutory interest will be awarded to either party to the dispute, and that the probability of the contract being invalidated if found abusive by a court is 100%.

The provisions are always estimated on the basis of expert assumptions and professional judgement.

New rulings and the possible sectoral solutions which will appear in the Polish market for mortgage loans may have impact on the amount of the provision established by the PZU Group and necessitate a change of individual assumptions adopted in the calculations. In connection with this uncertainty it is possible that the provision amount will change in the future.

The tables below present the amounts of the provisions for individual court cases in which the PZU Group is a party and a portfolio provision for the remaining FX mortgage loans which are exposed to legal risk associated with the nature of these agreements.

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Cumulative costs of legal risk	30 September 2024	31 December 2023
Loans receivable from clients (adjustment to reduce carrying value of mortgage loans)	1,240	1,849
Provisions	1,110	926
Total	**2,350**	**2,775**

The following table presents a forecast of the impact of the change in the volume of lawsuits on the level of the reserve:

Forecasting the impact of changes in the volume of lawsuits on the level of the reserve	30 September 2024	31 December 2023
+ 1 p.p. (on the active portfolio)	11	10
+ 1 p.p. (on the repaid portfolio)	16	17

Provision for refunds to clients of increased mortgage loan margins before the mortgage is established

The provision was established in connection with the entry into force of the Act of 5 August 2022 amending the Act on Mortgage Loan and Supervision of Mortgage Loan Intermediaries and Agents and the Act amending the Act on Personal Income Tax, the Act on Corporate Income Tax and Certain Other Acts.

Provision for guarantees and sureties given

This item includes provisions recognized by banks for the potential loss of economic benefits resulting from off-balance sheet exposures (e.g. granted guarantees or credit exposures).

Provision for penalties imposed by the Office of Competition and Consumer Protection

The amount of PLN 23 million relates to a provision related to the proceedings of the President of UOKiK in the case of irregularities in the area of complaints in Pekao (additional information on this case is presented in section 25.4.2).

The amount of 28 million pertains to a penalty returned by UOKiK to Pekao. Due to the potential risk of the outflow of resources in connection with this case, the PZU Group maintains a provision to cover this risk.

The amount of PLN 11 million pertains to the penalty imposed by the President of the Office of Competition and Consumer Protection as a result of the decision in which he deemed that s clause used by Pekao in annexes to agreements on the rules for setting foreign exchange rates is an impermissible contractual clause. Pekao appealed the decision of the UOKiK President to the Court of Competition and Consumer Protection and received a response from the UOKiK President, in which he requested that the appeal be dismissed in its entirety.

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9.37 Notes to the consolidated cash flow statement

Movement in liabilities attributable to financial activities in the period ended 30 September 2023	Beginning of the period	Changes resulting from cash flows	Interest accruals and settlements of discount and premium	Foreign exchange differences	Other changes	End of the period
Loans received	5,424	433	8	(53)	(71)	5,741
Liabilities on the issue of debt securities	12,003	5,117	426	(45)	(38)	17,463
Bonds	9,691	5,797	401	(43)	(2)	15,844
Certificates of deposit	1,257	(841)	25	(1)	(24)	416
Covered bonds	1,055	161	-	(1)	(12)	1,203
Subordinated liabilities	6,166	(460)	180	-	(3)	5,883
Liabilities on account of repurchase transactions	1,623	384	-	-	-	2,007
Lease liabilities	1,594	(165)	3	-	261	1,693
Total	**26,810**	**5,309**	**617**	**(98)**	**149**	**32,787**

Movement in liabilities attributable to financial activities in the period ended 30 September 2023	Beginning of the period	Changes resulting from cash flows	Interest accruals and settlements of discount and premium	Foreign exchange differences	Other changes	End of the period
Loans received	5,271	(304)	15	(20)	9	4,971
Liabilities on the issue of debt securities	11,090	374	27	22	(30)	11,483
Bonds	3,488	5,364	86	24	(1)	8,961
Certificates of deposit	6,646	(5,107)	(6)	(1)	(5)	1,527
Covered bonds	956	117	(53)	(1)	(24)	995
Subordinated liabilities	6,184	(209)	225	-	-	6,200
Liabilities on account of repurchase transactions	931	797	74	-	(72)	1,730
Lease liabilities	1,296	(205)	37	-	454	1,582
Total	**24,772**	**453**	**378**	**2**	**361**	**25,966**

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10. Financial assets pledged as collateral for liabilities and contingent liabilities

The table presents the carrying amount of collaterals by type of liabilities.

Financial assets pledged as collateral for liabilities and contingent liabilities	30 September 2024	31 December 2023
Carrying amount of financial assets pledged as collateral for liabilities	13,042	14,658
Repurchase transaction	2,005	1,662
Coverage of the Guaranteed Funds Protection Fund for the BFG	879	910
Coverage of liabilities to be paid to the guarantee fund at the BFG	407	414
Coverage of liabilities to be paid to the resolution fund (BFG)	763	748
Lombard and technical credit	6,524	8,424
Other loans	70	108
Issue of covered bonds	1,614	1,440
Coverage of the Settlement Guarantee Fund for the KDPW	44	53
Derivative transactions	709	872
Blockage of assets in connection with the agreement on the technical credit limit in the Clearing House	27	27
Carrying amount of financial assets pledged as collateral for contingent liabilities	-	-
Financial assets pledged as collateral for liabilities and contingent liabilities, total	**13,042**	**14,658**

11. Contingent assets and liabilities

Contingent assets and liabilities	30 September 2024	31 December 2023
Contingent assets, including:	6	5
- guarantees and sureties received	6	5
Contingent liabilities	82,524	80,673
- for renewable limits in settlement accounts and credit cards	5,579	5,137
- for loans in tranches	55,261	53,822
- guarantees and sureties given	9,536	9,313
- disputed insurance claims	1,165	1,505
- other disputed claims	413	391
- other, including:	10,570	10,505
- guaranteeing securities issues	2,117	2,185
- factoring	6,706	6,627
- intra-day limit	440	436
- letters of credit and commitment letters	1,168	1,192
- other	139	65

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Off-balance sheet liabilities granted	1 January-30 September 2024					1 January-30 September 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Par value										
Beginning of the period	72,350	5,653	756	18	78,777	74,161	4,684	695	16	79,556
Newly created/acquired off-balance sheet liabilities	23,323	197	5	1	23,526	22,454	185	39	1	22,679
Changes due to expiration of off-balance sheet liability	(13,072)	(1,270)	(241)	(1)	(14,584)	(18,779)	(945)	(335)	-	(20,059)
Reclassification to stage 1	1,599	(1,543)	(56)	-	-	1,619	(1,604)	(15)	-	-
Reclassification to stage 2	(2,603)	2,609	(6)	-	-	(2,870)	2,876	(6)	-	-
Reclassification to stage 3	(130)	(406)	536	-	-	(183)	(84)	267	-	-
Change in commitment	(6,206)	(370)	(44)	(1)	(6,621)	(4,047)	(511)	31	1	(4,526)
Other changes, including foreign exchange differences	(204)	54	(2)	-	(152)	(80)	(7)	(1)	-	(88)
End of the period	**75,057**	**4,924**	**948**	**17**	**80,946**	**72,275**	**4,594**	**675**	**18**	**77,562**
Provision for off-balance sheet liabilities granted										
Beginning of the period	190	114	269	4	577	205	131	174	4	514
Newly created/acquired off-balance sheet liabilities	101	6	-	-	107	157	7	9	-	173
Changes due to expiration of off-balance sheet liability	(20)	(31)	(87)	-	(138)	(23)	(26)	(79)	-	(128)
Reclassification to stage 1	16	(14)	(2)	-	-	28	(26)	(2)	-	-
Reclassification to stage 2	(31)	32	(1)	-	-	(18)	19	(1)	-	-
Reclassification to stage 3	(36)	(87)	123	-	-	(80)	(27)	107	-	-
Change in commitment	(86)	92	(60)	-	(54)	(85)	9	37	-	(39)
Other changes, including foreign exchange differences	9	4	(17)	-	(4)	9	(2)	(8)	1	-
End of the period	**143**	**116**	**225**	**4**	**488**	**193**	**85**	**237**	**5**	**520**

Granting of sureties or guarantees for loans or borrowings by PZU or its subsidiaries

In the 9-month period ended 30 September 2024, neither PZU nor its subsidiaries granted any surety for a loan or borrowing or any guarantee to any single entity or any subsidiary of such an entity, with regard to which the total amount of outstanding sureties or guarantees would be significant, except as described below.

19 August 2024, PZU granted a repayment guarantee for a loan taken out by Pekao Leasing Sp. z o.o. with the European Investment Bank. On the same day, Pekao granted a guarantee to PZU, protecting PZU in the event that Pekao Leasing sp. z o.o. fails to pay all or part of the liabilities resulting from the loan agreement concluded with the European Investment Bank. The maximum amount of both guarantees is PLN 737 million. The guarantee is valid until 31 July 2030.

On 26 October 2023, PZU concluded with Alior Bank Annex No. 2 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time, and concluded with the Counterparty Annex No. 2 to the Master Agreement to Provide Counter Guarantees from Time to Time. Additional information on this subject is presented in the consolidated financial statements for 2023.

12. Commentary to the condensed interim consolidated financial statements

In the 9-month period ended 30 September 2024, insurance revenue was PLN 21,836 million, as compared to PLN 19,959 million in the corresponding period of the preceding year – an increase by PLN 1,877 million, i.e.: +9.4% (+PLN 1 612 million after reinsurance premium allocation). The increase concerned primarily:

- mass non-life insurance segment (+PLN 808 million y/y of insurance revenue, +PLN 802 million y/y after reinsurance premium allocation), including an increase in the amortization of liabilities for remaining coverage (LRC) as a consequence of higher sales, mainly, of non-motor insurance, MOD insurance products (an increase in the average premium as a consequence of the rising value of vehicles, thus insurance sums, and the number of insurance contracts). The higher level of insurance revenue is also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows as a consequence of growing sales and a simultaneous increase in commission costs, resulting from changes in the sales distribution channels;

- revenues in the corporate non-life insurance segment (+PLN 478 million y/y of insurance revenue, +PLN 228 million y/y after reinsurance premium allocations), mainly as a result of higher non-motor insurance sales growth (the effect of winning large contracts in the second half of 2023, reinforced by strong 2024 sales mainly in the strategic customer area) and MOD insurance (an increase in average premiums as a consequence of rising insurance sums), while revenues in the motor TPL insurance group declined; The higher level of insurance revenue is also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows as a consequence of growing sales;
- revenues in the group and individually continued life insurance segment (+PLN +336 million y/y insurance revenues) as a result of higher premiums needed to cover expected claims and benefits following high utilization of health insurance benefits, mainly outpatient and paramedical benefits (the effect of continued realization of health debt after the two-year pandemic in an environment of high medical services inflation) and higher revenues to cover expected costs and rising acquisition costs;
- insurance products in the Baltic countries segment (+PLN +146 million y/y of policyholder revenue, +PLN +139 million y/y after reinsurance premium allocation) as a result of higher sales in non-life insurance segment, mainly due to an increase in sales of motor TPL and MOD insurance products (due to higher fees), non-life insurance due to an increase in the number of insurance products and average premiums and health insurance due to an increase in the number of policies;
- insurance revenue in the individual protective insurance segment (up PLN 80 million y/y) as a result of higher contractual service margin release in main product groups. The effect was strengthened by a higher level of premiums written to cover costs and expected claims and benefits.

Insurance service expenses were PLN 18,757 million, i.e. increase by PLN 1,637 million, as compared to the corresponding period of the previous year. Expenses adjusted for the amounts recoverable from reinsurers increased by PLN 2,392 million, i.e. 15.2%, and this resulted from:

- in the mass non-life insurance segment – higher claims liabilities of the current year, both in motor and non-motor insurance, due to an above-normal number of claims of mass nature caused by atmospheric events, mainly flooding, and additionally higher costs, including amortization of acquisition costs (the impact of the growing share of the multiagency channel in the portfolio), as well as the recognition of a loss component, including on the TPL insurance portfolio;
- in the corporate non-life insurance segment – higher y/y net liabilities for the current year's claims and amortization of acquisition expenses;
- higher claims and benefits with the development of the loss provision from previous years in the group and individually continued life insurance segment as a result of continued high utilization of health insurance benefits, and higher y/y creation of the loss component to the old group insurance portfolio with low premiums, and for group health insurance, as a consequence of the slowdown in premium tariff-setting in an environment of high medical services inflation;
- an increase in current period claims ratio in the Baltic segment as a result of portfolio growth;
- higher administrative costs attributable to insurance activities in the segments of insurance business in Poland , mainly due to an increase in personnel costs and real estate (rental services) and IT costs.

The finance revenue and expenses on the insurance activities in the first three quarters of 2024 were -PLN 1 284 million, as compared to -PLN 1 244 million in the corresponding period of 2024 (and together with the finance revenue and expenses on the reinsurance activities, respectively, -PLN 1 212 million in the first three quarters of 2024 and -PLN 1 196 million in the corresponding period of 2023). The increase in expenses was particularly related to the mass non-life, corporate and Baltics insurance segments, and was partially offset by lower valuation of investment insurance contract liabilities.

Investment income together with interest expense in the first quarter of 2024 and in the first quarter of 2023 was, respectively, PLN 14,869 million and PLN 13,914 million. The increase was mainly driven by higher interest income from banking activities as a result of higher loan volumes, as well as lower interest expenses at Alior Bank (as a result of a decrease in the cost of derivative hedging instruments and a reduction in the cost of financing). The above factors offset the negative impact on investment income of the decline in interest rates and the Pekao "loan repayment holidays".

Investment income also increased excluding banking activities[1]. They were higher than in the first three quarters of 2024 mainly as a result of:

- positive impact of foreign exchange temporary differences on real estate portfolio hedging instruments;
- higher income from the Polish government bonds portfolio measured at fair value through other comprehensive income as a result of, among others, purchasing high-yield instruments for the portfolio;
- improved profit from the Private Equity portfolio due to improvement in the technology market, which is an important part of the portfolio, and due to the fact that a significant number of portfolio funds entered a strong growth phase;
- an increase in the result from the bond portfolio measured at fair value through profit or loss;
- higher performance of listed stocks due to valuation increases in the medical sector in particular.

The impact of the above factors was partially offset by the recognition of impairment charges, lower performance of the commercial real estate portfolio due to the negative impact of portfolio valuation, particularly in the office segment, and lower income from swap points on currency hedging instruments.

At the same time, the result on investment activity on the portfolio of assets covering investment insurance was lower than in the comparable period of the previous year, which remains, however, without a significant impact on the total net result of the PZU Group as it is mostly offset by the change in the level of financial income and expenses from insurance.

In the first three quarters of 2024, the balance of other operating income and expenses was negative and stood at PLN 1,929 million, compared to the negative balance of PLN 1,897 million in the corresponding period of 2023. The operating revenues and expenses were affected by the following factors:

- higher fees to the BFG by PLN 30 million, the total burden on banks in the first three quarters of 2024 reached PLN 279 million;
- levy on financial institutions – on the PZU Group's operations (including both the insurance activities and the banking activities) in the first quarter of 2024 was PLN 1,172 million, as compared to PLN 1,118 million in the corresponding period of the preceding year;
- level of donations lower by PLN 48 million;
- costs not allocated to insurance activities lower by PLN 36 million.

Legal risk costs of foreign currency mortgage loans increased in the first three quarters of 2024 to PLN 340 million compared to PLN 106 million in the same period of 2023, which, among other things, was caused by the creation of additional provisions resulting from the updated parameters of the provision calculation for these loans (the probability of losing court cases and the distribution of possible judgments) and reflecting the current state of judgments.

The banks' operating costs amounted to PLN 5,112 million in the first three quarters of 2024 against PLN 4,609 million in the same period of 2023, an increase of PLN 503 million y/y. The increase in costs was driven in particular by higher personnel costs.

The operating profit for the first three quarters of 2024 was PLN 11,380 million and was lower by PLN 502 million (-4.2%) compared to the result in the corresponding period of the previous year. This was caused in particular by the following factors:

- lower profitability in the mass non-life insurance segment (-PLN 1,077 million y/y) – deterioration in the result from insurance services due to the occurrence of mass damage caused by weather events (mainly flooding with an impact on operating profit of -PLN 275 million);
- decrease profitability on the operating activities of the corporate non-life insurance business (-PLN -63 million y/y), mainly as a result of a deterioration y/y of the insurance service result (with rising revenues from of non-motor insurance and MOD);
- higher operating profit in the group and individually continued life insurance segment (PLN +169 million y/y), in particular as a result of an increase in the result from insurance services as well , as the higher result from investments allocated to the segment;
- higher results in the banking operations segment (+PLN +133 million y/y), in particular due to an increase in the interest income as a result of higher loan volumes consuming the negative impact of falling interest rates in Alior Bank, as well as due to lower interest rate hedging costs at Alior Bank. The effects were partially offset by higher legal risk costs of foreign currency

[1] Banking activity: data of Pekao and Alior Bank.

mortgage loans, higher operating expenses, and the recognition of costs associated with the modification of contracts for PLN mortgage loans granted to consumers due to their suspension of loan repayments (so-called "loan repayment holidays");

- an increase in operating result in the investment segment (+PLN 119 million y/y) due to the positive impact of foreign exchange temporary differences on hedging instruments for the real estate portfolio, higher income from the Private Equity portfolio due to an improvement in the technology market, and an increase in profit from the portfolio of bonds at fair value through profit or loss.

The net profit was lower by PLN 372 million (-4.1%) than that for the first three quarters of 2023 and amounted to PLN 8,807 million. The net profit attributable to the parent company's shareholders was PLN 3,661 million compared to PLN 4,168 million in the corresponding period in 2023 (a decrease by 12.2%).

The consolidated equity according to IFRS at 30 September 2024 was PLN 62,151 million, as compared to PLN 57,139 million at 30 September 2023. The increase resulted from an increase in equity attributable to equity shareholders of the parent company and an increase in non-controlling interests. The return on equity (ROE[2]) attributable to the parent company for the period from 1 January 2024 to 30 September 2024 was 16.2% and was lower by 4.1 p.p. than that for the previous year. The adjusted return on equity attributable to the parent company (aROE[3]) for the period from 1 January 2024 to 30 September 2024 was 16.8% and was lower by 5.2 p.p. than a year ago. The consolidated equity increased by PLN 1,599 million, as compared to the consolidated equity at 31 December 2023. The value of non-controlling interests increased by PLN 1,308 million compared to the end of last year to PLN 31,823 million, and their change was the result of the allocation of PLN 5,039 million and PLN 577 million (including PLN 4,424 million to minority shareholders) for dividends by Pekao and Alior Bank, profit attributable to holders of non-controlling interests of PLN 5,146 million (earned by Alior Bank and Bank Pekao), and an increase in the valuation of debt instruments and an increase in the valuation of cash flow hedging instruments measured at fair value through other comprehensive income.

The equity attributable to equity holders of the parent company increased by PLN 291 million as compared to the yearend 2023. This results from:

- an increase in the net profit attributable to the parent company in the first three quarters of 2024 in the amount of PLN 3,661 million;
- an increase in the valuation of debt instruments and cash flow hedging instruments measured at fair value through other comprehensive income;
- the distribution of PZU's profit for 2023 in the amount of PLN 3,983 million, plus PLN 854 million transferred from the supplementary capital created from net profit generated in the year ending on 31 December 2022, allocated for disbursement of dividends of PLN 3,748 million.

The total of equity and liabilities at 30 September 2024 was higher by PLN 25,760 than at 31 December 2023 and amounted to PLN 493,705 million. The increase concerned primarily: the increase in the liabilities towards clients from deposits (+PLN 18,126 million), liabilities arising from own debt securities (+PLN 5,460 million), other liabilities (+PLN 2,572 million) and also liabilities from insurance contracts (+PLN 1,896 million).

The investment portfolio (investment financial assets, assets pledged as collateral for liabilities, investment properties and financial derivatives) at 30 September 2024 totaled PLN 219,552 million and was higher by PLN 11,018 million, as compared to the end of 2023. The increase in investments was mainly related to the banking activities including debt instruments at Alior Bank and Bank Pekao. The investment portfolio, excluding banks, increased due to inflow of premiums as a result of the growth in business, as well as the profit or loss on investments. At 30 September 2024 loan receivables from clients were PLN 227,972 million, as compared to PLN 218,874 million at 31 December 2023.

The largest liabilities at 30 September 2024 were liabilities to clients under deposits. The increase in their balance by PLN 18,126 million (compared to the balance at the end of 2023) to PLN 321,907 million concerned both term and current deposits.

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[2] Annual ratio used as Alternative Performance Measures (APM) within the meaning of the ESMA's Guidelines on Alternative Performance Measures (ESMA 2015/1415).

[3] aROE – adjusted return on equity, calculated on a capital basis excluding cumulative other comprehensive income relating to insurance and reinsurance financial income and expenses. Annual ratio used as Alternative Performance Measurement (APM) within the meaning of ESMA's Alternative Performance Measurement Guidelines (ESMA 2015/1415).

The liabilities from insurance contracts at the end of Q3 2024 were PLN 44,224 million and constituted 9.0% of the total equity and liabilities. Compared to the liabilities as at 31 December 2023, they increased by PLN 1,896 million.

13. Equity management

On 25 March 2021 the PZU Supervisory Board adopted a resolution to approve the PZU Group's Capital and Dividend Policy for 2021-2024 ("Policy").

In accordance with the Policy, the PZU Group endeavors to do the following:

- manage capital effectively by optimizing the use of capital from the PZU Group's perspective;
- maximize the rate of return on equity for the parent company's shareholders, in particular, by maintaining the level of security and retaining capital resources for strategic growth objectives through the organic growth and acquisitions;
- ensure sufficient financial means to cover the PZU Group's liabilities towards its clients.

The capital management policy is based on the following principles:

- manage the PZU Group's capital (including excess capital) at the level of PZU;
- sustain target solvency ratios at the level of 200% for the PZU Group, PZU SA and PZU Życie SA (according to Solvency II);
- maintain the PZU Group's financial leverage ratio at a level no higher than 25%;
- ensure funds for growth and acquisitions;
- maintain the financial conglomerate's surplus own funds above the pertinent requirements for solvency;
- PZU will not issue any new shares for the duration of this Policy.

It is assumed that certain temporary deviations in the actual solvency ratio above or below the target level may occasionally occur.

The PZU and PZU Group's dividend policy rests on the following principles:

- The PZU Group endeavors to manage capital effectively and maximize the rate of return on equity for PZU's shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through acquisitions;
- the dividend amount proposed by the PZU Management Board paid for the financial year is determined on the basis of the PZU Group's consolidated financial result attributable to equity holders of the parent company, where:
  - not more than 20% will increase retained earnings (supplementary capital) for purposes of organic development and innovations, and implementation of development initiatives,
  - no less than 50% is subject to payment as an annual dividend;
  - the remaining part will be paid in the form of annual dividend or will increase retained earnings (supplementary capital) if significant expenditures are incurred in connection with execution of the PZU Group Strategy, including in particular, mergers and acquisitions;

subject to the items below:

- according to the PZU Management Board's plans and risk and solvency self-assessment of the parent company, the own funds of the parent company and the PZU Group following the declaration of payment or payment of a dividend will remain at a level that will ensure fulfilment of the conditions specified in the capital policy;
- when determining the dividend the regulatory authority's recommendations concerning dividends will be taken into consideration.

External capital requirements

According to the Insurance Activity Act, the calculation of the capital requirement is based on market, actuarial (insurance), counterparty insolvency, catastrophic and operational risks. Assets, liabilities and as a consequence own funds covering the capital requirement are measured at fair value. The capital requirement is calculated in accordance with the standard formula at the level of the entire PZU Group.

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Pursuant to Article 412(1) of the Insurance Activity Act, the PZU Group is obligated to prepare and disclose an annual solvency and financial condition report at the group level drafted in accordance with the principles of Solvency II. The 2023 report published on 25 April 2024 is available online at https://www.pzu.pl/relacje-inwestorskie/raporty?queries%5Byear%5D=2023. Pursuant to Article 290(1) of the Insurance Activity Act, a solvency and financial condition report of an insurance undertaking is audited by an audit firm.

The PZU Group's solvency ratio as at 31 December 2023, published in the PZU Group's 2023 solvency and financial condition report, was 229%.

The maintained levels of solvency ratio comply with those assumed in the capital and dividend policy of the PZU Group.

Notwithstanding the above, certain PZU Group companies, required by the relevant regulations imposed on them, both as of 30 September 2024 and 31 December 2023, met the relevant capital requirements.

14. Segment reporting

14.1 Reportable segments

14.1.1. Key classification criterion

Operating segments are components of an entity for which separate financial information is available and is subject to regular assessment by CODM (in practice this is the PZU Management Board), related to allocating resources and assessing operating results.

The main dividing line between segments in the PZU Group is based on the criteria of the nature of business, product groups, client groups and the regulatory environment. The characteristics of individual segments is provided in the table below.

Segment	Segment description	Aggregation criteria
Corporate insurance (non-life insurance)	Broad scope of non-life insurance products, TPL and motor insurance customized to a customer's needs entailing individual underwriting offered to large economic entities by PZU, TUW PZUW and PG TUW.	Aggregation by similarity of products offered, similar client groups to which they are offered, distribution channels and operation in the same regulatory environment.
Mass insurance (non-life insurance)	Broad scope of non-life, accident, TPL and motor insurance products offered to retail clients and entities in the small and medium-sized enterprise sector by PZU and Link4.	As above.
Group insurance and individually continued insurance (life insurance)	Group insurance products offered by PZU Życie to groups of employees and other formal groups (e.g. trade unions), under which persons with a legal relationship with the policyholder (e.g. employer, trade union) accede to the insurance product granted and individually continued insurance products under which the policyholder acquires the right to individual continuation during the group phase. PZU Życie's offer covers a wide range of protection and health insurance.	No aggregation.
Individual protective insurance products (life insurance)	Insurance offered by PZU Życie to individual clients under which the insurance contract applies to a specific insured , and this insured is subject to individual underwriting. PZU Życie's offer covers a wide range of protection and health insurance.	No aggregation.
Unit-linked life insurance	Unit-linked insurance, where there is significant insurance risk, and single premium-life and endowment insurance agreements with guaranteed sums assured (investment agreements that are not investment contracts).	No aggregation.
Investments	The segment includes investments of free funds, i.e. the surplus of the investment portfolio over the level allocated to pay insurance liabilities of PZU and PZU Życie and the operating result of TFI PZU.	The aggregation was effected because of the similar surplus-based nature of the revenues.
Banking activity	Broad range of banking products offered both to corporate and retail clients by the Pekao Group and the Alior Bank Group.	The aggregation was carried out due to the similarity of products and services offered by the companies and the identical regulatory environment of their operations.
Pension insurance	2nd pillar pension insurance.	No aggregation.

Segment	Segment description	Aggregation criteria
Baltic States	Non-life and life insurance products offered by LD and its branch in Estonia, Balta and PZU LT GD.	The aggregation was carried out due to similarity of products and services offered by the companies and similarity of the regulatory environment of their operations.
Ukraine	Non-life and life insurance products offered by PZU Ukraine and PZU Ukraine Life Insurance.	The aggregation was carried out due to the similarity of the regulatory environment of their operations.
Investment contracts	PZU Życie products that do not transfer any significant insurance risk within the meaning of IFRS 17 and that do not meet the definition of an insurance contract (i.e. some products with a guaranteed return and some unit-linked products).	No aggregation.
Other	Other products and services not classified into any of the above segments.	

14.1.2. Information relating to geographical areas

The PZU Group presents information on geographic areas, distinguishing the following geographic areas:

- Poland;
- Baltic countries (covering Lithuania – LD, PZU LT GD, Latvia – Balta and Estonia – LD branch);
- Ukraine.

14.2 Measure of the segment's profit

The PZU Group's fundamental measure of the segment's profit is IFRS-based profit from operating activities.

For all segments, with the exception of banking operations, the segment result is determined without taking into account inter-segment transactions.

When reviewing the performance of PZU Group banks (Pekao and Alior Bank), CODM makes analyzes and decisions based on the consolidated result of the Pekao Group and Alior Bank Group. For this reason, the result of the "Banking Activity" segment is determined as the sum of the unadjusted consolidated results of the Pekao Group and Alior Bank Group. Intragroup transactions included in the results of the Pekao Group and Alior Bank Group, as well as adjustments due to the purchase price allocation, are reported under the "Other" segment.

14.3 Simplifications in the segmental note

The segmental note has applied certain simplifications permitted by IFRS 8 "Operating segments":

- withdrawing from presenting data related to the allocation of all assets and liabilities to various segments – resulting from not preparing and not presenting such tables to the PZU Management Board. The main information delivered to the PZU Management Board consists of data regarding the results of given segments and managerial decisions are made on this basis, including decisions on resource allocation. The analysis of the segmental allocation of assets and liabilities is limited to a large extent to monitoring the fulfillment of the regulatory requirements;
- presenting the net result on investments as a single amount as the difference between the realized and unrealized revenue and the costs of investments – stemming from the internal assessment of the segmental results based on such a combined measure of investment results.

14.4 Quantitative data

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1 July – 30 September 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Invest-ment contracts	Invest-ments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	309	(207)	431	106	17	73	-	-	-	-	-	-	729
Insurance revenue	1,196	3,421	1,968	189	27	678	62	-	-	-	-	-	7,541
Amortization of liabilities for remaining coverage (PAA)	1,038	2,660	-	-	-	547	39	-	-	-	-	-	4,284
Expected claims and benefits (GMM, VFA)	-	-	1,317	39	6	3	(6)	-	-	-	-	-	1,359
Expected expenses (GMM, VFA)	-	-	232	27	2	2	2	-	-	-	-	-	265
Release of the contractual service margin (GMM, VFA)	-	-	308	78	9	4	2	-	-	-	-	-	401
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	33	5	4	1	6	-	-	-	-	-	49
Recovery of insurance acquisition cash flows	158	761	119	40	7	121	19	-	-	-	-	-	1,225
Other revenue	-	-	(41)	-	(1)	-	-	-	-	-	-	-	(42)
Insurance service expenses	(887)	(3,628)	(1,537)	(83)	(10)	(605)	(62)	-	-	-	-	-	(6,812)
Claims incurred in the period (without the investment component)	(668)	(2,616)	(1,231)	(25)	-	(436)	(30)	-	-	-	-	-	(5,006)
Expenses incurred in the period	(64)	(223)	(207)	(23)	(1)	(64)	(13)	-	-	-	-	-	(595)
Run-off of claim reserves from prior years	5	(21)	(1)	(1)	(2)	17	3	-	-	-	-	-	-
Amortization of loss component	23	149	86	2	2	38	5	-	-	-	-	-	305
Recognition of the loss component	(25)	(156)	(65)	4	(2)	(39)	(8)	-	-	-	-	-	(291)
Amortization of insurance acquisition cash flows	(158)	(761)	(119)	(40)	(7)	(121)	(19)	-	-	-	-	-	(1,225)
Net income or expenses from reinsurance contracts held	(214)	169	-	-	-	12	(3)	-	-	-	-	-	(36)
Reinsurance premium allocation	(419)	(39)	-	-	-	(20)	(3)	-	-	-	-	-	(481)
Amounts recoverable from reinsurers, including:	205	208	-	-	-	32	-	-	-	-	-	-	445
Incurred claims	187	180	-	-	-	29	-	-	-	-	-	-	396
Incurred expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Run-off of claim reserves from prior years	18	28	-	-	-	3	-	-	-	-	-	-	49
Insurance service result	**95**	**(38)**	**431**	**106**	**17**	**85**	**(3)**	**-**	**-**	**-**	**-**	**-**	**693**
Financial income and expenses from insurance	29	(77)	(130)	(27)	(101)	(8)	(6)	-	-	-	-	-	(320)
Finance income or expenses from reinsurance	(56)	2	-	-	-	-	-	-	-	-	-	-	(54)
Investment profit or loss [1]	70	154	218	31	101	25	22	(1)	126	6,372 [2][3]	5	29	7,152

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1 July – 30 September 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Invest-ment contracts	Invest-ments	Banking activities	Pension	Other	Total
Revenue from commissions and fees	-	-	-	-	-	-	-	1	40	1,226 [4)]	48	(51)	1,264
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(312)	-	8	(304)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(1,701)	-	40	(1,661)
Interest expenses	-	-	-	-	-	-	-	-	(52)	(2,033)	-	13	(2,072)
Costs of legal risk of mortgage loans in foreign currencies	-	-	-	-	-	-	-	-	-	(70)	-	-	(70)
Other operating income and expenses	-	-	-	-	-	-	-	-	(37)	(308)	(7)	(215)	(567)
Operating profit	**138**	**41**	**519**	**110**	**17**	**102**	**13**	**-**	**77**	**3,174**	**46**	**(176)**	**4,061**

[1)] The sum of the following line items in the consolidated profit and loss account: “Interest income calculated using the effective interest rate and equalized to them”, “Other net investment income”, “Result on derecognition of financial instruments and investments not measured at fair value through profit or loss”, “Movement in allowances for expected credit losses and impairment losses on financial instruments” and “Net movement in fair value of assets and liabilities measured at fair value”.

[2)] Including interest income of PLN 6,632 million.

[3)] Including revenue from other segments of PLN 54 million.

[4)] Including revenue from other segments of PLN 52 million.

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1 January– 30 September 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Invest-ment contracts	Invest-ments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	1,332	56	1,098	269	42	271	11	-	-	-	-	-	3,079
Insurance revenue	3,494	9,729	5,818	551	78	1,984	182	-	-	-	-	-	21,836
Amortization of liabilities for remaining coverage (PAA)	3,032	7,540	-	-	-	1,604	117	-	-	-	-	-	12,293
Expected claims and benefits (GMM, VFA)	-	-	3,854	109	8	9	-	-	-	-	-	-	3,980
Expected expenses (GMM, VFA)	-	-	683	78	-	6	2	-	-	-	-	-	769
Release of the contractual service margin (GMM, VFA)	-	-	924	215	35	10	8	-	-	-	-	-	1,192
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	98	15	14	2	6	-	-	-	-	-	135
Recovery of insurance acquisition cash flows	462	2,189	350	126	24	353	52	-	-	-	-	-	3,556
Other revenue	-	-	(91)	8	(3)	-	(3)	-	-	-	-	-	(89)
Insurance service expenses	(2,162)	(9,673)	(4,720)	(282)	(36)	(1,713)	(171)	-	-	-	-	-	(18,757)
Claims incurred in the period (without the investment component)	(1,616)	(6,733)	(3,786)	(98)	(3)	(1,252)	(93)	-	-	-	-	-	(13,581)
Expenses incurred in the period	(185)	(679)	(634)	(69)	(3)	(202)	(37)	-	-	-	-	-	(1,809)
Run-off of claim reserves from prior years	97	66	56	9	(13)	89	17	-	-	-	-	-	321
Amortization of loss component	71	384	251	8	5	110	8	-	-	-	-	-	837
Recognition of the loss component	(67)	(522)	(257)	(6)	2	(105)	(14)	-	-	-	-	-	(969)
Amortization of insurance acquisition cash flows	(462)	(2,189)	(350)	(126)	(24)	(353)	(52)	-	-	-	-	-	(3,556)
Net income or expenses from reinsurance contracts held	(894)	141	-	-	-	(23)	(10)	-	-	-	-	-	(786)
Reinsurance premium allocation	(1,205)	(115)	-	-	-	(56)	(3)	-	-	-	-	-	(1,379)
Amounts recoverable from reinsurers, including:	311	256	-	-	-	33	(7)	-	-	-	-	-	593
Incurred claims	353	244	-	-	-	43	-	-	-	-	-	-	640
Incurred expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Run-off of claim reserves from prior years	(42)	12	-	-	-	(10)	(7)	-	-	-	-	-	(47)
Insurance service result	**438**	**197**	**1,098**	**269**	**42**	**248**	**1**	**-**	**-**	**-**	**-**	**-**	**2,293**
Financial income and expenses from insurance	(95)	(255)	(386)	(79)	(383)	(34)	(16)	-	-	-	-	-	(1,248)
Finance income or expenses from reinsurance	27	8	-	-	-	1	-	-	-	-	-	-	36
Investment profit or loss [1]	255	528	659	89	381	75	42	(1)	346	18,583 [2] [3]	12	57	21,026

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1 January– 30 September 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Invest-ment contracts	Invest-ments	Banking activities	Pension	Other	Total
Revenue from commissions and fees	-	-	-	-	-	1	-	2	107	3,740 [4]	134	(142)	3,842
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(1,051)	-	20	(1,031)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(5,240)	-	128	(5,112)
Interest expenses	-	-	-	-	-	-	-	-	(156)	(6,031)	-	30	(6,157)
Costs of legal risk of mortgage loans in foreign currencies	-	-	-	-	-	-	-	-	-	(340)	-	-	(340)
Other operating income and expenses	-	-	-	-	-	-	-	-	(118)	(1,172)	(27)	(612)	(1,929)
Operating profit	**625**	**478**	**1,371**	**279**	**40**	**291**	**27**	**1**	**179**	**8,489**	**119**	**(519)**	**11,380**

[1] The sum of the following line items in the consolidated profit and loss account: “Interest income calculated using the effective interest rate and equalized to them”, “Other net investment income”, “Result on derecognition of financial instruments and investments not measured at fair value through profit or loss”, “Movement in allowances for expected credit losses and impairment losses on financial instruments” and “Net movement in fair value of assets and liabilities measured at fair value”.

[2] Including interest income of PLN 19 114 million.

[3] Including revenue from other segments of PLN 155 million.

[4] Including revenue from other segments of PLN 143 million.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

1 July – 30 September 2023 (restated)	**Corporate insurance**	**Mass insurance**	**Group and individually continued insurance**	**Individual protective insurance**	**Life investment insurance**	**Baltic States**	**Ukraine**	**Invest-ment contracts**	**Invest-ments**	**Banking activities**	**Pension**	**Other**	**Total**
Insurance service result before reinsurance	545	453	408	69	4	44	7	-	-	-	-	-	1,530
Insurance revenue	1,062	3,150	1,848	160	23	643	60	-	-	-	-	-	6,946
Amortization of liabilities for remaining coverage (PAA)	912	2,442	-	-	-	519	39	-	-	-	-	-	3,912
Expected claims and benefits (GMM, VFA)	-	-	1,249	32	2	2	4	-	-	-	-	-	1,289
Expected expenses (GMM, VFA)	-	-	197	23	(6)	2	-	-	-	-	-	-	216
Release of the contractual service margin (GMM, VFA)	-	-	293	60	10	3	2	-	-	-	-	-	368
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	32	4	8	1	1	-	-	-	-	-	46
Recovery of insurance acquisition cash flows	150	708	110	39	10	116	15	-	-	-	-	-	1,148
Other revenue	-	-	(33)	2	(1)	-	(1)	-	-	-	-	-	(33)
Insurance service expenses	(517)	(2,697)	(1,440)	(91)	(19)	(599)	(53)	-	-	-	-	-	(5,416)
Claims incurred in the period (without the investment component)	(466)	(1,837)	(1,147)	(28)	(1)	(443)	(29)	-	-	-	-	-	(3,951)
Expenses incurred in the period	(52)	(204)	(202)	(21)	(1)	(61)	(10)	-	-	-	-	-	(551)
Run-off of claim reserves from prior years	145	53	-	(1)	(2)	22	2	-	-	-	-	-	219
Amortization of loss component	28	103	67	3	2	33	-	-	-	-	-	-	236
Recognition of the loss component	(22)	(104)	(48)	(5)	(7)	(34)	(1)	-	-	-	-	-	(221)
Amortization of insurance acquisition cash flows	(150)	(708)	(110)	(39)	(10)	(116)	(15)	-	-	-	-	-	(1,148)
Net income or expenses from reinsurance contracts held	(428)	(37)	-	-	-	18	-	-	-	-	-	-	(447)
Reinsurance premium allocation	(334)	(39)	-	-	-	(16)	(1)	-	-	-	-	-	(390)
Amounts recoverable from reinsurers, including:	(94)	2	-	-	-	34	1	-	-	-	-	-	(57)
Incurred claims	63	4	-	-	-	35	1	-	-	-	-	-	103
Incurred expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Run-off of claim reserves from prior years	(157)	(2)	-	-	-	(1)	-	-	-	-	-	-	(160)
Insurance service result	**117**	**416**	**408**	**69**	**4**	**62**	**7**	**-**	**-**	**-**	**-**	**-**	**1,083**
Financial income and expenses from insurance	(47)	(103)	(130)	(26)	(51)	-	(4)	-	-	-	-	-	(361)
Finance income or expenses from reinsurance	28	7	-	-	-	2	1	-	-	-	-	-	38
Investment profit or loss [1]	105	234	214	29	51	9	13	-	(10)	6,368 [2] [3]	5	(36)	6,982

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

1 July – 30 September 2023 (restated)	**Corporate insurance**	**Mass insurance**	**Group and individually continued insurance**	**Individual protective insurance**	**Life investment insurance**	**Baltic States**	**Ukraine**	**Invest-ment contracts**	**Invest-ments**	**Banking activities**	**Pension**	**Other**	**Total**
Revenue from commissions and fees	-	-	-	-	-	-	-	1	26	1,341 [4)]	39	(40)	1,367
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(473)	-	4	(469)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(1,594)	-	41	(1,553)
Interest expenses	-	-	-	-	-	-	-	-	(57)	(2,273)	-	11	(2,319)
Costs of legal risk of mortgage loans in foreign currencies	-	-	-	-	-	-	-	-	-	(58)	-	-	(58)
Other operating income and expenses	-	-	-	-	-	-	-	-	(29)	(319)	(5)	(144)	(497)
Operating profit	**203**	**554**	**492**	**72**	**4**	**73**	**17**	**1**	**(70)**	**2,992**	**39**	**(164)**	**4,213**

[1)] The sum of the following line items in the consolidated profit and loss account: “Interest income calculated using the effective interest rate and equalized to them”, “Other net investment income”, “Result on derecognition of financial instruments and investments not measured at fair value through profit or loss”, “Movement in allowances for expected credit losses and impairment losses on financial instruments” and “Net movement in fair value of assets and liabilities measured at fair value”.

[2)] Including interest income of PLN 6,475 million.

[3)] Including revenue from other segments of PLN 44 million.

[4)] Including revenue from other segments of PLN 40 million.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

1 January – 30 September 2023 (restated)	**Corporate insurance**	**Mass insurance**	**Group and individually continued insurance**	**Individual protective insurance**	**Life investment insurance**	**Baltic States**	**Ukraine**	**Invest-ment contracts**	**Invest-ments**	**Banking activities**	**Pension**	**Other**	**Total**
Insurance service result before reinsurance	166	1,247	956	207	21	212	30	-	-	-	-	-	2,839
Insurance revenue	3,016	8,921	5,482	471	72	1,838	159	-	-	-	-	-	19,959
Amortization of liabilities for remaining coverage (PAA)	2,584	6,923	-	-	-	1,477	99	-	-	-	-	-	11,083
Expected claims and benefits (GMM, VFA)	-	-	3,644	96	4	8	11	-	-	-	-	-	3,763
Expected expenses (GMM, VFA)	-	-	580	66	(9)	6	1	-	-	-	-	-	644
Release of the contractual service margin (GMM, VFA)	-	-	915	179	32	9	5	-	-	-	-	-	1,140
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	93	13	17	2	1	-	-	-	-	-	126
Recovery of insurance acquisition cash flows	432	1,998	325	116	31	336	41	-	-	-	-	-	3,279
Other revenue	-	-	(75)	1	(3)	-	1	-	-	-	-	-	(76)
Insurance service expenses	(2,850)	(7,674)	(4,526)	(264)	(51)	(1,626)	(129)	-	-	-	-	-	(17,120)
Claims incurred in the period (without the investment component)	(1,327)	(5,220)	(3,641)	(90)	(3)	(1,212)	(71)	-	-	-	-	-	(11,564)
Expenses incurred in the period	(154)	(631)	(610)	(64)	(4)	(188)	(29)	-	-	-	-	-	(1,680)
Run-off of claim reserves from prior years	(940)	131	31	13	(13)	108	13	-	-	-	-	-	(657)
Amortization of loss component	82	339	213	6	4	109	-	-	-	-	-	-	753
Recognition of the loss component	(79)	(295)	(194)	(13)	(4)	(107)	(1)	-	-	-	-	-	(693)
Amortization of insurance acquisition cash flows	(432)	(1,998)	(325)	(116)	(31)	(336)	(41)	-	-	-	-	-	(3,279)
Net income or expenses from reinsurance contracts held	312	(72)	-	-	-	(6)	-	-	-	-	-	-	234
Reinsurance premium allocation	(955)	(109)	-	-	-	(49)	(1)	-	-	-	-	-	(1,114)
Amounts recoverable from reinsurers, including:	1,267	37	-	-	-	43	1	-	-	-	-	-	1,348
Incurred claims	185	10	-	-	-	54	1	-	-	-	-	-	250
Incurred expenses	10	1	-	-	-	-	-	-	-	-	-	-	11
Run-off of claim reserves from prior years	1,072	26	-	-	-	(11)	-	-	-	-	-	-	1,087
Insurance service result	**478**	**1,175**	**956**	**207**	**21**	**206**	**30**	**-**	**-**	**-**	**-**	**-**	**3,073**
Financial income and expenses from insurance	(99)	(226)	(379)	(74)	(439)	(15)	(12)	-	-	-	-	-	(1,244)
Finance income or expenses from reinsurance	41	7	-	-	-	-	-	-	-	-	-	-	48
Investment profit or loss [1]	268	599	625	86	446	35	39	2	243	18,406 [2][3]	14	(44)	20,719

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

1 January – 30 September 2023 (restated)	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Invest-ment contracts	Invest-ments	Banking activities	Pension	Other	Total
Revenue from commissions and fees	-	-	-	-	-	1	-	2	74	3,946 [4)]	107	(115)	4,015
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(1,322)	-	10	(1,312)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(4,725)	-	116	(4,609)
Interest expenses	-	-	-	-	-	-	-	-	(171)	(6,670)	-	36	(6,805)
Costs of legal risk of mortgage loans in foreign currencies	-	-	-	-	-	-	-	-	-	(106)	-	-	(106)
Other operating income and expenses	-	-	-	-	-	-	-	-	(86)	(1,173)	(24)	(614)	(1,897)
Operating profit	**688**	**1,555**	**1,202**	**219**	**28**	**227**	**57**	**4**	**60**	**8,356**	**97**	**(611)**	**11,882**

1) The sum of the following line items in the consolidated profit and loss account: "Interest income calculated using the effective interest rate and equalized to them", "Other net investment income", "Result on derecognition of financial instruments and investments not measured at fair value through profit or loss", "Movement in allowances for expected credit losses and impairment losses on financial instruments" and "Net movement in fair value of assets and liabilities measured at fair value".

2) Including interest income of PLN 18 879 million.

3) Including revenue from other segments of PLN 128 million.

4) Including revenue from other segments of PLN 116 million.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in millions of PLN)

Geographic breakdown	1 January– 30 September 2024					1 January – 30 September 2023 (restated)				
	Poland	Baltic States	Ukraine	Not allocated	Consolidated value	Poland	Baltic States	Ukraine	Not allocated	Consolidated value
Insurance revenue	19,670	1,984	182	-	21,836	17,962	1,838	159	-	19,959
Revenue from commissions and fees	3,841	1	-	-	3,842	4,014	1	-	-	4,015
Investment profit or loss [1]	20,909	75	42	-	21,026	20,645	35	39	-	20,719

[1] The sum of the following line items in the consolidated profit and loss account: "Interest income calculated using the effective interest rate and equalized to them", "Other net investment income", "Result on derecognition of financial instruments and investments not measured at fair value through profit or loss", "Movement in allowances for expected credit losses and impairment losses on financial instruments" and "Net movement in fair value of assets and liabilities measured at fair value".

Geographic breakdown	30 September 2024					31 December 2023 (restated)				
	Poland	Baltic States	Ukraine [1]	Not allocated	Consolidated value	Poland	Baltic States	Ukraine [1]	Not allocated	Consolidated value
Non-current assets other than financial assets [2]	7,411	279	3	-	7,693	7,561	285	3	-	7,849
Deferred tax assets	2,090	-	2	-	2,092	2,190	1	2	-	2,193
Assets	490,905	3,689	348	(1,237)	493,705	465,316	3,498	366	(1,235)	467,945

[1] Assets of companies based in Ukraine, adjusted for mutual interests between them.
[2] The sum of the following items of the consolidated statement of financial position: "Intangible assets" and "Property, plant and equipment".

14.5 Information on key customers

Due to the nature of operations undertaken by PZU Group companies, there are no customers that would provide 10% or more of total revenue of the PZU Group.

15. Note on reporting by segment

15.1 Corporate insurance – non-life insurance

The profit in the corporate insurance segment after the first three quarters of 2024 was PLN 625 million, meaning it was down by PLN 63 million (-9.2%) compared to the corresponding period in 2023. The decline in operating profit is the result of a deterioration in net insurance service result (-PLN 40 million), as well as a decline in financial income and expenses from insurance and the result from investments (-PLN 23 million).

The profit was driven mainly by:

- increase in revenues from insurance contracts compared to the corresponding period of 2023 by PLN 478 million, i.e.: +15.8% y/y (PLN +228 million y/y after reinsurance premium allocation). The increase resulted from an increase in the amortization of liabilities (LRC) as a consequence of a higher sales, mainly, of MOD insurance products, and to a lesser degree from an increase in non-motor insurance products. The increase in amortization of liabilities in non-motor insurance is a result of securing large contracts in the second half of 2023, including the renewal in November 2023 of a contract with an oil company with a premium of more than PLN 500 million (a y/y increase in premium of more than PLN 100 million) and the conclusion of a contract with a power generation customer with a premium of more than PLN 200 million. The effect is reinforced by strong sales in 2024, mainly in strategic client area. In MOD insurance, this is mainly the impact of the increase in average premiums resulting from higher sums insured correlated with the increasing value of vehicles, and better matching of the offer to the client's risk profile. Increase in amortization of liability for remaining coverage (LRC) is compounded by higher y/y premium to recovery of insurance acquisition cash flows (+ PLN 30 million) – this was related to portfolio growth;

- the level insurance service expenses, adjusted by amounts recoverable from reinsurers, increased by PLN 268 million y/y (+16.9% y/y), which together with an increase in the net revenues from insurance products by 11,1% y/y, resulted in the profitability measured by the combined ratio (COR) increasing by 4.1 percentage point to 80.9%. An increase in the net insurance service expenses is a product of:
  - Higher net liabilities (y/y) for the current year's claims and higher expenses, including acquisition expenses and administrative expenses attributable to the insurance activities. The increase in administrative expenses results primarily from higher IT and personnel costs and in real estate costs (including rental services);
  - a decrease in the development of the loss provision from previous years by PLN 77 million y/y. Excluding reinsurance, the impact of prior years' claims development on the result improved by 1,037 million y/y – this was the result of a provision re-estimation in the same period of 2023 in a fuel client's claim (gross cost increase of nearly 1 billion y/y with reinsurer involvement +1 billion y/y; deeply reinsured loss);
- a decline of PLN 13 million (-4.9% y/y) in investment income compared to the comparable period last year is a result of lower performance of the Polish corporate debt portfolio offset in part by a higher level of income from the portfolio of Polish sovereign bonds measured at fair value through other comprehensive income as a result of the purchase of high-yield instruments to the portfolio;
- insurance finance income or expenses (net of reinsurance) were PLN -68 million, which means an increase in expenses by PLN 10 million y/y.

Gross insurance service result (excluding the reinsurer's share) amounted to PLN 1,332 million, an increase of PLN 1,166 million y/y. In the corresponding period of 2023, an increase in the provision to the prior years' loss of nearly PLN 1 billion was recognized (a claim by a client from the fuel industry), but due to the high level of reinsurance (more than 98%), this did not have significant impact on the net insurance service result, which amounted to PLN 438 million.

15.2 Mass insurance – non-life insurance

The operating profit in the mass insurance segment in the first three quarters of 2024 was PLN 478 million, down by PLN 1,077 million (-69.3%) compared to the first three quarters of 2023. The lower profit is mainly due to the occurrence of the September 2024 floods (impact on operating profit -275 million) and an above-normal number of damages caused by other weather factors. There were declines in both net insurance services result (-978 million), investment result (-71 million) and insurance financial income and expenses.

During the first three quarters of 2024, gross revenues from insurance products in the mass insurance segment increased as compared to the first three quarters of 2023 by PLN 808 million, i.e.: +9.1% y/y (PLN +802 million y/y after reinsurance premium allocation). The increase resulted from an increase in the amortization of liabilities (LRC) as a consequence of a higher sales, mainly, of MOD insurance products, and from an increase in MOD and non-motor insurance products. In MOD insurance, this is mainly due to the impact of high premium dynamics in the second half of 2023 and the first half of 2024 (an increase in average premiums as a consequence of the rising value of vehicles and thus insurance sums). The effect was boosted by a higher number of insurance contracts as a result of, among others, higher vehicle availability than a year ago due to the new car registrations up 13.8% y/y. The increase in LRC depreciation in non-motor insurance is mainly a consequence of the growth of PZU Dom insurance, achieved through a refresh of the offer and a higher propensity of clients to raise sums insured, as well as PZU Auto Pomoc and PZU Auto Szyba assistance insurance, among others, due to the expansion of the offer with additional variants). The higher level of revenue is also triggered by a higher level of premiums allocated to recovery of insurance acquisition cash flows compared to the first three quarters of 2023 (+9,6% y/y), as a cumulative effect of increasing sales with a simultaneous increase in commission costs, caused, among other things, by higher share of the multi-agency channel, with a lower share of the Tied Agents' own channel.

Insurance service expenses adjusted by amounts recoverable from reinsurers increased by PLN 1,780 million y/y (+23.3% y/y), which together with an increase in the net revenues from insurance products by 9,1% y/y resulted in the profitability measured by the combined ratio (COR) increasing by 11.3 percentage point. An increase in the net insurance service expenses is a product of:

- higher y/y claims liabilities of the current year in both motor insurance (the effect of claims inflation and higher y/y claims frequency) and non-motor insurance (in this area it was mainly a consequence of an above-normal number of mass claims caused by weather events, mainly flooding);

- higher business expenses, including acquisition expenses (a consequence of growing share of multi-agency channel in the portfolio) and administrative expenses attributable to the insurance activities. Administrative costs were higher primarily in the areas of personnel costs and in real estate costs (including rental services) and IT expenses;
- recognition of a loss component, including on the motor TPL insurance portfolio (among other things, in inward reinsurance with PZU Group companies) as a consequence of increased claims ratio inflation; the creation of the loss component exceeded depreciation from the opening balance sheet;
- release of a lower y/y net excess of prior years' claims reserves over the current projected value of payouts.

A decline of PLN 71 million (-11.9% y/y) in investment income compared to the comparable period last year is a result of lower performance of the Polish corporate debt portfolio, offset in part by a higher level of income from the portfolio of Polish sovereign bonds measured at fair value through other comprehensive income as a result of the purchase of high-yield instruments to the portfolio.

The insurance finance income and expenses net were PLN -247 million, which translates into an increase in expenses by PLN 28 million y/y triggered, mainly by fluctuations in interest rates.

15.3 Group and individually continued insurance – life insurance

In the first three quarters of 2024, the PZU Group generated in the group insurance and individually continued insurance segment the amount of PLN 1,371 million in operating profit, an increase of PLN 169 million, or 14.1%, compared to the same period last year. The profit was driven mainly by:

- increase in revenues from insurance contracts compared to the corresponding period of 2023 by PLN 336 million, i.e.: +6.1% y/y . The higher level of revenues is the product of:
  - a higher premium required to cover expected claims and benefits (+PLN +210 million y/y) following a high utilization of health insurance benefits, mainly outpatient and paramedical services (the effect of continued health debt realization after the two-year pandemic in an environment of high medical services inflation) and higher claims and benefits in other group insurance;
  - higher revenues to cover expected costs and rising acquisition costs (total +PLN 128 million y/y) – mainly in the area of fixed costs (including personnel and IT) and the increasing share of remuneration for intermediaries;
  - a PLN 9 million y/y increase in contractual service margin resulting from an increase in releases on the portfolio of individually continued insurance and group insurance, and a decrease on the health insurance portfolio (-PLN 16 million y/y).

Insurance service expenses increased by PLN 194 million y/y (+4.3% y/y), which together with an increase in the net insurance revenue by 6.1% y/y resulted in the profitability measured by the ratio of insurance service result to insurance revenue increasing by 1.4 percentage points. An increase in the net insurance service expenses is a product of:

- higher claims and benefits with the run-off of claim reserves from prior years as a result of continued high utilization of health insurance benefits;
- an increase in administrative costs (+PLN 24 million y/y) as a consequence of higher personnel costs, real estate (rental services) and IT costs (development of the IT area and indexation of costs related to product support);
- changes in the value of the loss component with a negative impact on the result of PLN -6 million (-25 million PLN y/y) is mainly a consequence of the higher creation of the loss component (in Q1 2024 with the slowing in subsequent quarters) to the old portfolio of group insurance with low premiums and group health insurance as a result of the slowdown in premium tariff-setting in an environment of high medical services inflation.

An increase of PLN 34 million (+5.4% y/y) in the investment income compared to the comparable period of the previous year was, in particular, due to an increase in the required level of assets to cover liabilities and the purchase of high-yield Polish sovereign bonds for the portfolio.

The insurance finance income and expenses were -PLN 386 million, which translates into an increase in expenses by PLN 7 million y/y triggered , mainly by fluctuations in interest rates.

The increase y/y in the operating profit in the group and individually continued insurance segment by PLN 169 million (+14.1% y/y) was caused by both higher result from insurance services (+PLN +142 million y/y) , and investment result (+PLN +34 million y/y) allocated to the segment. The effect was slightly offset by increased finance expenses from insurance.

15.4 Individual protective insurance products – life insurance

In the individual protective insurance segment, the PZU Group generated PLN 279 million in operating profit in the first three quarters of 2024, PLN 60 million (+27.4%) more than in the same period last year. This was mainly due to a change in the insurance service result (PLN +62 million y/y), with an even level of the investment income allocated to the segment (PLN +3 million y/y).

During the first three quarters of 2024, revenues from insurance in the individual protective insurance segment increased as compared to the first three quarters of 2023 by PLN 80 million, i.e.: +17.0% y/y . Within revenues, there was a higher y/y release of contractual service margins in the main product groups, including bancassurance (the impact of higher y/y sales of insurance to mortgages) and individual J life insurance. In addition, there was a higher level of premiums written to cover acquisition costs and expected costs by a total of PLN 22 million y/y. The higher level of insurance revenue is also the result of an increase in other income (+7 million y/y) – there were fewer cancellations of bancassurance contracts in 2024 (which resulted among other things from lower interest rates and higher than expected interest in loans).

Insurance service expenses increased by PLN 18 million (+6.8% y/y), which together with an increase in the insurance revenue by 17.0% resulted in the profitability measured by the ratio of insurance service result to insurance revenue increasing by 4.9 percentage points. An increase in the insurance service expenses is a product of:

- higher administrative costs as a consequence of, among others, increases in personnel and real estate costs and IT costs;
- an increase in current period claims in term insurance and bancassurance.

The level of investment income was slightly higher than in the comparable period last year (+PLN 3 million, or +3.5% y/y) as a result of the increase in the required level of assets to cover liabilities.

The insurance finance income and expenses were -PLN 79 million, which means an increase in expenses by PLN 5 million y/y.

15.5 Life investment insurance

Operating profit from life investment insurance amounted to PLN 40 million after the first three quarters of 2024, up PLN 12 million compared to the same period last year. The y/y change is due to an increase in sales of *unit-linked* life insurance with an insurance capital fund, high sales of life insurance and life insurance with a guaranteed sum assured.

Investment income decreased by PLN 65 million (-14.6% y/y), particularly in the PPE product. However, the decrease in investment income remains without significant impact on the PZU Group's total net income, as it is mostly offset by insurance financial income and expenses – the y/y decrease in financial expenses amounted to PLN 56 million.

15.6 Baltic States

As part of the Baltic operations, PZU Group offers non-life insurance and life insurance products. Non-life insurance is provided by: LD – leader of the Lithuanian market, Balta – leader in Latvia and the LD branch in Estonia. Life insurance is sold by PZU LT GD in Lithuania.

The Lithuanian non-life insurance market share measured by the gross written premium at the end of August 2024 was 29.3%, while the life insurance market share was 7.1%. The share in the Estonian non-life insurance market in this period was 14.7%. However, at the end of June 2024, the share in the Latvian non-life insurance market was 28.8%.

On account of its activity in the Baltic states, PZU Group generated In the first three quarters of 2024, the operating profit of PLN 291 million compared with PLN 227 million in the same period last year.

Insurance revenue increased by PLN 146 million, i.e. +7,9% y/y (in functional currency up 14.8% y/y), including allocated reinsurance premiums by PLN 139 million, compared to the corresponding period of 2023. Within revenues, there was an increase in the amortization of LRC as a consequence of a higher sales. Sales higher by PLN 44 million, i.e. +2.2% y/y (+8.8% y/y in functional currency), were generated in the non-life insurance segment chiefly as a result of a growth in sales of motor TPL and MOD insurance (by 6.1% y/y in the functional currency) due to an increase of rates in the region and non-life insurance (up 10.4% y/y in the functional currency) due to, among other things, an increase in the number of policies and average premiums, and health insurance (up 14.9% in functional currency) as a result of an increase in the number of policies. In life insurance, sales increased by 10.3% y/y (+17.4% y/y in functional currency). The higher level of insurance revenue was also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows as a consequence of growing sales.

Insurance service expenses adjusted by amounts due from reinsurers increased by PLN 97 million y/y (+6.1%). Non-life insurance business saw an increase of PLN 98 million (+6.3% y/y), which, with a 7.9% y/y increase in net insurance revenues, represents a 1.3 p.p. increase in profitability measured by the combined ratio (COR).

An increase in the net insurance service expenses of the segment is a product of:

- higher by PLN 51 million y/y net compensation and benefits liabilities due to the increase in the value of the portfolio;
- the release of a PLN 18 million lower y/y net excess of prior years' claims reserves over the current projected value of payouts;
- change of a loss component with an effect on the insurance service result PLN 3 million y/y as a product of the recognition of a new loss component lower by PLN 2 million as compared to the corresponding period of the preceding year, and of changes in assumptions for active cohorts from the preceding years having an effect on the profit in the amount of PLN +1 million y/y;
- a 7.4% y/y increase in administrative expenses, mainly due to higher personnel costs. At the same time, the segment's ratio of administrative expenses calculated to net insurance service revenue remained at the same level of 10.5% as last year;
- PLN 17 million higher amortization of acquisition cash flow. The acquisition expense ratio was 18.3% recording a 0.5 p.p. y/y decrease.

The insurance finance income and expenses net were PLN -33 million, , which translates into an increase in expenses by PLN 18 million y/y triggered, mainly by fluctuations in interest rates.

The increase in investment income compared to the comparable period last year (by PLN 40 million, i.e. +114.3% y/y) was due in particular to an increase in income from floating rate instruments, dividends and rental income.

15.7 Ukraine

As part of its operations in Ukraine, the PZU Group offers non-life insurance and life insurance products through the following companies: PZU Ukraina and PZU Ukraina Życie.

As a result of the outbreak of the war, operational activities since 24 February 2022, have been carried out by both companies on a very limited basis. In the areas affected by hostilities, all outlets are closed. Clients can buy selected groups of insurance remotely. Products available for sale include compulsory insurance: Green Card and motor TPL, as well as some voluntary insurance: motor MOD, non-life, health and travel. In the case of life insurance, there are sales of short-term products with limited risk.

The share in the Ukrainian non-life insurance market measured by the gross written premium stood at 4.9% at the end of June 2024, while the share in the life insurance market was 7.1%.

The Ukraine segment closed the first three quarters of 2024 with an operating profit of PLN 27 million, compared to a PLN 57 million profit at the end of September of the previous year.

Insurance revenue increased by PLN 23 million, i.e. 14.5% y/y i(n the functional currency by +32.5% y/y). Y/y sales increased by PLN 7 million, or +4.0%, with an increase in functional currency of UAH 324 million, or 20.2% y/y. Non-life and other personal insurance sales declined by PLN 13 million, or +8.3%, with a 25.2% y/y increase in the functional currency, mainly as a result of increases in sales of motor TPL and MOD insurance (in total by 29.2% y/y), health insurance (by 41.1% y/y) and Green Card insurance (in total by 19.2% y/y). Sales of life insurance products decreased by PLN 5 million, i.e. by 15.6% y/y (in the functional currency by 2.5% y/y).

Insurance service expenses adjusted by amounts recoverable from reinsurers increased by PLN 50 million y/y (i.e. +39.1%) – mainly in non-life insurance business, which together with an increase in the net revenues from insurance products by 20,8% y/y resulted in the profitability measured by the combined ratio (COR) increasing by 17.4 percentage point.

An increase in the net insurance service expenses of the segment is a product of:

- higher by PLN 24 million y/y net compensation and benefits liabilities due to the increase in the value of the portfolio;
- the release of a PLN 3 million lower y/y net excess of prior years' claims reserves over the current projected value of payouts;

- change of a loss component with an effect on the insurance service result PLN -4 million y/y as a product of the recognition of a new loss component higher by PLN 13 million as compared to the corresponding period of the preceding year, and of changes in assumptions for active cohorts from the preceding years having an effect on the profit in the amount of PLN +9 million y/y;
- a 27.6% y/y increase in administrative expenses, mainly due to higher personnel costs. The segment's ratio of administrative expenses calculated to net insurance revenues increased by 2.3 p.p. to 20.7%;
- PLN 11 million higher amortization of acquisition cash flow. The acquisition expense ratio was 29.1% recording a 3.1 p.p. y/y increase.

The net insurance finance income and expenses were -PLN 16 million, which means an increase in expenses by PLN 4 million y/y.

The result from investments stood at PLN 42 million, up by PLN 3 million y/y.

15.8 Investment contracts

The segment includes PZU Życie products that do not transfer any significant insurance risk within the meaning of IFRS 17 and that do not meet the definition of an insurance contract, including some products with a guaranteed return and unit-linked. These products are recognized in accordance with the requirements of IFRS 9.

The change in operating profit is a consequence of high sales of products with guaranteed sums insured, which are offered as investment contracts in an environment of declining interest rates.

15.9 Investments

The segment includes investments of free funds, i.e. the surplus of the investment portfolio over the level allocated to pay insurance liabilities of PZU and PZU Życie and the operating result of TFI PZU. In the first three quarters of 2024, the investment income increased, as compared to the corresponding period of 2023, by PLN 103 million (+42.4% y/y), which was triggered by:

- positive impact of foreign exchange temporary differences on real estate portfolio hedging instruments;
- an improvement in the result from the Private Equity portfolio due to the improvement in the technology market;
- an increase in the result from the bond portfolio measured at fair value through profit or loss;
- higher performance of listed stocks due to valuation increases in the medical sector in particular.

Operating result in the investment segment amounted to PLN 179 million in the first three quarters of 2024, up by PLN 119 million y/y, particularly due to the positive impact of foreign exchange temporary differences.

15.10 Banking activity

The banking activity segment consists of the capital groups of Pekao and Alior Bank.
After the first three quarters of 2024, the banking activity segment generated PLN 8,489 million in operating profit (without amortization of intangible assets acquired as part of the transactions to take over the banks), which signifies an increase by PLN 133 million as compared to the corresponding period of 2023.

Pekao Bank's contribution to the PZU Group's operating profit in the banking segment (net of the amortization of intangible assets acquired as part of the acquisition transaction) was PLN 6,063 million (PLN -366 million y/y), while Alior Bank's contribution was PLN 2,427 million (PLN +501 million y/y).

The performance of Pekao deteriorated mainly due to higher legal risk costs of foreign currency mortgage loans, higher operating expenses, and the recognition of costs associated with the modification of contracts for PLN mortgage loans granted to consumers due to their suspension of loan repayments (so-called "loan repayment holidays").

The performance of Alior Bank improved due to the better quality of the loan portfolio translating into a decrease in allowances for expected credit losses, an increase in the loan portfolio, and a reduced burden on the bank's interest income from the costs of hedging interest rate risk.

The key element of the segment's income is the investment income, which amounted to PLN 18,583 million in the first three quarters of 2024 (+1.0% y/y). Investment income consists of: interest income, dividend income, trading result and result on impairment losses. In 2024, the segment income at Pekao was positively impacted mainly by higher loan volumes and stable net interest margin levels, despite the recognition of "loan repayment holidays" of PLN 234 million (an increase in costs of PLN 314 million y/y due to a one-time income in H1 2023, i.e., the release of a provision of PLN 80 million). In Alior Bank, the increase in interest income is a consequence of a significant decrease in interest expense as a result of a decrease in the cost of derivative hedging instruments (+PLN 333 million y/y) and a decrease in the cost of financing, which is outweighed by a decrease in interest income associated with a decrease in interest rates (-PLN 159 million y/y) taking into account the impact of the creation of a provision for the cost of "loan repayment holidays" in the amount of PLN 62 million (an increase in the cost of 51 million y/y).

The total portfolio of loan receivables in both banks increased by PLN 11.6 billion (+5.4% y/y) at the end of Q3 2024 compared to the same period in 2023.

The value of allowances for expected credit losses and impairment losses on Pekao financial instruments totaled PLN 611 million, and was higher y/y by 139 million. The value of allowances for expected credit losses and impairment losses on financial instruments totaled PLN 331 million at Alior Bank, and was lower by PLN 235 million.

Pekao's profitability in the first three quarters of 2024, as measured by the net interest margin ratio, was 4.1%, a decrease of 0.1 p.p. As compared to the corresponding period in 2023. The value of Alior Bank's net interest margin in this period was 6.08%, up 0.14 p.p. compared to the corresponding period in 2023. The difference in the level of the indicators results in particular from the structure of the loan receivables portfolio.

The fee and commission result in the banking activity segment was PLN 2,689 million and was by 2.5% higher than in the corresponding period of the preceding year.

The total operating expenses were PLN 5,240 million and consisted of the Pekao Group operating expenses amounting to PLN 3,751 million and of the Alior Bank operating expenses of PLN 1,489 million. The 10.9% y/y increase in costs is mainly due to an increase in employee expenses.

The cost of legal risk of foreign currency mortgage loans after the third quarter of 2024 was determined in Pekao at PLN 299 million (up PLN 201 million y/y). The additional provisions result from the updated parameters of the provision calculation for these loans (the probability of losing court cases and the distribution of possible judgments) and reflect the current state of judgments At Alior Bank, legal provision costs for foreign currency mortgages amounted to PLN 41 million (up PLN 33 million y/y).

In addition, other contributors to the operating result with a negative balance of 1,172 million included other operating income and expenses, where the main components are the BFG fees (PLN 279 million) and the levy on other financial institutions (PLN 880 million). The cost/income ratio stood at 36% for both banks. This ratio was 36% for Pekao and 36% for Alior Bank.

15.11 Pension insurance

The operating profit of the pension insurance segment in the first three quarters of 2024 amounted to PLN 119 million, which was 22.7% higher than in the same period of 2023, particularly as a result of an increase in net fee and commission income by PLN 27 million to PLN 134 million. Higher commission income occurred mainly in management fees, following higher average net asset value.

16. Impact of non-recurring events on operating results

In the first three quarters of 2024, the PZU Group's result was burdened by a one-time effect related to an above-normal number of mass damage caused by atmospheric events, mainly flooding, with a total impact on result from operating activities in the amount of -PLN 275 million.

Moreover, in the same period, the PZU Group's result was burdened by non-recurring effects related to banking activities:

- legal risk costs of foreign currency mortgage loans at Bank Pekao in the amount of PLN 299 million;
- costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (the so-called loan repayment holidays), in the gross amount of PLN 234 million at Pekao Bank and PLN 62 million at Alior Bank.

In the corresponding period in 2023, the PZU Group's result was burdened by legal risk costs of foreign currency mortgage loans at Pekao in the amount of PLN 98 million.

17. Information on changes in economic circumstances and business conditions which have a material impact on the fair value of financial assets and liabilities

17.1 Macroeconomic environment

17.1.1. Gross domestic product

In the second quarter of 2024, GDP growth accelerated to 3.2% y/y from 2.1% y/y in the first quarter 2024. Detailed data show that stronger domestic demand was responsible for this. Household sector consumption grew by 4.6% y/y in this period, i.e. 0.2 p.p. more than in the first quarter of this year, and added 2.6 p.p. to GDP growth. As a result of significant wage increases implemented in the public sector, public consumption also experienced rapid growth. It grew by 11.5% y/y in Q2, 2.1 p.p. more than in Q1 this year, accounting for 2.2 p.p. of GDP growth. Investment also recorded a better result, with its growth in Q2 this year accelerating to 3.2% y/y from 1.9% y/y a quarter earlier. As a result, investment added 0.5 p.p. to GDP growth in Q2 of this year. This was accompanied by a further reduction in the impact on growth of inventory-side adjustments. The contribution of the change in tangible working capital to GDP growth was -0.8 p.p. in the second quarter, after -2.4 p.p. in the first quarter of this year. Through a marked acceleration on the import side (in Q2 it rose 5.7% y/y with exports rising 2.9% y/y), GDP growth was also negatively affected by net exports, which subtracted 1.3 p.p. from GDP growth in Q2.

According to quick estimate, GDP in Q3 increased by 2.7% y/y in real terms. Available activity data for the third quarter of this year indicate that the slower GDP growth rate is primarily due to a slowdown in private consumption. During this period, retail sales fell by 1.5% y/y. Industrial output sold increased by 0.6% y/y in Q3. Balance of payments data also show that the difference between export and import dynamics deepened in Q3, which will translate into an increased negative impact of this category on the GDP growth rate.

In the whole of 2024, we expect GDP growth close to 3.0% y/y.

17.1.2. Labor market and consumption

Labor demand remains slowed down. Average employment in the business sector has been declining throughout the year, with a 0.5% y/y decline in September, and the total number of full-time jobs in companies in September 2024 was 54,000 lower compared to their level in January 2024.

Weaker labor demand, however, has not significantly affected unemployment. At the end of September 2024, there were 769,600 unemployed in the registers of labor offices, which translated into a registered unemployment rate of 5.0%. This is one of the lowest levels of this indicator in history. In turn, the deseasonalized unemployment rate published by Eurostat, calculated with a methodology harmonized for EU countries, was 2.9% in September 2024, with the average for the European Union at 5.9%. Only Czech Republic (2.8%) boasted a lower rate than Poland.

Double-digit wage growth also continues. The average gross monthly salary in the enterprise sector in Q3 2024 was PLN 8,269.13. Compared to the same period last year, it increased nominally by 10.8% and in real terms by 6.1%. Due to this year's rises in the public sector and minimum wage increases, which have a stronger impact on microenterprises, wages in the entire national economy are growing faster this year than in the enterprise sector – in Q3 this increase reached 13.4% y/y.

An increase in the purchasing power of household incomes supported a recovery in consumption, although consumers remained very cautious in their commodity purchase decisions in Q3. According to preliminary estimates by the Statistics Poland (GUS), retail sales at constant prices in Q3 of this year were 1.5% lower than a year ago. However, we expect a positive result for overall consumption as the consumption structure shifts toward services.

17.1.3. Inflation, monetary policy, interest rates

In Q3, the inflation rate accelerated to 4.5% y/y, after 2.5% in Q2, with the rate reaching 4.9% y/y at the end of the quarter. The acceleration in the annual price index is due, among other things, to the partial unfreezing of energy prices, but also to the relatively low base last September due to the expansion of the list of free drugs made at that time. We estimate that inflation is likely to remain above the NBP's inflation target (2.5% +/- 1 p.p.) until mid-2025.

Following the September and October 2023 falls, the Monetary Policy Council maintains the benchmark interest rate at 5.75%.

17.1.4. Public finance

After 3Q 2024, the state budget deficit amounted to PLN 107.3 billion, which accounted for 58.3% of the planned maximum deficit of PLN 184 billion. State budget revenues amounted to PLN 460.2 billion (67.4% of planned revenues for 2024). According to the Ministry of Finance's forecast of budget execution for 2024 (forecast from the draft Budget Act for 2025), year-end revenues are expected to be lower than planned by about PLN 41 billion. Relatively weak implementation of key items on the revenue side (VAT and CIT revenues, income of state budget entities) and increased needs on the expenditure side (including those related to the floods and subsidies to local governments and health care) prompted the government to submit a draft act to amend the budget. According to it, this year's state budget deficit is expected to be PLN 240.3 billion against the planned PLN 184 billion. Among the reasons cited for the amendment were lower-than-expected growth rates in nominal GDP and private consumption and a deeper decline in inflation.

The deficit in the government and local government sector after H1 2024 was 6% of GDP (with expenditure rising by 0.6 p.p. of GDP compared to 2023). *The medium-term budget and structural plan for 2025–2028* assumes that the deficit in 2024 will remain at 5.7% of GDP, and will decline in subsequent years and reach a level below the reference threshold of 3% of GDP in 2028.

Treasury debt after Q3 2024, according to estimates from the Ministry of Finance, amounted to PLN 1,517 billion, of which foreign currency debt amounted to PLN 329 billion – about 21.7% of total SP debt. After Q2 2024, the Treasury debt as a percentage of GDP amounted to 38.7%. The structure of the Treasury debt by resident in 2024 remains stable: non-residents, Polish commercial banks and the domestic non-bank sector have a share of 30-33%. The average debt maturity as of April 2024 is at historically high levels (5.8 years), and according to the *SFP Debt Management Strategy 2025–2028* (DMS), it is expected to rise above the 6-year level next year. The ATR and duration ratios for total Treasury debt remain at relatively high levels (4.3 and 3.6 years, respectively, in August). DMS assumes that the ATR over the horizon to 2028 will decline slightly (to 4.1 years), indicating that interest rate risk associated with government debt is expected to be slightly higher.

On the other hand, duration is expected to stabilize at 3.9 years in the coming years. The cost of servicing Treasury debt in 2024 is expected to be around 1.8% of GDP, but the DMS indicates it will rise above 2% of GDP after 2026. The average implied interest rate on SP debt (understood as the ratio of debt service costs to SP debt) was 4.19% in September 2024, down 0.4 p.p. from its December peak. Based on the projections from the DMS, it can be estimated that the rate will be 3.9% in 2025, but will begin to rise in subsequent years to 4.6% in 2028.

Government debt after Q2 2024 amounted to PLN 1,825 billion (52.3% of GDP*). The medium-term budget and structural plan for 2025–2028* assumes that the debt will exceed the reference value of 60% of GDP in 2026, while it will take until 2030 to return below that level.

17.1.5. Situation on financial markets

3Q 2024 was marked in the financial markets by a decline in U.S. bond yields, after rising or stabilizing in the first half of the year. In light of the declines in yields on U.S. Papers, there were worries about the economy overseas and suggestions from the Fed of nearer rate cuts. In the stock market, this translated into lower valuations on exchanges overseas, while in the foreign exchange market, the dollar weakened against the EUR.

17.1.5.1. Bond market

In the third quarter of this year, bond yields fell in domestic and underlying markets. This process was preceded by increases in Q1 and stabilization in Q2 this year. Consequently, from the beginning of July to the end of September 2024, the SPW curve fell in the 2-year segment to 4.76%, from 5.18%, 5 years to 4.90%, from 5.60%, 10 years to 5.24%, from 5.79%. The spread of domestic 10-year SPW against their German counterparts narrowed to 312 bps, from 315 bps. (Macrobond data). Declines in yields have not been a uniform process, while we saw the lowest values in early August. We have seen reductions in yields in an environment of deteriorating indicators from the real economy, suggestions of rate cuts by major central banks and despite rising y/y consumer price growth in Poland.

17.1.5.2. Equity market

3Q 2024 has been a period of declines and consolidation in the domestic stock market, after the indexes in Warsaw had risen significantly in the first half of this year. In light of the correction, there were weakening real macro data, worries about the outcome of the US elections and related heightened geopolitical risks. Consequently, against the scale of Q3 this year, WIG lost 5.8%, while the WIG20 lost 9.0% (WSE data). Domestic equities were helped neither by rising expectations of rate cuts locally and globally, nor by the good behavior of stocks in the underlying markets.

17.1.5.3. Currency market

From the beginning of July to the end of September 2024, the EUR exchange rate, expressed in PLN, decreased to 4.2791, from 4.2981 (NBP), as a consequence of improved stock market sentiment and the markets' expectation of an inflow of KPO funds. In the case of the USD exchange rate, expressed in PLN, it decreased to 3.8193, from 3.9915 (NBP), which was the result of a significant weakening of the dollar against the EUR – EURUSD moved to 1.1196, from 1.0754 (ECB). The dollar's depreciation was a consequence of weak data coming out of the US and the Fed's increasingly clear communication of its desire to cut interest rates, with the ECB's communication relatively conservative.

17.2 Risk factors which may affect the financial results in the subsequent quarters

Due to the scope of the PZU Group's business (insurance sector in Poland, the Baltic States and Ukraine, mutual and pension funds sector, banking), the main factors that will shape the environment in which the Group operates and that may have a direct impact on the development and results of the Group in the medium term, in particular in 2024, may be divided into the following three categories:

- macroeconomic and geopolitical factors;
- legal and regulatory factors;
- market factors, specific to individual sectors or businesses in which PZU Group operates.

Macroeconomic and geopolitical factors

The growth rate, level and structure of the key macroeconomic factors in Poland and abroad (GDP, inflation and interest rates) translate both into the growth rate of business in all sectors in which the PZU Group operates and into the profitability. They determine, indirectly or directly, albeit with a certain lag, the gross written premium growth rate in non-life insurance, changes in demand for credit, accumulation of deposits and inflow of assets into funds. In addition, they have an impact on non-life insurance loss ratios and on the investment result. They also shape the fund management results and key measures that affect the performance of the banking sector (net interest margin and costs of risk).

The unfinished Russia-Ukraine armed conflict remains a threat. The main risks associated with it are price shocks in the food, gas and oil markets. What the further course of the conflict will be may affect the situation on the Polish stock market, the exchange rate of the zloty or the yields of Polish securities.

Tensions in the Middle East are another major geopolitical risk. Above all, it could raise concerns about access to energy resources extracted in this part of the globe (oil and gas) and consequently raise their prices. It may also cause price increases in the transportation of the aforementioned raw materials and other goods transported through the Suez Canal, as a result of increased insurance rates on Europe-Asia logistics routes lying in this zone. Finally, there may also be an increase in the cost of financing in dollars in response to the risk of increased U.S. financial involvement in the next – after Ukraine – conflict. An additional risk is the possibility of a worsening migration crisis.

Geopolitical risks are also associated with the intensification of the rivalry between the U.S. and China, and more broadly with the fragmentation of economic cooperation and the ongoing erosion of multilateralism. This is guided, among other things, by the desire to ensure security of supply by increasing the resilience of supply chains, reducing their vulnerability to geopolitical tensions. Fragmentation, however, could lead to higher prices and greater price differentiation between regions. This is especially true for the prices of critical raw materials. These processes may be intensified as a result of Donald Trump's victory in the U.S. election, who advocates a faster pace of deglobalization and tariffs.

A key consequence is a possible slowdown in the rate of disinflation. In addition to geopolitical factors, the further path of disinflation in the world will be influenced by the course of the green transition (and so-called “greenflation”). In Poland, the further development of the price index may also be strongly influenced by administrative decisions as well as continued wage pressure.

A weaker rebound in activity in the external environment and slower-than-expected GDP growth in Poland are possible. Despite the fading effects of supply shocks caused by the war in Ukraine, tighter financing conditions and further monetary policy responses may continue to negatively impact GDP dynamics next year. There is also some risk in the real estate sector, which is undergoing a major crisis in China.

Market factors (specific to individual sectors)

In particular, in addition to chance events such as sudden floods, hail, torrential rain, hurricanes, cyclones, droughts, spring ground frosts, which due to the ongoing climate change are becoming more and more unpredictable and contribute to increasing loss rates in the property insurance sector, the following hazards also exist:

- higher growth of new car sales, mainly in the dealership channel and financed by leasing companies, may result in higher sales of motor insurance;
- the greater number of cars and traffic may cause an increase in how often claims are made, and consequently an increase in the claims ratio, which would have a negative impact on the outcome of MTPL and MOD insurance;
- with strong price competition in motor insurance and deteriorating technical result in MTPL and MOD, insurers’ pricing strategies could affect market share levels;
- the development of non-motor insurance offerings by, among other things, providing customers with value beyond just insurance coverage will result in the further development of strategic partnerships between insurers and companies with large customer bases, as well as the creation of customer service ecosystems;
- the increase in sums insured (due to inflation and the risk of underinsurance) for corporate as well as individual customers, so that these sums are updated and adjusted to the real value of the property insured might result in an increase in insurance premiums and claims payments that will ensure the full restoration of damaged or lost property;
- climate change which result in, among other things, a greater range of crop species is grown by agricultural producers, which has a positive impact on crop rotation and biodiversity and may influence the development of subsidized agricultural insurance offerings;
- the increase in the use of technology and artificial intelligence should result in the rapid growth of the cyber-insurance market, with insurers focusing on offering comprehensive solutions that combine financial protection with prevention and incident response services;
- changes in trends and expectations of clients, resulting in the expectation of personalization of the offerings, which may bring about the need to change products, processes and systems, which in turn may affect the bottom-line results achieved;
- reduced demand for voluntary insurance due to a higher inflation rate, higher unemployment and a decline in employment;
- price pressure in group insurance and the competition for client ownership (and client data) cuts the insurer’s margins, reduces the scope (quality) of the product and fostering entry and exit obstacles for clients to overcome with independent intermediaries;
- increased insurance awareness (including after the COVID-19 pandemic), changes in client trends and behavior toward personalized life insurance offerings may result in the development of individual insurance, while limiting the potential for the development of group insurance in its current formula;
- increase of insurance fraud as a result of the more difficult situation in numerous industries, increasing unemployment and lower employment rates;
- an increase in mortality due to an aging population, an outbreak of epidemics / pandemics (similar to COVID-19), or infectious diseases, will likely contribute to an increase in claims and a reduction of the insurance portfolio (a decrease in the number of people insured);
- better use of data due to technological developments and the use of artificial intelligence will allow the creation of more precise offerings and a better adjustment of price to risk, consequently, building a competitive edge;

- demographic changes and the aging society as well as the ensuing changes in the current mortality and fertility levels motor the development of the offering for senior citizens;
- high demand for specialized doctors exceeding the supply, which may slow down growth and affect margins (in health insurance);
- inflationary pressures from affiliate medical networks and salary pressures exerted by doctors and other personnel serving patients in medical centers may directly affect the financial performance of PZU Zdrowie;
- wage pressure combined with an increase in demand for medical services may result in limited ability of providing these services in selected medical centers – medical personnel may prefer/accept only facilities that meet higher employee compensation expectations;
- stronger and more aggressive policy geared at the development of the network of own medical facilities \by competitors may significantly affect the possibility of acquiring patients or the competitive position of PZU Życie medical operators;
- the growth of the construction industry – including the increase in infrastructure and energy transition– related investments – in conjunction with the expected inflow of funds from the European Union's National Recovery Plan and Cohesion Fund will generate increased interest in contract guarantees and construction and assembly insurance;
- the inflow of EU funds from the National Recovery Plan, especially in the view of a predicted slowdown of inflows in 2024-2025, from the Union's budget perspective 2021-2027, can provide a significant boost to the economy, positively influencing investment dynamics and demand for business loans;
- development of banking service offerings by unregulated entities, which will affect the competitiveness of banking products;
- the clients' propensity to allocate savings in investment and long-term solutions in the event of a higher inflation and greater debt servicing costs;
- the impact of the climate in the financial markets, which is influenced, among other things, by the geopolitical and macroeconomic situation, the actions of foreign central banks and the NBP;
- the impact of the performance of listed companies, indirectly related to the absorption of the situation related to persistently higher inflation, which will affect the rate of economic growth in Poland;
- work on enhancing the performance of the third pillar of the pension scheme, thus making it more attractive, and the influencing of the need in public awareness for accumulating additional savings for future retirement;
- work on changes to the tax regulations on capital gains tax. The scale of the impact will depend on the introduced changes;
- geopolitical tensions, particularly the ongoing Russia-Ukraine, which has a direct impact on the possibility of conducting insurance operations in Ukraine and on their results;
- the risk of declining interest rates resulting in lower investment income, which, in the case of insurers, makes it more difficult to achieve guaranteed rates of return.

Legal and regulatory factors

Insurance

Most relevant in motor insurance is the implementation of Directive (EU) 2021/2118 of the European Parliament and of the Council of 24 November 2021 amending Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability. The Act on amendment to the Act on Mandatory Insurance, UFG and PBUK, and the Act on Insurance and Reinsurance Activity, adopted on 13 September 2024, increases, among other things, the minimum sums of guarantee in motor TPL.

The end of 2024 and the beginning of 2025 will also be important for developing a market standard for interpreting the provisions of the Regulation of the European Parliament on digital operational resilience for the financial sector (DORA) and the European

Commission Regulation on a framework for Financial Data Access (FIDA). Insurers face a number of challenges to adapt procedures and contracts to the extent required by these regulations.[4]

In life insurance, a regulation is being drafted by the Minister of Finance to set specific rules related to the investment by an insurance company of assets from life insurance contracts in which the investment risk is borne by a policyholder who is a natural person or a policyholder who is not a natural person, if, under the contract, the policyholder who is a natural person bears the cost of the insurance premium. Among other things, the regulation will stipulate the type of assets in which insurance capital funds can be invested and investment limits.

Banking

What significantly contributes to the banking sector's profit are the government programs to support borrowers, including the so-called "loan repayment holidays" and "2% safe loan." Loan repayment holidays were extended in 2024. They provide an opportunity to postpone mortgage installments and apply only to those loans for which contracts were signed before 1 July 2022, and the loans were granted in PLN. The law extending the credit vacations came into effect on 15 May 2024. It provides that credit vacations will be available from 1 June to 31 August for two months and from 1 September to 31 December for two months.

The "2% safe loan", under the 2023 formula, has been discontinued as at the beginning of 2024, and there are discussions to replace it by another proposal for the borrowers (so-called 0% loan). However, it is uncertain whether the proposal will go into effect.

Risk management and sustainable finance

Regulations on sustainable finance, climate change and environmental protection are contributing to the increased burden on financial institutions. Starting in 2025, PZU will publish ESG reports in accordance with the Corporate Sustainability Reporting Directive (CSRD). Companies subject to CSRD are required to report a range of ESG indicators in accordance with the use of common standards referred to as the European Sustainability Reporting Standards (ESRS) . This means collecting and compiling a range of additional data for reporting purposes.

18. Management Board's position on previously published forecasts

PZU did not publish standalone or consolidated forecasts.

19. Issues, redemptions and repayments of debt securities and equity securities

During 9 months ended 30 September 2024 PZU did not issue, redeem or repay any debt or equity securities.

19.1 Alior Bank

On 10 January 2024, Alior Bank adopted resolutions on the early redemption of its own bonds: series P1B (with a value of PLN 70 million) issued on 29 April 2016 and series F (with a nominal value of PLN 322 million) issued on 26 September 2014 whose final redemption date was 16 May 2024 and 26 September 2024, respectively. The bonds were redeemed early on 30 January 2024.

[4]The Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector (the Digital Operational Resilience Act, DORA)came into force . The objective of the new provisions is to increase information security of financial operators such as banks, as well as insurance and investment companies. The entities subject to DORA have until 17 January 2025 to adapt to the new requirements.
On 28 June 2023, the European Commission published a draft of the Financial Data Aces Framework (FIDA). The introduction of the proposed solutions, while raising a number of questions, is expected to bring potential benefits for EU citizens related to the exchange of financial data. FIDA is intended to give clients control to decide how their financial data will be used and by who.

19.2 Pekao

On 26 April 2024, Pekao issued 5-year senior non-preferred notes ("SNP bonds") with the total nominal value of PLN 500 million. The SNP bonds have an option giving Pekao the right to redeem them early within 4 years or 4.5 years from the date of issue or in other cases indicated in the terms and conditions of issue (regulatory change of bond classification, change of bond taxation), subject to the approval of the BGF, if such approval is required, SNP bonds, in accordance with Art. 97A.1.2 of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution, are Pekao's eligible liabilities. The bonds were listed on the ATS Catalyst market.

On 18 June 2024, Pekao's Management Board passed a resolution to exercise its right to early redemption of senior bonds issued by Pekao on 28 June 2023 with a nominal value of PLN 750 million. The early redemption took place on 28 July 2024, and was conducted through and in accordance with KDPW regulations.

On 30 July 2024, Pekao issued 2.5-year senior preferred notes ("SP bonds") with the total nominal value of PLN 600 million. The SP bonds have an option giving Pekao the right to redeem them early within 1.5 or 2 years from the date of issue, subject to approval by the BGF. The SP bonds, in accordance with Article 97a(1)(2) of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution, are Pekao's eligible liabilities. The SP bonds were listed on the ATS Catalyst market.

On 24 September 2024, Pekao, issued a six-year Senior Non-Preferred Eurobond (EMTN Program) under the Medium-Term Eurobonds Program. On the same day, the bonds were admitted to trading on the regulated market on the Luxembourg Stock Exchange. As of 18 October 2024, the bonds have also been admitted to trading on the regulated market of the Warsaw Stock Exchange.

The total number of bonds issued was 5,000, with a total nominal value of PLN 500 million. The coupon for five years from the date of issuance is fixed at 4.0% per annum, payable annually. In the sixth year, the coupon is variable, based on EURIBOR 3M plus a margin of 1.8%, payable every three months. The redemption date for the Eurobonds is 24 September 2030. Pekao has an early call option on 24 September 2029. The nominal value of one Eurobond is EUR 100 thousand. The indicated series of the issued Eurobond tranche received a BBB rating from S&P Global Ratings Europe Limited, a rating agency. The Eurobonds are governed by English law, subject to the status of Eurobonds, the set-off prohibition and the clause on recognition of the decision of the forced restructuring authority regarding redemption or conversion of the instrument, which are governed by Polish law.

20. Payment default or violation of material regulations of the loan agreement

During 9 months ended 30 September 2024 neither PZU nor PZU subsidiaries failed to repay any loans or borrowings or violated any material regulations of loan agreements without remedy actions taken till the end of the reporting period.

21. Distribution of the parent company's profit and dividends

Only the profit recognized in the individual financial statements of the parent company prepared in accordance with the PAS is subject to distribution.

On 18 June 2024, the PZU Ordinary Shareholder Meeting distributed PZU's net profit for the year ended 31 December 2023 in the amount of PLN 3,983 million, increased by PLN 854 million moved from supplementary capital created from the net profit for the year ended 31 December 2022, i.e. in total PLN 4,837 million, by allocating:

- PLN 3,748 million (i.e. PLN 4.34 per share) to dividends;
- PLN 1,080 million to the supplementary capital;
- PLN 9 million to the Company Social Benefit Fund.

The record date was set for 17 September 2024 and the dividend payout date was set for 8 October 2024.

The profit distribution is consistent with the PZU Group's Capital and Dividend Policy for 2021–2024, as adopted on 24 March 2021, and takes into account the recommendations contained in the Polish Financial Supervision Authority's (KNF) stance on the dividend policy in 2024 issued on 14 December 2023.

22. Disputes

The PZU Group entities participate in a number of litigations, arbitration disputes and administrative proceedings. Typical litigations involving the PZU Group companies include disputes pertaining to concluded insurance contracts, foreign currency loan agreements, disputes concerning labor relationships and disputes relating to contractual obligations. Typical administrative proceedings involving the PZU Group companies include proceedings related to the possession of real properties. Such proceedings and litigation are usually of a typical and repetitive nature and usually no particular case is of material importance to the PZU Group.

The majority of disputes involving the PZU Group companies concerned four companies: PZU, PZU Życie, Pekao and Alior Bank.

Estimates of the provision amounts for individual cases take into account all information available on the date of signing the consolidated financial statements, however their value may change in the future. The insurance company takes disputed claims into account in the process of valuing liabilities under insurance contracts, considering the probability of an unfavorable outcome of the dispute and estimating the probable awarded amount.

As at 30 September 2024, the total value of disputes in all 247,606 cases (31 December 2023: 243,153 cases) pending before courts, arbitration bodies and public administration authorities in which PZU Group entities take part, was PLN 16,594 million (as at 31 December 2023: PLN 12,461 million). This amount included PLN 11,930 million (as at 31 December 2023: PLN 8,055 million) relates to liabilities, and PLN 4,664 million (as at 31 December 2023: PLN 4,406 million) to receivables of PZU Group companies.

During 9 months ended 30 September 2024 and till the date of the abridged mid-year consolidated financial statements, PZU Group companies were no parties to any pending proceedings before courts, competent arbitration authorities or public authority authorities concerning liabilities or receivables of PZU or PZU's direct or indirect subsidiaries whose unit value would be material, except for issues described above.

22.1 Resolutions of the Ordinary Shareholder Meeting of PZU to distribute the profit earned in the financial year 2006

On 30 July 2007, an action was brought by Manchester Securities Corporation ("MSC") with its registered office in New York against PZU to repeal Resolution No. 8/2007 adopted by the Company's Ordinary Shareholder Meeting on 30 June 2007 to distribute PZU's profit for the financial year 2006 as contradicting good practices and aimed at harming the plaintiff as a shareholder of PZU.

The challenged resolution of the Annual General Meeting of PZU distributed the 2006 net profit of PLN 3,281 million as follows:

- PLN 3,261 million was transferred to the supplementary capital;
- PLN 20 million was transferred to the Social Benefit Fund.

In its judgment of 22 January 2010, the Regional Court in Warsaw repealed the aforementioned resolution adopted by PZU's Annual General Meeting in its entirety. PZU has used all the available appeal measures, including a cassation appeal to the Supreme Court which, on 27 March 2013, dismissed the cassation appeal. The judgment is final and non-appealable.

PZU believes that repealing the aforementioned resolution of the PZU's Ordinary Shareholder Meeting will not give rise to shareholders' claim for a dividend payout by PZU.

As the judgment repealing resolution no. 8/2007 became final, on 30 May 2012, Ordinary Shareholder Meeting of PZU adopted a resolution to distribute the profit for the financial year 2006 in a manner that reflects the distribution of profit in the repealed resolution no. 8/2007. MSC filed an objection against the resolution of 30 May 2012 and the objection was recorded in the minutes.

On 20 August 2012, a copy of a statement of claim filed by MSC with the Regional Court in Warsaw was delivered to PZU. In the statement of claim, the Manchester Securities Corporation demanded that the resolution on the distribution of profit for the financial year 2006 adopted on 30 May 2012 by the PZU Annual Meeting be repealed. According to the plaintiff, the value of the litigation is PLN 5 million. PZU then submitted a statement of defense requesting to dismiss the statement of claim in its entirety.

On 17 December 2013, the Regional Court passed a judgment in which it accepted the claim in its entirety and awarded the costs of proceedings from PZU to MSC. On 4 March 2014, PZU filed an appeal against the above judgment, contesting it in its entirety. On 11 February 2015, the Appellate Court in Warsaw handed down a judgment that changed the judgment of the Regional Court of 17 December 2013 in its entirety, dismissed MSC's claim and charged MSC with the court expenses. The Appellate Court's judgment is final. MSC challenged the Appellate Court's judgment in its entirety in a cassation appeal of 9 June 2015. PZU filed its reply to the cassation appeal. By decision of 19 April 2016, the Supreme Court refused to review MSC's cassation appeal. According to the provisions of the Code of Civil Procedure, the Supreme Court's ruling is final non-appealable and ends the proceedings in the case.

In the meantime on 16 December 2014, MSC summoned PZU to pay PLN 265 million as compensation in connection with repealing Resolution No. 8/2007 adopted by the PZU Annual General Meeting on 30 June 2007 to distribute PZU's profit for the financial year 2006. PZU refused to effect the performance on account of its groundlessness.

On 23 September 2015, a copy of the statement of claim with attachments was delivered to PZU in the case launched by MSC against PZU for payment of PLN 169 million with statutory interest from 2 January 2015 to the date of payment and the costs of the trial. The lawsuit includes a claim for damages for depriving MSC and J.P. Morgan (MSC acquired the claim from J.P. Morgan) as minority shareholders of PZU of their share in profits for the financial year 2006 in connection with the adoption of Resolution No. 8/2007 on 30 June 2007 by the PZU Ordinary Shareholder Meeting. The case is pending before the Regional Court in Warsaw. On 18 December 2015, PZU's attorney submitted a statement of defence, requesting to dismiss the claim it in its entirety. On 1 April 2016, MSC filed a pleading in which it responded to PZU's assertions, allegations and petitions and raised new arguments in the case. On 30 June 2016, PZU filed a response to MSC's most recent pleading along with requests for evidence. In its decision of 21 July 2016, the Court referred the case to a mediation procedure, to which PZU did not agree. In subsequent court sessions, evidentiary hearings have taken place.

On 6 April 2022, the Regional Court in Warsaw issued a decision admitting evidence in the form of an opinion of a scientific institute to determine the amount of the damage sustained by MSC and J.P Morgan, in the form of loss of profit, as a result of the adoption of Resolution No. 8/2007 by the PZU Ordinary Shareholder Meeting on 30 June 2007, excluding from distribution the profit for the 2006 financial year and the non-payment of this profit in 2007.

The Management Board of PZU believes that MSC's claims are groundless. As a result, as at 30 September 2024, no changes were made to the presentation of PZU's equity that could potentially stem from the repeal of the resolution 8/2007 adopted by PZU's Ordinary Shareholder Meeting on distribution of profit for the financial year 2006, including the line items "Supplementary capital" and "Retained earnings (losses)", and the funds in the Company Social Benefit Fund were not adjusted.

Other demands for payment pertaining to the distribution of PZU's profit for the 2006 financial year

On 13 November 2018 the Regional Court in Warsaw served a copy of the statement of claim lodged by Wspólna Reprezentacja SA in restructuring, which pertained to a claim against PZU for payment of PLN 34 million with statutory interest from 1 October 2015 to the payment date with court expenses. The claim comprises a claim for payment of damages for depriving the shareholders of their share of profits for the 2006 financial year. The plaintiff claims that the claims for damages were transferred by the shareholders to the plaintiff based on mandate agreements together with a fiduciary transfer of receivables and the claim pursued by the statement of claim is the total damage caused to the shareholders. PZU does not accept the claims as unjustified and submitted its statement of defence, requesting the claim to be dismissed it in its entirety. PZU did not consent to mediation. In subsequent court sessions, evidentiary hearings have taken place.

22.2 Notification of PZU's claim to the bankruptcy estate of companies of the PBG Group

PZU is a creditor of PBG SA ("PBG") and Hydrobudowa Polska SA ("Hydrobudowa") on account of insurance guarantees (contractual guarantees) issued and paid out.

In 2012, bankruptcy proceedings were initiated against PBG and Hydrobudowa. On 21 September 2012, PZU joined the proceedings by notifying its claims to the bankruptcy estate of the two companies.

PBG and Hydrobudowa belong to the same group in which PBG is the parent company. The companies provided sureties for each other's liabilities. As a consequence, all claims submitted against the bankruptcy estate of Hydrobudowa in the amount of PLN 101 million were concurrently submitted against the bankruptcy estate of PBG.

PBG's bankruptcy proceedings ended on 20 July 2016 with a final decision of the Bankruptcy Court.

The first list of claims presented by Hydrobudowa's trustee in bankruptcy to the judge commissioner contained PZU SA's claims in the amount of PLN 16 million and the fourth supplementary list of claims contained PZU SA's claims in the amount of PLN 16 million. Accordingly, the total value of claims pursued by PZU on this account was PLN 32 million. In respect of claims for the amount of over PLN 66 million, on 24 October 2018 PZU filed an objection to the judge commissioner against the refusal to accept the submitted claim. With the decision of 23 January 2020 the Court accepted PZU's objection and increased PZU's claim on the fourth supplementary list of claims to PLN 83 million. On 8 September 2022, the trustee in bankruptcy requested a statement regarding the possible disposal of the reported claim and an indication of the amount of repayments to satisfy it. PZU provided the relevant statement. The consequence of the above was an amendment to the fourth supplementary list of claims, based on a court order of 4 September 2023, reducing PZU's claim to PLN 70 million.

According to the partial distribution plan as announced on 23 November 2023, PZU is to receive 4% of the claims, that is the amount of about PLN 3.4 million. Several creditors (other than PZU) have submitted objections to the distribution plan, which are being considered by the court. The distribution plan has not been implemented yet, and by the date of signing the condensed interim consolidated financial statements PZU has not received the above amount.

22.3 Lawsuits against Alior Bank

22.3.1. Class action

Alior Bank is a defendant in one class action case (suit was filed on 5 March 2018) brought by an individual representing a group of 320 natural and legal persons and 4 individual cases to rule Alior Bank's liability for a loss caused by the improper performance of Alior Bank's disclosure obligations to clients and improper performance of agreements to provide services of accepting and forwarding purchase or sale orders of investment certificates of mutual funds managed previously by Fincrea TFI SA and currently by Raiffeisen Bank International AG (Spółka Akcyjna) Branch in Poland (Funds). On 8 March 2023 the Regional Court in Warsaw decided to define the composition of the group. This decision was not final as at the date of signing the consolidated financial statements. The value of the subject matter of the extended lawsuit is around PLN 104 million.

The lawsuits were filed to establish liability (not for payment, i.e. damages), so the PZU Group does not expect any cash outflow from these proceedings other than litigation costs, which it estimates at PLN 600,000.

22.3.2. Other lawsuits

Alior Bank is also a defendant in 170 cases brought by purchasers of the Funds' investment certificates for payment (damages). The total value of disputes in those cases is PLN 57 million.

In the PZU Group's opinion, each payment case requires an individual approach. After analysis and selection of cases, those were singled out in which certain risk factors justify the establishment of a provision. Its calculation also took into account an expected increase in the scale of lawsuits. The total value of the provision as at 30 September 2024 was PLN 74 million (as at 31 December 2023: PLN 82 million).

23. Evaluation of the PZU Group companies' standing by rating agencies

Issuer rating

Since 2004, PZU and PZU Życie have been subject to regular reviews by the rating agency of S&P Global Ratings (S&P). The rating assigned to PZU and PZU Życie results from an analysis of financial data, competitive position, management and corporate strategy of both companies as well as the sovereign rating. It also includes a ratings outlook, or an assessment of the Company's future position in the event that specific circumstances occur.

Current rating

A- /Positive/

Last change and outlook

On 28 May 2024, the S&P raised the rating outlook of PZU from "stable" to "positive". The financial strength and credit ratings of PZU have remained at A- since 21 January 2016.

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The table below depicts the most recent change to the S&P rating outlook for PZU and PZU Życie.

Company name	Rating and outlook	Last change	Previous rating and outlook	Date of change
PZU				
Financial strength rating	A- /Positive/	28 May 2024	A- /Stable/	6 April 2020
Credit rating	A- /Positive/	28 May 2024	A- /Stable/	6 April 2020
PZU Życie				
Financial strength rating	A- /Positive/	28 May 2024	A- /Stable/	6 April 2020
Credit rating	A- /Positive/	28 May 2024	A- /Stable/	6 April 2020

Poland's rating

On 10 May 2024, rating agency S&P revised Poland's rating, leaving ratings unchanged.

Poland	Rating and outlook	Last change	Previous rating and outlook	Date of change
Credit reliability rating (long-term, local currency)	A /stable/	12 October 2018	A– /positive/	13 April 2018
Credit reliability rating (long-term, foreign currency)	A- /stable/	12 October 2018	BBB+ /positive/	13 April 2018
Credit reliability rating (short-term, local currency)	A-1	12 October 2018	A-2	13 April 2018
Credit reliability rating (short-term, foreign currency)	A-2	15 May 2020	A-2	13 April 2018

Source: S&P Global Ratings

24. Related party transactions

24.1 Transactions made by PZU or PZU's subsidiaries with related parties otherwise than on an arm's length basis

During 9 months ended 30 September 2024 neither PZU nor PZU's subsidiaries made any transactions with related parties which were of material significance individually or collectively and were executed on terms other than on an arm's length basis.

24.2 Transactions with State Treasury and State Treasury's related parties

The PZU Group's transactions with the State Treasury and State Treasury's related entities were primarily related to non-life insurance, treasury securities operations and banking services. Such transactions are concluded and settled on terms and conditions available to customers, who are not related parties. The PZU Group applies the exemption resulting from the provisions of IAS 24 item 25.

The value of State Treasury or Treasury-guaranteed bonds held by PZU Group units was PLN 118,695 million as of 30 September 2024 (as of 31 December 2023: PLN 103,957 million).

The value of liabilities (less receivables) to the State Treasury under corporate income tax amounted to PLN 1,320 million as of 30 September 2024 (as of 31 December 2023: PLN 1,972 million).

The balance of cash in accounts with the National Bank of Poland amounted to PLN 15,608 million as of 30 September 2024 (as of 31 December 2023: PLN 9,045 million).

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24.3 Other related party transactions

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	1 January – 30 September 2024		1 January – 30 September 2023	
	Key management	Other related parties [1)]	Key management	Other related parties [1)]
Insurance revenue	-	-	-	-
Other revenue	-	1	-	1
Costs	-	27	-	32

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	30 September 2024		31 December 2023	
	Key management	Other related parties [1)]	Key management	Other related parties [1)]
Loan receivables from clients	-	-	1	-
Receivables	-	1	-	1
Liabilities under deposits	-	51	4	42
Other liabilities	-	5	-	6
Contingent assets	-	-	-	-
Contingent liabilities	-	2	-	2

[1)] Associates accounted for using the equity method.

At the stage of acquisition of the shares in Alior Bank and Pekao, respectively ("banks"), PZU filed with KNF the Representations on Liabilities referred to in Article 25h(3) of the Banking Law, according to which, acting as a strategic investor, it should ensure, without limitation, that:

- the banks will be managed in such a way as to maintain at all times liquidity, own funds and solvency ratios on a stable level as required by the law, guaranteeing the Banks' ability to satisfy their liabilities;
- appropriate capital support without undue delay in the event of a decline or threat of decline of capital adequacy ratios or liquidity of the Banks below the level required by the law and regulations and recommendations of Polish banking regulatory authorities. Each support for the Banks, however, requires PZU's analysis aimed to maintain the trust to PZU, through maintaining, even in a crisis situation, a high level of solvency of PZU and the PZU Group as a whole;
- as part of the powers vested in PZU as a shareholder, all decisions pertaining to dividend payout and reinvestment of the Banks' profits will take into account the Banks' development needs and stability and safety of the funds deposited in the Banks by their clients. In particular, in a situation when the Banks' liquidity or capital position required by law or recommendations of competent banking regulatory authorities for the banking sector in Poland are at threat, no dividend will be paid out, and retained earnings will be allocated for increasing the Banks' own funds.

25. Other information

25.1 Inspections by the Office of the Polish Financial Supervision Authority (PFSA)

25.1.1. PZU

In the period from 12 June to 10 August 2023, the PFSA carried out an inspection of claim handling procedures at PZU. On 1 December 2023, PZU received an inspection report and submitted its related comments on 15 December 2023. On 3 January 2024, PZU received KNF's response to these objections, and on 12 January 2024, PZU provided additional clarifications to the report. On 2 February 2024, KNF issued 8 post-inspection recommendations with the implementation deadline of 31 March 2024. On 8 April 2024, PZU informed the KNF of the manner in which 4 recommendations had been implemented, while for the remaining 4, the implementation deadline (with the KNF's consent) was extended to 30 June 2024 (for 3 recommendations) and 31 August 2024 (for 1 recommendation). On 4 July 2024, PZU informed the regulatory authority of how it had implemented 3 recommendations (which were due on 30 June 2024), and on 5 September 2024, it implemented the last recommendation. PZU had additional correspondence with KNF on how to implement the recommendations.

In the period 11 March – 19 April 2024, KNF inspected PZU's compliance with selected requirements for the management of areas involving information technology and ICT environment security. On 4 July 2024, KNF issued 25 recommendations, 24 of which have been implemented, and the deadline for the remaining one is 31 December 2024.

In the period 1 July – 29 August 2024, KNF inspected PZU's operations and assets in terms of valuing technical provisions for solvency purposes. 19 November 2024 PZU received the post-inspection report, to which it can submit written objections and comments within 10 working days.

25.1.2. PZU Życie

In the period from 22 August to 21 October 2022, KNF inspected PZU Życie’s compliance with the law in terms of the use of insurance agents and agents offering supplementary insurance. On 22 December 2022, PZU Życie submitted comments on the KNF’s protocol after the 13 December 2022 inspection. Following the KNF's 4 January 2023 response, PZU Życie provided additional clarification on 20 January, 22 and 23 February 2023. On 20 March 2023, PZU Życie received a recommendation regarding PZU Życie's supervision of the agent's activities regarding the process of determining the customer's needs and requirements. The deadline for implementing the recommendation was 31 December 2023. At PZU Życie’s request, KNF agreed to postpone the implementation of the recommendation until 30 June 2024. On 25 June 2024, PZU Życie informed the regulatory authority of the implementation of the recommendation.

25.2 KNF’s investigation into insurance distribution by Alior Bank

On 6 July 2021, the KNF initiated administrative proceedings on applying to Alior Bank of the sanction measure stipulated in the wording of Article 84(1)-(2) of the Act of 15 December 2017 on insurance distribution, in connection with the identification of irregularities evidencing a breach by Alior Bank of Article 7(1), in conjunction with Article 4(6) of that Act, i.e. with regard to the determination of customer requirements and needs in the process of offering insurance contracts in the period from 1 October 2018 to 26 October 2021. Alior Bank has taken a number of measures concerning the area of Alior Bank’s operations as an insurance distributor, aimed at rectifying the irregularities questioned by the KNF, and has implemented solutions to prevent future violations in this area. In addition, Alior Bank asked the KNF to apply the administrative institution of Article 189f §1(1) of the Code of Administrative Procedure in this case (issuing a decision to waive the penalty and giving instructions to Alior Bank). On 1 March 2024, Alior Bank filed an application for a composition agreement comprising a waiver of the imposition of sanctions or, alternatively, a reduction of the potential monetary penalty by 90%, i.e. Alior Bank applied to the KNF for a decision referred to in Article 18k(1) of the Act of 21 July 2006 on financial market supervision. On 22 March 2024, the KNF issued a ruling on the possibility of concluding an arrangement on the terms of extraordinary leniency and set a deadline of three months for concluding this arrangement. On 3 April 2024, the law firm representing Alior Bank sent a letter on behalf of Alior Bank initiating a dialogue with KNF on the terms of the arrangement.

On 2 August 2024, Alior Bank received the KNF's decision to enter into an arrangement on the terms of extraordinary leniency. The draft agreement on the terms of extraordinary leniency calls for a fine of PLN 300,000 to be imposed on Alior Bank and a 14-day deadline for accepting the agreement. On 13 August 2024, Alior Bank's Management Board accepted the terms of the arrangement presented by KNF. On 27 September 2024, KNF issued a decision confirming the arrangement.

25.3 Tax liabilities in Sweden

In 2014–2015 PZU Finance AB, a subsidiary of PZU, issued 5-year bonds of a nominal amount of EUR 850 million, which matured in July 2019. Inflows from the issue were transferred to PZU in the form of two borrowings of EUR 850 million in total. Payment due dates and amounts of the borrowings were adjusted to payments related to the bonds. PZU repaid the borrowings to PZU Finance AB on 28 June 2019.

In 2018, due to doubts concerning the taxation of foreign exchange gains and losses under the Swedish Conversion Act (2000:46) if a reporting currency is EUR, PZU Finance AB applied for an individual interpretation to the Swedish Council for Tax Interpretation (Skatterättsnämnden). On 13 March 2019 PZU Finance AB received the interpretation, based on which foreign exchange gains and losses resulting from the repayment of the borrowing are subject, while foreign exchange gains and losses resulting from the repayment of bonds, are not subject to taxation. In the opinion of the PZU Group, the Council’s interpretation means that a different approach would be applied in the territory of Sweden in relation to companies reporting in EUR than to companies reporting in Swedish crowns, which would be contrary to the assumptions of the above act and Art. 63 of the Treaty on the

Functioning of the European Union (TFEU) concerning a need to ensure free capital flow in the EU or Art. 49 and 54 of the TFEU concerning the freedom of establishment).

On 3 April 2019 PZU Finance AB challenged the individual tax interpretation of the Swedish Council for Tax Interpretation before the Supreme Administrative Court (Högsta förvaltningsdomstolen). On 4 May 2020 the Supreme Administrative Court rejected the request of PZU Finance AB and annulled the individual interpretation as not providing for a sufficient basis for the individual tax interpretation, which meant that the interpretation should not have been issued.

At the same time, on 27 August 2020, PZU Finance AB filed its tax return during the disclosure procedure for 2019, where it presented the above situation and calculated its tax liabilities on the assumption that foreign exchange gains and losses resulting from the repayment of bonds constituted its deductible expenses. On 22 December 2020 PZU Finance AB received the tax office's tax decision confirming that the tax had been calculated correctly. The decision was not binding and final. Given duties for the purpose of which the company was established, on 4 May 2021 the Meeting of Shareholders decided to start liquidation procedures in relation to PZU Finance AB. On 23 June 2021 PZU Finance AB received a preliminary, and on 21 December 2021 a binding negative, decision concerning the correction of its tax obligations for 2019 from the tax office. Accordingly, the PZU Group recognized, as at 31 December 2021, a current income tax liability of PLN 72 million (SEK 159 million). On 21 January 2022 PZU paid SEK 159 million (SEK 155 million of the principal amount + SEK 4 million of interest) directly to the tax office in Sweden. On 10 November 2022 PZU Finance AB appealed against the tax decision and filed its lawsuit concerning the determination of tax for 2019 with the Administrative Court in Stockholm. On 19 June 2024, the Stockholm Administrative Court rejected PZU Finance AB's lawsuit on the 2019 tax reassessment. On 5 September 2024, PZU Finance AB filed an appeal against the court ruling.

25.4 UOKiK proceedings

25.4.1. Alior Bank

On 27 September 2019, the President of the Office of Competition and Consumer Protection (UOKiK) issued a decision to initiate proceedings against Alior Bank for recognizing the provisions of a contract template as abusive (ref. no. RPZ.611.4.2019.PG) pertaining to 11 clauses (the so-called modification clauses) included in the contract templates used by Alior Bank on the basis of which Alior Bank made unilateral changes to the contracts concluded with consumers. The UOKiK President questioned those regulations and claimed that they were, among others, imprecise and made it impossible for consumers to verify the premises for an amendment. Alior Bank exchanged correspondence concerning that case with the UOKiK President and presented a schedule based on which pending consequences of the violation would be removed from contracts entered into with customers. In a letter dated 20 March 2024, Alior Bank presented the UOKiK with a proposal for new content of the modification clauses. By letter dated 1 July 2024, Alior Bank, at the request of the President of UOKiK, updated the facts of the case. In a letter dated 21 August 2024, the President of UOKiK decided to extend the deadline for completion of the proceedings until 31 January 2025.

As at 30 September 2024, the PZU Group did not identify any reasons to create provisions for the above case as the PZU Group believes that a cash outflow on this account is unlikely. Further, the PZU Group is unable to reliably estimate the value of the contingent liability due to the impossibility of estimating potential effects of the violation and the amount of the potential fine that may be imposed by the UOKiK. The maximum amount of a fine is 10% of Alior Bank's turnover achieved in the fiscal year preceding the year in which the fine was imposed.

On 13 February 2024, the UOKiK initiated proceedings (signature: RWR.610.3.2024.KŚ) for practices that violate the collective interests of consumers and involve:

- failure to – after the client has reported the transaction as unauthorized – reimburse the amount of the unauthorized payment transaction or restore the debited payment account to the state it would have been in had the unauthorized payment transaction not taken place, in the manner and within the time limit as specified in Article 46(1) of the Payment Services Act, despite the absence of reasons authorizing Alior Bank not perform the above actions;
- providing a consumer who is an Alior Bank's client with conditional reimbursement of the amount of the payment transaction reported by the consumer as unauthorized, only for the time of Alior Bank's consideration of the complaint, and then, if Alior Bank finds in the complaint procedure that the transaction was authorized by the consumer or that the consumer is responsible for the unauthorized payment transaction, withdrawing the conditional reimbursement and taking that amount from the consumer's savings and checking account or credit card account, except in situations where there was a

simultaneous reimbursement of that amount to the consumer under chargeback or withdrawal of the compliant by the consumer;

- providing consumers – in responses to their reports of unauthorized payment transactions – with information that the transaction was authorized correctly when this was determined only after the payment service provider had verified the correct use of the payment instrument with individual credentials, with the manner of providing such information suggesting that Alior Bank's demonstration of correct authentication excludes Alior Bank's obligation to reimburse the amount of the unauthorized transaction, which may mislead consumers regarding Alior Bank's obligations under Article 46(1) of the Payment Services Act and regarding apportionment of the burden of proving that the payment transaction was authorized;
- providing consumers – in responses to their reports of unauthorized payment transactions – with information that the transaction was authenticated correctly by the user and that Alior Bank bears no responsibility for that transaction as it was made as a result of the consumer's violation of the terms of the agreement with Alior Bank, which may mislead consumers regarding Alior Bank's obligations under Article 46(1) of the Payment Services Act and regarding apportionment of the burden of proof to the extent that Alior Bank should prove that the consumer led to the transaction in question by the intentional or grossly negligent violation of one or more obligations referred to in Article 42 of the Payment Service Act;
- providing consumers – in responses to their reports of unauthorized payment transactions – with information that card transactions reported after 120 days from the transaction date may not be considered unauthorized payment transactions and that no more than 15 transactions may be complaint about;

which, in the opinion of the President of UOKiK, may go against the collective interests of consumers, and consequently, constitute practices that violate the collective interests of consumers, as referred to in the Competition and Consumer Protection Act.

Currently, proceedings for practices that violate the collective interests of consumers are ongoing for 15 banks, whose practices were verified in investigations similar to the one conducted against Alior Bank. UOKiKs allegations raise questions throughout the banking sector about their compliance with European law. The provisions of the Payment Services Act cited by UOKiK in the context of these allegations do not fully reflect the Directive they implement. This has resulted in numerous appeals to UOKiK from the Polish Bank Association. On 29 March 2024, Alior Bank responded by letter to UOKiK President's allegations. Alior Bank participates in the Polish Bank Association's ongoing work on good practices for handling reports of unauthorized transactions, which are subject to consultation with the President of UOKiK and KNF.

As at 30 September 2024, the value of complaints about unauthorized transactions is approximately PLN 57 million (as at 31 December 2023: PLN 43 million). The maximum amount of a fine is 10% of Alior Bank's turnover achieved in the fiscal year preceding the year in which the fine was imposed.

As at 30 September 2024, Alior Bank did not identify any reasons to create provisions for this case.

25.4.2. Pekao

Proceedings of the President of UOKiK on irregularities in the complaint area at Pekao

Through its letter dated 10 November 2023, the President of UOKiK initiated proceedings against Pekao for using practices that violate the collective interests of consumers and involve:

- failure to respond to consumer complaints without undue delay, no later than within 30 days, and in particularly complex cases – within 60 days;
- failure to specify – in the information provided to the client making the complaint – the reason for the delay that prevents considering the complaint and responding without undue delay, no later than within 30 days, and to specify the circumstances that need to be determined for the case to be considered.

In December 2023, Pekao submitted a request to the President of UOKiK for a so-called commitment decision. In May 2024, Pekao modified the content of the commitment. In September 2024, Pekao's Management Board decided to accept the submission to the President of UOKiK of Pekao's modified proposal for Pekao's actions resulting from the proceedings and to increase the provision for Pekao's future liabilities by PLN 11 million, to a total of PLN 23 million (as of 30 September 2024). Pekao is waiting for the decision of the President of the UOKiK on this matter.

Investigation of the President of UOKiK into unauthorized payment transactions

On 8 February 2024, the President of UOKiK initiated proceedings against Pekao for practices that violate collective consumer interests with regard to unauthorized payment transactions. The charges are as follows:

- failure to reimburse the unauthorized payment transaction to the client within the time limit of d+1, despite the absence of grounds for such refusal;
- misleading consumers about the bank's obligations and apportionment of the burden of proving that the payment transaction was authorized;

As at 30 September 2024, the PZU Group has not identified reasons to establish provisions on this account.

25.5 Cases involving Alior Leasing sp. z o.o.

In December 2021, Alior Bank and Alior Leasing sp. z o.o. received summons to the ad hoc arbitration court from former members of the Management Board of Alior Leasing sp. z o.o. On 1 March 2024, Alior Bank received a partial judgment dismissing the claims under the management program in full. The partial judgment ends the proceedings on the merits.

The final judgment, ordering Alior Bank and Alior Leasing sp. z o.o. to reimburse the plaintiffs, came on 29 April 2024. On 10 June 2024, Alior Bank and Alior Leasing sp. z o.o. received information from the Court of Appeals in Warsaw that a complaint for revocation of an arbitration court verdict, filed by former members of the Alior Leasing sp. z o.o.'s Management Board, had been registered. Alior Bank filed a timely response to the complaint.

Alior Leasing sp. z o.o. identified the risk of third party claims likely to be made against Alior Leasing sp. z o.o. as a result of actions taken by certain of its employees and partners. As at the date of the consolidated financial statements, no claims were reported. In the opinion of the PZU Group, there are no reasons for establishing a provision for that purpose.

25.6 Conflict in Ukraine

Due to the Russian Federation's invasion of Ukraine and the armed conflict lasting since 24 February 2022, PZU's Management Board assessed the impact of this situation on the PZU Group's operations, business continuity, financial position and going concern. As at 30 September 2024, total net assets (assets deducted by liabilities and adjusted by mutual shares between PZU Ukraina and PZU Ukraina Życie) of three companies operating in Ukraine (PZU Ukraina, PZU Ukraina Życie and LLC SOS Services Ukraine) amounted to PLN 55 million (as of 31 December 2023: PLN 46 million).

The assets (net of the shares held mutually between PZU Ukraina and PZU Ukraina Życie) of these companies subject to consolidation totaled PLN 348 million (as of 31 December 2023: PLN 365 million), and liabilities – 293 million (of 31 December 2023: PLN 320 million).

Due to the martial law in force on the territory of the whole of Ukraine as of 24 February 2022 (now extended until 8 February 2025), Ukrainian companies in the PZU Group are working with war restrictions and legal considerations arising from the so-called "war regulations."

A new Ukrainian law – "On Insurance" – came into force on 1 January 2024. The law changed requirements for licensing insurers, assessing their solvency and liquidity, corporate governance and risk management, termination of the insurer's business, and insurance portfolio transfer. In addition, in the last days of 2023, NBU adopted and published a number of acts regulating insurance activities and containing implementing regulations related to the "On Insurance" law coming into force. Insurance companies had until 1 July 2024 to comply with most of the new requirements.

Both companies adjusted their operations to the new requirements by the indicated deadline, in particular meeting the new minimum share capital requirement (min. UAH 48 million).

On 2 August 2024, S&P Global Ratings downgraded Ukraine's long-term foreign currency sovereign rating to SD (partial default), and on 13 August 2024, Fitch downgraded the issuer's long-term default rating to RD (limited default).

As of the date of signing the condensed interim consolidated financial statements, the valuation of the assets and liabilities of the Ukrainian companies of the PZU Group requires a number of assumptions and is subject to significant uncertainty, as is the statement about the ability to maintain business continuity (materialization of the risk of full loss of operational capacity), due to the persistence of hostilities and the resulting consequences.

The PZU Group monitors geopolitical risks resulting from the war in Ukraine and reviews future scenarios on an ongoing basis.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

PZU's quarterly standalone financial information (in compliance with PAS)

1. Interim balance sheet

ASSETS	30 September 2024	30 June 2024	31 December 2023	30 September 2023
I. Intangible assets, including:	313,246	313,899	313,546	299,079
- goodwill	-	-	-	-
II. Investments	49,908,159	47,954,051	46,628,179	44,264,348
1. Real property	270,770	273,942	279,741	282,219
2. Investments in related parties, including:	18,383,780	17,116,700	18,127,279	17,118,482
- investments in related parties accounted for using the equity method	17,868,424	16,346,354	17,577,487	16,578,353
3. Other financial investments	31,253,609	30,563,409	28,221,159	26,863,647
4. Deposits with ceding enterprises	-	-	-	-
III. Net assets of a life insurance company if the investment risk is borne by the policyholder	-	-	-	-
IV. Receivables	4,174,778	4,355,919	2,953,735	2,508,146
1. Receivables from direct insurance	1,908,901	2,053,795	2,490,182	1,791,327
1.1. From subordinated entities	1,519	3,130	3,065	2,650
1.2. From other entities	1,907,382	2,050,665	2,487,117	1,788,677
2. Reinsurance receivables	369,155	243,511	273,553	262,545
2.1. From subordinated entities	310,686	188,203	219,215	172,003
2.2. From other entities	58,469	55,308	54,338	90,542
3. Other receivables	1,896,722	2,058,613	190,000	454,274
3.1. Receivables from the state budget	16,758	46,186	13,937	51,441
3.2. Other receivables	1,879,964	2,012,427	176,063	402,833
a) from subordinated entities	1,743,479	1,840,578	14,960	29,803
b) from other entities	136,485	171,849	161,103	373,030
V.Other assets	327,014	361,029	293,361	281,318
1. Property, plant and equipment	115,507	120,893	133,304	126,224
2. Cash	211,507	240,136	160,057	155,094
3. Other assets	-	-	-	-
VI. Prepayments and accruals	2,961,710	3,363,030	2,776,071	2,725,479
1. Deferred income tax assets	-	-	-	-
2. Deferred acquisition costs	2,019,092	2,082,455	1,893,946	1,883,792
3. Accrued interest and rents	-	-	-	-
4. Other prepayments and accruals	942,618	1,280,575	882,125	841,687
VII. Unpaid share capital	-	-	-	-
VIII. Treasury shares	-	-	-	-
Total assets	**57,684,907**	**56,347,928**	**52,964,892**	**50,078,370**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

Interim balance sheet (continued)

EQUITY AND LIABILITIES	30 September 2024	30 June 2024	31 December 2023	30 September 2023
I. Equity	21,497,301	19,670,779	20,884,235	19,120,546
1. Share capital	86,352	86,352	86,352	86,352
2. Supplementary capital	7,479,463	7,479,463	7,252,581	7,252,581
3. Revaluation reserve	10,366,543	8,570,631	9,562,115	8,193,027
4. Other reserve capital	-	-	-	-
5. Retained earnings (losses)	-	-	-	-
6. Net profit (loss)	3,564,943	3,534,333	3,983,187	3,588,586
7. Charges to net profit during the financial year (negative figure)	-	-	-	-
II. Subordinated liabilities	2,277,320	2,319,670	2,327,793	2,279,583
III. Technical provisions	30,779,189	30,811,983	30,066,723	29,271,325
IV. Reinsurers’ share in technical provisions (negative figure)	(4,551,692)	(4,487,984)	(4,920,201)	(4,235,455)
V. Estimated salvage and subrogation (negative figure)	(103,235)	(99,815)	(113,127)	(100,872)
1. Gross estimated salvage and subrogation	(105,371)	(101,824)	(115,101)	(106,057)
2. Reinsurers’ share in estimated salvage and subrogation	2,136	2,009	1,974	5,185
VI. Other provisions	1,155,683	1,111,299	817,867	854,440
1. Provisions for pension benefits and other compulsory employee benefits	51,027	64,489	49,839	44,753
2. Deferred tax liabilities	1,088,511	1,025,750	747,455	788,297
3. Other provisions	16,145	21,060	20,573	21,390
VII. Liabilities for reinsurers’ deposits	-	-	-	-
VIII. Other liabilities and special-purpose funds	5,268,490	5,505,300	1,536,929	1,457,216
1. Liabilities on direct insurance	482,488	488,610	456,396	428,173
1.1. To subordinated entities	9,805	9,555	13,668	14,257
1.2. To other entities	472,683	479,055	442,728	413,916
2. Reinsurance liabilities	446,504	698,292	335,222	284,398
2.1. To subordinated entities	23,455	19,901	116,958	21,049
2.2. To other entities	423,049	678,391	218,264	263,349
3. Liabilities on the issue of own debt securities and drawn loans	-	-	-	-
4. Liabilities to credit institutions	-	-	-	-
5. Other liabilities	4,197,154	4,181,664	635,376	613,797
5.1. Liabilities to the state budget	43,700	129,809	151,375	125,273
5.2. Other liabilities	4,153,454	4,051,855	484,001	488,524
a) to related entities	71,475	58,550	81,317	67,069
b) to other entities	4,081,979	3,993,305	402,684	421,455
6. Special-purpose funds	142,344	136,734	109,935	130,848
IX. Prepayments and accruals	1,361,851	1,516,696	2,364,673	1,431,587
1. Accrued expenses	1,095,886	1,239,931	2,092,328	1,167,215
2. Negative goodwill	-	-	-	-
3. Prepayments	265,965	276,765	272,345	264,372
Total equity and liabilities	**57,684,907**	**56,347,928**	**52,964,892**	**50,078,370**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

Interim balance sheet (continued)

	30 September 2024	30 June 2024	31 December 2023	30 September 2023
Carrying amount	21,497,301	19,670,779	20,884,235	19,120,546
Number of shares	863,523,000	863,523,000	863,523,000	863,523,000
Book value per share (in PLN)	24.89	22.78	24.18	22.14
Diluted number of shares	863,523,000	863,523,000	863,523,000	863,523,000
Diluted book value per share (in PLN)	24.89	22.78	24.18	22.14

2. Interim statement of off-balance sheet line items

Off-balance sheet line items	30 September 2024	30 June 2024	31 December 2023	30 September 2023
1. Contingent receivables, including:	3,965,961	3,191,279	3,075,488	3,028,096
1.1. Guarantees and sureties received	2,785	2,290	2,194	2,047
1.2. Other [1)]	3,963,176	3,188,989	3,073,294	3,026,049
2. Contingent liabilities, including:	1,661,720	1,559,753	2,055,451	1,400,227
2.1. Guarantees and sureties given	6,203	5,531	7,446	4,992
2.2. Accepted and endorsed bills of exchange	-	-	-	-
2.3. Assets subject to the obligation of resale	-	-	-	-
2.4. Other liabilities secured on assets or income	-	-	-	-
3. Reinsurance collateral instituted in favor of the insurance company	-	-	-	-
4. Reinsurance collateral instituted by the insurance company in favor of ceding companies	-	-	-	-
5. Third party assets not recognized in assets	158,184	151,520	156,361	156,508
6. Other off-balance sheet line items	-	-	-	-
Total off-balance sheet line items	**5,785,865**	**4,902,552**	**5,287,300**	**4,584,831**

[1)] This item includes chiefly: security received in the form of a transfer of the debtor's assets, a mortgage on the debtor's assets, other contingent receivables, etc.

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

3. Interim revenue account of non-life insurance

Revenue account of non-life insurance	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023	1 January – 30 September 2023
I. Premiums (1-2-3+4)	3,956,241	11,290,827	6,888,030	10,325,924
1. Gross written premium	3,740,758	12,745,651	7,990,265	11,533,615
2. Reinsurers' share in written premium	189,943	769,188	456,307	622,766
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	(671,922)	170,950	405,537	179,985
4. Reinsurers' share in the movement in provision for unearned premiums	(266,496)	(514,686)	(240,391)	(404,940)
II. Net investment income (including costs) transferred from the general profit and loss account	59,421	176,645	123,174	188,790
III. Other net technical income	26,863	102,498	91,444	126,565
IV. Claims and benefits (1+2)	2,873,191	7,468,986	4,313,325	6,336,886
1. Net claims and benefits paid	2,566,677	7,064,091	3,892,224	5,794,169
1.1. Gross claims and benefits paid	2,633,802	7,565,886	3,995,609	5,968,724
1.2. Reinsurers' share in claims and benefits paid	67,125	501,795	103,385	174,555
2. Movement in provision for outstanding claims and benefits, net of reinsurance	306,514	404,895	421,101	542,717
2.1. Movement in provision for outstanding claims and benefits, gross	637,768	549,297	1,509,193	1,525,917
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	331,254	144,402	1,088,092	983,200
V. Movement in other technical provisions, net of reinsurance	-	-	-	-
1. Movement in other technical provisions, gross	-	-	-	-
2. Reinsurers' share in the movement in other technical provisions	-	-	-	-
VI. Net bonuses and discounts with the movement in provisions	(403)	1,679	(1,862)	(720)
VII. Insurance activity expenses	1,098,901	3,192,507	1,981,963	2,992,184
1. Acquisition expenses, including:	894,508	2,597,915	1,613,876	2,432,911
- movement in capitalized acquisition costs	63,362	(125,147)	(143,661)	(127,082)
2. Expenses incurred in the period	240,497	699,420	429,416	646,380
3. Reinsurance commissions and profit participation	36,104	104,828	61,329	87,107
VIII. Other net technical charges	86,142	292,395	185,860	299,340
IX. Movement in loss ratio (risk) equalization provisions	-	-	-	-
X. Technical result of non-life insurance	**(15,306)**	**614,403**	**623,362**	**1,013,589**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

4. Interim general profit and loss account

General profit and loss account	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023	1 January – 30 September 2023
I. Technical result of non-life insurance or life insurance	(15,306)	614,403	623,362	1,013,589
II. Investment income	254,591	3,880,947	817,055	2,153,203
1. Investment income on real property	1,124	3,507	2,085	3,305
2. Investment income from related parties	8,872	3,147,399	298,601	1,292,923
2.1. On ownership interests or shares	-	3,121,588	284,517	1,273,297
2.2. On borrowings and debt securities	8,228	21,924	11,511	16,217
2.3. On other investments	644	3,887	2,573	3,409
3. Other financial investment income	226,601	643,206	409,595	597,206
3.1. On ownership interests, shares, other variable income securities, participation units and investment certificates in mutual funds	30	620	37,345	37,574
3.2. On debt securities and other fixed income securities	181,572	526,503	280,453	430,122
3.3. On term deposits with credit institutions	-	234	2,952	3,048
3.4. On other investments	44,999	115,849	88,845	126,462
4. Gain on revaluation of investments	103	103	8,858	8,858
5. Gain on realization of investments	17,891	86,732	97,916	250,911
III. Unrealized investment gains	91,399	189,731	(49,625)	65,597
IV. Net investment income after including costs transferred from the technical life insurance account	-	-	-	-
V.Investment activity expenses	42,292	217,292	71,797	92,305
1. Real estate maintenance expenses	3,163	10,492	8,318	12,051
2. Other investment activity expenses	10,260	31,901	16,946	25,617
3. Loss on revaluation of investments	20,157	109,519	1,263	1,263
4. Loss on realization of investments	8,712	65,380	45,270	53,374
VI. Unrealized investment losses	57,303	131,732	(36,601)	120,379
VII. Net investment income after including costs transferred to the revenue account of non-life insurance	59,421	176,645	123,174	188,790
VIII. Other operating income	59,886	170,293	136,642	197,574
IX. Other operating expenses	160,359	470,007	337,905	502,144
X.Operating profit (loss)	71,195	3,859,698	1,031,159	2,526,345
XI. Extraordinary gains	-	-	-	-
XII. Extraordinary losses	-	-	-	-
XIII. Share of the net profit (loss) of related parties measured by the equity method	(13,312)	(93,083)	997,924	1,347,277
XIV. Profit (loss) before tax	57,883	3,766,615	2,029,083	3,873,622
XV. Income tax	27,273	201,672	166,033	285,036
a) current part	25,233	(44,297)	75,102	211,474
b) deferred part	2,040	245,969	90,931	73,562
XVI. Other compulsory reductions in profit (increases in losses)	-	-	-	-
XVII. Net profit (loss)	**30,610**	**3,564,943**	**1,863,050**	**3,588,586**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

	1 July – 30 September 2024	1 January – 30 September 2024	1 July – 30 September 2023	1 January – 30 September 2023
Net profit (loss) (annualized) [1)]	121,775	4,761,931	7,391,448	4,797,926
Weighted average number of common shares	863,523,000	863,523,000	863,523,000	863,523,000
Profit (loss) per common share (in PLN)	0.04	4.13	2.16	4.16
Weighted average diluted number of common shares	863,523,000	863,523,000	863,523,000	863,523,000
Diluted profit (loss) per common share (in PLN)	0.04	4.13	2.16	4.16

[1)] Calculation based on the number of calendar days in the period.

5. Interim statement of changes in equity

Statement of changes in equity	1 January – 30 September 2024	1 January – 31 December 2023	1 January – 30 September 2023
I. Equity at the beginning of the period (opening balance)	20,884,235	15,824,143	15,824,143
a) changes in the accepted accounting policies	-	-	-
I.a. Equity at the beginning of the period (opening balance), after adjustments to ensure comparability	20,884,235	15,824,143	15,824,143
1. Share capital at the beginning of the period	86,352	86,352	86,352
1.1. Change in share capital	-	-	-
a) increases	-	-	-
b) reductions	-	-	-
1.2. Share capital at the end of the period	86,352	86,352	86,352
2. Supplementary capital at the beginning of the period	7,252,581	7,694,696	7,694,696
2.1. Change in supplementary capital	226,882	(442,115)	(442,115)
a) additions (by virtue of):	1,080,494	853,880	853,879
- distribution of profit (above the statutorily required amount)	1,080,493	853,612	853,612
- from revaluation reserve – by sale and liquidation of fixed assets	1	268	267
b) reductions	853,612	1,295,995	1,295,994
2.2. Supplementary capital at the end of the period	7,479,463	7,252,581	7,252,581
3. Revaluation reserve at the beginning of the period	9,562,115	6,406,321	6,406,321
- changes in the accepted accounting principles (policy)	-	-	-
3.a. Revaluation reserve at the beginning of the period (opening balance), after adjustments to ensure comparability	9,562,115	6,406,321	6,406,321
3.1. Change in the revaluation reserve	804,428	3,155,794	1,786,706
a) additions (by virtue of):	1,096,688	3,381,366	1,994,605
- valuation of financial investments accounted for using the equity method	658,803	2,159,850	1,090,831
- valuation of financial investments classified to the portfolio of financial assets held for sale	428,509	1,079,797	773,670
- valuation of financial investments held for hedge accounting	4,204	102,630	109,849
- disposal of instruments held for sale	5,172	39,089	20,255
b) reductions (by virtue of)	292,260	225,572	207,899
- valuation of financial investments accounted for using the equity method	262,829	837	1,678
- valuation of financial investments classified to the portfolio of financial assets held for sale	11,630	117,901	146,331
- valuation of financial investments held for hedge accounting	-	-	-
- disposal of instruments held for sale	17,800	106,567	59,890
- disposal of fixed assets	1	267	-
3.2. Revaluation reserve at the end of the period	10,366,543	9,562,115	8,193,027

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

Interim statement of changes in equity (continued)

Statement of changes in equity	1 January – 30 September 2024	1 January – 31 December 2023	1 January – 30 September 2023
4. Other reserve capital at the beginning of the period	-	-	-
4.1. Change in other reserve capital	-	-	-
a) increases	-	-	-
b) reductions	-	-	-
4.2. Other reserve capital at the end of the period	-	-	-
5. Retained earnings (losses) at the beginning of the period	3,983,187	1,636,774	1,636,774
5.1. Retained earnings at the beginning of the period	3,983,187	1,636,774	1,636,774
a) changes in the accepted accounting policies	-	-	-
5.2. Retained earnings at the beginning of the period, after adjustments to ensure comparability	3,983,187	1,636,774	1,636,774
a) increases	853,612	1,295,995	1,295,995
b) reductions	4,836,799	2,932,769	2,932,769
- transfers to supplementary capital	1,080,493	853,612	853,612
- disbursement of dividends	3,747,690	2,072,456	2,072,456
- transfers/charges to the Company Social Benefit Fund	8,616	6,701	6,701
5.3. Retained earnings at the end of the period	-	-	-
5.4. Retained losses at the beginning of the period	-	-	-
a) changes in the accepted accounting policies	-	-	-
b) corrections of errors	-	-	-
5.5. Retained losses at the beginning of the period, after adjustments to ensure comparability	-	-	-
a) increases	-	-	-
b) reductions	-	-	-
5.6. Retained losses at the end of the period	-	-	-
5.7. Retained earnings (losses) at the end of the period	-	-	-
6. Net profit or loss	3,564,943	3,983,187	3,588,586
a)net profit	3,564,943	3,983,187	3,588,586
b)net loss	-	-	-
c) charges to profit	-	-	-
II. Equity at the end of the period (closing balance)	21,497,301	20,884,235	19,120,546

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

6. Interim cash flow statement

Cash flow statement	1 January – 30 September 2024	1 January – 31 December 2023	1 January – 30 September 2023
A.Cash flows from operating activities			
I. Proceeds	15,045,099	17,605,883	13,289,379
1. Proceeds on direct activity and inward reinsurance	13,634,343	16,623,503	12,566,674
1.1. Proceeds on gross premiums	13,410,701	16,293,702	12,311,342
1.2. Proceeds on subrogation, salvage and claim refunds	174,017	244,336	185,494
1.3. Other proceeds on direct activity	49,625	85,465	69,838
2. Proceeds from outward reinsurance	627,986	383,485	260,252
2.1. Payments received from reinsurers for their share of claims paid	489,855	199,111	152,697
2.2. Proceeds on reinsurance commissions and profit participation	135,072	183,607	107,493
2.3. Other proceeds from outward reinsurance	3,059	767	62
3. Proceeds from other operating activity	782,770	598,895	462,453
3.1. Proceeds for acting as an emergency adjuster	376,452	294,506	213,657
3.2. Disposal of intangible assets and property, plant and equipment other than investments	1,317	1,914	1,761
3.3. Other proceeds	405,001	302,475	247,035
II. Expenditures	14,376,106	15,896,795	12,112,180
1. Expenditures on direct activity and inward reinsurance	11,484,480	13,065,205	9,960,837
1.1. Gross premium refunds	268,484	784,822	694,079
1.2. Gross claims and benefits paid	7,109,055	7,371,848	5,534,377
1.3. Acquisition expenditures	2,047,264	2,380,209	1,782,446
1.4. Administrative expenditures	1,490,517	1,798,046	1,359,773
1.5. Expenditures for claims handling and pursuit of subrogation	225,678	287,861	212,672
1.6. Commissions paid and profit-sharing on inward reinsurance	174,669	238,418	199,038
1.7. Other expenditures on direct activity and inward reinsurance	168,813	204,001	178,452
2. Expenditures on outward reinsurance	1,585,425	1,332,674	1,086,664
2.1. Premiums paid for reinsurance	1,561,781	1,300,524	1,067,662
2.2. Other expenditures on outward reinsurance	23,644	32,150	19,002
3. Expenditures on other operating activity	1,306,201	1,498,916	1,064,679
3.1. Expenditures for acting as an emergency adjuster	262,421	137,743	92,517
3.2. Purchase of intangible assets and property, plant and equipment other than investments	87,507	110,303	83,693
3.3. Other operating expenditures	956,273	1,250,870	888,469
III. Net cash flows from operating activities (I-II)	**668,993**	**1,709,088**	**1,177,199**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

Interim cash flow statement (continued)

Cash flow statement	1 January – 30 September 2024	1 January – 31 December 2023	1 January – 30 September 2023
B.Cash flows from investing activity			
I. Proceeds	123,895,143	186,370,061	145,971,593
1. Sale of real property	-	1,494	1,494
2. Sale of ownership interests and shares in related parties	-	-	-
3. Sale of ownership interests and shares in other entities and participation units and investment certificates in mutual funds	174,247	831,090	501,587
4. Realization of debt securities issued by related parties and amortization of the loans granted to these parties	-	-	-
5. Realization of debt securities issued by other entities	1,730,371	1,656,740	944,488
6. Liquidation of term deposits with credit institutions	25,517,632	28,092,714	21,747,039
7. Realization of other investments	94,543,635	153,781,293	121,024,417
8. Proceeds from real property	560	728	579
9. Interest received	486,450	701,080	447,485
10. Dividends received	1,439,875	1,302,972	1,302,972
11. Other investment proceeds	2,373	1,950	1,532
II. Expenditures	124,329,106	185,776,109	144,854,268
1. Purchase of real property	1	43	43
2. Purchase of ownership interests and shares in related parties	59,807	26,789	22,400
3. Purchase of ownership interests and shares in other entities and participation units and investment certificates in mutual funds	63,923	207,036	53,386
4. Purchase of debt securities issued by related parties and extension of loans to these parties	28,115	-	-
5. Purchase of debt securities issued by other entities	4,360,076	3,541,271	2,236,209
6. Purchase of term deposits with credit institutions	25,457,080	28,185,709	21,785,651
7. Purchase of other investments	94,329,172	153,782,571	120,732,401
8. Expenditures to maintain real property	7,308	10,491	7,988
9. Other expenditures for investments	23,624	22,199	16,190
III. Net cash flows from investing activities (I-II)	**(433,963)**	**593,952**	**1,117,325**

Condensed Interim Consolidated Financial Statements for the 9 months ended 30 September 2024 (in thousands of PLN)

Interim cash flow statement (continued)

Cash flow statement	1 January – 30 September 2024	1 January – 31 December 2023	1 January – 30 September 2023
C.Cash flows from financing activities			
I. Proceeds	260,209	200,891	116,119
1. Net proceeds from issuing shares and additional capital contributions	-	-	-
2. Loans, borrowings and issues of debt securities	260,209	200,891	116,119
3. Other financial proceeds	-	-	-
II. Expenditures	441,856	2,474,660	2,389,803
1. Dividends	-	2,072,456	2,072,456
2. Other expenditures for distribution of profits besides disbursement of dividends	-	-	-
3. Purchase of treasury shares	-	-	-
4. Amortization of loans and borrowings and redemption of own debt securities	260,299	200,997	116,140
5. Interest on loans and borrowings and issued debt securities	181,557	201,207	201,207
6. Other financial expenditures	-	-	-
III. Net cash flows from financing activities (I-II)	**(181,647)**	**(2,273,769)**	**(2,273,684)**
D. Total net cash flows (A.III+/-B.III+/-C.III)	**53,383**	**29,271**	**20,840**
E. Balance sheet change in cash, including:	51,450	29,337	24,374
- movement in cash due to foreign exchange differences	(1,933)	66	3,534
F. Cash at the beginning of the period	160,057	130,720	130,720
G. Cash at the end of the period (F+/-E), including:	211,507	160,057	155,094
- restricted cash	66,264	20,398	56,918

7. Introduction

This quarterly standalone financial information on PZU has been prepared in accordance with PAS for the reasons described in the Introduction and supplemented with the definition of PAS.

8. Key accounting principles (accounting policy)

Detailed accounting principles (policy) are presented in the standalone financial statements of PZU for 2023.

9. Changes in accounting policies

In the 9-month period ended 30 September 2024, no changes were made to the accounting principles (policy).

Signatures of the Management Board Members of PZU:

First name and last name	Position / Title	
Artur Olech	President of PZU Management Board	.... (signature)
Bartosz Grześkowiak	Member of the PZU Management Board	.... (signature)
Elżbieta Häuser-Schöneich	Member of the PZU Management Board	.... (signature)
Tomasz Kulik	Member of the PZU Management Board	.... (signature)
Wojciech Olejniczak	Member of the Supervisory Board delegated to temporarily perform the function of the Member of the PZU Management Board	.... (signature)
Tomasz Tarkowski	Member of the PZU Management Board	.... (signature)
Jan Zimowicz	Member of the PZU Management Board	.... (signature)

Person responsible for drawing up the condensed interim consolidated financial statements:

Katarzyna Łubkowska	Head of the Accounting Bureau	.... (signature)

Warsaw, November 20, 2024